IRM PROCEDURAL UPDATE

DATE: 07/10/2025

NUMBER: ts-21-0725-3475

SUBJECT: Update Regarding ERC Withdrawal

AFFECTED IRM(s)/SUBSECTION(s): 21.7.2

CHANGE(s):

IRM 21.7.2.7.7(6) Added instructions for ERC withdrawal cases that are submitted with a returned refund check to the Refund Inquiry team found on irs.gov.

(1) The IRS developed a new ERC claim withdrawal program to assist certain employers who may have filed incorrect claims for Employee Retention Credit (ERC) after having fallen prey to aggressive advertising and other contacts misrepresenting eligibility requirements. In general, employers who filed an ERC claim (only) which has not yet been processed or who received a refund check for an ERC claim (only) but have not yet cashed or deposited the refund check are permitted to withdraw their claim. Participation in the withdrawal program:

- May prevent issuance of an incorrect refund.
- May allow an employer to return a refund check and correct their account, penalty and interest-free, without the burden of filing another Form 94XX.

(2) Employers requesting eligibility and filing information for the ERC claim withdrawal program can be referred to:

- IR 2023-193 dated Oct 19, 2023 — "IRS announces withdrawal process for Employee Retention Credit claims; special initiative aimed at helping businesses concerned about an ineligible claim amid aggressive marketing, scams"
- FS-2023-24 dated October 2023 — "Help for businesses: Steps for withdrawing an Employee Retention Credit claim | Internal Revenue Service (irs.gov)"
- IRS.gov/withdrawmyerc — "Withdraw an Employee Retention Credit (ERC) claim"
- Updated FAQs — "Frequently asked questions about the Employee Retention Credit"

(3) To be eligible, employers must withdraw the **entire amount** of ERC claimed **(only)** on a previously filed Form 94XX **and**:

- Must not have received an associated refund check or credit to their account; or,
- Received an associated refund check but did not cash or deposit the refund check; or,
- The Form 94XX is currently under examination/audit.

Note: If a client company wishes to withdraw an ERC claim filed on their behalf by an aggregate employment tax return filer (Section 3504 Agent, CPEO, or PEO), they must contact the third-party payer to coordinate the ERC claim withdrawal request.

(4) The ERC claim withdrawal program **can't** be used to:

- Withdraw a claim for ERC made on an original employment tax form.
- Withdraw only a portion of a previous ERC claim.
- Withdraw a claim for ERC if the associated Form 94XX reported other non-ERC wage/tax/credit corrections.
- Withdraw a claim for ERC if the associated refund check was received and cashed/deposited.
- Withdraw a claim for ERC if the credit was previously disallowed in full (i.e., previously recorded ERC amount(s) were reversed and a letter or notice was issued).
- Make other corrections to the account.

Note: Employers who incorrectly claimed ERC but who are ineligible to participate in the ERC claim withdrawal program should file a new Form 94XX as usual to make corrections and pay any amount owing when they file.

(5) Employers meeting ERC claim withdrawal program eligibility requirements are instructed to:

1. Make a copy of the Form 94XX which incorrectly claimed ERC.
2. Write "Withdrawn" on the left margin of the first page.
3. Sign, date, and include the individual signer's name and title on the right margin of the first page.
4. Fax the withdrawal request to (855) 738-7609. (Alternately, taxpayers may use the address for filing Form 94XX to mail a withdrawal request; however, taxpayers should be discouraged from mailing withdrawal requests due to potential delays in processing.)

Caution: The fax line identified above is dedicated to the ERC claim withdrawal program and **can't** be used for any other submissions.

(6) Employers meeting ERC claim withdrawal program eligibility requirements and that have received a refund check are instructed to:

1. Make a copy of the Form 94XX which incorrectly claimed ERC.
2. Write "Withdrawn" on the left margin of the first page.

