



TaxNewsFlash

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IRS announces new process for extending time to review disallowed ERC claims

The IRS today announced a new, streamlined process for taxpayers to extend the period for the IRS and the IRS Independent Office of Appeals to review a taxpayer's response to a disallowance of an employee retention credit (ERC) claim to avoid refund litigation.

When an ERC claim is disallowed, taxpayers receive a Letter 105-C or 106-C and generally have two years from the date of the letter to resolve their claim administratively or file a refund suit. Protesting the disallowance with the IRS Independent Office of Appeals does not extend this two-year deadline. After this two-year period ends, the IRS cannot issue a refund, even if it later decides in the taxpayer's favor.

To provide more time for claim resolution, the IRS has introduced a new method for certain taxpayers to request an extension by filing [Form 907, Agreement to Extend the Time to Bring Suit](#). This option is available to taxpayers who meet both of the following conditions:

- They are waiting for the IRS to consider their response to the notice of disallowance on Letter 105-C or 106-C.
- They have six months or less remaining before their two-year period expires.

Eligible taxpayers can submit Form 907 through the [IRS Document Upload Tool](#). The IRS is also sending Notice CP320B to taxpayers identified as eligible for this new submission method. However, taxpayers who believe they are eligible but do not receive a notice can still use the new process.

Read the IRS release—[IR-2026-58](#) (April 27, 2026)

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