



MEMORANDUM

To: Wally Adeyemo, Janis Bowdler, Thomas West, and Michael Schmidt, Department of Treasury
From: Automatic Benefit for Children (ABC) Coalition
CC: Gene Sperling, Nadiya Beckwith-Stanley, and Brendan Duke, Executive Office of the President
Re: Dedicating IRS resources for 2021 CTC claims not yet processed
Date: May 4, 2022

Dear Wally, Janis, Thomas, and Michael:

We are deeply appreciative of the IRS's efforts in the last year to ensure that families can access the advanced Child Tax Credit (CTC) – reaching [over 61 million children in 36 million families](#). However, as you know, some of the families who most need the support of the CTC have not yet received it. Some of these families filed taxes electronically this spring and were able to quickly receive their full CTC as part of their refunds, but other families did not because they are mired in the extensive backlog, conceivably because they were required to file paper returns or because there were errors in their returns that require additional review.

Because families who have not yet received their full 2021 CTC urgently need the benefit in order to meet their basic needs and the rising costs of everyday goods, **we urge the IRS to devote additional attention and resources to 1) expedite the processing of returns in certain circumstances, 2) improve communication about the reason for delays and ways to quickly resolve them, and 3) improve customer service for all filers who may have questions or be looking to file after the deadline.**

Based on our discussions with community-based organizations and legal services attorneys who help families secure stimulus payments and the CTC, we are aware of a number of situations in which returns have had delays in processing:

- **A non-custodial parent claimed children for the CTC, requiring a custodial parent to file a paper return to contest the non-custodial claim.**
- **A parent submitted an Individual Taxpayer Identification Number (ITIN) application along with their completed tax return.**
- **The return has been flagged for verification of identity and the parent cannot navigate online resolution through ID.me or, if they were given the phone number, get through to the Taxpayer Protection line. This has been a significant barrier in Puerto Rico.**
- **E-filing was rejected and the parent does not understand that they can file a paper return or how to, or cannot get any information from the IRS about the status of their paper return.**
- **A filer has a delayed return but has not received any communication as to the reason or its status.**

In addition to the processing delays and problems for individuals in the situations noted above, families and low-income filers across the country, and in U.S. territories, have faced inordinate wait times when attempting to reach IRS customer service and often have not been able to access customer service at all.

We highlight these issues so that the IRS can 1) address these delays to meet the immediate and urgent needs of families who have filed but have not yet received their 2021 CTC or stimulus payments; 2) be transparent about the reasons for delay in processing returns; and 3) improve customer service for all filers, especially those looking to file after the deadline.

We recommend that the IRS take immediate action to support families, and that additional resources be available throughout this calendar year for families who need support claiming the benefits they are owed. Specifically, we urge the IRS to:

- Reallocate resources to create **dedicated review streams and designated personnel** who can expedite the processing of paper returns for certain families who have had to file by mail and still have not received the second half of their 2021 CTC or any at all. This would include dedicated review streams for custodial parents filing to claim a child already claimed by a noncustodial parent and filers who requested an ITIN. The personnel who expedite processing in these cases should be 1) trained to review competing claims for dependents; 2) resolve them promptly if the facts are clear from information already provided or available to the IRS; 3) inform the filer of any proof, if needed; 4) explore the filer's access to proof and feasible alternatives; 5) have authority to implement dispositions; and 6) if unable to resolve the matter, escalate the case for a prompt administrative appeal process. In creating these review streams, a process should be created for families to flag already-submitted returns for expedited processing in these streams, as well as new returns they are about to submit.
- Create simpler, expeditious, and accessible **avenues to submit proof** (e.g. of who is entitled to claim a particular child as a dependent) up front.
- Expand and adjust current **identity verification processes** to ensure they appropriately balance equity and accessibility with the need to prevent fraud. This process should allow people who have submitted returns and have been flagged to verify their identity to be able to do so quickly and easily, in their preferred language. Moreover, because digital verification can be a challenge to many, we recommend the government invest in and develop robust and widely available non-digital identity verification methods, including in person and over the phone. In addition, we recommend that ID verification should not be uniformly required to access all IRS.gov accounts or embedded as a uniform gatekeeper to certain tools (e.g., how getting through ID.me was a uniform gatekeeper to access all information in the CTCUpdate tool last year).
- Support filers who have attempted to claim the CTC and other tax benefits but have not successfully completed the process or those who have questions about their eligibility for tax benefits by **staffing and training a year-round customer service unit as soon as possible**, with a dedicated phone number, that has access to filers' records and can both answer filers' specific questions about their circumstances and their returns and connect filers to full-time, non-contract IRS staff in the dedicated review streams recommended above. This customer service unit can and should be able to mobilize to different regions within each state and territory to support filers whose return was flagged for verification of identity, return was rejected, who do not know the status of their return, or who do not understand letters IRS has issued or are unaware of such letter, such as letters with deadlines regarding reduction or denial of refunds. Past the filing deadline, there is still a

