

ERTC Supporting Documentation FAQ

Q. Why do I need to provide supporting documentation to ADP TotalSource?

A. The IRS issued guidance indicating that a PEO such as ADP TotalSource may be held directly liable for invalid ERTC credits claimed by a PEO client in the event that the IRS audits the claims and the PEO is unable to provide sufficient supporting documentation. Although ADP TotalSource is not subject to an audit at the present time, we are requesting the supporting documentation to keep in our files in the event that the IRS does choose to audit. Please note that when you signed the ERTC Attestation Letter you agreed to provide supporting documentation upon request. ADP TotalSource will not be providing this documentation to the IRS unless we are notified by the IRS in the future of an audit for these returns.

Q. What information are you requesting?

A. We are requesting that each client complete an additional **ERTC Attestation** and **ERTC Supporting Documentation Worksheet** prior to ADP TotalSource issuing any refunds that are received from the IRS. You will be notified by an ADP TotalSource Service Team member once ADP TotalSource receives ERTC refund amounts related to your claim. Providing ADP TotalSource with the supporting documentation information prior to receipt of the ERTC refunds will expedite the process.

Q. How do I get a copy of the ERTC Attestation and ERTC Supporting Documentation Worksheet?

A. If you are a current ADP TotalSource client, please reach out to your Payroll Advisor or HR Business Partner via email or by calling 844-448-0325. Former clients may also reach out via the 844 phone number for support or may email TotalSourceERTCSupport@adp.com with the subject line: ERTC Supporting Document Request for [insert your company code].

Q. What information will I need to complete the ERTC Attestation and ERTC Supporting Documentation Worksheet?

A. You will need the following information based on why you claimed the ERTC:

- **Claimed due to a significant decline in gross receipts.**
 - **Gross Receipts** – For each quarter that you claimed the ERTC due to a significant decline in gross receipts, you will need to provide gross receipts information by quarter for 2019, 2020 and 2021 for all related entities.
 - **Sales or Revenue Records** – To show a decline in gross receipts, you will need to provide sales or revenue records from the quarter(s) you claimed the credit as well as the comparison quarters.
 - For most businesses, the comparison quarter was the same quarter in 2019. For instance, if you claimed the ERTC in Q3 2020, you would need to show that your revenue that quarter was a certain percentage lower than the revenue your business collected in Q3 2019.

- However, if your business wasn't open in 2019, you could claim the credit in 2021 based on a reduction in revenue compared to the same quarter in 2020. We recommend you consult with your CPA/tax professional if you have questions.
- **Claimed due to a full or partial suspension of business operations due to a government order.**
 - **Proof of Government Order** – If you have claimed the ERTC for a period of time the company does not meet the gross receipts test but had a full or partial suspension of a more than nominal portion of its business operations due to orders from an appropriate government authority limiting commerce, travel, or group meetings due to COVID-19, you should provide copies or links to the applicable governmental orders.
 - **Business Description & Business Impact** – You will also be asked to describe the nature of your business, whether it is considered essential or non-essential, and the business impact COVID-19 and the governmental orders had on your business.
- **In addition to the above, you also will need to provide the below information regardless of why you claimed the ERTC:**
 - If you received a Payroll Protection Program (“PPP”) loan, information on whether any PPP loan amount was forgiven against payroll for 2020 and/or 2021.
 - Information on whether your business received any federal grants for 2020 and/or 2021 and whether your business claimed any other tax credits for this period, including but not limited to: Research and Development Tax Credit, Indian Employment Credit, Active Duty Employee Differential Wage Payment Credit, Credit for Employer-Paid Family and Medical Leave, Work Opportunity Tax Credit, Federal Empowerment Zone Credit, Credit for Paid Sick Leave, Payroll credit for paid Family Leave and Families First Coronavirus Response Act (FFCRA).
 - Information on any employee(s) who were full/partial owners or for their family members who were employed by your business during 2020 and 2021.
 - Information for any companies that any individual you list as a full/partial owner holds 50% or more ownership.
 - Current contact information for any additional ERTC questions, and information on whether you utilized a tax professional or CPA to determine ERTC eligibility.