

## **A Flashlight in the Black Box of Tax: How the New Math Error Act Matters for Taxpayer Rights and Inequality and What Still Remains in the Dark**

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### **A New Law Shines Light on IRS Math Error Notices**

The Internal Revenue Service Math and Taxpayer Help Act (IRS Math Act) was signed into law on December 2, 2025.<sup>1</sup> The law aims to fix a long-standing problem in tax administration: the lack of clear, specific information in math error notices sent to taxpayers.<sup>2</sup>

Math error notices are a tool that the IRS can use to assess additional tax when a mathematical or clerical error is present on a taxpayer's return without going through formal deficiency procedures.<sup>3</sup> IRC §6213(b)(1) was first implemented in the Revenue Act of 1926 and has long been understood as a tool to promote tax administration efficiency and correct non-substantive errors.<sup>4</sup> The issues the IRS can address in a math error notice have expanded over time, leading to millions of such notices issued every year.<sup>5</sup> Many of these math error notices are related to the Recovery Rebate Credit (RRC), Child Tax Credit (CTC), Earned Income Tax Credit (EITC),

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<sup>1</sup>Alexander Rifaat, *IRS Math-Error Bill Becomes Law*, TAXNOTES (Dec. 8, 2025), <https://www.taxnotes.com/tax-notes-today-federal/return-preparation/irs-math-error-bill-becomes-law/2025/12/02/7tb9n>; House Ways and Means Comm., *President Trump Signs Ways and Means Bill Protecting Taxpayer Rights, Requiring IRS to Show Its Math When Changing Returns* (Dec. 1, 2025), <https://waysandmeans.house.gov/2025/12/01/president-trump-signs-ways-and-means-bill-protecting-taxpayer-rights-requiring-irs-to-show-its-math-when-changing-returns/>.

<sup>2</sup>Rifaat, *supra* note 1. See also House Ways and Means Comm., *supra* note 1. See Nat'l Taxpayer Advocate, *Math Error: The IRS's Use of Math Error Authority Overrides Important Taxpayer Rights* (2018), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/07/ARC18\\_Volume1\\_MSP\\_12\\_MathError.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/07/ARC18_Volume1_MSP_12_MathError.pdf).

<sup>3</sup> I.R.C. §6213(b)(1); Revenue Act of 1926 § 273(2)(f), Pub. L. No. 69-20, 44 Stat. 9, 55 (1926).

<sup>4</sup> Revenue Act of 1926 § 273(2)(f), *supra* note 3; Taxpayer Advocate Service, *ARC22 Purple Book: Improve Assessment & Collection* (2023), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22\\_PurpleBook\\_03\\_ImproveAssmtCollect.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22_PurpleBook_03_ImproveAssmtCollect.pdf); Taxpayer Advocate Service, *Math Error Notices: What You Need to Know about What the IRS Needs to Do to Improve Notices* (Apr. 19, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/nta-blog-math-error-notices-what-you-need-to-know-and-what-the-irs-needs-to-do-to-improve-notices/2022/04/>.

<sup>5</sup> TAS, *supra* note 4; Caleb Smith, *Improving Math Error Notices: Reviewing the Taxpayer Assistance Act*, 186 Tax Notes Fed. 2053 (Mar. 17, 2025), <https://www.taxnotes.com/procedurally-taxing/improving-math-error-notices-reviewing-taxpayer-assistance-act/2025/03/13/7rn2d>; Margot Crandall-Hollick, *Improving Tax Administration, One Math Error Notice at a Time*, TAX POLICY CENTER (May 14, 2024), <https://taxpolicycenter.org/taxvox/improving-tax-administration-one-math-error-notice-time>; National Taxpayer Advocate, *Math Error Notices: Although the IRS Has Made Some Improvements, Math Error Notices Continue to Be Unclear and Confusing, Thereby Undermining Taxpayer Rights and Increasing Taxpayer Burden* (2018), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/07/ARC18\\_Volume1\\_MSP\\_12\\_MathError.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/07/ARC18_Volume1_MSP_12_MathError.pdf); Taxpayer Advocate Service, *Math Error Authority: Authorize the IRS to Summarily Assess Math and "Correctable" Errors Only in Appropriate Circumstances*, in *2015 Annual Report to Congress* vol. 1 (LR #2) (2015), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/08/ARC15\\_Volume1\\_LR\\_02\\_Math-Error-Authority.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/08/ARC15_Volume1_LR_02_Math-Error-Authority.pdf).

