

EXHIBIT B



IRS helps taxpayers by providing penalty relief on nearly 5 million 2020 and 2021 tax returns; restart of collection notices in 2024 marks end of pandemic-related pause

IR-2023-244, Dec. 19, 2023

WASHINGTON — In a major step to help people who owe back taxes, the Internal Revenue Service today announced new penalty relief for approximately 4.7 million individuals, businesses and tax-exempt organizations that were not sent automated collection reminder notices during the pandemic.

The IRS will be providing about \$1 billion in penalty relief. Most of those receiving the penalty relief make under \$400,000 a year.

Due to the unprecedented effects of the COVID-19 pandemic, the IRS temporarily suspended the mailing of automated reminders to pay overdue tax bills starting in February 2022. These reminders would have normally been issued as a follow up after the initial notice. Although these reminder notices were suspended, the failure-to-pay penalty continues to accrue for taxpayers who did not fully pay their bills in response to the initial balance due notice.

Given this unusual situation, the IRS is taking several steps in advance of resuming normal collection notices for tax years 2020 and 2021 to help taxpayers with unpaid tax bills, including some people who have not received a notice from the IRS in more than a year.

To help taxpayers as the normal processes resume, the IRS will be issuing a special reminder letter starting next month. The letter will alert the taxpayer of their liability, easy ways to pay and the amount of penalty relief, if applied. The IRS urges taxpayers who are unable to pay their full balance due to visit [IRS.gov/payments](https://www.irs.gov/payments) to make arrangements to resolve their bill.

The IRS is also taking steps to waive the failure-to-pay penalties for eligible taxpayers affected by this situation for tax years 2020 and 2021. The IRS estimates 5 million tax returns -- filed by 4.7 million individuals, businesses, trusts, estates and tax-exempt organizations -- are eligible for the penalty relief. This represents \$1 billion in savings to taxpayers, or about \$206 per return.

As a first step, the IRS has adjusted eligible individual accounts and will follow with adjustments to business accounts in late December to early January, and then trusts, estates and tax-exempt organizations in late February to early March 2024. Nearly 70 percent of the individual taxpayers receiving penalty relief have income under \$100,000 per year.

The IRS is releasing [Notice 2024-7](#), which explains how the agency is providing failure-to-pay penalty relief to eligible taxpayers affected by the COVID-19 pandemic to help them meet their federal tax obligations.

"As the IRS has been preparing to return to normal collection mailings, we have been concerned about taxpayers who haven't heard from us in a while suddenly getting a larger tax bill. The IRS should be looking out for taxpayers, and this penalty relief is a common-sense approach to help people in this situation," said IRS Commissioner Danny Werfel. "We are taking other steps to help taxpayers with past-due bills, and we have options to help people struggling to pay."

This penalty relief is automatic. Eligible taxpayers don't need to take any action to get it. Eligible taxpayers who already paid their full balance will benefit from the relief, too; if a taxpayer already paid failure-to-pay penalties related to their 2020 and 2021 tax years, the IRS will issue a refund or credit the payment toward another outstanding tax liability.

The penalty relief only applies to eligible taxpayers with assessed tax under \$100,000. Eligible taxpayers include individuals, businesses, trusts, estates and tax-exempt organizations that filed certain Forms 1040, 1120, 1041 and 990-T income tax returns for tax years 2020 or 2021, with an assessed tax of less than \$100,000, and that were in the IRS collection notice process -- or were issued an initial balance due notice between Feb. 5, 2022, and Dec. 7, 2023. The IRS notes the \$100,000 limit applies separately to each return and each entity. The failure-to-pay penalty will resume on April 1, 2024, for taxpayers eligible for relief.

Taxpayers who are not eligible for this automatic relief also have options. They may use existing penalty relief procedures, such as applying for relief under the reasonable cause criteria or the First-Time Abate program. Visit [IRS.gov/penaltyrelief](https://irs.gov/penaltyrelief) for details.

