



# Employee Retention Tax Credit

WORTH UP TO \$26,000 PER W2 EMPLOYEE

## { FEDERAL COVID RELIEF INCLUDED IN THE CARES ACT }

The Employee Retention Tax Credit (ERTC) program is one of the most misunderstood elements of the pandemic relief package passed by Congress. Your business is likely eligible and should immediately explore the ERTC before funds run out.

### HOW MUCH IS THE ERTC WORTH TO MY BUSINESS?

The ERTC can be worth up to \$26,000 per W2 employee in your business. ERTC funds are NOT a loan and do NOT have to be repaid. There are no stipulations on how a business may use ERTC funds once received.

Though labeled a “tax credit” the ERTC is distributed to the business as a direct payment from the IRS.

### HOW DO I QUALIFY FOR THE ERTC?

The ERTC is a federal stimulus program designed for businesses that operated during the pandemic and maintained W2 employees.

A business may qualify for the ERTC by showing EITHER a requisite drop in gross revenues OR a “greater than nominal impact” due to government mandates and restrictions. A business may receive BOTH the ERTC and PPP funds!

### HOW DO I APPLY FOR AND COLLECT THE ERTC?

A detailed analysis of your business will be conducted by tax attorneys specializing in the ERTC.

Application documents will be prepared and filed with the IRS. The IRS will take approximately 6-8 months to process your ERTC claim and will mail your credit checks directly to your business.

Begin Your ERTC Claim Today at [PHILLIPSLAW.COM](http://PHILLIPSLAW.COM)

OR CONTACT US AT 602•222•2222 OR [CONSULTATION@PHILLIPSLAW.COM](mailto:CONSULTATION@PHILLIPSLAW.COM)



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## My business made money during the pandemic. Can I still qualify?

Yes! While a reduction in revenue is one mechanism of qualifying for the ERTC, it is not the only mechanism. The Nominal Impact Test may also be used, and this test incorporates more qualitative factors such as supply chain disruption related to government mandates.



## Can I access the ERTC if I received PPP loans?

Yes! Receipt of PPP loans does not disqualify a business from receiving the ERTC. However, all PPP funds that a business did receive, and applied to payroll expenses, must be properly accounted for prior to calculating the ERTC. This step is handled by tax attorneys as part of their detailed analysis of your business.



## What if my CPA already told me I don't qualify for the ERTC?

When a CPA deems a business to "not qualify" for the ERTC, it is almost always due to the CPA's analysis of the Revenue Reduction Test. CPAs, broadly speaking, have been less than enthusiastic about analyzing businesses under the Nominal Impact Test and have left such analysis to tax attorneys specializing in the ERTC.



## Is the ERTC specific to any industry?

No. The ERTC is intended for businesses that operated during the pandemic and maintained W2 employees. Only businesses that are directly related to federal or state government are ineligible. Private businesses from any industry, including non-profits, may qualify.



## Am I required to have a certain number of employees?

There are no minimum number of employees required to access the ERTC. However, the maximum number of employees a business may possess is 100 in 2020, and 500 in 2021.



## Why haven't I heard about the ERTC?

The ERTC has evolved significantly since its inception and this evolution has resulted in confusion and misunderstanding of the program. Without following the details contained in hundreds of pages of the CARES Act, along with subsequent executive orders by both President Trump and President Biden, the opportunity in the ERTC can be easily missed.



## Are there risks involved?

No. All of our work is performed on a 25% contingency fee basis, and you pay nothing until you receive your ERTC checks from the IRS. In addition, in the unlikely event of a subsequent IRS audit challenging our legal determination of your eligibility, our tax attorneys will provide a full defense of your ERTC claim at no additional fee.

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