

RJN 14

Ways and Means Votes to Claw Back Billions in Stolen Pandemic-Era Unemployment Benefits, Protect Taxpayer Rights

February 12, 2025

WASHINGTON, D.C. – This week, the Ways and Means Committee passed legislation that protects taxpayer rights and wallets. After a years-long investigation into the greatest theft of American taxpayer dollars, billions of dollars worth of stolen COVID-era unemployment insurance (UI) benefits, the Committee today passed legislation that would help claw back funds lost to fraud. The Government Accountability Office (GAO) estimates \$100 to \$135 billion in stolen UI benefits with only \$5 billion recovered so far. Other estimates show upwards of \$400 billion in stolen funds. The Committee voted to extend the statute of limitations for combatting and prosecuting the theft of COVID-era unemployment benefits, giving more time for law enforcement to complete current cases, open new ones, and recoup billions of taxpayer dollars.

Time is of the essence. Failure to address the expiration of the statute of limitations will have irreversible consequences for taxpayers, noted **Ways and Means Committee Chairman Jason Smith (MO-08)** in his [opening remarks](#):

“The statute of limitations for these investigations runs out in 43 days on March 27. If we don’t extend the statute of limitations those that perpetrated the greatest theft of taxpayer dollars in American history will not be brought to justice.”

The Committee also passed several bills that improve tax filing and administration. These bills make tax filing easier for families and small businesses, and are in line with the National Taxpayer Advocate’s nonpartisan recommendations. Reforms include treating electronic tax filing and payments the same as paper equivalents, requiring the IRS to explain to taxpayers any reassessment due to alleged math errors, and protecting the independence of the National Taxpayer Advocate from the IRS.

Additionally, the Committee addressed the epidemic of stolen tax refund checks sent through the mail. New bipartisan legislation passed by the Committee requires the IRS to devise a way for taxpayers to easily request replacement checks via direct deposit.

HR 1155 – Recovery of Stolen Checks Act

Requires the IRS to create a process for taxpayers to request a replacement via direct deposit for a stolen paper check.

- If a check is determined to be stolen or lost, and not cashed, a taxpayer will receive a replacement check once the original check is cancelled, however many taxpayers are having their replacement checks stolen as well.
- Taxpayers who have a check stolen are then unable to request that the replacement check be sent via direct deposit.
- This bill requires the Secretary of the Treasury to establish processes and procedures under which taxpayers, who are otherwise eligible to receive an amount by paper check in replacement of a lost or stolen paper check, may elect to receive such amount by direct deposit.
- This bill is a valuable first step in combating the fraud, as providing taxpayers with the option to use direct deposit for a replacement check ensures the replacement check is not stolen again.

Read the one pager [here](#).

The bill passed the Committee 41-0.

HR 997 – National Taxpayer Advocate Enhancement Act of 2025

Prevents IRS interference with National Taxpayer Advocate (NTA) personnel by granting the NTA responsibility for its employees.

- In advocating for taxpayer rights, the National Taxpayer Advocate often requires independent legal advice.
- Currently, staff hired by the National Taxpayer Advocate is accountable to internal IRS counsel, not the Taxpayer Advocate, creating a potential conflict of interest to the detriment of the taxpayer.
- The bill authorizes the National Taxpayer Advocate to hire attorneys who report directly to her, helping establish independence from the IRS.

Read the one pager [here](#).

The bill passed the Committee 43-0.

HR 998 – Internal Revenue Service Math and Taxpayer Help Act

Requires the IRS to notify taxpayers of the specific reasoning for math errors and provides 60 days to challenge the IRS’s assessment of the alleged error.

- Each year, the IRS sends millions of “math error” notices to taxpayers that propose to adjust their tax liabilities.
- These notices often do not explain the reasons for the adjustments, and some are never received by the taxpayer due to lost mail.
- The IRS is not currently required to inform taxpayers that they must dispute the adjustments within 60 days if they disagree or generally forfeit their right to do so.
- As a result, many taxpayers fail to dispute the IRS assessment.
- The bill requires the IRS to ensure all math error notices provide clear explanation of the alleged error including showing the mathematical change and informs taxpayer they have 60 days to challenge the alleged math error.

Read the one pager [here](#).

The bill passed the Committee 43-0.

HR 1152 – Electronic Filing and Payment Fairness Act

Ensures payments electronically submitted to the IRS are treated as fairly as those done through the mail.

- Currently, if a taxpayer mails a payment or tax return to the IRS that is postmarked by midnight on the due date, the payment or tax return will be considered timely even if it is received a week later.
- However, if a taxpayer submits the same payment or return electronically on the due date, it may be considered late if the IRS receives it and processes it on the next day.
- In Fiscal Year 2023, more than 213 million—79% of all filings— returns and other forms were filed electronically.
- The bill provides that electronic payments and documents submitted by midnight on the due date will be considered timely.

Read the one pager [here](#).

The bill passed the Committee 41-0.

HR 1156 – Pandemic Unemployment Fraud Enforcement Act

Extends the statute of limitations for CARES Act-related unemployment insurance fraud from 5 to 10 years.

- The statute of limitations for prosecuting fraud in COVID-era pandemic unemployment insurance (UI) programs expires on March 27, 2025. After this date, Congress cannot retroactively change the statute of limitations on criminal prosecutions.
- According to the COVID-19 Fraud Enforcement Task Force, 600 criminal UI fraud cases have been charged with associated losses of over \$300 million. In addition, the agency has 1,648 open, uncharged criminal matters.
- The Labor Department has reported 157,000 UI fraud hotline complaints and more than 1,000 open field investigations.
- The bill extends the statute of limitations for criminal prosecution and civil enforcement actions in pandemic unemployment programs from 5 to 10 years to hold fraudsters accountable and recover taxpayer dollars.
- In 2022, on a bipartisan basis, Congress took similar action and extended the statute of limitations for fraud in the Paycheck Protection Program and Economic Injury and Disaster Loans to 10 years.

Read the one pager [here](#).

The bill passed the Committee 24-18.