



Center for People With Disabilities

Overcoming barriers to Independent Living since 1977

The Honorable Joe Neguse
U.S. House of Representatives
2400 Rayburn HOB, Washington, DC 20515

Date June 14, 2023

Dear Congressman Neguse,

The Center for People with Disabilities is writing to share our support for the **Fairness in Social Security Act**, Legislation to ensure that Americans are not bearing the tax liability for government delays.

The Center for People with Disabilities is an advocacy organization and Center for Independent Living operating for 45 years in Colorado. We provide unique and necessary services that assist people with disabilities in leading confident and independent lives as equal members of society.

Currently, approximately 8.6 million Americans are enrolled in Social Security Disability Insurance (SSDI). Individuals seeking these benefits typically do not receive an eligibility determination from the Social Security Administration (SSA) for multiple years. As a result, the SSA may issue a substantial lump-sum award that is retroactive to the date the application was filed. Taxpayers cannot control the timing of the application review process in order to plan for the month, or year, in which the SSA will issue the benefit award. Unfortunately, under current Internal Revenue Service (IRS) rules, these lump-sum payments are included in an individual's annual taxable income calculation when filing yearly taxes. This can affect an individual's ability to access other necessary benefits, such as healthcare and food assistance.

This bill was inspired after a constituent from your district was forced to pay \$27,000 back to the IRS after receiving a lump-sum SSDI payment. It is essential for these protections to be put in place to help correct an outdated tax policy

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which places undue tax burdens and disproportionately affects People with Disabilities.

This has been called a “stupid tax policy” and “deeply unfair” by Judge Mark V. Holmes¹ and is widely recognized as inequitable². Research by the Taxpayer Advocate Service estimates that more than 234,000 taxpayers were impacted by the lump-sum consequence in 2019—and at least 53,000 of those taxpayers would have been below 100 percent of the Federal Poverty Level if not for their receipt of the lump-sum Social Security benefit³.

The Fairness in Social Security Act would remove the inclusion of SSDI payments prior to the current tax year when calculating an individual’s income. This would ensure these individuals on SSDI are not burdened with unmanageable debts to the IRS due to processing and timing delays by the Social Security Administration.

Thank you for your continued support in removing untenable financial burden, and barrier to independent living, for people with disabilities who are eligible for SSDI.

Sincerely,



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¹ Bench Opinion by Judge Mark V. Holmes March 18, 2021. Antilla-Brown v. Comm'r Decided Apr 30, 2021

² NTA Blog: Inconsistent Tax Treatment Causes Draconian Results for Low- and Middle-Income Purchasers of Marketplace Health Insurance

³ Ibid

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