

Question	Answer
If you are using wages for a partial quarter and not a full quarter. Example I have a client we can only use January wages then they received PPP funds. Are they to use all the SSN amount from 941 or only amount for the wages used on ERC.	Notice 2021-20 Q/A-49, and later in this webinar, is a complete discussion of how to coordinate PPP forgiveness wages with ERC qualified wages.
WHAT IS THE BEST METHOD OF CLAIMING BOTH ERTC AND PPP LOAN FORGIVENESS IN THE SAME 941 QUARTERS ? AND PROPER ALLOCATION OF WAGES ?	See Notice 2021-20 Q/A-49 for how to allocate qualified wages between PPP forgiveness and ERC. IRS does not provide a worksheet for this, but does require that you keep records of how you arrived at the right numbers (see Q/A-70)
If an employer commenced business in 2020Q4, how to compare the gross receipts in order to show the significant decline?	For 1Q and 2Q 2021, you would not be able to show a decline in gross receipts for the comparable quarter in 2019 or 2020. IRS indicated we need to await guidance on 3Q and 4Q 2021. This may become relevant for your fact situation if gross receipts are still down by then.
QA-60 - When wages are reduced, I assume it is an M-1 adjustment. However, a Lacerte diagnostic is telling me the disallowance may not be an M-1 adjustment.	Apart from noting that wage expense is reduced by the amount of the Employee Retention Credit, this course does not have any discussion of *how* to make the correct accounting adjustments.
On screen 66 - example 1 - business rebounded to 90% of its 2019 levels. How does that quarter in 2020 qualify for the ERC when there is not a decrease in gross receipts > 50%	For 2020, if based on decline in gross receipts, the qualifying period begins with a decline of >50% gross receipts, and ends at the end of the quarter where gross receipts have rebounded to 80% of their 2019 levels. So... two quarters, minimum.
Can we say wages paid to kids were forgiven?	Check with your SBA lender regarding which payroll amounts can be forgiven.
If an employer got a PPP loan in Jan 2021, and used up the entire loan for the payroll expenses during the 1Q. Can this employer claim the ERC in the following quarters?	If otherwise qualified, then wages paid for with funds that were not forgiven under PPP qualify for ERC.
on your example, how did you get the \$3720, the nonrefundable portion of erc, line 11c	It comes from Form 941 instructions, Worksheet 1. The amount is the employers 6.2% share of social security tax
If a business files an amended Form 941-X for 2020 to claim the ERC, does the business need to file an amended 2020 income tax return to reflect the reduced wage expense?	Some practitioners believe – that there is no need to amend 2020 income tax return. Under the tax benefit rule, simply include in income the refund received in 2021. See more below for a conflicting opinion – on pages 3 & 4
for second qtr 2021 will you be able to qualify automatically if you qualified for 1st qtr?	In 2021, there is the option to use previous quarter to measure decline in gross receipts.
For a childcare center deemed essential there was a government order in GA to limit sizes resulting in	Government mandated partial or complete suspension of operations results in qualified

