

The Employee Retention Tax Credit Reinstatement Act

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THE EMPLOYEE RETENTION TAX CREDIT REINSTATEMENT ACT

The Employee Retention Tax Credit was introduced to help small businesses with their expenses while keeping employees on the payroll. Senators Hassan and Scott's proposed plan allows small companies to receive this tax credit if they have employees on payroll in the fourth quarter of 2021.

Many small company owners had to fire employees as they were forced to close their businesses during the COVID-19 pandemic. With the Employee Retention Credit Reinstatement Act, business owners are able to cover the losses they have during the pandemic.

What is the Reinstatement Act?

In employment law, reinstatement refers to returning a person to a position he has lost without losing seniority or other job perks as well as credit for Employers.

In the case of disability absences, the law mandates that employers make aggressive attempts to reinstate an injured employee and that individuals accept fair offers. If you have a condition that prohibits you from doing your work, with or without reasonable accommodations, your employer may be allowed to reassign or fire you.

Those who have previously held a government career or career-conditional appointment are eligible for reinstatement. However, reinstatement eligibility does not guarantee a job offer.

Reinstatement permits you to return to the federal competitive service workforce without having to take a civil service test.

You are eligible to apply for any open civil service test, but reinstatement eligibility also allows you to apply for government jobs that are only accessible to status applicants.

What is the Employee Retention Tax Credit Reinstatement Act?

"Many small firms are still battling to get back to normal," said Mark Warner, Director of a member of Government Affairs. The ERTC's reinstatement will aid the industries worst affected by the pandemic in retaining and investing in their employees.

During this difficult period, the International Cleaning Industry Association fully supports the reintroduction of this vital lifeline for small businesses struggling to meet their overhead.

The Employee Retention Tax Credit Reinstatement Act

The Employee Retention Tax Credit [Reinstatement Act](#) was introduced on December 7 in the United States House of Representatives by Reps. Carol Miller, Stephanie Murphy, Kevin Hern, and Terri Sewell. This bipartisan idea would revive the Employee Retention Tax Credit in the fourth quarter of 2021.

The ERTC was available to Recovery Startup Businesses only in the fourth quarter of 2021. Those are enterprises that began operations after February 15, 2020, and did not have combined revenue of more than one million dollars from all previously held businesses in any of the three years prior to the launch of the Recovery Startup Business.

The Employee Retention Tax Credit Reinstatement Act would extend eligibility to firms that were harmed by a state-mandated mandate or saw a 20% drop in income from Q3 or Q4 2021 to Q3 or Q4 2019. (or 2020 if 2019 is not available).

As per the National Federation of Independent Stores, 13% of small businesses in 2020 and 2021 applied for the ERTC.

On their 941 forms, 44% of those who claimed withheld payroll taxes. By restoring the ERTC for Q4, enterprises that have previously withheld payroll taxes would be able to reclaim those costs.

Check out [A Comprehensive Guide on Employee Retention Tax Credit Updates](#).

Will the Employee Retention Credit Be Reinstated?

The ERTC, which was first established in the Cares Act in 2020, gave companies a tax credit of up to \$7,000 per employee every quarter if their firm had declined by at least 20% from the previous year. Since then, [ASTA](#) (American Society of Travel Advisors) has lobbied for its reinstatement.

Travel companies and other businesses affected by Covid-19 depended on this assistance in the fourth quarter of 2021 in order to rehire furloughed employees and reestablish their businesses.

Senators Maggie Hassan, Shelly Moore Capito, Ben Cardin, Tim Scott, and Mark Warner presented the Senate measure. The measure presently has 54 cosponsors in the House.

Employee Retention Credit Reinstatement

The ERTC was included in the original CARES Act, which enabled companies to get a tax refund of up to \$5,000 per employee, provided they could establish a revenue drop in 2020. When President Biden signed the \$1 trillion infrastructure bill into law in November, the ERTC claims were backdated to September 30 instead of the end of the year, thereby ending the bonus for small firms.

Lawmakers who advocate extending the ERTC claim that eliminating the tax credit in September rather than the end of 2021 has generated confusion for small businesses and would cause confusion during tax season. They want the law passed as quickly as possible in Congress.

Certain acts that occur within the 3-year period following your previous career or career-conditional appointment may prolong your reinstatement eligibility.

In most situations, the employee must be permitted to return to the same or similar employment under the Family Medical Leave Act. There are exceptions for salaried employees, the top 10% of the workforce within 75 miles of the job, and where reinstatement would cause the firm significant economic hardship.

