



Understanding Risks When Making ERC Attestations to Your PEO

Some Professional Employer Organizations (PEOs) rely solely on businesses' representations of eligibility when filing Employee Retention Credit (ERC) claims. These representations are generally made via an attestation form or brief questionnaire which certain PEOs may accept at face value when calculating and making a claim for refund. This approach requires businesses to understand and properly analyze the complexities of ERC which can lead to missing out on legitimate claims or, conversely, over claiming the credit, both of which carry significant financial and legal risks.

This has resulted in businesses improperly claiming the credit, miscalculating the amount of the credit and potential compliance issues. If the IRS audits your claim, a poorly substantiated filing could result in penalties, interest, or even the requirement to return improperly disbursed refunds.

Why You Should Seek Legal Advice

Given the increasing scrutiny of ERC claims, businesses that used a PEO for filing should strongly consider seeking legal counsel if they have not previously sought representation from a tax professional before asserting their entitlement to the credit. Frost Law can help by providing a comprehensive analysis of your ERC claim, including:

- A thorough review of eligibility requirements
- An examination of how your claim was calculated
- Assistance in gathering the necessary documentation to support your claim

Should the IRS challenge your ERC claim, you want to be fully prepared to provide substantiating documentation. Without proper records and calculations, your business may face unnecessary challenges in defending your claim.

Protect Your Business with Frost Law

Given the risks associated with ERC claims, taking a proactive approach is essential. Frost Law has experience in ERC compliance and can help ensure that your claims are accurate, properly documented, and defensible in the event of an IRS review. Contact us today at (410) 431-2629 or schedule a confidential consultation.



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