

SILVER LAW
PLC
LAW OFFICES
A Tax Controversy Firm

**Employee Retention Credit Update:
Audits Are Increasing, and Many Claims Are Not Being Paid**



The Employee Retention Credit (ERC) is now largely an enforcement issue. Instead of focusing on new filings, the IRS is concentrating on reviewing existing claims, withholding payment on questionable claims, and disallowing refunds it believes were improperly requested. For many businesses, the issue is no longer whether they qualify in theory, but whether their claim will actually be paid and whether it can survive IRS scrutiny.

The IRS has made clear that ERC claims remain a compliance priority. It has publicly warned businesses about aggressive filings, promoter-driven submissions, and claims based on weak support for partial suspension or other eligibility theories. As a result, many employers are seeing claims delayed for extended periods, selected for audit, or denied outright.



A major reason many claims are not being paid is that the IRS is closely reviewing whether employers actually meet the legal requirements for the credit. The agency continues to focus on whether the business can identify a qualifying government order, show that the order had more than a nominal effect on operations, and support the claim with contemporaneous records. Claims based on broad COVID disruption narratives, supply chain issues without a clear governmental nexus, or generalized business slowdowns face significant risk.

The Impact of the One Big Beautiful Bill Act



Congress narrowed the path to payment for certain 2021 claims. Under the One Big Beautiful Bill Act compliance provisions, the IRS may not allow or pay many Q3 and Q4 2021 ERC claims that were filed after January 31, 2024 and were still unpaid as of July 4, 2025. That means only because of eligibility concerns, but because the claim was filed too late to be paid under the current rules.

[Read More](#)

Slow Processing and Deeper IRS Scrutiny



Even where a claim is not barred by the newer timing rules, payment delays remain a serious issue. The IRS has continued to process ERC claims slowly, and it has emphasized that claims showing risk factors may receive heightened review before any refund is issued. In many cases, taxpayers are waiting months or longer only to receive a disallowance letter instead of payment.

[Read More](#)

From Refund to Litigation: Understanding Letter 105 - C



For businesses that receive a disallowance, the IRS has stated that Letter 105-C is the formal mechanism often used to deny the claim. At that point, the dispute usually shifts into the appeals or litigation stage. This has turned ERC into a documentation and defense issue rather than a routine refund claim.

[Read More](#)

Are your Files Ready for an IRS Audit?



Businesses with pending or previously filed ERC claims should review their files now. The most important questions are whether the claim was timely filed, whether the quarter claimed is still legally payable, and whether the business has the documents needed to defend the claim in claim is only as strong as the records behind it.

[Read More](#)

Ensure compliance and avoid penalties by staying informed on the critical tax deadlines for individuals and businesses in 2026 with this comprehensive guide:

Individual Tax Deadlines

Business Tax Deadlines

April 15, 2026

- Tax Day: File or e-file your federal income tax return.
- Deadline for most state tax returns (varies by state).
- Deadline to request a tax extension and pay any taxes due.
- Deadline to make contributions to HSAs and IRAs for 2025.

June 15, 2026

Second quarter estimated tax payments due for 2026.

September 15, 2026

Third-quarter estimated tax payments due for 2026.

October 15, 2026

Extended deadline to file your 2025 income tax return if you requested an extension.

December 31, 2026

Required minimum distribution due for those 73 and older for the 2026 tax year.

January 15, 2027

Fourth quarter estimated tax payments due for 2026.

April 15, 2026

Taxes due; extension request deadline for Ccorps and sole proprietors.

May 15, 2026

Tax returns due for tax-exempt nonprofits that follow a calendar year tax period.

June 15, 2026

Second quarter estimated tax payments due for 2026.

September 15, 2026

- Third-quarter estimated tax payments are due for 2026.
- Extended deadline for partnerships and SCorps that filed an extension.

October 15, 2026

Extended deadline for C Corporations, sole proprietors, and LLCs that filed an extension.

November 16, 2026

Extended deadline for tax-exempt nonprofits following a calendar year tax period.

Tax Problems? Call Silver Law!

Scottsdale, AZ: (480) 429-3360 | Las Vegas,
NV: (702) 801-1000 San Diego, CA: (619) 387-3790 | Coronado,
CA: (619) 612-5337 Salt Lake City, UT: (801) 340-7514

