



Employee

Retention

Credit





The IRS has made important progress in our compliance efforts around the Employee Retention Credit and will continue this work.

As of March 22, we've **protected more than \$1 billion** in revenue in just six months, but we are still concerned about harm to small businesses and widespread abuse of this credit





Combatting ERC Fraudulent Claims

IRS is still strongly urging businesses to recheck ERC eligibility and resolve incorrect claims to avoid future issues, penalties and interest.

The IRS has processed about 3.6 million ERC claims worth approximately \$230 billion to businesses.

The IRS has been flooded with ERC claims, and we are concerned that many of these claims weren't being filed by businesses that qualify.



ERC Voluntary Disclosure Program

Also in December, we launched an ERC Voluntary Disclosure Program, which ended March 22. The program let businesses that received an improper ERC payment repay only 80 percent of the credit they received.

This has yielded more than **\$225 million from over 500 taxpayers as of mid March, with hundreds more submissions still being processed.**

Hundreds of VDP applications came in just before the March 22 deadline.



AUDITS & PROMOTERS

IRS currently has thousands of ERC claims under audit, with more to come

The IRS continues to gather information about suspected abusive tax promoters and preparers that improperly promote the ability to claim the ERC. The IRS's Office of Promoter Investigations has received hundreds of referrals from internal and external sources. The IRS will continue civil and criminal enforcement efforts against these unscrupulous promoters and preparers.





AUDITS & PROMOTERS con't

Our Criminal Investigation Division is conducting hundreds of investigations involving potentially false claims worth billions of dollars.

As of Feb. 29, 2024, IRS Criminal Investigation has initiated more than **386 criminal cases**, with claims worth almost **\$3 billion**. Twenty-five investigations have resulted in federal charges, with 12 convictions and six sentencings with an average sentence of 24 months.





Inflation Reduction Act - Funding

This current situation is an excellent example of how Inflation Reduction Act funding will make a difference in the future.

- ERC claims are currently filed on paper.
- IRA funding will improve our capability to receive digital information, whether on amended returns or other information such as taxpayer correspondence.
- In turn, this will help us more rapidly identify risks and develop response strategies – the exact issue that we’ve confronted with ERC claims.





Recheck Eligibility

The IRS is urging all businesses that claimed or received pandemic relief money to check their records for the Employee Retention Credit.

Some promoter groups may have called the credit by another name, such as a grant, business stimulus payment, government relief or other names besides ERC or Employee Retention Tax Credit (ERTC).

****Talk with your clients, they may have gone to a mill behind your back!**





Recheck Eligibility – con't

- The IRS will continue a wide range of tax compliance activities on ERC claims to protect taxpayers and enforce the tax law.
- If the IRS finds incorrect ERC claims after these programs end, the agency can disallow unpaid claims or require repayment with penalties and interest from taxpayers who received credits. tools to recapture incorrect ERC payments or credits.





Recheck Eligibility – con't

- Taxpayers also may need to amend related returns.
- The IRS is required to use a variety of collection
- The domino effect of incorrect claims can cost businesses valuable time, energy and money.





How to resolve incorrect ERC claims

Claim withdrawal - For businesses whose claims haven't been processed yet or those that received a check but haven't cashed or deposited it.

Go to the following link: [IRS.gov/withdrawmyerc](https://www.irs.gov/withdrawmyerc)





Amending - Employers also have the option to amend a return.

- Details: [Frequently Asked Questions about ERC – Amending a return](#) and at www.IRS.gov/ercfaq



Payment options

- Taxpayers can repay their credit through the Electronic Federal Tax Payment System (EFTPS).
- Other payment options: **IRS.gov/payments**.
- Installment agreements are available for taxpayers who:
 - Were accepted into the Voluntary Disclosure Program.
Details: [IRS.gov/ercvdpfaq](https://www.irs.gov/ercvdpfaq) – Look for “[Payment options for accepted ERC-VDP applications](#)”





ERC RESOURCES

[IRS.gov/erc](https://www.irs.gov/erc) (main ERC page).

[IRS.gov/withdrawmyerc](https://www.irs.gov/withdrawmyerc) (claim withdrawal landing page).

[IRS.gov/ercfaq](https://www.irs.gov/ercfaq) (ERC FAQs, not including VDP info).





Thank you