

**COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515**

October 20, 2020

The Honorable Steven T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Mnuchin,

We write today to find out why the Trump Administration automatically revoked the tax-exempt status of, and sent erroneous revocation notices to, more than 30,000 nonprofit organizations around the country, including nearly 28,000 charities as we enter the most popular time of year for Americans to make charitable contributions. We urge you to investigate this apparent error by the Internal Revenue Service (IRS) and take corrective action immediately. These organizations do critically important work for our communities—especially during this difficult time for our nation—and we must ensure that the IRS is not wrongfully terminating their exempt status.

As you know, the IRS automatically revokes the exempt status of organizations that do not file the required Forms 990 for three consecutive years. Such revocation is effective as of the due date for the filing, which generally is May 15 for calendar year organizations. However, due to the coronavirus pandemic, the IRS extended the filing date this year to July 15. In other words, organizations that would have had their exempt status revoked on May 15, 2020 were given until July 15, 2020 to file and, in doing so, retain their exempt status.

The Ways and Means Subcommittee on Oversight (Subcommittee) was alarmed to learn that, between May 1 and October 8 of this year, there was a twenty percent increase in the number of charitable organizations that had their exempt status automatically revoked, as compared to the same time period for 2019. The IRS Auto-Revocation List shows that, for many organizations, revocation was effective as of May 15, 2020, notwithstanding the extension of the filing date. In total, nearly 31,500 organizations have had their tax-exempt status automatically revoked since May 15, 2020, including, in our home states, about:

- 3,800 California organizations;
- 1,700 New York organizations;
- 1,000 Pennsylvania organizations;
- 900 New Jersey organizations;

Secretary Mnuchin

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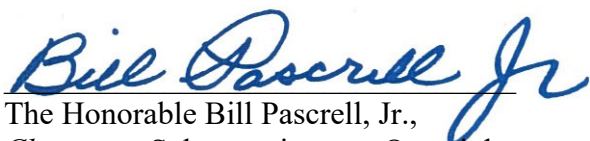
- 700 Washington organizations; and
- 500 Wisconsin organizations.

This raises serious questions as to whether the IRS's systems properly accounted for the extension of the filing date to July 15 and whether IRS processing and correspondence backlogs may have impacted the receipt of timely-filed Forms 990.

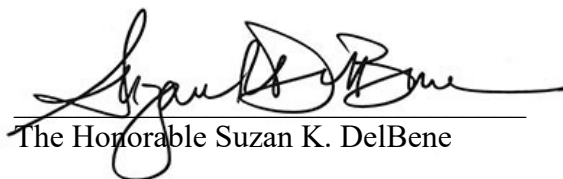
We respectfully request that the Trump Administration (1) reverse all erroneous automatic revocations that have occurred during the pandemic and (2) cease further automatic revocations until the IRS has processed its substantial mail backlog. By no later than Tuesday, October 27, 2020, please provide the Subcommittee a report on this matter, including an explanation as to why May 15, 2020 is listed as the revocation date for many organizations and why automatic revocation notices were sent in August when the IRS has not yet processed millions of pieces of unopened mail. As part of that report, please also explain how the Department of the Treasury and the IRS will remedy this situation for all affected organizations before the end of the month.

Thank you for your prompt attention to this matter.

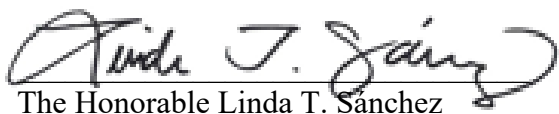
Sincerely,



The Honorable Bill Pascrell, Jr.,
Chairman, Subcommittee on Oversight



The Honorable Suzan K. DelBene



The Honorable Linda T. Sanchez



The Honorable Thomas R. Suozzi



The Honorable Judy Chu



The Honorable Gwen Moore



The Honorable Brendan F. Boyle

cc: The Honorable Charles P. Rettig, IRS Commissioner