



# Employee Retention Credit

As of the week ending 8/29/2026, the IRS has approximately 14,900 remaining ERC claims in various stages. These stages include: under review (1,650), pending payment or disallowance (2,950), under audit (3,600), awaiting review of disallowance responses (5,300) and, finally, with the Independent Office of Appeals (1,400). We'll be updating this page monthly.

The Employee Retention Credit (ERC) – sometimes called the Employee Retention Tax Credit or ERTC – is a refundable tax credit for certain eligible businesses and tax-exempt organizations that had employees and were affected during the COVID-19 pandemic. The requirements are different depending on the time period for which you claim the credit. The ERC is not available to individuals.

The IRS is concerned about a large number of improper ERC claims and is [closely reviewing tax returns that claim the credit](#). The IRS urges taxpayers to review their claims and quickly resolve incorrect ones.

## If you submitted an ineligible claim

Employers that submitted an ineligible claim can avoid future issues such as audits, repayment, penalties and interest by **withdrawing an ERC claim**. You can use this program if your ERC hasn't been paid yet, or if you already received a check for ERC but haven't cashed or deposited it.

## If your ERC was disallowed

If the IRS disallowed your ERC claim with Letter 105-C and you disagree, you may request an administrative appeal, review by the IRS Independent Office of Appeals, or file suit. See [Understanding Letter 105-C, Disallowance of the Employee Retention Credit](#) for more details.

**Don't fall for  
employee  
retention credit  
scams**

**Transcript**

If you need to resolve issues with your income tax return after an ERC disallowance, see the [Income tax and ERC section of the Employee Retention Credit FAQs](#).

## On this page

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## Check your eligibility for the credit

- [ERC Eligibility Checklist: Help understanding this complex credit](#)
  - IRS partners: You can also use the [printable version](#) [PDF](#) of the ERC Eligibility Checklist to help constituents, clients or others see if they may be eligible for the ERC.
- [Signs your ERC claim may be incorrect](#), which outlines tactics that unscrupulous promoters have used and why their points are wrong.
- [ERC frequently asked questions on eligibility](#), including definitions and examples.

The credit is available to eligible employers that paid qualified wages to some or all employees after March 12, 2020, and before Jan. 1, 2022. Eligibility and credit amounts vary depending on when the business impacts occurred.

Generally, businesses and tax-exempt organizations that qualify are those that:

- Were suspended by a government order due to the COVID-19 pandemic during 2020 or the first three calendar quarters of 2021, **or**
- Experienced the required decline in gross receipts during 2020 or the first three calendar quarters of 2021, **or**
- Qualified as a recovery startup business for the third or fourth quarters of 2021

Eligible employers must have paid qualified wages to claim the credit.

Eligible employers can claim the ERC on an original or adjusted employment tax return for a period within those dates.

For more information about eligibility and credit amounts, see the [Employee Retention Credit - 2020 vs 2021 Comparison Chart](#).

## Definitions of eligibility terms:

- [Notice 2021-20](#)
  - Sections III.C. and III.D., Questions and Answers 10 through 22 – Suspension of operations due to orders from an appropriate governmental authority
  - Section III.E., Questions and Answers 23 through 28 – Decline in gross receipts during 2020
- [Notice 2021-23](#)
  - Section III.C – Decline in gross receipts during the first three calendar quarters of 2021
- [Notice 2021-49](#)
  - Section III.D – Recovery startup business for third and fourth calendar quarters of 2021

## Limitations

Certain limitations apply to the ERC. For example, employers can't claim the ERC on wages that were reported as payroll costs for Paycheck Protection Program loan forgiveness. Qualified wages for purposes of the ERC don't include payroll costs in connection with shuttered venue operators grants or restaurant revitalization grants.

## Get answers to your ERC questions

See the latest [frequently asked questions \(FAQs\)](#) for ERC regarding eligibility, withdrawing an ERC claim, signs of incorrect returns, recordkeeping and scams.

If you need help or advice about the credit or resolving an incorrect claim, the IRS urges you to seek out a [reputable tax professional](#).

## Beware of ERC scams

Employers should be wary of ERC advertisements that advise them to "apply" for money by claiming the ERC when they may not qualify. As a reminder, anyone who incorrectly claims the credit has to pay it back and may owe penalties and interest. The only way to claim the ERC is on a federal employment tax return.

The ads have been all over radio, TV and social media. You may even get ads that look like official government letters, or texts, emails and phone calls advertising ERC eligibility.

