



Notice Regarding the 2021 Employee Retention Tax Credit (ERTC) Program

A COVID-19 Communication from Questco – April 7th, 2021

There have been further changes in the laws as they relate to qualifying for **the 2021 Employee Retention Tax Credit (ERTC)** program. Due to those changes, Questco has updated the Client Acknowledgement Form & Agreement for the 2021 Employee Retention Tax Credit (ERTC) Program which includes the most recent guidance as of April 2, 2021.

If you are considering applying for tax credits under the ERTC program for 2021, here are the steps you should take:

1. Determine if your business qualifies for the 2021 ERTC

Questco is unable to determine if your business is eligible for the ERTC program as it does not have access to the financial and/or operational data needed to make the eligibility determination.

Notice 2021-23 (<https://www.irs.gov/pub/irs-drop/n-21-23.pdf>) explains the changes to the Employee Retention Credit for the first two calendar quarters of 2021, including:

- the increase in the maximum credit amount,
- the expansion of the category of employers that may be eligible to claim the credit,
- modifications to the gross receipts test,
- revisions to the definition of qualified wages, and
- new restrictions on the ability of eligible employers to request an advance payment of the credit.

We recommend that you contact your accountant or financial advisor to assist you in making the determination of whether or not your business qualifies.

2. Consider the impact of the Second Draw PPP Loan funds

If your business has received a Second Draw PPP Loan, has a PPP loan application in progress or intends to apply for a PPP loan by the May 31, 2021 submission deadline, consider the impact that this will have on claiming the ERTC. Since the ERTC calculation excludes payroll costs used during the covered period to qualify for PPP loan forgiveness, this will need to be factored into qualifying wages for purposes of the ERTC. Questco requests that you share your second draw PPP loan information and status when submitting the ERTC acknowledgement form requesting participation in the employee retention tax credit program.

Information provided herein is intended for informational purposes only and does not constitute legal advice or opinion, nor is it a substitute for the professional judgment of an attorney or accountant.

3. Submit separate 2021 ERTC Addendums for each applicable quarter

As the business must determine its eligibility for each quarter in 2021, you should submit the appropriate quarterly ERTC acknowledgement form addendum to your Client Success Manager by the recommended submission date on each form. For forms submitted by this date, Questco can calculate the credit retroactively for the quarter and apply the credit prospectively on future payrolls beginning with the first payroll following receipt of the acknowledgement form. For submissions received after this date but before the due date, Questco will be required to file a Form 941-X and the earned retention credits will be issued to client upon receipt by Questco from the IRS.

- **URGENT - Q1 2021 Submissions Needed by April 9, 2021**

If you have determined your business is eligible for the Q1 2021 ERTC and have not yet notified us that you wish to participate in the program, Questco needs to receive your completed Client Acknowledgement Form & Agreement along with the Addendum for Q1 2021 Eligibility Declaration by **Friday, April 9, 2021**. If it is received after that date, a 941-X will be filed which will delay receipt of your credit. ***For those who have already submitted the previous Client Acknowledgement Form for Q1 2021 retention tax credits, no additional action is needed.***

Questco is committed to ensuring that our clients are able to take advantage of all government sponsored stimulus packages, including the ERTC program. Please submit any questions you may have, and any completed ERTC acknowledgement forms, to your Client Success Manager so we may assist you.

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