<p>10% reduction or more in revenue starting QTR 2 2020. Does it apply to QTR 3 and 4 too?</p>	<p>wages only for the affected period during that quarter.</p>
<p>For GOVT order, 10% revenue reduction criteria applies to all 2020 or this 10% decrease in revenue must be applicable in all quarters for ERC credit?</p>	<p>For this level of nuance in parsing the guidance, I encourage you to look at Notice 2021-20 and see how it may be interpreted. I took 10% decline in gross receipts to be a gauge of the materiality of the impact of a shutdown.</p>
<p>PPP loan was received on 3/22/2021. The covered period is from 3/22 to 5/21. To compute the ERC for the amount not forgiven should the amount be divided between the 1st quarter (3/22 thru 3/31) and the 2nd quarter (4/1 thru 5/21) ? Should the ERC claimed on the 1st quarter and 2nd quarter separately?</p>	<p>If the employer has both PPP forgiveness and ERC eligibility, see Q/A-49 for how to coordinate them, and Q/A-70 for what records would substantiate your calculations. ERC is claimed on the quarterly Form 941, so separately, yes.</p>
<p>What if a restaurant has mostly part time employees? Can you use their salaries too?</p>	<p>Yes.</p>
<p>For QTR 1 2021, if a business qualifies for ERC credits, is it better to file regular 941 and then do a 941 amendment? Is there an option on the 941 form for QTR 1 to take the ERC credits?</p>	<p>Yes, Form 941 can be filed to claim ERC on an originally filed return. The form is available now.</p>
<p>In order to claim ERC, is it require to attach 941 worksheet 1 along with the fom 941?</p>	<p>No.</p>
<p>MET 20% DECREASE IN GRASS SALES FOR 2Q2020 AS COMPARED TO 2Q2019, THE 70% TAX CREDIT SHOULD GO AN ON AMENDED 2Q2020 FORM #941???</p>	<p>The 20% threshold and 70% credit applies to 2021, not 2020.</p>
<p>1. I noticed in your example forms, you filled out a 941, 941 As Amended and a 941X. Are we required to fill out the 941 As Amended and send it in with the 941X? 2. For the question 3 example, Form 941 As amended, is the refund the client should expect \$44,460 or \$14,460? Shouldn't we include this amount on line 15 for over payment? 3. In your example, you were able to use the \$60,000 in wages for both the original 941 and the Amended 941. I am confused what number to use for the non-refundable amount. Do you use the full amount of the wages reported on the original 941 or do you only use the wages that qualify for the retention credit? For example, let's say the original amount reported was \$60,000. Out of the 60,000, the only qualified wages are 1,000 (because all other wages hit the \$10,000 threshold and didn't qualify). Would you use $60,000 * 6.2\% = 3720$ or should you use only the qualified wages of</p>	<p>1. The original and "as amended" forms 941 are just for illustration purposes, to see the math. IRS needs only Form 941 X 2. I did not delve into the mechanism of payments and overpayments – this was not primarily a Form 941 course. 3. Non-refundable credit amount is the employer's 6.2% share of social security for *all* wages, and the balance of the credit amount is refundable. How this works is clearer when you complete Form 941 instructions, Worksheet 1. 4. The non-refundable and refundable portions of the credit add up to \$5,000 per employee. Again, see Worksheet 1.</p>

<p>\$1,000 (1,000*6.2%)? It doesn't seem right to use the original 60,000 amount because the nonrefundable amount is more than the credit requested.</p> <p>4. Having the nonrefundable amount makes it so the credit really isn't \$5,000 per employee. It is the \$5,000 – (5,000*6.2%) = 4690. Is this correct?</p>	
<p>The company requested the PPP loan of \$200,000 although actual payroll cost was \$300,000. The \$200,000 was granted and forgiven. Can it claim ERC of \$100,000 (300,000-200,000)?</p>	<p>If the remaining \$100,000 is qualified wages, then yes.</p>
<p>Are wages paid to owner-employers and their spouses of a C Corporation considered qualified wages or is there the same uncertainty that Karen mentioned as for S Corporations?</p>	<p>I think the same uncertainty as applies to S corporations also applies as to C corporations. We need guidance from > 50% owners of any entity, and their spouses.</p>
<p>IF you only use 1 month of qualified wages, how much SSN should you use. Should you still take the full amount on Form 941. Should you only use SSN amounts for qualified wages.</p>	<p>I'm not sure what SSN means here. If you mean PPP forgiveness wages, you need to coordinate ERC and PPP, using rules discussed in these materials. If you mean "employers share of social security taxes paid," this is the maximum amount of the nonrefundable credit, after which ERC becomes a refundable credit.</p>
<p>Does a dental business qualify for the ERC in 2021?</p>	<p>If other requirements are met, yes.</p>
<p>Can you tell me if there's been clarification as to if you receive an ERC refund for 2020 and have already filed the related income tax return if you have to amend or just reduce the expense in the year received?</p>	<p>Some practitioners believe – that there is no need to amend 2020 income tax return. Under the tax benefit rule, simply include in income the refund received in 2021. See more below for a conflicting opinion.</p>

A conflicting opinion regarding the last question - [My thought is there's something in the ertc rules that says to reduce the wages paid by the credit received.](#)

[Kind of like the Tip credit; even though benefit is received in the following year, it's the wages paid that generate the credit that must be reduced.](#)

[I'd love to be wrong, but the language is "for the taxable year".](#)

Special Issues for Employers: Income and Deduction

85. Does the Employee Retention Credit reduce the expenses that an Eligible Employer could otherwise deduct on its federal income tax return?

