

March 17, 2021

The Honorable Janet Yellen
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

The Honorable Charles Rettig
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Secretary Yellen and Commissioner Rettig:

The undersigned organizations represent hundreds of thousands of small businesses across the nation. We are writing to urge you to take immediate steps to allow small businesses to more quickly and easily claim the Employee Retention Tax Credit (ERTC) with respect to qualified wages paid in a past quarter.

The ERTC was created to encourage businesses to keep employees on payroll during the pandemic. The Consolidated Appropriations Act (CAA) included retroactive amendments making the ERTC available to many more small businesses by eliminating the prohibition on employers claiming the ERTC if they received a covered loan under the Paycheck Protection Program (PPP). The CAA and the recently passed American Rescue Plan Act further expanded and extended the ERTC through the end of 2021.

However, recently announced IRS guidance says that the way for businesses to claim the ERTC for past quarters is to file a separate amended return for *each* affected quarter through the paper-based IRS Form 941-X process. The processing time for 941-Xs is currently running many months, and unless the current IRS procedures are expedited, the ERTC will come much too late for the majority of small businesses that desperately need it.

In light of the substantial regulatory and programming complexities in addressing this issue, we recommend consideration of a dedicated address and expedited processing of 2020 Form 941 amendments, along with a mechanism for filing retroactive claims on the current Form 941. Further, we note that Congress intended to permit all 2020 ERTC claims with respect to any PPP loan borrower to be applied and reported on the Form 941 for the quarter ended 12/31/2020. Consistent with this, we ask that the IRS permit a single amendment to the fourth quarter return to apply the ERTC from all applicable quarters in 2020. This would also help reduce the volume of paper amendments by roughly two-thirds. This seems important given that some 5 million businesses applied for PPP loans and were precluded from taking the ERTC until the December Consolidated Appropriations Act. Businesses are just now learning that they are eligible for the ERTC.

Time is of the essence. Small businesses need this assistance now. Congress clearly intended for small businesses to quickly claim the ERTC and avoid the need to wait many months for processing. We would ask that you quickly move to simplify ERTC filing and expedite payments to eligible businesses.

Sincerely

American Institute of CPAs
American Payroll Association
National Association of Professional Employer Organizations
U.S. Chamber of Commerce