



## TAS ADVOCACY

### INTRODUCTION

In this section, TAS reports on some of its 2022 advocacy updates and highlights. We begin with a report from our Case Advocacy function, followed by a new report from our Systemic Advocacy function. We recount the National Taxpayer Advocate's fiscal year (FY) 2022 Taxpayer Advocate Directives and are also happily sharing some of our success stories that represent advocacy work from many different aspects of the TAS organization.

TAS is an advocacy ombudsman organization established to work for taxpayers and whose operation is based around four central statutorily mandated objectives:<sup>1</sup>

- To assist taxpayers in resolving problems with the IRS;
- To identify areas in which taxpayers are experiencing problems with the IRS;
- To propose changes in the administrative practices of the IRS to mitigate problems taxpayers are experiencing with the IRS; and
- To identify potential legislative changes that may be appropriate to mitigate such problems.

TAS is strategically structured to best deliver on this mandate through the establishment of its Case Advocacy and Systemic Advocacy functions. TAS Case Advocacy is devoted to assisting taxpayers one-on-one with the resolution of their account-specific tax issues and needs while TAS Systemic Advocacy works to identify areas where IRS administrative practice is adversely affecting a wide population of taxpayers and advocates for change to address those problems. Both functions operate in concert with all of TAS's advocacy departments, such as the Low Income Taxpayer Clinic program, the Taxpayer Advocacy Panel, and TAS Research, and each group contributes to TAS's wider organizational mission to assist taxpayers and to protect and promote taxpayer rights.

### TAS CASE ADVOCACY

The first role of our mission is to help taxpayers one-on-one in resolving their IRS problems. Our Case Advocates work with all types of taxpayers (including individuals, businesses, and tax-exempt entities), their representatives, and congressional staff to resolve specific problems taxpayers are experiencing with the IRS.

Information from our discussions and case results are vital to TAS's statutory mission to propose changes in IRS's administrative practices and identify potential legislative changes to relieve taxpayers' problems.<sup>2</sup>

Throughout 2022, TAS continued to experience challenges helping taxpayers and fulfilling our mission of assisting taxpayers with their specific issues and concerns involving IRS systems and procedures due to IRS processing delays and its inventory backlog. Fundamentally, obtaining resolution for taxpayers involves protecting taxpayer rights and reducing taxpayer burden.<sup>3</sup>

### **TAS Continues to Assist Taxpayers Impacted by IRS Processing Delays**

The IRS began FY 2022 with a voluminous backlog of unprocessed paper returns and correspondence. During the 2022 filing season, the IRS timely processed the original returns of most taxpayers who filed electronically without errors.<sup>4</sup> However, for taxpayers with inconsistencies or errors in their electronic returns or those who filed paper returns, the 2022 filing season was not much better than last year. Although the IRS is making progress addressing the inventory backlog, taxpayers still face long delays in obtaining the processing of paper original returns, electronic returns with inconsistencies, both electronic and paper-filed amended returns, and correspondence awaiting a response. Processing delays resulted in long refund delays for millions of taxpayers and confusion and frustration for many.

The IRS's backlog continued to impact taxpayers in FY 2022.<sup>5</sup> Recognizing we were facing yet another challenging filing season, TAS evaluated case receipts to strategize how we could best focus our limited resources. TAS hired 35 additional Case Advocates,<sup>6</sup> streamlined our case acceptance criteria and processes, and consistently met with IRS officials to address systemic problems.<sup>7</sup> Through these actions, TAS focused on taxpayers with the greatest need for our services.

In FY 2022, TAS received 41,116 fewer cases than in FY 2021, when TAS received 57,571 more cases than in FY 2020,<sup>8</sup> indicating that changes to case acceptance criteria helped TAS better manage its limited resources to focus on taxpayer issues where we could actively advocate and provide relief to Case Advocates overwhelmed with high inventories. However, it directly translated into many taxpayers continuing to experience long wait times because of IRS processing delays.

Even with new efficiencies and temporary case acceptance changes, TAS could not consistently meet the needs of taxpayers, particularly during peak times, due to the IRS inventory backlogs.<sup>9</sup> However, in FY 2022, TAS still provided relief to approximately 187,000 individuals, families, non-profit entities, and businesses struggling with IRS challenges.<sup>10</sup>

Taxpayers have multiple ways to access TAS services,<sup>11</sup> but more taxpayers are referred to TAS by calls into the IRS or National Taxpayer Advocate toll-free lines than from any other source.<sup>12</sup> IRS employees refer taxpayers to TAS electronically by entering the taxpayer's information and issues into the Accounts Management System (AMS). TAS Intake Advocates review the referrals to determine if the taxpayer's issue qualifies for TAS assistance and if so, transfers the taxpayer's information into the Taxpayer Advocate Management Information System (TAMIS) for assignment to a Case Advocate. TAS reallocated resources and provided overtime to mitigate delays in screening AMS referrals to determine eligibility, but the delays were unacceptable.

To better help taxpayers, TAS pivoted and reallocated its Centralized Case Intake (CCI) employees from the phone lines in late February 2022 to process AMS referrals and assist local offices with handling referrals mailed or faxed to TAS. From the end of March through mid-May 2022, TAS AMS inventory remained at a manageable level until TAS adjusted its case acceptance to accept certain paper or other return processing issues.<sup>13</sup> TAS made this change based on the IRS's progress in processing its backlog of returns, but it caused TAS AMS inventory levels to quickly become unmanageable. TAS CCI operations continued to remain offline to address AMS inventory levels. TAS offered employees overtime and hired nearly 30 more Intake

Advocates, which helped with the processing of AMS referrals.<sup>14</sup> The IRS provided the overtime cost to cover TAS employees' efforts. These issues caused TAS leadership to reevaluate TAS's intake processes to determine if future changes are needed to minimize delays.

In addition to contacting the IRS and TAS, taxpayers also sought assistance from their congressional representatives and senators. TAS's FY 2022 congressional receipts totaled 61,792, a decrease of seven percent compared to FY 2021.<sup>15</sup> Initially, TAS could only track return processing delay cases received from congressional offices.<sup>16</sup> In May 2022, TAS negotiated the "fast-track" Operations Assistance Request (OAR) process with the Wage and Investment (W&I) Division to provide expedited original and amended return processing for congressional cases.<sup>17</sup> On August 23, 2022, TAS successfully negotiated with W&I to expand the use of the fast-track OAR process for non-congressional TAS cases.<sup>18</sup> As of September 30, 2022, TAS issued 1,760 fast-track OARs requesting W&I expedite return processing. To date, W&I has processed 1,546 returns.

TAS also issued 3,961 bulk Taxpayer Assistance Orders (TAOs) ordering the IRS to process amended returns. Of the 3,961 issued, the IRS complied with 3,811 TAOs, and TAS rescinded 150.<sup>19</sup> Additionally, TAS used bulk OARs to efficiently provide relief to taxpayers for 35,498 Pre-Refund Wage Verification Hold cases and 9,673 Taxpayer Protection Program cases.<sup>20</sup>

TAS continued to support the IRS's Taxpayer Experience Strategy and sought ways to expand digital services to taxpayers. In FY 2022, TAS partnered with IRS Information Technology to:

- Implement the Documentation Upload Tool (DUT) allowing congressional offices to submit documentation to TAS using a digital mailbox on [IRS.gov](https://www.irs.gov). TAS performed a controlled rollout of DUT and is expanding to taxpayers and their representatives;<sup>21</sup> and
- Design a chatbot that taxpayers and their representatives can use to describe their tax issues and determine their eligibility for TAS services in real-time. TAS anticipates implementing this technology in FY 2023.

In FY 2022, TAS developed and introduced the Case Advocate Training Support program, which provided maximum support for newly hired case advocates by streamlining the curriculum and allowing trainees to apply learned skills and work live cases more promptly.

### Case Receipt Trends in FY 2022

TAS received 223,227 cases in FY 2022, which was 41,116 fewer cases than received in FY 2021, a decrease of nearly 16 percent.<sup>22</sup> Additionally, Intake Advocates assisted and resolved the issues of another 14,341 taxpayer calls without the need to establish a TAS case.<sup>23</sup>

**FIGURE 4.1, TAS Case and Intake Receipts and Relief Rates, FYs 2021-2022<sup>24</sup>**

Case Categories	Receipts FY 2021	Receipts FY 2022	Percent Change	Relief Rates FY 2021	Relief Rates FY 2022	Percent Change
Economic Burden	133,766	109,434	-18.2%	80.1%	78.6%	-1.9%
Systemic Burden	116,744	103,079	-11.7%	81.1%	80.8%	-0.4%
Best Interest of the Taxpayer	501	1,361	171.7%	76.8%	77.5%	1.0%
Public Policy	13,332	9,353	-29.8%	66.3%	80.5%	21.4%
<b>Subtotal</b>	<b>264,343</b>	<b>223,227</b>	<b>-15.6%</b>	<b>79.9%</b>	<b>79.7%</b>	<b>-0.3%</b>
Calls Resolved With Alternative Assistance	31,768	14,341	-54.9%			
<b>Grand Total Receipts</b>	<b>296,111</b>	<b>237,568</b>	<b>-19.8%</b>			

**FIGURE 4.2, Top Ten Issues in Cases Received in TAS for FYs 2021-2022<sup>25</sup>**

Rank	Issue Description	FY 2021	FY 2022	Percent Change FY 2021 to FY 2022
1	Pre-Refund Wage Verification Hold	36,937	35,498	-3.9%
2	Processing Amended Returns	20,961	25,706	22.6%
3	Earned Income Tax Credit	14,588	14,782	1.3%
4	Processing Original Returns	14,766	13,035	-11.7%
5	Error Resolution System/Reject	45,665	11,461	-74.9%
6	Other Refund Inquiries and Issues	11,642	9,780	-16.0%
7	Taxpayer Protection Program Issues	11,412	9,673	-15.2%
8	Identity Theft	9,234	8,682	-6.0%
9	Decedent Account Refunds		7,001	
10	Math Error	4,983	6,130	23.0%
<b>Other TAS Receipts</b>		<b>94,155</b>	<b>81,479</b>	<b>-13.5%</b>
<b>Total TAS Receipts</b>		<b>264,343</b>	<b>223,227</b>	<b>-15.6%</b>

***Most Prevalent Issues in TAS Cases, With a Focus on Economic Burden Cases***

Over 46 percent of TAS's case receipts involve taxpayers experiencing an economic burden.<sup>26</sup> Because these taxpayers face potential immediate adverse financial consequences, TAS requires employees to prioritize these cases. Figure 4.3 shows the top five issues driving economic burden receipts in FY 2022 compared to FY 2021. TAS dedicates significant resources to resolving the systemic causes of these issues throughout the year, and as discussed in the Most Serious Problems section of this and past reports, provides recommendations to the IRS to improve processes that cause taxpayers to experience economic or systemic burdens.

**FIGURE 4.3, Top Five Case Issues Causing Economic Burden (EB) Receipts, FYs 2021-2022<sup>27</sup>**

Rank	Issue Description	FY 2021	FY 2022	EB Percent Change FY 2021 to FY 2022
1	Pre-Refund Wage Verification Hold	23,993	23,564	-1.8%
2	Processing Amended Return	12,408	15,202	22.5%
3	Earned Income Tax Credit	10,893	11,102	1.9%
4	Error Resolution System/Reject	21,393	6,560	-69.3%
5	Identity Theft	5,360	4,526	-15.6%

In FY 2021, IRS processing delays caused TAS to experience a shift in the top issues for which taxpayers sought TAS assistance. As shown in Figures 4.2 and 4.3, greater numbers of taxpayers are seeking help with not only the processing of original and amended returns but also with issues that rely on the taxpayer submitting additional documentation to resolve, such as verification of the income or withholding claimed on a tax return. While TAS continues to receive return processing issues, we expect to see an increase in post-return processing issues, such as Earned Income Tax Credit examinations and collection issues.

