

# 8 Strategies on How to Claim the **Employee Retention Credit**

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## **ERC / ERTC FINANCIAL SERIES**

CLAIM UP TO A \$26,000  
REFUND PER EMPLOYEE



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# 8 STRATEGIES ON HOW TO CLAIM THE EMPLOYEE RETENTION CREDIT

Claiming the Employee Retention Credit (ERC) is a time consuming process.

**Here are the Top 8 Strategies on How to Claim the Employee Retention Credit for Your Business in 2022:**

## **1. Claiming Your ERC Credit in 5 Easy Steps**

- Step 1: Compile Your Basic Business Data.
- Step 2: Obtain Your Payroll In.
- Step 3: Collect any PPP Loan Documents and Information.
- Step 4: Collect Full-Time Employee Information from 2019.
- Step 5: Gather Sales Revenue Data for 2019 and 2020.

This ERC strategy came from DisasterLoanAdvisors.com's "[How to Claim the Employee Retention Credit \(ERC\)?](#)".

## **2. Talk With an ERC Expert or Specialist About Employee Retention Tax Credit (ERTC)**

While the ERTC is a great tool to help struggling businesses reduce their tax burden, taking advantage of it is still a tad complicated.

If you believe your company is eligible, you should immediately speak with your accountant and potentially your payroll preparer. Because the credit size depends on how much you usually pay in Social Security taxes, both your accountant and payroll company can help you determine how much your credit is worth and how much tax should not be paid to the federal government.

A financial professional can also help ensure you don't apply the same payroll for both PPP loan forgiveness and the ERTC.

USChamber.com shared this strategy on "[How to Claim the Employee Retention Tax Credit](#)".

### 3. Qualified Wages

The number of full-time employees you averaged in 2019 determined which employees you could claim for the credit, depending on the year.

For 2020, if you averaged more than 100 full-time employees, only wages for those you retained who are not working could be claimed. However, if you had 100 or fewer workers, you could claim wages for all employees whether or not they are working.

For 2021, the threshold was raised to 500 full-time employees, meaning that if you employed more than 500 people, you could only claim the ERC for those not providing services. Conversely, if you have 500 or fewer employees, you could claim the ERC for all of them, working or not.

This information was shared from Investopedia.com's "[The End of the Employee Retention Credit: How Employers Should Proceed](#)".

### 4. IRS Guidance

The IRS guidance provides a "limited 4th quarter procedure" by which qualifying ERC wage amounts for the 2nd and 3rd quarters of 2020 can be reported on Line 11c or Line 13d (as relevant) of the original 4th quarter Form 941, along with any other ERC amounts for qualified wages paid in the 4th quarter.

However, this guidance was released on January 22, and Form 941 for the 4th quarter is due by January 31. Consequently, most employers will need to file an amended return or claim for a refund for the quarters ended in June, September, and December of 2020 using Form 941-X.

This IRS guidance was shared on ADP.com's "[IRS Guidance on How to Claim the Employee Retention Credit for 2020](#)".

## 5. Is There a Deadline To Claim The ERC?

The Employee Retention Tax Credit was set to expire on January 1, 2022. However, the Infrastructure Investment and Jobs Act passed in November of 2021 retroactively moved up the expiration date to October 1, 2021, for most businesses.

For October through December of 2021, the credit is only available to recovery startup businesses. A recovery startup business, as defined by the American Rescue Plan Act, is a new business that:

Began operations on or after February 15, 2020, and Has average annual gross receipts of \$1 million or less.

If you qualified for the ERC in 2020 or 2021, you can file an amended Form 941-X to retroactively claim the credit. The IRS generally gives you three years from the date you filed your original return or two years from the date you paid the tax to file an amended federal employment tax return.

Hourly.io shared this ERC deadline information on "[How to Claim the Employee Retention Credit](#)".

## 6. Claiming the Employee Retention Tax Credit

In order to claim the new Employee Retention Credit, eligible employers will report their total qualified wages and the related health insurance costs for each quarter on their quarterly employment tax returns, which will be Form 941 for most employers, beginning with the second quarter.

