

## PEO Client ERTC Letter Anecdotes

### **A Kansas-based construction company:**

We, like hundreds of thousands of other businesses just like ours, are still waiting for our Employee Retention Tax Credit (ERTC) funds that are stuck in a massive processing backlog at the Internal Revenue Service. As of March 1, there are nearly 700,000 outstanding Forms 941-X, the application we used to claim this vital employee retention credit. This figure continues to balloon out of control -- today's IRS backlog is 141,000 more than three weeks prior and a more than 419% increase since August 2022. As an employer in the construction industry, it is difficult to find new hires, so it's imperative to retain the employees we have. Every year, we try to give our workers raises or other benefits, but with the cost of new construction materials, it's been difficult to do. This tax credit will go a long way toward keeping our workforce engaged.

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*Sent to: Rep. Sharice Davids (D) and Sens. Jerry Moran (R) and Roger Marshall (R)*

### **A Missouri-based construction company:**

We faced uncertain times at during 2020 and 2021 and had our business severally impacted the the government orders , shutdowns and other delays that cost us well over a million dollars. We did the right thing, kept our employees employed and took out a personal loan in excess of 1.2 million dollars to continue to fund the company and keep people employed.

*Sent to: Rep. Emanuel Cleaver (D) and Sens. Eric Schmitt (R) and Josh Hawley (R)*

**A Utah-based energy company:**

We have exceeded all of our borrowing amounts. Within weeks we will have to close the doors. OxEon Energy will displace 48 employees and potentially impact other matters of national concern, classified--research and development relating to organizations such as DOE, DOD, NASA, MIT, and JPL. We also have other issues that were created from Congress's recent tax law changes (Sec 174).

*Sent to: Rep. Chris Stewart (R) and Sens. Mitt Romney (R) and Mike Lee (R)*

**A Florida-based software company:**

The ERTC credit is something we have relied on to shore up our company finances. Currently we are servicing about \$60,000 in debt which we accumulated due to economic impacts from Covid 19. These ERTC funds is supposed to directly support small business like mine with issues related to Covid.

*Sent to: Rep. Cory Mills (R) and Sens. Marco Rubio (R) and Rick Scott (R)*

**A Wisconsin-based IT company:**

445 Days Post Submission, I am inquiring about our company's Employee Retention Credit (ERTC) application status. As a small-mid business, the ERTC is critical to our operations and the financial stability of our employees. This credit is crucial to our company's ability to continue providing essential services to our customers while ensuring that our valued employees remain on our payroll. However, despite submitting our ERTC application promptly, we have yet to receive any updates on the status of our application. As a result, we are struggling to meet our financial obligations and maintain our workforce.

*Sent to: Rep. Bryan Steil (R) and Sens. Ron Johnson (R) and Tammy Baldwin (D)*

**A Texas-based construction company:**

As an employer in the construction industry, it is difficult to find new hires, so it's imperative to retain the employees we have. Every year, we try to give our workers raises or other benefits, but with the cost of new construction materials, it's been difficult to do. This tax credit will go a long way toward keeping our workforce engaged.

pull money out of my retirement account, I don't have much left. The landlord made us pay rent even though we were shut down for some months during this horrible disaster. They threatened to lock us out of the building which is where all of my equipment is. We are due approx. \$100,000.00 in ERC money and don't know what to do. Can you help us move this forward or in any other way.

*Sent to: Rep. Joaquin Castro (D) and Sens. Ted Cruz (R) and John Cornyn (R)*

**A New York-based media company:**

Our company has been waiting over 19 months for the applications we filed for the Employee Retention Tax Credit (ERTC).

These funds are stuck in a processing backlog at the IRS. As of March 1, there are over 700,000 outstanding Forms 941-X, the application we used to claim these funds. This is a more than 419% increase since August 2022. To further complicate this problem, we like many small businesses use a PEO (Professional Employer Organization), for payroll, healthcare, and benefits. PEO's are required to file for the ERTC in "bulk filings" - one big application on behalf of all their customers at once.

These "bulk filings" require special processing vs businesses that are allowed to apply directly. I was shocked to find out that none of the major PEOs have yet to have any of their client's applications processed by the IRS. This includes PEOs such as Insperity PEO, ADP Total Source PEO, and Paychex PEO. These three PEOs alone represent tens of thousands of small businesses like ours, none of which have received a penny from the IRS.

The IRS needs to address this issue. The IRS also needs to address the issue of PEO ERTC applications and how they are handling them. Clearing out just 1 of these "bulk filing" PEO ERTC applications would release funds to thousands of small businesses. We are a family-owned business based in New York. We have been in business since 1971. This money was intended to provide relief from the unprecedented impact that the COVID-19 pandemic caused on our business and others like ours. We have tried our best to keep staff employed, despite having a massive hole in our bank account. We cannot continue to wait for these funds.

*Sent to: Rep. Jamaal Bowman (D) and Sens. Chuck Schumer (D) and Kirsten Gillibrand (D)*

**A Minnesota-based media company:**

Back when the pandemic began, the live event production industry came to a screeching halt. As an event production company, the impact of the pandemic was swift and dire as the ban on large event gatherings caused virtually all of our revenue to evaporate in a few short months.

However, as a 100% employee-owned company, we felt it was our responsibility to do everything in our power to keep our employees, our owners, on payroll during those difficult and uncertain times. The PPP grants and ERTC funds were the lifeline that our company so desperately needed. The PPP grants were an instant relief and the assurance of the ERTC funds is what allowed us to keep all of our employees on payroll without having to reduce wages.

While the PPP grants were received almost immediately, we have yet to receive over \$660,000 in ERTC funds that we were counting on as an organization to meet payroll and operating expense needs. Our applications for ERTC funds were sent to the IRS nearly 2 years ago and we have yet to receive a dime forcing us to obtain loans and hold a continuous balance on our line of credit which has cost our company and our employee owners tens of thousands of dollars over the last 2 years with no end in sight. We are now reaching an unfortunate financial situation which may force our hand in making tough decisions that will impact the livelihoods of some of our employee-owners by terminating jobs and cutting payroll costs that we would not otherwise have to do.

*Sent to: Rep. Ilhan Omar (D) and Sens. Amy Klobuchar (D) and Tina Smith (D)*