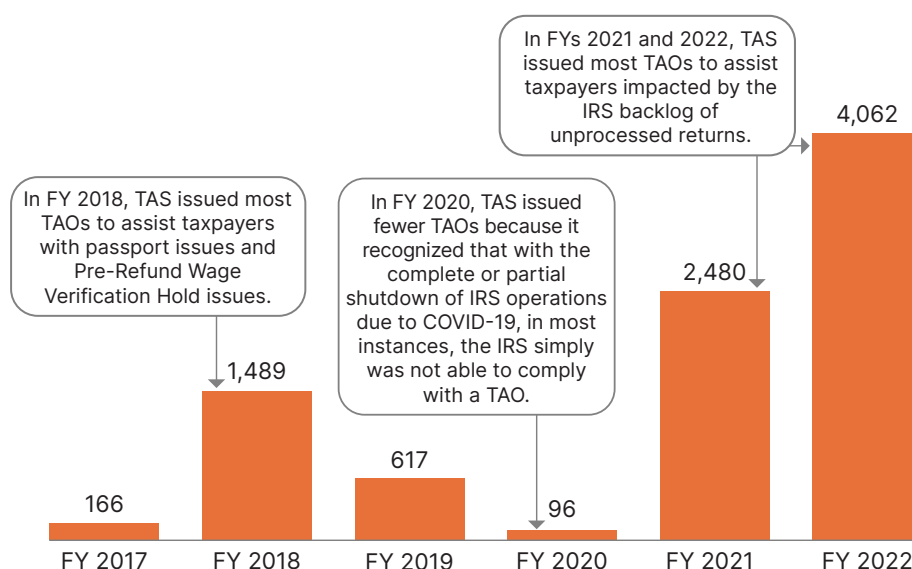


## Taxpayer Assistance Orders

The TAO is a powerful advocacy tool that gives priority resolution to taxpayers experiencing a significant hardship. Typically, when TAS lacks the statutory or delegated authority to resolve a taxpayer's problem, TAS coordinates with the responsible IRS Business Operating Division (BOD) and advocates for resolution by issuing an OAR. If time is of the essence or when an OAR cannot resolve the case, TAS may issue a TAO.<sup>28</sup> Local Taxpayer Advocates (LTAs) issue TAOs to order the IRS to take certain actions or refrain from taking certain actions.<sup>29</sup> A TAO may also order the IRS to expedite consideration of a taxpayer's case, reconsider its determination in a case, or review the case at a higher level.<sup>30</sup> If a taxpayer faces significant hardship and the facts and law support relief, an LTA may issue a TAO if the IRS must take expedited action to prevent further harm to the taxpayer or if the IRS refuses or otherwise fails to take the action TAS requested to resolve the case.<sup>31</sup> Once TAS issues a TAO, the BOD must take the actions ordered or appeal it for resolution at higher management levels.<sup>32</sup> Only the National Taxpayer Advocate or Commissioner or Deputy Commissioner of Internal Revenue may rescind a TAO issued by the National Taxpayer Advocate, and unless a rescission occurs, the BOD must take the action(s) ordered in the TAO.<sup>33</sup> In addition, when modification or rescission occurs, the IRS must provide a written explanation of the reasons to the National Taxpayer Advocate.<sup>34</sup>

**FIGURE 4.4**<sup>35</sup>

### TAOs Issued, FYs 2017-2022



In FY 2022, TAS issued 4,062 TAOs. The IRS complied with 3,885 in approximately 41 days. This included 3,961 bulk TAOs instructing the IRS to process taxpayers' amended returns within 14 days. However, with its limited resources, the IRS took nearly a month to 49 days to comply. Taxpayers could have obtained relief sooner if the IRS had resources as it did not have any significant disagreements with the resolutions. During this same period, TAS continued to meet with IRS W&I leadership to negotiate better procedures for all taxpayers, not just those with open TAS cases, awaiting the processing of their 2021 and prior year amended returns.

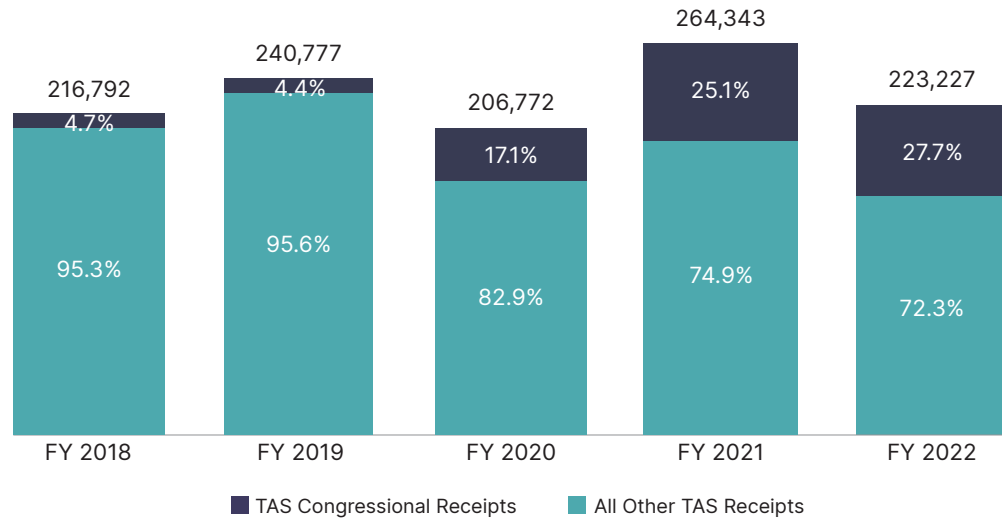
## Congressional Case Trends

TAS reviews all constituent tax account inquiries it receives from members of Congress. The shutdown of IRS operations due to COVID-19 in FY 2020 and the subsequent delays in return and correspondence processing caused many taxpayers to seek assistance from their congressional representatives and senators. In FY 2022,

61,792 inquiries were referred by congressional offices, which was almost 28 percent of TAS’s total receipts.<sup>36</sup> As shown in Figure 4.5, congressional referrals accounted for more than 17 percent of TAS’s case receipts in FYs 2020-2022, significantly higher than FYs 2018-2019 where less than five percent of TAS’s case receipts were congressional referrals.<sup>37</sup>

**FIGURE 4.5**<sup>38</sup>

**TAS Congressional Receipts to Total TAS Case Receipts, FYs 2018-2022**



TAS was challenged with long delays in resolving many taxpayer issues because of the IRS backlog.<sup>39</sup> Processing original and amended returns in addition to Pre-Refund Wage Verification Holds remained the most common issues taxpayers faced. TAS issued TAOs to advocate on behalf of taxpayers facing amended return processing issues until the IRS agreed to the “fast-track” OAR process for congressional referrals.

**FIGURE 4.6, TAS Top Ten Congressional Receipts by Primary Core Issue Codes, FYs 2021-2022**<sup>40</sup>

Rank	Issue Description	FY 2021	FY 2022	Percent Change
1	Processing Original Returns	9,233	8,728	-5.5%
2	Processing Amended Returns	4,502	7,204	60.0%
3	Pre-Refund Wage Verification Hold	3,930	6,934	76.4%
4	Taxpayer Protection Program Issues	4,104	3,881	-5.4%
5	Error Resolution System/Reject	18,648	3,590	-80.7%
6	Other Refund Inquiry or Issue	3,988	3,499	-12.3%
7	Decedent Account Refunds		2,525	
8	Identity Theft	1,862	2,354	26.4%
9	Math Error	1,934	2,296	18.7%
10	Lost or Stolen Refund	1,344	2,230	65.9%
<b>Other Issues</b>		<b>16,908</b>	<b>18,551</b>	<b>9.7%</b>
<b>Total Congressional Receipts</b>		<b>66,453</b>	<b>61,792</b>	<b>-7.0%</b>

Until the IRS resolves its processing backlog, including correspondence and original, amended, and suspended returns, and is better prepared to answer telephone calls, TAS expects the large volume of congressional inquiries to continue in 2023.

### **Reaching Underserved Populations Through Outreach**

TAS is fervent about completing outreach and education events for taxpayers, representatives, community stakeholders, and IRS employees. Outreach is key to raising awareness about TAS as a free advocacy organization and to taxpayers receiving pertinent tax information in an understandable way. In FY 2022, TAS conducted 5,750 outreach events reaching over 210,000 individuals.<sup>41</sup> TAS identified and focused these efforts on four sectors of underserved communities: current and past members of the military, senior citizens, Native Americans, and the chronic or suddenly homeless.

TAS met with key stakeholders, including Taxpayer Advocacy Panel (TAP) members, to understand the needs of these taxpayers and determine how best to reach these four sectors through outreach. We collaborated with Low Income Taxpayer Clinics (LITCs), Volunteer Income Tax Assistance sites, TAP, legal services, homeless shelters, and organizations who provide services to the aging and their caregivers, in addition to state agencies, non-profit organizations, food distribution centers, libraries, and community centers, to educate taxpayers about their eligibility for tax credits, explain TAS services, provide onsite problem resolution, and accept eligible taxpayers for TAS assistance.

We partnered with the IRS and congressional offices to reach Native American tribal communities. We participated in nearly 340 Problem Solving Days providing onsite assistance to over 7,500 taxpayers.<sup>42</sup> We also collaborated with the IRS to resolve taxpayer issues during “Face-to-Face Saturdays.”<sup>43</sup>

In January, TAS completed two campaigns. First, on EITC Awareness Day, we partnered with community organizations, state agencies providing services to the low-income, and IRS Stakeholder Partnerships, Education and Communication division to educate taxpayers about refundable credits. Second, TAS focused on voluntary compliance, taxpayer rights, tax obligations, tax credit eligibility, and avoidance of tax filing pitfalls through Pre-Filing Season Readiness outreach events.

In FY 2023, our outreach strategy will continue to include in-person and virtual activities to continue to raise awareness about TAS services and provide tax information to taxpayers in real-time.

The National Taxpayer Advocate wants to thank our TAS employees who have worked tirelessly over the past couple of years to help taxpayers impacted by the IRS processing backlog. Despite our best efforts, however, we have sometimes fallen short of being a safety net for taxpayers because we lacked the resources. TAS was created and designed for helping taxpayers who fell through the cracks. TAS is not a mini-IRS and does not have the resources to step in when the crack in the system turns into a chasm.

### **TAS SYSTEMIC ADVOCACY**

While TAS Case Advocacy works one-on-one with individual taxpayers or their representatives to resolve the specific problems they are experiencing with the IRS, TAS Systemic Advocacy (SA) works to identify and mitigate IRS issues that are systemic in nature, generally understood to be those impacting multiple individuals or taxpayer groups. The mission and structure of SA allows TAS to proactively advocate on these issues.

