

IRM PROCEDURAL UPDATE

DATE: 01/25/2024

NUMBER: wi-21-0124-0130

SUBJECT: ERC Voluntary Disclosure Program (VDP)

AFFECTED IRM(s)/SUBSECTION(s): 21.7.2.7.9

CHANGE(s):

IRM 21.7.2.7.9 Added new subsection with information about the ERC Voluntary Disclosure Program (ERC VDP).

(1) As part of an ongoing initiative aimed at combating dubious and inaccurate Employee Retention Credit (ERC) claims, the IRS announced a new Voluntary Disclosure Program (VDP) to help businesses who want to pay back the money they received after filing incorrect ERC claims.

(2) Employers meeting ERC VDP requirements:

- Will generally be required to repay 80 percent of the erroneous ERC amount claimed.
- Will not be required to repay associated overpayment interest allowed when erroneously claimed ERC was recorded by the IRS.
- Will not be charged penalties and interest otherwise associated with the erroneous ERC claimed if the required amount is paid in full when due.

(3) To apply for ERC VDP consideration, employers are required to file Form 15434, *Application for Employee Retention Credit Voluntary Disclosure Program*.

Note: The deadline for filing Form 15434 is March 22, 2024.

(4) AM telephone assistors should **not** attempt to assist callers with questions regarding the ERC VDP program. Instead, direct any caller making inquiries regarding the ERC VDP to the IRS website information which may be located by searching for the following topics:

- "IR-2023-247" or IRS: New Voluntary Disclosure Program lets employers who received questionable Employee Retention Credits pay them back at discounted rate; interested taxpayers must apply by March 22
- Announcement 2024-03

Note: Callers can also be informed of the option to leave a voice message with questions via the ERC-VDP hotline (not toll-free) identified in the Form 15434

instructions.

(5) Accepted ERC VDP requests will be recorded via a tax adjustment on the associated tax account in the amount of 80 percent of the previous erroneous ERC amount claimed.

(6) Payments made for ERC VDP applications will be posted to the associated tax account(s) for which erroneous ERC claims were filed and processed.