

Congress of the United States
Washington, DC 20515

January 19, 2022

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

Dear Commissioner Rettig:

The ongoing IRS return processing backlog and related customer service failures have reached crisis levels as the new filing season approaches – we write to ask for an explanation of what significant actions the IRS will take in the coming weeks to mitigate this crisis. Urgent action is needed, and it is needed now.

Since the start of the pandemic, Members of Congress have been expressing concerns about the unfolding crisis and urging you to take action to resolve the backlog as soon as possible. We understand that at this point significant tradeoffs may be required at the agency to meaningfully reduce the backlog in the next few weeks, but we think the time for such tradeoffs and drastic action is now. The IRS should take an “all hands on deck” approach to minimize the backlog over the next month to significantly reduce it before most Americans file their taxes this year.

This crisis is not due to a lack of funding. We understand that the IRS began fiscal year 2022 with more than \$1.4 billion in unobligated supplemental funds that it received from Congress over the last year. We would like to understand why those funds have not been used to address this crisis. We also understand that agency efforts to hire customer service representatives have failed not due to a lack of funding, but due to a weak job market and a lack of applicants.¹ While we believe hiring efforts should continue, we also urge you to consider temporarily reassigning agency personnel to significantly address the backlog over the next month.

The latest data from the Treasury Inspector General for Tax Administration shows the following backlog:

- 8.2 million unprocessed returns.
- 4.2 million returns in suspension.
- 3.6 million pending amended returns.

This means that more than 16 million returns are outstanding at the IRS with less than two weeks until the start of the new tax filing season.

The impact of this backlog is being felt by our constituents in many ways. We have reports of the following problems:

¹ IRS Letter to Senator Elizabeth Warren, August 27, 2021, pp. 10-11.

- Taxpayers waiting over 10 months for last year's refund.
- Taxpayers receiving late penalty notices despite filing their returns on time.
- Economic Injury Disaster Loans have been denied by the Small Business Administration because the IRS cannot provide updated tax transcript information.
- Employee Retention Tax Credit relief remains out of reach for many because taxpayers are required to file paper amended returns that are stuck in the backlog.
- Child Tax Credit (CTC) reconciliation of amounts already received and amounts due are at risk. Errors in the rollout of the monthly CTC program and confusion over the program, which we previously warned the agency about,² have already created issues that the backlog is likely to amplify.

This list is only a sampling of the backlog's impact on tax administration nationwide.

Our offices are being flooded with requests for help from constituents who are unable to reach the IRS for assistance. This situation is an unfolding crisis that will only get worse without drastic action.

Please reply to this letter by January 24, 2022 with an explanation of what significant actions the agency will take to mitigate this crisis.

Sincerely,


 KEVIN BRADY
 Ranking Member
 Committee on Ways and Means


 KAY GRANGER
 Ranking Member
 Committee on Appropriations


 TOM RICE
 Ranking Member
 Ways & Means Oversight Subcommittee


 STEVE WOMACK
 Ranking Member
 Appropriations Subcommittee on Financial
 Services & General Government

² Reps. Brady & Kelly Letters to Commissioner Rettig dated April 11, 2021; July 1, 2021; & November 1, 2021.