



ERC Tax Credit Is Where Business Owners Could Be Missing Out

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The ERC tax credit is where businesses of all types, including restaurants, cafes, bars, and other food service businesses could be missing out on a huge amount of funds according to Disaster Loan Advisors. If the business fails to find out if they are eligible, and then file an amended 941-X quarterly payroll tax return to claim it, if indeed they are eligible. It is important to note that the rules, regulations, and laws governing this particular Internal Revenue Service (IRS) tax credit, which had the goal of encouraging businesses to retain their employees during the COVID pandemic, are so complicated and quite confusing that many tax preparers, CPAs, accountants, and financial professionals have been mistakenly informing their business clients that they don't qualify for this tax refund. When in fact, they really do.

A business owner trying to figure out if they qualify for the Employee Retention Credit tax refund. Image Credit: Natee Mee / 123rf.

The key reason for the erroneous advice is that these financial professionals didn't really take the time to completely understand the ERC guidelines. For instance, a restaurant need not have shut down completely

to be eligible. Also, under the partial shutdown rules, the business need not have experienced a decline in revenue. If they were required by the government to shutdown partially during the pandemic, they may still be eligible.

The basis for this employee retention tax credit is the Coronavirus Aid, Relief, and Economic Security (CARES) Act designed to motivate businesses to keep as many of their staff as possible despite the restrictions imposed on doing business during the pandemic season of 2020 and 2021. Basically, all restaurants, cafes, bars, and other food service business in almost every state in the US can qualify for this tax credit because these businesses have suffered capacity restrictions during the pandemic. It is important to note that even if their income did not decline, or even if their income had actually increased, the partial shutdown rules make them qualified for the tax refunds per employee on their payroll during the specified periods in 2020 and 2021.

This tax credit can be a huge financial help for restaurants and other food service companies that suffered capacity restrictions during the pandemic. They can receive up to \$26,000 per every employee on their payroll in 2020 and 2021. This can even be as high as \$33,000 per employee for those restaurants and businesses that were launched during the COVID pandemic. Unfortunately, comprehending how to be eligible and computing the amount for this stimulus money due to the pandemic is quite complex and complicated, with the rules and regulations having undergone two and a half years of modifications and updates.

There are many factors to take into account. For instance, the eligibility of the business has to be determined for each quarter in 2020 and 2021, and then the appropriate employee qualified wages per quarter have to be computed. Any amounts received from the Paycheck Protection Program (PPP) will have to be subtracted and any family members and majority owners will also need to be removed. This means that getting the assistance of experts on the current IRS ERC rules and regulations is highly recommended.

It is important to know that the ERC tax credit is a refund issued by the IRS. This means that business that are eligible will need to file an amended IRS Form 941-X for every quarter that they qualify for from the 2020 and 2021 tax years, said Marty Stewart, Chief Strategy Officer (CSO) with Disaster Loan Advisors (DLA).

With regards to the maximum amount that can be received, this is up to \$5,000 for every employee in 2020 and up to \$7,000 per quarter for the first three quarters of 2021, which means a total of \$21,000 may be received for each employee on the payroll for 2021. Thus, the total maximum amount is \$26,000. For startup businesses during the pandemic, they are allowed to receive an additional \$7,000 per employee for the fourth quarter of 2021, for a total maximum amount of \$33,000.

What restaurants, bars and cafes, need is a company with a team of financial tax professionals who

specialize in SBA and IRS government programs to obtain employee retention credits. Disaster Loan Advisors is one such company that specializes in the Employee Retention Credit tax refund program.

With proper advice to determine whether a particular business can qualify for the tax credit and how to file the 941-X amended returns, a business owner would be able to get up to \$26,000 for every W-2 employee on their payroll of the 2020 and 2021 tax filing years. Furthermore, each eligible company has three years to claim this amount from the IRS.

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Disaster Loan Advisors? (DLA)

Disaster Loan Advisors? (DLA) specializes in the Employee Retention Credit (ERC / ERTC) program where businesses can retroactively claim up to \$26,000 back from the IRS for W2 employees on payroll from 2020 / 2021 tax filing years for qualified quarters.

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