TAS employs a number of methods to identify systemic issues, including the review of items raised directly through its issue submission database; through partnership with TAP and LITCs; and through close collaboration with its Case Advocacy counterparts to elevate trends identified through reviews of TAS casework and during outreach events. TAS analysts and attorneys also participate on cross-functional IRS

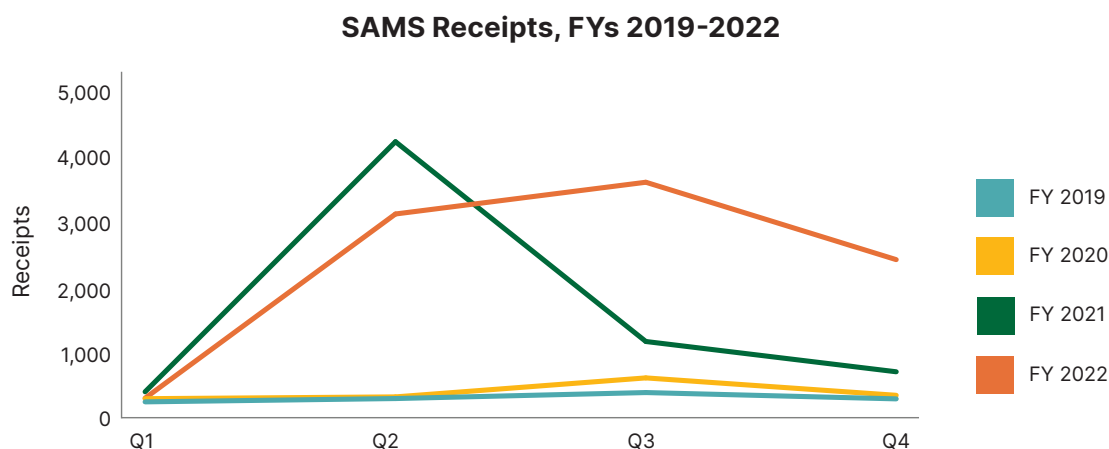
teams where they may learn firsthand of potential issues, identify problems, and propose administrative solutions. TAS employees work to support one of TAS's primary statutory missions, to identify areas in which taxpayers are experiencing problems in their dealings with the IRS and to propose changes in the IRS's administrative practices to mitigate those problems.<sup>44</sup>

### Return Processing Backlogs and Refund Issues Continue to Drive Receipts of Taxpayer-Submitted Concerns

One tool used to identify emerging systemic issues is the Systemic Advocacy Management System (SAMS), a web-based method of receiving and prioritizing systemic issues and problems. SAMS allows taxpayers and other stakeholders to bring systemic issues directly to TAS's attention and is open to anyone aware of a tax problem that affects more than one taxpayer, involves IRS processes, or affects taxpayer rights.<sup>45</sup> Through SAMS, TAS draws on observations and suggestions directly from individuals, businesses, academic and research institutions, professional organizations, practitioners, IRS employees, and all other interested parties in its effort to improve tax law and administration.

As shown in Figure 4.7, SAMS has seen a marked increase in receipts from pre-COVID-19 numbers. IRS processing backlogs and operational delays continue to impact taxpayers' ability to secure tax return processing and timely receive much-needed refunds, and this has impacted the number of submissions made to SAMS. SAMS receipts have risen from 897 submissions received in FY 2019 to 9,433 submissions received in FY 2022, a 952 percent increase. This steep rise in receipts does not meaningfully reflect an increase in the number of identified systemic issues; rather, it illustrates how taxpayers' frustration and inability to communicate directly with the IRS to resolve their tax issues has prompted them to seek assistance wherever they believe they can find help. Of the 897 SAMS submissions received in FY 2019, only 43 were classified as individual or non-systemic issues.<sup>46</sup> By comparison, of the 9,433 SAMS submissions received in FY 2022, 7,355 were classified as individual issues, meaning these taxpayers coming through SAMS were not reporting systemic problems but were simply looking for help related to their individual or business tax returns.<sup>47</sup> This increase in submissions not only reflects a rise in taxpayer desperation but also illustrates a drain on TAS resources as SAMS analysts must spend time to review innumerable submissions that are not intended for this program.<sup>48</sup> SAMS received a notable increase in systemic submissions, showing a 143 percent increase in FY 2022 systemic receipts compared to FY 2019.<sup>49</sup>

**FIGURE 4.7**<sup>50</sup>



From items raised through SAMS determined to be systemic in nature, TAS subject matter experts (SMEs), attorneys, and technical liaisons are assigned to research the issues and, when appropriate, develop potential



steps for resolution. Complex issues may be worked through Information Gathering Projects, Advocacy Projects, or Immediate Interventions, depending on the circumstances surrounding the issue and its urgency. All, however, have the common elements of analysts and experts working together to address systemic issues, researching the underlying causes of problems, and proposing corrective actions. Developing solutions in this fashion and acting in collaboration with the IRS oftentimes preempts the necessity of TAS elevating many of these issues to the status of a Most Serious Problem in the National Taxpayer Advocate's Annual Report to Congress.

### Taxpayer Advocacy Panel

While SAMS is a primary collection and processing source of systemic issues, it is *not* the only means taxpayers have to voice their concerns regarding systemic tax issues. TAS has another venue, TAP. TAP is a Federal Advisory Committee established in 2002 under the authority of the U.S. Department of the Treasury.<sup>51</sup> Although independent from TAS in its work, TAS provides essential funding, technical, administrative, and clerical support to this critical grassroots organization. TAP consists of a rotating body of volunteer members made up of a cross-section of the taxpayer public who serve on committees dedicated to reviewing specific areas of the IRS and taxpayer service. TAP committees hold monthly meetings that are open to the public and provide a forum for taxpayers to speak directly on the systemic IRS issues that give them concern.<sup>52</sup> The committees research and develop these issues before they are potentially elevated directly to the IRS for its consideration and response. TAP provides the taxpayer perspective on critical tax administrative programs and helps identify grassroots issues through community outreach. TAP also provides opportunities to gather independent taxpayer comments and suggestions regarding IRS service, customer satisfaction, and process improvements. In FY 2022, TAP submitted 147 recommendations to the IRS suggesting improvements to the taxpayer experience.<sup>53</sup>

For example, TAP was concerned the IRS's Where's My Refund? webpage did not clearly indicate next steps for some taxpayers experiencing a refund delay and recommended the IRS add specificity to the online guidance. The IRS agreed, and the webpage was updated so taxpayers would be better informed of when they should contact the IRS directly for a refund update. In another instance, TAP recommended the IRS evaluate the effectiveness of its voicebot technology and provide prompts for taxpayers whose issues were not resolved, directing them to use online account options or contact customer service representatives as additional means for resolution. The IRS agreed to review its voicebot messaging to determine if they could improve taxpayers' experience by advertising the use of the Online Account tool.

TAP recently celebrated its 20th anniversary. It has partnered with over 700 citizen volunteers who have worked more than 200,000 volunteer hours and submitted more than 2,200 recommendations to the IRS to help it improve services for taxpayers.<sup>54</sup>

### TAS Reviews IRS Publications and Guidance to Relieve Burden and Protect Taxpayer Rights

The IRS's forms and publications constitute about two-thirds of the government-wide paper burden imposed on taxpayers; that burden has been decreasing since 2017 thanks, in part, to new legislation, administrative changes, and TAS's systemic review of those publications to identify areas of taxpayer burden or confusion.<sup>55</sup> Systemic Advocacy is proactive in its efforts to ensure that IRS employee guidance and instructions contain the key elements necessary to protect taxpayers' rights. TAS works collaboratively with the IRS to review Internal Revenue Manual (IRM) guidance as well as external IRS products, such as IRS notices, forms, and publications, to identify and address items that might unintentionally cause taxpayer burden or harm. The collaborative review of IRS guidance, procedures, and materials by TAS SMEs allows TAS to review and negotiate with the IRS BODs to make changes that relieve taxpayer burden, protect and promote taxpayer rights, and ensure the IRS is an efficient tax administrator. TAS reviews materials prepared by the IRS in advance of publication or may open its own negotiations with the IRS if problems are discovered in a forum during TAS's work with taxpayers.<sup>56</sup>

During FY 2022, TAS made 344 recommendations to modify draft IRM provisions, and the IRS accepted 248 (72 percent) of our recommended changes.<sup>57</sup> As a result, in FY 2022, TAS:

- Updated 142 IRMs;
- Incorporated the Taxpayer Bill of Rights into 113 IRMs;
- Helped revise 13 taxpayer notices;
- Helped revise 15 tax forms; and
- Helped revise five publications, all strengthening the taxpayers' *right to a fair and just tax system*.

Through this review process, for example, TAS advocated for changes to IRS Publication 519, U.S. Tax Guide for Aliens, addressing discrepancies found between the publication and internal IRS guidance that led to rejected refund claims for nonresident alien students. The IRS revised Publication 519 in April 2022, enabling students to successfully submit, complete, and correct refund claims and avoid further delays in receiving their refunds. As noted, TAS also reviews and collaborates on internal IRS guidance, *e.g.*, the implementation of a written update for IRS employees handling Identity Protection Personal Identification Number (IP PIN) Program Telephone Inquiries. The updated guidance directed IRS employees to promote the availability of an IP PIN Assignment Notice, scanned into their Online Accounts if the “Retrieve Your IP PIN” tool was unavailable, allowing taxpayers to file electronically and avoid paper processing delays.

### **TAS Proposes Administrative Remedies and Legislative Change to Mitigate Taxpayer Problems**

One of the National Taxpayer Advocate's channels for communicating recommendations to the IRS and Congress is through the submission of her Annual Report to Congress. To meet the statutory requirements of the Annual Report to Congress, almost every area of the TAS organization contributes to the development of the report's narrative; from the investigation of potential systemic issues to the analysis of data and trends, TAS capitalizes on all of its resources to produce two reports to Congress each year. In this year's Annual Report, TAS makes 46 administrative recommendations to the IRS, covering a range of adjustments to improve taxpayers' experience with the IRS.<sup>58</sup> The report additionally proposes 65 legislative recommendations to Congress, highlighting issues the IRS cannot address through administrative remedy.<sup>59</sup>

Making formal recommendations in the Annual Report to Congress is only one of TAS's means of advocating for administrative change. TAS SMEs and technical liaisons participate on cross-functional teams with the IRS to raise issues identified by TAS, propose remedies, and work collaboratively to resolve specific problems and reduce taxpayer burden.<sup>60</sup> See *Highlights of TAS Successes Throughout FY 2022*, which includes some examples of systemic advocacy issues and results for the past year.

### **TAXPAYER ADVOCATE DIRECTIVES**

IRS Delegation Order 13-3 authorizes the National Taxpayer Advocate to issue a Taxpayer Advocate Directive (TAD) “to mandate administrative or procedural changes to improve the operation of a functional process or to grant relief to groups of taxpayers (or all taxpayers) when implementation will protect the rights of taxpayers, prevent undue burden, ensure equitable treatment, or provide an essential service to taxpayers.”<sup>61</sup>

Under the Delegation Order, the authority to issue a TAD is provided solely to the National Taxpayer Advocate and may not be redelegated. The authority to modify or rescind a TAD is delegated to the Deputy Commissioner for Operations Support, the Deputy Commissioner for Services and Enforcement, and the National Taxpayer Advocate. Before a TAD is issued, TAS works with the responsible BOD or function to try to resolve the pertinent issues. Under procedures prescribed in the IRM, the National Taxpayer Advocate generally issues a “proposed TAD” before issuing a TAD to apprise senior IRS leaders of her concerns and give them an opportunity to address them.<sup>62</sup> However, the National Taxpayer Advocate may dispense with the issuance of a proposed TAD if she “determines that the problem is immediate in nature and a delay in

addressing it would have significant negative impact on taxpayers.”<sup>63</sup> If the responsible BOD or function does not agree to take actions delineated in the proposed TAD to address the problem or if it offers a counterproposal to address the problem, it will provide a written explanation of the reasons in the form of a memorandum or email communication from the head of office to the National Taxpayer Advocate.<sup>64</sup> In the case of any TAD issued by the National Taxpayer Advocate, IRC § 7803(c)(5)(A) requires the Commissioner or Deputy Commissioner to modify, rescind, or ensure compliance with such directive not later than 90 days after issuance of such directive.<sup>65</sup> If the TAD is modified or rescinded by a Deputy Commissioner, the National Taxpayer Advocate may (not later than 90 days after such modification or rescission) appeal to the Commissioner, and the Commissioner must (not later than 90 days after such appeal is made) either (1) ensure compliance with such directive as issued by the National Taxpayer Advocate, or (2) provide the National Taxpayer Advocate with the reasons in writing for any modification or rescission made or upheld by the Commissioner, as required by IRC § 7803(c)(5)(B).