Yes. Section 2301(e) of the CARES Act provides that rules similar to section 280C(a) of the Internal Revenue Code (the "Code") shall apply for purposes of applying the Employee Retention Credit. Section 280C(a) of the Code generally disallows a deduction for the portion of wages paid equal to the sum of certain credits determined for the taxable year. Accordingly, a similar deduction disallowance would apply under the Employee Retention Credit, such that an employer's aggregate deductions would be reduced by the amount of the credit as result of this disallowance rule.

Quoting IRC Section 280C -

(a)Rule for employment credits

No deduction shall be allowed for that portion of the wages or salaries paid or incurred for the taxable year which is equal to the sum of the credits determined for the taxable year under sections [45A\(a\)](#), [45P\(a\)](#), [45S\(a\)](#), [51\(a\)](#), and [1396\(a\)](#).

Many practitioners are putting 2020 returns on extension awaiting IRS guidance.

Question	Answer
Welcome To All Webinar Attendees!	Thank you for joining me today!
Can tips be included in qualified wages for the ERC?	Notice 2021-20, page 9 states: "For purposes of determining 'qualified wages' for the employee retention credit, §2301(c)(5)(A) of the CARES Act provides that the term "wages" generally means wages as defined in IRC §3121(a) and compensation as defined in §3231(e)." Under each of these code sections, non-cash tips do not count as compensation, but where the amount of cash tips received in a month is \$20 or more, tips do count as compensation.
Can wages of part-time employees be counted as qualified wages?	The only reason we made a point to talk about "full-time employees" was for purposes of distinguishing large versus small employers. "Qualified wages" can include those paid to part-time employees.
I'm preparing 941x for ERC 2nd quarter 2020. After I mail it in how and when do I get the refundable and non refundable credit dollars?	The statute of limitations is three years. Timing of refund - see the last page of the handout for "adjustment" versus "claim" process.
Part 1 - I used the 4th quarter rule on a client who's PPP loan was forgiven. Is this OK or should I have filed a 941X for quarters 2 and 3. The client has not received a refund for the 4th quarter yet. Part 2 - What should I do?	Part 1 - Over the next two hours you will learn - 4Q method was wrong, you should have amended previous quarters. I don't know what happens next - these procedures are all so new Part 2 – Get a POA and call the Practitioner Priority Line
In February 2021 a government order that partially suspended business operations was lifted. Can the ERC be taken for the entire 1st quarter or only up to the time when the order was lifted.	Here is the wording of the law – Qualified wages are wages ... paid to certain employees during <i>any period in a quarter</i> in which your business operations are <i>fully or partially suspended due to a government order</i> <u>or</u> <u>during a quarter</u> in which your gross receipts ... are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019. It seems that you qualify just for dates of actual suspension.
Can I still amend 941x for ERC 2nd qtr 2020? How and when will I receive the refund?	The statute of limitations is three years. Timing of refund - see the last page of the handout for "adjustment" versus "claim" process.
HOW MUCH AN EMPLOYEE CAN RECEIVE FROM unemployment & still employer claim the credit	Employer can claim credit for wages paid. Employee would not be considered unemployed during this period, I'd imagine, but this is a DOL question.
For 2021 Q1 is the ERTC taken directly on the 941?	Yes. Credit is calculated using Worksheet 1 in the Form 941 instructions and claimed on Form 941.
RE ERTC: if we qualify for 1q21, do we automatically qualify for 2q21? When does it stop?	Not necessarily. There will be discussion over these next two hours of when drop in gross receipts commences eligibility, and restored gross receipts ends eligibility. For suspension of

