Will Your Business Clients Reap The Full Benefits Of The Expanded Employee Retention Credit?

A part of the Taxpayer Certainty and Disaster Tax Relief Act (TCDTR) enacted at the end of 2020, the Employee Retention Credit (ERC) was designed to encourage employers to keep employees on their payroll. It’s a refundable tax credit that eligible employers could claim for businesses whose operations were partially or totally suspended due to government order OR if their sales took a significant decline.

**The First Big Change**

The original law created mutual exclusivity between the Paycheck Protection Plan (PPP) Loan program and the Employee Retention Credit, namely that employers could only use one or the other. Then, in an effort to provide more assistance to struggling businesses, Congress removed that limitation for the 2020 tax year. Employers who received the Paycheck Protection Program (PPP) Loan may now claim the Employee Retention Credit as well.

**The Second Big Change**

Congress also expanded ERC eligibility into the first two quarters of 2021. Similar to 2020, a business that experienced a reduction greater than 80% in its 2021 gross receipts when compared to its gross receipts for 2020 OR was subject to a full or partial shutdown because of a governmental order, may now claim BOTH the ERC and the PPP.

**They’ll Need Help**

These new tax credit opportunities can be a huge benefit to your business clients, if they can navigate the calculations to maximize their benefits. Ayar Law has been helping many businesses with their ERC and PPP credits.

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Slippery Slope for Petroleum Field Supervisor Caught in Hot Oil

David West, a 30-year employee of Petco Petroleum in Illinois, stole over $400,000 from the oil and gas company between 2013 and 2017. West formed a shell company, Flash Electric Services, through which he submitted invoices totaling $129,038 to Petco for services that were never rendered. He also stole oil from the company that he later sold to a reclaimer for $266,802, and even charged his employer $5,306 for trucks he hired to transport their own stolen oil. West faces up to 20 years in prison and must pay restitution of $400,000.
The Ace at the Bank Caused Schemer’s Fall From Grace

Taressa Hightower, of Georgia, pleaded guilty to two counts of filing false tax returns in connection with bogus charitable organizations.

Between 2010 and 2015 Hightower received more than $650,000 from a bank in Boston for two non-profit organizations that claimed to serve underprivileged children in Atlanta, Georgia. The money Hightower received were the proceeds of an embezzlement scheme perpetrated by Palestine Ace, an employee of the bank, who was married to Jonathan Ace, a relative of Hightower’s. In exchange for the ‘donations’ Hightower agreed to return 25% of the money to the Aces as a secret kickback.

None of the funds were used for charitable purposes. Hightower spent the money on personal expenses and for 2013 and 2014 filed false personal and business tax returns. She claimed significant amounts of non-existent and inflated business expenses in order to lower her personal tax liability.

Palestine and Jonathan Ace were convicted of embezzlement in 2018 and sentenced to one and two years in prison, respectively. Hightower faces a maximum sentence of up to three years in prison and a fine of up to $250,000.

Embezzling Comptroller Gets Shipped to Prison

Between 2007 and 2019 the comptroller for Gulf-Dan Shipping, Deepak Jagtani, embezzled more than $7,000,000 from the company. Jagtani controlled payroll for Gulf-Dan and used his access to pay himself excessive salaries and benefits.

He also admitted to filing false tax returns from 2014 to 2017. He reported business losses from a fake catering business he claimed he and his wife owned in order to offset his income, and avoided paying $1,232,267 in federal income taxes.

The wire fraud charges earned Jagtani a 63 month prison sentence, and the charge for filing false tax returns resulted in a 36 month sentence. Both sentences will be served concurrently. Jagtani was also ordered to pay $7,000,000 in restitution to Gulf-Dan Shipping and $1,232,267 to the IRS.

Thank you for the Kind Words...

T.S. – Client Prospect
“The free consultation I had with them was so incredibly helpful. They weren’t trying to reel me in to take my money but were honest that I didn’t need to use them until I had resolved some other things first and they gave me peace of mind about the steps I was taking. I’ve only used them so far for their free consultation, but it was very helpful.”

D.R.R. – EA
“Participated in a webinar hosted by Venar and greatly appreciated his wisdom and knowledge regarding IRS tax audits and defense. Definitely received valuable information that will help me as an Enrolled Agent. Thank you!”

D.T. – Client
“I had a lot of back taxes owed to the IRS and Ayar Law helped a great deal. It was quick and easy to set up an appointment. They went to work right away on my behalf negotiating my payment terms with the IRS. A little pricey but they allowed me to set up payment plans for their attorney fees. Their service was definitely worth it for me.”
**Tax Problems**

**Offer in Compromise**

The client’s Offer in Compromise was accepted by the IRS.

The IRS announced that the purchase of certain personal protective requirements, such as masks, hand sanitizer and sanitizing wipes, used for the primary purpose of preventing the spread of Covid-19, can be deducted as medical expenses. Of course, there are stipulations to deducting these expenses, but it’s worth looking into if you’ve spent money on PPE.

Several official IRS payment P.O. Boxes will be closing as of January 1, 2022 in the San Francisco, California, and Hartford, Connecticut areas. Payments sent to P.O. Boxes in those locations are currently being forwarded to other P.O. Boxes, but after January 1st, those mailings will be returned to sender. To see where the appropriate P.O. Box is by form and client location, you can refer to IRS Publication 3891, Lockbox Address for 2021.

**Ask Venar**

Q: “What is the difference between a levy and seizure?”

A: While there is no legal distinction between them, there is a procedural distinction. A levy is taking a taxpayer’s property that is held by someone else (a bank or employer, for example) and can be turned over by writing a check. If the taxpayer is holding the property, then the IRS will use seizure procedure to take the physical assets in the taxpayer’s possession (a house, car, or business property, for example).

Q: “Who is held responsible to pay the Trust Fund Recovery Penalty?”

A: The law says that whenever a person is required to collect or withhold taxes from another person, the amount of the tax shall be held responsible in a special trust fund for the United States. Therefore, IRS can hold any person in the business who is required to collect, account for, and pay over taxes held in trust who willfully fails to perform these activities.
Webinars & Events of Interest

Go to MyCPE at https://my-cpe.com/?search=Venar%20Ayar to view a range of Venar Ayar’s presentations on important tax resolution topics.

Beginning in April, Venar Ayar will present (virtually) to real estate offices on the subject of “Don’t Let A Tax Lien Kill Your Deal,” to educate real estate professionals on how they can help better serve their clients.

On April 21, Venar Ayar will speak at a virtual meeting of the Detroit Chapter of the Society of Financial Services Professionals about “Options for People Who Can’t Pay Their Taxes.” Go to https://zoom.us/meeting/register/tJEoceCoqjsrEtHJvUmiINKy_AakUIMhboTL for more information and to register.