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**BIPARTISAN LEGISLATIVE PROPOSAL
WOULD ALSO ADD STRONG IRS
ENFORCEMENT TOOLS**

*By Mike Batts, CPA &
Kaylyn Varnum, CPA*

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Bipartisan Legislative Proposal Would Also Add Strong IRS Enforcement Tools

By Mike Batts, CPA & Kaylyn Varnum, CPA

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Congressional leaders from both parties who are involved in writing federal tax law have agreed in concept to a new legislative package that would, among other things, curtail the fraud-ridden Employee Retention Credit (ERC) early.¹

It would also give the IRS new, powerful enforcement tools to address fraud and improper ERC claims as well as those who have promoted and facilitated them.

Labeled *The Tax Relief for American Families and Workers Act of 2024*, the proposed legislation, as currently drafted, would end the period for making ERC claims effective January 31, 2024. Under current law, claims can be made as late as April 15, 2025.

Additionally, the legislation would significantly extend the period during which the IRS can initiate an examination of ERC claims to six years from the date of the claim. Current law is not abundantly clear with respect to the amount of time the IRS has to initiate an ERC examination.

The legislation would also greatly enhance the penalties for making improper ERC claims and for promoting or facilitating improper ERC claims.

Among other things, the legislation would mandate the release of client lists by promoters and facilitators of improper ERC claims.

Readers of our firm's Alerts about the ERC are well aware that we have been predicting this kind of action by Congress for months. It seems likely that those predictions will be coming true very soon.

For more information about the ERC and related matters, see the various Alerts we have posted on our website.²

¹ Source: <https://gop-waysandmeans.house.gov/wp-content/uploads/2024/01/The-Tax-Relief-for-American-Families-and-Workers-Act-of-2024-Technical-Summary.pdf>

² Source: <https://nonprofitcpa.com/category/special-alerts/>