



Employee Retention Credits: Financial Relief for Restaurants, Bars and Cafes

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SAN FRANCISCO, CALIFORNIA - After all the hardships that restaurants and similar food businesses have gone through during the COVID pandemic season back in 2020 and 2021 because of the lockdowns and various business restrictions, the employee retention credits (ERC) program offers a way for virtually all restaurants to have a cash infusion through a substantial tax refund says Disaster Loan Advisors (DLA). The ERC was designed to inspire small businesses to keep their employees on payroll despite the restrictions, especially for restaurants and other food service establishments that were mandated to shut down fully or partially because of indoor dining restrictions imposed during the pandemic. For restaurants, bars, cafes, and other similar businesses, practically all can qualify for the ERC tax credit because all of them had experienced mandated shutdowns, fully or partially, even if they received a Paycheck Protection Program (PPP) loan that was forgiven.

Employee Retention Credits provide additional financial relief for restaurants, bars, cafes, and other small businesses. Image Credit: 350jb / 123rf.

To give restaurants owners and other business owners an idea of the amount that they can get through the above-mentioned tax credit program, for 2020, they may claim up to \$5,000 for each W-2 employee on their payroll during that time. For 2021, they may claim up to \$7,000 for every quarter for the first three quarters of 2021. This means that for 2021, eligible businesses may claim up to \$21,000. If you add that to the \$5,000 for 2020, that amounts to a total of \$26,000 for every employee on their payroll during the specified period, which amounts to a large sum when multiplied with the number of employees in the business. However, it is important to understand the various limitations, which is why it is a good idea to get professional ERC help in determining eligibility and then in filing the 941-X amended returns.

"The rules and regulations for the ERC tax credit have been modified a number of times, which is why they can be confusing. There are even CPAs, Accountants, Tax Preparers, and other Financial Advisors who erroneously advise restaurants that they don't qualify for employee retention tax credits. The source of this confusion is because of the many changes to the rules and regulations. And, only those tax and financial professionals like us who have chosen to focus on the ERC program are able to provide accurate and current advice," said Marty Stewart, Chief Strategy Officer (CSO) with Disaster Loan Advisors (DLA).

There are two ways in which restaurants and other businesses can be eligible for the tax credit. The first way is if they were ordered to shut down their operations during the pandemic season, whether it was a complete shutdown or a partial shutdown. This is why practically all restaurants can qualify for the ERC because virtually all have experienced mandated restrictions that prevented people from going to dine out inside the restaurants. And it doesn't even matter if their gross revenue didn't decline significantly during the specified period or even if their gross receipts increased. As long as they were forced to shut down, at least partially, they are eligible for the ERC tax refund during those periods of time they were not allowed to operate at 100% capacity.

The other way for a restaurant or business to qualify is if they had suffered a significant decline in their gross receipts. For the year 2020, the reduction in revenue is considered to be significant if it is more than 50 percent compared to the revenue for the same period in 2019, which is the year before the pandemic. For 2021, the decrease in revenue has to be more than 20 percent compared to the same quarter in 2019. It is also important to note that the business should have had 100 employees or less in 2020 for them to qualify, and for 2021, they should have had no more than 500 employees. For those that have had more than 100 employees in 2020 and more than 500 in 2021, it may be a bit tricky, which is why businesses need the help of an employee retention credit tax expert like Disaster Loan Advisors (DLA) who specializes in understanding the ERC / ERTC program.

Fortunately for restaurants and other businesses that need some guidance on determining whether they are eligible for the restaurant employee retention credits or not, and also on computing how much to claim for each employee on their payroll during the pandemic season, there are groups of financial tax professionals that specialize in understanding the complex rules and regulations that govern such programs. These professionals can also offer help on how to properly file the 941-X amended returns to get the tax refunds.

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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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