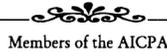


1315 Fourth Street  
Eureka, California 95501

# Hunter, Hunter & Hunt, LLP

CERTIFIED PUBLIC ACCOUNTANTS



Phone 707-476-0674  
Fax 707-476-0675  
www.hhh-cpa.com

September 12, 2021

RE: The Employee Retention Credit (ERC) Expanded and Extended to December 31, 2021.

Dear Client,

Hunter, Hunter & Hunt, LLP is reaching out today to make sure that you are aware the Employee Retention Credit (ERC) was extended and expanded through December 31, 2021, as part of the [American Rescue Plan Act of 2021](#) (ARPA). The ERC was enacted in March 2020, as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and created a payroll tax credit for full-time employees who were retained from March 13, 2020, to December 31, 2020. The ERC is exactly what it sounds like—business owners are being rewarded for their efforts to keep employees on payroll during the pandemic. Originally, those who qualified for the Paycheck Protection Program (PPP) were not eligible for this credit.

This payroll credit has now been expanded and extended through December 31, 2021. You may now qualify for payroll tax credits from the 3rd and 4th quarters of 2020, even if your business received funding from either rounds of the PPP program.

Qualification is determined by one of two factors for eligible employers — and one of these factors must apply in the calendar quarter the employer wishes to utilize the credit:

1. A trade or business that was fully or partially suspended or had to reduce business hours due to a government order. The credit applies only for the portion of the quarter the business is suspended, not the entire quarter.

Some businesses, based on IRS guidance, generally do not meet this factor test and would not qualify.

- Those considered essential, unless they have supply of critical material/goods disrupted in manner that affects their ability to continue to operate.
- Businesses shuttered but were able to continue their operations largely intact through telework.

However, any of these businesses still may qualify for the credit with the second-factor test:

2. An employer that has a significant decline in gross receipts.

As your accountants and trusted advisors, please know we are here to help guide you through this process or complete it for you. If you feel that the retroactive credit applies to your business, an amended quarterly form 941 (called a 941-X) will need to be filed. Please reach out to us for any assistance in completing these amended forms.

Sincerely,

A handwritten signature in cursive script that reads "Hunter, Hunter &amp; Hunt".

Hunter, Hunter & Hunt, LLP