	operations due to government orders, this is specific to each quarter.
Can a business that has closed for good or in bankruptcy amend the returns and claim the credit?	I don't see why not, but ask the bankruptcy attorney.
Any idea as to when the IRS expects to send checks, if the 941 shows a refund?	Re timing of refund - see the last page of the handout for "adjustment" versus "claim" process.
For each quarter in 2021 do you have the option to test the reduction in gross receipts looking at 2021 compared to 2019 as well as the option to test gross receipts on the preceding quarter?	Two choices: This quarter versus same quarter of 2019, or last quarter versus same quarter of 2019
Do wages paid to >50% owner/shareholders of an S-Corporation qualify for the ERC in the 1st , 2nd , 3rd and 4th qtr of 2021?	We will discuss this in depth starting at slide 32
For 2021, do all 501(c) organizations still qualify for the ERC provided they meet the eligibility criteria	Yes. The pool of eligible employers has not been reduced.
Am i correct that ERC wages related to a government shutdown at the end of March 2020 would be reported on 2nd qtr 2020 Form 941 (dont amend 1st qtr 2020)	Yes, for wages paid March 13, 2020 to end of March should be claimed on 2Q 2020 Form 941.
How are gross receipts determined for clients who are percentage of completion if quarterly cutoffs are not done? When doing PPP 2nd draw, banks/SBA wanted to see bank statements	IRS has not issued guidance in this depth. Seems like "any reasonable method" or "same as you did for SBA" would make sense.
I know that you can't take the retention credit for a greater than 50% partner or his immediate family. Does the same rule apply to a greater than 50% shareholder in a S Corp?	We discuss the related party rules in depth starting at slide 31. There is significant uncertainty in this area, and AICPA has asked IRS for guidance.
Can a company qualify for the retention credit if the payroll is paid to a part time employee?	Yes, part-time employees can have "qualifying wages."
A small employer - restaurant- received two ppp loans. for the 1st and 2nd can the credit be claimed on wages that were "Paid" for with the PPP funds?	Starting on slide 49 we discuss coordination between PPP and ERC in depth.

Can 501(c)(7) qualify based on partial shutdown which provides for occupancy limits on food and beverage operations, even though other aspects of the club are fully open	Later in this program, we discuss what is a "more than nominal" disruption to the business.
Does ERC apply to a restaurant mandated by State to operate at reduced seating capacity, i.e. 50% of capacity? thx	This is discussed in detail further on in this program, with reference to Notice 2021-20. Short answer, yes.
how does affiliation rules apply when someone owns a restaurant 100% and a warehouse 75%. does this mean both entities are considered partially shutdown as restaurant could not be open?	Discussed starting at slide 11
Wouldnt it stop second Qtr since it is at 83%	Second quarter where gross receipts have been restored to more than 80% is the last quarter of eligibility. The way the CARES Act is written, eligibility due to >50% drop in gross receipts automatically qualifies you for the next quarter.
Regarding "gross receipts" , what about the FFCRA credit that is recognized as other income?	No. FFCRA credit is a reduction of wage expense.
Do gross receipts include grants from state and local agencies?	Likely yes, but not PPP loan forgiveness is my view.. Nice if IRS gives us more guidance on this topic.
is the tax exempt employer, all tax exempt 501(c) entities or just the 3 and 7	Tax-exempt employer is an organization described in section 501(c) of the Code and exempt from tax under section 501(a) of the Code
Would an Art Gallery retail shop that has State mandated lower inside capacity limits qualify under the partial shutdown criteria for ERC? thx	Notice 2020-20 envisions reduced capacity in a retail shop with only a short wait to get in would not be a meaningful disruption.
if you aggregate are you amending the 941's for each?	Yes. Each individual employer (Form 941 filer) will amend their Forms 941 as appropriate for wages as appropriate
The 50% decline/return to 80% is for 2020 - is the rule similar for 2021, with 20% decline automatically qualifying the next quarter?	Yes, but for a different reason -- you have the option to use the previous quarter as the measure of whether you qualify in the present quarter.
If you qualify in Q2, but not Q3, would you be able to claim the credit in Q4 if you qualify again? Or dies the disqualification in Q3 make you ineligible in Q4?	Qualification rules for each quarter are measured independently, there is no "one and done" rule for qualifying periods

