

Due Diligence Questions re: the ERC

Ask these questions of your financial advisors when discussing the ERC (Employee Retention Tax Credit). You'll be happy you did.

How many clients have you filed an ERC return for?

The ERC return can be extremely time-consuming and there's a learning curve associated with doing the filing. You don't want to be a "practice" client.

What is your average check per employee?

This is a metric that can easily be determined. It is easy for the preparer to divide the total amount of ERC funds paid to his clients by the number of employees.

Is the return prepared by a CPA or by an accountant or bookkeeper?

If you need heart surgery, you don't go to a general practitioner, you go to a specialist.

Do you provide E&O (Errors and Omissions) Insurance for each claim?

If they don't, why not?

Do you provide a five-year audit assistance for each client?

87,000 new IRS employees are scheduled to hit the streets in the next few years. You need to know that you'll be able to sleep well at night.

How long have you known about the ERC?

If they've been your advisor for any period of time, it might be worth asking, "Why didn't you mention it before now?"

Additional questions:

- How long does it take you to complete an ERC return for a company of my size?
- Is each ERC return reviewed and signed by one or more CPAs?
- Do you use specialized software to prepare and file the ERC return?

The fact is that some CPAs, accountants and bookkeepers are not well-informed about the ERC and many simply don't want to do them because they can be very time-consuming. There's also a level of liability for the preparer if the return is not done properly.

For that reason, I recommend that you use a specialty CPA firm that is highly experienced with ERC returns.