



## TAS ADVOCACY

### INTRODUCTION

TAS is an independent organization within the IRS that serves as the advocacy ombuds for taxpayers. TAS operates around four central statutorily mandated objectives:

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

Additionally, TAS administers the Low Income Taxpayer Clinic (LITC) grant program<sup>1</sup> and oversees the Taxpayer Advocacy Panel (TAP).<sup>2</sup> In this section, TAS provides updates on how we advocated for taxpayers (individually and systemically) in fiscal year (FY) 2024.

### TAS CASE ADVOCACY

#### TAS's Mission

Central to the mission of TAS is protecting taxpayer rights and assisting taxpayers (*e.g.*, individuals, business owners, and exempt entities) when they have issues resolving problems with the IRS. To accomplish this mission, our Case Advocates and Intake Advocates most often work one-on-one with taxpayers, their representatives, and congressional staffs to resolve specific tax issues. TAS also uses information gleaned from

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1 The LITC program provides matching grants of up to \$100,000 per year (additional funding allowed up to \$200,000 in FY 2024) to qualifying organizations to operate clinics that represent low-income taxpayers in disputes with the IRS and educate taxpayers for whom English is a second language about their taxpayer rights and responsibilities. LITCs provide services to eligible taxpayers for free or a nominal fee. See IRC § 7526. IRS, Pub. 3319, Low Income Taxpayer Clinics Grant Application Package and Guidelines (May 2024), <https://www.irs.gov/pub/irs-pdf/p3319.pdf>.

2 TAP is a Federal Advisory Committee established by the Department of Treasury to provide a taxpayer perspective on improving IRS service to taxpayers. TAS provides oversight and support to the TAP program. Federal Advisory Committee Act (5 U.S.C. Appendix (1972)) prescribes standards for establishing advisory committees when those committees furnish advice, ideas, and opinions to the federal government. 5 U.S.C. Appendix; 5 U.S.C. ch. 10; 41 C.F.R. Part 102-3 (2001).



the problems we see in individual cases to inform and support two other components of TAS's statutory mission – to advocate for and propose changes in the IRS's administrative practices and to identify and propose potential legislative changes to relieve taxpayer problems.<sup>3</sup>

### Reimagining Case Advocacy

TAS accepts all cases that meet our case acceptance criteria, with limited exceptions, and does not shut our doors once we receive a specific number of cases. If a taxpayer is experiencing or about to experience an economic harm or the IRS failed to timely respond to or resolve a taxpayer's issue because of a failure in an IRS process, system, or procedure, the taxpayer may qualify for our assistance.<sup>4</sup> However, TAS is not a second IRS; we are advocates and a safety net for situations when a taxpayer cannot resolve their issues with the IRS.

In FY 2024, our case receipts increased substantially and quickly, and we needed to prioritize cases differently to make sure we serve taxpayers who are facing economic burden or have the most imminent need for assistance. To ensure TAS provides service to our most critical-need customers first, we identified three core challenges in Case Advocacy and took steps to address them:<sup>5</sup>

1. We received more cases and instituted new ways to prioritize work;
2. We hired a considerable number of new Case Advocates who require training before they can effectively assist taxpayers, and we are ensuring we make resources available to train them; and
3. We are using a functionally limited case management system that is more than two decades old and causes inefficiencies and delays, and we have begun efforts to design a replacement system to support more efficient and effective customer service.

### *TAS Is Receiving More Cases and Instituting New Ways to Prioritize Work*

As shown in Figure 4.1, in FY 2024, TAS received nearly 257,000 cases, an increase of more than 17 percent from FY 2023.<sup>6</sup> Additionally, Intake Advocates assisted and resolved the issues of another 22,503 taxpayer calls without needing to establish a TAS case.<sup>7</sup>

3 Case Advocacy's discussions and case results form the basis for many of the Most Serious Problems in the National Taxpayer Advocate Annual Report to Congress and Legislative Recommendations in the National Taxpayer Advocate Purple Book.

4 See TAS, Can TAS Help Me With My Tax Issue?, <https://www.taxpayeradvocate.irs.gov/can-tas-help-me-with-my-tax-issue/> (last visited Nov. 21, 2024).

5 See Erin M. Collins, TAS Is Taking Steps to Better Serve Taxpayers, NATIONAL TAXPAYER ADVOCATE BLOG (Sept. 19, 2024), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/tas-is-taking-steps-to-better-serve-taxpayers/2024/09/>.

