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Michael J. Wepplo & Tatyana R. Wepplo,

Petitioners

v.

Commissioner of Internal Revenue

Respondent

Docket No. 36722-21
Document No. 93

Brief of the Low-Income Taxpayer Clinic at the University of Florida as Amicus Curiae in Support of Petitioners

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UNITED STATES TAX COURT

MICHAEL J. WEPPLO & TATYANA R. WEPPLO,

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COMMISSIONER OF INTERNAL REVENUE,

Respondent.

Docket No. 36722-21

BRIEF OF THE LOW-INCOME TAXPAYER CLINIC AT THE UNIVERSITY OF FLORIDA AS AMICUS CURIAE IN SUPPORT OF PETITIONERS

Angela M. Silva, Tax Court Bar No.: SA25196
Counsel for Amicus Curiae The University of Florida
Virgil D. Hawkins Low-Income Taxpayer Clinic
309 Village Drive
PO Box 117626
Gainesville, FL 32611
Tel: (352) 273-0827
Fax: (352) 392-0414
Email: angela.silva@ufl.edu
Prepared with assistance from law students Emily Tellez, Kateryna Faust, Bryce Barkalow, and Yinan Zhu

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STATEMENT OF INTEREST

The Low-Income Taxpayer Clinic at the University of Florida ("UF LITC") was founded in 2022 to provide pro bono representation to low-income taxpayers with respect to their federal income tax matters. Frequently, Amicus' representation is sought for individuals with tax liabilities they cannot afford to pay, but Amicus often represents individuals with tax liabilities that the IRS incorrectly assessed.

Although Amicus does not represent a specific client in filing this brief, many of Amicus' current clients' tax liabilities stem from tax years preceding the COVID-19 Pandemic ("Pandemic"), continued to accrue interest during the COVID-19 disaster declaration period, and remain outstanding to date. Between May-July 2026, Amicus submitted dozens of IRS Forms 843 on behalf of said clients for tax years preceding the COVID-19 disaster declaration period, requesting refunds and abatements for interest that accrued during that time and, therefore, Amicus has an institutional interest in the Court's holding on this issue.

Should this Court find that Internal Revenue Code § 7508A does not apply to the accrual of interest on tax liabilities assessed prior to the COVID-19 disaster declaration period, Amicus' clients and millions of other low-income taxpayers would be disproportionately harmed because low-income taxpayers were disproportionately impacted by the Pandemic-induced hardships – hardships which created the "impossible and impracticable" conditions for which Congress created § 7508A and its statutory predecessors to provide relief.

Pursuant to Rule 151.1(c)(1) and Rule 20(c), Amicus attests that the University of Florida Virgil D. Hawkins Low-Income Taxpayer Clinic at the Levin College of law is part of the University of Florida, a public land-grant university operated under the direction of the Florida Board of Governors and the UF Board of Trustees, and that no parent or publicly held corporation owns 10% or more of its stock.

Amicus' authority to file this brief derives from this Court's order in the above-captioned case issued on July 2, 2026, inviting the public to submit motions for leave to file an amicus pursuant to Rule 151.1 by August 28, 2026. No party's counsel authored this brief in whole or part, no party's counsel contributed money with the intention to fund the preparation or submission of this brief, and no other person contributed money that was intended to fund the preparation or submission of this brief.

INTRODUCTION

"The object of the government is the welfare of the people," stated the 26th president of the United States, Theodore Roosevelt. Although the government cannot protect its citizens from the acts of God, which are often unpredictable, sudden, and beyond human control, it is imperative to public policy that the government makes a genuine effort to help its citizens from the resulting hardship. Congress enacted § 7508 in 1954, which restored, without amendment, the former § 3804, which Congress originally enacted in 1942 and amended in 1950 to apply to individuals in a combat zone.[2] The explanation of the Bill in the Senate Report made clear that the purpose of these statutes is to provide relief from tax compliance where "such performance is impossible or impracticable," by reason of war. Congress has not changed the statute to change this purpose.

In implementing § 7508A, Congress sought to provide the same relief to taxpayers who became victims of declared disasters in the same manner it provided relief to taxpayer servicemembers by incorporating § 7508 by reference in the statutory language of § 7508A. Therefore, the issue of whether § 7508A suspends interest accrual on pre-existing liabilities requires contemplation and application of Congress' original intent. The circumstances making tax compliance "impossible or impractical" do not discriminate against those with or without pre-existing tax liabilities – the conditions remain the same. However, the Court's resolution of this issue will determine whether millions of low-income taxpayers will continue to struggle with those conditions or whether relief, as Congress intended, will finally be afforded.

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[2] S. Rep. No. 81-2682 (1950).

SUMMARY OF ARGUMENT

Petitioners moved for a redetermination of interest assessed on deficiencies for tax years 2015, 2016, and 2017 based on the interpretation that § 7508A(d) required the IRS to suspend interest accrual on tax liabilities that arose prior to the COVID-19 disaster period, which Petitioners allege includes the period from January 20th, 2020, through July 10th, 2023. Respondent objects on the grounds that § 7508A(d) does not apply to the accrual of interest on tax liabilities preceding the COVID-19 disaster period, or, if it does apply, the postponement period only lasted from January 20th, 2020, through March 20th, 2020. In the alternative, Respondent argues that a postponement under § 7508A(d) is limited to one year by § 7508A(a).

Petitioners' response to Respondent's arguments provided a clear and accurate explanation of Congressional expression of its intent through statutory drafting and construction to support the application of January 20th, 2020 through July 10th, 2023 as the appropriate postponement period, upon which this brief does not expand. However, statutory construction comes only after Congress has identified an unmet need of its constituents. This brief aims to equalize structure with substance by providing critical context of those needs identified by Congress. By placing the "trees" of statutory construction within the "forest" of disaster relief, this brief offers a holistic review to support this Court's ruling in favor of Petitioners and, consequently, of those whose suffering Congress most intended to alleviate.

1. The Legislative History of 7508A Supports Broad Relief, Including Interest on Pre-Existing Liabilities.

Section 7508A incorporates the categories of § 7508, which was intended to provide relief to taxpayer servicemembers in combat zones. Congress determined that, for these taxpayers, tax compliance is "impossible or impracticable." This conclusion is logical - these taxpayers, who are in the face of imminent survival and tasked with defending national security, should not be distracted and distressed about tax compliance or outstanding federal tax liabilities.

Petitioners comprehensively discussed the legislative record, which clearly supports that, for servicemembers, the disregarded period includes interest accrual on tax liabilities that arose prior to the disregarded period. This conclusion, again, supports Congressional intent and is logical, because the circumstances faced by our servicemembers that make tax compliance "impossible or impracticable" do not disappear simply because the tax liability arose prior to that serviceperson entering a combat zone.

Congress created § 7508A with the same intent: to provide relief for taxpayers for whom tax compliance is "impossible or impracticable" but by reason of a declared disaster. The 2019 legislative history Congress expressly contemplated interest as part of the mandatory relief. Congress explained that the automatic relief would provide "certainty and additional time" and "ease the burden of tax compliance for taxpayers dealing with the hardship of disaster recovery." Congress also expressly identified the "amount of interest" as a consequence affected by the disregarded disaster period. Nothing in the legislative history limits the interest consequence to tax liabilities that arose during the disaster; rather, the statutory scheme of § 7508A(d) ties relief to the taxpayer's connection to the disaster. Accordingly, the legislative history undermines Respondent's contention that pre-existing liabilities have "no cognizable relationship" to disaster recovery and instead supports disregarding the COVID-19 disaster period when computing interest accruing during that period on pre-existing liabilities.

