

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 has your CPA 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 their 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 the 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 they provide E&O (Errors and Omissions) Insurance for each claim?

If they don't, why not?

Do they provide a five-year audit assistance for each client

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 they known about the ERC?

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

Additional questions:

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

The fact is that some CPAs, accountants and bookkeepers are not up to date with all the amendments and updates to the ERC program 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.