

Congress of the United States
Washington, DC 20515

July 26, 2018

The Honorable David Kautter
Assistant Secretary of the Treasury for Tax Policy and
Acting Commissioner of Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Acting Commissioner Kautter,

On June 4, 2018, the Internal Revenue Service (IRS) issued a press release entitled, “IRS Offers Penalty, Filing Relief to Many Subject to New Transition Tax on Foreign Earnings.” The press release referenced several new IRS website resources designed to provide businesses with detailed guidance on reporting and paying the section 965 transition tax. The press release and related internet pages further assured taxpayers responsible for such payments—multinational corporations—that the IRS would waive certain late-payment penalties arising from the tax law changes.

We feel compelled to point out that millions of individual taxpayers and small business owners will be surprised to find themselves under-withheld due to the new tax law. The Administration made bold promises that the average American family would yield more than \$4,000 from the tax cuts; yet, P.L. 115-97 eliminated the personal and dependent exemptions, repealed numerous itemized deductions, and capped the state and local tax deduction to \$10,000. In truth, it is safe to assume that millions of American families will not see a tax cut as a result of the new law, and a disproportionate share of the taxpayers who end up under-withheld are likely to be residents of states hit hard by the limitation on the state and local tax deduction.

Additionally, small business owners face a variety of uncertainties surrounding the Section 199A deduction. The lack of guidance provided by the IRS could result in these business owners underpaying their taxes and ultimately paying late-payment penalties.

It is on their behalf that we write today. We strongly urge the IRS to extend to American families and small business owners the same benefit of the doubt it hastened to offer to multinational corporations who find themselves inadvertently underpaying as a result of recent changes in the tax law. These taxpayers are no less deserving of reasonable leniency, grace periods, and penalty waivers than multinational corporations. As such, we would appreciate an update on the agency's enforcement plans for these groups, including the latest estimates on the number of individuals expected to be under-withheld or owe taxes and the status of any plans to mitigate relevant penalties. Thank you, in advance, for your prompt attention to this matter.

Sincerely,



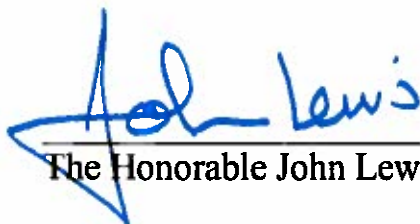
The Honorable Judy Chu



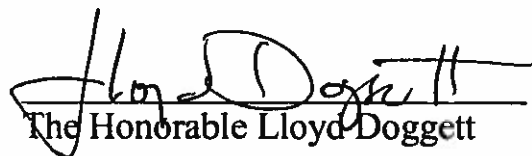
The Honorable Richard E. Neal



The Honorable Sander M. Levin



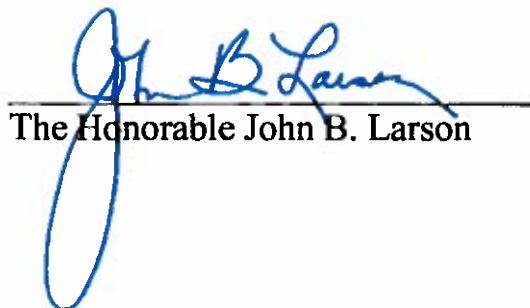
The Honorable John Lewis



The Honorable Lloyd Doggett



The Honorable Mike Thompson



The Honorable John B. Larson



The Honorable Earl Blumenauer



The Honorable Bill Pascrell, Jr.



The Honorable Danny K. Davis



The Honorable Linda T. Sanchez



The Honorable Brian Higgins



The Honorable Terri A. Sewell