



Working for Tax & Accounting Professionals

November 22, 2021

The Honorable Ron Wyden
Chairman
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Richard Neal
Chairman
U.S. House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

RE: Taxpayers and Practitioners Need Improved IRS Transparency and Communication

Dear Chairmen Wyden and Neal and Commissioner Rettig:

The National Society of Accountants (NSA) understands the extraordinary times the IRS, taxpayers, and practitioners alike continue to endure but remains concerned not enough is being done by Congress and the IRS to mitigate the damage. In this letter, we highlight the dire need for improved transparency from the IRS in its communications with taxpayers and practitioners as well as the importance of increased funding for the agency.

NSA serves not only as an advocate for its members' professional needs but also as a facilitator of communication between tax and accounting professionals and the IRS, partnering together toward the shared goal of a smooth tax filing season. As the 2022 tax filing season approaches, however, we are concerned now more than ever about the IRS's ability to efficiently operate under the status quo.

"Today's historically low level of funding means that the agency is not equipped to provide the American people the service they deserve or to fully enforce the tax laws against those who evade them," Rettig wrote in a November 11, 2021, op-ed. "This should be recognized as the crisis it is."

NSA strongly agrees with the commissioner that there is, indeed, a crisis occurring involving the IRS, taxpayers, and practitioners, much of which can be attributed to insufficient funding. Therefore, we strongly encourage Congress to fund the IRS more adequately and consistently. The steady increase of responsibility that Congress continues to legislatively place upon the IRS year-after-year greatly exceeds the declining and often stagnant appropriations for the agency.

That said, however, the IRS must also do its part to rectify the situation. To that end, it is equally vital for the IRS to recognize its own shortcomings in communication during this ongoing crisis. Taxpayers and practitioners need the IRS to be more transparent and forthright about the status of its operations. Reporting out that the agency is "caught up on mail," for example, does not equate to such correspondence being processed and resolved. And while providing general backlog estimates may help paint a picture of the problem, it shines little to no light on taxpayers' specific concerns.

It is no secret that the IRS continues to lag in the processing and issuing of refunds for 2019 and 2020 returns. As of November 12, 2021, the IRS reports having 5.9 million unprocessed individual returns. And as of November 13, 2021, the IRS had a backlog of 2.7 million unprocessed amended individual tax returns. In fact, the bottleneck of these Forms 1040-X, Amended U.S. Individual Tax Return, is so substantial and likely requiring over 20 weeks for

National Society of Accountants • 1330 Braddock Place, Suite 540 • Alexandria, Virginia 22314

www.nsacct.org

processing, that National Taxpayer Advocate Erin M. Collins has suspended the Taxpayer Advocate Service's acceptance of related cases until the IRS is able to remedy its backlog. Further, as of November 17, 2021, the IRS reports having 2.4 million unprocessed Forms 941, Employer's Quarterly Federal Tax Return.

While NSA dare not presume to fully understand the ins and outs of the current dilemmas the IRS faces internally in its processing of taxpayers' returns and correspondence, there is no question that greater transparency and communication is needed. Often, taxpayers and practitioners either cannot reach the IRS or receive confusing and inaccurate information. Frustrations within the tax and accounting professional community are at an all-time high, and fears among practitioners about how the upcoming 2022 tax filing season will unfold, when many 2019 and 2020 tax returns remain unresolved, are based firmly in reality.

Thus, until the IRS can more efficiently communicate with taxpayers, NSA urges the agency to take the following steps:

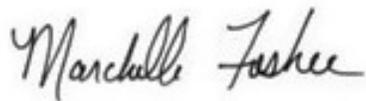
- Stop all automatic collection notices and actions of liens and levies (at least for certain categories that have low compliance risk) until the agency has completed its backlog of opened yet unprocessed mail;
- Provide taxpayers with targeted, automatic relief from the underpayment of estimated tax penalties and late payment penalties for the 2020 tax year; and
- Utilize IRS.gov to more frequently and specifically provide status of operations updates for taxpayers and practitioners. These updates would include current processing times for various categories of returns and replies to correspondence and notices.

Thank you for your consideration of these important matters. We welcome the opportunity to further discuss these issues. Please direct any inquiries or information related to this letter to Jessica L. Jeane, Managing Director, Public Policy at 571-982-7360 or jjeane@nsacct.org.

Sincerely,

Marchelle Foshee, CPA
President

Jessica L. Jeane, J.D.
Managing Director, Public Policy



Kathy Hettick, EA, ABA, ATP
Chair, Federal Taxation Committee