2. Widespread and Uniform IRS Administrative Disruptions, Closures, and Failures Require Widespread and Uniform Relief.

Additionally, the holding in this case has far-reaching implications for low-income taxpayers. During the COVID-19 disaster period, low-income taxpayers faced financial hardship and limited access to professional assistance, while widespread IRS administrative disruptions further impaired their ability to obtain information, resolve outstanding tax matters, and exercise their rights. Together, these circumstances made tax compliance impracticable and, in some cases, impossible. These difficulties were no less severe for taxpayers with pre-existing tax liabilities, who remained responsible for those liabilities while interest continued to accrue. Continuing interest accrual under these circumstances further burdened taxpayers already struggling to comply and risked undermining voluntary compliance.

3. Taxpayers For Whom the Pandemic Made Tax Compliance "Impossible or Impracticable" Largely Include Low-Income Taxpayers with Pre-Existing Liabilities.

Low-income taxpayers with pre-existing tax liabilities illustrate why the burden of a tax liability does not become unrelated to disaster recovery merely because the tax liability arose before the disaster. Even before the Pandemic, low-income taxpayers often struggled to satisfy tax liabilities while meeting basic living expenses.[3] The Pandemic also intensified that burden by impairing taxpayers' ability both to pay pre-existing liabilities and to obtain assistance from the IRS, while interest continued to accrue on those tax liabilities.[4] Disregarding the disaster period when computing interest on those tax liabilities is consistent with Congress's purpose of easing the burden of tax compliance during disaster recovery when extraordinary circumstances make compliance "impossible or impracticable."[5]

Unlike the Petitioners, who were able to pay their pre-COVID tax liabilities and now seek a refund, many low-income taxpayers, including Amicus' clients, entered the Pandemic with liabilities they struggled to afford. Pandemic-related job loss, illness, family deaths, childcare disruptions, and increased living costs compounded those hardships while interest continued to increase their outstanding

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[3] *See* Nat'l Taxpayer Advoc., *2021 Annual Report to Congress* 167–68 (2021).
[4] *See* Nat'l Taxpayer Advoc., *Fiscal Year 2021 Objectives Report to Congress* 28–29 (2020); Nat'l Taxpayer Advoc., *2021 Annual Report to Congress* 150 (2021).
[5] *See* 88 Cong. Rec. 8462 (1942); H.R. Rep. No. 116-379, at 99 (2020).

tax liabilities.[6] Low-income taxpayers also faced disproportionate audit exposure: although the IRS generally audited higher-income taxpayers at higher rates, taxpayers claiming the Earned Income Tax Credit ("EITC"), which targets low- and moderate-income workers, were audited at a higher-than-average rate from 2010-2019.[7]

The IRS has recognized tax-compliance problems specifically within the gig economy and identified the lack of tax knowledge as a contributing factor.[8] Many gig workers operate with limited financial buffers and without access to traditional safety nets.[9] For those who carried pre-existing liabilities into the Pandemic, the continued accrual of interest created a financial trap that was difficult to navigate.[10]

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[6] Elise Gould & Melat Kassa, *Low-Wage, Low-Hours Workers Were Hit Hardest in the COVID-19 Recession: The State of Working America 2020 Employment Report*, Econ. Pol'y Inst. (May 20, 2021), https://www.epi.org/publication/swa-2020-employment-report/ (reporting that "[i]n 2020, 80% of job losses were among the lowest quarter of wage earners").

[7] U.S. Gov't Accountability Off., *Tax Compliance: Trends of IRS Audit Rates and Results for Individual Taxpayers by Income*, GAO-22-104960, at 7–9 (2022).

[8] I.R.S. News Release IR-2020-04 (Jan. 9, 2020).

[9] Skillademia, *2026 Gig Economy Statistics: 10 Key Facts on Workers, Income, Gender Gaps*, (July 2016), https://www.skillademia.com/statistics/gig-economy-statistics/

[10] Daniel Auguste, et al., *Democratizing the Economy or Introducing Economic Risk? Gig Work During the COVID-19 Pandemic*, 51 Work & Occupations 551, 559 (2024).

4. **Comparative Analysis of Another Executive Agency Relief Measures Also Authorized by the Stafford Act Requires Judicial Interpretation that Creates Consistency for Americans.**

This issue was understood by the Department of Education ("ED"), which suspended repayments and lowered the interest rate on student loans to 0% during the Pandemic. ED, an administrative agency under the Executive Branch, just like the Treasury Department, recognized that continuing to charge interest on pre-existing student loans while Americans experienced an unprecedented global health emergency can be "impossible or impracticable." Therefore, ED stopped charging interest on pre-existing student loans during the Pandemic.

Specifically, ED did not accrue interest on pre-existing student loans from March 13, 2020, through August 31, 2023.[11] Similarly, in *Kwong*, the Court of Federal Claims recognized that mandatory COVID-19 relief period under § 7508 lasted from January 20, 2020, to July 10, 2023.[12] While *Kwong* is not binding on this Court, the timeline recognized by ED is strikingly similar to the timeline recognized by *Kwong*. This shows consistency among other government bodies in understanding that the Pandemic affected Americans for approximately three years.

Further, looking outside of the United States, tax-collecting agencies in Australia, Belgium, Canada, Greece, the Netherlands, and Ukraine, among others

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[11] Alexandra Hegji, *Federal Student Loan Debt Relief in the Context of COVID-19*, Cong. Rsch. Serv., R46314, at 5–7 (2024).
[12] *Kwong v. United States*, 179 Fed. Cl. 382, 389 (2025).

around the globe, provided relief from accruing interest on pre-existing tax liabilities either by reducing it or eliminating such interest during the period of the Pandemic.[13]

ARGUMENT

I. Legislative History and Statutory Purpose Support Applying § 7508A(d) to Interest Accruing During the Disaster Period on Pre-Existing Tax Liabilities.

Respondent accepts Congress's central disaster-relief premise: taxpayers should receive temporary relief from tax compliance burdens so they can focus on recovery. However, Respondent asserts that this purpose has "no cognizable relationship" to disregarding interest accruing on tax liabilities whose original payment due dates preceded the disaster and characterizes such relief as an "interest-free loan."[14] The legislative history of the 2019 amendment adding § 7508A(d) shows otherwise. Congress made relief mandatory for qualified disaster-affected taxpayers and expressly identified interest as a consequence affected by the mandatory period. As the history below further illustrates, Congress has long used

[13] *See generally* CIAT/IOTA/OECD, Tax Administration Responses to COVID-19: Measures Taken to Support Taxpayers 32 (2020), https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/04/tax-administration-responses-to-covid-19-measures-taken-to-support-taxpayers_4b2c40a6/adc84188-en.pdf (describing how other tax-collecting agencies around the globe responded to COVID-19 pandemic).

[14] Resp't's Resp. Opp'n to Pet'r's Mot. to Redetermine Interest Pursuant to Rule 261 15, ECF No. 45.

tax-deadline relief to address external circumstances that interfere with taxpayers' practical ability to comply with tax deadlines.

A. The Legislative History of 7508A, 7508, and 3804 makes clear Congressional Intent for Broad Relief.

The throughline found in legislative history and across each amendment that led to the 2019 version IRC § 7508A makes clear: Congress does not want the tax system to exacerbate the suffering of taxpayers who are involuntary victims of forces outside their control, regardless of when the taxpayers first incurred tax liabilities.

IRC § 7508A incorporates by reference the acts enumerated in § 7508. The predecessor of § 7508 is § 3804, which Congress enacted in 1942 and then made permanent in 1950 to alleviate the burden of certain tax filing requirements "where such performance is impracticable or impossible by reason of the service by an individual in the Armed Forces of the United States or in support of such Armed Forces in a combat zone."[15]

Congress enacted § 7508A in 1997 to extend § 7508's combat-zone tax deadline relief framework to taxpayers living in a declared national disaster.[16] What do those two groups of taxpayers have in common? The imminent need to focus on survival due to circumstances outside of the taxpayer's control. Then in 2001, §

[15] S. Rep. No. 81-2682, at 1 (1950).
[16] Taxpayer Relief Act of 1997, Pub. L. No. 105-34, § 911(a), 111 Stat. 788, 877–78.

