



Published: May 8, 2025 | Last Updated: December 3, 2025

The ERC Claim Period Has Closed – The IRS Must Now Prioritize Resolution, Communication, and Taxpayer Protections



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As of April 15, 2025, the window for filing Employee Retention Credit (ERC) claims **officially closed**, marking the end of a significant chapter in pandemic-era relief. Yet, while the filing period has ended, the program is far from over. What Congress intended as a lifeline for businesses during the pandemic has become a drawn-out and often confusing experience for many taxpayers.

With more than **597,000 unprocessed claims** still in inventory and thousands of disallowance notices already issued, the IRS must now turn its full attention to administering this program in a manner that prioritizes fairness, transparency, and taxpayer rights.

A Brief History of a Bumpy Road: Promise, Complexity, and Consequences

Congress designed the ERC to encourage businesses and nonprofits to retain employees during the economic upheaval of COVID-19. While the credit offered critical financial relief to these employers, it was also highly complex, making it challenging for even the most diligent taxpayers and practitioners to navigate. Unfortunately, this complexity combined with aggressive marketing left the IRS with the unenviable task of discerning which taxpayers filed legitimate ERC claims and were truly depending on it to provide economic relief, and those that were taking advantage of the “perfect storm” for their own personal gain (*i.e.* complexity of the law, the large payouts, and aggressive marketing by bad actors.)

To address this, the IRS implemented a moratorium on processing new ERC claims beginning September 14, 2023. Hitting the pause button on processing ERC claims may have been a reasonable strategy for the IRS at first, but the moratorium kept going and going and going leaving legitimate taxpayers in limbo—many for months or even years. Now that the IRS has resumed processing claims (allowing, disallowing, or initiating an audit on the claim), the focus must shift toward fairness, efficiency, and transparent communication.

Where We Stand Now

The IRS's return to processing all ERC claims is welcome news, but there's a long way to go. I think it's important to frame this progress with realistic expectations.

Despite processing thousands of claims over the last few months, as of early April, **over 597,000 ERC claims** remain in the IRS's inventory, including **nearly 11,000 cases** submitted through my office, TAS, that remain unresolved.

These are often taxpayers who are facing financial hardship and who have limited resources to navigate IRS delays. While the IRS has processed about 64 percent of TAS-submitted claims, that still leaves thousands of small businesses and nonprofits waiting for answers—and often, for desperately needed funds.

Although the IRS has made significant progress on the backlog of ERC claims, there is still a long way to go, and it's unlikely it will resolve all claims quickly. Realistically, it could take at least until the end of calendar year 2025 to complete processing. That's a long time for taxpayers to remain in limbo. Therefore, the IRS needs to commit as many resources as possible to ensure it continues to process these claims quickly.

“It's time to eliminate the ERC backlog and provide the relief Congress intended.”

A Growing Problem: Disallowed Claims and Lack of Clarity

Unfortunately, for many businesses, the challenges don't stop once the IRS processes a claim. To date, the IRS has issued letters for **approximately 84,000 returns claiming the ERC, partially or fully disallowing the claims**, and in many of these cases it has not clearly informed taxpayers why their claim was **disallowed**.

When taxpayers contest a disallowance, the process is opaque, and many have reported that movement is slow and challenging, especially the IRS's review of taxpayer responses to disallowance notices. Adding additional challenges, there's no way to track the status of their case once the taxpayer submits a protest requesting consideration by the Independent Office of Appeals, and timelines can stretch on indefinitely. Until the IRS reviews the response, the case is not forwarded to Appeals. Worse, if the process takes more than two years from the date of the disallowance notice, the IRS is legally barred from issuing a refund – even if it later agrees the taxpayer is right and entitled to the refund.

This is not just a matter of red tape; it's a matter of **taxpayer rights**, such as the rights:

- To be informed;
- To challenge the IRS's position and be heard; and
- To a fair and just tax system.

Progress and Room for Improvement



To its credit, the IRS has recently begun issuing guidance for the [Letter 105-C](#) and the [Letter 106-C](#) on how to respond to ERC claim disallowances and amend returns following an ERC determination. But these efforts came too late after confusion has already ensued.

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“ For the next chapter of the ERC saga, proactive, timely, and transparent communication must be the norm, not the exception. Sitting in limbo is not acceptable. ”

The Path Forward: Advocate for Taxpayer-Centered Reform

The ERC may be closed to new claims, but its story is far from over. The IRS has a tremendous amount of work ahead, and a responsibility to taxpayers who engaged with the program in good faith.

To support those taxpayers, I urge the IRS to adopt the following recommendations:

1. **Finish the job:** Commit to processing all ERC claims by **the end of calendar year 2025**.
2. **Prioritize hardship cases:** Process claims from taxpayers experiencing **financial hardship first**, followed by the remainder in the order received.
3. **Be transparent:** Ensure disallowance notices and Letter 86C include **clear factual and legal explanations** and give taxpayers sufficient time to respond before transferring cases to Appeals for consideration.
4. **Protect taxpayer rights:** Track the **IRC § 6532 two-year statute of limitations** on contested claims and notify taxpayers **six months prior to expiration**. Also provide clear instructions for executing [Form 907](#) to extend the limitations period, if appropriate.
5. **Offer faster resolution:** Allow ERC claimants access to **Fast Track Appeals**, providing a quicker and less burdensome alternative to litigation.

Final Thoughts

The ERC was born out of crisis and offered real hope to businesses trying to survive. But years later, the program remains a source of confusion and frustration for too many taxpayers. As the IRS moves forward, it must commit to clear communication, timely processing, and a deep respect for the rights of those it serves.

“ Taxpayers deserve closure – and they deserve to be heard. ”

Resources

- [IRS moves forward with Employee Retention Credit claims](#)
- [Understanding your Letter 105 C, Claim Disallowed](#)
- [Understanding your Letter 106-C, Employee Retention Credit](#)
- [How Taxpayers Can Respond to Notices of Claim Disallowance on their ERC Claim](#)

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