or errors with a taxpayer's TIN or SSN.<sup>6</sup> However, the math error notice previously did not have to explicitly state the issue with the return.<sup>7</sup> Consequently, taxpayers often don't know what the error is, the additional amount assessed, or how to respond if they disagree with the notice.<sup>8</sup> The IRS Math Act now requires a "clear explanation of the error alleged, including showing the mathematical change, and informs taxpayers they have 60 days from the date of the notice to request the math error adjustment be abated, or the adjustment generally will become final."<sup>9</sup> These procedures help illuminate once-vague math error notices and address the Taxpayer Advocate Service's many grievances with previous legislation.

Providing clear reasoning to taxpayers generally yields two major benefits and specifically aids taxpayers in collection proceedings. For one, the tax base is more informed. Taxpayers, upon receipt, understand the source of the error and know how to accept or challenge the assessment.<sup>10</sup> Should they seek advice from a tax practitioner, the taxpayer can better communicate their understanding of the issue.<sup>11</sup> Second, it creates a more streamlined and efficient administration of math error assessments.<sup>12</sup> Historically, many math error notices were automated and sent without manual review.<sup>13</sup> The act now mandates that an IRS agent is responsible for reviewing the taxpayer's file, explaining the error at issue, and sending proper notice.<sup>14</sup> These hurdles prevent superfluous notices and help ensure that issues flagged in the IRS's automated system are not substantive but mathematical or clerical.<sup>15</sup> Moreover, if a taxpayer does not receive proper notice and is in collection proceedings, the IRS Math Act establishes clear expectations for proper math error assessments. It is unlikely that a taxpayer will have the opportunity to challenge an improperly issued math error assessment unless they receive a collection due process (CDP) hearing.<sup>16</sup> At this stage in a tax return's life, the taxpayer could request that the math error assessment be invalidated due to improper procedure, and now the rules for that procedure are

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<sup>6</sup> TAS, *supra* note 4; Treasury Inspector General for Tax Administration, *Existing Compliance Processes Will Not Reduce the Billions of Dollars in Improper Earned Income Tax Credit and Additional Tax Credit Payments*, Ref. No. 2014-40-093 (Sept. 29, 2014), <https://www.oversight.gov/sites/default/files/documents/reports/2022-03/201440093fr.pdf>; Nat'l Taxpayer Advocate, *supra* note 5.

<sup>7</sup> Internal Revenue Manual (IRM) §21.5.4, *General Math Error Procedures* (Internal Revenue Serv. U.S. Dep't of the Treasury), [https://www.irs.gov/irm/part21/irm\\_21-005-004r](https://www.irs.gov/irm/part21/irm_21-005-004r). See also Crandall-Hollick, *supra* note 5; Smith, *supra* note 5; House Ways & Means Comm., *supra* note 1.

<sup>8</sup> I.R.M. §21.5.4; Crandall-Hollick, *supra* note 5; Smith, *supra* note 5; House Ways & Means Comm., *supra* note 1.

<sup>9</sup> House Comm. on Ways and Means, *H.R. 998 One-Pager* (Mar. 2025), <https://waysandmeans.house.gov/wp-content/uploads/2025/03/HR-998-One-Pager.pdf>; Rifaat, *supra* note 1; IRS MATH Act, Pub. L. No. 119-39, 139 Stat. 659 (2025).

<sup>10</sup> Rifaat, *supra* note 1; House Ways & Means Comm., *supra* note 1.

