The Honorable Charles P. Rettig  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, D.C. 20224  

Dear Commissioner Rettig,

We write today regarding the Internal Revenue Service (IRS) again erroneously sending notices to taxpayers. The Committee on Ways and Means (Committee) has sent you multiple letters on this topic, and we are dismayed that the IRS continues to send incorrect notices to hard-working Americans, many of whom are struggling through severe health and economic crises as a result of the pandemic. The IRS must immediately cease mailing erroneous notices that impose unnecessary and confusing burdens on taxpayers.

Yesterday, we learned that the IRS sent approximately 260,000 CP59 notices to taxpayers who the IRS claimed did not file a 2019 tax return. The IRS continues to have a staggering backlog of unprocessed 2019 tax returns that, most recently, was reported to include nearly 7 million unprocessed individual tax returns. In light of these severe processing delays, it is very likely that many taxpayers receiving CP59 notices already filed the returns that the IRS claims are outstanding. For taxpayers who have dutifully complied with their filing obligations, these notices impose unnecessary stress and sow confusion. For IRS employees, these notices create unnecessary work while they struggle to meet the current demand.

As noted above, this is not the first time that the IRS has sent taxpayers incorrect notices in the last year. In June 2020, the Committee sent you a letter about 1.5 million balance due notices sent with incorrect dates. In August 2020, the Committee wrote to you about additional notices sent to taxpayers who had made timely payments that remained unopened in the IRS’s mail backlog. In that letter, the Committee asked that the IRS suspend sending notices until the agency had worked through its substantial backlog. In October 2020, we wrote to you about erroneous revocation notices sent to more than 30,000 tax-exempt organizations. Copies of these letters can be found here, together with copies of letters sent to the Treasury Inspector General for Tax Administration about these erroneous notices. Further, we recently learned that the IRS mistakenly sent over 100,000 erroneous notices, based on 2007 return information, telling taxpayers that their economic impact payments had been offset. Enough is enough.
Taxpayers deserve better, and the IRS needs to do better. These repeated errors constitute a massive failure of leadership at the highest level.

Accordingly, we urge the IRS, one more time, to pause sending notices to taxpayers who may be impacted by IRS backlogs. Such action is particularly necessary now, given the closure of two IRS service centers this week due to extreme weather conditions. The IRS should not resume sending notices to taxpayers until all 2019 tax returns have been processed, the IRS’s backlog has been reduced to pre-pandemic levels, and taxpayer accounts have been updated. At such time, the IRS should carefully review any notices before sending to ensure that they are correct and timely and that taxpayers are in no way being penalized for delays that resulted through no fault of their own. The Committee will be carefully monitoring the agency’s next steps in this regard.

Thank you for your prompt attention to this matter.

Sincerely,

The Honorable Richard E. Neal, Chair
Committee on Ways and Means

The Honorable Bill Pascrell Jr., Chair
Subcommittee on Oversight
June 11, 2020

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Rettig,

We write today regarding a recent decision by the Internal Revenue Service (IRS) to begin mailing balance due notices as the IRS resumes operations. It is our understanding that balance due notices, printed prior to the COVID-19 pandemic and not sent due to office closures, soon will be mailed to approximately 1.5 million taxpayers.

The IRS’s decision is particularly concerning for several reasons. First, these notices were printed months ago and will not be re-printed before they are mailed. As a result, they contain dates that are incorrect and payment due dates that already may have passed. In lieu of sending a correctly dated notice, the IRS instead will enclose an insert, or errata sheet, with a new payment due date of either July 10 or July 15, 2020, depending on the type of return and original due date. The receipt of a notice with incorrect and conflicting dates is likely to cause unnecessary confusion for many taxpayers.

Second, the new due dates coincide with the extended deadline for filing 2019 income tax returns. This is likely to cause confusion and, in some cases, economic hardship for taxpayers trying to plan expenses and payments during the economic downturn. Many taxpayers are newly unemployed or facing increased financial insecurity as a result of the COVID-19 pandemic. The IRS should strive to minimize the economic burden on these individuals, but we worry that this decision risks doing just the opposite.

Further, we are concerned about the impact of this decision on the IRS’s ability to offer satisfactory taxpayer service. Individuals likely will be seeking assistance on their balance due notices at the same time many other taxpayers are seeking assistance with their Economic Impact Payments, their 2019 tax refunds, and individual and business federal tax questions regarding their 2019 filing requirements.