Reinstatement has numerous meanings, but it mainly relates to the reinstatement of a previously revoked position, ruling, or privilege and retroactive tax increase. Local drivers' bureaus, for example, oversee administrative procedures allowing the restoration of driver licenses that have been canceled due to traffic infractions.

Recently, there has been increased speculation that Congress is considering a covid/emergency relief measure and that reinstating the fourth quarter of the ERC is being considered as part of the package.

Senator Ben Cardin has been a leader on the issue of potential covid relief and has expressed interest in the ERC. In addition, a bipartisan coalition of House lawmakers led by Reps. Stephanie Murphy and Carol Miller, as well as Reps. Kevin Hern and Terri Sewell submitted legislation to restore the fourth quarter of the ERC. Senators Maggie Hassan and Tim Scott have introduced identical legislation in the Senate.

Employee Retention Credit Reinstatement Act Congress

The termination of the Employee Retention Credit program for the previous quarter was buried inside the recently approved Infrastructure Investment and Jobs Act ([IIJA](#)), which surprised small businesses. The measure essentially eliminates the fourth quarter of 2021 by repealing an employer's ability to [claim employee retention credits](#) for qualifying salaries earned after September 30, 2021.

Thankfully, U.S. Representatives Terri Sewell, Carol Miller, Stephanie Murphy, and Kevin Hern have proposed bipartisan legislation, the Employee Retention Tax Credit Reinstatement Act (H.R. 6161), to reinstate the ERC for the whole calendar year of 2021. Add your support to this much-needed solution.

The Employee Retention Tax Credit Reinstatement Act, proposed by a bipartisan group of four members of Congress, was authorized by the Economic stimulus package on November 15 to reverse the ERC's early expiry.

The proposed bill would simply reinstate the ERC retroactively for the fourth quarter of 2021. To become law, the language of this measure would need to be included in a larger piece of legislation, such as the Build Back Better bill.

Has Congress Already Reinstated the Employee Retention Credit?

A bipartisan committee of House lawmakers introduced legislation on Tuesday to revive the Employee Retention Tax Incentive, which had expired on September 30. The Employee Retention Tax Credit Reinstatement Act was introduced in Congress by Reps. Carol Miller, Kevin Hern, Steph McMahon, and Terri A. Sewell.

"By reinstating the ERTC, struggling small businesses will be able to take advantage of one of the few remaining pandemic recovery programs, helping them to restock their workforce and get back on course," said Congresswoman Carol Miller in a release. "As we work to recover from this public health crisis, we must keep in mind that small companies in West Virginia and around the country still require our help," they added.

Will the Employee Retention Credit Reinstatement Be Extended?

Qualifying employers were initially awarded the [CARES Act](#) Employee Retention Tax Credit on salary paid from March 13, 2020, until December 31, 2020.

The ERTC Reinstatement Act was filed in Congress in December 2021, and if enacted, it would reestablish the ERTC for the fourth quarter of 2021 to assist companies in recovering from the effects of the COVID-19 epidemic on their operations.

According to the letter, the ERTC was created to assist firms affected by COVID in retaining employees rather than laying them off, as well as rehiring staff who had previously been put off. The letter also mentions how the ERTC was one of the last remaining sources of assistance for companies and NGOs suffering from the epidemic.

The letter's authors asked Congress to enact the ERTC Reinstatement Act, which has over 70 bipartisan cosponsors and over 70 supportive organizations. So keep on reading to learn more about Extending The Employee Retention Credit Reinstatement from the congress officials.

Who Qualifies for the New Reinstated Employee Retention Credit?

Previously, to be eligible for the ERTC, company owners had to show a 20% drop in gross sales in either a given quarter or the immediately prior quarter. Alternatively, if the firm is subject to a complete or partial suspension of activities owing to a government order, the owner may be eligible.

For the third and fourth quarters of this year, company owners can apply for the ERTC as a "recovery startups" or a "Severely financially distressed employers." A firm's gross receipts must have declined by at least 80% in a particular quarter as quarter-on-quarter in 2019.

Does My Business Qualify for the Reinstated Employee Retention Credit?

If your company has been impacted by the coronavirus, you may be eligible for a retroactive retention credit against employee pay received in 2020 and 2021. After the plan was canceled three months early, you now owe the government retention benefits.

Perhaps you considered applying for ERC but found the rules, restrictions, and program revisions to be unclear, so you decided against it.

There have been various updates to ERTC since it was implemented. Businesses that did not qualify when it was first introduced may now be eligible.

Don't assume your payroll agency or CPA got you all of the ERC credit you deserve. The government permits you to check back three years on your payroll and submit retrospectively.