<sup>11</sup> Smith, *supra* note 5.

<sup>12</sup> Rifaat, *supra* note 1; House Ways & Means Comm., *supra* note 1; ABA Banking Journal, *Senate-approved IRS reform addresses math, clerical error procedures* (Nov. 26, 2025), <https://bankingjournal.aba.com/2025/11/senate-approved-irs-reform-addresses-math-clerical-error-procedures/>.

<sup>13</sup> TIGTA, *supra* note 6.

<sup>14</sup> IRS Math Act, *supra* note 9; Rifaat, *supra* note 1; House Ways & Means Comm., *supra* note 1.

<sup>15</sup> TIGTA, *supra* note 6; Rifaat, *supra* note 1; IRS Math Act, *supra* note 9.

<sup>16</sup> Caleb Smith, *Improving Math Error Notices: Reviewing the Taxpayer Assistance Act*, TAXNOTES (Mar. 17, 2025) <https://www.taxnotes.com/procedurally-taxing/improving-math-error-notices-reviewing-taxpayer-assistance-act/2025/03/13/7rn2d>; Rifaat, *supra* note 1; Low Income Taxpayer Clinics (LITCs) Support Center, *Know Your Rights As A Taxpayer* (Feb. 6, 2022), <https://taxpayer-rights.org/wp-content/uploads/2022/02/Fact-Sheet-Math-Error-02-06-22.pdf>.

more explicitly defined.<sup>17</sup> The benefits of clearer reasoning and explicit procedures outlined above are not exhaustive; however, they demonstrate the value of illuminating tax administration, especially where a taxpayer's refunds are reduced, or their liability is amplified.

### **Why This Reform Especially Matters for Low-Income Taxpayers**

Ambiguous math error notices especially impact low-income taxpayers' returns.<sup>18</sup> Often, the notice is delivered due to an issue with refundable tax credits, namely the EITC and CTC.<sup>19</sup> As of March 21, 2024, the IRS reported that "people who earned \$63,398 or less in 2023 may be eligible for" the former credit<sup>20</sup>, while the latter may be claimed by any taxpayer who has children under the age of 17 and whose income does not exceed \$200,000.<sup>21</sup> As a result, these credits are only available to lower-income households. Therefore, low-income taxpayers are subject to a disproportionate amount of math error notices.<sup>22</sup> It is important to note, though, that the IRS is not intentionally targeting low-income people in its administration of math error notices.<sup>23</sup> Rather, this is a natural consequence of math error assessments correcting improperly claimed credits that can only be applied to lower-income households.<sup>24</sup> Math error notices, especially those found to be incorrectly assessed, weigh heavily on these taxpayers who lack the resources or opportunity to challenge ambiguous notices. Further, low-income taxpayers who have been hit with a math error notice often lack access to or awareness of low-income tax clinics or other free services available to assist them.<sup>25</sup> The IRS Math Act helps fill this knowledge gap by clarifying why the notice was issued and how a taxpayer can seek justice if they wish to challenge it.<sup>26</sup>

### **Taxpayers are Still Missing a Meaningful Remedy for Improper Math Error Notices**

The Taxpayer Bill of Rights specifies that "the Commissioner shall ensure" certain taxpayer rights, including "the right to challenge the position of the Internal Revenue Service and be heard".<sup>27</sup> Math errors, as previously discussed, are designed to eliminate burdensome deficiency

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<sup>17</sup> Smith, *supra* note 16; Caleb Smith, *Getting to "Why": Jurisdictional Riddles with Math Errors*, TAXNOTES (July 18, 2025), <https://www.taxnotes.com/procedurally-taxing/getting-why-jurisdictional-riddles-math-errors/2025/07/18/7ss0r>.

<sup>18</sup> Nat'l Taxpayer Advocate, *supra* note 5.

