



CARES Act

Employee Retention Credit (ERC)

Synergi Partners Resources Today



Tim Norwood
Partner
Executive Vice President



Chad Witcher
Partner
Executive Vice President



Karen Freeman
National Sales Manager
843-245-3903
kfreeman@synergipartners.com

Agenda



- About Synergi Partners
- New Legislation – CARES Act ERC
- Common Objections / Misconceptions
- Eligibility
- Next Steps & how to get started

Why Synergi Partners?



The Synergi Difference

- “First to Know” – Consistent, Proven, Defendable
- Work with top U.S. legal firm and maintain key connections with Legislators in D.C.
- Interpret & apply legislation – keeping our clients in full compliance

Experience

- Executive team of veteran tax credit experts – more than 200 years of combined know-how
- More experience processing the Employee Retention Credits than any other company in the U.S.
- Processed thousands of employee retention tax credits to date

Proven Methodology

- Developed proprietary methodology to match a variety of data points – proven in thousands of submitted Client cases
- Understand different business verticals and identify the best method to determine maximum benefits
- Consistent methodology run through a single business unit; other firms take a regional approach

Money When it Matters

- Pride ourselves in getting money into our Clients’ hands quickly
- No financial risk to working with Synergi – only charge a contingency fee based on amount of credits delivered
- Look at multiple ways to maximize the credits we uncover

Audit Support

- Provide audit-ready package to each Client upon completion of our work
- Package provides client piece of mind – we have documented the maximum credit and provide no cost audit support
- Clients rely on us to protect & keep them in compliance; relieving of complexity while taking away risk/liability

Synergi Partners Offerings

Federal

- CARES Act Employee Retention Credits
- Work Opportunity Tax Credit
- Disaster Relief Credits (Hurricane, Wildfire, Natural Disaster ERC)
- Empowerment Zone Credit (FED EZ)
- Indian Employment Credit (FED IEC)

State

- Georgia Jobs Credit
- South Carolina Jobs Credit
- Tennessee Jobs Credits
- Colorado Enterprise Zone Credits
- New York Youth & Wage Credits



Families First Coronavirus Response Act

Sick Leave Credit

Family Leave Credit

- Refundable payroll tax credit for 100% of paid leave entitlements
- Expanded Paid Leave Entitlements Are Refundable Against FICA Taxes
- Applies to Leave Taken Between April 1 - Dec. 31 2020
- Company provided additional leave not eligible for reimbursement
- Credit is taken against payroll taxes and excess credit is refundable by filing Form 7200
- Applies to all business types & non-profits with < 500 employees
 - ▶ (Limited exception available to businesses under 50)

The CARES Act

Paycheck
Protection
Program
(Forgivable Loan)

- Employers with < 500 employees
- Employers with NAICS Code 72 (Restaurant & Hospitality) with < 500 employees per location
- Loans up to 2.5x avg monthly payroll not to exceed \$10M
- 8 week performance period ending June 30
- Proceed can be used for payroll, utility, rent, mortgage payments and interest
- Loans forgiven based upon proportional performance compared to prior years employee counts
- Unforgiven portion has a loan term of 24 months with 1% rate

Employee
Retention
Credit

- Refundable payroll tax credit for up to 50% of wages paid during epidemic
- \$5,000 per employee cap in credit (\$10,000 wages x 50%)
- Business must be fully or partially suspended or experience 50% loss in gross receipts
- Credit Period is the sooner of recovery to 80% gross receipts or Dec 31, 2020
- < 100 employees can include all wages plus healthcare costs
- ≥ 100 employees can include only wages paid for not providing services and healthcare costs
- Developing methods to measure loss in productivity to maximize credit for employers with over 100 employees
- Credit is taken against payroll taxes and excess credit is refundable by filing Form 7200
- Applies to all business types & non-profits

New Legislation – Second Stimulus



PPP Recipients now eligible for ERC

Credit up to \$19,000 per 'ee

Significant enhancements to the CARES Act Employee Retention Credit (ERC)