It also recently was reported that the IRS’s correspondence backlog includes more than 10 million pieces of unopened mail. With this massive backlog, as well as continued staffing constraints, we sincerely hope that taxpayers will receive the assistance and attention that they deserve.
It appears that some of the proposed notices involve the assessment of penalties. In light of our concerns, we respectfully ask that you consider whether the IRS may waive certain penalties and grant relief to those who find themselves unprepared for these balance due notices. Further, we expect that the IRS will take whatever actions are necessary to ensure no taxpayers are penalized for the time during which their correspondence sat unopened and unprocessed due to the closure of IRS operations.

Thank you for your prompt attention to this matter.

Sincerely,

Richard E. Neal
Chairman
Committee on Ways & Means
United States House of Representatives

The Honorable John Lewis, Chairman
Subcommittee on Oversight
June 25, 2020

The Honorable J. Russell George  
Inspector General  
Treasury Inspector General for Tax Administration  
U.S. Department of the Treasury  
1401 H Street, N.W., Suite 469  
Washington, D.C. 20005

Dear Inspector General George,

We write to request information about the recent decision by the Internal Revenue Service (IRS) to mail balance due notices to taxpayers when IRS operations resumed. It is our understanding that the agency printed these notices prior to the COVID-19 pandemic and recently mailed them to approximately 1.5 million taxpayers, including to 500,000 taxpayers with unpaid 2019 balances that are not yet due.

On June 11, 2020, we wrote IRS Commissioner Rettig to express our concerns about the notices. In particular, we were concerned that the errata sheet inserted with the notices contained two separate due dates for payments, which would likely cause needless confusion for taxpayers. Our concern now is heightened since learning that nearly one-third of the taxpayers receiving these “delinquency notices” do not owe tax until the extended payment due date, which is July 15th. Thus, it seems that notices were mailed to these taxpayers before the tax due date.

Consequently, we ask that the Treasury Inspector General for Tax Administration (TIGTA) provide us with information regarding the IRS’s issuance of these balance due notices, including the answers to the following questions:

1. Does TIGTA have any concerns with respect to the validity of, and decision to issue, the balance due notices?

2. How many balance due notices were printed prior to the pandemic, and how many were mailed? Please separately provide the number of notices related to the 2019 tax year.
3. Who reviewed and approved the issuance of these notices? We understand that the Office of Servicewide Penalties (OSP) may have been involved in the decision to mail these notices, and we would like more information about this office and its role in this decision.

We respectfully request a response by June 30, 2020. Thank you for your prompt attention to this matter.

Sincerely,

[Signatures]

Richard E. Neal
Chairman
Committee on Ways & Means
United States House of Representatives

The Honorable John Lewis, Chairman
Subcommittee on Oversight
August 19, 2020

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Rettig,

I write today regarding reports that the Internal Revenue Service (IRS) has erroneously sent notices to taxpayers who mailed checks to the IRS on time. This is the second time that the IRS has mailed taxpayers incorrect notices in recent months. This is inexcusable. Many Americans are grappling with the worst public health and economic crisis of their lifetime, and it is irresponsible of the IRS to impose additional, unnecessary burdens on these struggling taxpayers.

IRS officials reported that, due to office closures, the IRS has accumulated a staggering backlog of unopened mail. At one point this summer, the IRS had approximately 12 million pieces of unopened correspondence in its inventory. Despite this unprocessed mail, the IRS reportedly has been sending notices to taxpayers whose correspondence and payments remain unopened. Therefore, many of the taxpayers receiving these notices already have made the payments that the IRS seeks.

These notices impose unnecessary stress on taxpayers who, upon receipt, must contact the IRS for assistance. This is particularly troubling at a time when the IRS is telling taxpayers who need to call the agency “to expect long waits due to limited staffing.” Taxpayers reaching out for assistance on the telephone must hope someone can answer their call and that all payments they have made have been opened, processed, and indicated on their account. Certainly, any additional correspondence generated by these notices can prove difficult for the IRS to handle and cause significant delays for taxpayers seeking fair resolution. For many Americans, this is an additional burden that they simply do not have the capacity to address during this crisis.

In light of these concerns, I respectfully request that the IRS temporarily pause sending notices to taxpayers who might be impacted by the correspondence backlog. During this time, I ask the IRS to consider establishing a portal through which taxpayers can alert the IRS that they have mailed payments since the beginning of March. Such portal could assist the IRS in preventing additional incorrect notices from being sent to taxpayers who have already mailed payments.
The IRS should not resume sending notices to taxpayers until the backlog has been reduced to pre-pandemic levels and taxpayer accounts have been updated. At such time, the IRS should carefully review any notices before sending to ensure that they are correct and timely and that taxpayers are in no way being penalized for the delay. Last week, the IRS acknowledged that it was providing administrative relief from “bad check penalties . . . in certain circumstances due to delays in IRS processing.” However, the IRS warned that “interest and other civil penalties may still apply,” which I believe is insufficient.

