



COMMISSIONER

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

December 23, 2009

The Honorable Chuck Grassley  
Ranking Member  
Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Senator Grassley:

I am writing to update you on the IRS's activities on penalties assessed under section 6707A of the Internal Revenue Code. In July 2009, I committed to suspend collection enforcement actions in response to your request, along with your commitment to seek legislative action to remedy the inequities this provision of the tax law caused.

Since then, I extended the initial moratorium to afford the Congress more time to act. Additionally, earlier this month, we stopped filing new notices of lien where the amount due is solely related to section 6707A penalties. I also reiterated our commitment to work with taxpayers who are experiencing financial hardship as a result of existing liens covered by the moratorium. These actions are highly unusual for the IRS, and we have exercised significant administrative discretion in providing temporary relief. We undertook our actions in the spirit of helping to reduce the effect on the small businesses and individuals.

To provide the Congress additional time to act on the legislative remedy, I will extend the current moratorium on collection enforcement actions, and we will continue to hold off on filing new notices of lien on amounts due solely related to section 6707A penalties until March 1, 2010. We will also continue to work with taxpayers experiencing financial hardship on a case by case basis. Finally, to ensure continued open dialog, I have asked our Legislative Affairs division to provide a dedicated point of contact for congressional offices that have constituents affected by this issue. Legislative Affairs will also organize staff briefings on IRS regulations and procedures on liens as needed.

I hope this update is helpful, and I would be happy to discuss this matter with you. Please contact me or have your staff contact Floyd Williams at (202) 622-4725.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Shulman".

Douglas H. Shulman