7508A underwent another expansion in the Victims of Terrorism Tax Relief Act of 2001 (P.L. 107-134). This time, Congress expanded relief to another group of taxpayers: victims of terroristic or military actions. In the wake of 9/11, Congress once again responded to the call of suffering taxpayers in the face of imminent survival due to external forces.

During one of the worst hurricane seasons in our country's history, Congress again responded to the circumstances that could render compliance with federal tax requirements "impossible or impracticable."[17] In light of those circumstances, Congress expanded relief available under § 7508A through the Katrina Emergency Tax Relief Act of 2005 and Gulf Opportunity Zone Act of 2005.[18] Rather than allowing the IRS to retain discretion over extension deadlines, Congress created mandatory extension deadlines by requiring § 7508A relief for affected taxpayers to extend through at least February 28, 2006.[19]

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[17] *See* 88 Cong. Rec. 8462 (1942) (describing tax-timing relief for circumstances in which "timely performance of acts affecting Federal tax liabilities and rights is impossible or impracticable"); Patrick E. Tolan, Jr., *The Flurry of Tax Law Changes Following the 2005 Hurricanes: A Strategy for More Predictable and Equitable Tax Treatment of Victims*, 72 Brook. L. Rev. 799, 844 (2007).

[18] Katrina Emergency Tax Relief Act of 2005, Pub. L. No. 109-73, § 403, 119 Stat. 2016, 2027; Gulf Opportunity Zone Act of 2005, Pub. L. No. 109-135, § 201(a), 119 Stat. 2577, 2596–2605.

[19] Katrina Emergency Tax Relief Act of 2005 § 403(b), 119 Stat. at 2027; Gulf Opportunity Zone Act of 2005 § 201(a), 119 Stat. at 2605; *see also* Tolan, *supra* note 17, at 844.

In each of these examples, the scope of the disaster was limited geographically. The Pandemic, however, was unprecedented because of its reach, touching the lives of every single American. It is this large-scale suffering due to external factors that justifies broad application of § 7508A to effectuate the relief Congress intended.

B. Congress Enacted § 7508A(d) as Mandatory Disaster Relief Designed to Reduce the Burden of Tax Compliance.

Before Congress enacted the 2019 amendment adding the mandatory disaster relief provision in § 7508A(d), § 7508A(a) authorized the Secretary of the Treasury or the Secretary's Delegate ("Secretary") to specify a disaster-relief period for up to one year. The House of Representatives ("House") and Joint Committee on Taxation ("JCT") described that authority as extending to filing returns, paying taxes, seeking refunds, and determining interest and penalties.[20]

Congress's use of tax-timing relief to address practical barriers to compliance has deeper roots. In 1942, Congress described tax-timing relief as addressing circumstances in which "timely performance of acts affecting Federal tax liabilities and rights is impossible or impracticable."[21] In 1950, Congress again extended filing and payment time for servicemembers affected by combat conditions.[22] These earlier

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[20] H.R. Rep. No. 116-379, at 98 (2020); Staff of J. Comm. on Tax'n, 116th Cong., *Description of H.R. 3301, the "Taxpayer Certainty and Disaster Tax Relief Act of 2019"* 86–87 (Comm. Print 2019) [hereinafter JCT Description].

[21] 88 Cong. Rec. 8462 (1942).

[22] *See* 96 Cong. Rec. 16,736 (1950) (statement of Sen. George).

provisions do not determine the scope of § 7508A(d), but they illustrate a longstanding congressional use of tax-timing relief to address external circumstances that impair taxpayers' practical ability to comply.

Congress changed that discretionary framework in 2019. Congress proposed Title III – Disaster Relief as § 305, titled "Automatic Extension of Filing Deadlines in Case of Certain Taxpayers Affected by Federally Declared Disasters," which would amend § 7508A of the Code.[23] Congress ultimately enacted the provision as Division Q, title II § 205 of Public Law 116-94.[24] The new § 7508A(d), captioned "Mandatory 60-Day Extension," provided that, "[i]n the case of any qualified taxpayer," the statutorily prescribed period "shall be disregarded in the same manner as a period specified under subsection (a)."[25]

The Committee on Ways and Means ("Committee") supplies the following purpose: "the certainty and additional time" from automatic relief would "ease the burden of tax compliance for taxpayers dealing with the hardship of disaster recovery."[26] That reference to the "hardship of disaster recovery" is especially important here. For low-income taxpayers, a pre-existing tax liability can already

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[23] H.R. Rep. No. 116-379, at 97 (2020).
[24] Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94, div. Q, tit. II, § 205, 133 Stat. 2534, 3245 (2019).
[25] Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94, div. Q, tit. II, § 205(a), 133 Stat. 2534, 3245 (2019).
[26] H.R. Rep. No. 116-379, at 99 (2020).

compete with the ability to meet basic living expenses; as part II explains, the COVID-19 disaster then added substantial administrative barriers to addressing those tax liabilities.[27] A later comment letter on the Treasury's proposed regulations similarly emphasized the importance of certainty and quoted Representative Tom Rice as explaining that the assistance provided by the Federal Government under the Stafford Act, not an IRS declaration, could trigger the extension.[28] Respondent therefore correctly identifies disaster recovery as central to the provision's purpose. Nothing in the Committee's explanation, however, limits that purpose to obligations first coming due after a disaster.

C. Congress Expressly Contemplated That the Disregarded Period Would Affect Interest.

Section 7508A(d) does more than move filing deadlines. In describing present law, the House Report stated that a disregarded period could apply to filing returns, paying taxes, notices and demands, and collection, and could also be disregarded in determining "the amount of any interest, penalty, additional amount, or addition to

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[27] *See* Nat'l Taxpayer Advoc., *2021 Annual Report to Congress* (2021); *see* Nat'l Taxpayer Advoc., *2020 Annual Report to Congress* (2020); *see also infra* Sections II.A–B.

[28] Letter from Jonathan L. Holbrook & Spencer F. Walters, Ivins, Phillips & Barker, Chartered, to William V. Spatz, Internal Revenue Serv. 4–5 (Mar. 14, 2021) (comment on REG-115057-20); JCT Description, *supra* note 2, at 87–88.

tax."[29] Likewise, the JCT listed payment of tax or "any other liability to the United States in respect thereof," notice and demand and collection.[30]

The Committee then explained that the new mandatory period would be disregarded both in determining timely performance of those acts and in determining "the amount of interest, penalty, additional amount, or addition to tax."[31] The JCT used materially the same formulation. The historical contrast confirms that Congress treated interest as a distinct consequence. When Congress first created the disaster-postponement authority in 1997, the Conference Report explained that the House bill "does not apply for purposes of determining interest on any overpayment or underpayment," and the conference agreement followed the House bill except as to the scope of all of the deadlines covered.[32] However, by 2019, the House and JCT explanations expressly identified the "amount of interest" as one of the consequences affected by the mandatory disregarded period.[33] Neither explanation states that a tax liability ceases to bear on disaster recovery because its original due date preceded the disaster; however, silence does not independently resolve the statutory scope of § 7508A. It does, however, undermine Respondent's effort to derive an original due date limitation from Congress's stated purpose.

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[29] H.R. Rep. No. 116-379, at 98 (2020).
[30] H.R. Rep. No. 116-379, at 98 (2020); JCT Description, *supra* note 2, at 86–87.
[31] H.R. Rep. No. 116-379, at 99 (2020).
[32] H.R. Rep. No. 105-220, at 451 (1997) (Conf. Rep.).
[33] H.R. Rep. No. 116-379, at 99 (2020); JCT Description, *supra* note 2, at 87.