### **Taxpayer Advocate Directives Issued in Fiscal Year 2022**

The National Taxpayer Advocate issued two TADs and one appeal of a TAD in FY 2022.

In FY 2022, TAS issued:

- Taxpayer Advocate Directive 2021-2: Backlog of Unprocessed Amended Tax Returns (Nov. 9, 2021);
- Taxpayer Advocate Directive 2022-1: Implement Scanning Technology to Machine Read Paper Tax Returns and Address the Paper Return Backlog (March 29, 2022); and
- Appeal of Taxpayer Advocate Directive 2022-1: Implement Scanning Technology to Machine Read Paper Tax Returns and Address the Paper Return Backlog (Aug. 2, 2022).

The IRS Deputy Commissioner for Services and Enforcement responded to TAD 2021-2 on December 8, 2021, stating that while the IRS did not have resources to complete processing of all backlogged and unprocessed amended returns by December 29, 2021, as had been directed by the National Taxpayer Advocate, it identified several approaches it was pursuing to reduce the amended return inventory.<sup>66</sup> The National Taxpayer Advocate did not appeal the response to this TAD. It was not until June 2022 that the IRS processed the paper-filed return backlog.<sup>67</sup> The IRS continued with these approaches throughout 2022 in an effort to eliminate the inventory backlog.<sup>68</sup> Unfortunately, the IRS will still have millions of unprocessed returns carrying over into the FY 2023 filing season.<sup>69</sup>

The IRS Deputy Commissioner for Services and Enforcement responded to TAS TAD 2022-1 on July 18, 2022, by partially modifying and partially rescinding the directed actions.<sup>70</sup> The response provided that the IRS is testing several pilot programs to test barcoding and other technologies but declined to make a commitment to implement scanning technology to machine read v-coded returns and expressly rejected implementing scanning technology to machine read handwritten returns.<sup>71</sup> The response further stated the IRS would not implement any single option until it is confident in the delivery system. In accordance with IRC § 7803(c)(5)(B), because of the magnitude of the IRS’s return processing backlog and because the IRS response did not provide specific reasons for modifying or rescinding the directed actions in the TAD, the National Taxpayer Advocate appealed the partial modification and partial rescission of TAD 2022-1 to the IRS Commissioner on August 2, 2022.<sup>72</sup> On October 31, 2022, the IRS Commissioner modified the initial IRS response to the TAD 2022-1 dated July 18, 2022, stating that with the additional funding provided by the Inflation Reduction Act of 2022,<sup>73</sup> the IRS will begin scanning some paper individual income tax returns as well as some employment tax returns early in 2023.<sup>74</sup> In addition, the Commissioner added, if the scanning is successful, additional individual income tax returns and employment tax returns will be scanned later in 2023.<sup>75</sup> TAS will continue to monitor the IRS’s progress and work with the IRS to resolve any issues that may arise.

## HIGHLIGHTS OF TAS SUCCESSES THROUGHOUT FISCAL YEAR 2022

Refunds	
Issue	Advocacy Results
<p><b>The IRS Was Not Processing Amended Tax Year (TY) 2020 Returns That Reported the Unemployment Compensation Exclusion, Delaying the Release of Refunds</b></p> <p><b>Explanation:</b> Unemployment compensation received is normally taxable. The American Rescue Plan Act (ARPA), enacted March 11, 2021, provided eligible taxpayers an exclusion from income up to \$10,200 of unemployment benefits.<sup>76</sup> On April 2021, the IRS announced that for taxpayers who had already filed a 2020 tax return that included the full amount of the unemployment compensation, it would automatically determine the correct taxable amount of unemployment compensation, reduce the benefits, correct the tax, and issue taxpayers' refunds if appropriate.<sup>77</sup> Early on, the IRS also advised taxpayers not to file an amended tax return. However, some taxpayers filed amended tax returns to exclude unemployment income, and in 2022, the IRS instructed taxpayers who have not received a refund to file an amended return. The IRS did not have procedures to process these amended returns, resulting in a backlog of unprocessed amended returns and delays in issuing refunds.</p>	<p><b>Result:</b> TAS identified the issue and advocated for the IRS to establish procedures for processing these amended tax returns. The IRS issued guidance in October 2021.<sup>78</sup> The procedures allowed IRS employees to process amended returns and release over 675,000 affected refunds.<sup>79</sup></p>
<p><b>Lookback Period for Allowing Tax Credits or Refunds Does Not Include Any Postponement or Additional Time for Timely Filing a Tax Return</b></p> <p><b>Explanation:</b> A taxpayer's refund claim must be (1) filed within three years from the date the return was filed or two years from the date the tax was paid, whichever period is later, and (2) the monies must be available pursuant to the "lookback period."<sup>80</sup> Because of the COVID-19 pandemic, the IRS postponed the TYs 2019 and 2020 filing deadlines to July 15, 2020, and May 17, 2021, respectively. However, the postponement period does not extend the lookback period for purposes of refund claims filed three years later. Any tax deducted and withheld on wages and any amount paid as estimated tax are deemed to have been paid on April 15. Taxpayers who file claims for credit or refund within three years from the date the original return was filed will have their credits or refunds limited to the amounts paid within the three-year period before the filing of the claim plus the period of any extension of time for filing the original return (the "three year lookback period"). Specifically, the postponement filing date would harm taxpayers who paid their taxes by April 15. For example, if a taxpayer filed a 2019 return by the postponed filing deadline of July 15, 2020, and then submitted a refund claim by July 15, 2023, the claim would be timely. The irony is that although the claim would be timely, the amount could be limited to zero as April 15 would fall outside the lookback period. This is a trap for the unsophisticated. Most taxpayers do not understand the legal nuances of the lookback rule, will assume they have three years from the filing of the original return, and will have a rude awakening when the amount of the refund could be denied if the amount was due to estimated taxes or withholdings.</p>	<p><b>Result:</b> TAS submitted a recommendation to the Department of the Treasury to move the lookback period to be consistent with the postponement period for the 2019 and 2020 tax returns. Treasury agreed to include this issue in the Fiscal Year (FY) 2022-2023 Priority Guidance Plan.<sup>81</sup> Each year, the Treasury Department's Office of Tax Policy and the IRS use the Priority Guidance Plan to identify and prioritize the tax issues that should be addressed through regulations, revenue rulings, revenue procedures, notices, and other published administrative guidance.</p> <p>TAS also included a legislative recommendation on this topic in the 2022 and 2023 Purple Books for all federally declared disaster zones.<sup>82</sup></p>

Refunds	
Issue	Advocacy Results
<p><b>The IRS Was Not Committed to Implementing the Use of Scanning Technology to Expedite the Processing of Paper Returns by the 2023 Filing Season</b></p> <p><b>Explanation:</b> The IRS delays in processing tax returns has been a Most Serious Problem since the 2020 filing season, in part because of the pandemic, but more importantly, due to IRS's archaic methods of processing returns. As of the end of the 2022 filing season, the IRS had a backlog of 29 million unprocessed individual tax returns.<sup>83</sup> Although the IRS had some resources to automate tax return digitization, the IRS was not committed to implementing scanning technology to digitize paper returns by the 2023 filing season.</p>	<p><b>Result:</b> The National Taxpayer Advocate has been making the case to the IRS to implement scanning technology, but the IRS has failed to implement automated digitization of tax returns. As a result, in March 2022, the National Taxpayer Advocate issued a Taxpayer Advocate Directive (TAD) to the IRS directing it to implement scanning technology to machine-read paper-filed tax returns in time for the 2023 filing season.<sup>84</sup> Specifically, the TAD directed the IRS to (1) implement technology to automate the processing of paper-filed returns prepared with tax software by the start of the 2023 filing season and (2) automate the processing of handwritten paper-filed returns by the start of the 2023 filing season if possible or, if not, by the start of the 2024 filing season. In July 2022, the Deputy Commissioner responded to the TAD by stating that the IRS was testing several pilot programs, but the response declined to make a commitment to implement scanning technology to machine-read returns.<sup>85</sup> In September 2022, Senator Wyden, Chairman of the Senate Finance Committee, wrote to the IRS Commissioner urging the IRS to expedite common sense upgrades to improve customer service before the 2023 filing season.<sup>86</sup> Acting Commissioner O'Donnell responded to Senator Wyden's letter on November 22, 2022, and stated that in the next filing season, the IRS will automate scanning individual paper returns into a digital copy, among other upgrades that it is in the process of implementing.<sup>87</sup> For taxpayers this could mean faster processing and faster refunds.</p>
<p><b>Some Individual Taxpayer Identification Number (ITIN) Renewals Led to Refunds Being Withheld</b></p> <p><b>Explanation:</b> There were no IRS procedures in place to reactivate ITIN renewals in the IRS's main processing and information system for taxpayers who requested an ITIN renewal along with another update, such as a name change. As a result, taxpayers could not receive refunds systemically and had to request manual refunds.</p>	<p><b>Result:</b> TAS collaborated with the IRS to add procedures for resolving accounts where ITIN renewals were not being reactivated in these types of situations.<sup>88</sup> This corrected the affected accounts and will prevent future delays in taxpayers' refund release.</p>
<p><b>The IRS Erroneously Held Some Coast Guard Members' Refunds</b></p> <p><b>Explanation:</b> Coast Guard personnel stationed in Puerto Rico had their TY 2020 tax refunds, which included the Recovery Rebate Credit (RRC), withheld for over a year. The IRS erroneously classified these Coast Guard members as <i>bona fide</i> residents of Puerto Rico, who had allegedly received their stimulus checks from the Puerto Rican tax authority, making them ineligible to claim the RRC. Generally, U.S. Armed Forces personnel stationed in a territory, in compliance with military orders, do not qualify as <i>bona fide</i> residents of the territory.</p>	<p><b>Result:</b> TAS collaborated with the IRS to identify the impacted Coast Guard personnel and release their refunds. On September 22, 2022, TAS received confirmation that the refunds for TYs 2020 and 2021 were released. Additionally, the IRS updated the programming to prevent future misclassification of armed forces personnel.</p>



