

Congress of the United States
Washington, DC 20515

January 29, 2021

The Honorable Janet Yellen
Secretary
Department of the Treasury
1500 Pennsylvania Ave, NW
Washington, DC 20220

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

Dear Secretary Yellen and Commissioner Rettig,

We write today to urge the Department of the Treasury and the Internal Revenue Service (IRS) to use information obtained on its Non-Filer portal for issuance of the economic impact payments (EIPs) to increase the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) participation rates. As you are aware, millions of low-wage Americans who did not file a tax return for 2018 and 2019 and did not have a tax filing obligation for either year identified themselves to the IRS through the Non-Filer portal to register for the EIP. Many of those who chose to use this portal may be eligible for assistance provided through the EITC and the CTC. Consequently, the IRS has a limited-time and unique opportunity, while the information is still fresh, to conduct targeted outreach to these low-income non-filers who may be unaware of their eligibility for these important refundable tax credits.

The EITC and the CTC are important federal tax credits for low- and moderate-income working people that have a powerful effect on reducing poverty. As such, it is critical that all persons eligible for these credits access them. Yet, in the most recent estimate of the national EITC participation rate, the IRS and Census Bureau found that only about 80 percent of people who are eligible for the EITC got it in 2016.¹ Recognizing the significance of the EITC to individuals and families, the IRS launched an annual outreach campaign aimed at helping millions of Americans take advantage of the EITC. The EITC participation rate gap has narrowed slightly some since the IRS launched its awareness campaign in 2007. We believe that now the IRS can and should do more to get the EITC and other refundable credits into the hands of eligible taxpayers.

While the IRS currently sends EITC reminder notices to some taxpayers it believes are eligible for underclaimed EITC, the Treasury Inspector General for Tax Administration (TIGTA) has found such notices have had a very limited effect because they are issued to a small percentage

¹ Internal Revenue Service, "About EITC: EITC is one of the Largest Antipoverty Programs" June 29, 2020, [https://www.eitc.irs.gov/eitc-central/about-eitc/about-eitc#:~:text=Source%3A%20The%20national%20EITC%20participation,\(ACS\)%20is%2078.6%25](https://www.eitc.irs.gov/eitc-central/about-eitc/about-eitc#:~:text=Source%3A%20The%20national%20EITC%20participation,(ACS)%20is%2078.6%25).

of potentially eligible tax filers.² Most glaringly, the IRS does not send any EITC notices to persons who have not filed an income tax return. There is recent precedent that proves the IRS can undertake similar mailing campaigns with great ease and recognizes the value of such targeted outreach. In September, the IRS sent letters to roughly nine million Americans who typically do not file federal income tax returns who had not registered to claim an EIP. The IRS must continue its non-filer outreach and not squander this great opportunity to conduct targeted outreach to Non-Filers portal users.

Over 8 million individuals have successfully used the IRS Non-Filer online portal. Today marks the 15th anniversary of EITC Awareness Day, the IRS' nationwide effort to increase awareness about the EITC. We believe using the information from the Non-Filer portal is an easy way to directly reach Americans who may be missing out on benefits of these credits and to make them aware of their possible EITC eligibility at the beginning of this filing season and direct them on how to claim the EITC, if eligible, on this or prior year returns. By reaching these non-filers, we could make real headway in improving the EITC participation rates and the lives of millions of Americans.

Thank you for your prompt attention to this request.

Sincerely,



Gwen Moore
Member of Congress

Additional signatories

Alma S. Adams, Ph.D.
Member of Congress

Don Beyer
Member of Congress

Karen Bass
Member of Congress

Suzanne Bonamici
Member of Congress

² Treasury Inspector General for Tax Administration, *The Internal Revenue Service Should Consider Modifying the Form 1040 to Increase Earned Income Tax Credit Participation by Eligible Tax Filers*, April 2, 2018, <https://www.treasury.gov/tigta/iereports/2018reports/2018IER004fr.pdf>. TIGTA found that IRS reminder notices for Tax Year 2014 increased estimated taxpayer and dollar participation rates by less than one percentage point. Yet, in TY 2014, just 21% of taxpayers who filed a tax return whom the IRS determined were potentially eligible for the EITC were issued a notice. TIGTA also found that certain notices issued in Tax Years 2014 and 2015 contained erroneous eligibility instructions that may have adversely affected a taxpayer's decision to respond or resulted in the EITC being incorrectly denied. The IRS did not notify taxpayers of the error.

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