D. The Legislative History Does Not Limit the Mandatory Interest Consequence to Tax Liabilities Arising During the Disaster Period.

Respondent reads § 7508A(a)(2)'s phrase "for periods after such date" to limit interest relief to obligations whose original due dates fell after the initial disaster date. Respondent also argues that statutory purpose confirms that limitation.[34] Yet the legislative record does not supply that connection.

The House and JCT described the pre-2019 authority as applying to an affected taxpayer "with respect to any tax liability" and included payment, notice and demand, and collection of tax liabilities.[35] When describing the new mandatory provision, both the House and JCT stated that the mandatory period would be disregarded in determining the "amount of interest" for qualified taxpayers. Neither explanation states that the mandatory interest consequence depends on the original due date of the underlying tax liability.[36] Congress likewise defined "qualified taxpayer" by the taxpayer's connection to the disaster, including residence, principal place of business, relief work, location of necessary records, or injury.[37] The definition does not refer to the taxpayer's prior tax compliance status or the age of the underlying tax liability. Although that eligibility structure itself does not decide

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[34] Respondent's Response, *supra* note 1, at 11–15.
[35] H.R. Rep. No. 116-379, at 98 (2020); JCT Description, *supra* note 2, at 86–87.
[36] H.R. Rep. No. 116-379, at 99–100 (2020); JCT Description, *supra* note 2, at 87–88.
[37] Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94, div. Q, tit. II, § 205, 133 Stat. 2534, 3245 (2019); *see also* H.R. Rep. No. 116-379, at 99 (2020).

§ 7508A(a)(2)'s scope, it is consistent with a mandatory relief scheme keyed to disaster exposure rather than the age of the underlying tax liability. Taken together, the history behind § 7508A(d) supports applying the mandated disregarded period to interest accruing during the COVID-19 disaster period on pre-existing tax liabilities.

II. IRS Administrative Disruptions Made Tax Compliance Impracticable or Impossible for Low-Income Taxpayers.

One objective of a well-functioning tax system is to promote voluntary compliance, not to impose burdens that discourage it.[38] During the COVID-19 disaster period, low-income taxpayers faced severe financial hardship and limited access to professional assistance, while unprecedented IRS administrative disruptions further impaired their ability to comply with their tax obligations. Together, these circumstances made tax compliance impracticable and, in some cases, impossible. Continuing to impose interest may push financially distressed

[38] See *Raleigh v. Ill. Dep't of Revenue*, 530 U.S. 15, 21 (2000) (recognizing "the importance of encouraging voluntary compliance" by giving taxpayers incentives to self-report and maintain adequate records); *United States v. Bisceglia*, 420 U.S. 141, 145 (1975) (explaining that "our tax structure is based on a system of self-reporting"); *Flora v. United States*, 362 U.S. 145, 176 (1960) (recognizing that the federal tax system is based on voluntary assessment and payment). U.S. Gov't Accountability Off., *Internal Revenue Service: Opportunities to Improve the Taxpayer Experience and Voluntary Compliance*, GAO-12-652T, at 1, 3-5 (2012) (explaining that the federal tax system depends on voluntary compliance and taxpayer confidence).

taxpayers to disengage from the tax system altogether, rather than encouraging voluntary compliance.

A. Low-Income Taxpayers Had the Least Access to Professional Assistance During the Pandemic.

Unlike Petitioners, who were financially able to pay the disputed tax liability and pursue a refund action, many low-income taxpayers lack access to attorneys, certified public accountants, enrolled agents, or other professionals who can communicate with the IRS, monitor case status, respond to notices, and navigate complex administrative procedures. Instead, they rely on free or low-cost tax assistance available through Volunteer Income Tax Assistance ("VITA"), Tax Counseling for the Elderly ("TCE"), and Low-Income Taxpayer Clinics ("LITCs"), which provide tax preparation and representation to taxpayers who otherwise could not afford professional assistance.[39]

However, during the Pandemic, approximately 10,500 of more than 11,000 VITA and TCE sites temporarily closed, substantially reducing the availability of free in-person tax preparation services.[40] As a result, many taxpayers were forced to

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[39] *See* Nat'l Taxpayer Advoc., *2017 Annual Report to Congress* 129 (2018) (explaining that approximately 75 percent of individual filers are eligible for VITA and TCE services, that the programs prepared more than 3.5 million returns during fiscal year 2017, and that restrictions on those programs adversely affect low-income taxpayers' ability to obtain free tax return preparation services).

[40] *See* Nat'l Taxpayer Advoc., *2020 Annual Report to Congress: Supplemental Review of the 2020 Filing Season*, at 223.

rely more heavily on remote or digital means of interacting with the IRS and obtaining tax assistance. Yet low-income taxpayers often faced significant barriers to using those services because of limited broadband access, affordability constraints, and low levels of digital readiness.[41] At the same time, commercial tax preparation firms modified their operating models in response to Pandemic restrictions. For example, H&R Block reported that up to 20% of its office network was closed to the public during March and April 2020 and that remaining offices shifted many clients to drop-off and virtual services.[42] For low-income taxpayers who depended on these services to understand tax obligations, respond to notices, and navigate administrative procedures, the loss of meaningful access to professional assistance made tax compliance substantially more difficult and, in many circumstances, impracticable.

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[41] *See* Nat'l Taxpayer Advoc., *2020 Annual Report to Congress* 62 (2021) (explaining that millions of taxpayers lacked broadband internet access or sufficient computer skills and emphasizing the need to maintain an omnichannel service environment while expanding digital services); Colleen McClain et al., *The Internet and the Pandemic: 3. Navigating Technological Challenges* (Pew Research Center Sept. 1, 2021) (reporting that lower-income broadband users experienced substantially higher rates of connection problems and that many Americans lacked the digital skills necessary to effectively use technology).

[42] H&R Block, Inc., Annual Report (Form 10-K) 24 (2020), https://www.sec.gov/Archives/edgar/data/12659/000157484220000021/hrb2020043010k.htm.

B. IRS Administrative Disruptions Exacerbated the Pandemic Hardships

The Commissioner is responsible for administering the federal tax system under § 7803(a)(2), and the Commissioner must ensure that IRS employees act in accord with taxpayer rights under § 7803(a)(3), including the rights to be informed, to quality service, to challenge the IRS's position and be heard, and the right to a fair and just tax system. These protections are reinforced in the collection context by constitutional due process principles. Due process requires notice and a meaningful opportunity to be heard before the government deprives a person of property.[43] Section 6330 reflects these protections in the tax collection context by requiring notice and an opportunity for a hearing before levy.

Yet during the COVID-19 disaster period, IRS operations were significantly disrupted, substantially limiting taxpayers' ability to obtain information, resolve outstanding tax matters, and exercise their rights to quality service, and to be informed.[44] By September 19, 2020, the IRS had a backlog of approximately 5.8 million pieces of taxpayer correspondence, including approximately 2.8 million unopened tax returns, delaying the processing of returns and taxpayer communications.[45] Although the IRS gradually reduced these inventories, substantial backlogs persisted throughout the Pandemic, and at the end of May 2022,

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[43] *Mullane v. Cent. Hanover Bank & Tr. Co.*, 339 U.S. 306, 314 (1950).

[44] *See* Nat'l Taxpayer Advoc., *2020 Annual Report to Congress: Supplemental Review of the 2020 Filing Season* 222-32 (2021).

