

RON WYDEN, OREGON , CHAIRMAN

DEBBIE STABENOW, MICHIGAN
MARIA CANTWELL, WASHINGTON
ROBERT MENENDEZ, NEW JERSEY
THOMAS R. CARPER, DELAWARE
BENJAMIN L. CARDIN, MARYLAND
SHERROD BROWN, OHIO
MICHAEL F. BENNET, COLORADO
ROBERT P. CASEY, Jr., PENNSYLVANIA
MARK R. WARNER, VIRGINIA
SHELDON WHITEHOUSE, RHODE ISLAND
MAGGIE HASSAN, NEW HAMPSHIRE
CATHERINE CORTEZ MASTO, NEVADA
ELIZABETH WARREN, MASSACHUSETTS

MIKE CRAPO, IDAHO
CHUCK GRASSLEY, IOWA
JOHN CORNYN, TEXAS
JOHN THUNE, SOUTH DAKOTA
RICHARD BURR, NORTH CAROLINA
ROB PORTMAN, OHIO
PATRICK J. TOOMEY, PENNSYLVANIA
TIM SCOTT, SOUTH CAROLINA
BILL CASSIDY, LOUISIANA
JAMES LANKFORD, OKLAHOMA
STEVE DAINES, MONTANA
TODD YOUNG, INDIANA
BEN SASSE, NEBRASKA
JOHN BARRASSO, WYOMING

JOSHUA SHEINKMAN, STAFF DIRECTOR
GREGG RICHARD, REPUBLICAN STAFF DIRECTOR

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

March 1, 2021

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

Dear Commissioner Rettig,

Thank you for your response to our letter of February 12, 2021, regarding the current proposal in Congress to impose significant structural changes to the administration of the child tax credit (CTC). As your letter was not responsive to the specific questions and requests in our letter, particularly compared to the more substantive information you provided at the recent House committee hearing and that your senior staff provided to our staff in recent weeks, we write again to request that you address these matters in a detailed and timely manner. Clarification and substance in your response are necessary for the following:

- You note in your response that the current draft language bases the payments on a processed tax year 2020 tax return (or tax year 2019 if the tax year 2020 tax return has not yet been filed). However, your agency has also recently announced that nearly 7 million individual tax returns for tax year 2019 have yet to be processed by the IRS. If the IRS is now directed to create a new program to make advance CTC payments based on 2020 or 2019 returns, how could it possibly do so in a fair, accurate and timely way for these millions of families?
- Further, your letter notes the ongoing challenges the IRS has raised with having sufficient funding and resources to carry out its mission. You have noted that setting up this program for one year would cost the service an additional \$393.1 million, and your staff has suggested that, if made permanent, annual costs to maintain the program could require an additional \$250 million per year. Are you worried that such a new mandate would only exacerbate the overall funding concerns you have raised? Is it even appropriate to require the IRS to create a new multi-billion dollar program that actually has very little to do with revenues, but almost exclusively deals with sending out periodic checks?
- In a recent briefing with our staff, your senior staff speculated that, if directed to carry out this new program as currently drafted, the IRS would need 30 to 45 days to produce new forms and instructions. Following completion of that process, the IRS would need an

additional 9 to 12 months to update its technology, once the new forms were complete. Further, your staff noted it would require an additional 12 weeks to hire and train the additional customer service representatives who would be necessary to assist many tax filers who may be confused by these radical changes to what has historically been a fairly simple process. Has your office conducted any additional analysis that would support any update to these estimates, or is the IRS comfortable with us continuing to use these estimates unless told otherwise?

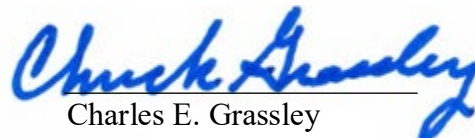
- In a recent statement, the nonpartisan National Taxpayer Advocate, Erin Collins, said the following regarding this new CTC proposal: “It is morphing the IRS into this dual mission of both tax administration and administering of social programs. The challenge is the IRS was not set up for that purpose and their IT is not structured for that”. While recognizing that the IRS does not have control over what legislative mandates Congress may impose on the agency, do you agree with Advocate Collins’s assessment and concerns?
- Further, former National Taxpayer Advocate, Nina Olson, has stated, “There needs to be at least 18 months lead time, and even that is a stretch. It is not as simple as just taking the prior year’s return and saying, ‘okay we will pay out based on that.’ Kids move around, families change.” Do you have any reason to dispute former Advocate Olson’s assessment? If so, please provide a detailed analysis to support that response.

Thank you in advance for your prompt and detailed response to this request. We ask that you provide your reply by Friday, March 5, 2021, and respect that as a response deadline.

Sincerely,



Mike Crapo
United States Senator



Charles E. Grassley
United States Senator