

Neal, Pascrell push for extended 2021 tax filing season

The COVID-19 pandemic led to the filing deadline for the 2020 tax season being delayed from April 15 to July 15, but a push by some on Capitol Hill for a similar move this year has so far failed to yield a similar result.

Pandemic issues, late tax code changes

House Ways and Means Committee Chairman Richard Neal, D-Mass., and Oversight Subcommittee Chairman Bill Pascrell, Jr., D-N.J., on March 8 pointed to the ongoing health emergency in calling on the IRS to extend the filing season. In their joint statement, they cited the lower-than-usual numbers of returns filed and processed by the end of February – down 25 percent and 31 percent, respectively – as well as the fact that only 27 percent of calls to the IRS were being answered.

URL: <https://waysandmeans.house.gov/media-center/press-releases/unprecedented-conditions-neal-pascrell-urgently-demand-irs-extend-2021>

“We stand in the midst of the most important tax filing season in recent memory, and taxpayers cannot get the help they need from the IRS,” the chairmen said.

The two also argued that the massive American Rescue Plan signed by President Biden March 11 makes significant changes to tax law – for example, it includes a new exclusion from gross income for 2020 for up to \$10,200 in unemployment insurance benefits received by certain taxpayers – that will require time for taxpayers to research and fully understand. (For additional details on the American Rescue Plan, see *Tax News & Views*, Vol. 22, No. 11, Mar. 10, 2021.)

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/TNV/210310_1.html

Some outside organizations, including the American Institute of CPAs (AICPA) and the National Association of Tax Professionals, have also urged a delay, with the AICPA noting in a March 4 letter to IRS Commissioner Charles Rettig that recent legislation means “many IRS forms are still not available for electronic filing which has also caused a state delay in releasing forms.”

URL: <https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/56175896-filing-deadline-for-the-2020-tax-year-final.pdf>

Delayed filing season = delayed refunds?: But organizations such as the Federation of Tax Administrators (FTA), which represents state revenue agencies, and the leading private-sector tax software companies have advocated for keeping the April 15 date. The FTA said in a statement March 10 that a delay would be costly for state and federal tax administrators and others involved with tax filing. The software firms, under the banner of the American Coalition for Taxpayer Rights, also argued that an extended filing season could mean a longer wait for taxpayers to receive refunds, and both groups say a longer season can confuse taxpayers.

Rettig made this latter point himself last month, when he said the IRS did not plan to extend the filing season.

“Keep in mind, it creates a lot of confusion for taxpayers,” he said during a February 23 House Appropriations subcommittee hearing. “It also backs up the Internal Revenue Service.”

Rettig also noted that taxpayers can file for extensions or can amend their returns if necessary. He has not made any recent public statements in response to the demand from Reps. Neal and Pascrell.

So far, neither Senate Finance Committee Chairman Ron Wyden, D-Ore., nor the top Republican taxwriters in the House and Senate have weighed in on whether to extend this year’s filing deadline.

Oversight subcommittee hearing planned: Rep. Pascrell also announced this week that the Ways and Means Oversight Subcommittee will hold a hearing on the 2021 filing season with IRS Commissioner Rettig on March 18, where this subject is sure to take center stage.

Neal takes helm of Joint Committee on Taxation

In other taxwriting committee developments, Ways and Means Chairman Neal on March 9 was named as the chair of the bicameral Joint Committee on Taxation (JCT) for this session of the 117th Congress. The top spot at the JCT rotates between the chair of the House Ways and Means Committee and the Finance Committee each year, with the lead House taxwriter taking on the first half of each Congress.

The nonpartisan committee is intimately involved with all tax legislation, helping lawmakers and congressional staff develop and analyze proposals, providing official revenue estimates, drafting legislative histories for tax bills, and undertaking investigations of various aspects of the federal tax system.

Racial Equity Initiative

Neal also recently announced that the Ways and Means Democrats are taking on a new Racial Equity Initiative aimed at addressing “the role of racism and other forms of discrimination in perpetuating health and economic inequalities.” Neal appointed taxwriters Terri Sewell of Alabama, Jimmy Gomez of California, and Steven Horsford of Nevada to lead the working group, which is tasked with making recommendations on “justice-forward legislation” for the committee.

“This working group will ensure that policy proposals – including health care, family and worker support, taxes, and many more – considered by the committee address economic and social inequities and advance racial justice,” Horsford said in a statement announcing the initiative.

In January, Ways and Means Democrats published a report entitled “Something Must Change: Inequities in US Policy and Society,” as well as a framework of policy pillars and priorities for legislation. In the economic equity area, the framework included approaches such as eliminating barriers to work and job training caused by poverty and systemic racism, extending the work opportunity tax credit, and guaranteeing paid leave for all US workers. (For prior coverage, see *Tax News & Views*, Vol. 22, No. 2, Jan. 15, 2021.)

URL: https://newsletters.usdbriefs.com/2021/Tax/TNV/210115_2.html

— Storme Sixeas
Tax Policy Group
Deloitte Tax LLP

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