## **Look for these warning signs**

The Employee Retention Credit is a complex credit that requires careful review before applying, so be wary of:

- Unsolicited ads, calls, emails or texts from someone you don't know.
- Statements that the promoter or company can determine your ERC eligibility within minutes.
- Large upfront fees to claim the credit.
- Pressure to accept a promoter's offer of a refund anticipation loan.
- Fees based on a percentage of the refund amount of Employee Retention Credit claimed – you should always avoid a tax preparer basing their fee on the amount of the refund.
- Statements from the promoter that you qualify for the credit before any discussion about your tax situation.
- Statements from the promoter urging you to submit the claim because there is nothing to lose. In reality, those incorrectly receiving the credit could have to repay the credit – along with substantial interest and penalties.
- Pressure to claim the credit because “every business qualifies” or because a business like yours received the credit. Eligibility for the ERC is complex and based on each business's facts and circumstances.

These promoters may lie about eligibility requirements. In addition, using these companies could put you at risk of someone using the credit as a ploy to steal your identity or take a cut of an incorrectly claimed credit that you'd need to pay back.

## **Report tax-related illegal activities**

The IRS encourages people to report:

- Tax-related, illegal activities relating to ERC claims
- Individuals who promote incorrect information and abusive tax schemes
- Tax return preparers who deliberately prepare incorrect returns

To report tax-related illegal activities relating to ERC claims, see the steps in the [ERC Scams](#) section of the frequently asked questions about ERC.

# How to claim the ERC

Eligible businesses that didn't claim the credit when they filed their original employment tax return can claim the credit by filing adjusted employment tax returns. For example, businesses that file quarterly employment tax returns can file [Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund](#) [PDF](#), to claim the credit for prior 2021 quarters.

**Reminder:** If you file Form 941-X to claim the Employee Retention Credit, you must reduce your deduction for wages by the amount of the credit for that same tax period. Therefore, you may need to amend your income tax return (for example, Forms 1040, 1065, 1120, etc.) to reflect that reduced deduction. For more information, see:

- [Notice 2021-20](#), Section III.L., Question and Answer 60
- [Notice 2021-49](#), Section IV.C., Timing of Qualified Wages Deduction Disallowance
- [Income tax and ERC](#)

## Forms and instructions

To claim or correct your credit by adjusting your employment tax return, use the adjusted return and instructions that apply to your business or organization and the relevant tax period:

### For employers that file quarterly:

- [Form 941-X, April 2023 revision](#) [PDF](#)
- [Form 941-X Instructions, April 2023 revision](#) [PDF](#)

### For agricultural employers:

- [Form 943-X](#) [PDF](#)
- [Form 943-X Instructions, February 2023 revisions](#) [PDF](#)
  - [Form 943 Instructions, December 2021 revision](#) [PDF](#) for additional information related to the ERC for quarters in 2021

### For employers that file annually:

- [Form 944-X](#) [PDF](#)
- [Form 944-X Instructions, February 2023 revisions](#) [PDF](#)
  - [Form 944 Instructions, December 2021 revision](#) [PDF](#) for additional information related to the ERC for quarters in 2021

### For railroad employers:

- [Form CT-1X](#) [PDF](#)
- [Form CT-1X Instructions, March 2023 revisions](#) [PDF](#)
  - [Form CT-1 Instructions, January 2022 revision](#) [PDF](#) for additional information related to the ERC for quarters in 2021
  - [Form CT-1 Instructions](#) [PDF](#) for additional information related to the ERC for quarters in 2020

## Guidance by the period when qualified wages were paid:

- March 13, 2020, to Dec. 31, 2020
  - [Notice 2021-20](#)
  - [Notice 2021-49](#), Section IV. Guidance on Miscellaneous Issues Applicable to the Employee Retention Credit for Both 2020 and 2021
  - [Revenue Procedure 2021-33](#)
- Jan. 1, 2021, to June 30, 2021
  - [Notice 2021-23](#)
  - [Notice 2021-49](#), Section IV. Guidance on Miscellaneous Issues Applicable to the Employee Retention Credit for Both 2020 and 2021
  - [Revenue Procedure 2021-33](#)
- July 1, 2021, to Sept. 30, 2021
  - [Notice 2021-49](#)
  - [Revenue Procedure 2021-33](#)
- Oct. 1, 2021, to Dec. 31, 2021
  - [Notice 2021-49](#)
  - [Notice 2021-65](#)

## Penalty relief

Get information on [penalty relief related to claims for the Employee Retention Credit](#).

## Historical information

Congress passed legislation that modified the ERC after it was first enacted. If you need historical information about claiming an advance payment of the ERC in its first version, see [Employee Retention Credit frequently asked questions](#). These FAQs do not reflect the current status of the credit.

