

Worried About Your ERC Refund Claim? IRS Announces Process to Withdraw Pending Claims

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If you listen to the TV or radio, you have probably heard advertisements about Employee Retention Credits (ERCs) and how employers may qualify for cash from the government. If you own a business, you have probably been inundated with calls or mailings about these credits.

The ERC program was part of the Covid relief packages provided by the federal government to businesses in 2020 and 2021, and it gave employers the ability to claim refundable payroll tax credits (up to \$10,000 per employee for 2020 and \$10,000 per employee per quarter for 2021) for wages paid to employees in 2020 and 2021 if the employer was subject to a full or partial shutdown order or saw a specified reduction in gross receipts. Many employers that qualify can get a significant tax benefit from this program. Unfortunately, though, the program has resulted in an industry of aggressive marketers that have convinced employers that were not subject to a shutdown order or saw the necessary drop in gross receipts that they can still qualify (for example, based on the argument that the employer had to incur increased costs in dealing with the pandemic and that this reduction qualifies even though this is not in the statute). The IRS has tried to address this growing industry and the flurry of improper refund claims being filed by issuing warnings about “ERC scammers” (see [here](#)) and ultimately announcing a moratorium last month on the processing of all ERC claims.

If you filed an ERC claim and are now worried that you do not qualify, there is some good news. The IRS announced this morning a process by which you can withdraw your ERC claim submission (see [here](#)). If you have a pending refund claim, or even if you have received a refund but not yet deposited the check, you should contact your tax adviser and see if the withdrawal process is right for you.