[45] *Id.* at 228.

the IRS still had a backlog of approximately 21.3 million unprocessed paper tax returns.[46] Meanwhile, the IRS continued issuing automated notices while millions of paper returns and taxpayer correspondence remained unprocessed. By late September 2022, the IRS still had approximately 12.4 million returns awaiting processing, while taxpayer correspondence routinely remained unresolved for months. During the 2022 filing season, the IRS answered fewer than one in five taxpayer telephone calls.[47]

Amicus' own experience illustrates the consequences. During the Pandemic, one of Amicus' clients became a widowed single mother after her husband's death. Failures in communication between the IRS and the Social Security Administration contributed to her not receiving critical IRS correspondence, depriving her of an opportunity to seek Tax Court review. When taxpayers could not obtain critical notices, reach the IRS, or meaningfully respond to collection actions, administrative disruptions of this kind raised serious due process concerns.

Low-income taxpayers were already facing financial hardship, heightened health risks, and sharply reduced access to professional assistance. These administrative disruptions made it substantially more difficult for taxpayers to

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[46] Nat'l Taxpayer Advoc., *Objectives Report to Congress: Fiscal Year 2023* v (2022).
[47] U.S. Gov't Accountability Off., *2022 Tax Filing: Backlogs and Ongoing Hiring Challenges Led to Poor Customer Service and Refund Delays*, GAO-23-105880, at 10–12, 18–22 (2022).

exercise core rights recognized in the Taxpayer Bill of Rights, including the rights to quality service, to be informed, and to challenge the IRS's position and be heard.[48] From the widespread closure of VITA and TCE sites in 2020 through persistent IRS backlogs and limited telephone service in 2022, taxpayers who depended on both professional assistance and the IRS itself often had no meaningful alternative source of help. For those taxpayers, complying with tax obligations, resolving outstanding liabilities, or meaningfully contesting IRS action became impracticable and, in some circumstances, impossible. Those difficulties were no less severe for taxpayers with pre-existing tax liabilities.

Congress has also recognized that taxpayers should not bear interest attributable to IRS delay. Section 6404(e) authorizes the abatement of interest resulting from unreasonable managerial or ministerial delay, while § 6404(g) suspends interest and certain penalties when the IRS fails to provide timely notice. Together, these provisions reflect a broader congressional judgment that taxpayers should not bear additional interest attributable to IRS administrative delay. But § 6404 provides individualized relief. The Pandemic presented a fundamentally different problem: nationwide administrative disruptions made it impracticable or, in some circumstances, impossible for taxpayers to obtain assistance, resolve

[48] I.R.C. § 7803(a)(3); see also Nat'l Taxpayer Advoc., *Fiscal Year 2021 Objectives Report to Congress* 3–5 (2020) (describing the suspension of IRS telephone, in-person, and correspondence services during the COVID-19 pandemic).

outstanding tax matters, or meaningfully contest IRS action. Section 7508A separately addresses federally declared disasters, making uniform relief under § 7508A more appropriate for disruptions of this scale.

As discussed above, during the Pandemic, IRS administrative disruptions thus placed already vulnerable low-income taxpayers in an especially difficult position. Facing financial hardship and limited access to professional assistance, they simultaneously confronted disruptions within the IRS that impaired their ability to obtain information, resolve outstanding tax matters, and exercise their rights. With meaningful assistance difficult to obtain from both professional service providers and the IRS itself, tax compliance became impracticable or, in some circumstances, impossible. Compliance was no longer practicable for taxpayers with pre-existing tax liabilities. Interpreting § 7508A(d) to suspend interest during the disaster period would provide broad relief appropriate to those circumstances, whereas continued accrual would shift the costs of governmental disruptions onto taxpayers least able to protect themselves.

C. Continuing Interest Accrual Makes Compliance Impracticable or Impossible, Undermines Voluntary Compliance, and Frustrates Congress's Remedial Purpose

For many low-income taxpayers, once a tax liability grows beyond any realistic ability to pay, additional financial burdens may do little to improve future compliance. Behavioral tax compliance research indicates that voluntary compliance depends on substantially more than deterrence through audits and penalties alone.[49] Rather, taxpayers' willingness to comply is strongly influenced by tax morale, including perceptions of procedural justice, trust, governmental legitimacy, reciprocity, altruism, and identification with the group.[50] Against that backdrop, taxpayers confronting tax liabilities that continue to grow despite their inability to pay may perceive the tax system as increasingly unfair. That perception matters for voluntary compliance.[51] Continued interest accrual during a federally declared disaster therefore risks weakening the considerations that promote voluntary compliance.

Congress enacted § 7508A(d) to alleviate the burdens imposed by federally declared disasters, not to exacerbate those burdens by requiring taxpayers to bear additional interest during periods in which they were least able to protect their rights. Those difficulties were no less severe for taxpayers with pre-existing tax liabilities; indeed, continued interest accrual increased the financial burden on taxpayers who were already struggling to comply. For those taxpayers, the existence of a pre-

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[49] *See* Marjorie E. Kornhauser, *A Tax Morale Approach to Compliance: Recommendations for the IRS*, 8 Fla. Tax Rev. 599, 601-02 (2007) (explaining that traditional enforcement through audits and penalties accounts for only a small portion of voluntary tax compliance and that internal motivations, or "tax morale," play a major role in compliance).
[50] *Id,* at 601-02.
[51] *Id.* at 615-16, 633 (explaining that perceptions of fairness affect tax morale and compliance and that taxpayers who perceive taxation as unfair may be less willing to pay).

existing tax liability did not make compliance more practicable during the disaster; the additional burden of accruing interest could instead make compliance increasingly impracticable or, in some circumstances, impossible. Interpreting § 7508A(d) to require continued interest accrual during the COVID-19 disaster period would frustrate Congress's remedial purpose, particularly where the IRS itself was unable to provide ordinary tax administration on a timely basis. Such an interpretation would also be difficult to reconcile with Congress's judgment, reflected in § 6404(e), that taxpayers should not necessarily bear interest attributable to unreasonable IRS administrative delay, and would undermine the Taxpayer Bill of Rights, including taxpayers' rights to quality service, to be informed, and to a fair and just tax system. By contrast, interpreting § 7508A(d) to suspend interest on pre-existing tax liabilities during the COVID-19 disaster period advances Congress's objective of mitigating disaster-related burdens when compliance was impracticable or impossible, while preserving the long-term voluntary compliance upon which the federal tax system depends.

III. The COVID-19 Disaster Period Intensified Tax Compliance Burdens for Low-Income Taxpayers with Pre-Existing Tax Liabilities.

As discussed above, Congress sought to ease the burden of tax compliance during disaster recovery periods. For taxpayers of limited means, a pre-existing tax liability could already compete with basic necessities; however, the Pandemic exacerbated this burden by making payment and resolution more difficult while interest continued to accrue on pre-existing tax liabilities.

A. Many Low-Income Taxpayers Face Difficulty Satisfying Tax Liabilities While Meeting Basic Living Expenses.

The National Taxpayer Advocate ("NTA") has directly identified this conflict: "[l]ow-income taxpayers in particular struggle to balance paying their tax debts with paying their basic living expenses."[52] In the levy context, the NTA explains that "economic hardship" exists when collection would leave a taxpayer unable to pay reasonable basic living expenses. Research by the Taxpayer Advocate Service ("TAS") shows that this tension arises in practice. About 70% of annual installment agreements were streamlined, meaning that the IRS did not conduct a financial analysis to determine whether the taxpayer could afford the payment arrangement.[53] TAS also reported that about 40% of Automated Collection System streamlined installment agreements involved taxpayers whose maximum allowable living expenses met or exceeded their income.[54]

The distinction between streamlined and non-streamlined agreements is significant. Non-streamlined installment agreements require the IRS to review the

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[52] Nat'l Taxpayer Advoc., 2021 Annual Report to Congress 167-68 (2021).
[53] Nat'l Taxpayer Advoc., *Fiscal Year 2021 Objectives Report to Congress* 113 (2020).
[54] Nat'l Taxpayer Advoc., *Fiscal Year 2021 Objectives Report to Congress* 113–14 (2020).

taxpayer's financial circumstances, including income and allowable living expenses, while streamlined agreements generally do not. Taken together, these findings illustrate why an outstanding tax liability can remain a substantial compliance burden, even when the taxpayer continues making payments: the hardship then turns on the taxpayer's present ability to satisfy the tax liability while meeting basic living expenses, not on the date the tax liability originally arose.

