

WHAT MINNESOTA BAR AND RESTAURANT OWNERS NEED TO KNOW ABOUT THE EMPLOYEE RETENTION TAX CREDIT (ERC)

The ERC Window is Closing!

(Has your establishment fully realized it's Employee Retention Credit potential?)

If you have already claimed your maximum available ERC amounts in 2020 (up to \$5,000 per W2) and \$21,000 in 2021 (up to \$7,000 per W2 per quarter in Q1, Q2, and Q3 2021), congratulations! On the heels of PPP Round 1 and Round 2, a high percentage of Minnesota restaurants and bars have applied for and received these lucrative stimulus payments made available under the 2020 CARES Act. For many this has been the difference between failure and survival, for others it has been the difference between just getting by during the recovery vs. thriving as the restaurant industry has adjusted to doing business in a post-COVID economy.

IF you have NOT already claimed available Employee Retention Credits for your establishment, the remainder of this article applies to you.

Let's start first with filing deadlines, as claiming your ERC is done by filing amended 941 payroll tax returns. You will have to also file amended business tax returns, but that comes later.

- ***The FIRST quarter of eligibility for ERC for most businesses is Q2 (in some cases Q1) of 2020. The latest you can file an amended return for 2020 ERC credits claimed is 4/15/2024. Certainly, time is of the essence!***
- ***The LAST quarter of eligibility for ERC for all businesses is Q3 of 2021. The latest you can file an amended for 2021 ERC 941 Returns is 4/15/2025.***
- ***Once you do file, the IRS is generally processing 941 refunds (physical checks to your business) in 16-20 weeks.***
- ***Once you file for ERCs for 2020 or 2021, you will need to amend your business tax returns appropriately. Be warned, in instances with multiple owners and pass-through entities, there is a bit of a domino effect here all the way down to amending personal tax returns. A bit of a pain, but in most cases well worth it!***
- ***The IRS can audit ERC related 941 tax filings up to five years from the date the amended 941s were filed.***

In addition to the direct operational impacts due to the harsh Minnesota COVID lockdowns and restrictions which took place during 2020 and 2021, most establishments suffered a decline in gross receipts during ***and following*** these lockdown periods. However, specific to these timeframes, if your business was fully or partially suspended (closed, reduced capacity, reduced hours), you are eligible to claim your ERC without the need to document a decline in sales (gross receipts).

Nearly all food and beverage service-oriented establishment owners experienced at least one if not many of the following pandemic induced mandates:

- ***full and or partial shutdowns***
- ***inability to function as normal with your vendors during COVID – any supplier interruptions?***
- ***reduction in services or goods offered to your customers***
- ***capacity restrictions or altered hours as result of increased sanitation procedures***

A list of Minnesota Specific State and municipal COVID related orders may be found on the website we have created in collaboration with Strategic Tax Planning at www.smartertaxplanning.com/mlba. Be sure to register for one of two ERC educational webinars on September 28th (10 or 3 CDT).

These affected establishments can retroactively claim their ERCs based upon these and other pandemic related hardships they experienced in 2020 and 2021.

Beyond the mandated lockdowns or restrictions, a decline in gross receipts (as compared to the same period in 2019) of 50% or more per quarter in 2020, and 20% or more per quarter on 2021 means that you are eligible to claim your Employee Retention Credit for these periods in addition to the initial periods of operational disruption due to state and local government COVID orders.

INGAGE LLC, is a Minneapolis based fintech firm specializing in cutting edge technology focused on helping our restaurant and hospitality clients optimize their technology platforms and efficiencies, while reducing or recovering as much of their “merchant expense” as possible. We realized and applied for our ERC eligibility when it first became available and encourage our IT/POS clients to do likewise.

Along with MLBA, INGAGE LLC has partnered with Strategic Tax Planning, a Washington DC based CPA firm with a specific focus on optimized ERC outcomes. Strategic Tax Planning has processed well over 100M of ERC refunds, many of which were specific to the restaurant/hospitality industry.

If you have not yet claimed ERC eligibility, speak with your CPA or consider signing up for a free webinar through Strategic Tax Planning at the link below. Strategic Tax Planning offers a complimentary assessment to determine your eligibility and potential ERC refund amount.

To find out if you are eligible to claim ERC for your establishment, please visit the ERC Information Page to learn more and schedule a short Q&A session with one of the ERC professionals at Strategic Tax Planning. ***You may also register for one of two ERC educational webinars on September 28th (10 or 3 CDT).***

Additionally, you will find all of the relevant detail on ERC Government Mandate Eligibility in Minnesota at the ERC information page below:

www.smartertaxplanning.com/mlba

This Information is being provided in collaboration with the [Minnesota Licensed Beverage Association](#), [INGAGE LLC](#), and [Strategic Tax Planning](#)

Start your complimentary ERC assessment today at www.smartertaxplanning.com/mlba or by calling 202-455-6010. Be sure to register for one of two ERC educational webinars on September 28th (10 or 3 CDT).