COVID-19 Stimulus Payments	
Issue	Advocacy Results
<p><b>Taxpayers Misidentified as U.S. Territory Residents Did Not Receive Their Third Stimulus Payment</b></p> <p><b>Explanation:</b> Residents of U.S. territories, such as Puerto Rico, Guam, and the U.S. Virgin Islands, received their third stimulus check from local tax authorities instead of the IRS. To prevent duplicate stimulus checks from being issued, the IRS identified tax returns filed by territory residents and placed markers on these accounts.</p> <p>The IRS, however, erroneously placed markers on accounts of taxpayers who had never lived in a U.S. territory or filed a U.S. territory tax return. Consequently, these taxpayers did not receive their third stimulus check.</p>	<p><b>Result:</b> TAS worked with the IRS to develop procedures to correct this problem. The IRS reversed markers on 369,000 accounts, which in turn generated the issuance of the third stimulus checks to these taxpayers before the statutory deadline of December 31, 2021.<sup>89</sup></p>
<p><b>Taxpayers Did Not Receive Their Stimulus Checks Due to Computer Errors</b></p> <p><b>Explanation:</b> Direct deposits of stimulus payments between August 5 and August 26, 2020, were misdirected to the wrong bank accounts, even though the correct taxpayer's name and bank account information were in the IRS database system.<sup>90</sup> The IRS's procedures for correcting this issue did not cover all impacted accounts, and the IRS recommended that taxpayers who did not receive the stimulus check instead claim the RRC on their 2020 tax return or file an amended tax return.</p>	<p><b>Result:</b> TAS advocated for the IRS to reconsider its proposal that taxpayers claim the RRC on their future tax return instead of receiving a stimulus check. The IRS agreed to change its position and revise its procedures to allow stimulus payments to be reissued instead of placing the burden on taxpayers to claim the RRC on their returns. TAS collaborated with the IRS to issue updated procedures in October 2021.<sup>91</sup></p>
<p><b>The IRS Issued Duplicate Third Stimulus Payments in Certain Cases</b></p> <p><b>Explanation:</b> Due to programming errors in matching taxpayers' names with their bank account information, banks rejected some third stimulus payment direct deposits. Because the IRS could not reissue the stimulus payments as direct deposits, to give relief to taxpayers with hardships, TAS received permission to issue manual refunds. After the manual refunds were issued, however, the IRS computers systemically issued duplicate stimulus payments as checks, which taxpayers needed to return or pay back.</p>	<p><b>Result:</b> TAS alerted the IRS to the programming error. The IRS corrected the programming in November 2021 to prevent more duplicate stimulus checks from being systemically issued.</p>

Collections	
Issue	Advocacy Results
<p><b>The Delayed Processing of Collection Due Process (CDP) Requests Caused Some Taxpayers to Face Premature Collection Action</b></p> <p><b>Explanation:</b> Due to the IRS mail backlog, the IRS was delayed in processing taxpayers' requests for a CDP appeal. Taxpayers who receive a Notice of Intent to Levy and Notice of Your Right to a Collection Due Process Hearing (Final Notice) are advised to request a hearing with Appeals. When the notice is issued, it is recorded on the IRS's central taxpayer account database. However, if the taxpayer's response is not entered into the database within ten weeks, the IRS's Automated Levy Program (ALP) generates a levy. Many taxpayers' CDP requests remained unopened until after the ten-week deadline, resulting in the issuance of erroneous automated levies.</p>	<p><b>Result:</b> TAS urged the IRS to extend the ten-week timeframe due to the backlog. In February 2022, the IRS made the decision to temporarily suspend ALP until the mail backlog is current to ensure that taxpayers are not subject to premature levy and their right to an appeal is protected.<sup>92</sup></p>
<p><b>The IRS Was Assigning Some Vulnerable Taxpayers to Private Collection Agencies (PCAs) in Error<sup>93</sup></b></p> <p><b>Explanation:</b> Taxpayers who received Supplemental Security Income (SSI) and owed the IRS taxes were subject to collection actions of PCAs when they should not have been. Since 2018, TAS has been urging the IRS to exclude from assignment to PCAs the accounts of taxpayers who receive SSI or Social Security Disability Income (SSDI). In 2019, Congress passed the Taxpayer First Act, which required the IRS to exclude these accounts.<sup>94</sup></p> <p>Although the IRS can systemically exclude the accounts of taxpayers who receive SSDI because SSDI payments are reported to the IRS by the Social Security Administration (SSA), the IRS was not able to systemically exclude the accounts of taxpayers who receive SSI benefits because SSA did not provide information to IRS for these taxpayers. SSA took the position that privacy laws prohibited sharing the names of SSI recipients with the IRS.</p>	<p><b>Result:</b> In December 2020, Congress passed the Consolidated Appropriations Act of 2021 to authorize SSI identity sharing.<sup>95</sup> The IRS and SSA worked to create a procedure to share the identities of SSI recipients who are assigned to the Private Debt Collection (PDC) program. As a result, starting in June 2022, the IRS began to systemically exclude taxpayers who were identified as currently receiving SSI from assignment to PCAs. Additionally, the accounts of any taxpayers receiving SSI that were assigned to a PCA have been recalled, and these taxpayers have been sent a letter informing them of this recall.</p>
<p><b>Collection Statute Expiration Dates Were Erroneously Extended on Some Accounts With Pending Installment Agreements</b></p> <p><b>Explanation:</b> When a taxpayer submits a request for an installment agreement (IA), the IRS suspends the collection statute expiration date (CSED) for the relevant tax periods until the IRS decides to accept or reject the request. If the taxpayer's account information is incorrectly input into the IRS's database, the CSEDs may be erroneously extended. The erroneous extension of a CSED leaves taxpayers exposed to invalid IRS collection action and violates the taxpayer's <i>right to finality</i>. Some CSEDs were prolonged for many years.</p>	<p><b>Result:</b> TAS advocated for TAS and IRS employees to receive training in identifying the CSED issue and in correctly calculating the CSED. The IRS and TAS employees who assist taxpayers with balances due are responsible for verifying the validity of the CSED to ensure that the IRS is collecting the correct amount of tax within the legal time limit. Moreover, TAS contributed specific recommendations for the IRS and TAS websites and IRS publications concerning collections, IAs, bankruptcy, and taxpayer rights. Finally, TAS recommended some programming modifications to the electronic case processing system used by Revenue Officers. These changes will alert Collection employees about unreversed pending IA indicators.</p>

Collections	
Issue	Advocacy Results
<p><b>Taxpayers Facing Financial Difficulties Pending an Offer in Compromise (OIC) Acceptance Were Still Subject to Refund Offsets</b></p> <p><b>Explanation:</b> Generally, the IRS will keep any tax refunds including interest due to the taxpayer through the calendar year the IRS accepts the OIC. In FY 2021, TAS advocated for the IRS to allow taxpayers whose OICs were pending and who were experiencing a financial hardship to receive their refunds without the refund being applied to their outstanding tax liability. This type of refund is called an offset bypass refund (OBR). While the IRS agreed to allow OBRs, the IRS did not establish any procedures to process OBR requests leaving taxpayers subject to refund offsets.</p>	<p><b>Result:</b> TAS negotiated with the IRS to create procedures to process these OBRs as well as TAS OBR referrals. The OBR procedure for taxpayers with OICs was updated in September 2022.</p>
<p><b>The IRS Erroneously Extended CSEDs on PDC Terminated Payment Agreements</b></p> <p><b>Explanation:</b> When a taxpayer defaults an IRS IA, the IRS extends the CSED 30 days during the time designated for the taxpayer to appeal the termination of the IA. Taxpayers assigned to the PDC program may enter a payment arrangement with a PCA but are not afforded appeal rights when they default and those arrangements are terminated, as they are not considered “installment agreements” under IRC § 6159. TAS discovered taxpayers who defaulted on payment arrangements with a PCA had 30 days erroneously added to their CSEDs, despite not being afforded any right to appeal the terminated payment arrangement. Since inception of the PDC program in 2017, more than 145,000 taxpayers have had CSEDs erroneously extended, putting them at risk of making payments beyond the correct CSED if their payment arrangement had been terminated.<sup>96</sup></p>	<p><b>Result:</b> TAS advocated for correcting the CSED on accounts of terminated payment arrangements with the PCA by removing the additional 30-day period. The IRS agreed to adjust the programming to prevent CSED extension if the account is assigned to a PCA. Until the correction is made, TAS is working with the IRS to ensure taxpayers who make payments after the correct CSED has expired will have the option to have those payments refunded.</p>
Taxpayer Accounts	
Issue	Advocacy Results
<p><b>Despite IRS Processing Delays, the IRS Continued to Systemically Issue Notices to Taxpayers</b></p> <p><b>Explanation:</b> The IRS’s processing delays caused tax returns and taxpayer correspondence to be unprocessed for several months, which resulted in the IRS’s records of taxpayer accounts being inaccurate. This led to the IRS automatically sending erroneous collection and return non-filing notices, causing many taxpayers confusion over the status of their accounts.</p>	<p><b>Result:</b> The National Taxpayer Advocate together with outside stakeholders advocated for the IRS to suspend the issuance of automatic notices while the IRS worked through its mail backlog.<sup>97</sup> On February 5, 2022, the IRS announced that it was suspending more than a dozen letters, including the mailing of automated collection notices normally issued when a taxpayer owes additional tax and when the IRS has no record of a taxpayer filing a tax return.<sup>98</sup> Nevertheless, taxpayers who owed tax, interest, or penalties were still required to pay their taxes, and, if applicable, interest and penalties continued to accrue until they made the payment.</p>

Taxpayer Accounts	
Issue	Advocacy Results
<p><b>Taxpayers' Confusion Over IRS Instructions Prevented Many Taxpayers From Completing Return Verification on the IRS Website</b></p> <p><b>Explanation:</b> When the IRS's Taxpayer Protection Program identifies a suspicious tax return, it sends taxpayers a letter requesting that taxpayers verify their identity and their return. Taxpayers can verify their identity and return online using a video conference option through a third-party Credential Service Provider (CSP). Many taxpayers who used the video conferencing method, however, were unable to complete the verification process online because they were confused by the instructions provided concerning the return verification portion. As a result, there were delays in processing the taxpayers' returns and refunds.</p>	<p><b>Result:</b> TAS elevated the issue and made recommendations to the IRS's Secure Access Digital Identification (SADI) program to clarify the instructions given to taxpayers, specifically to state in detail the taxpayers' next steps upon successful video verification. The instructions were revised in June 2022 through a collaborative effort between TAS; Privacy, Governmental Liaison and Disclosure; Online Services; and the CSP contractors.<sup>99</sup> Consequently, taxpayers were able to complete the return verification process and have their refunds released without further delays.</p>
<p><b>Some Puerto Rican Taxpayers Were Unable to Complete Verification of Their Identity and Tax Return on the IRS's Website</b></p> <p><b>Explanation:</b> The IRS's Identity and Tax Return Verification (ID Verify) webpage was only programmed to provide verification questions for line items on Forms 1040 or 1040SR tax returns. As a result, Puerto Rican taxpayers who filed Form 1040-SS, U.S. Self-Employment Tax Return, or Form 1040-PR, Federal Self-Employment Contribution Statement for Residents of Puerto Rico, were unable to complete the verification process online and receive their refunds.<sup>100</sup></p>	<p><b>Result:</b> TAS collaborated with the IRS to update the programming for the IRS's verification webpage to include questions for Form 1040-SS and Form 1040-PR. In April 2022, the IRS updated its ID Verify webpage, enabling Puerto Rican taxpayers to verify their tax returns online and receive their refunds without further delays.<sup>101</sup></p>
<p><b>IP PIN Tool Was Not Working for Taxpayers Living Abroad</b></p> <p><b>Explanation:</b> The IP PIN, a six-digit number assigned to taxpayers to help prevent the misuse of their Social Security numbers (SSNs) on federal income tax returns, assists the IRS in identifying valid returns filed by taxpayers who were previously identified by the IRS as being victims of identity theft. Although taxpayers living abroad were able to verify their identity through the IRS's SADI program, they received error messages when attempting to retrieve their IP PIN because of their foreign addresses, impeding them from electronically filing their 2021 tax returns.</p>	<p><b>Result:</b> TAS worked with the IRS to correct the programming within the tool to ensure that taxpayers with foreign addresses could retrieve their IP PIN through the IRS website. On September 11, 2022, the IRS deployed the programming fix. As a result, these taxpayers were then able obtain their IP PIN and file their tax returns electronically, if not already filed.</p>
<p><b>Small Business Administration (SBA) Loan Applicants Had Difficulties Obtaining IRS Transcripts</b></p> <p><b>Explanation:</b> Taxpayers applying for the SBA Economic Injury Disaster Loans had difficulties qualifying for loans because of the requirement to prove income by providing IRS tax return transcripts. Some taxpayers were unable to secure transcripts due to a computer glitch during a one-week period resulting in some tax returns not showing on the Transcript Delivery System (TDS). Also, some taxpayers had difficulties with the IRS sending the transcripts directly to the SBA per the SBA guidelines.</p>	<p><b>Result:</b> When taxpayers were unsuccessful in obtaining transcripts to submit to the SBA, they reached out to their congressional offices, TAS Case Advocacy, and TAS Systemic Advocacy to receive assistance. First, TAS collaborated with the IRS to resolve the TDS programming problem in May 2022. TAS also worked with the SBA and the IRS to have taxpayers prepare and secure their transcript requests through their SBA caseworker. In cases where the taxpayer decided not to work with the SBA caseworker, TAS created a procedure to assist taxpayers in securing their tax return transcripts.</p>