For 2020, non essential businesses were closed. if you don't qualify for the 50% drop but qualify because your business is closed, how do you determine when the shutdown ended?	Shutdown ends when government order is lifted. Qualifying during the quarter qualifies you for the whole quarter
gross receipts - how are computed for cash basis tax payer ? does it include Revenue earned but payment not received ?	Gross receipts as measured under 448(c) under your method of accounting, whether cash or accrual basis
so to follow-up, it is ok an affiliated group has many different type of businesses in different lines of service? all examples i have seen are for restaurants in multiple states, etc.	Yes, affiliation rules in general do not depend on line of business, and CARES Act does not alter or tinker with affiliation rules.
does a business qualify for 2020 ERC if employees worked from home?	There is no business disruption if employees can telework.
If a sole proprietor owns 3 businesses, would that be considered aggregated?	Yes - the entities are under common control
Does it include a 401K match	Wages do not include employer 401(k) match.
A pizza shop, that was not allowed to have eat-in service, qualify as a partial shut-down?	IRS gives many examples of sit-down restaurants consigned to take-out only -- almost to the point where it is the paradigmatic example of a partial shutdown
Would a daycare/preschool facility that had to reduce enrollment qualify under the partial shutdown criteria for the ERC	If mandated by governmental order this would seem to be a partial shutdown.
If you are tax exempt and run a program and had receipts for the program in 1st quarter but had to refund the receipts in 2nd quarter because because program did not take place how do you handle it	It depends on your accounting system. Check the regulations under section 448
What about the SBA EIDL loan is that included in gross receipts.	My view is EIDL loan and other government grants count in gross receipts and PPP loan forgiveness does not, but IRS really needs to clarify this for us.
Qualified wages- Employers contribution to retirement plan included ??	No.
If the 941x for the 2nd, 3rd, and 4th quarter for 2020 was filled and received the employee retention credit, do we apply the amount received to the 2020 corporation tax return reducing payroll taxes	No. The credit reduces compensation expense, not payroll tax expense.

if you qualify for the ERC because you are partially suspended, does the ERC apply to ALL employees or only those in the portion of the business shut down?	Depends if you are a large employer or a small employer. For large employer, only wages paid for *not* providing services.
is this info in slides? IRC 3134	Section 3134 is the topic of the last three slides, and the *future* in "future guidance." Google Title 26 and a code section and you can search the entire Internal Revenue Code at cornell.edu . IRC Section 3134 is not there yet... soon we hope.
so for 2020, if employees worked from home during the shutdown, the only other option is to satisfy the 50% gross receipts test. what if it took you a few weeks to set everyone up to work from home?	If two weeks or less, the disruption was not significant. Discussed later in this program.
A tax Exempt organization receives a grant to be paid out and is paid out. Is this gross receipts.	I think yes. From Notice 2020-21: "In the case of a tax-exempt organization, any reference to gross receipts in section 2301 of the CARES Act is treated as a reference to gross receipts within the meaning of section 6033 of the Code. Therefore, tax-exempt organizations should refer to the definition of gross receipts under section 6033
under 51, It appears that the wages of an adult child, married, not a dependent would qualify for ERC wage. Is this correct?	Section 152(d) is being pulled in for ERC purposes to identify *who* is a related party . ERC does not turn on whether this related party is or is not a dependent.
Is there a way to print all the q&A at the end?	We will email it to all the attendees.
for PPP, S-Corp 100% Shareholder, that gets a W-2, how much is his max forgiveness? And his wife and daughter?	That is a PPP question and this is an ERC program. I can't help you there.
If the credit reduces compensation, does the compensation need to be reduced in 2020 or 2021 if we received the credit in 2021 for the 941x in 2020?	This may depend on your accounting method. Possibly a prior period adjustment? I have started asking my CPA friends this very question. Because I am an EA not a CPA, I need to escalate questions like this ("out of my pay grade")
So what's the end result with owners & spouses of S corps? Can their wages count for ERC?	See slide 35, AICPA is asking/begging for guidance on exactly this question.
Schedule C business owned by sole shareholder of Corporation are aggregated both to become eligible and to disqualify for ERC?	These are commonly controlled businesses under the aggregation rules.
Income tax effect of ERC? Are they taxed (by reduction of payroll tax expense)?	Same as with WOTC, ERC reduced wage expense by the amount of the credit.

