

The Tax Credit CPAs Are Unaware Of

Businesses are receiving a whopping \$26,000 per employee in tax credits

NASSAU COUNTY, NEW YORK, USA, June 3, 2023 /EINPresswire.com/ -- Businesses are getting a whopping \$26,000 per employee in tax credits with the Employee Retention Tax Credit ([ERC](#)). This Federal Tax incentive is meant to reward businesses that kept employees onboard during the pandemic. However, many business owners are being given bad advice about how to qualify for this credit. The truth is, the ERC is still the most potent incentive out there, but make sure it's documented and calculated correctly. To avoid any confusion, it's crucial to understand the common misunderstandings surrounding this credit and maximizing tax benefits.

[ezGrants](#) specializes in maximizing ERC funding for businesses. In 2020, PPP (Paycheck Protection Program) 1.0 and 2.0 dominated every accountant-led conversation and it seemed like everyone was talking about it. But what about the Employee Retention Credit? Why isn't everyone talking about it in the same way? Especially since it came out of the same CARES Act as PPP.

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We give business owners in every industry and state the chance to successfully utilize government programs such as the ERC.”

Sarah Mahlof

Well, there are a few reasons for it. For starters, the original ERC was not accessible for businesses who took part in PPP funding. When the ERC first came about in March 2020, businesses had to choose between PPP funding OR ERC. And in virtually every instance, it made more sense for a business to utilize PPP.

Fast forward to 2021, and the rules have changed.

In December 2020, Congress realized that very few businesses were using the funds allocated for the Employee Retention Credit. Therefore, they decided to loosen up the restrictions placed on



Sarah Mahlof headshot

the credit. Under the new rules, you can now claim the ERC in combination with the PPP funds already received. This means that even if your business took part in PPP, you can also take part in ERC.

In addition, they have adjusted the qualifications necessary to be eligible for the credit multiple times. Contrary to popular belief, one does not need to have suffered a significant financial loss in order to take advantage of the ERC. Even if a business did not have any reduction in revenue, they may still be eligible for the credit if their operations were hindered by government-imposed restrictions during the pandemic. Whether or not a businesses received PPP funding, or how much revenue they generated, is no longer the only determining factor.

With all of the regulation changes, it's easy to see why the Employee Retention Credit flew under the radar initially – and only recently moved into the limelight as a lucrative opportunity for businesses. It didn't become the powerhouse tax credit that it is today, overnight.

It's complicated!

Another reason why the ERC isn't as popular as PPP is because the calculations for the Employee Retention Credit are complex even for the most qualified accountants. There is a lot of work that goes into the calculations, and quite frankly, a lot of accountants are staying away from it because they aren't sure how to do it. Or more importantly, aren't sure how to do it accurately, and could potentially risk having clients audited.

Accountant Burnout

It's been a rough couple of years for accountants swamped with tons of paperwork with numerous changes to the tax laws. With more than 170 pages of government documentation filled with tax and legal jargon, it's perfectly understandable that many accountants simply do not have the bandwidth to fully wrap their heads around the ERC.

How to take advantage of the ERC

If you're unsure whether a business is eligible for the ERC, consult with an ERC tax professional who can help determine eligibility and help navigate the application process.

The first step is to determine whether a business is eligible for the ERC. Then calculate credit. This involves determining the amount of qualified wages paid to employees during the eligible period and calculating the credit based on the percentage and maximum credit amount allowed. Finally, claim credit by amending the 941x, Employer's Quarterly Federal Tax Return.

A business during covid with 5-500 employees can consult with a tax professional who can guide through the application process and help take advantage of this valuable credit.

ezGrants, has been assisting business owners in navigating the ERC and other available government relief programs for small and mid-sized businesses, identifying eligibility and maximizing refunds to get the money deserved, while focusing on what really matters – running

and growing a business.

[Sarah](#) Mahlof is the Founder of ezGrants and Nassau County Exemplary Community Service award-winner for helping local businesses secure Federal refunds. Schedule a free 10-minute consult: <https://www.ezgrants.us/qualify>

Sarah Mahlof

EZGrants

+1 786-543-5231

[email us here](#)

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