

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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June 8, 2022

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

Dear Commissioner Rettig:

Committee on Oversight and Reform Republicans are reviewing recent allegations of potential misconduct by the Internal Revenue Service (IRS). According to a recent audit by the Treasury Inspector General for Tax Administration (TIGTA), the IRS “destroy[ed] an estimated 30 million paper-filed information return documents in March 2021.”¹ The intentional decision to destroy these documents – which the IRS would need to ensure taxpayers are accurately reporting their income – was based in part on “the IRS’s continued inability to process backlogs of paper-filed tax returns...”² Indeed, it is not lost on Committee Republicans that Congress appropriated an unprecedented half a billion dollar increase in IRS funding in FY2022.³ We write to request documents and information to understand why the IRS would destroy records needed for post-processing compliance reviews.

The TIGTA report indicates that the IRS destroyed “30 million paper-filed information return documents in March 2021” instead of digitizing these documents.⁴ These information return documents include Forms W-2, 1099 and 1098 which are used by the IRS to verify taxpayers’ information such as income.⁵ The decision was made as a result of the massive backlog of unprocessed paper-filed tax returns.⁶ By destroying the documents, “the IRS will likely be missing many of the documents it requires to adequately screen for accuracy of returns, and may also end up lacking sufficient materials for tax audits.”⁷

Committee Republicans are concerned that the destruction of these documents might slowdown already inefficient processing procedures and hurt American taxpayers left unaware

¹ TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION, *A Service-Wide Strategy Is Needed to Address Challengers Limiting Growth in Business Tax Return Electronic Filing* (May 4, 2022).

² *Id.*

³ Omnibus Spending package for FY 2022: Consolidated Appropriations Act 2022, H.R. 2471, 117th Cong. (2022).

⁴ *Supra*, n. 1.

⁵ See O’Bannon, Isaac, *Report: IRS Destroyed 30 Million Paper Tax Documents*, CPA Practice Advisor (May 9, 2022).

⁶ *Id.*

⁷ *Id.*

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that the IRS destroyed documents already entrusted into its care. Indeed, it appears that the IRS may now demand that taxpayers provide duplicate copies of information previously destroyed by the IRS. We are also troubled by TIGTA findings that efforts by the IRS to modernize paper filing processing has failed and are skeptical that the IRS will follow through with TIGTA recommendations to alleviate these problems, particularly as “IRS management did not take sufficient actions to address recommendations included in [TIGTA’s] prior review.”⁸

To assist Republicans on the Committee on Oversight and Reform in investigating the circumstances surrounding the mass destruction of paper-filed information return documents and progress in addressing TIGTA recommendations, please provide the following documents and information, covering the time period January 20, 2021 to the present, no later than June 22, 2022:

1. All documents and communications referring or relating to the decision to destroy the 30-million paper filed information return documents referenced above;
2. All documents and communications between the IRS and any other entity, including third parties outside the federal government and other federal government entities, regarding the decision to destroy the 30-million paper filed information return documents referenced above;
3. All legal authority relied upon by the IRS to support its decision to destroy the 30-million paper filed information return documents referenced above;
4. All documents and communications referring or relating to the IRS’ plan to implement the new TIGTA recommendations.

Thank you for your consideration of this important issue. To make arrangements to deliver documents or ask any related follow-up questions, please contact the Committee on Oversight and Reform Republican staff at (202) 225-5074. The Committee on Oversight and Reform is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. Thank you in advance for your cooperation with this inquiry.

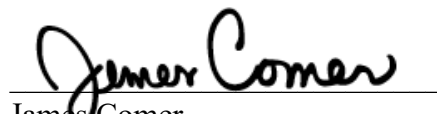
Sincerely,



Nancy Mace

Ranking Member

Subcommittee on Civil Rights and Civil Liberties



James Comer

Ranking Member

Committee on Oversight and Reform

⁸ *Supra*, n.1.

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cc: The Honorable Jamie Raskin, Chairman
Subcommittee on Civil Rights and Civil Liberties

The Honorable Carolyn Maloney, Chairwoman
Committee on Oversight and Reform