3. Sign, date, and include the individual signer's name and title on the right margin of the first page.
4. Make copies of your tax records and the front and back of the voided check, the explanation notes and the signed and dated withdrawal request page.
5. Don't staple, bend or paper clip the voided check; include it with your claim withdrawal request and mail it to the IRS at: Cincinnati Refund Inquiry Unit PO Box 145500 Mail Stop 536G Cincinnati, OH 45250

(7) Signature requirements for ERC claim withdrawal requests are the same as for Forms 94XX

(8) Taxpayers under examination/audit must submit withdrawal requests for Forms 94XX to the assigned examiner or by responding to the audit notice instead of making a request via the withdrawal program fax line.

(9) Taxpayer who have questions regarding ERC withdrawals can be directed to the irs.gov website Withdraw an Employee Retention Credit (ERC) claim.

(10) Handling guidance for ERC claim withdrawal requests is found in succeeding IRM subsections.

IRM 21.7.2.7.7.3(4) Updated verbiage for open paragraphs due to expired ASED on ERC cases.

(1) The guidance in this subsection is intended to be applied by AM employees specifically designated to process ERC claim withdrawal program requests **(only)**.

(2) The procedures in this subsection are to be applied to ERC claim withdrawal requests which did not meet rejection criteria described in IRM 21.7.2.7.7.2, *Processing ERC Claim Withdrawal Requests — Review for Unprocessable Conditions*.

(3) ERC claim withdrawal requests must meet certain eligibility criteria. See (3) and (4) in IRM 21.7.2.7.7, *ERC Claim Withdrawal Program*, for more information on eligibility requirements and exclusionary criteria.

(4) Review the ERC claim withdrawal request document(s), the previous Form 94XX claiming ERC that the taxpayer is trying to withdraw (if not already associated, conduct research to locate the Form 94XX if possible), and the related tax account to evaluate eligibility factors addressed in the table which follows:

If	And	Then
The ERC claim withdrawal request is a duplicate request	The previous ERC claim withdrawal request has not been processed	1. Link the ERC claim withdrawal case with the most recent received date to the

		case with the oldest received date. 2. Enter "ERC WD REQ LIVE DUPLICATE" in CII case notes for both cases. 3. Close the CII case with the most recent received date. 4. Continue processing the original ERC claim withdrawal request as appropriate.
The ERC claim withdrawal request is a duplicate request	The previous ERC claim withdrawal request has already been processed	1. Send Letter 916C with the following text inserted in an open paragraph: "We didn't process your request to withdraw your Employee Retention Credit (ERC) claim because we consider it a duplicate submission. We issued a letter on [enter date] in response to your original withdrawal request." 2. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - DUPLICATE" 3. Link the current ERC claim withdrawal case with the previously worked case. 4. Enter "ERC WD REQ RJCT - DUPLICATE" in CII case notes for both cases.

		5. Close the current CII case.
The ERC claim withdrawal request was filed by a company which is a client of an aggregate employment tax return filer (Section 3504 Agent, CPEO, or PEO)	The ERC claim the taxpayer is trying to withdraw was filed on their behalf by the aggregate employment tax return filer (i.e., under the EIN of the Section 3504 Agent, CPEO, or PEO)	1. Send Letter 916C with the following text inserted in two open paragraphs: "We can't process your request to withdraw your Employee Retention Credit (ERC) claim because our records show your employment taxes were reported by a third-party payor on an aggregate employment tax return they filed." "You should contact your third-party payor if you wish to withdraw or correct an ERC claim they filed on your behalf." 2. Enter "ERC WD REQ RJCT - AGG FILER" in CII case notes. 3. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - AGG FILER" 4. Update the CII case as follows: • Update the CII case with **Priority Code 1**. • Change the received date to that of the related Form 94XX case that was closed during case association.

