

United States Senate

WASHINGTON, DC 20510-6200

February 10, 2022

The Honorable Janet Yellen
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

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

Dear Secretary Yellen and Commissioner Rettig,

As the 2022 tax filing season has recently begun, we are concerned about the existing delays and backlogs facing the Internal Revenue Service (IRS) and the toll it is taking on American taxpayers. While we understand that the COVID-19 pandemic has had a significant impact on the IRS, we are concerned about our constituents' ability to have their returns processed accurately and efficiently. We are also alarmed by reports from taxpayers who cannot resolve their tax problems because the IRS is unresponsive.

The IRS's recent statement¹ that it would stop sending certain automated notices until it processes its current paper tax inventory is progress, but there is more to be done. According to the latest IRS data, the IRS continues to have a backlog of 6 million Forms 1040 (Individual Income Tax Returns) and 2.3 million amended individual tax returns. In addition, the IRS has 1.1 million Forms 941 (Employer Quarterly Tax Returns) that must be processed before the nearly 440,000 amended Forms 941 may be processed.² Also, the National Taxpayer Advocate recently reported the IRS's customer service telephone center only answered 11 percent of calls made to it in FY 2021.³ These delays and inaccessibility are presenting challenges for American families and businesses alike.

For example, in many cases, the delayed processing of amended returns has been devastating to small businesses in our communities whose applications for emergency loans from the Small Business Administration have been caught in limbo nearly two years after the COVID-19 pandemic began. The situation has deteriorated to a point that the Taxpayer Advocate Service (TAS) will no longer accept cases solely involving the processing of amended returns.⁴ In addition, we continue to hear from constituents who have not yet had their paper and amended returns processed, and due to a lack of information on IRS processing dates and timelines, do not know if their returns ever made it to the IRS or if they should re-file. Other taxpayers are waiting for their tax refund, some related to their 2019 tax return. This situation is untenable.

¹ <https://www.irs.gov/newsroom/irs-statement-providing-meaningful-assistance-to-taxpayers-in-the-current-environment>.

² <https://www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue>.

³ National Taxpayer Advocate 2021 Annual Report to Congress, Taxpayer Advocate Service, 3, available at <https://www.taxpayeradvocate.irs.gov/reports/2021-annual-report-to-congress/>.

⁴ <https://www.taxpayeradvocate.irs.gov/news/nta-blog-irs-delays-in-processing-amended-tax-returns-are-impacting-tass-ability-to-assist-taxpayers/>.

When our constituents cannot get help from those tasked to administer our tax laws, it diminishes the integrity of our voluntary tax system.

While recognizing the challenges the IRS currently operates under, we find the current situation at the IRS alarming. Given the current circumstances, we respectfully request the IRS consider exercising its existing authority to undertake measures to bring immediate relief to taxpayers and reduce backlogs, during this tax filing season, such as:

- Halt automated lien/levy issuance for a meaningful period of time;
- Delay the collection process for filers until the IRS opens and processes any mail that may include an abatement request;
- Provide targeted tax penalty relief for taxpayers, as previously offered by the IRS;
- Expedite processing of the millions of original returns in the IRS's inventory, then immediately turn to processing amended returns, and provide TAS and congressional caseworkers with timely updates and responses;
- Communicate to the public, in a clear and timely manner, the status of IRS operations, current processing times, levels of unopened mail, number of error resolution cases, and dates to which mail, including paper and amended returns, has been processed; and
- Consider modifying⁵ the current implementation of Schedules K-2 and K-3 to focus on clearing the backlog instead of adding more complexity.

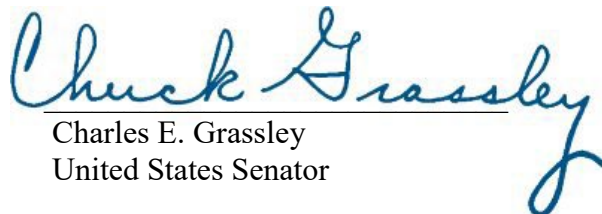
While we recognize no single action will alleviate longstanding issues and difficulties at the IRS, steps like these would provide our constituents with greater certainty and meaningful relief as we enter this year's filing season. We continue to support the IRS's efforts to deliver on their mission to provide taxpayers with top quality service, help them understand and meet their tax responsibilities, and apply the tax law with integrity and fairness to all.

