



THE ULTIMATED GUIDE TO  
***THE EMPLOYEE  
RETENTION  
CREDIT***





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I thought, “No Way!?” Is this a prank? We’re getting back \$116,323! The Fitness CPA was the only business that let us know that ERC was even available. It will help us tremendously, especially after the challenges we have faced over the past 14 months.

Peter Blumert, Prevail Conditioning



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# WHAT THE HECK IS THE EMPLOYEE RETENTION CREDIT?

The Employee Retention Credit is a refundable tax credit from the IRS against certain payroll taxes in 2020 and 2021. It's essentially more stimulus for your business to help you navigate the consequences of COVID-19. You can read the nitty gritty details [here](#).

And it's actually not that new – it came out as part of the original CARES Act passed back in March 2020.

However, back in March 2020, businesses had the option to take the PPP funds OR take the Employee Retention Tax Credit (ERC). In virtually every case, it made much more sense for a business to take the PPP funds.

However, fast forward to 2021, and the rules have changed.



# WHAT HAS CHANGED?

As of December 2020, the IRS made a change to the Employee Retention Credit program to say that you can now retroactively claim the ERC all the way back to March of 2020 AND claim it in combination with the PPP funds you've likely already received.

How great is that?

Even if you received PPP funding in 2020 or 2021, you are now eligible to receive the Employee Retention Credit (ERC) as well!

This means tens of thousands of dollars in additional funding for your fitness business right now.

The only stipulation to the change is that any payroll wages paid with the PPP funds are not eligible for the tax credit. So, you can imagine the calculations that go into deciphering between the two will take up quite a bit of room in Excel.

However, the results are worth it.

As mentioned, our clients have received an average \$57,000 back in cash from the Employee Retention Credit already.

And they don't have to pay it back. Unlike the Paycheck Protection Program, this is not a loan!

As long as you meet a few easy requirements, you are qualified to receive thousands back in cash.

**FIND OUT IF YOU QUALIFY FOR THE EMPLOYEE RETENTION CREDIT:**

[Take Our 1-Minute Quiz](#)





# WHO QUALIFIES FOR THE EMPLOYEE RETENTION CREDIT?

If you're a gym or fitness business owner reading this, we're nearly certain that your business is eligible to receive thousands of dollars back from the IRS.

Why? Because most gyms and fitness businesses fit the criteria of having reduced income and/or were forced to shut down at one point or another during COVID-19.

Let us explain.


In order to qualify for the Employee Retention Credit, businesses have to meet a few simple criteria.

- Your business must have been established before February 2020.
- Your business must have less than 500 employees.
- You must have at least one employee (if you pay yourself as an owner, you count!).

Those are the easy ones. Unfortunately, if your business is brand, brand new and you don't have any employees, the ERC isn't for you.

Now let's tackle the remaining qualifiers. If ANY of the following points apply to your business, you qualify for ERC.





- You were forced to reduce capacity, reduce hours, or shut down at any point in 2020 or 2021 due to city, county, or state regulations.

OR

- You made 20% less revenue in Q1 2021 than you did in Q1 2019.

OR

- You are expecting to make 20% less revenue in Q2, Q3, or Q4 of 2021 than you did in the corresponding quarter in 2021.

OR

- You made 50% less revenue in a specific quarter in 2020 than you did in the same quarter in 2019.

Most gyms and fitness businesses we've dealt with have had to shut down or reduce capacity at some time or another in 2020 or 2021.

If you are a big box gym that was forced to convert to virtual training or 1:1 personal training for any period of time, you qualify for ERC, regardless of revenue.

If you run group-based fitness classes and were forced to limit capacity to maintain social distancing guidelines at any point in 2020 or 2021, you qualify for ERC, regardless of revenue.

As you can see pretty quickly, most gyms and fitness businesses across the country qualify for the Employee Retention Credit, and are eligible to receive big money from government stimulus this year.

**FIND OUT IF YOU QUALIFY FOR THE EMPLOYEE RETENTION CREDIT:**

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# WHY HAVEN'T YOU HEARD ABOUT THE ERC YET?

Ok, if the Employee Retention Credit is so great, why haven't I heard about it yet?

If you happen to know any accountants, you'll know that change usually spells 'headache' when it comes to navigating new processes.

It's like changing the rules in the middle of playing a game, except the game now comes with new calculations, documentation, and retroactive tax return amendments.

This is why a lot of CPAs and accountants are steering clear of this area, and why you may not have heard about the Employee Retention Credit as of yet.

We wrote an entire blog post on why you may not have heard about it yet which you can read [here](#).

But basically, navigating the ins and outs of the Employee Retention Credit is complex, especially if your business took advantage of the Paycheck Protection Program (PPP) in 2020.

And quite frankly, it's a lot of work to go back and amend every tax return for 2020 and 2021 that you've already spent a lot of time submitting!

Many accountants simply don't have the time or resources to learn and master the Employee Retention Credit.

Rather than risk an audit due to inaccurate calculations, they simply stay away.





# HOW DO YOU CALCULATE THE EMPLOYEE RETENTION CREDIT?

As alluded to, you're going to need to find an experienced CPA to calculate the Employee Retention Credit for you.

Getting the Employee Tax Retention right, in terms of doing it correctly while maximizing the amount of money you get back, is difficult for even the most experienced accountants.

It takes a lot of practice.

