

Dear Client,

If it sounds too good to be true, it probably is. The IRS has sounded the alarm repeatedly regarding a scam involving the Employee Retention Credit (ERC). Third parties have been aggressively promoting that businesses may be eligible for the ERC when they are not.

The ERC is a refundable tax credit that was introduced during the COVID-19 pandemic to provide an incentive to employers to keep employees on the payroll during a government shutdown or significant decline in gross receipts. The ERC was available to eligible employers for qualified wages paid after March 12, 2020, and before October 1, 2021 (with an exception for recovery start-up businesses through December 31, 2021).

The eligibility requirements, applicable time periods, and dollar limitations changed several times due to the passage of various federal legislation thereby claiming the ERC is far more complex than these ERC schemes make out.

Perhaps you have heard advertisements, phone calls or text messages claiming your business is eligible for the ERC and claim the application process is “easy.” These third parties will then charge large upfront fees or charge a fee based on a percentage of the refund amount the ERC generated. However, these ERC scams lie about eligibility requirements and your business will not only need to return the refund and amend employment tax returns but may be subject to penalties and interest.

If you would like to discuss the ERC, please reach out and we can work together to determine if you truly qualify for the credit. If you have claimed the ERC through a third party, please contact us so that we can help you resolve any possible underpayment or erroneous refund that occurred.