The credit is taken against the employer's share of Social Security tax but the excess is refundable under normal procedures.

This strategy to claim the ERC came from IRS.gov's "[Employee Retention Credit](#)".



## 7. How do the ERC Credits Work?

The American Rescue Plan Act stipulates that the nonrefundable pieces of the employee retention tax credit will be claimed against Medicare taxes instead of against Social Security taxes as they were in 2020.

However, this change will only apply to wages paid after June 30, 2021 and will not change the total credit amount.

If the credit exceeds the employer's total liability of the portion of Social Security or Medicare, depending on whether before June 30, 2021 or after in any calendar quarter, the excess is refunded to the employer.

Paychex.com's "[The Employee Retention Tax Credit Program Has Closed But Businesses Can Retroactively Claim Credit](#)" shared this strategy to claim the ERC.

## 8. Businesses Eligible for the Employee Retention Tax Credit

**There is no size limit on eligibility for the ERTC. However, small and large businesses are treated differently. For example:**

- For employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shutdown order.
- For employers with more than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to COVID-19-related circumstances.

**Eligible employers are private-sector businesses and tax-exempt organizations that experienced:**

- A full or partial shutdown of operations as a result of a government order limiting commerce due to COVID-19 during 2020 or 2021.
- A gross receipts decline of more than 50 percent during a 2020 or 2021 calendar quarter, when compared to the same quarter in the prior year.

- A “recovery startup” business that was launched after Feb. 15, 2020, for which the average annual gross receipts do not exceed \$1 million, subject to a quarterly ERTC cap of \$50,000.

This strategy to claim the ERC came from SHRM.org’s [“There’s Still Time to Claim the Employee Retention Tax Credit”](#).

## How to Claim The Employee Retention Tax Credit in 2022?

*Pro Tip: Before you file an IRS claim to receive the Employee Retention Tax Credit, be sure to consult with a professional ERC / ERTC Consultant on how to receive up to a \$26,000 refund per employee for your business from the 2020 and 2021 tax years.*

*Depending on eligibility, business owners and companies can receive up to \$26,000 per employee based on the number of W2 employees you had on the payroll in 2020 and 2021. Good news is that you have three years to file an amended IRS Form 941-X to claim the tax credit owed to you.*

**Schedule Your Free [Employee Retention Credit Consultation](#) to see the maximum amount of employee retention tax credits your company qualifies for.**

*Disaster Loan Advisors can assist your business with the complex and confusing Employee Retention Credit (ERC) and Employee Retention Tax Credit (ERTC) programs.*



**Schedule Your [Employee Retention Credit Consultation](#) to see what amount of employee retention tax credit your company qualifies for.**

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# EMPLOYEE RETENTION TAX CREDIT (ERC / ERTC) HELP: CLAIM UP TO A \$26,000 REFUND PER EMPLOYEE FOR YOUR BUSINESS

Disaster Loan Advisors™ can **assist your business with the complex and confusing** Employee Retention Tax Credit (ERTC) and Employee Retention Credit (ERC) program.

Depending on eligibility, business owners and companies can **receive up to \$26,000 per employee** based on the number of W2 employees you had on the payroll in 2020 and 2021.

The ERC / ERTC Program is a **valuable tax credit you can claim**. This is money you have already paid to the IRS in payroll taxes for your W-2 employees.

Done correctly, **these tax credits or cash refunds can be retroactively claimed for up to 3 years**.



It's encouraged that business owners **obtain professional assistance in going through the complex 941-X amended filing process** to help your company **maximize** the full value of the ERC / ERTC program.



**4/15/24 is the Deadline to Amend the 2020 Tax Year.**  
**4/15/25 is the Deadline to Amend the 2021 Tax Year.**



**Schedule Your [Employee Retention Credit Consultation](#)**  
to see what amount of employee retention tax credit your company qualifies for.

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