From 7200 disbursements seems to be backlogged. Can you ignore the requested refund and claim credit on 941 if 7200 funds are not received?	IRS backlogs is a procedural question I cannot answer. Not sure whether you'd find an IRS representative who could answer it either. One possibility is to get a POA and call the practitioner priority line.
If you receive monies from applying under the erc after filing your tax returns for 2020, do you have to amend 2020 or can you reduce expenses in 2021 when received?	I have been trying to get an answer to this very question - is it a prior period adjustment? does it depend on whether you are a cash basis or accrual basis taxpayer? I don't think IRS has given us clear guidance on this.
Are wages for an S Corp owner W-2 wages qualify for ERC?	That is the \$28,000 question. See slides 32 through 35.
S Corp has three officers (mother and her two sons) who are also shareholders All have been on payroll for years. Does their wages count towards the ERC?	See slides 32-35 for why we don't have the answer to this question. Hopefully IRS hears our/AICPA's cries and gives us a clear answer.
If you had a government mandate to limit indoor dining and restrictions on bar hours but your gross receipts were not down, would you still qualify for ERC?	This may be a matter of facts and circumstances - did the government orders have a more than nominal impact on the business?
If shutdown through 4/30 qualifies you for the 2nd Qtr, did you say the entire quarter, meaning wages paid 4/1 through 6/30?	Yes.
if restaurant restrictions are fully lifted June 30, does the following quarter qualify based on the restriction or does it end with that quarter?	It ends in the quarter the restrictions are lifted. No carryover to the next quarter
Bars in WI need to do social distancing of 6ft in the bars. Does this constitute partial shutdown.	Check the rules for what is more than nominal, in Notice 2021-21
To clarify if company qualifies for ERC in Qtr1 2021 and restores revenue in Qtr2 2021 they are still eligible to claim the ERT for Qtr2 2021?	Yes. Because for 2021, we can use the prior quarter to test the current quarter.
if using shut-down, then they get only those exact weeks (and not the full quarter)?	If shut down during the quarter, the full quarter qualifies
so any of the 24 weeks of payroll can be used for PPP or ERC, correct	How to coordinate the benefits starts with slide 49, and comprises our three examples
When can you match 1q21 to 4q20?	If using the gross receipts test, you can do this. If government-mandated shutdown, you can't

We qualify for 1q21, based on a reductions. Can we claim 2q21 also?	Yes, because for 2021 you can use the previous quarter as the test
but do specific wks need to be identified in your example?	You need to be clear about specific wages being allocated to PPP versus ERC - and you also need to match wages to the correct quarter.
So for MOST NY companies, they should automatically be qualified, due to the shut down. For private schools, that would cover March-June or 1q20, 2q20, and 3q20. True?	If remote learning replaced in person learning the same way telework replaced being in the office, you might not be able to show a meaningful disruption of commerce due to the government mandated restrictions.
if essential business and non-essential closed and is nominal - does ERC apply to wages for employees of essential business as well - provided small employer?	Notice 2020-21 gave us bright-line tests for what is more than nominal, generally more than 10% of the business is closed.
Does an accrual s corp have to wait to file the corporate return until the 941X is filed?	No.
Are there worksheets to calculate the gross receipts test Are there worksheets to calculate the employee wages subject to the retention credit and also the calculation if we got the PPP forgiveness	IRS has not produced such worksheets. However, you do need to come up with and retain this documentation.
Do gross receipts include the proceeds/gain on sale of assets	Yes.
Regarding 941-X, in Part 2, #5 it states you must check at least one box, so one must check box a, b, c or d. Normally you should check box d because the claim is for taxes not withheld from wages.?	In general Form 941-X envisions an error was made on the W-2 reporting, but in fact *we* did not make any errors! My interpretation is you check box 3 but leave 4 and 5 blank. ERC has no bearing whatsoever on employee's W-2's - you made no errors there, and are revising nothing.
if claiming ERTC on form 941, do you leave off the liabilities from schedule B?	Our example is Form 941-X. I don't have Form 941, Schedule B in front of me.
If you have two companies with common ownership and they qualify for the ERC, do they both have to file for the ERC credit or can one file for the ERC and one company not file the credit	It depends on whether both or only one of them paid qualifying wages on their respective Form 941
How did you get 3,720?	From Form 941 instructions Worksheet 1 - it is the employer 6.2% share of social security tax