Thank you for your attention to this matter.

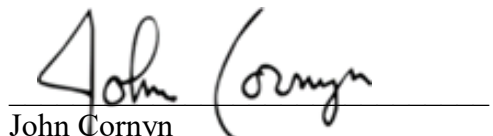
Sincerely,



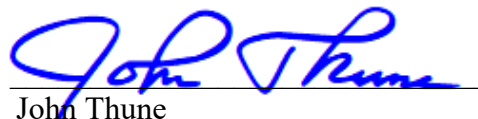
Mike Crapo
United States Senator



Charles E. Grassley
United States Senator



John Cornyn
United States Senator



John Thune
United States Senator

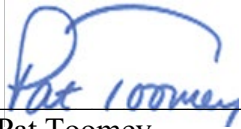
⁵ See e.g., Notice 2021-39, 2021-27 IRB 3.



Richard Burr
United States Senator



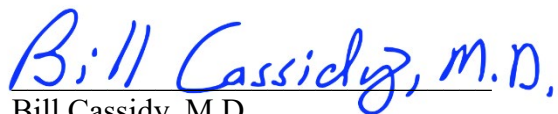
Rob Portman
United States Senator



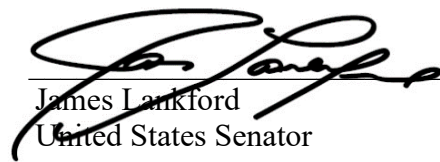
Pat Toomey
United States Senator



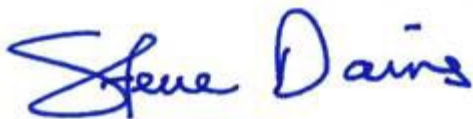
Tim Scott
United States Senator



Bill Cassidy, M.D.
United States Senator



James Lankford
United States Senator



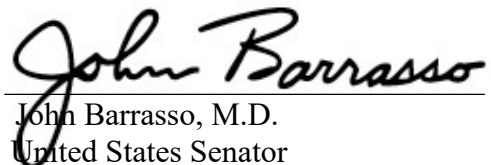
Steve Daines
United States Senator



Todd Young
United States Senator



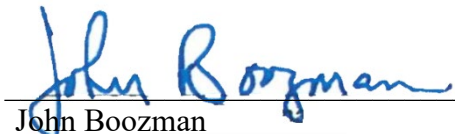
Ben Sasse
United States Senator



John Barrasso, M.D.
United States Senator



Marsha Blackburn
United States Senator



John Boozman
United States Senator



Mike Braun
United States Senator



Susan Collins
United States Senator



Tom Cotton
United States Senator



Deb Fischer
United States Senator



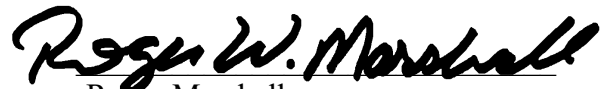
Bill Haggerty
United States Senator



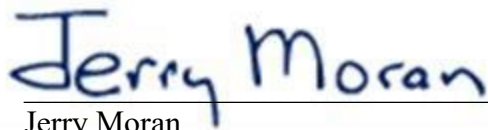
John Hoeven
United States Senator



James Inhofe
United States Senator



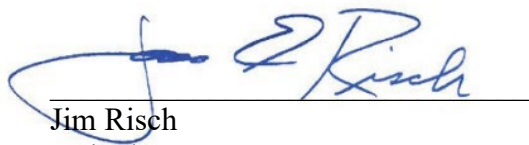
Roger Marshall
United States Senator



Jerry Moran
United States Senator



Lisa Murkowski
United States Senator



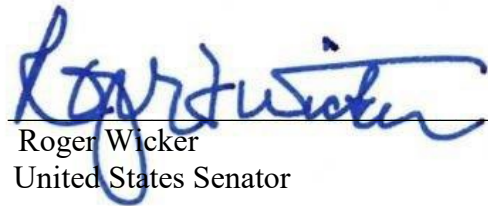
Jim Risch
United States Senator



Marco Rubio
United States Senator



Dan Sullivan
United States Senator



Roger Wicker
United States Senator