NCECF BOARD MEETING: September 20, 2021

ACTION ITEM: Affirmation of filing for the Employee Retention Credit

BACKGROUND:
The Employee Retention Credit (ERC) is a Covid-19 stimulus relief originally passed within the CARES Act. The Consolidated Appropriations Act of 2021 later broadened eligibility qualifications. It can be applied for by filing IRS Form 941x, which declares an adjustment to the quarterly Form 941 (reports federal taxes). The ERC is a payroll credit that refunds 70% of up to $10,000 of wages per employee per quarter, equaling $7,000 per employee. Wages include gross pay and health insurance costs paid by the employer.

During the 2020 audit process and at the June 2021 Board meeting, NCECF was encouraged by Bernard Robinson Company to look into eligibility for the ERC. Previously, staff had determined NCECF was not eligible for the ERC because we had received Paycheck Protection Program (PPP) loans. However, the Consolidated Appropriations Act has since removed those limitations.

NCECF’s eligibility for the ERC was realized in June based on the following 2021 regulations:

- An employer will satisfy the gross receipts test if quarterly gross receipts decline by more than 20% compared to the same calendar quarter in 2019: **NCECF qualifies when comparing revenue in Quarter 1 of 2019 ($474,304) to Quarter 1 of 2021 ($10,139).**

- An employer is eligible even if it received a PPP loan, but an employer may not double benefit by claiming the ERC on wages that the employer paid with PPP loan proceeds that have been forgiven. An eligible employer may, however, claim the ERC on qualified wages that were funded through other means, including with PPP loan proceeds that are not forgiven: **NCECF claimed ERC wages January 1 to March 31, 2021. Wages for PPP were claimed April 1 to July 31, 2021.**

The Executive Director and the Finance & Operational Manager filed IRS Form 941x in July for a $42,000 refund (maximum claimed per employee based on actual paid wages and health insurance premiums for 6 employees from January to March 2021). Upon approval of the IRS, the ERC refund is sent in the form of a check and could take approximately 6 months to be processed.

ACTION ITEM:
Board to affirm the actions that were taken by NCECF staff to file for the ERC refund.