

## COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515

November 3, 2022

The Honorable Wally Adeyemo  
Deputy Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

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

Dear Deputy Secretary Adeyemo and Commissioner Rettig,

We write to request that you provide the Committee on Ways and Means with an update detailing the Internal Revenue Service's (IRS) plan to clear the backlog of paper returns by the end of 2022 and the steps being taken to improve customer service and backlog management in the future. For more than a year, we have been seeking information about the backlog of unprocessed returns and sharing our concerns about the negative impact a persistent backlog will have on taxpayers. Despite a March 2022 plan to move resources to clear the backlog by the end of the year, as of October 24<sup>th</sup> the IRS still has over 7.9 million unprocessed tax returns and a total of over 17.2 million returns pending. We continue to conduct oversight on this matter and request a status update on Commissioner Rettig's commitment to clear the backlog by the end of 2022.<sup>1</sup> We are also requesting a written plan for the IRS to maintain healthy inventories and avoid large backlogs going forward.

A letter sent to IRS Commissioner Rettig on December 9, 2021, that was signed by nearly one hundred Members of Congress, requested information regarding the agency's plans to resolve its tax return processing backlog, prepare for the start of the next tax filing season, and alleviate the taxpayer's burden from the backlog.<sup>2</sup> This request was fueled by an October 14, 2021, memorandum from the Treasury Inspector General for Tax Administration (TIGTA) to Secretary Yellen which claimed, "[t]he backlog of individual returns and other types of taxpayer

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<sup>1</sup> Journal of Accountancy, *Commissioner to Congress: IRS will clear backlog by year's end* (Mar. 17, 2022), <https://www.journalofaccountancy.com/news/2022/mar/commissioner-congress-irs-will-clear-backlog-years-end.html>.

<sup>2</sup> Letter from Rep. Brad R. Wenstrup, et.al., to The Hon. Charles P. Rettig, Commissioner of Internal Revenue Service (Dec. 9, 2021), [https://gop-waysandmeans.house.gov/wp-content/uploads/2021/12/211209\\_Wenstrup-Nunes-Letter-to-Commissioner-Rettig-12.9.21.pdf](https://gop-waysandmeans.house.gov/wp-content/uploads/2021/12/211209_Wenstrup-Nunes-Letter-to-Commissioner-Rettig-12.9.21.pdf).

account work nearly doubled when compared to the 2020 Filing Season.”<sup>3</sup> The December 2021 letter points to the compounding backlog as a severe concern being communicated to Members by taxpayers who reported negative experiences with processing delays and inadequate taxpayer assistance.

Ways and Means Committee Ranking Member Kevin Brady, Ways and Means Oversight Subcommittee Ranking Member Tom Rice, Appropriations Committee Ranking Member Kay Granger, and Financial Services and General Government Subcommittee Ranking Member Steve Womack again raised the alarm on January 19, 2022, emphasizing the seriousness of the backlog and requesting the IRS take an all-hands-on-deck approach to the crisis.<sup>4</sup> The letter also questioned why increased unobligated funds allocated to the IRS had not been used to reduce the backlog and called for a report on significant actions that will be taken to mitigate the crisis. The IRS responded on January 24, 2022, blaming the pandemic and legislative changes while stating that the IRS would share the efforts being taken to “reduce inventory to healthy levels” in a verbal briefing.<sup>5</sup> The inadequate response did not provide answers to the questions posed and shows an unacceptable disregard for the ongoing problem.

Representatives Brady, Rice, Granger, and Womack followed up with another letter dated February 2, 2022.<sup>6</sup> This letter acknowledged the IRS’ challenges but also expressed disappointment with the January 24, 2022, response and reiterated the request for a written response to questions regarding the compounding backlog, poor customer service, and use of the increased unobligated funds. On March 10, 2022, the Administration chose to publicly announce a Pandemic Inventory Backlog plan in a press release, while Congressional inquiries for such information were left unattended.<sup>7</sup>

On March 17, 2022, IRS Commissioner Rettig told Ways and Means Committee Members that the IRS was committed to clearing the backlog of unprocessed work by the end of 2022.<sup>8</sup> A TIGTA report dated September 16, 2022, found that “[t]he IRS continues to have significant inventory backlogs at its Tax Processing Centers.”<sup>9</sup> TIGTA also noted that the delays in processing are causing significant burdens on taxpayers. Meanwhile, the most recent data

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<sup>3</sup> Treasury Inspector General for Tax Administration, Memorandum for Secretary Yellen, *Management and Performance Challenges Facing the Internal Revenue Service for Fiscal Year 2022* (Oct. 14, 2021), [https://www.treasury.gov/tigta/management/management\\_fy2022.pdf](https://www.treasury.gov/tigta/management/management_fy2022.pdf).

<sup>4</sup> Letter from The Hon. H. Comm. on Ways and Means Ranking Member Rep. Kevin Brady, et.al., to The Hon. Charles P. Rettig, Commissioner of Internal Revenue Service (Jan. 19, 2022), <https://gop-waysandmeans.house.gov/wp-content/uploads/2022/01/2022.01.19-IRS-Backlog-Crisis.v21.pdf>.

<sup>5</sup> Letter from The Hon. Charles P. Rettig, Commissioner of Internal Revenue Service to The Hon. H. Comm. on Ways and Means Ranking Member Rep. Kevin Brady (Jan. 24, 2022).

<sup>6</sup> Letter from The Hon. H. Comm. on Ways and Means Ranking Member Rep. Kevin Brady, et.al., to The Hon. Charles P. Rettig, Commissioner of Internal Revenue Service (Feb. 2, 2022).

<sup>7</sup> Press Release, *Treasury and IRS Announce Aggressive Plan to End Pandemic Inventory Backlog This Year* (Mar. 10, 2022), <https://home.treasury.gov/news/press-releases/jy0648>.

<sup>8</sup> Oversight Subcommittee Hearing with Internal Revenue Service Commissioner Rettig on the 2022 Filing Season (Mar. 17, 2022).

<sup>9</sup> Treasury Inspector General for Tax Administration, Final Audit Report, *Delays in Management Actions Contribute to the Continued Tax Processing Center Backlogs (Audit #202140632)* Report Number: 2022-46-057 (Sep. 16, 2022), <https://www.treasury.gov/tigta/auditreports/2022reports/202246057fr.pdf>.

available to Congress shows that the IRS still has over 17.2 million tax returns awaiting action, which are either unprocessed or in suspension. Commissioner Rettig's commitment to clearing the backlog by the end of the calendar year looks unlikely to succeed. Please provide the information requested below:

1. A status update on IRS Commissioner Rettig's commitment to clear the backlog by the end of 2022, including the agency's latest data on unprocessed and suspended 2022 returns.
2. An evaluation of the March 10, 2022, Pandemic Inventory Backlog plan, including a specific evaluation of how successful each piece of the plan has been over time. Please include specific metrics when possible.
3. A written plan to maintain healthy inventories and avoid large compounding backlogs going forward.


From the first signs of a major IRS backlog problem, Ways and Means Republicans have sounded the alarm and urged the IRS to take significant action to get ahead of the problem. While the agency was slow to mobilize at first, we were generally pleased when you announced the March 10, 2022, backlog plan. Unfortunately, we are concerned that the action was too little too late. It is important for us to understand what worked and what did not. With that in mind, please respond to these requests by November 17, 2022. If you have any questions or wish to discuss the request, please contact Sean Clerget or Brittany Havens of the Ways and Means Committee staff at (202) 225-4021.

Sincerely,



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Kevin Brady  
Republican Leader  
Committee on Ways and Means



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Darin LaHood  
Committee on Ways and Means