



# CLAIMING THE EMPLOYEE RETENTION CREDIT

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# Leading the Conversation



Maggie Crowley

**LEYTON - HEAD OF  
STRATEGIC DEVELOPMENT**



Steve Abernathy

**WORLD FLOOR COVERING  
ASSOCIATION - CFO**



Brandon

**LEYTON - SENIOR BDE  
& ERC EXPERT**



# Employee Retention Credit

The Employee Retention Credit ("ERC") under the CARES Act, is a relief measure for businesses which encourages them to keep employees on their payroll. It is a refundable credit that offsets employment taxes. You can receive a maximum of **\$26k per employee**.

## 2020

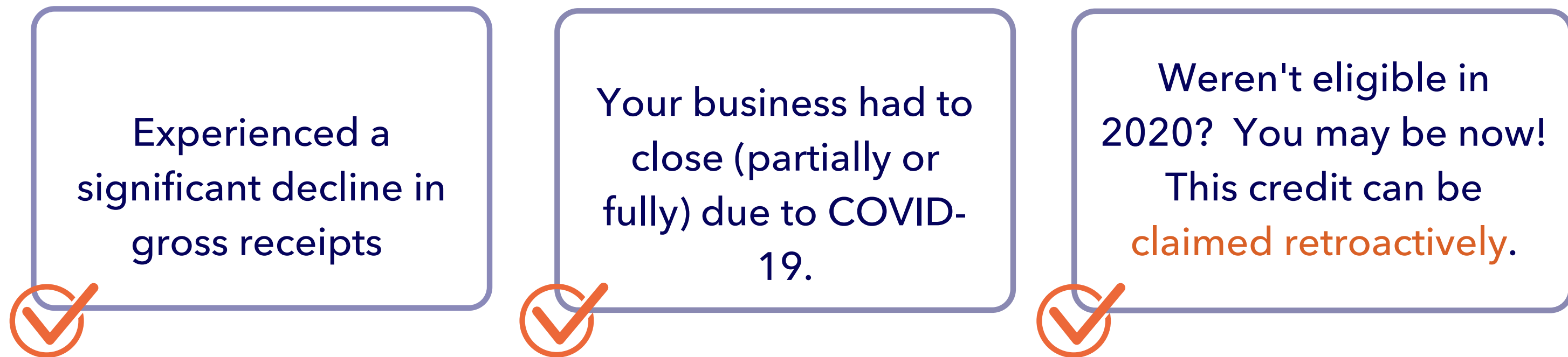
The maximum claim is  
\$5k per employee.

## 2021

You can claim \$7k per employee,  
per quarter for each of the first three  
eligible quarters of 2021.

# Employee Retention Credit

How do you know if you qualify?



Eligibility depends upon the size of the employer. You cannot double dip by taking into account wages paid with PPP funds, WOTC, employer sick and leave credits, research tax credit wages (for 2021).

# Interaction with PPP Loans

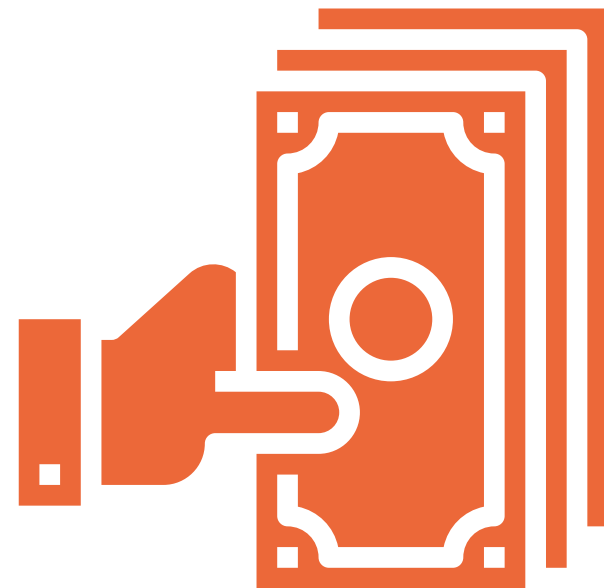
- The same wages used for forgiveness cannot be used for ERC.
- This double dipping is prevented because an eligible employer is deemed to make an election not to consider qualified wages reported on the employer's PPP Loan Forgiveness Application for purposes of claiming the ERC.
- If forgiveness application has not been submitted yet, it makes sense to keep the payroll portion of forgiveness to the minimum (60%) and maximize the other items.
- If forgiveness has been received, wages used for forgiveness cannot be used in the ERC and the forgiveness application cannot be changed.