- Businesses that received PPP loans now eligible to receive ERC
- Extension of ERC for 6 months through June 30, 2021
- Enhancement to credit amount and expanded qualifiers
 - Increased credit from 50% to 70% of qualified wages
 - Increases limit on per-employee creditable wages from \$10,000 for the year to \$10,000 for each quarter
 - New max = **\$19,000 per employee (\$5K / 2020 + \$7K / 1Q21 + \$7K / 2Q21)**
 - Increased benefits in 2021 for full wages for companies up to 500 employees

Top line credit – receive money through payroll tax – immediate or refund from prior quarters, like cash – no profit necessary

Impacts Caused by Partial Suspension

Intent of Legislation: Reward employers for retaining their employees

Fully or partially suspends operation during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19 (includes working from home).



Experiences at least a **20% reduction** in year over year gross receipts during the quarter.

✓ Sales are virtual	✓ Furloughed employees
✓ Time taken away from shifts to clean / sanitize	✓ Temperature Checks
✓ Time to wear PPE	✓ Employees may not be “active” all day
✓ Client operations impacts	✓ Shifts have changed, reduced, etc.
✓ Sent home due to exposure	✓ Client impacted by supply chain
✓ PTO hours during pandemic	✓ Time off to care for family, schoolings, etc.
✓ Dive into what has changed for your business	✓ Any portion of your business portfolio impacted
✓ Impact on suppliers	✓ Less people allowed in facility

Common Objections & Misconceptions

- Our business was not suspended
- My revenue isn't down
- I am an 'Essential Business' and don't qualify
- We have over 500 employees - we didn't pay people not to work
- If your revenue isn't down by 20%, you don't qualify
- It's an easy credit to calculate, My CPA will do it.
- Your WOTC provider can calculate this credit
- If I laid people off, do I have to pay back?
- "CARES Act" is only FICA Deferral and NOL carrybacks
- I took the PPP loan

Opportunity for FRLA Members

Opportunity with Second Stimulus CARES Act ERC



Food Manufacturer

380 Employees

Avg. \$8,100
Credit/Employee

\$3M



Light Industrial

4,300 Employees

Avg. \$2,500
Credit/Employee

\$10M



Logistics

78 Employees

Avg. \$9,600
Credit/Employee

\$748K



QSR

250 Employees

Avg. \$4,250
Credit/Employee

\$1M

100 to 500 employees = ERC sweet spot!

Disaster Credit Update

- In addition to the CARES Act ERC review – It's important to note the changes to the Disaster Credits that were added via this updated legislation package:
 - Florida panhandle is heavily highlighted
 - 2018-2019-2020 have impacted this region
 - Reminder: Up to \$2400 credit for retaining an employee!

Sample Disaster Credits

(from FLRA members)

Casual Restaurant

- 75 ee
- \$138K Credit

Casual Restaurant

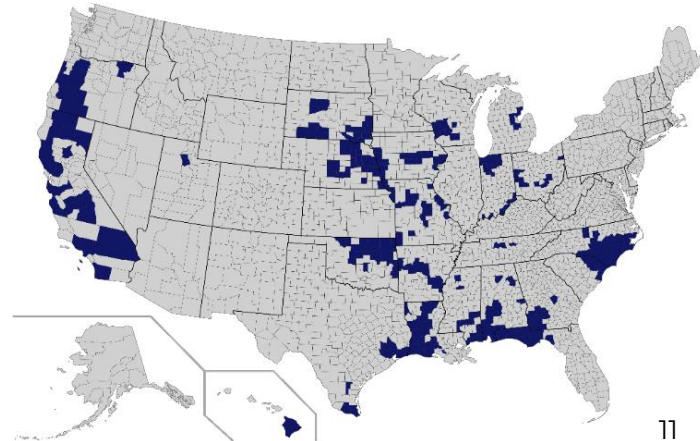
- 520 ee
- 7 Locations
- \$598K Credit

Cleaning Service

- 260 ee
- \$171K Credit

Resort

- 360 ee
- \$550K Credit



Q&A



Thank You.



Karen Freeman



843-245-3903



kfreeman@SynergiPartners.com