

IRS is Coming for All the Bad ERC Claims

The very first time the IRS started warning people about ERC compliance and the scams and schemes going on was in the fall of 2022 after a big push from the AICPA. Lets take a look at how this has been going in just the past 12 months and see how it's escalated dramatically from the first warning in October 2022.

October 19th 2022 IRS warned taxpayers about third parties promoting improper ERC

<https://www.irs.gov/newsroom/employers-warned-to-beware-of-third-parties-promoting-improper-employee-retention-credit-claims>

November 7th 2022 IRS warns again about third parties promoting bad ERC claims

<https://www.irs.gov/newsroom/employers-beware-of-third-parties-promoting-improper-employee-retention-credit-claim>

March 7th 2023 IRS renews warnings about ERC claims

<https://www.irs.gov/newsroom/irs-issues-renewed-warning-on-employee-retention-credit-claims-false-claims-generate-compliance-risk-for-people-and-businesses-claiming-credit-improperly>

March 7th 2023 IRS Office of Professional Responsibility warns tax preparers about ERC responsibilities

<https://content.govdelivery.com/accounts/USIRS/bulletins/34d3150>

March 20th 2023 IRS says ERC claims the top issue on the Dirty Dozen tax scams

<https://www.irs.gov/newsroom/irs-opens-2023-dirty-dozen-with-warning-about-employee-retention-credit-claims-increased-scrutiny-follows-aggressive-promoters-making-offers-too-good-to-be-true>

IRS makes a new warning or references existing ones about ERC scams on April 4th, April 5th, April 25th, April 25th, April 26th, May 2nd, May 25th, May 31st, June 13th, June 21st, June 22nd, July 24th.

July 20th 2023 IRS Legal Memo on Supply Chain Disruption

<https://www.irs.gov/coronavirus/frequently-asked-questions-about-the-employee-retention-credit>

July 21st 2023 IRS warns of a wave of ERC schemes and fraud

<https://www.irs.gov/newsroom/taxpayers-see-wave-of-summer-email-text-scams-irs-urges-extra-caution-with-flood-of-schemes-involving-economic-impact-payments-employee-retention-credits-tax-refunds>

July 21st 2023 IRS warns about ERC compliance and offers webinar

<https://www.irs.gov/newsroom/for-employers-and-tax-pros-free-irs-webinar-to-focus-on-employee-retention-credit>

July 26th 2023 IRS commissioner signals new phase of ERC

<https://www.irs.gov/newsroom/irs-commissioner-signals-new-phase-of-employee-retention-credit-work-with-backlog-eliminated-additional-procedures-will-be-put-in-place-to-deal-with-growing-fraud-risk>

July 31st 2023 IRS Criminal Investigation has 252 investigations of potentially fraudulent ERC claims, 15 with federal charges so far

<https://www.irs.gov/newsroom/to-protect-taxpayers-from-scams-irs-orders-immediate-stop-to-new-employee-retention-credit-processing-amid-surge-of-questionable-claims-concerns-from-tax-pros#:~:text=To%20date%2C%20IRS%2DCI%20has,have%20resulted%20in%20federal%20charges.>

September 14th 2023 Red Flags for ERC claims

<https://www.irs.gov/newsroom/red-flags-for-employee-retention-credit-claims-irs-reminds-businesses-to-watch-out-for-warning-signs-of-aggressive-promotion-that-can-mislead-people-into-making-improper-erc-claims>

September 14th 2023 IRS stops processing new ERC claims through December 31st 2023

<https://www.irs.gov/newsroom/to-protect-taxpayers-from-scams-irs-orders-immediate-stop-to-new-employee-retention-credit-processing-amid-surge-of-questionable-claims-concerns-from-tax-pros>

September 14th 2023 IRS releases an ERC eligibility checklist

<https://www.irs.gov/pub/newsroom/erc-eligibility-if-then-chart.pdf>

September 14th 2023 IRS FAQ about ERC updated

<https://www.irs.gov/coronavirus/frequently-asked-questions-about-the-employee-retention-credit>

IRS is supposed to be working on a voluntary disclosure type of program to repay bad ERC claims that have been received. More to come fall 2023.

IRS is supposed to be working on a way for taxpayers to pull back their unprocessed ERC claims if they now believe it to be a bad claim. More to come fall 2023.

IRS says claims already received prior to the moratorium will see increased processing times, 180 days or longer. In my experience the time to process was already a few months longer than the IRS claimed, so when they say 6+ months I would view that as more like 9+ months for those already submitted claims.

IRS is not processing new claims at all for the next 3.5 months, after that we should expect increased processing time, it could easily be 9-12-15 months to get ERC claims processed now.

Free resources from me

March 2nd 2022 I did a big overview of ERC and how it works with some of the common misconceptions for a good overview of how ERC should work <https://myboyum.com/coronavirus-updates/march-2nd-2022-erc-webinar/>

June 7th 2022 I recorded a podcast with the AICPA around the ERC and how to maximize the credit <https://taxodyssey.libsyn.com/mythbust-and-maximize-the-employee-retention-credit>

April 6th 2023 I recorded a podcast with the AICPA around the ERC and professional responsibilities for CPAs <https://taxodyssey.libsyn.com/employee-retention-credit-and-professional-responsibilities>

April 27th 2023 I recorded a video update on red flags for bad ERC providers and the consequences of making a bad ERC claim that you can refer back to.
<https://myboyum.com/coronavirus-updates/erc-update-april-2023/>