

**Congress of the United States**  
**House of Representatives**

COMMITTEE ON OVERSIGHT AND REFORM

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MAJORITY (202) 225-5051  
MINORITY (202) 225-5074  
<https://oversight.house.gov>

August 4, 2021

The Honorable Charles P. Rettig  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Dear Commissioner Rettig:

The purpose of this letter is to inquire about the current backlog at the Internal Revenue Service (IRS) and the impact those backlogs are having on Americans, particularly those who are eligible for Economic Injury Disaster Loans (EIDL) through the Small Business Administration (SBA). The SBA requires applicants for EIDLs to submit tax transcripts and other information from the IRS, yet lingering delays in obtaining the necessary documents from the IRS continue to prevent favorable adjudications of applicants' eligibility. Given that approximately 50% of American workers are employed by small businesses, it is imperative that the IRS work more efficiently to decrease its backlog so that small businesses can receive the funds they are eligible for and continue their operations.<sup>1</sup>

Small businesses continue to suffer from the pandemic and are applying for EIDLs to mitigate pandemic losses and continue operations. To prove their eligibility, businesses are asked to provide several years of tax transcripts obtained from the IRS, as well as their most recent Federal Income Tax Return, among other information.<sup>2</sup> The SBA requires these forms to validate applicants' requests, protect against fraudulent EIDL claims, and ensure that deserving small business owners are receiving the financial assistance necessary to keep their businesses open.<sup>3</sup>

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<sup>1</sup> U.S. SMALL BUS. ADMIN. OFF. OF ADVOC., 2020 SMALL BUSINESS PROFILE (2020), *available at* <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144224/2020-Small-Business-Economic-Profile-US.pdf>.

<sup>2</sup> U.S. SMALL BUS. ADMIN., APPLYING FOR SBA DISASTER LOANS (EIDL) (2020), *available at* [https://www.sba.gov/sites/default/files/articles/EIDL\\_Information\\_and\\_Documentation\\_-\\_3-23-2020.pdf](https://www.sba.gov/sites/default/files/articles/EIDL_Information_and_Documentation_-_3-23-2020.pdf).

<sup>3</sup> Andrew Giambrone, *This Small-Business Disaster Relief Program Is a Disaster*, THE AMERICAN PROJECT (May 7, 2021), <https://prospect.org/coronavirus/small-business-disaster-relief-program-is-disaster>.

The Honorable Charles P. Rettig  
August 4, 2021  
Page 2 of 2

Unfortunately, applicants, who did not have this information from the IRS, have been denied EIDLs due to claims of insufficient evidence to support their application.<sup>4</sup> In several cases, the SBA denied applicants because there was no record of a filed 2019 tax return.<sup>5</sup> Our constituents have had their applications languish without this required information, delaying benefits for which they are likely eligible.

To obtain tax transcripts, businesses must submit an IRS Form 4506-T “Request for Transcript of Tax Return”; however, receipt of those tax transcripts has been delayed in many cases as IRS processing backlogs remain unresolved. Moreover, backlogs also exist in the processing of tax returns. By the close of the mid-May filing season, more than 35 million federal returns were waiting to be processed by the IRS, an amount three times greater than the number of backlogged returns at the end of last year’s filing season.<sup>6</sup>

This raises concerns about the Federal Government’s ability to deliver funds to small businesses that qualify for EIDLs given the IRS’s difficulty in performing its core functions. To assist Committee Republicans in understanding the IRS’s plan to reduce the backlog of unprocessed requests, we request a staff-level briefing no later than August 11, 2021, on efforts by the IRS to process taxpayer requests, particularly those made by small businesses who need tax documents to prove eligibility for EIDLs.

To make arrangements for the briefing or to ask any related follow-up questions, please contact Committee on Oversight and Reform Republican Staff at (202) 225-5074.

The Committee on Oversight and Reform is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. Thank you for your cooperation with this inquiry.

Sincerely,



Jody Hice  
Ranking Member  
Subcommittee on Government Operations



Andrew S. Clyde  
Ranking Member

cc: The Honorable Carolyn B. Maloney, Chairwoman, Committee on Oversight and Reform  
The Honorable Gerald Connolly, Chairman, Subcommittee on Government Operations

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<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> Jeff Stein, *IRS faces 35 million unprocessed tax returns as backlog swells, watchdog says*, THE WASH. POST (June 30, 2021, 5:59 PM), <https://www.washingtonpost.com/us-policy/2021/06/30/irs-backlog-returns-taxpayers/>.