6 TAS received 219,251 cases in FY 2023 and 256,737 in FY 2024. Data obtained from the Taxpayer Advocate Management Information System (TAMIS) (Oct. 1, 2023; Oct. 1, 2024).

7 The TAS Centralized Case Intake 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 issues. 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 Internal Revenue Manual (IRM) 13.1.16.2, TAS Intake Strategy (Dec. 22, 2023), [https://www.irs.gov/irm/part13/irm\\_13-001-016](https://www.irs.gov/irm/part13/irm_13-001-016).



**FIGURE 4.1, TAS Case and Intake Receipts, FYs 2023-2024<sup>8</sup>**

Case Categories	FY 2023 Receipts	FY 2024 Receipts	Percent Change FYs 2023-2024
Economic Burden	116,044	136,609	▲ 17.7%
Systemic Burden	95,077	110,865	▲ 16.6%
Best Interest of the Taxpayer	4,722	5,216	▲ 10.5%
Public Policy	3,408	4,047	▲ 18.8%
<b>Subtotal</b>	<b>219,251</b>	<b>256,737</b>	<b>▲ 17.1%</b>
<b>Calls Resolved With Alternative Assistance</b>	<b>28,147</b>	<b>22,503</b>	<b>▼ -20.1%</b>
<b>Total Receipts</b>	<b>247,398</b>	<b>279,240</b>	<b>▲ 12.9%</b>

Central to our mission of advocating for taxpayers, TAS does not turn away taxpayers eligible for our assistance. However, due to the increase in need for our services, TAS is taking longer to assign new cases, return telephone calls to our taxpayers, and sometimes resolve cases. TAS continues to look for process changes as well as to hear from taxpayers and tax professionals to understand their challenges, and we continue to work toward improving our service and responsiveness.

In FY 2024, TAS implemented temporary changes to case processing so that in FY 2025 we can focus on economic burden cases while continuing to help those facing systemic issues.<sup>9</sup> These modifications aim to reduce the volume of cases individually assigned to our Case Advocates and to centralize taxpayer inquiries impacted by systemic delays and issues. This will allow our employees to actively advocate for taxpayers with the most urgent need for TAS assistance while working cases with common systemic issues in a central team. We will continue to identify ways to serve taxpayers more efficiently, collect process change data, analyze the results, and adjust as needed.

### ***TAS Is Increasing Hiring and Creating Better Training to Improve Service and Advocacy***

As discussed, TAS does not have the capacity to handle our caseloads as quickly as we would like, and our top priority is hiring and training more Case Advocates, as more cases require more staff. In FY 2024, TAS used the additional funding received from Congress to hire new Case Advocates. However, because Case Advocates resolve a myriad of tax issues, it takes months, even years, to train newly hired advocates. Nearly one-third of our Case Advocate workforce is still receiving training and working limited caseloads or have no caseloads yet, and half are likely to require extra support for complex cases. As of April 2024, over 50 percent of our Case Advocates have less than two years of experience, which has been a strain on our responsiveness.<sup>10</sup> To compound the challenges, TAS had to temporarily reassign experienced Case Advocates to provide training and supervision for the new hires, further straining our resources to work current cases.

TAS is also studying and reimagining how we deliver and develop training. We will focus on training new hires on understanding the highest volume issues first. This allows new Case Advocates to begin working these cases more quickly. Over time, TAS will provide more comprehensive training to help Case Advocates to better advocate for taxpayers facing a variety of issues.

<sup>8</sup> Data obtained from TAMIS (Oct. 1, 2023; Oct. 1, 2024).

<sup>9</sup> See Interim Guidance Memorandum (IGM) TAS-13-0924-0002, Interim Guidance to Temporarily Suspend Certain Procedures During Intake (Sept. 11, 2024), <https://www.irs.gov/pub/foia/ig/spder/tas-13-0924-0002.pdf>; IGM TAS-13-0924-0003, Interim Guidance on Centralization of New TAS Non-Congressional Systemic Burden Cases (Sept. 11, 2024), <https://www.irs.gov/pub/foia/ig/tas/tas-13-0924-0003.pdf>.

<sup>10</sup> Data obtained from CA Time in Position from the IRS Human Capital Office (Apr. 6, 2024).



