

**DESCRIPTION OF H.R. 998,
THE “INTERNAL REVENUE SERVICE MATH
AND TAXPAYER HELP ACT”**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on February 12, 2025

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



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CONTENTS

	<u>Page</u>
INTRODUCTION	1
A. Improvements to Notices of Math or Clerical Error	2
B. Estimated Revenue Effects	6

INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup for February 12, 2025, of H.R. 998, the “Internal Revenue Service Math and Taxpayer Help Act.” This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of this bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 998, the “Internal Revenue Service Math and Taxpayer Help Act”* (JCX-3-25), February 10, 2025. This document can also be found on the Joint Committee on Taxation website at www.jct.gov. All section references in the document are to the Internal Revenue Code of 1986, as amended (the “Code”), unless otherwise stated.

A. Improvements to Notices of Math or Clerical Error

Present Law

In general

The Federal income tax system relies upon self-reporting and assessment. A taxpayer is expected to prepare a report of his or her liability² and submit it to the Internal Revenue Service (“IRS”) with any payment due. The Code provides general authority for the IRS to assess all taxes shown on returns, including assessment of tax computed by the taxpayer,³ other than certain Federal unemployment tax and estimated income taxes.⁴ The assessment is required to be made by recording the liability in the “office of the Secretary” in a manner determined under regulations.⁵ In addition, the IRS may make supplemental assessments within the limitations period whenever it determines that an assessment was imperfect or incomplete.⁶

The authority of the IRS to assess additional tax is generally subject to certain restrictions on assessment known as deficiency procedures.⁷ These deficiency procedures generally ensure a taxpayer access to administrative review and a pre-payment judicial forum (*i.e.*, the United States Tax Court) for reviewing disputed adjustments proposed by the IRS. A deficiency of tax is the amount by which the liability determined under the Code exceeds the sum of certain taxes⁸ assessed for a period (including amounts shown on a return), after reduction for any rebates of tax.

Math error exception to restrictions on assessments

There are several exceptions to the restrictions on assessment of tax.⁹ One of the principal exceptions is the IRS’s authority to make a summary assessment of tax without issuance of a notice of deficiency if the error is a result of a mathematical or clerical error, generally referred to as math error authority. Purely mathematical or clerical issues are often identified early in the processing of a return, prior to issuance of any refund rather than as a

² Secs. 6011 and 6012.

³ Sec. 6201.

⁴ Sec. 6201(b).

⁵ Sec. 6203.

⁶ Sec. 6204.

⁷ Secs. 6211 through 6215.

⁸ The taxes to which deficiency procedures apply are income, estate and gift and excise taxes arising under chapters 41, 42, or 44. Secs. 6211 and 6213.

⁹ Section 6213 provides that a taxpayer may waive the restrictions on assessment, permits immediate assessment to reflect payments of tax remitted to the IRS and to correct amounts credited or applied as a result of claims for carrybacks under section 1341(b), and requires assessment of amounts ordered as criminal restitution. Assessment is also permitted in certain circumstances in which collection of the tax would be in jeopardy. Secs. 6851, 6852, and 6861.

result of an examination of a return. Other grounds for math error authority may be identified after initial processing, including in the course of an examination of other issues subject to the general restrictions on assessment.

Definition of math error

The definition of mathematical or clerical errors is not limited to math, clerical, or transcription errors. It addresses over 20 categories of errors,¹⁰ many of which relate to rules regarding refundable credits.¹¹ Since 2015, the math error authority covers situations for which a taxpayer claiming certain refundable credits either is subject to a multi-year ban against claiming such credits as a consequence of having made a prior fraudulent or reckless claim or, in the case of taxpayer who has made prior improper claims, omits information required by the Secretary to demonstrate eligibility for the credit.¹² In 2020 and 2021, math error authority was expanded to cover certain errors related to valid taxpayer identification numbers and reconciliation of advance payments with respect to the 2020 recovery rebate credit, 2020 additional recovery rebate credit, and 2021 recovery rebate credit.¹³ In 2022, math error authority was again expanded to apply to errors in documenting energy related credits, including omission of product or vehicle identification numbers.¹⁴

Notice of math error assessment and request for abatement

If a mistake on the return is of a type that is within the meaning of mathematical or clerical error, the IRS immediately assesses the additional tax due as a result of correcting the mistake and sends notice to the taxpayer informing the taxpayer of the assessment. The statute is silent as to the level of detail required in the notice. Math error authority may be used to deny an improperly claimed credit, either during initial processing of a return on which the credit is claimed or in an examination of the return after the refund has been issued, and to assess immediately any additional tax due as a result without issuing a notice of deficiency. The issuance of a notice of math error begins a 60-day period within which the taxpayer may submit a request for abatement of the math error adjustment. If a taxpayer timely submits a request, the statute directs the IRS to abate the assessment and refer the unresolved issue for examination under the deficiency procedures.¹⁵

¹⁰ Secs. 6213(g)(2)(A) through (V).