B. The Pandemic Increased the Burden of Paying and Resolving Pre-Existing Tax Liabilities While Interest Continued to Accrue.

The Pandemic compounded the financial strain already facing low-income taxpayers who struggled to satisfy outstanding tax liabilities. A study of 81 Los Angeles communities found significantly higher COVID-19 incidence in lower-income communities during two pre-vaccine surges and identified service-industry work for which remote work was not feasible as one possible source of increased exposure.[55] The study provides broader context for the conditions confronting lower-income taxpayers during the Pandemic: heightened health risks in lower-income communities could coincide with continuing responsibility for existing financial obligations.

[55] John M. Masterson et al., *Disparities in COVID-19 Disease Incidence by Income and Vaccination Coverage—81 Communities, Los Angeles, California, July 2020–September 2021*, 72 Morbidity & Mortality Wkly. Rep. 728, 728–31 (2023).

The Pandemic also impaired the tax-administration system on which those same low-income taxpayers relied to address their tax liabilities, which further aggravated their hardship. NTA's 2020 Annual Report to Congress explains that taxpayers had difficulty contacting the IRS in person and by telephone, while mailed correspondence and paper returns sat unopened and unprocessed for months. Digital services did not provide an adequate substitute for the disrupted telephone, in-person, and mail-based methods of interacting with the IRS. TAS described a piecemeal online system in which some collection requests still required mail or fax, which further limited functionality for millions of taxpayers.[56] In TAS's 2021 Annual Report, it observed that taxpayers with incomes below $50,000 were less likely to have professional representation and more likely than other taxpayers to have difficulty reaching the IRS for assistance.[57]

Those barriers directly affected taxpayers whose tax problems predated the COVID-19 disaster period. The NTA reported that taxpayers in collection actions commenced before the COVID-19 disaster period still needed to interact with the IRS, even as mail stoppages and the unavailability of telephone and in-person service impeded those interactions. At the same time, "interest and penalties continued to accrue on tax liabilities."[58] Thus, taxpayers with pre-existing liabilities

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[56] Nat'l Taxpayer Advoc., *2020 Annual Report to Congress* 48–49 (2020).
[57] Nat'l Taxpayer Advoc., *2021 Annual Report to Congress* 150 (2021).
[58] Nat'l Taxpayer Advoc., *2020 Annual Report to Congress* 5 (2020).

did not simply face difficulty communicating with the IRS; interest continued accruing on their outstanding tax liabilities while the ordinary means of addressing those tax liabilities were substantially disrupted. The IRS's own temporary relief confirms that distinction. Under the People First Initiative, the IRS suspended payments due on existing installment agreements between April 1 and July 15, 2020, yet expressly provided that interest would continue to accrue on unpaid balances.[59] The initiative therefore provided temporary payment relief to taxpayers with pre-existing tax liabilities while interest continued to increase those pre-existing tax liabilities.

Collection or payment relief measures implemented by the IRS did not prevent pre-existing tax liabilities from growing. For low-income taxpayers, that consequence directly implicated the tax-compliance burden which Congress sought to alleviate during disaster recovery. Some taxpayers entered the Pandemic already struggling to balance tax liabilities against basic living expenses. The Pandemic then impaired many taxpayers' ability to pay and disrupted their ability to communicate with the IRS and pursue collection alternatives, yet interest continued to accrue during that same period. The resulting increase in outstanding tax liability was not

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[59] *See People First Initiative FAQs: Installment Agreements/Payment Plans*, IRS, https://www.irs.gov/newsroom/people-first-initiative-faqs-general-information (last visited Aug. 27, 2026); Nat'l Taxpayer Advoc., *Fiscal Year 2021 Objectives Report to Congress* 29 (2020).

hypothetical; it occurred during the disaster period. That experience demonstrates why the age of the underlying tax liability does not sever its relationship to disaster recovery. Taxpayers who entered the Pandemic with pre-existing tax liabilities remained responsible for that tax liability while confronting the economic and administrative disruptions caused by the Pandemic. The continued accrual of interest during the mandatory disaster period increased those pre-existing tax liabilities during the very period Congress sought to ease the burden of tax compliance associated with disaster recovery because compliance was "impossible or impracticable."

C. The Gig Economy's Hidden Tax Burden: Why This Court's Decision Matters for Millions.

Congress enacted § 7508A(d) to provide mandatory relief and reduce the burden of tax compliance for disaster-affected taxpayers. This purpose supports applying the mandatory disregarded period to interest on pre-existing tax liabilities. For the millions of low-income gig workers who navigate tax complexity while struggling to meet basic living expenses, the Pandemic made compliance with IRS requirements impossible or impracticable. The Pandemic intensified the financial strain of pre-existing tax liabilities, demonstrating that the critical need for disaster relief depends on a taxpayer's exposure to economic hardship rather than the age of their tax obligations.

While Petitioners paid their large tax liability and pursued a refund, this ruling will have a far greater impact on taxpayers who cannot pay their outstanding tax liabilities and struggle to get ahead. The Court's decision directly affects the financial outlook for millions of lower-income Americans who entered the Pandemic already balancing pre-existing tax liabilities with the basic costs of living.

As discussed previously, low-income taxpayers are the most vulnerable to economic hardship in the collection process, with roughly 40% of Automated Collection System streamlined installment agreements involving individuals whose necessary living expenses already meet or exceed their total income.[60] Moreover, as stated earlier, taxpayers earning under $50,000 are the least likely to have professional representation and the most likely to face insurmountable barriers when attempting to contact the IRS to resolve outstanding tax liabilities.[61]

A large and rapidly growing share of these low-income taxpayers are platform and gig-economy workers. Recognizing that gig workers are subject to complex tax rules, the IRS established the "Gig Economy Tax Center."[62] In 2016, one of the years at issue in this case, 22% of Americans reported performing work in the gig

[60] Nat'l Taxpayer Advoc., *2021 Annual Report to Congress* 167–68 (2021); Nat'l Taxpayer Advoc., *Fiscal Year 2021 Objectives Report to Congress* 113–14 (2020).
[61] Nat'l Taxpayer Advoc., *2020 Annual Report to Congress* 48–49 (2020); Nat'l Taxpayer Advoc., *2021 Annual Report to Congress* 150 (2021).
[62] I.R.S. News Release IR-2020-04 (Jan. 9, 2020).

economy.[63] By 2023, that figure had expanded to 38% of the American workforce, representing tens of millions of individuals who rely on platform-based work as either a primary or supplemental source of income.[64]

Yet this expansion reflects economic vulnerability rather than financial security. Nearly half (49%) of all gig workers report household incomes of $50,000 or less, and 14% earn less than the federal minimum wage after expenses.[65] Excluded from traditional safety nets such as unemployment insurance and employer-provided health coverage, these workers operate on razor-thin margins where any unexpected financial shock threatens basic survival.

