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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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January 28, 2015

The Honorable John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Commissioner Koskinen:

Yesterday, the Internal Revenue Service issued Notice 2015-9, announcing a waiver program for certain tax penalties under the Affordable Care Act during the 2015 tax filing season. These waivers will apply to individuals who owe the IRS because excessive health insurance subsidies were paid by the federal government to their insurance company during 2014. I write to request additional details of the latest Affordable Care Act waiver program and its effect on taxpayers.

As you know, the President's health care law created a complicated health insurance subsidy whereby tax credits are sent directly to health insurers based on a taxpayer's estimation of future income. When that taxpayer experiences a change in income, family status or size, or change in employment, they may come to owe the government a large, unexpected tax debt. According to yesterday's announcement, affected taxpayers will have the option of writing to the IRS and requesting a waiver for certain penalties.

I write to request the following information on the new waiver program:

1. What issues led the IRS to offer the new waiver program?
2. How many taxpayers does the IRS expect to owe tax debt based on excess insurance subsidies?
 - a. How many of these taxpayers do you expect to apply for the new waiver program?
3. Detail the waiver process, including:
 - a. How will the IRS communicate the waiver program to affected taxpayers?
 - b. What documentation will IRS require before a waiver request will be decided?
4. What office at IRS will be responsible for approving or denying waiver requests?
 - a. How many FTEs does your agency estimate will be required to review, decide, and track these waivers?
5. Has the IRS discussed, in any form of communication, this waiver program with the Department of the Treasury, the Department of Health and Human Services, or the White House? If so, detail those communications.

6. Has the IRS discussed, in any form of any *future* waiver programs with any of the entities in question six? If so, detail those communications as well.
7. What are other instances when the IRS has decided to waive tax penalties for such a large group of taxpayers without requiring them to show reasonable cause?

Please contact the Committee staff at 202/224-4515 if you have any questions about this request. Thank you for your cooperation in this matter and future efforts to keep the Committee informed on agency activity and as such I would request that you respond to this letter by February 20, 2015.

Sincerely,

A handwritten signature in blue ink that reads "Orrin Hatch". The signature is written in a cursive style with a large, circular initial "O" and a long horizontal stroke at the end.

Orrin G. Hatch
Chairman, Senate Committee on Finance