If the automatic relief results in a refund or credit, individual and business taxpayers will be able to see it by [viewing their tax transcript](#). The IRS will send the first round of refunds starting now through January 2024. If a taxpayer does not receive a refund, a special reminder notice may be sent with their updated balance beginning in early 2024. Taxpayers with questions on penalty relief can contact the IRS after March 31, 2024.

Help for taxpayers needing assistance

The IRS reminds taxpayers that there are a number of [payment options](#) and online tools that can help taxpayers with unpaid tax debts, whether it's a new tax bill or a long-standing tax debt for an [unfiled return](#).

"The IRS wants to help taxpayers and provide them easy options to deal with unpaid tax bills and avoid additional interest and penalties," said Werfel. "People receiving these notices should remember that there are frequently overlooked options that can help them set up an automatic payment plan or catch up with their tax filings. Making additional improvements in the collection area will be an important focus for the IRS going forward as we continue and accelerate our transformation work."

Following funding from the Inflation Reduction Act, it's now easier for taxpayers to get assistance with tax bills with new self-help tools, like the IRS [Document Upload Tool](#), improved phone service with callback features and the addition of bots that can answer simple questions, set up or modify a payment plan and request a transcript. The IRS also encourages taxpayers to get an [IRS Online Account](#), where they can see information about an unpaid tax bill or apply for an [online payment plan](#).

Resumption of collection notices begins in 2024

In January, the IRS will begin sending automated collection notices and letters to individuals with tax debts prior to tax year 2022, and businesses, tax exempt organizations, trusts and estates with tax debts prior to 2023, with exceptions for those with existing debt in multiple years. These notices and letters were previously paused due to the pandemic and high inventories at the IRS but will gradually resume during the next several months. Current tax year 2022 individual and third quarter 2023 business taxpayers began receiving automated collection notices this fall as the IRS took steps to return to business as usual.

The pause in collection mailings affected only follow-up reminder mailings. The IRS did not suspend the mailing of the first, or initial, balance due notices for taxpayers such as the CP14 and CP161 notices.

The pause meant that some taxpayers who have long-standing tax debt have not received a formal letter or notice from the IRS in more than a year while some of this older collection work has been paused. To help the taxpayers in this category as the normal processes resume, the IRS will be issuing a special reminder letter to them starting next month.

This reminder letter will alert the taxpayer of the liability and will direct them to contact the IRS or make alternative arrangements to resolve the bill. Tax professionals and taxpayers will see these reminder letters in the form of letter LT38, Reminder, Notice Resumption.

This letter will remind taxpayers about their tax liability, giving them an opportunity to address the tax issue before the next round of letters are issued. After receiving the reminder mailing, these taxpayers with long-standing unresolved tax issues will receive the next notice, informing them of a more serious step in the tax collection process.

The IRS urges taxpayers to carefully read any letter or notice they receive before calling the IRS. There are also important resources available to [get help for tax debt](#) on IRS.gov.

The IRS will issue these balance due notices and letters in gradual stages next year to ensure taxpayers who have questions or need help are able to reach an IRS assistor. This will also provide additional time for tax professionals assisting taxpayers.

Here's what taxpayers should know about possible penalties and interest

Taxpayers who owe tax and don't file on time may be charged a failure-to-file penalty. This penalty is usually 5 percent of the tax owed for each month or part of a month that the tax return is late, up to 25 percent.

The failure-to-pay penalty applies if a taxpayer doesn't pay the taxes they report on their tax return by the due date or if the taxpayer doesn't pay the amount required to be shown on their return within 21 calendar days of receiving a notice demanding payment (or 10 business days if the amount is greater than \$100,000).

The IRS is required by law to charge interest when a tax balance is not paid on time. Interest [cannot be reduced](#) due to reasonable cause. Interest is based on the amount of tax owed for each day it's not paid in full. The interest is compounded daily, so it is assessed on the previous day's balance plus the interest. Interest rates are determined every three months and can vary based on type of tax; for example, individual or business tax liabilities. More information is available on the [interest](#) page of IRS.gov.

Page Last Reviewed or Updated: 22-Jan-2024