Countless taxpayers mailed payments many months ago. It is the IRS’s responsibility to ensure that they are not charged any penalties or interest for a delay that resulted through no fault of their own. The IRS should not make its backlog problem a taxpayer problem. Americans are in severe financial distress as a result of the pandemic, and the IRS should not unnecessarily and unfairly add to their hardship.

Thank you for your prompt attention to this matter.

Sincerely,

Richard E. Neal
Chairman
Committee on Ways & Means
United States House of Representatives
The Honorable Steven T. Mnuchin  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Secretary Mnuchin,

We write today to find out why the Trump Administration automatically revoked the tax-exempt status of, and sent erroneous revocation notices to, more than 30,000 nonprofit organizations around the country, including nearly 28,000 charities as we enter the most popular time of year for Americans to make charitable contributions. We urge you to investigate this apparent error by the Internal Revenue Service (IRS) and take corrective action immediately. These organizations do critically important work for our communities—especially during this difficult time for our nation—and we must ensure that the IRS is not wrongfully terminating their exempt status.

As you know, the IRS automatically revokes the exempt status of organizations that do not file the required Forms 990 for three consecutive years. Such revocation is effective as of the filing, which generally is May 15 for calendar year organizations. However, due to the coronavirus pandemic, the IRS extended the filing date this year to July 15. In other words, organizations that would have had their exempt status revoked on May 15, 2020 were given until July 15, 2020 to file and, in doing so, retain their exempt status.

The Ways and Means Subcommittee on Oversight (Subcommittee) was alarmed to learn that, between May 1 and October 8 of this year, there was a twenty percent increase in the number of charitable organizations that had their exempt status automatically revoked, as compared to the same time period for 2019. The IRS Auto-Revocation List shows that, for many organizations, revocation was effective as of May 15, 2020, notwithstanding the extension of the filing date. In total, nearly 31,500 organizations have had their tax-exempt status automatically revoked since May 15, 2020, including, in our home states, about:

- 3,800 California organizations;
- 1,700 New York organizations;
- 1,000 Pennsylvania organizations;
- 900 New Jersey organizations;
- 700 Washington organizations; and
- 500 Wisconsin organizations.

This raises serious questions as to whether the IRS’s systems properly accounted for the extension of the filing date to July 15 and whether IRS processing and correspondence backlogs may have impacted the receipt of timely-filed Forms 990.

We respectfully request that the Trump Administration (1) reverse all erroneous automatic revocations that have occurred during the pandemic and (2) cease further automatic revocations until the IRS has processed its substantial mail backlog. By no later than Tuesday, October 27, 2020, please provide the Subcommittee a report on this matter, including an explanation as to why May 15, 2020 is listed as the revocation date for many organizations and why automatic revocation notices were sent in August when the IRS has not yet processed millions of pieces of unopened mail. As part of that report, please also explain how the Department of the Treasury and the IRS will remedy this situation for all affected organizations before the end of the month.

Thank you for your prompt attention to this matter.

Sincerely,

cc: The Honorable Charles P. Rettig, IRS Commissioner
The Honorable J. Russell George  
Inspector General  
Treasury Inspector General for Tax Administration  
U.S. Department of the Treasury  
1401 H Street, NW, Suite 469  
Washington, DC 20220  

Dear Inspector General George,

In June, you reviewed the Internal Revenue Service’s (IRS) issuance of erroneous notices for the Committee on Ways and Means (Committee).

Today, the National Taxpayer Advocate reports that 11 million notices were computer generated in November but not mailed and, while some of these have been discarded by the IRS, approximately 5 million of those notices will be mailed in December and January. These notices include the notice of tax due and demand for payment.¹

On June 30, 2020, you addressed the issue of IRS’s erroneous notices in a response to the Committee. We respectfully request that the Treasury Inspector General for Tax Administration (TIGTA) provide a similar review of the current notices, including: TIGTA’s concerns with respect to the mailing of these notices; the number of notices printed and mailed; and who reviewed and approved these notices. Further, we welcome TIGTA’s recommendations for actions that can be taken by the IRS to prevent the issuance of untimely or erroneous notices. A response in early January is requested.

As always, your assistance is appreciated.

Sincerely,

Bill Pascrell, Jr.  
Chairman  
Subcommittee on Oversight  
Committee on Ways and Means

Mike Kelly  
Ranking Member  
Subcommittee on Oversight  
Committee on Ways and Means