



U.S. Congressman
Kevin Kiley
Proudly Serving California's 3rd Congressional District

February 2, 2023

The Honorable Doug O'Donnell
Commissioner, Internal Revenue Service
Internal Revenue Service Building
1111 Constitution Ave. NW
Washington, D.C.

Dear Commissioner:

As federal tax deadlines loom, numerous constituents have contacted my office urgently asking for help getting information from your agency regarding whether payments under California's Middle Class Tax Refund (MCTR) are considered income for federal tax purposes. Many of the 16 million residents of California who received the refund are unable to file a 2022 tax return because they do not have clear guidance as to whether to include this payment.

This situation has been made far more difficult by the ham-handed administration of the program by the California Franchise Tax Board which has, in several reported cases, sent Californians a 1099 reporting miscellaneous income while having not actually SENT any refunds. People have been left wondering how they should report (so-far) non-existent income.

I have attached a recent article from the Sacramento Bee explaining the concerns and plight of those affected by the confusion, as well as providing useful context and detail. I would also note that the Bee reached out for comment from the IRS and has also not heard back.

To solve the immediate problem, please forward a clarification on the issue of taxability of MCTR payments to my office as soon as possible so that I can pass that information along to my constituents. It would also be helpful to have guidance on what, if any, reporting obligation exists for constituents who have received a 1099 but not a payment from CA. Should they exclude the payment from their 2022 return and wait to file any income they receive in 2023 – if the State payment is in fact taxable?

If you have questions, reach out to Bob Holste in my office directly at; 202-225-2523.

Thank you for your prompt attention to this matter.

Best regards,

Handwritten signature in blue ink, appearing to be 'K. Kiley'.

Kevin Kiley,
Member of Congress

Attachment:

[Is California inflation relief taxed? Recipients 'in limbo' as they wait on IRS answer](#)

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