		• Reassign the case to the IDRS number to which the Form 94XX case was assigned when closed.
The withdrawal request includes a copy of a Form 94XX claiming ERC	The case is not linked to a Form 94XX case and no related Form 94XX case can be located	1. Send Letter 916C with the following text inserted in an open paragraph: "We can't process your request to withdraw your Employee Retention Credit (ERC) claim because we didn't receive a Form [specify form] for the claim you're trying to withdraw." 2. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - NO CLAIM" 3. Enter "ERC WD REQ RJCT - NO CLAIM" in CII case notes. 4. Close the CII case.
The ERC claim withdrawal request is for ERC claimed **entirely** on the original employment tax return		1. Send Letter 916C with the following text inserted in two open paragraphs: "We can't process your request to withdraw your Employee Retention Credit (ERC) claim because our records show the amounts you're requesting to withdraw were claimed on your

		original Form [specify form]." "The law provides a limited period of time for us to charge and collect additional tax on your Form [specify form]. This legal period has expired for the tax periods shown above. For this reason, we will not reverse the credit that was already granted." 2. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - ERC TC 150" 3. Enter "ERC WD REQ RJCT - ERC TC 150" in CII case notes. 4. Close the CII case. **Exception:** For 2021 tax periods with an extended ASED (see note below) use the following text in the second paragraph: "You should file Form [specify form] to make corrections regarding ERC amounts previously reported and pay any amount due."
The Form 94XX for which the ERC claim withdrawal request was made has already been processed	The claim was closed as a "no consideration" case	1. Update the CII case with **Priority Code 4**. 2. Send Letter 916C with the following text inserted in an open paragraph: "We can't process your request to withdraw your Employee

		Retention Credit (ERC) claim because our records show we sent you a letter on [specify date] stating that we could not process the Form [specify] you’re trying to withdraw." 3. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - CLAIM NO CONSIDERED" 4. Enter "ERC WD REQ RJCT - CLAIM NO CONSIDERED" in CII case notes. 5. Close the CII case.
The Form 94XX for which the ERC claim withdrawal request was made has already been processed	The claim was formally disallowed in part or in full	1. Update the CII case with **Priority Code 4**. 2. Send Letter 916C with the following text inserted in an open paragraph: "We can't process your request to withdraw your Employee Retention Credit (ERC) claim because our records show we previously disallowed all or a portion of your claim. A disallowance letter was sent on [specify date]." 3. Input a TC 971 with the following data elements: • Enter the received date of the ERC

		withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - CLAIM DISALLOWANCE" 4. Enter "ERC WD REQ RJCT - CLAIM DISALLOWANCE" in CII case notes. 5. Close the CII case.
The Form 94XX for which the ERC claim withdrawal request was made has already been processed	A refund was issued but there is **no** indication the taxpayer returned the refund check	1. Update the CII case with **Priority Code 4**. 2. Send Letter 916C with the following text inserted in two open paragraphs: "We can't accept your request to withdraw your Employee Retention Credit (ERC) claim because we already processed the claim you're trying to withdraw." "The law provides a limited period of time for us to charge and collect additional tax on your Form [specify form]. This legal period has expired for the tax periods shown above. For this reason, we will not reverse the credit that was already granted." 3. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD

		ERC WD REQ RJCT - CLAIM PROCESSED" 4. Enter "ERC WD REQ RJCT - CLAIM PROCESSED" in CII case notes. 5. Close the CII case. **Exception:** For 2021 tax periods with an extended ASED (see Note below) use the following text in the second paragraph: "You should file Form [specify form] to make corrections to ERC amounts previously reported and pay any amount due."
The Form 94XX for which the ERC claim withdrawal request was made has already been processed	The taxpayer repaid the amount refunded via EFTPS or with a personal/business check	1. Update the CII case with **Priority Code 4**. 2. Send Letter 916C with the following text inserted in two open paragraphs: "We can't accept your request to withdraw your Employee Retention Credit (ERC) claim because we already processed the claim you're trying to withdraw." ".The law provides a limited period of time for us to charge and collect additional tax on your Form [specify form]. This legal period has expired for the tax periods shown above. For this reason, we will not reverse the credit that was already granted." 3. Input a TC 971 with the following data elements: • Enter the received date of the ERC

		withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - CLAIM PROCESSED" 4. Enter "ERC WD REQ RJCT - CLAIM PROCESSED" in CII case notes. 5. Close the CII case. **Caution: Do not** release any overpayment associated with the repayment since the funds will be required to pay the Form 94XX the taxpayer is expected to file. **Exception:** For 2021 tax periods with an extended ASED (see note below) use the following text in the paragraph: "You should file Form [specify form] to make corrections regarding ERC amounts previously claimed in error."
The Form 94XX for which the ERC claim withdrawal request was made has already been processed	All or part of the overpayment resulting from the previous credit allowance was: • Applied to other amounts due on the account adjusted; **or**, • Offset to balances owed on another tax account; **or**, • Applied to a succeeding tax period as the result of the processed Form 94XX having been	1. Update the CII case with **Priority Code 4**. 2. Send Letter 916C with the following text inserted the following open paragraph: *We can't accept your request to withdraw your Employee Retention Credit (ERC) claim because we already processed the claim you're trying to withdraw.* 3. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the

	marked as an adjusted return.	transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - CLAIM PROCESSED" 4. Enter "ERC WD REQ RJCT - CLAIM PROCESSED" in CII case notes. 5. Close the CII case.
The Form 94XX for which the ERC claim withdrawal request was made has already been processed	A refund was issued **and** there is an indication present that the taxpayer returned the refund check. Review for one or more of the following indicators: • A photocopy of a voided check or other notation is attached to the withdrawal request. • An open IDRS control for a returned refund check. • A posted TC 841 with credit held by a **P-** freeze. • A posted TC 740 with credit held by a **S-** freeze.	Continue processing as per guidance in IRM 21.7.2.7.7.6, *Processing ERC Claim Withdrawal Requests with a Returned Refund Check*. **Note:** If the ASED has expired follow statute procedures found in IRM 21.6.1, *Statute of Limitations Processes and Procedures.*
The ERC claim withdrawal request is for **less than** the ERC claimed on the related Form 94XX claiming ERC		1. Send Letter 916C with the following text inserted in two open paragraphs: "We can't process your request to withdraw your Employee Retention Credit (ERC)

		claim because the amount shown on your request is less than the amount reported on the associated Form [specify form] we received on [specify date]." "The law provides a limited period of time for us to charge and collect additional tax on your Form [specify form]. This legal period has expired for the tax periods shown above. For this reason, we cannot reverse the credit that was already granted." 2. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - CLAIM MISMATCH" 3. Enter "ERC WD REQ RJCT - CLAIM MISMATCH" in CII case notes. 4. Update the CII case as follows: • Update the CII case with **Priority Code 1**. • Change the received date to that of the related Form 94XX case that was closed during case association. • Reassign the case to the IDRS number to which the Form 94XX

		case was assigned when closed. **Exception:** For 2021 tax periods with an extended ASED (see note below) use the following text in the second paragraph: "You should file Form [specify form] to make corrections regarding ERC amounts previously reported and pay any amount due."
The ERC claim withdrawal request is for **more than** the ERC claimed on the related Form 94XX claiming ERC		1. Send Letter 916C with the following text inserted in two open paragraphs: "We can't process your request to withdraw your Employee Retention Credit (ERC) claim because the amount shown on your request is more than the amount reported on the associated Form [specify form] we received on [specify date]." "The law provides a limited period of time for us to change and collect additional tax on your Form [specify form]. This legal period has expired for the tax periods shown above. For this reason, we will not reverse a the credit that was already granted." 2. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333