<sup>19</sup> Taxpayer Advocate Serv., *The Preservation of Fundamental Taxpayer Rights is Critical as the IRS Develops a Real-Time Tax System*, in *2012 Annual Report to Congress* vol. 1 (Most Serious Problems, Problem #10) (2012), <https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/08/Most-Serious-Problems-The-Preservation-of-Fundamental-Taxpayer-Rights-Is-Critical-as-the-IRS-Develops-a-Real-Time-Tax-System.pdf>; TAS, *supra* note 4; Crandall-Hollick, *supra* note 5; TIGTA, *supra* note 6.

<sup>20</sup> Internal Revenue Service, *Low- to Moderate-Income Workers May Be Eligible for the Earned Income Tax Credit*, IRS (Mar. 21, 2024) <https://www.irs.gov/newsroom/low-to-moderate-income-workers-may-be-eligible-for-the-earned-income-tax-credit>.

<sup>21</sup> National Taxpayer Advocate, *supra* note 5; TIGTA, *supra* note 6; Internal Revenue Service, *Earned Income Tax Credit (EITC)*, IRS (last updated Dec. 4, 2025), <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc>; Ashley Burnside, *The Child Tax Credit and Mixed Immigration-Status Families* (Mar. 2, 2022), <https://www.clasp.org/publications/fact-sheet/child-tax-credit-and-mixed-immigration-status-families/>.

<sup>22</sup> National Taxpayer Advocate, *supra* note 5; TIGTA, *supra* note 6.

<sup>23</sup> National Taxpayer Advocate, *Math Error*, *supra* note 5.

<sup>24</sup> *Id.*

<sup>25</sup> Taxpayer Rights Foundation, *supra* note 16; House Ways & Means Comm., *supra* note 1.

<sup>26</sup> Rifaat, *supra* note 1; IRS MATH Act, *supra* note 9; House Ways & Means Comm., *supra* note 1.

<sup>27</sup> I.R.C. §7803(a)(3)(D).

procedures for non-substantive issues.<sup>28</sup> However, what happens if the IRS fails to comply with the procedures set forth in the IRS Math Act? If the IRS issues a math error notice to a taxpayer but does not follow the procedures outlined in the IRS Math Act and the assessment in the math error notice is incorrect, the taxpayer may have no opportunity to dispute the underlying tax.<sup>29</sup>

Additionally, if there was a mathematical or clerical error in the taxpayer's original return, the IRS may issue a notice that improperly overstates the issue, and, again, the taxpayer may not be able to have the proper amount of tax assessed.<sup>30</sup> With this in mind, a taxpayer may lose their opportunity to be heard if the math error notice is improperly issued and there is no obvious path to abate or reconsider the math error assessment after the 60-day window elapses.<sup>31</sup> The circumstances in which a taxpayer could hold the IRS accountable for their noncompliance require a perfect storm of improper notice and the privilege of time, resources, and opportunity.<sup>32</sup> Further, the taxpayer must fully pay the liability and file a refund suit with the U.S. District Court or the Court of Federal Claims.<sup>33</sup> The only other time that the validity of a math error assessment can be challenged after the 60-day notice is during a CDP hearing.<sup>34</sup> These hearings are available to taxpayers who the IRS is trying to collect outstanding tax liability.<sup>35</sup> It is only at this point that the taxpayer could argue that the math error notice was invalidly assessed.<sup>36</sup> However, the likelihood that a taxpayer would ever be eligible for a CDP hearing is suspect.<sup>37</sup> Many math error notices affect refundable credits, meaning the adjustment reduces the refund a taxpayer is owed and does not create an outstanding liability.<sup>38</sup> Further still, if the math error did produce additional tax liability, by the time the IRS issues a CDP hearing opportunity, the tax liability is likely fully paid.<sup>39</sup> Many taxpayers voluntarily pay what the IRS reports they owe, regardless of whether it is accurate, and others have their tax liabilities paid off by refunds from subsequent years.<sup>40</sup> Such scenarios satisfy the first requirement to go to District Court, but again, if a taxpayer were unaware

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<sup>28</sup> ABA Banking Journal, *Senate-Approved IRS Reform Addresses Math, Clerical Error Procedures*, *supra* note 12; TAS, *supra* note 4.