### ***TAS Has an Outdated and Inefficient Case Management System and Is Developing a New Customer Relationship Management System***

A third challenge TAS faces is the limited functionality of our current case management system, known as the Taxpayer Advocate Management Information System (TAMIS). TAMIS is more than 20 years old and lacks functionality common in more modern case management systems, which results in TAS employees spending extra time doing work that could be partly or fully automated. TAS is taking the following steps to address these challenges.

In FY 2024, TAS began developing a new customer relationship management system named Phoenix and plans to begin deployment in FY 2025. TAS heavily relied on feedback from our employees to design Phoenix and identify areas where technology can automate tasks and improve efficiencies. These significant improvements better equip TAS to visualize and prioritize work across our workforce from both employee and management perspectives. Our goal is to continue improving our service and better position ourselves to be that safety net for taxpayers in need.

Although this functionality is probably several years away, another of TAS's long-term goals is to allow taxpayers, tax professionals, and congressional staff to communicate with TAS and obtain case updates through a What's the Status of My TAS Case? portal or online account. We know our taxpayers want more secure digital communication options and faster service. We envision providing more real-time information and updates using system capabilities while also allowing our Case Advocates to spend more of their time on case evaluation, advocacy, and resolution.

### **Case Receipt Trends in Fiscal Year 2024**

Taxpayers can seek TAS assistance with any IRS-related issue. Figure 4.2 provides the top ten reasons taxpayers sought TAS assistance in FY 2024 compared to FY 2023.

**FIGURE 4.2, Top Ten Issues in Cases Received in TAS, FYs 2023-2024<sup>11</sup>**

Rank	Issue Description	FY 2023	FY 2024	Percent Change FYs 2023-2024
1	Processing Amended Returns	36,171	48,008	▲ 32.7%
2	Pre-Refund Wage Verification Holds (Refund holds due to income/withholding mismatch)	26,052	37,071	▲ 42.3%
3	Returned or Stopped Refunds	7,639	13,761	▲ 80.1%
4	Identity Theft	11,915	13,649	▲ 14.6%
5	Error Resolution System/Rejects (Returns or adjustments on hold or rejected due to errors)	9,527	12,245	▲ 28.5%
6	Decedent Account Refunds	12,695	12,230	▼ -3.7%

(continued on next page)

<sup>11</sup> Data obtained from TAMIS (Oct. 1, 2023; Oct. 1, 2024). The Other TAS Receipts category encompasses the remaining issues not in the top ten. The 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), [https://www.irs.gov/irm/part25/irm\\_25-025-003r](https://www.irs.gov/irm/part25/irm_25-025-003r). 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 can process the return. TPP issues occur when the TPP process detects a return as a potential identity theft return, requiring the taxpayer to verify their identity prior to the IRS posting or releasing a refund. See IRM 25.25.6, Taxpayer Protection Program (Sept. 3, 2024), [https://www.irs.gov/irm/part25/irm\\_25-025-006r](https://www.irs.gov/irm/part25/irm_25-025-006r). 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 can process the return.



7	Taxpayer Protection Program (TPP) Issues (Returns on hold until taxpayer verifies identity)	9,516	10,119	▲ 6.3%
8	Lost or Stolen Refunds	7,792	8,188	▲ 5.1%
9	Closed Automated Underreporter Program (Reconsiderations of unpaid assessments resulting from automated information returns not matching income, deductions, and credits claimed on tax returns)	4,123	5,321	▲ 29.1%
10	Missing and Incorrect Payments	3,091	5,239	▲ 69.5%
<b>Other TAS Receipts</b>		<b>90,730</b>	<b>90,906</b>	<b>▲ 0.2%</b>
<b>Total Receipts</b>		<b>219,251</b>	<b>256,737</b>	<b>▲ 17.1%</b>

Though decedent account refund assistance requests decreased close to four percent from FY 2023, Decedent Account Refunds continued to be one of the top ten reasons taxpayers seek TAS assistance.<sup>12</sup> Earlier this year, TAS noticed a trend of increased requests for assistance with this problem. TAS worked with the IRS to find the source of the issue and the solution. The IRS identified the cause of the problem and is working to reduce a backlog of unprocessed Forms 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, to allow the processing of the remaining returns and issuance of any outstanding refunds and prevent the issue from occurring in the future.<sup>13</sup>

As shown in Figure 4.3, fewer taxpayers sought TAS's assistance with decedent account refunds for the months of June through September in 2024 compared to the same months in 2023.

