



Was Your Practice Forced to Shut Down During COVID-19?

You May Qualify for Employee Retention Tax Credits



The COVID-19 pandemic has had a huge impact on the dental industry from the initial lockdown in March 2020 to present day challenges. With dentists unable to practice during the initial lockdown and even at various times since, many practices reported big drops in revenue, though their expenses – particularly payroll expenses – remained just as high. This is where the Employee Retention Credit first came on the scene.

The Employee Retention Credit (ERC), which was created under the CARES Act, is a refundable payroll tax credit that is available to certain qualifying businesses and organizations affected by COVID-19. Essentially, it encourages businesses to keep employees on their payroll, and it has provided eligible employers with huge and immediate cash infusions at times when they needed it most throughout the pandemic.

Though the ERC provided much-needed cash flow to businesses during 2020, it was limited in its availability as originally written and has since been modified and expanded. The American Rescue Plan Act (ARPA) and Consolidated Appropriations Act (CAA) have served to clarify and expand the ERC, making this a significant source of cash flow for many more businesses. Both ARPA and CAA modified several areas of the ERC that could impact businesses' 2020 Form 941's. The credit has also been modified and expanded in 2021.

While many employers have some familiarity with the ERC, confusion exists around the qualifications and application processes. Did you know that medical, dental and hospital-related practices owned through private equity can qualify for the ERC? Even if you received PPP loans, you could still qualify for the ERC.

TODAY, THE CREDIT IS EQUAL TO:

- Up to \$5,000 per employee for 2020
- Up to \$21,000 per employee in 2021



→ If both or either of the following situations apply to your practice or business, you will likely qualify for the credits:

Experienced a significant decline in gross receipts during any quarter of 2020 or 2021 when compared to the same quarter of 2019,

OR

Operations were significantly impacted by government orders related to COVID-19 like forced shutdowns

A few examples of this are if you were unable to practice during the initial lockdown or practice consistently at operatory capacity since, if you have experienced any supply chain issues, or if you've lost revenue in your practice related to the pandemic. Remember, even if your business or practice has received PPP or PPP2 forgiveness, you're still eligible for the ERC credits.

Being able to utilize the Employee Retention Tax Credit and ensuring you receive the full benefit you may be eligible for is highly individualized, especially since "appropriate government authority" applies to state and local government orders. It is important that you work with a financial advisor or accountant to determine if and how much you can receive from the credit.

As the fastest growing accounting firm in the United States, we bring a thorough understanding of the inner workings of state and federal tax codes and available funding through various incentives or programs like the ERC. We have been able to procure millions in refunds for businesses, organizations, and practices of all sizes.



If you would like to set up a free consult to see if you qualify for ERC, I'd love to speak with you to help make sure you're not leaving any extra money on the table.

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