

IRS Issues Notice CP21C in Error

Cross References

- <https://www.irs.gov/coronavirus/second-eip-faqs>

More than 109,000 taxpayers have received a Notice CP21C regarding economic impact payments in error. The IRS issued this notice because they were unable to process the taxpayer's 2019 tax return in time to issue an economic impact payment. The notice was intended to provide the following explanation:

"We're required by law to mail the first economic impact payments by December 31, 2020. We couldn't issue you a check by this date, so you won't be receiving an economic impact payment. However, you may claim a Recovery Rebate Credit on your 2020 tax return if eligible."

In some cases, the notice contained incorrect information. It stated:

"We applied a credit to your 2007 tax account due to new legislation. We used (offset) all or part of your economic stimulus payment to pay your federal tax as the law allows."

The IRS states this notice is not accurate. Since no payment was issued, no offsets occurred. The IRS apologizes for the confusion this may have caused. Taxpayers can disregard the notice.

Taxpayers who did not receive an economic impact payment may claim the Recovery Rebate Credit on their 2020 tax return if eligible.

If the taxpayer owed federal debts, the first economic impact payments were offset only when the individual owed past due child support. The second economic impact payments were not offset for any federal or state tax debts.

Author's Comment

News reports on this issue state that the IRS is blaming antiquated IRS information technology systems that use obsolete programming language. Somehow, that excuse does not satisfy my curiosity on what really happened.