

National Taxpayer Advocate Reviews 2021 Season and Recommends Changes for 2022



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The National Taxpayer Advocate recently issued her [Fiscal Year 2020 Objectives Report](#) to Congress, reviewing the successes and challenges of the 2021 federal tax filing year and highlighting a series of objectives and recommendations for Congress to consider for tax year 2022.

Among the noted highlights of the IRS's work during the trying 2021 tax year included more than 170 million individuals and millions of businesses receiving financial relief through three rounds of stimulus payments, Payroll Protection Program loans, and Employee Retention Credits, with the IRS issuing about 475 million payments worth \$807 billion. The IRS also processed 136 million individual income tax returns and issued 96 million refunds totaling \$270 billion during the 2021 filing season, all while undergoing significant personnel challenges due to the ongoing pandemic.

Those challenges were felt throughout the 2021 filing season, and the additional impact of an unprecedented number of returns requiring manual review slowed down refunds. The IRS finished its filing season with a backlog of 35 million individual and business income tax returns that required manual processing and are still undergoing same. Continuing in its vigilance efforts, the IRS also referred 3.7 million returns to the Taxpayer Protection Program under suspicion that the returns were filed by an identity thief.

The IRS also faced challenges answering the phone. During this past season, the IRS was only able to answer about 15% of the 167 million calls it received, but for its individual taxpayer help line it averaged only a 3% answer rate for the 85 million calls it received. (We note that in a normal year Congress only funds the IRS to provide a 60% answer rate.) In her 2020 Objectives Report, the National Taxpayer Advocate has requested that Congress provide funding to achieve a 100% answer rate.

Other recommendations the National Taxpayer Advocate has made to Congress include:

- Prioritizing the development of accessible, online accounts by which taxpayers and tax practitioners may virtually interact with the IRS. I can say that I'd certainly prefer to avoid the very lengthy delays on the practitioner practice line and deal directly with the IRS in an interactive, virtual forum;
- Expanding customer callback technology to all IRS telephone numbers;
- Reducing remaining barriers preventing filing of all tax returns electronically;
- Utilizing scanning technology to turn paper returns into electronic form;
- Expanding the use of digital acceptance and transmission of documents, as well as use of digital signatures; and
- Offering videoconferencing to taxpayers.

It is up to Congress to prioritize and fund these initiatives.