Qualifying for the Reinstated Employee Retention Credit

A government shutdown due to Covid-19 in 2020 or 2021 is required for an employer to qualify. Even if your firm did not shut down, you might be eligible if gross receipts fell by 20% or more as a result of the coronavirus.

You may be able to include all salaries earned during that quarter if you qualify as a small business. Exclude any earnings covered by the Paycheck Protection Program ([PPP](#)) forgiveness from your ERC analysis.

How Do You Qualify for the Reinstated Employee Retention Credit?

Whether you're doing your own calculations or using a professional service like ERC Today, you'll need the following information:

Revenue overview for the years 2019, 2020, and 2021.

Payroll tax returns are filed quarterly.

Employee salaries by date paid are detailed in this report.

A summary of the business lines (services, products, etc.)

Employees and company operations are located in this location.

Paycheck Protection Program salary report in detail.

Employee relationship status is used to establish if an employee is ineligible.

Each employee's health insurance expenditures are reported.

When Can I Claim the Reinstated Employee Retention Credit?

To be qualifying for the reintroduced Employee Retention Credit, eligible businesses must report their total qualifying wages and related health-care expenses on their quarter payroll tax records, which for most businesses will be Form 941 starting in the second quarter on the official [IRS](#) website.

ERTC has been a lifesaver for eateries seeking to recruit and retain personnel as the epidemic has persisted this year. There is no indication yet on if or when Congress will vote on the bill.

Employers can take advantage of the Employee Retention Credit on their federal employment tax filings. If an employer subsequently discovers that they qualify for the credit, they can change their Form 941.

In your federal employment tax return, provide the entire qualified leave wages.

Does the Employee Retention Credit Reinstatement Have to Be Paid Back?

Because the ERC's early termination is retroactive, some businesses may have taken advantage of one of the available alternatives to claim the tax credits ahead of time in the fourth calendar quarter.

The procedures to refund such sums and the penalty relief available are discussed in the new IRS advice issued on December 6.

For company owners and accountants alike, the Employee Retention Credit's retroactive conclusion produced a lot of uncertainty and fear about fines.

The IRS addressed the penalty problem in Notice 2021-65 to clear up any confusion concerning ERC-related fines.

Employers who decreased deposits for salaries earned during the fourth quarter of 2021 on or before December 20, 2021, and are not a Recovery Startup Business, will not be liable for the failure to deposit penalty provided they accomplished all of the following:

Deposits have been reduced in expectation of the Employee Retention Credit, as per the provisions in Notice 2021-24.

Failure to deposit fines will not be waived if you lower deposits after December 20, 2021.

Check to see Notice 2021-65 and the IRS's news release for additional details on the IRS's instructions. If the notice does not qualify you for relief, you can respond to the IRS penalty notice to request reasonable cause relief. Check out [Employee Retention Credit Refund Check Status](#).

Employee Retention Credit Reinstatement Pay Back

Employers who received a form 7200 advance payment must reimburse it "before the due date for the appropriate employment tax return for the fourth calendar quarter of 2021." If you do not pay, you may face penalties. Employers who reduced payroll tax contributions due on or before December 20, 2021, for wages paid on or after October 1, 2021, must now return those funds "on or before" December 20, 2021.

Employers who reduced payroll tax payments due by December 20, 2021, for salaries received after October 1, 2021, must now reimburse those money "on or before the appropriate due date for earnings earned on December 31, 2021. As a result, depending on the form of advance payment a taxpayer used, there are two separate deadlines.

How Long Will the Employee Retention Credit Reinstatement Last?

The Employee Retention Tax Credit Reinstatement Act was established in the United States Congress by Reps.

Carol Miller (R-WV), Stephanie Monroe (D-FL), Kevin Hern (R-OK), as well as Terri Sewell (R-OK) (D-AL).

Murphy, Miller, Hern, and Sewell have introduced bipartisan legislation to assist small businesses in rehiring their employees.

It is sometimes difficult to understand government laws, especially if the rules and deadlines are constantly changing.

As we have mentioned already that there is still no official information on the deadline for the ERC reinstatement: You can consult with the IRS member on their website to know everything about the ERC reinstatement deadline. Learn more about [Everything You Should Know About Employee Retention Tax Credit Deadline](#).

Conclusion and Summary on the Employee Retention Tax Credit Reinstatement Act

After experiencing economic hardship in your business because of the COVID-19 pandemic, the Employer Retention Tax Credit Reinstatement Act enables you to claim ERC for your business.

If you're an eligible business owner, you still have the opportunity to claim ERTC.



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

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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