

IRS Will Suspend the Mailing of Delinquent Notices Until Backlog Is Cleared

August 24, 2020

The IRS will stop mailing certain notices to taxpayers about their overdue taxes until it clears its 12 million pieces of mail backlog that accumulated while its processing centers were closed during the peak of the COVID-19 outbreak.

Accordingly, the service has temporarily suspended the mailing of:

- CP501 notices about money owed from a taxpayer's tax accounts;
- CP503 notices requesting that the taxpayer contact the agency about an unpaid tax bill; and
- CP504 notices warning that the taxpayer's state income tax refund may be seized and applied to an unpaid federal tax debt.

In addition, the IRS announced that some employers who reduced their tax deposits in anticipation of claiming family and sick leave credits or the employee retention tax credit were erroneously issued a notice of a failure-to-deposit penalty on credits claimed on Form 941, Employer's Quarterly Federal Tax Return. The IRS said employers that received such failure-to-deposit penalty notices do not need to do anything about this until the agency corrects the problem.

Taxpayers are reminded that tax payments mailed to the IRS will be credited on the date the IRS received them, rather than when they are processed. Taxpayers should not cancel checks sent to the service and should ensure that funds remain available in the account. The IRS is providing relief from the 2% bad check penalty for dishonored checks received between March 1 and July 15; however, interest and other applicable penalties may still be assessed.

Please contact your Anchin Relationship Partner with any questions you may have.