Your accountant will have to go back and amend every single tax return for 2020 and 2021, and finagle the numbers in the best way to retroactively claim the tax credit in combination with PPP for each quarter of 2020 and 2021.

If it sounds like a lot of work, that's because it is!

For the purpose of this guide, we're going to break down the calculations as simple as possible.

**TO SIMPLIFY:** businesses are eligible for up to \$5,000 per employee for the entire year of 2020, and up to \$28,000 per employee for 2021, if qualified.



Here are the details:

\$5,000 per employee in 2020

For the 2020 year, the credit is 50% of wages up to \$10,000 of wages paid. That means qualifying businesses are eligible for up to \$5,000 per employee for 2020. If you paid less than \$10,000 per employee, don't worry - you will receive a proportionate share of the credit.

\$28,000 per employee in 2021

For the 2021 year, the credit was increased to 70% of wages. And instead of being \$10,000 for the year, it is \$10,000 per quarter in 2021. That means qualifying businesses are eligible for up to \$28,000 per employee for 2021 (broken out into \$7,000 per quarter).

As an example, if you have 5 employees, that means your business could earn up to \$165,000 back in tax credits!

In fact, one of our clients is getting back \$365,000.

The amount of tax credit you actually receive will take into consideration any PPP funds you took, the number of quarters you saw reduced revenue, and your specific city, county, and state regulations regarding COVID restrictions.

## **HERE AT THE FITNESS CPA, WE'LL CALCULATE YOUR TAX CREDIT - FOR FREE!**

That's right! There is zero obligation to you. We'll calculate exactly how much you should receive back from the IRS at zero cost to you.

[\*\*Find Your Exact Calculation!\*\*](#)



# 3 WAYS TO MAXIMIZE YOUR EMPLOYEE RETENTION CREDIT - FROM A CPA

As we've spoken about, many CPAs aren't familiar with ERC due to a number of factors, from fatigue to changing regulations.

However, here at The Fitness CPA, we've spent hundreds of hours investing in Employee Retention Credit in order to maximize the savings for all of our clients.

From those learnings, we've learned incredibly valuable tips and strategies to maximize the savings for gyms and fitness businesses.

Here are the 3 most valuable things you can do with your fitness business to maximize the money you get back from the Employee Retention Credit.

## 1. Control Your Revenues in Q2, Q3, or Q4

As we've spoken about previously, a 20% reduction in revenue, for any given quarter, will qualify your fitness business for the Employee Retention Credit in 2021.

And further to that, if your business qualifies for one quarter based upon revenues, you will automatically qualify your business for the subsequent quarter as well.

Pretty great, right?

In this case, we strongly recommend controlling your revenue numbers for just one quarter of the year. And if we had to pick, we would choose Q2 and as a backup Q3 2021.

We've explained more about this concept in detail, in this [blog post](#) here.



## **2. Move Fast - Pay Staff in Open Qualifying Quarters**

Another tip we like to use here at The Fitness CPA in order to get the most out of the Employee Retention Credit (ERC) is to take advantage of the quarters you qualify for.

Pay your staff, and yourself, as much as possible during the quarter(s) you qualify.

There are a few ways to do this:

- Pay owners the maximum \$10,000.
- Short run payroll again at the end of the qualifying period.
- Consider bonusing your staff.

We recommend doing as much as you can with payroll during your qualifying quarter(s) to maximize the amount you get back.

Remember, it's an Employee Retention Credit - with the emphasis being on 'employee'.

The more money you spend on wages, the more you are eligible to receive back from the IRS.

## **3. Apply PPP Funds to Non-ERC Wages**

As you may or may not know, the wages you pay using PPP funds are not eligible for the Employee Retention Credit.

It makes sense - the government isn't going to give you a tax credit on funds they've given you to use in the first place.

In this case, we recommend applying PPP funds to the quarters you don't qualify for the Employee Retention Credit.

For example, if you're eligible for the Employee Retention Credit in Q1 2021 - but not Q - then wait and apply the PPP 2.0 funds to wages in Q2.

The relationship between PPP and ERC is one of the most complex factors to navigate when it comes to maximizing the amount you get back for the Employee Retention Credit.





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**“We’re getting back \$69,969. I was very surprised... probably shocked! This is going to be a game changer for our business. We’re so excited to have The Fitness CPA as our CPA and advisor. “**

Chris Mello, CPMFITness





# HOW DO I APPLY FOR THE EMPLOYEE RETENTION CREDIT?

First things first, you'll probably want to find out if you qualify. Use our 60-second quiz to find out if [your gym qualifies for the ERC](#).

If you're already certain you do, you can skip straight to the calculations.

Here at The Fitness CPA, we've made it really simple for you.

We'll do the complex calculations for your Employee Retention Credit amount - for FREE! - if you're a gym or fitness business.

That's right! You don't need to be a client of ours in order to receive your free calculation.

Simply answer a few questions, and give us a few documents regarding payroll reports and PPP, and we'll tell you the exact amount you can receive back from the IRS.

What you do with the information afterward is completely up to you!

You can choose for The Fitness CPA to process the credit for you, or proceed with another provider. It's really that easy!

## GET STARTED WITH YOUR EMPLOYEE RETENTION CREDIT

At The Fitness CPA, we make it really easy to get started. Simply fill in a few details, and we'll calculate your business's exact ERC refund - FOR FREE!

[Get Thousands of \\$\\$\\$ Back!](#)





[www.thefitnesscpa.com](http://www.thefitnesscpa.com)