During the Pandemic, gig workers experienced significantly greater economic hardship than both non-gig and other self-employed workers.[66] These struggles manifested as high rates of food and housing insecurity, widespread bill and credit

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63 Catherine Sullivan, *Forty-Five Million Americans Say They Have Worked in the On-Demand Economy, While 86.5 Million Have Used It, According to New Survey*, Aspen Institute (Jan. 6, 2016), https://www.aspeninstitute.org/news/forty-five-million-americans-say-they-have-worked-demand-economy-while-865-million/.
64 Beth Kempton, *Gig Economy Statistics and Market Takeaways for 2026*, Upwork (Nov. 7, 2024), https://www.upwork.com/resources/gig-economy-statistics.
65 Skillademia, *2026 Gig Economy Statistics: 10 Key Facts on Workers, Income, Gender Gaps*, (July 2016), https://www.skillademia.com/statistics/gig-economy-statistics/; Ben Zipperer, et al., *National survey of gig workers paints a picture of poor working conditions, low pay*, Economic Policy Institute, (June 1, 2022), https://www.epi.org/publication/gig-worker-survey/.
66 Daniel Auguste, et al., *Democratizing the Economy or Introducing Economic Risk? Gig Work During the COVID-19 Pandemic*, 51 Work & Occupations 551, 553 (2024).

card delinquency, and significant health risks for those who continued working outside the home during the Pandemic.[67] When the Pandemic triggered widespread job displacement, many low-income workers turned to gig platforms as a last resort.[68] Many low-income individuals who entered the gig workforce transitioned from roles in retail, hospitality, and food services, which inherently require in-person attendance and could not be performed remotely.[69]

The financial instability described above was uniquely acute for gig workers who entered the Pandemic with pre-existing tax liabilities. These individuals faced the same, if not greater, volatility as workers who were newly displaced, yet the Respondent suggests that disaster relief should be restricted only to tax liabilities incurred during the Pandemic. This position is fundamentally illogical. It assumes that the Pandemic hardships making compliance impossible or impracticable were isolated to newer tax liabilities. In reality, those with pre-existing tax liabilities started the crisis with even less financial cushion, and it is unreasonable to suggest they were less affected by the disaster. By denying interest abatement for pre-existing obligations, the Respondent creates an arbitrary barrier that leaves the most vulnerable taxpayers to navigate complex compliance demands without the

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[67] *Id.* at 559.
[68] *Id.* at 558.
[69] *Id.* at 582.

necessary resources, a challenge that persists regardless of when the tax liability arose.

Despite occupying the lowest income brackets, gig workers face some of the tax code's most complex compliance demands without the resources to navigate them. Unlike standard W-2 employees who benefit from automatic employer withholding, independent contractors must track gross income across multiple apps and bear responsibility for both halves of the self-employment tax.

Compounding this structural complexity is an acute tax-literacy gap. Nearly half of all gig workers report being completely unaware of basic deductions, write-offs, or credits available to offset their platform income.[70] This gap turns routine platform work into an engine of unexpected tax liabilities, penalties, and accruing interest, pulling low-wage workers into severe tax noncompliance and automated collection streams long before a disaster occurs.

Amicus has seen this downward spiral firsthand. Two clients Amicus recently represented were unhoused and living out of their vehicles while driving for DoorDash during the Pandemic in an effort to regain basic stability. Because they lacked a permanent mailing address, they never received their 1099-NEC forms and did not file returns. The IRS assessed the clients' tax liabilities based entirely on

[70] Kathleen Delaney Thomas, *Taxing the Gig Economy*, 166 U. Pa. L. Rev. 1415, 1429 (2018).

gross platform receipts and added penalties and interest on top. What began as modest earnings intended to escape poverty became an inescapable financial trap.

Applying mandatory disaster relief to pre-existing tax liabilities is essential to realizing Congress's stated goal of easing compliance burdens for disaster-affected taxpayers. When interest continues to accrue on pre-existing tax liabilities during public health emergencies, it undermines the very certainty and relief the statute intended to provide, particularly for gig workers who found compliance impossible or impracticable. By halting this accrual, the mandatory disregarded period prevents pre-existing tax liabilities from spiraling into insurmountable traps during a disaster, as seen in cases where taxpayers were already struggling to survive. Ultimately, these individuals represent the exact constituents Congress sought to protect when it enacted mandatory disaster relief, and extending this relief to all pre-existing tax liabilities is the only way to ensure the statutory purpose is fully achieved.

IV. Loper Bright Requires this Court Defer to Congressional Intent, Not Executive Agency Interpretation, When Interpreting I.R.C. § 7508A.

Loper Bright requires this Court to defer to Congress, not Treasury. In examples 2 and 6 of Treas. Reg. § 301.7508A-1(f), Treasury stated that if the tax liability predated the timeframe of a disaster, interest would continue to accrue and tax liabilities would continue to increase despite the disaster.[71] Yet, as described in

[71] Treas. Reg. § 301.7508A-1(f) Exs. 2, 6.

the previous section, Congress intended to provide relief from "any tax liability . . . including any interest" to taxpayers affected by the disaster.[72] It is important to recognize that other government agencies both inside and outside of the United States recognized that continuing to charge interest during a disaster is either "impossible or impracticable."

A. The Department of Education suspended interest during the Pandemic on pre-existing student loans demonstrating that comparable tax relief is both possible and appropriate.

This Court should grant relief from interest accrued on pre-existing tax liabilities during the COVID-19 disaster period because § 7508A demands treatment of extraordinary global health disruption differently than an ordinary taxpayer delay. In March of 2020, the ED "initiated temporary relief for federal student loans and . . . reduc[ed] interest rates to zero percent."[73] The relief was applied to the pre-existing student loans, extended multiple times, and lasted until August 31, 2023.[74]

The IRS and ED exercise executive authority pursuant to statutory and administrative delegations within the Executive Branch. Both the IRS and ED impose interest on certain outstanding debts.[75] Yet, when it comes to the COVID-19

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[72] I.R.C. § 7508A.
[73] Nat'l Credit Union Admin., Letter No. 23-CU-08, *Resumption of Federal Student Loan Payments* (Oct. 2023).
[74] Alexandra Hegji, *Federal Student Loan Debt Relief in the Context of COVID-19*, Cong. Rsch. Serv., R46314, at 5–7 (2024).
[75] I.R.C. §§ 6601(a), 6621(a); 20 U.S.C. § 1087e(b).

disaster relief, they are inconsistent in their approaches.[76] Only the ED proactively tolled interest on liabilities incurred prior to the Pandemic for the duration of the disaster.

Following Hurricane Milton and Helene in 2024, the IRS provided many forms of relief to affected taxpayers in Florida.[77] ED recognized the financial hardship that hurricanes may pose and allowed students impacted by Hurricane Milton and Helene to seek forbearance of their student loans.[78] In response to hurricanes, both the IRS and the ED postponed payment due dates but neither tolled interest charges.

Yet, the ED recognized that the Pandemic was considerably more disruptive to most Americans than a hurricane. Because of the prolonged nature of the Pandemic, the financial hardships it imposed on those with pre-existing student loans were unprecedented and for many they likely became "impossible or

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[76] *Executive Departments & Agencies*, Univ. Wash. Libraries, https://guides.lib.uw.edu/research/govpubs-quick-links/exec-departments_agencies (last visited Aug. 23, 2026).

[77] *IRS Announces Tax Relief for Victims of Milton; Various Deadlines Postponed to May 1, 2025 in All of Florida*, IRS (Oct. 11, 2024), https://www.irs.gov/newsroom/irs-announces-tax-relief-for-victims-of-milton-various-deadlines-postponed-to-may-1-2025-in-all-of-florida.

[78] EdNC Staff, *The U.S. Department of Education Assists Schools Impacted by Hurricane Helene*, EdNC (Oct. 15, 2024), https://www.ednc.org/10-17-2024-ways-that-the-u-s-department-of-education-is-assisting-schools-impacted-by-hurricane-helene/.

impracticable."[79] Therefore, for a slightly over three-year period from March 13, 2020, through August 31, 2023, the ED postponed any payments on the principal amounts and stopped accruing interest on student loans incurred before the Pandemic.[80]

In *Kwong*, the court held that the mandatory COVID-19 relief period under § 7508A lasted from January 20, 2020, to July 10, 2023.[81] While *Kwong* is not binding on this Court, the timeline recognized by ED is nearly analogous to the timeline recognized by *Kwong*.