<sup>29</sup> Taxpayer Advocate Service, *ARC22 Purple Book: Improve Assessment & Collection* (2023), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22\\_PurpleBook\\_03\\_ImproveAssmtCollect.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22_PurpleBook_03_ImproveAssmtCollect.pdf); Taxpayer Advocate Service, *Math Error Notices: What You Need to Know about What the IRS Needs to Do to Improve Notices* (Apr. 19, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/nta-blog-math-error-notices-what-you-need-to-know-and-what-the-irs-needs-to-do-to-improve-notices/2022/04/>; TAS *supra* note 19.

<sup>30</sup> TIGTA, *supra* note 6; Taxpayer Advocate Service, *Continue to Limit the IRS's Use of "Math Error Authority" to Clear-Cut Categories Specified by Statute*, in *National Taxpayer Advocate 2023 Purple Book* (2023), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22\\_PurpleBook\\_03\\_ImproveAssmtCollect\\_8.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22_PurpleBook_03_ImproveAssmtCollect_8.pdf); National Taxpayer Advocate, *supra* note 29; Smith, *supra* note 5.

<sup>31</sup> TIGTA, *supra* note 6; National Taxpayer Advocate, *supra* note 5 ; TAS, *supra* note 30; National Taxpayer Advocate, *supra* note 29.

<sup>32</sup> National Taxpayer Advocate, *supra* note 5; Taxpayer Advocate Service, "Real" vs. "Unreal" Audits And Why This Distinction Matters, (Jul. 6, 2018), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/ntablog-real-vs-unreal-audits-and-why-this-distinction-matters/2018/07/> ; Smith, *supra* note 17; Smith, *supra* note 16.

<sup>33</sup> TAS, *supra* note 4; Smith, *supra* note 5.

<sup>34</sup> Smith, *supra* note 5.

<sup>35</sup> Smith, *supra* note 16

<sup>36</sup> *Id.*

<sup>37</sup> *Id.*

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

of the notice entirely, or did not know what the “math error” was, they may never know how or why they would challenge it.<sup>41</sup> Altogether, the lack of a remedy for improperly assessed math error notices raises significant concerns about IRS accountability in the transparent administration of taxes.

To the IRS Math Act’s credit, in an ideal world where the IRS follows all the procedures outlined in the bill, more taxpayers would have the opportunity to communicate with the IRS during the 60-day reconsideration window.<sup>42</sup> However, the question posed is not “if taxes were administered perfectly”; in the real world, math error notices are common and often incorrect.<sup>43</sup> Under current restrictions on a taxpayer’s opportunity to dispute these improper notices, taxpayers are left with no right to be heard until they are subject to collections, or their tax is fully paid, should an improper notice be sent.<sup>44</sup> Therefore, with respect to math error assessments, it is not obvious that taxpayers experience their “right to be heard” so long as their dispute with the IRS is mathematical or clerical, which have ever-expanding definitions.

### **Illuminating the Importance of Working Towards Better Tax Administration**

Transparency in the administration of math error notices shines a light on the confusing world of tax. Incremental measures, such as the IRS Math Act’s clear explanations and descriptions of next steps, help create a more informed tax base, making tax administration feel more approachable. Continued improvement, however, is crucial to a more transparent, accessible, and well-lit tax system.

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<sup>41</sup> TAS, *supra* note 4; Taxpayer Rights Foundation, *supra* note 16; National Taxpayer Advocate, *supra* note 5.

<sup>42</sup> Rifaat, *supra* note 1; House Ways & Means Comm., *supra* note 1.

<sup>43</sup> TIGTA, *supra* note 6; TAS, *supra* note 30; National Taxpayer Advocate, *supra* note 29.

<sup>44</sup> TAS, *supra* note 30.