Taxpayer Accounts	
Issue	Advocacy Results
<p><b>Online Payment Tool Errors Led to Balance Due Notices for Some Taxpayers</b></p> <p><b>Explanation:</b> Some married taxpayers who filed a joint return and full paid their TY 2021 taxes online received balance due notices. Specifically, taxpayers who made online payments using the secondary taxpayer's SSN did not receive credit for these payments on the joint account because the tool failed to move the payment from the single account to the joint account automatically.</p>	<p><b>Result:</b> TAS collaborated with the IRS to correct an error in programming for these married filing joint accounts. TAS also requested that the IRS issue interim procedures to its employees while the update was being developed and implemented. On August 25, 2022, the IRS implemented the programming change, and on September 7, 2022, the IRS began the systemic transfer of the payments to the 144,634 joint accounts.<sup>102</sup> Because of TAS's diligent research and effective partnering with the IRS, the programming correction avoided additional erroneous balance due notices from being generated, protecting the taxpayers' <i>right to pay no more than the correct amount of tax</i>.</p>
<p><b>Individuals Received Balance Due Notices Even Though They Paid Taxes on Time</b></p> <p><b>Explanation:</b> TAS discovered that taxpayers who filed Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, were receiving erroneous balance due notices after filing their tax returns with the payment.</p>	<p><b>Result:</b> TAS identified a gap in IRS programming that caused tax returns to be processed before the application of the payments, resulting in balance due notices being issued. TAS collaborated with the IRS and the programming was updated on April 11, 2022. The correction will prevent future erroneous balance due notices from generating.</p>
Penalties	
Issue	Advocacy Result
<p><b>The IRS Assessed the Failure-to-File (FTF) Penalty on Some Late-Filed Returns Affected by the COVID-19 Pandemic</b></p> <p><b>Explanation:</b> Because of the COVID-19 pandemic, taxpayers faced unprecedented obstacles to timely filing their 2019 and 2020 tax returns. Late-filed returns were charged with FTF penalties, absent a reasonable cause for filing late, and FTF penalties were also charged on some timely-filed returns.<sup>103</sup></p>	<p><b>Result:</b> The National Taxpayer Advocate, members of Congress, and tax practitioner groups called on the IRS to implement a comprehensive remedy, which would include reversing and removing penalties. To its credit, the IRS acted and announced a broad late-filing administrative penalty relief program.<sup>104</sup> The IRS's penalty relief program commenced on August 25, 2022, and automatically provided late-filing penalty relief without the need for taxpayers to request the relief and continued to be applied to returns received through September 30, 2022. Ultimately, the IRS waived millions of late-filing penalties and issued refunds to taxpayers who previously paid the FTF penalty.</p>



Penalties	
Issue	Advocacy Result
<p><b>Non-Compliance With the Coronavirus Aid Relief and Economic Security (CARES) Act Put Taxpayers at Risk for Revocation of Payment Deferrals and Severe Penalties</b></p> <p><b>Explanation:</b> Congress acted to provide cash flow relief to businesses struggling to cope with the COVID-19 pandemic by allowing them to defer the employer's portion of Social Security taxes for a defined period of time.<sup>105</sup> Section 2302 of the CARES Act provides that employers may defer the deposit and payment of the employer's portion of certain Social Security taxes for TY 2020 over the next two years.</p> <p>Half of the deferred social security tax was due by December 31, 2021, and the remainder was due December 31, 2022. Throughout FY 2022, TAS maintained a dialogue with the Office of Servicewide Penalties to protect taxpayers who, by mistake, by oversight, or in hardship, failed to meet the first deposit deadline. Because the CARES Act deferral was conditioned on timely payments of deferred amounts in 2021 and 2022, if either of those payments were late, then the entire deferral would be invalidated, the whole amount deferred would be considered late, and the late payment penalties would apply.</p>	<p><b>Result:</b> Through the advocacy of TAS, the American Institute of Certified Public Accountants, and other stakeholders, the IRS elected to neither enforce the maximum penalties nor revoke the second-year deferral payment if employers made late or insufficient payments. Moreover, the IRS agreed through the end of TY 2022 to refrain from assessing penalties against underpaid accounts that had unprocessed amended employment tax returns since these unprocessed amended returns meant that the IRS had not yet assessed the correct tax.</p>
<p><b>The IRS Erroneously Assessed Failure-to-Pay (FTP) Penalties Before Bankruptcy Cases Were Closed</b></p> <p><b>Explanation:</b> Generally, no FTP penalties can be assessed against taxpayers while their bankruptcy case is still pending in court under IRC § 6658. The IRS, however, was erroneously assessing the FTP penalty prior to the legal closing of Chapter 7 bankruptcy cases.</p>	<p><b>Result:</b> TAS elevated the issue to the IRS, and the IRS agreed to correct its closing procedures to ensure that the FTP assessment is resumed only after the case is closed by the court.</p>
TAS Website & Services	
Issue	Advocacy Results
<p><b>TAS Offered Two Main Websites in English Only</b></p> <p><b>Explanation:</b> TAS's websites were only available in English, making them inaccessible to Spanish-speaking taxpayers.</p>	<p><b>Result:</b> TAS's websites, <a href="http://www.TaxpayerAdvocate.irs.gov">www.TaxpayerAdvocate.irs.gov</a> and <a href="http://www.improveirs.org">www.improveirs.org</a>, are now available in Spanish, enabling Spanish-speakers to learn about their taxpayer rights; read updates on the IRS; discover how TAS can assist them with tax issues; get tax tips, news and information; read important information on the National Taxpayer Advocate's blog; navigate the IRS by using TAS's digitally interactive Taxpayer Roadmap; and obtain legal assistance from LITCs.</p>
<p><b>TAS's Website Offered Limited Accessibility Options</b></p> <p><b>Explanation:</b> TAS's website offered most information in text only, which limited accessibility to many people, including those with literacy difficulties, learning disabilities, reduced vision, and language learners.</p>	<p><b>Result:</b> TAS's website now offers text-to-speech (TTS) capabilities for some features, and TAS is in the process of updating the entire website to offer TTS. This will ensure that a wider array of audiences will have access to valuable information on TAS's website.</p>

TAS Website & Services	
Issue	Advocacy Results
<p><b>Taxpayers Needed Timely and Relevant Tax Information</b></p> <p><b>Explanation:</b> Tax laws are complicated and constantly changing. Taxpayers need timely and relevant tax information to assist them in complying with their tax obligations and resolving tax problems.</p>	<p><b>Result:</b> TAS published almost 50 Tax Tips on its website. These timely articles were written in plain language, addressed urgent issues taxpayers faced, and offered TAS's unique perspective on various tax topics.</p>
<p><b>Individuals Had Issues Verifying Their Identity With the IRS, Delaying Their Refunds</b></p> <p><b>Explanation:</b> Taxpayers with returns triggering potential fraud filters are required to verify their identities and returns by telephone or in person. However, taxpayers were often unable to complete the verification process because they could not reach an IRS representative by telephone due to a shortage of IRS telephone assistants and high call volume. As a result, taxpayers experienced long delays in receiving their refunds.</p>	<p><b>Result:</b> The LITC Program Office and TAS Systemic Advocacy collaborated with the IRS to establish a taxpayer identification verification pilot program that allowed LITCs to verify the identities of taxpayers whose refunds the IRS froze pending verification of their identities. This innovative pilot program allowed 17 participating and specially trained LITCs to authenticate more than 200 taxpayers' identities.<sup>106</sup> Consequently, the IRS processed these taxpayers' returns more expeditiously and released the much-needed refunds faster. This successful initiative will be implemented as an agencywide program in which all LITCs will be given the opportunity to participate.</p>

## Endnotes

- 1 See IRC § 7803(c)(2)(A).
- 2 Case Advocacy's discussions and case results form the basis for many of the Most Serious Problems and Legislative Recommendations in the National Taxpayer Advocate's Annual Report to Congress and Purple Book.
- 3 See Taxpayer Bill of Rights (TBOR), <https://www.taxpayeradvocate.irs.gov/taxpayer-rights>. The rights contained in TBOR are also codified in the IRC. See IRC § 7803(a)(3).
- 4 The 2022 filing season is with respect to the processing of individual tax returns for tax year 2021. The 2022 filing season began on January 24, 2022, and closed on April 18, 2022. See IRS, IR-2022-08, 2022 Tax Filing Season Begins Jan. 24; IRS Outlines Refund Timing and What to Expect In Advance of April 18 Tax Deadline (Jan. 10, 2022).
- 5 See Most Serious Problem: *Processing Delays: Paper Backlogs Caused Refund Delays for Millions of Taxpayers*, *supra*; National Taxpayer Advocate 2021 Annual Report to Congress 32-36 (Most Serious Problem: *Processing and Refund Delays: Excessive Processing and Refund Delays Harm Taxpayers*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21\\_MSP\\_01\\_Processing-Delays.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_MSP_01_Processing-Delays.pdf); Erin M. Collins, Electronically Filing Your Return This Filing Season is Crucial and What You Need to Do if Your 2020 Return is Still Unprocessed, NATIONAL TAXPAYER ADVOCATE BLOG (Apr. 14, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-electronically-filing-your-return-this-filing-season-is-crucial/>. See, Most Serious Problem: *Telephone and In-Person Service: Taxpayers Continue to Experience Difficulties and Frustration Obtaining Telephone and Face-to-Face Assistance to Resolve Their Tax Issues and Questions*, *supra*.
- 6 TAS, On Rolls Tracking Sheet, pay period 19 (2021, 2022), includes Case Advocates and Lead Case Advocates.
- 7 See Interim Guidance Memo (IGM) TAS-13-0222-0002, Interim Guidance on Changes to TAS Case Acceptance Criteria for the Fiscal Year (FY) 2022 Filing Season and Temporary Modification of TAS Case Procedures (Feb. 2, 2022); IGM TAS-13-0222-0004, Interim Guidance on Changes to TAS Case Processing for Fiscal Year (FY) 2022 Filing Season (Feb. 14, 2022).
- 8 Data obtained from the Taxpayer Advocate Management Information System (TAMIS) (Oct. 1, 2020; Oct. 1, 2021; Oct. 1, 2022). TAS received 206,772 cases in FY 2020; 264,343 in FY 2021; and 223,227 in FY 2022.
- 9 See National Taxpayer Advocate 2021 Annual Report to Congress 51-65 (Most Serious Problem: *IRS Recruitment, Hiring, and Training: The Lack of Sufficient and Highly Trained Employees Impedes Effective Tax Administration*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21\\_MSP\\_02\\_Recruitment.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_MSP_02_Recruitment.pdf).
- 10 In FY 2022, TAS closed 234,293 cases, providing full or partial relief in 186,717 cases. Data obtained from TAMIS (Oct. 1, 2022).
- 11 TAS receives taxpayer inquiries from a variety of sources: telephone contacts to local TAS offices, correspondence (mail or fax), referrals from the IRS Business Operating Divisions (BODs)/functions, calls to the National Taxpayer Advocate toll-free line, congressional office contacts, etc. See IRM 13.1.16.8, Sources of TAS Cases and Initial Intake Actions (Oct. 4, 2021).
- 12 In FY 2022, TAS received 44 percent of its cases from IRS referrals, 28 percent from congressional referrals, and 28 percent from taxpayers or representatives contacting TAS directly. Data obtained from TAMIS (Oct. 1, 2022).
- 13 See IGM TAS-13-0522-0007, Interim Guidance on Changes to TAS Case Acceptance Criteria (May 13, 2022), modified by IGM TAS-13-0622-0010, Interim Guidance on Changes to TAS Case Acceptance Criteria (June 27, 2022).
- 14 TAS, On Rolls Tracking Sheet, pay period 19 (2021, 2022).
- 15 Data obtained from TAMIS (Oct. 1, 2021; Oct. 1, 2022). See also *Congressional Case Trends*, *infra*.