# Qualifying Wages

Includes wages paid from 3/13/20 through 12/31/20 for the 2020 credit and 1/1/21 and 9/30/21 for the 2021 credit:



**SALARY & WAGES**



**TIPS (IF INCLUDED  
IN W-2)**



**BONUSES**



**HEALTH INSURANCE  
COST**

# Changes in Legislation

Notice 2021-49 clarified that attribution rules must be applied to assess whether the owner or their spouse's wages can be included for the ERC. Under these guidelines, if the owner has any living relative then the owner himself/herself and any related individuals who work for the company are ineligible for the credit.

Essentially, the assessment is dependent on whether the owners of the company have related individuals working for them. For 2021 businesses can elect to qualify gross receipts from the immediately-preceding calendar quarter.



# ERC Case Study

## EDUCATION INDUSTRY

- They had significant decline in gross receipts of 20% compared w/2019
- Claiming period - first 2 quarters of the 2021 year
- Small PPP Loan compared to Payroll Wages incurred
- 108 Employees in 2021. All employee wages up to \$10k per quarter per employee were eligible

**TOTAL: \$1.1 M**



# ERC Case Study

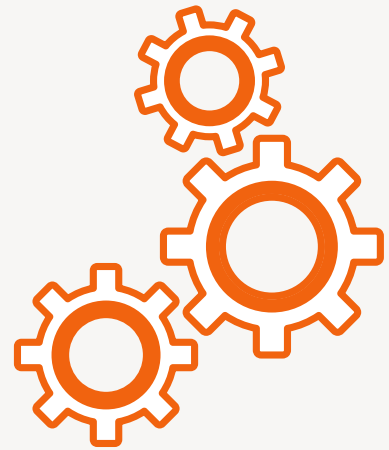
## HOTEL

- They had a significant decline in gross receipts 50% Q2, Q3, and Q4. Gov shutdown Q1. and for 2021 decline of gross receipts 20% for Q1-Q3
- Claiming period - second quarter of the 2021 year
- Regular sized PPP Loans of 300k in 2020 and 400k in 2021
- 70 employees during peak season of summer, 40 during down period of winter

**ERC CLAIM:  
\$300,000+**

# Why choose a specialist?

**Leyton will provide the following to you:**



Implement a claim process filter raw data, clarify sub-contractor claim confusion, and do all the heavy lifting.



Ensure you are claiming all that you're eligible for.



Our team of experts work within the industry and understand what you do.

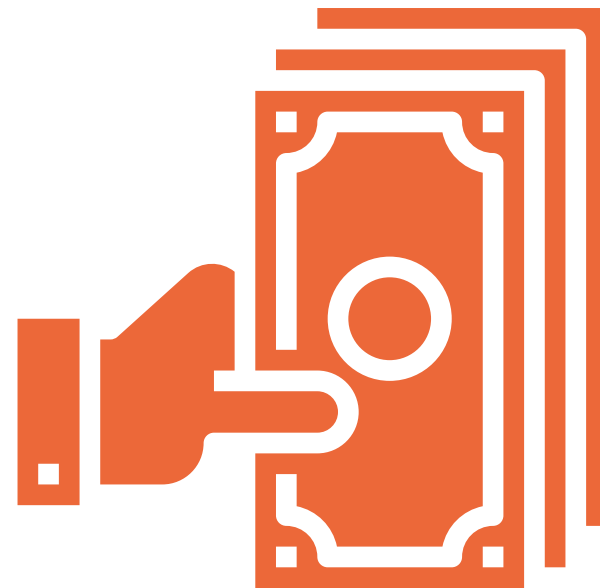


Keep up to date with the ever changing tax code and nuances of the credit.

# What we need from you!



Quarterly P&L Statements for  
2019-2021



Payroll report for 2019-2020



PPP Loan Forgiveness Application  
(Form 3508)

# Getting Started is Easy!

[\*\*https://go.oncehub.com/WFCA\\_Leyton\*\*](https://go.oncehub.com/WFCA_Leyton)





# Global Innovation Funding Specialists



Founded in 1997, Leyton is a global innovation funding consultancy dedicated to helping our clients improve their business performance. In the US, our specific expertise is in optimization of Federal and State Research & Development (R&D) Tax Credits.

As a business, we want to help unleash our clients potential and be a strategic partner in their evolution and growth. In the past year, we identified over \$1.5B in savings for our clients.

.....  
26,000 Clients

.....  
34 Offices

.....  
12 Countries

.....  
20+ Years of Experience

.....  
2,000+ Employees



# Questions? Clarifications?

We'd love to help!

[sdteam@leyton.com](mailto:sdteam@leyton.com)