		• Enter Remarks: "NSD ERC WD REQ RJCT - CLAIM MISMATCH" 3. Enter "ERC WD REQ RJCT - CLAIM MISMATCH" in CII case notes. 4. Update the CII case as follows: • Update the CII case with **Priority Code 1**. • Change the received date to that of the related Form 94XX case that was closed during case association. • Reassign the case to the IDRS number to which the Form 94XX case was assigned when closed. **Exception:** For 2021 tax periods with an extended ASED (see Note below) use the following text in the second paragraph: "You should file Form [specify form] to make corrections regarding ERC amounts previously reported and pay any amount due."
The Form 94XX related to the ERC claim withdrawal request reported **other** non-ERC wage/tax/credit corrections in addition to claiming ERC		1. Send Letter 916C with the following text inserted in two open paragraphs: "We can't process your request to withdraw your Employee Retention Credit (ERC) claim because the claim you're trying to withdraw reported other corrections in addition to claiming ERC." "The law provides a limited period of time for us to charge and collect

		additional tax on your Form [specify form]. This legal period has expired for the tax periods shown above. For this reason, we will not reverse the credit that was already granted.." 2. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - CLAIM NOT ERC ONLY" 3. Enter "ERC WD REQ RJCT - CLAIM NOT ERC ONLY" in CII case notes. 4. Update the CII case as follows: • Update the CII case with **Priority Code 1**. • Change the received date to that of the related Form 94XX case that was closed during case association. • Reassign the case to the IDRS number to which the Form 94XX case was assigned when closed. **Exception:** For 2021 tax periods with an extended ASED (see Note below) use the following text in the second paragraph: "You should file Form [specify form] to make corrections regarding ERC

		amounts previously reported and pay any amount due."
The ERC claim withdrawal request includes **other** corrections in addition to withdrawing the previous ERC claimed		1. Send Letter 916C with the following text inserted in two open paragraphs: "We can't process your request to withdraw your Employee Retention Credit (ERC) claim because you requested other changes to your account information in addition to the ERC claim withdrawal." "The law provides a limited period of time for us to charge and collect additional tax on your Form [specify form]. This legal period has expired for the tax periods shown above. For this reason, we will not reverse the credit that was already granted." 2. Input a TC 971 with the following data elements: • Enter the received date of the ERC withdrawal case as the transaction date • Enter Action Code 333 • Enter Remarks: "NSD ERC WD REQ RJCT - WD REQ INC OTHER CHANGES" 3. Enter "ERC WD REQ RJCT - WD REQ INC OTHER CHANGES" in CII case notes. 4. Update the CII case as follows: • Update the CII case with **Priority Code 1**.

		• Change the received date to that of the related Form 94XX case that was closed during case association. • Reassign the case to the IDRS number to which the Form 94XX case was assigned when closed. **Exception:** For 2021 tax periods with an extended ASED (see Note below) use the following text in the second paragraph: "You should file Form [specify form] to make corrections regarding ERC amounts previously reported and pay any amount due."

Caution: See (2) in IRM 21.7.2.7.7.1, *ERC Claim Withdrawal Requests — Case Receipts and Case Association Actions*, for required consideration and possible release of -A and E- freezes when rejecting or "no-considering" ERC withdrawal requests.

Reminder: As indicated in (5) of IRM 21.7.2.7.7.1, *ERC Claim Withdrawal Requests — Case Receipts and Case Association Actions*, the ERC claim withdrawal case information template must be completed when each accepted or rejected ERC claim withdrawal case is resolved/closed.

Note: See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits*, for information regarding 2021 tax periods with an extended ASED on ERC credits. There is a heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified. If an ERC withdrawal case is received after the ASED has expired see IRM 21.6.1.9.9.1(9), *Procedures for Expeditious Assessments*.

(5) Continue processing eligible ERC claim withdrawal cases (i.e., those not rejected or otherwise addressed per instructions in (4) above) as per guidance in IRM 21.7.2.7.7.4, *Processing ERC Claim Withdrawal Requests — Review for Account Conditions Requiring Special Handling*.