Does the option to test gross receipts on immediately preceding quarter only apply to the 1Q 2021	It applies for all quarters of 2021
Many PPP loans I am involved with are under \$150K, hence the forgiveness applications did not require any figures. How do I allocate the proceeds of the PPP loan to payroll for ERC purposes? 60%?	You need to come up with the math - which wages were ERC eligible, which were forgiven under PPP. Document this and retain your records.
don't understand the split 3720 and 26280	Non-refundable portion of the credit is the employer's 6.2% share of social security. The remainder is the refundable portion. This allocation comes from Form 941 instructions, Worksheet 1
for 2021, wages up to \$10,000 per person per quarter are eligible for max credit of \$7,000 quarterly? And from 2020 \$5,000 per person for entire year?	Yes.
i don't see example 3 in the slides i downloaded	Download the handout also - Example 3 is in both places
what should i check for 941X Part 2: number 5?	Leave it blank, I think
do we to ignore reduction method if the business shud down by govment?	If you qualify under both measures, you qualify for ERC
If loan was forgiven but covered period ended beginning of October, 2020, can't you use balance of wages in 4th quarter to apply for ERC?	Eligible wages for ERC cannot be the same wages forgiven under PPP. Be prepared to document the difference.
we qualify 1q21 because of a 20% drop. Then 2q21 because for 2021 we can use the previous quarter as the test. Can we then qualify for 3q21 based on a 20% drop? so q1+q3= 2021?	The reduction in gross receipts is measured quarter by quarter, and for 2021 you may use the immediately preceding quarter. I don't see that 1Q and 3Q can be connected under this rule.
Did you say if we claimed more wages than needed for PPP we could take the wages that were over the PPP amount as ERC wages even though you reported the wages on the forgiveness application?	Yes. See Notice 2020-21 Q/A 49 - exhaustive details and examples there.
Thank you so much!	Always fun! I sort of hinted we will need to do 3Q and 4Q when we get future guidance.
would "immediately preceding quarter" make a company eligible	It would seem so. Notice 2021-23 deals only with 1Q and 2Q, and advises we need to await further guidance for rules as

for 2q21? also 4q21? if they have reductions in both 1q21 and 3q21?	they apply to 3Q and 4Q because these quarters were authorized under APRA and not Relief Act.
For a client who qualifies for 2021 Q1 due to a decline in GR in excess of 20%, when does their qualifying period end?	For 2021, you can look back to the immediately preceding quarter. So decline in 1Q gross receipts qualifies you for 2Q as well
When calculating qualified wages, is it on an employee by employee basis ? And if so how do you allocated the PPP forgiveness to each employee? Some may end up under \$10,000	You need to do the work to sort out what wages were forgiven under PPP loan, and what are still available for ERC
When are we using the more than 10% nominal impact - instead of using the gross income receipts showing income was reduced. I am not sure when to use the 10% nominal impact	You'll need to look at Notice 2020-21 for the details. https://www.irs.gov/pub/irs-drop/n-21-20.pdf
If a ppp loan funds on 5/5/20. We only need 8 weeks for forgiveness. can you use any 8 weeks wages of the 24 weeks or do you have to use wages starting at the 5/5/20	You need to do the work to sort out what wages were forgiven under PPP loan, and what are still available for ERC
Sub S .. Husband and wife each own 50%. They employ their step son. Is his wages eligible for the ERC credit?	Step son is related party, his wages not eligible for ERC
If I become a member today, will I be able to view this video for more than a week (members get one year)	Yes - you can register here https://aceseminars.com/products/membership
If you are eligible for the ERC credit for all quarters in 2020, Do you have to amend the 941 in order or can you chose to just amend the 4th Quarter?	Since you max out with \$10,000 wages per employee, there might be a single quarter in which you can max out the \$5,000 credit without having to amend multiple quarters
Forgiveness has not been filed yet, so can I choose which wages I want to use for PPP forgiveness based on what works for ERC?	Yes, and I recommend to gather up to 40% forgiveness for utilities, rent, etc
if an employee quit in 2021 Q2, could we still include her wages for 2020 ERC and 2021 Q1 ERC?	Yes, qualifying wages are determined quarter by quarter
For '020 ERC, eligibility in one quarter carried to next quarter automatically, regardless of gross receipts. For '021 ERC, eligibility for one quarter does not carry to next. (cont.)	Yes, two ways of achieving the same result

