

Draft Legislation Proposes Significant Modifications to the Employee Retention Credit Program

January 18, 2024



On January 16, 2024, House Ways and Means Committee Chairman, Jason Smith, and Senate Finance Committee Chairman, Ron Wyden, proposed *The Tax Relief for American Families and Workers Act of 2024*. The proposal includes key provisions intended to eliminate fraud and waste in the Employee Retention Tax Credit (ERTC) program by implementing the following:

- Barring additional claims after January 31, 2024;
- Extending the statute of limitation on assessment for ERTC claims to six years;
- Substantially increasing the penalties and record keeping requirements of ERTC promoters; and
- Increasing penalties to paid tax return preparers for failing to conduct proper due diligence.

These proposals follow the previously announced IRS program allowing taxpayers to withdraw ERTC claims that have not been paid, and the creation of a voluntary disclosure program to pay back ERTCs that taxpayers were not entitled to receive.

As with all proposed legislation, the bill must be passed and signed into law before these provisions are adopted. Even if the January 31, 2024 deadline is not adopted, taxpayers should be aware that the final date to file a claim for the 2020 ERTC is April 15, 2024.