Comparing the missions of the two, the ED functions to "to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access."[82] The mission of the IRS is to "provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all."[83] Yet, enforcing the law with integrity and fairness to all includes the understanding that

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[79] 88 Cong. Rec. 8462 (1942); Nat'l Credit Union Admin., Letter No. 23-CU-08, *Resumption of Federal Student Loan Payments* (Oct. 2023).
[80] Alexandra Hegji, *Federal Student Loan Debt Relief in the Context of COVID-19*, Cong. Rsch. Serv., R46314, at 5–7 (2024).
[81] *Kwong v. United States*, 179 Fed. Cl. 382, 389 (2025).
[82] *Mission of the U.S. Department of Education*, U.S. Dep't of Educ. (Jan. 14, 2025), https://www.ed.gov/about/ed-overview/mission-of-the-us-department-of-education.
[83] I.R.M. § 1.1.1.2(1) (July 29, 2019).

treatment of extraordinary global health disruption cannot be treated similarly to an ordinary taxpayer delay. Unlike the IRS, the ED recognized the difference.

Public policy demands treatment of extraordinary global health disruption differently than an ordinary taxpayer delay. There is no doubt taxes owed should be paid, and the interest should proceed once the disaster is over. Nevertheless, continuing to charge interest during a global health emergency when many lost jobs, and some even lost their lives, is not "helping [the taxpayers] understand their financial responsibilities" but rather adding another financial burden for taxpayers experiencing an already difficult time.[84]

B. Unlike the IRS, Other Tax-Collecting Agencies Around the Globe Suspended Interest During the Pandemic on Pre-Existing Tax Liabilities.

According to the OECD, many countries around the globe either decreased interest rates or stopped collecting them during the Pandemic.[85] For example, Netherlands decreased the interest rate from the usual 4% to 0.01% for the disaster period in their country, "March 23, 2020, up to and including June 30, 2022. This

[84] I.R.M. § 1.1.1.2(1) (July 29, 2019).

[85] *See generally* CIAT/IOTA/OECD, Tax Administration Responses to COVID-19: Measures Taken to Support Taxpayers 32 (2020), https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/04/tax-administration-responses-to-covid-19-measures-taken-to-support-taxpayers_4b2c40a6/adc84188-en.pdf (describing how other tax-collecting agencies around the globe responded to COVID-19 pandemic).

applies not only to tax debts for which special deferral of payment has been granted, but to all tax and benefit debts."

Many other countries eliminated interest at least for some time during the Pandemic for pre-existing tax liabilities. Below are some examples:

- Australia managed to "arrange to stop interest being charged while the COVID-19-affected period continues."[86]
- Belgium allowed taxpayers to ask for an exemption from interest on pre-existing tax liabilities.[87]
- Canada explicitly recognized that growing tax interest on pre-existing tax liabilities imposes an additional burden on already impacted taxpayers:

> The [Canada Revenue Agency] is also waiving interest on existing tax debts related to individual, corporate, and trust income tax returns from April 1, 2020, to September 30, 2020 and from April 1, 2020, to June 30, 2020, for goods and services tax/harmonized sales tax (GST/HST) returns. While this measure for existing tax debts does not cancel penalties and interest already assessed on a taxpayer's account prior to this period, it ensures that a taxpayer's existing tax debt does not continue to grow through interest charges during this difficult time. This measure provides immediate relief to impacted taxpayers.[88]

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86 Australian Taxation Office, *COVID-19 — Frequently Asked Questions* 28, https://www.ato.gov.au/law/view/pdf/sos/covid19-faq.pdf.

87 CMS Belgium, Coronavirus Crisis—Tax Relief Measures, LexGo (Mar. 23, 2020), https://www.lexgo.be/en/news-and-articles/6712-coronavirus-crisis-tax-relief-measures.

88 Canada Revenue Agency, The Canada Revenue Agency Announces an Extension to the Payment Deadline and Offers Interest Relief on Outstanding Tax Debts During the COVID-19 Pandemic (July 27, 2020), https://www.canada.ca/en/revenue-agency/news/2020/07/the-canada-revenue-agency-announces-an-extension-to-the-

- Greece suspended the collection of outstanding tax liabilities and provided that such tax liabilities would not continue to incur interest, with some limitations.[89]
- Ukraine, "From 1 March to 31 May 2020, no interest is charged to taxpayers, and interest charged but not paid for this period shall be written off."[90]

The overview of the international treatment of pre-existing tax liabilities confirms that suspending interest while keeping the taxpayers liable for pre-existing tax liabilities during the Pandemic was a feasible and widely adopted disaster relief. The United States does not need to reinvent the wheel because Congress has already thought of a provision that protects vulnerable taxpayers during a disaster period from having to worry about making payments to the government.[91]

This Court should consider two important, even though not binding on this Court, implications: 1) the Executive Branch's internal inconsistency where the ED

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payment-deadline-and-offers-interest-relief-on-outstanding-tax-debts-during-the-covid-19-pa.html.

[89] European Systemic Risk Board, Greece: Measures Taken in Response to Coronavirus (COVID-19) Pandemic, https://www.esrb.europa.eu/home/search/coronavirus/countries/html/esrb.covidpmc_greece.mt.html.

[90] CIAT/IOTA/OECD, *Tax Administration Responses to COVID-19: Measures Taken to Support Taxpayers* 32 (2020), https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/04/tax-administration-responses-to-covid-19-measures-taken-to-support-taxpayers_4b2c40a6/adc84188-en.pdf.

[91] *See* I.R.C. § 7508A.

suspended interest on pre-existing student loans, and 2) other tax collecting agencies around the globe recognized that the continued growth of pre-existing tax liabilities for taxpayers affected by the national public health emergency is not the right path to take. This Court should therefore apply the *Loper Bright* doctrine when reading the statute Congress enacted to help those affected by emergencies to do exactly that—help those affected by emergencies.

CONCLUSION

For the foregoing reasons, this Court should find that § 7508A requires the postponement of interest accrual on all tax liabilities, including those that arose prior to the Pandemic, for the duration of the mandatory postponement period of January 20th, 2020 – July 10th, 2023

Date: August 28th, 2026

Respectfully submitted,

Angela Silva

Angela M. Silva
Counsel for Amicus
Tax Court Bar No.: SA25196
The University of Florida
Virgil D. Hawkins Low-Income
Taxpayer Clinic
309 Village Drive
PO Box 117626
Gainesville, FL 32611
Tel: (352) 273-0827
Fax: (352) 392-0414
Email: angela.silva@ufl.edu

CERTIFICATE OF SERVICE

I CERTIFY that on August 28, 2026, undersigned served the foregoing brief on the following parties by emailing an electronic copy:

Counsel for Petitioners: Jonathan Amitrano; jamitrano@taylorlaw.com

Counsel for Respondent: Vincent Gonzalez

vincent.A.Gonzalez@irscounsel.treas.gov.

Respectfully submitted,

Dated: August 28th, 2026

Angela Silva
Counsel for Amicus

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ETP: 2 SP:PD:0,Y

Align bottom of peel-and-stick airbill or pouch here.

▶▶▶ Pull to open.

Pull to open. ◀◀◀

FedEx® Express

Extremely Urgent

Helping the environment.

When you use envelopes that are part of our FedEx carbon-neutral envelope shipping program, you're helping support sustainable projects like wind farms and reforestation. Our investments in these projects help neutralize the carbon emitted when shipping, all at no extra cost to you. Now that's a breath of fresh air.

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earthsmart
FedEx carbon-neutral envelope shipping

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