

- Activity 3: Advocate for updating the Internal Revenue Manual (IRM) to require review of reasonable cause relief requests before assessing penalties when these requests are submitted in conjunction with late filed international information returns potentially giving rise to penalties.
- Activity 4: Collaborate with the IRS to discuss the possibility of adding language to the Schedule B and related instructions to include foreign gifts as potentially reportable.

## 9. REDUCE COMPLIANCE CHALLENGES FOR TAXPAYERS ABROAD

Taxpayers abroad face significant challenges in meeting their U.S. tax obligations.<sup>75</sup> They are plagued by a complex tax code and declining levels of IRS customer service. They can be liable for severe penalties for failing to file or incorrectly filing their tax returns and complicated international information returns, of which they may not be aware. Yet, they have no access to in-person IRS assistance and almost no ability to access free return preparation assistance. Additionally, taxpayers abroad often encounter significant delays in receiving correspondence from or sending correspondence to the IRS and have insufficient timeframes in which to respond to key IRS notices, which causes them to lose critical administrative, due process, and judicial rights. Other challenges include difficulties in obtaining Individual Taxpayer Identification Numbers and checking on their application status, access to only one dedicated IRS telephone line (that is not toll-free), language barriers, problems accessing online resources, and limited payment and refund options.

Despite the multitude of challenges facing taxpayers abroad, the IRS offers only limited assistance, and many IRS systems are still not compatible with the needs of this population. The complexity of U.S. tax laws and the lack of accessible IRS customer service and assistance burdens taxpayers, especially those abroad, causes frustration, and impedes compliance. To protect taxpayer rights and improve voluntary compliance for this population, the IRS needs to educate and assist taxpayers abroad, improve customer service options, and reduce the challenges these taxpayers face.

### **Objective 9 for FY 2025 – TAS will identify compliance challenges for taxpayers abroad and make administrative recommendations to minimize burdens imposed on this population.**

- Activity 1: Meet with stakeholders and representatives for international taxpayers to better understand the difficulties they face in complying with their U.S. tax obligations and make recommendations to the IRS to reduce compliance burdens.
- Activity 2: Work with the IRS to identify which IRS forms and publications individual taxpayers abroad use most and recommend the IRS prioritize them for translation into languages other than English.
- Activity 3: Review IRM provisions and IRS correspondence products to identify circumstances in which taxpayers abroad do not have sufficient time to respond and make recommendations to the IRS to revise such notices and procedures to provide additional time.
- Activity 4: Review the IRS's FAQs about international individual tax matters applicable to U.S. taxpayers abroad and provide specific suggestions to the IRS about how to improve that content to make it more helpful to taxpayers abroad.

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<sup>75</sup> National Taxpayer Advocate 2023 Annual Report to Congress 116 (Most Serious Problem: *Compliance Challenges for Taxpayers Abroad: Taxpayers Abroad Continue to Be Underserved and Face Significant Challenges in Meeting Their U.S. Tax Obligations*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23\\_MSP\\_09\\_Compliance-Abroad.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23_MSP_09_Compliance-Abroad.pdf).