**FIGURE 4.3, Decedent Account Refund Case Receipts for June-September, FYs 2023-2024<sup>14</sup>**

Month	FY 2023 Receipts	FY 2024 Receipts	Percent Change FYs 2023-2024
June	1,258	595	▼ -53%
July	1,066	648	▼ -39%
August	1,341	720	▼ -46%
September	1,260	728	▼ -42%

The IRS backlog of unprocessed Forms 1310 and the resulting refund issuance delays caused significant taxpayer burden. As the IRS addresses the challenges associated with paper filing through its modernization efforts, TAS anticipates individuals filing a final return due to the passing of a loved one will not face the same delays. TAS continues to monitor this issue.

12 Taxpayers file Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, to claim a refund on behalf of a deceased taxpayer. When a taxpayer dies, the taxpayer's personal representative or surviving spouse must file a final income tax return (Form 1040 or 1040-SR) for the year of death (in addition to any returns not filed in preceding years). If a refund is claimed, they must attach Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, unless an exception applies. Attaching Form 1310 notifies the IRS that the taxpayer has died and directs it to send the refund to the beneficiary.

13 See Erin M. Collins, Are You Still Waiting on a Refund From a Deceased Taxpayer's Return?, NATIONAL TAXPAYER ADVOCATE BLOG (Aug. 13, 2024), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/are-you-still-waiting-on-a-refund-from-a-deceased-taxpayers-return/2024/08/>.

14 Data obtained from TAMIS (July 1, 2023; Aug. 1, 2023; Sept. 1, 2023; Oct. 1, 2023; July 1, 2024; Aug. 1, 2024; Sept. 10, 2024; Oct. 1, 2024).



Although not in the top ten, TAS saw a nearly 58 percent increase in cases with collection issues in FY 2024 compared to FY 2023, which was expected as the IRS temporarily suspended collection notices due to the COVID-19 pandemic in February 2022.<sup>15</sup> The increase in collection cases is likely a partial result of the resumption of IRS collection notices in the fall of 2023.<sup>16</sup> Collection actions are particularly concerning as they can include liens and levies, which can significantly harm taxpayers' credit and therefore negatively affect their ability to obtain financing, find or retain a job, secure affordable housing or insurance, and ultimately pay the outstanding tax debt. With much of the impact of the COVID-19 pandemic in the rearview mirror, TAS expects case receipts involving collection issues to grow as the IRS resumes its collection activities and will continue to focus our advocacy efforts to help impacted taxpayers and work with the IRS on its future collection procedures and strategies.

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

Over 53 percent of TAS's case receipts involve taxpayers experiencing an economic burden.<sup>17</sup> Because these taxpayers face potential immediate adverse financial consequences, TAS requires employees to prioritize these cases. Figure 4.4 shows the top five issues driving economic burden receipts in FY 2024 compared to FYs 2022-2023. TAS also dedicates resources to resolving the systemic causes of these issues. As discussed in the Most Serious Problems section of this and prior reports, we make recommendations to the IRS throughout the year to improve processes that cause taxpayers to experience economic or systemic burdens.

**Figure 4.4, Top Five Case Issues Causing Economic Burden Receipts, FYs 2022-2024<sup>18</sup>**

Rank	Issue Description	FY 2022	FY 2023	FY 2024	Percent Change FYs 2022-2024
1	Processing Amended Returns	15,202	21,036	25,647	▲ 68.7%
2	Pre-Refund Wage Verification Holds (Refund holds due to income/ withholding mismatch)	23,564	16,591	22,170	▼ -5.9%
3	Error Resolution System/Rejects (Returns or adjustments on hold or rejected due to errors)	6,560	6,866	8,779	▲ 33.8%
4	Identity Theft	4,526	6,736	8,520	▲ 88.2%
5	Returned or Stopped Refunds	2,062	4,277	7,836	▲ 280.0%

### ***Processing Amended Returns***

In FY 2024, over 25,500 taxpayers facing an economic burden sought TAS assistance due to a processing delay of their amended tax returns, an increase of almost 70 percent since FY 2022.<sup>19</sup> An additional 22,361 taxpayers facing a systemic burden sought TAS assistance with this issue. Unfortunately, in FY 2024, this was the most common reason taxpayers facing imminent adverse financial consequences sought our assistance.<sup>20</sup>

15 Data obtained from TAMIS (Oct. 1, 2023; Oct. 1, 2024). TAS received 11,297 collection issue cases in FY 2023 compared to 17,837 in FY 2024.