- 16 TAS monitors congressional cases involving original and amended return processing using a central organization code (1X).
- 17 As TAS lacks the statutory or delegated authority to resolve most taxpayers' problems, it coordinates with the responsible IRS BODs/functions for resolution. TAS issues OARs supported by facts, research, and necessary documentation to aid the BOD/function in understanding TAS's position and facilitate action. See IRM 13.1.19, *Advocating With Operations Assistance Requests (OARs)* (Sept. 29, 2021).
- 18 See IGM TAS-13-0922-0012, *Interim Guidance on TAS Case Procedures to Secure Documentation for Org. 1X Cases* (Sept. 27, 2022).
- 19 Data obtained from TAMIS (Dec. 1, 2022). When an OAR is not sufficient to resolve the case or when time is of the essence, TAS may issue a TAO. See IRC § 7811. See also IRM 13.1.20.2, *Determining When to Issue a TAO* (Feb. 2, 2011). For more information concerning TAOs, see *Taxpayer Assistance Orders, infra*.
- 20 As TAS lacks the statutory or delegated authority to resolve most taxpayers' problems, it coordinates with the responsible IRS BODs/functions for resolution. TAS issues OARs supported by facts, research, and necessary documentation to aid the BOD/function in understanding TAS's position and facilitate action. See IRM 13.1.19, *Advocating With Operations Assistance Requests (OARs)* (Sept. 29, 2021).
- 21 See IGM TAS-13-1221-0010, *Interim Guidance – Document Upload Tool for Submissions from External Sources* (Dec. 21, 2021).
- 22 Data obtained from TAMIS (Oct. 1, 2021; Oct. 1, 2022).
- 23 The TAS CCI function serves as the first contact for most taxpayers coming to TAS for assistance. Intake Advocates are responsible for answering calls and conducting in-depth interviews with taxpayers to determine the correct disposition of their issue(s). Intake Advocates take actions where possible to resolve the issue up front, create cases after validating the taxpayer meets TAS criteria, and offer taxpayers information and assistance with self-help options. See IRM 13.1.16.2, *TAS Intake Strategy* (Oct. 4, 2021).
- 24 Data obtained from TAMIS (Oct. 1, 2021; Oct. 1, 2022). Relief rates are based on the cases closed during FY 2022 that TAS may have received in a prior fiscal year. Regarding the Public Policy category designation, under Internal Revenue Code (IRC) § 7803(c)(2)(C)(ii), IRC § 7811(a)(1)(B), Treas. Reg. 301.7811-1 (a)(4)(ii), the National Taxpayer Advocate has the sole authority to determine whether compelling public policy warrants TAS' assistance to an individual or group of taxpayers.
- 25 Data obtained from TAMIS (Oct. 1, 2021; Oct. 1, 2022). The "Other TAS Receipts" category encompasses the remaining issues not in the top ten. Pre-Refund Wage Verification Hold is the IRS program to detect and prevent non-identity theft refund fraud. See IRM 25.25.3.1(1), *Program Scope and Objectives* (Aug. 30, 2019). Error Resolution System/Reject issues occur when errors made when filing returns cause the IRS to have to request additional information from the taxpayer before the IRS is able to process the return. On March 3, 2022, TAS split the issue code 315, Unpostable and Reject, into issue code 315, Error Resolution System/Reject, and issue code 317, Unpostables. Prior to March 3, 2022, these issues were combined; therefore, the data compiled after this date will no longer have unpostable issues. On March 3, 2022, TAS created a new issue code, Decedent Account Refund; prior to that date, these issues were captured as Other Refund issues.
- 26 Data obtained from TAMIS (Oct. 1, 2022).
- 27 Data obtained from TAMIS (Oct. 1, 2021; Oct. 1, 2022). Pre-Refund Wage Verification Hold is the IRS program to detect and prevent non-identity theft refund fraud. See IRM 25.25.3.1(1), *Program Scope and Objectives* (Aug. 30, 2019). Error Resolution System/Reject issues occur when errors made when filing returns cause the IRS to have to request additional information from the taxpayer before it is able to process the return. On March 3, 2022, TAS split the issue code 315, Unpostable and Reject, into issue code 315, Error Resolution System/Reject, and issue code 317, Unpostables. Prior to March 3, 2022, these issues were combined; therefore, the data compiled after this date will no longer have unpostable issues.
- 28 IRC § 7811(f) states that for purposes of this section, the term "National Taxpayer Advocate" includes any designee of the National Taxpayer Advocate. See IRM 1.2.2.12.1 *Delegation Order 13-1 (Rev. 1), Authority to Issue, Modify or Rescind Taxpayer Assistance Orders* (Mar. 17, 2009).
- 29 IRC § 7811(b)(2); Treas. Reg. § 301.7811-1(c)(2); IRM 13.1.20.3, *Purpose of Taxpayer Assistance Orders* (Dec. 15, 2007).
- 30 Treas. Reg. § 301.7811-1(c)(3); IRM 13.1.20.3, *Purpose of Taxpayer Assistance Orders* (Dec. 15, 2007).
- 31 IRC § 7811(a)(1)(A); Treas. Reg. § 301.7811-1(a)(1) and (c).
- 32 IRM 13.1.20.5(2), *TAO Appeal Process* (Dec. 9, 2015).
- 33 IRC § 7811(c)(1); Treas. Reg. § 301.7811-1(b).
- 34 *Id.*
- 35 Data obtained from TAMIS (Oct. 1, 2017; Oct. 1, 2018; Oct. 1, 2019; Oct. 1, 2020; Oct. 1, 2021; Oct. 1, 2022). See National Taxpayer Advocate 2018 Annual Report to Congress 562-563 (TAS Case Advocacy: *Passport Certification Due to Seriously Delinquent Tax Debt*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/07/ARC18\\_Volume1\\_TASCaseAdvocacy.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/07/ARC18_Volume1_TASCaseAdvocacy.pdf); National Taxpayer Advocate 2018 Annual Report to Congress 556-557 (TAS Case Advocacy: *Pre-Refund Wage Verification Hold (PRWVH)*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/07/ARC18\\_Volume1\\_TASCaseAdvocacy.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/07/ARC18_Volume1_TASCaseAdvocacy.pdf); National Taxpayer Advocate 2020 Annual Report to Congress 244-246 (TAS Case Advocacy: *TAS Uses Taxpayer Assistance Orders to Advocate Effectively*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2021/01/ARC20\\_CA\\_TASCaseAdvocacy.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2021/01/ARC20_CA_TASCaseAdvocacy.pdf); National Taxpayer Advocate 2021 Annual Report to Congress 210-211 (TAS Case Advocacy: *IRS Backlogs Also Impacted TAS's Use of Taxpayer Assistance Orders*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/10/ARC21\\_CA\\_TASCaseAdvocacy.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/10/ARC21_CA_TASCaseAdvocacy.pdf).
- 36 Data obtained from TAMIS (Oct. 1, 2021; Oct. 1, 2022).
- 37 Data obtained from TAMIS (Oct. 1, 2020; Oct. 1, 2021; Oct. 1, 2022).
- 38 Data obtained from TAMIS (Oct. 1, 2018; Oct. 1, 2019; Oct. 1, 2020; Oct. 1, 2021; Oct. 1, 2022).
- 39 See National Taxpayer Advocate 2021 Annual Report to Congress 37-50 (Most Serious Problem: *Processing and Refund Delays: Excessive Processing and Refund Delays Harm Taxpayers*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21\\_MSP\\_01\\_Processing-Delays.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_MSP_01_Processing-Delays.pdf); Most Serious Problem: *Processing Delays: Paper Backlogs Caused Refund Delays for Millions of Taxpayers, supra*; Case Advocacy: *TAS Continues to Assist Taxpayers Impacted by IRS Processing Delays, supra*.

