



Department of the Treasury
Internal Revenue Service
Certified Professional Employer Organizations Office

Date

December 01, 2023

CPEO community,

On September 14, 2023, the IRS [announced an immediate stop](#) to processing new [Employee Retention Credit](#) claims amid a surge of questionable claims and concerns from tax professionals.

For claims received prior to September 14, 2023, the IRS is reviewing them with heightened scrutiny before issuing refunds. As more data becomes available to the IRS, we are also reviewing claims that have already been processed and paid.

While we are working on a program for employers to voluntarily repay incorrectly claimed ERC amounts, we are also starting to send notices to employers, including Third Party Payors (TPP), whose ERC claim amount appears to exceed legally allowable amounts based on updated information available to the IRS.

In many situations, a TPP and its common law employer client are *both* liable for employment tax liabilities, including amounts from incorrect ERC claims.

However, a Certified Professional Employer Organization is *solely liable* for employment tax liabilities on wages the CPEO pays to worksite employees of its CPEO customers. We are strongly encouraging CPEOs to be very cautious when evaluating a CPEO customer's ERC eligibility before submitting any ERC claims.

The IRS has several resources at [IRS.gov/erc](https://www.irs.gov/erc) to help taxpayers review ERC eligibility rules and learn about the [claim withdrawal](#) option, if needed.

We appreciate your partnership and collaboration to help qualified employers receive the credits they're entitled to while also supporting the integrity of the tax system.

Thank you.