

Legislative Recommendation #22**Require the IRS to Mail Notices at Least Quarterly to Taxpayers With Delinquent Tax Liabilities****PRESENT LAW**

IRC § 7524 requires the IRS, “[n]ot less often than annually,” to send taxpayers with delinquent accounts a written notice that sets forth the amount of the tax delinquency as of the date of the notice.

REASONS FOR CHANGE

The IRS satisfies the IRC § 7524 requirement by sending taxpayers with delinquent accounts Notice CP-71, Reminder Notice, once a year. However, the infrequency of IRS billing notices leaves collectible revenue uncollected and subjects taxpayers who would make payments if they received more frequent reminders to additional penalties and interest charges.

We recognize that sending more frequent notices after the IRS’s initial notice stream would entail additional postage and processing costs. However, private sector businesses, including credit card issuers and retailers, face this same trade-off, and they almost uniformly send billing notices more frequently than once a year. Most send delinquency notices on at least a monthly basis. Thus, private businesses that depend on maximizing net revenue have consistently found that the collection costs of mailing more frequent notices more than pay for themselves.

We believe the IRS would similarly collect more revenue, net of costs, if it sends more frequent notices. In addition, taxpayers receiving more frequent notices would be more aware that penalties (up to the maximum allowed by law) and interest charges continue to accrue, causing their balances to increase. This would provide an additional incentive for them to resolve their liabilities.

RECOMMENDATION

- Amend IRC § 7524 to require the IRS to notify taxpayers of delinquent tax liabilities at least quarterly.¹

¹ For legislative language generally consistent with this recommendation, see Protecting Taxpayers Act, S. 3278, § 201, 115th Cong. (2018). The IRS may reach a point in the next few years where it can transmit information to taxpayers with online accounts electronically rather than by snail mail. For that reason, we are phrasing our recommendation broadly to allow that means of communication as an option.