- 40 Data obtained from TAMIS (Oct. 1, 2021; Oct. 1, 2022). Pre-Refund Wage Verification Hold is the IRS program to detect and prevent non-identity theft refund fraud. See IRM 25.25.3.1(1), Program Scope and Objectives (Aug. 30, 2019). Error Resolution System/Reject issues occur when errors made when filing returns cause the IRS to have to request additional information from the taxpayer before the IRS is able to process the return. On March 3, 2022, TAS split the issue code 315, Unpostable and Reject, into issue code 315, Error Resolution System/Reject, and issue code 317, Unpostables. Prior to March 3, 2022, these issues were combined; therefore, the data compiled after this date will no longer have unpostable issues. On March 3, 2022, TAS created a new issue code, Decedent Account Refund; prior to that date, these issues were captured as Other Refund issues.
- 41 Data obtained from the TAS Outreach database.
- 42 *Id.*
- 43 See IRS, IR-2022-51, Face-to-face IRS help available in more than 30 cities on Saturday, March 12, <https://www.irs.gov/newsroom/face-to-face-irs-help-available-in-more-than-30-cities-on-saturday-march-12> (last visited Nov. 21, 2022).
- 44 IRC § 7803(c)(2)(A)(iii). IRC § 7803(c)(2)(A)(iii).
- 45 See SAMS, <https://www.irs.gov/advocate/systemic-advocacy-management-system-sams> (last visited Nov. 8, 2022).
- 46 Data obtained from SAMS (Nov. 30, 2022). SAMS non-systemic issues include individual, duplicate, systemic problem not validated, potential legislative recommendation, transferred, and not a systemic issue.
- 47 *Id.*
- 48 The sharp increase in SAMS submissions shown in the second quarter of FY 2021 can, in part, be attributed to external (non-TAS) social media posts instructing taxpayers concerned about delays in receiving their refund and advising them how to submit an issue in SAMS.
- 49 Data obtained from SAMS (Nov. 30, 2022). The top five systemic issues submitted to SAMS for FYs 2021-2022 were refunds, return processing, collection issues regarding tax payments not posted to taxpayers' accounts causing balance due issues or inability to setup installment agreements due to unprocessed tax returns, COVID-19 issues regarding stimulus payments, and amended return issues regarding delayed tax refunds or waiting for transcripts to reflect amendments.
- 50 Data obtained from SAMS (Nov. 30, 2022).
- 51 See TAP, <https://www.improveirs.org/>.
- 52 Taxpayers may also submit issues online through TAP's website, <https://www.improveirs.org/>.
- 53 Data obtained from TAP (Nov. 18, 2022). Note that each year TAP produces an annual report to highlight TAP's accomplishments. See, e.g., IRS, Pub. 4444 (Rev. 3-2022).
- 54 See Erin M. Collins, The Taxpayer Advocacy Panel Celebrates 20 Years of Making the IRS Work Better for You, NATIONAL TAXPAYER ADVOCATE BLOG (Oct. 12, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-the-taxpayer-advocacy-panel-celebrates-20-years/>.
- 55 See National Taxpayer Union Foundation, *Tax Complexity 2021: Compliance Burdens Ease for Third Year Since Tax Reform*, <https://www.ntu.org/foundation/detail/tax-complexity-2021-compliance-burdens-ease-for-third-year-since-tax-reform> (Apr. 15, 2021).
- 56 IRM 13.2.1.5.1, IMD/SPOC Reviews (Sep. 29, 2020).
- 57 Data obtained from Internal Management Document/Single Point of Contact (Nov. 22, 2022).
- 58 For a discussion of the top ten Most Serious Problems this year, see Introduction: *The Most Serious Problems Encountered by Taxpayers*, *supra*.
- 59 See National Taxpayer Advocate 2023 Purple Book, *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration*.
- 60 See IRM 13.2.7.4, Types of Collaborative Efforts (Nov. 3, 2020). TAS relationships with the IRS include participation in cross-functional teams, IRS Task Forces, Rapid Response Teams, IRS Executive Steering Committees, and more.
- 61 IRM 1.2.2.12.3, Delegation Order 13-3 (formerly DO-250, Rev. 1), Authority to Issue Taxpayer Advocate Directives (Jan. 17, 2001). Section 1301 of the Taxpayer First Act, Pub. L. No. 116-25, 133 Stat. 981 (2019) amended IRC § 7803(c) to codify the process for the IRS to respond to a TAD and for the National Taxpayer Advocate to appeal a modified or rescinded TAD, and it imposed a reporting requirement on the National Taxpayer Advocate for any TAD not honored by the IRS in a timely manner.
- 62 A proposed TAD is a written communication from the National Taxpayer Advocate that recommends action (or forbearance of action) to address a systemic problem that affects multiple taxpayers that TAS has brought to the attention of the responsible head of office. IRM 13.9.1.1.4, Terms (Oct. 8, 2020).
- 63 IRM 13.9.1.3(2), The TAD Process (Oct. 8, 2020); IRM 13.9.1.3.1(2), Examples of When TADS May Be Issued and to Whom (Oct. 8, 2020).
- 64 IRM 13.9.1.3.2, The Content of a TAD (Oct. 8, 2020).
- 65 IRM 13.9.1.4, The TAD Appeal Process (Oct. 8, 2020).
- 66 IRS Response to TAD 2021-2: Backlog of Unprocessed Amended Tax Returns (Dec. 8, 2021).
- 67 For an in-depth discussion on this topic, see Most Serious Problem: *Processing Delays: Paper Backlogs Caused Refund Delays for Millions of Taxpayers*, *supra*.
- 68 *Id.*
- 69 *Id.*
- 70 IRS Response to TAD 2022-1: Implement Scanning Technology to Machine Read Paper Tax Returns and Address the Paper Return Backlog (July 8, 2022).
- 71 *Id.*
- 72 Appeal of TAD 2022-1: Implement Scanning Technology to Machine Read Paper Tax Returns and Address the Paper Return Backlog (Aug. 2, 2022).
- 73 An Act to Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14 (commonly referred to as the "Inflation Reduction Act of 2022"), Pub. L. No. 117-169, § 10301, 136 Stat 1831-32 (2022).
- 74 Commissioner's Response to TAD 2022-1 Appeal (Oct. 31, 2022).

- 75 *Id.*
- 76 ARPA, Pub. L. No. 117-2; IRS Fact Sheet, FS-2022-21, IRS updates 2020 unemployment compensation exclusion FAQs (March 2022), <https://www.irs.gov/pub/taxpros/fs-2022-21.pdf>.
- 77 IRS, COVID-19 Tax Tip 2021-46, IRS will recalculate taxes on 2020 unemployment benefits and start issuing refunds in May (Apr. 8, 2021), <https://www.irs.gov/newsroom/irs-will-recalculate-taxes-on-2020-unemployment-benefits-and-start-issuing-refunds-in-may>.
- 78 IRM 3.11.6.10.1.1.9, Unemployment Compensation Exclusion (UCE) - Tax Year 2020 (Line 1) (Oct. 7, 2021); IRM 21.5.6.4.35.3.2, -R Freeze Paper Procedures for Accounts With Return Integrity Verification Operations (RIVO) Involvement (Oct. 3, 2022).
- 79 IRS, Compliance Data Warehouse (CDW), Individual Returns Transaction File (IRTF) and Individual Master File (IMF) (data as of Sept. 2022).
- 80 See IRC § 6511(a)(b).
- 81 Department of the Treasury, 2022-2023 Priority Guidance Plan 18 (Nov. 4, 2022), <https://www.irs.gov/pub/irs-utl/2022-2023-pgp-initial.pdf>.
- 82 National Taxpayer Advocate 2022 Purple Book, *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration* 21-22 (Legislative Recommendation: Amend the Lookback Period for Allowing Tax Credits or Refunds Under IRC § 6511(b)(2)(A) to Include the Period of Any Postponement or Additional or Disregarded Time for Timely Filing a Tax Return Under IRC § 7508A, [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21\\_PurpleBook\\_02\\_ImproveFiling\\_10.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_PurpleBook_02_ImproveFiling_10.pdf); National Taxpayer Advocate 2023 Purple Book, *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration* 132-134 (Legislative Recommendation: Amend the Lookback Period for Allowing Tax Credits or Refunds to Include the Period of Any Postponement or Additional or Disregarded Time for Timely Filing a Tax Return).
- 83 Email from W&I (May 2, 2022) (on file with TAS); IRS, Status of Unopened Mail and Backlog Inventory (Apr. 29, 2022) (showing data as of Apr. 22, 2022).
- 84 See Erin M. Collins, Getting Rid of Kryptonite: The IRS Should Quickly Implement Scanning Technology to Process Paper Tax Returns, NATIONAL TAXPAYER ADVOCATE BLOG (Apr. 15, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-getting-rid-of-the-kryptonite-the-irs-should-quickly-implement-scanning-technology-to-process-paper-tax-returns/>.
- 85 See Erin M. Collins, IRS Deputy Commissioners Respond to Taxpayer Advocate Directive on Scanning Technology; National Taxpayer Advocate Appeals Decision to IRS Commissioner, NATIONAL TAXPAYER ADVOCATE BLOG (Aug. 4, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-irs-deputy-commissioners-respond-to-taxpayer-advocate-directive/>.
- 86 Letter from Sen. Ron Wyden, Chair, Comm. on Fin., to Charles P. Rettig, Comm'r, Internal Revenue (Sept. 13, 2022) (on file with TAS).
- 87 Letter from Doug O'Donnell, Acting Comm'r Internal Revenue, to Sen. Ron Wydman, Chair, Comm. on Fin., (Nov. 22, 2022) (on file with TAS).
- 88 IRM 3.21.263.2.3, Request to Reactivate an ITIN (Nov. 12, 2021).
- 89 IRS responses to TAS information requests (Sept. 2, 2021; Nov. 22, 2021).
- 90 Service Electronic Research Program (SERP) Alert 20A0400 (Sept. 23, 2020).
- 91 IRM Procedural Update 21U1167 (Oct. 2021) stated IRS employees will treat these misdirected deposit cases as a non-receipt of direct deposited refunds and follow IRM 21.4.1.5.7.5(3), Refund Inquiries, Refund Research.
- 92 SERP Alert 22A0049 (Feb. 11, 2022).
- 93 See Erin M. Collins, Beginning Today, Some of Our Nation's Most Vulnerable Taxpayers Will Automatically Have Their Accounts Excluded From Assignment to Private Collection Agencies, NATIONAL TAXPAYER ADVOCATE BLOG (June 24, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-private-collection-agencies/>.
- 94 Taxpayer First Act, Pub. L. No. 116-25, § 1205, 133 Stat. 989 (2019). Congress amended IRC § 6306 to exclude from assignment to PCAs where the taxpayer's gross income is at or below 200 percent of the Federal Poverty Level or where the taxpayer receives SSI or SSDI, beginning January 1, 2021.
- 95 The Consolidated Appropriations Act of 2021 Pub. L. No. 116-260, § 283, 134 Stat. 1984 (2021).
- 96 IRS, CDW, IRTF, and IMF FY 2019-2022.
- 97 National Taxpayer Advocate 2021 Annual Report to Congress 37-50 (Most Serious Problem: *Processing and Refund Delays: Excessive Processing and Refund Delays Harm Taxpayers*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21\\_MSP\\_01\\_Processing-Delays.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_MSP_01_Processing-Delays.pdf). See, Erin M. Collins, An Overloaded IRS Stops Certain Automated Notices, But Taxpayers Still Need to File Federal Tax Returns and Pay Outstanding Taxes, NATIONAL TAXPAYER ADVOCATE BLOG (Mar. 2, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-an-overloaded-irs-stops-certain-automated-notice-but-taxpayers-still-need-to-file-federal-tax-returns-and-pay-outstanding-taxes/>.
- 98 IRS News Release, IR-2022-31 (Feb. 9, 2022), IRS continues work to help taxpayers; suspends mailing of additional letters, <https://www.irs.gov/newsroom/irs-continues-work-to-help-taxpayers-suspends-mailing-of-additional-letters>.
- 99 Email from ID.me (June 2, 2022).
- 100 SERP Alert 22A0081 (Mar. 11, 2022) (rescinded on Apr. 22, 2022).
- 101 *Id.*
- 102 TAS Research (Sept. 21, 2022).
- 103 IRC § 6651(a)(1).
- 104 See Erin M. Collins, Good News: The IRS Is Automatically Providing Late Filing Penalty Relief for Both 2019 and 2020 Tax Returns. Taxpayers Do Not Need to Do Anything to Receive This Administrative Relief, NATIONAL TAXPAYER ADVOCATE BLOG (Aug. 24, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-the-irs-is-automatically-providing-late-filing-penalty-relief-for-both-2019-and-2020-tax-returns/>.
- 105 Marvin A. Kirsner, *Late Payment of Deferred Payroll Taxes Under CARES Act Could Result in Harsh Consequences* (Nov. 29, 2021), GREENBERGTRAUIG, <https://www.gtllaw.com/en/insights/2021/11/late-payment-of-deferred-payroll-taxes-under-cares-act-could-result-in-harsh-consequences>.
- 106 Email from LITC (Dec. 9, 2022).