stark need for outreach and increased customer service to ensure that individuals with barriers to filing are aware of and can still access their CTC, which is why it is critical that this unit operate year-round.

- Improve communication about the reasons for delays processing returns:
 - Communicate to these filers in **a clear and specific written notice or letter, developed with review by readability experts and advocates who work directly with filers with barriers**, the reason that an expected tax benefit or refund has not been paid, and what the filer can do to resolve the reason for the delay or access the relevant dispute resolution procedures;
 - Enable filers who cannot access information online to learn by phone whether or not a payment that they did not receive was actually issued by IRS and what to do about this, such as initiating tracing or an identity theft investigation.

Ensuring funding, not only for outreach, but also for capacity within the IRS including the activities outlined above is critical to delivering the benefits that families need. Decades of underfunding have choked the IRS and limited its capacity to fulfill its growing mandate; the taxpayer service, in particular, has been decimated. Devoting IRS resources, including existing and planned personnel, to customer service capacity will be vital. Together, these recommendations, if implemented, can create a foundation for avenues to connect families to benefits administered through the tax system that are effective and responsive to their lived experience.

We are deeply appreciative of the time and dedication that the IRS, Department of Treasury, and the White House has devoted to this historic CTC expansion in the American Rescue Plan Act. Our coalition has been working diligently with families and community service providers on the ground to get the word out and encourage non-filers to file to receive the second half or full amount of their CTC payment. We appreciate your consideration of these important issues and recommendations for tax filers and families who have tried to access the CTC. In these times of extreme financial uncertainty, it is critical that people receive economic support in a timely manner.

Please contact Elisa Minoff (elisa.minoff@cssp.org) and Emma Mehrabi (emehrabi@childrensdefense.org) with any questions.

We would appreciate setting up a meeting to discuss these critical issues in the coming weeks, particularly with our partner organizations who work directly with families. Is there a time that works well for you?

Sincerely,

Association of Children's Residential & Community services (ACRC)

Center for Law and Social Policy (CLASP)

Center for the Study of Social Policy

Children's Defense Fund

Children's HealthWatch

Common Sense

Community Legal Services of Philadelphia
Congregation of Our Lady of Charity of the Good Shepherd, U.S. Provinces
Dorothy Day Catholic Worker, DC
Family and Home Network
Futures Without Violence
Georgetown Center on Poverty & Inequality's Economic Security & Opportunity Initiative
Global Women's Strike
Golden State Opportunity
GRACE & End Child Poverty CA
Greater Boston Legal Services
Hispanic Federation
Income Movement
Maine Equal Justice
Mississippi Black Women's Roundtable
Mississippi Center for Justice
MomsRising
National Advocacy Center of the Sisters of the Good Shepherd
Network Lobby for Catholic Social Justice
ParentsTogether Action
RESULTS
San Diego for Every Child
SaverLife
Share Our Strength
Southern Rural Black Women's Initiative

SPACES In Action

The Arc of the United States

UNIDOS US

Universal Income Project

Women of Color in the Global Women's Strike

ZERO TO THREE

Final memo also here: <https://www.abccoalition.org/wp-content/uploads/2022/05/ABC-Coalition-memo-on-immediate-filing-support-5.5.22.pdf>