

New IRS Guidance on Excess COVID Related Employment Tax Credits

September 22, 2021

The IRS recently released proposed regulations related to excess employment tax credits claimed by employers under the American Rescue Plan Act of 2021. Specifically, the proposed regulations clarify that any paid sick and family leave credits or employee retention tax credits that were refunded or credited to an employer in excess of the credits the employer was actually entitled to claim will be treated as an underpayment of the applicable employment taxes that will be collected by the IRS in accordance with its customary assessment and collection procedures. For additional information on the requirements and limitations related to these employment tax credits, please see our prior blog posts [here](#), [here](#), and [here](#).

The proposed regulations are available [here](#).