



National Payroll Reporting Consortium

PO Box 850 ★ Henrietta, NY 14467-0850 ★ www.NPRC-Inc.org

October 25, 2021

Mr. Ken Corbin
Chief, Taxpayer Experience Office/
Commissioner, Wage & Investment Division
Internal Revenue Service
401 W. Peachtree Street, NW
Atlanta, GA 30308

Re: Prioritization of Employment Tax Amendments and Employee Retention Tax Credit

Dear Mr. Corbin:

We are writing to request your assistance to accelerate the processing of Forms 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund. While we fully appreciate that managing resources and priorities in the COVID environment has been very challenging for the IRS, we believe that a review of current guidance may be needed to deliver needed relief to employers and avoid invalid penalty notices.

The National Payroll Reporting Consortium (NPRC) represents members of the payroll services industry, which collectively provide payroll processing and related services to nearly two million U.S. employers, representing over 36% of the private-sector workforce, as well as software developers that enable such services. Payroll service providers improve the efficiency of tax collections and reporting through electronic filing; and improve employer compliance.

Many employers who are eligible to receive the Employee Retention Tax Credit (ERTC) had to file amended Forms 941 to claim the credit. In late December 2020, the Consolidated Appropriations Act, 2021 made some 5 million employers that had taken PPP loans retroactively eligible for the ERTC for 2020. Although amendments were not specifically required by the IRS, most businesses were not able to compute their eligible ERTC credits in the closing weeks of 2020 in time to include with their original returns, thus necessitating an amendment in order to claim the credit.

Unfortunately, there is no e-file option to submit a 941-X, even if the original 941 was filed electronically. (NPRC members file all Forms 941 electronically and would prefer to file amended forms electronically as well.) Currently, all Forms 941-X are submitted on paper and are in the IRS processing centers' paper inventory.

Further compounding the problem is that the 941-X processing has been delayed, or even simply suspended. Practitioner Priority Services assistants have confirmed that 941-X processing is not considered a priority, and that processing of Forms 941-X reporting a deferral adjustment for the period ended June 30, 2020 is on hold for an undetermined time due to an IRS system issue. Many 2020 amendments to claim the ERTC also involve a deferral amount.

*ADP ★ Alliance Payroll ★ ApexHCM ★ Asure Software ★ Ceridian ★ CheckWriters
Gusto ★ Heartland Payroll Solutions ★ Intuit ★ iSolved HCM ★ Paychex ★ Paycom
Paycor ★ Paylocity ★ PPI Business Services ★ PrimePay ★ Symmetry Software ★ UKG*



We surveyed our members, many of which reported high volumes of amended returns that were received by the IRS in early 2021 and that remain unprocessed. We would be happy to offer details if it would be helpful. Some of those amendments increase the total deferral amount. Until those are processed, IRS is issuing failure to deposit and Intent to Levy notices because the employer's deposits appear to be less than their reported liabilities. A significant percentage relate to ERTC claims and involve very substantial amounts. The 2021 ETAAC Report to Congress also addressed this issue:

“Reliance on paper filing for amended employment tax return processing delayed relief to businesses impacted by the pandemic.

COVID-related legislative changes allow businesses to take the Employee Retention Tax Credit (ERTC) retroactively for 2020, even if they received a Paycheck Protection Program loan. The legislative changes highlight the downside of paper processing since businesses often must file a paper-based amendment to receive the ERTC. Original Form 941 returns can be e-filed and are generally processed almost immediately following transmission. Any refund due under an error-free Form 941 is issued roughly two weeks from the return due date. But the amended 941 (941-X) remains a paper process that has needed an overhaul for quite some time. Before COVID, a Form 941-X filed on paper took on average two to three months to be processed. Since the pandemic onset, an amended Form 941-X may take six to nine months or more to process. The result is that ERTC relief intended to help businesses immediately has instead been unacceptably delayed because needed technology improvements have not been funded.”

The significant delay in processing Forms 941-X delays the provision of critical relief to employers during the COVID pandemic. This may frustrate the intent of Congress, and the uncertainty associated with pending ERTC refunds has driven high volumes of phone calls and escalations.

In summary, we respectfully ask that 941-X processing be reprioritized in light of the critical nature of providing immediate relief to employers to help them maintain employment levels during the pandemic, as intended by Congress. A review of [irs.gov](https://www.irs.gov) indicates there are currently about 340,000 Forms 941-X in inventory. A substantial proportion likely involve ERTC.

Again, we understand and fully appreciate the challenges that the IRS has faced during this difficult time. We would be happy to collaborate if there is anything we can do to help, or to discuss this in more detail. Please let us know how we can be of service. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pete Isberg", is positioned above the typed name.

Pete Isberg
National Payroll Reporting Consortium
909 971-7670
Pete.Isberg@adp.com
www.nprc-inc.org

Cc: Erin M. Collins, National Taxpayer Advocate