

DEBBIE DINGELL  
6TH DISTRICT, MICHIGAN  
102 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-4071

HOUSE COMMITTEE ON  
ENERGY AND COMMERCE  
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THE CORONAVIRUS PANDEMIC

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

DISTRICT OFFICES:  
2006 HOGBACK ROAD  
SUITE 7  
ANN ARBOR, MI 48105  
(734) 481-1100  
WOODHAVEN CITY HALL  
21869 WEST ROAD  
WOODHAVEN, MI 48183  
(313) 278-2936  
WEBSITE: DEBBIEDINGELL.HOUSE.GOV

January 31, 2025

Douglas O'Donnell, Acting Commissioner  
Internal Revenue Service  
1111 Constitution Ave. N.W.  
Washington, DC 20224

Dear Commissioner O'Donnell:

This letter is regarding the slow pace of authorizing, processing, and disbursing the Employee Retention Tax Credit (ERC), which is proving troublesome and consequential to employers across the country.

As a pandemic-era relief program, eligible businesses and tax-exempt organizations could claim ERCs to assist with retaining employees. It is the end of January of 2025, marking nearly 5 years after the declaration of the COVID-19 pandemic and the subsequent enactment of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which implemented this tax incentive program.

A moratorium for new ERC claims was announced in September 2023, and it has had a clear impact on eligible businesses and tax-exempt organizations. It is known that the ERC program was a target for significant widespread fraud, which also affected other pandemic-era programs and led to the enforcement of the moratorium. However, the moratorium has had a punitive effect on entities that are lawfully qualified for this program. Though the moratorium was initially implemented to prevent the processing of *new* claims, it appears that since September 2023, very little progress has been made on the unresolved ERC claims that were filed *before* the moratorium was implemented.

It is concerning that businesses are still waiting years after claiming ERCs to receive payment. Several of the businesses in my district have reported that without the refunds from their tax credit claims, they are in jeopardy of being able to retain their employees.

I am seeking information on the status of this program and the responsibility of the IRS to those who have filed to utilize it. Please provide answers to the following questions:

1. How many entities have claimed ERCs, especially in the past few tax years?
2. Of those who have claimed ERCs, how many entities have received refunds?
3. On August 8th, 2024, the IRS announced that it had identified 50,000 valid, low-risk ERC claims and would be moving them forward for payment processing in coming weeks. What is the status of this effort?
4. The IRS additionally announced that the moratorium's coverage had shifted, and that the agency would begin judiciously processing claims filed between September 14th, 2023, and January 31st, 2024. When can businesses expect this work to be completed?

I urge the Internal Revenue Service to conduct a comprehensive review of its current procedures and provide a detailed update on the steps being taken to ensure qualifying employers receive the credits guaranteed to them through the CARES Act. Thank you for your prompt attention to this matter.

I look forward to your response. If you require any clarification, please contact me or my staff.

Sincerely yours,

A handwritten signature in blue ink that reads "Debbie Dingell". The signature is written in a cursive, flowing style.

Debbie Dingell  
Member of Congress