

April 8, 2021

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

Dear Secretary Yellen and Commissioner Rettig:

The undersigned bank and credit union trade associations, representing members of all sizes in every state and territory, have worked with the U.S. Department of the Treasury and its Internal Revenue Service (IRS) and the Bureau of the Fiscal Service (BFS) to ensure that Economic Impact Payments are processed quickly and safely. The IRS has done a remarkable job sending EIPs in large quantities at rapid speeds to the beneficiaries. With each round of EIPs the partnership between the IRS and the financial industry has become stronger for the benefit of all parties, especially the recipients of these payments.

While the first two tranches of this third round of EIPs have resulted in more than 100 million individual payments in less than three weeks, there are opportunities to enhance the customer experience for recipients and the financial institutions that serve them. We ask that you carefully consider these recommendations and implement as soon as possible. The third round of EIPs will continue through October 2021 so these improvements would help improve the program over the next six months.

The IRS hosted Get My Payment (GMP) portal provides updates to recipients regarding the status of their payments. However, the information provided by the portal is often inaccurate, causing confusion for recipients because it is not updated in a sufficiently timely manner, resulting in erroneous messages to recipients. For example, if a financial institution returns an ACH to the IRS due to a wrong account number or closed account, the portal may continue to report it as a successful ACH payment for several days. This leads to the IRS informing the recipients via the portal that the funds should be in their bank account when they are not. This has resulted in spikes in volume at financial institution call centers and branch locations with recipients seeking to locate their funds. Understandably, the recipients are confused when the financial institutions tell them the facts of the situation and the GMP portal reports conflicting information.

We understand the strains the IRS is under implementing this program during tax season but being transparent with the recipients is paramount. We recommend that the IRS:

1. Update the GMP database with all due speed to provide accurate, timely information to recipients regarding the status of their EIP payments. For example, if an ACH is returned and is being reissued as a paper check, update the database on the same day the ACH return is received informing the recipient of the date the check payment will be made;
2. Reinstate the GMP capability to accept bank routing information from payment recipients expecting EIP benefits and/or child tax credit payments to increase electronic payments and reduce reliance on paper checks; and
3. State prominently on the portal landing page that financial institutions do not have access to recipient information and that the information provided may be inaccurate due to delays in updating the accurate status of the payment.

It is also our understanding that some payments inadvertently made to tax preparer accounts are being forwarded to the ultimate bank of the recipient by check and ACH. This is contrary to the clear rules established by the IRS prior to the initiation of this round of EIPs. While the total number of these payments is smaller than in the second round EIPs, the problems associated with this are significant. Financial institutions are able to identify check and ACH EIPs originated by the IRS. However, there is no standard to identify these forwarded payments. Many states have extended protections to EIP payments to protect them from garnishment and many banks prohibit offsets for these funds. Recipients of these forwarded payments are stripped of these protections. We ask that the IRS reiterate to the industry the importance of following the guidance that is in place and that is for the benefit of the recipients.

We look forward to continuing our partnership and working with you to implement these recommendations as soon as possible. We would be pleased to discuss these matters with you and your staff in detail at your convenience.

Sincerely,

American Bankers Association
Bank Policy Institute
Consumer Bankers Association
Credit Union National Association
Independent Community Bankers of America
National Association of Federally-Insured Credit Unions
The Clearing House