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TAXES

AICPA Releases Statement on IRS Announcement Concerning ERC Mills

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Isaac M. O'Bannon • Sep. 14, 2023



The [American Institute of CPAs \(AICPA\)](#) released a statement following an announcement by the Internal Revenue Service (IRS) detailing additional steps being taken to address aggressive and unscrupulous Employee Retention Credit (ERC) mills.

The following statement is attributable to AICPA president and CEO, Barry Melancon, CPA, CGMA:

"This latest initiative by the IRS takes a multi-pronged approach to taper ERC fraud by further scrutinizing ERC claims already received, pausing the processing of additional claims, and defining processes for taxpayers to handle claims they now feel are in error. While drastic, these measures are necessary to protect small businesses by putting a stranglehold on the unscrupulous ERC practices of credit mills.

"We are pleased with the IRS's announcement of the additional measures they are taking to push back against the dishonest credit mills taking advantage of unsuspecting small businesses. While there are still valid claims to be processed, these bold measures are necessary to combat widespread ERC fraud."

Following a recent hearing convened by the Oversight Subcommittee of the House Ways & Means Committee on July 27, 2023, AICPA submitted a written [statement](#) for the record expressing concerns with the increase of dishonest ERC mills and recommendations to address the issue.

The AICPA has provided [resources](#) and information to its members to warn their clients of red flags that could indicate that a vendor is dishonest and discourage dealings with these ERC mills. Among the warning signs, businesses should be wary of vendors that require large, contingency fees and those who fail to sign the amended payroll tax returns.

The following free resources are also available to individuals looking for additional guidance and information:

- The AICPA offers a taxpayer facing document to help taxpayers discern between fact and misconceptions surrounding the ERC: [Employee Retention Credit \(ERC\): Fact or Fiction](#)

- The ERC continues to be on the minds of taxpayers and practitioners. In response to practitioner requests regarding ERC “mills,” OPR provided guidance: [Employee retention credit and professional responsibilities | Tax Section Odyssey](#)
- The AICPA Professional Ethics Division walk through some questions they’re getting regarding the ERC — what’s legit and what isn’t and what could put you at risk: [Hot on the hotline — ERC mills? That’s a thing? And can I send my clients to them for a fee?](#)
- The ERC has helped many businesses struggling throughout the pandemic, but caution should be taken around firms promoting overly aggressive narratives: [Reconciling ERC claims with reality | Tax Section Odyssey](#)
- Helping eligible clients successfully apply for and receive the ERC is a once-in-a-lifetime opportunity for CPAs according to Chris Wittich, MBT, CPA: [Mythbust and maximize the employee retention credit | Tax Section Odyssey](#)
- Kris Esposito, CPA, MST, Director – AICPA Tax Policy & Advocacy, and April Walker, CPA, CGMA, Lead Manager – AICPA Tax Practice & Ethics, summarize the ERC guidance highlighted in Notice 2021-49: [Employee retention credit: Your questions answered](#)

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