

## SAGEMONT TAX SERVICES

# Navigating the Employee Retention Credit



## How does a company become eligible for the ERC?

### **TEST #1 Substantial Decline in Gross Receipts Test**

Did your gross receipts decline by:

### **TEST #2 Partial Suspension** of Operations Test

Was your company's ability to provide goods or services restricted or modified by a COVID executive order?

50%

 $\geq 20\%$ 

#### **Per quarter**

comparing each quarter in **2020** to the same quarter in **2019**?

**Per quarter** 

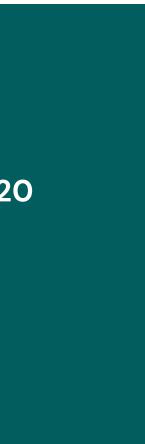
comparing Q1, Q2 and Q3 of 2021 to the same quarter in 2019?



If so, would your company have been able to provide

goods or services if such COVID executive orders were never enacted?











## Howare "partial suspensions" likely to arise?



- 1. <u>Social distancing and capacity restrictions;</u>
- 2. Increased sanitization mandates;
- **3.** Employees being out of work due to contracting COVID or being exposed to COVID;
- **4.** Supply chain issues resulting from suppliers experiencing a "partial suspension";
- **5.** Court closures (this is generally applicable to law firms);
- 6. The moratorium against evictions (this is generally applicable to property management companies);
- 7. Prohibitions against elective surgeries; and/or
- 8. Restrictions on domestic or international travel and/or large events (i.e., trade shows, fundraisers).

## **Partial suspensions of operations** are generally caused by the following **COVID executive orders:**



## How much money can a company realize from their ERC claim?

The maximum amount an employer can receive for any W2 employee is \$26,000. Funds available per W2 employee are as follows:

TIME PERIOD	
March 13, 2020 — December 31, 2020	\$5,0
Q1 2021	\$7,0
Q2 2021	\$7,0
Q3 2021	\$7,0

#### CREDITS AVAILABLE

(50% of the first \$10,000 earned in the period)

 $\mathbf{)}\mathbf{0}\mathbf{0}$ (70% of the first \$10,000 earned in the period)

(70% of the first \$10,000 earned in the period)  $\mathbf{)}\mathbf{0}\mathbf{0}$ 

(70% of the first \$10,000 earned in the period)  $\mathbf{)}\mathbf{0}\mathbf{0}$ 











## What is the engagement timeline?



### Engagement Letter

Client signs an engagement letter with Sagemont.





Credit Calculation

Sagemont calculates client's credit amount to the penny.

Sagemont pays for a tax attorney to prepare a legal analysis and/or opinion, where applicable.

### Legal Opinion



### **IRS Filing**

Sagemont files client's ERC claim with the IRS.



### Client Receives **ERC Checks**

Client receives ERC checks from the U.S. Treasury.



## What differentiates Sagemont from its competitors?

- **1. Tax Guidance:** Kenneth Dettman (former partner at Alvarez & Marsal and Co-Head of their ERC Taskforce) signs every ERC filing as paid preparer; thereby taking responsibility for our clients' ERC tax positions;
- **2. Legal Guidance:** We work side-by-side with some of the top law firms in the country specializing in the ERC and even work several lawyers who were integral in writing the ERC legislation;
- **3. Legal Opinion:** Sagemont pays for a tax attorney to prepare a legal analysis and/or opinion, where applicable, substantiating our clients' ERC legal eligibility; thereby taking responsibility for our clients' ERC legal positions;
- **4. Timing:** We can finalize and submit an ERC claim to the IRS within a month from the time a client signs our engagement; and
- **5.** Price: Sagemont generally charges 10–20% of the credit (competitors generally charge 15–30%).

We make obtaining the ERC easy and affordable. Is your business ready to claim your ERC and experience the Sagemont difference?

Please contact us today for next steps and to get started!











info@sagemontadvisors.com Office: 1-754-202-3055 608 SW 4th Ave, Fort Lauderdale, FL 33315

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