

Frequently Asked Questions – Expanded Employee Retention Credit (ERC)

1. **Does our organization qualify for the Employee Retention Credit (ERC)?**

Yes - So long as you had partially suspended operations due to government orders. This could include limits on capacity, employees working from home, schools closed to in person learning. A decrease in quarterly receipts (compared to a base period), in either 2020 or 2021, would also make the organization eligible.

2. **We received a PPP loan in 2020. I thought organizations that took the PPP could not take advantage of the ERC?**

That was true under the original Coronavirus Aid, Relief, and Economic Security (CARES) Act. However, the enactment of the Consolidated Appropriations Act 2021 (CAA 2021) amended the CARES Act to allow employers that received a PPP loan to retroactively claim the ERC for wages paid after March 12, 2020, but not for the wages used to obtain PPP loan forgiveness.

3. **What if we plan to take the second round of PPP in 2021?**

The organization still qualifies, however the restriction on wages described in #2 still applies (in that you cannot take the ERC wages against the PPP wages).

4. **Is this the ERC a loan like the PPP?**

No, the ERC is a refundable tax credit that can be used however the organization wishes. There are no limitations on how you can spend the refund.

5. **When will we receive our funds from the IRS?**

Based on current estimates provided by the Federal Government, please allow 90-120 days from the Paycor filing date (of Form 7200) for receipt of the tax credit funds.

6. **How much of a refund could we be receiving?**

The amount of the tax credit refund will vary based on the organization's size and circumstances. However, based on the maximum allowable employee credits it could total up to \$19,000/employee (\$5K for 2020, \$7K for Q1 2021 and \$7K of Q2 2021).

7. **Why should we partner with HIREtech? Can't we do this on our own, or with assistance from the Diocese? Can't Paycor do this?**

The Diocese of Marquette is not a professional tax organization and cannot assume that role on behalf of its parishes/schools. As we have already seen, there have been many changes made by the Federal Government to these programs and it is difficult enough for tax professionals to keep up on them, thereby making it impossible for the Diocese to know everything needed to advise appropriately.

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If a parish/school has access to a certified tax professional, it may choose to attempt to handle this process on its own. However, it should be noted that the parish/school and its tax professional are assuming 100% of the liability for any issues that may arise during a potential audit from the Federal Government.

Paycor does not have a DIY system built in place to handle these infrequent situations. In addition, Paycor has not trained their customer service representatives on how to help our clients through this filing. They have built a strategic partnership with HIREtech, who *are* the tax credits experts. HIREtech is able to navigate all the nuances involved with the new tax incentive and the ever-changing legislation being passed to assist businesses during the pandemic.

8. **Who is HIREtech?**

Paycor has partnered with HIREtech (HT) for years in helping our clients maximize tax credits like Work Opportunity Tax Credits (WOTC). Once Paycor realized back in the summer of 2020 that it wasn't equipped to properly help its clients with the ERC filing and sustain the filings through keeping them legally compliant, it reached out to HIREtech for help. They built a secure integration into Paycor and the needed ERC data is passed from Paycor to HIREtech to make the process a white glove experience for its clients. They have the expertise to ensure you are legally qualified to take the ERC, then they maximize the ERC amount by navigating the nuances of what wages you took the PPP against etc. Lastly, they stand behind their tax credit package they build for you with 100% audit defense. In case of audit you step back and let HIREtech handle it.

9. **What if we get audited?**

If you use Paycor/HIREtech to file the ERC on your behalf you will have built in **audit defense** at no additional cost. So, when the IRS comes looking for the audit trail from the businesses that took the PPP and then took the ERC you just reach out to HIREtech and they will handle the audit. **If you don't use Paycor/HIREtech you will be on your own and will need to retain legal representation etc.**

10. **What is HIREtech's Fee?**

They work on a success fee. Meaning they only collect money if they find ERC money for you. They keep 10% of what they find, you keep 90%. This 10% is more than made up for in the legal fees if you are audited, as well as hours and hours spent if you did this on your own. Since Paycor doesn't provide a way for clients to go back into 2020 without HIREtechs help, they may find more in 2020 than the 10% ends up being!

11. **How do we get started?**

Send an email to Brian Locker (blocker@paycor.com), with your Paycor Client ID listed in the subject line, and answer the following:

- Did your business operations become partially suspended as a result of a government order, such as shutdowns, school closures, or employees working from home? If yes, which quarters?

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- Did your business take a PPP loan? If yes, what timeframe was the loan allocated to paying your employees?

- Did your business have more than 100 full-time employees in 2019? If yes, please provide number range?

Once you have emailed Brian Locker at Paycor, you will receive an email from HIREtech/HelloSign within 24-48 hours. (Be sure to check Spam/Junk folders, in case email is routed there.)

Next, fill out the HelloSign to be formally included in the ERC program. Once completed, you will receive an email from HIREtech with a few time slots to choose from for a welcome call. On the welcome call, you will walk through the process that HIREtech will follow to get your ERC package built for 2020 and 2021.