



EMPLOYMENT TAX OVERPAYMENT REFUND SERVICE

General: Emptech's employment tax overpayment and recovery analysis provides a contingency-fee based retrospective research and refund recovery service to examine prior-period transactional merger - acquisition activity, as well as general succession-based employment tax account compliance. This review establishes the successor's refund rights to employment tax overpayments, as well as identifies & recovers eligible refunds triggered by the acquisition(s). Since 1999, this practice has been actively used on an ongoing basis for Fortune 100, 500, 1000 companies like Verizon, Microsoft, Oracle, Cisco Systems. In the automotive space, our clients include Lithia Motors, Group 1, Penske and many others too numerous to mention.

This project is appropriate for any employer with a transactional merger acquisition within the past three calendar years, where predecessor employees migrated from one federal ID (FEIN) to another FEIN during the year of the event.

Summary:

The process systematically analyzes all transactional events for reporting &/or refund recovery opportunities.

- determine potential refund recovery rights
- insure succession-based reporting requirements were met
- prepare and submit refund recovery documentation to the agencies (FICA, FUTA, SUI)
- file for refunds with the respective agencies
- track refund filings through refund release
- educate client on M&A reporting and tax optimization for future transactional events

We work directly with our agency counterparts to move the project forward through completion.

FAQs

1. What is the purpose for an employment tax recovery and refund analysis?

Agencies do not provide the employer with proactive communication advising them of open reporting issues (refunds). Simply put, the agencies do not disclose the excess taxation caused as a result of automatically "starting over" the employees that migrated from the predecessor to the successor. In essence, this is "double tax" paid on each migrated employee. This is where the refund rights the successor is eligible to claim are.

Recovery and refunds are governed by statute of limitations and require pro-active work to help identify, determine eligibility, recover and insure delivery of refunds to our clients.

2. What are the fees?

There is no out of pocket cost for this service. Emptech secures these refunds, on money a just purchased auto dealership pays on payroll employer taxes, for employees that reached the wage limit from the previous (acquired) dealership. We do this work on every acquisition for dealer groups like Penske, Group 1, Lithia (DCH), as well as for Fortune 100, 500, 1000 companies like Oracle, Cisco, Microsoft, Verizon and many others. We do the work on contingency, with no money out of your pocket. Our contingency-based commission, payable only after our client receives their refunds, is 33% of the gross refund. No refund, no fees.

3) *What is my time commitment?*

Time commitment through the course of the project is approximately one to two hours, in the form of quick questions. There is a one page questionnaire that is forwarded to our client prior to the project launch call that details the information we will need to complete the task.

Most reviews are completed in approximately 90 – 150 days after engagement, but some have lasted longer.

When eligible refunds are found, it will typically take another 2 – 3 months to work with the agencies to prepare, submit and track the filings until our client's refunds are received.

3. *How do I get started?*

- There is a brief 5-10 minute discussion with Emptech to help determine suitability for review. This conversation already took place, which is why you received this FAQ. Also, your review and approval of the simple one-page engagement letter that was mentioned in the foregoing conversation.
- Upon engagement, there is a brief 15 minute (or less) project launch call to discuss the above-noted questionnaire.

4. *What documents are needed?*

The review consists of standard payroll related documents (wage detail) and limited only to those that are applicable for the review, i.e., 940 and fourth quarter 941 for year of the event.

5. *How do you update the ER on project status?*

Once Emptech receives the needed documentation, the project begins. There may be an isolated quick phone call or e-mail communication through project completion.

6. *How is Emptech compensated?*

Emptech's compensation (commission) is payable only after our client receives their refund check(s) from the agencies. There is no out of pocket cost for this service. Emptech's commission is 33% of the gross refund(s) the client receives for our work. If there is no refund, Emptech gets 33% of that.