¹¹ Math error authority currently applies to certain errors related to the earned income tax credit, the child tax credit, the American opportunity tax credit, recovery rebate credits, and various energy-related credits.

¹² Secs. 6213(g)(2)(K), (P), and (Q). Pub. L. No. 114-113, Div. Q, sec. 208.

¹³ Pub. L. No. 116-136, sec. 2201; Pub. L. No. 116-260, Div. N, sec. 272; Pub. L. No. 117-2, title IX, sec. 9601. See also secs. 6213(g)(2)(L); 6428(e)(1), (g)(4); 6428A(e)(1), (g)(7); 6428B(e)(2)(G), (f)(1).

¹⁴ Secs. 6213(g)(2)(R), (S), (T), (U), and (V). Pub. L. No. 117-169, secs. 13301(g)(2), 13401(i)(4), 13402(c), and 13403(b)(2).

¹⁵ Sec. 6213(b)(2)(A).

Description of Proposal

The proposal amends the statute authorizing use of math error assessment authority. It prescribes specific procedures and content for notices of math or clerical error, requires the IRS to update procedures on how to request abatement and, upon determination of an abatement, to issue a notice of abatement to the taxpayer. In addition, the proposal requires implementation of a pilot program to explore use of alternative mail delivery methods for issuance of math error notices.

Notice of math or clerical error

With respect to the issuance of a notice of math or clerical assessment, the proposal requires that the IRS send such notice to the taxpayer's last known address and describe the math or clerical error in plain language. The due date for submission of a request for abatement must be included in 14-point font, boldface, next to the address of the taxpayer on the first page of the notice. The notice must include the telephone number for the automated phone transcript service, as well as an itemized computation of adjustments.

With respect to the description of the math error adjustment, the IRS must include the type of error, the section of the Code to which the error relates, and the line on the return on which the error was made. In identifying the type of error, the notice may not rely on a list of multiple categories of math errors in the alternative. Instead, it must identify the specific type of math error authority relied upon for each specific error on the return.

The itemized computation of the adjustments must address all changes to any component of the computation of taxable income and tax liability or tax due. These items include adjusted gross income, taxable income, itemized or standard deductions, credits (whether or not refundable), losses, and other items specifically listed in the proposal.

Abatement process

The IRS is directed to prescribe procedures that permit taxpayers to request abatement in writing, electronically, by telephone, or in person. Such procedures are to be issued no later than 180 days after date of enactment.

If an abatement is made after a notice of math error, a notice of abatement sent to the taxpayer's last known address is required. Such notice must include a plain language description of the abatement as well as an itemized computation of any adjustments made to the items that were included in the notice of math or clerical error.

Pilot program and report to Congress

The proposal requires that the Secretary, in cooperation with the National Taxpayer Advocate, conduct a study of the effectiveness of use of certified or registered mail, with e-signature confirmation of receipt and report the results to Congress. The study is to include issuance of trial notices in an amount which is a statistically significant portion of all such notices. The program must be implemented no later than 18 months after date of enactment. For each type of math error authority relied upon in the notices, the report shall include

information on the number and dollar amounts of notices under the trial, as well as similar information on the number and dollar amount of abatements under the trial and the pilot program effect on taxpayer responsiveness. The report is to include conclusions about the effectiveness of using alternative delivery methods, with or without confirmation of receipt, as well as any recommendations on how to improve taxpayer response rates.

Effective Date

The proposal is effective on date of enactment, except for amendments to the Code, which are effective for notices sent after the date which is 12 months after date of enactment.

B. Estimated Revenue Effects

The staff of the Joint Committee on Taxation estimates the bill to have the following effect on Federal fiscal year budget receipts for the period 2025 through 2034:

Fiscal Years											
[Millions of Dollars]											
<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2025-29</u>	<u>2025-34</u>
---	-3	-3	-3	-4	-4	-4	-4	-4	-4	-14	-33

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be March 1, 2025.