

## ERC “Amnesty Program”

Many Bible Colleges and Seminaries took advantage of the opportunities presented by the Employee Retention Credit (ERC) “programs” for 2020 and 2021. Some did the work in-house, some utilized the skills of their audit/tax firms, some contracted with their payroll or insurance providers. Still others worked with consultants who specialized in ERC filings.

At the outset of the ERC legislation – in the heart of the Coronavirus crisis – Congress, the IRS, and others loudly proclaimed broad availability of the potential saving benefits of these credits. However, as the months have moved along, the U.S. Government began to sing a “different tune” with regard to the credits.

Gradually (and acceleratingly) over recent months, FAQs and other guidance began reporting “widespread abuse” in the ERC programs. Congress became very concerned, as did the IRS.

In the Fall of 2023 the IRS implemented an “...immediate stop to new Employee Retention Credit [ERC] processing amid surge of questionable claims.”

They stated (among other things) that... “Amid rising concerns about a flood of improper Employee Retention Credit claims, the Internal Revenue Service today announced an immediate moratorium through at least the end of the year on processing new [ERC] claims for the pandemic-era relief program to protect honest small business owners from scams.”

A few weeks later, at the behest of Congress, the Service went further and

Then, in January 2024, the IRS followed up by announcing a voluntary disclosure program for organizations that desire to pay back the funds they received after filing Employee Retention Credit (ERC) claims in error, thereby avoiding potential interest, penalties, and litigation.

Application deadline = March 22, 2024.

**The VDC applications that the IRS accepts into the program will be required to repay only 80% of the credit they received, with no interest or penalties.**

To apply: File Form 15434, *Application for Employee Retention Credit Voluntary Disclosure Program*, by March 22, 2024. This form and any required attachments must be submitted using the IRS Document Upload Tool.

In addition, although the Form 941-X filing deadlines for 2020 ERC claims should have been 4/15/24 and for 2021 ERC claims 4/15/25, on January 19, 2024, the House Ways and Means Committee voted to approve new legislation. The proposed “Tax Relief for American Families and Workers Act - 2024” includes a provision that would end the

timeframe for claiming the ERC on January 31, 2024. It appears – when/if the Act ultimately passes – that may be the final date for filing any ERC claims.

This bill includes provisions related to ERC promoters, enhanced penalties for incorrect ERC claims, and enlarged timeframes for IRS review.