(cont.) However, one can look at gross receipts for prior quarter and compare to same quarter of 019 to qualify the quarter. Isn't this the same as above?	answered at (cont) query
If you meet the decline in gross receipts for Q2 2021, does Q3 2021 also qualify under the option to elect to use the prior quarter?	It would appear so - however Notice 2020-23 applied only to 1Q and 2Q as governed by the Relief Act. We need future guidance for quarters covered under the ARPA.
Is there anything addressing the ability of cash basis tax payers to somewhat control their gross receipts by issuing invoices in a later quarter?	Not that I am aware of.
If you purchased an existing business after 2/15/20 with a new new entity would you be a recovery startup business?	No, you would look to gross receipts by quarter of the acquired business to determine your eligibility by quarter.
If we file an ERTC credit for any prior quarter, when can we expect to get a check from the IRS?	See the last page of the handout for "adjustment" versus "claim" process. There is the option to apply refund amount to next quarter Form 941.
If you max out in the third qtr 2020 for erc and can't use 4th qtr 2020, But in the 1st qtr 2021, you qualify, are you able to apply for the credit in the new year?	Yes. For 2021, maximum qualifying wages for the credit is \$10,000 per quarter, regardless of whether you claimed the credit for any quarters of 2020.
Do you attach the worksheet to the 941X that you file?	No. Keep your records and calculations though.
where is an example of worksheet 1?	A Form 941 example with Worksheet 1 was used in the Form 941 webinars presented in 2020, but was not part of this webinar.
Does the ERC affect the RRF	ERC credit cannot be claimed for FFCRA wages. I'm not sure what RRF is.
I filed for a few ERC's on 4th qtr 2020 941's. None of my clients have rec'd any of the refunds. Have you seen any refunds issued? How about from form 7200?	I have no inside knowledge of the timing of refunds, including prepayment of the credit using Form 7200.
i have a couple of clients whose payroll is through a PEO. I know the PEO has to file the amended, but any special considerations here, this has got to be complicated for them with multiple amended	You need to talk to the PEO. Presumably this should be in their wheelhouse.
John just completed viewing the Karen Davis webinar. There are no slides in regard to what	See Notice 2020-21, Q/A-70. This was discussed on slides 76 and 77

<p>documentation to retain to prove ERC eligibility to the IRS. Could those screens please be provided.</p>	
<p>RUDY LUMBER CASE, 3RD QTR, 2020, THE BUSINESS WAS UP 90% COMPARED TO 2019 3RD QTR, WHY 3RD QUARTER IS ELIGIBLE FOR ERC?</p>	<p>The 2020 quarter *following* the quarter in which gross receipts are restored to at least 80% of the comparable 2019 quarter is when eligibility ends. Rudy was no longer eligible for ERC in 4Q 2020.</p>
<p>When a partnership applied for PPP, they recorded the maximum for each of the 2 partners. They received a PPP payment of \$100,00. When applying the money received against the PPP forgiveness, how should the approximate \$22,000 received for each partner be applied. Should the \$44,000 be recorded against the \$100,000 and the split 60% / 40% for wages be on the remaining \$56,000, or can the \$44,000 be applied against the 60% for wages and then use the remaining wages for the retention credit?</p>	<p>Partnership owner compensation does not count as wages and thus would not be eligible for the ERC credit. As regards the portion of loan forgiveness allocable to compensation expenses, your question more relates to SBA rules for PPP loan forgiveness than IRS rules for ERC.</p>