



THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

September 14, 2023

The Honorable Ron Wyden
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Wyden:

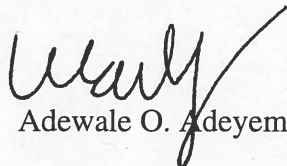
The Employee Retention Credit (ERC), first enacted by Congress as part of the CARES Act to address the economic consequences of the COVID-19 pandemic, was designed to prevent as many layoffs as possible and keep workers on the job. As part of its work to deliver economic lifelines to millions of Americans during the pandemic, the IRS processed millions of ERC claims from its creation in March 2020 through June 2023.

The IRS announced today that, after successfully clearing the backlog of ERC claims earlier this summer, it is imposing a moratorium on processing new claims until the end of the year to allow small businesses that have been victimized by scammers to withdraw their claims and to implement additional safeguards to ensure remaining claims are eligible.

The IRS is taking all the steps it can to protect honest taxpayers from scams. We would like to work with Congress on additional tools the IRS can use to protect taxpayers. First, we are asking Congress to advance the President's proposal to provide the IRS authority to regulate paid preparers, which could help protect taxpayers from penalties, interest, or avoidable costs of litigation that result from poor quality advice they receive. In addition, we are asking Congress to consider other ways to help reduce fraud and abuse associated with the ERC, while protecting honest taxpayers. For example, legislation targeting contingency fee practices would help prevent overzealous promoters from profiting off small businesses.

The ERC has played a critical role in supporting America's small businesses over the last three years. Unfortunately, it has also become a magnet for unscrupulous actors who profit from pushing taxpayers to claim credits for which they are not eligible. We look forward to partnering with you to protect honest taxpayers.

Sincerely,



Adewale O. Adeyemo

Identical letter sent to:

The Honorable Mike Crapo, Ranking Member, Committee on Finance