16 See IRS News Release, IR-2023-244, IRS Helps Taxpayers by Providing Penalty Relief on Nearly 5 Million 2020 and 2021 Tax Returns; Restart of Collection Notices in 2024 Marks End of Pandemic-Related Pause (Dec. 19, 2023), <https://www.irs.gov/newsroom/irs-helps-taxpayers-by-providing-penalty-relief-on-nearly-5-million-2020-and-2021-tax-returns-restart-of-collection-notices-in-2024-marks-end-of-pandemic-related-pause>.

17 Data obtained from TAMIS (Oct. 1, 2024).

18 Data obtained from TAMIS (Oct. 1, 2022; Oct. 1, 2023; Oct. 1, 2024). 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), [https://www.irs.gov/irm/part25/irm\\_25-025-003r](https://www.irs.gov/irm/part25/irm_25-025-003r). Error Resolution System/Reject issues occur when the taxpayer's return contains errors causing the IRS to request additional information from the taxpayer before it can process the return.

19 Data obtained from TAMIS (Oct. 1, 2024).

20 *Id.*



The delays individuals faced in the processing of tax returns were not the only cause of TAS's overall increase in amended return case receipts. Close to 21 percent of amended return cases resulted from businesses and exempt organizations contacting TAS seeking assistance with delays in the processing of Employee Retention Credit (ERC) claims submitted on various amended returns.<sup>21</sup>

The ERC is a pandemic-era tax credit for eligible businesses that incurred costs in continuing to employ individuals during specific quarters in 2020 and 2021.<sup>22</sup> In FY 2023, TAS became acutely aware of problems taxpayers faced obtaining refunds due to delays in the IRS processing their ERC claims. TAS heard directly and often from taxpayers, tax professionals, and congressional offices about hardships and delays, particularly once the IRS initiated a moratorium on the processing of any new ERC claims received after September 14, 2023.<sup>23</sup>

TAS's strategy to advocate on behalf of businesses facing ERC claim issues changed as the situation evolved. TAS submitted individual Operations Assistance Requests (OARs) to the IRS requesting it process taxpayers' ERC claims. When the IRS failed to take action, Local Taxpayer Advocates issued Taxpayer Assistance Orders (TAOs) directing the IRS to process the ERC claims. On October 23, 2023, due to the IRS's failure to take action, TAS issued a bulk TAO on behalf of more than 900 similarly situated business taxpayers ordering the IRS to process more than 2,000 ERC claims and make a determination to allow, partially allow, deny, refer the claims for examination, or provide taxpayers their appeal rights, as appropriate.<sup>24</sup> We developed advocacy guidance about taxpayers facing ERC claim processing delays to help employees identify the issues, determine actions needed to resolve the issues, and provide reminders for employees working these cases.<sup>25</sup> TAS does not have the delegated authority to process the claims; therefore, we advocated on the taxpayers' behalf but must rely on the IRS to process the claims.

Eventually, TAS negotiated with the IRS to establish a bulk OAR process for ERC claims filed on amended employment tax returns. This process authorized TAS to submit to the Taxpayer Services Business Operating Division (BOD) one request for action on behalf of multiple business taxpayers for multiple tax periods. TAS initiated a daily review process for ERC claims elevated by TAS employees as eligible for the bulk OAR process. It submitted a bulk OAR to Taxpayer Services biweekly requesting the IRS to take the actions as detailed in the previous paragraph. Finally, TAS elevated the ERC claims of those business taxpayers facing imminent financial harm to Taxpayer Services and the Commissioner's office for priority consideration. In FY 2024, TAS advocated on behalf of thousands of business taxpayers awaiting information regarding the processing of their ERC

21 See Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. No. 116-136, §§ 2301-2308, 134 Stat. 281, 347-359 (2020). Data obtained from TAMIS (Oct. 1, 2024). See also *Most Serious Problem Employee Retention Credit: IRS Processing Delays Are Resulting in Uncertainty and Are Harming and Frustrating Business Owners*, *supra*.

22 See CARES Act, Pub. L. No. 116-136, § 2301, 134 Stat. 281, 347-351 (2020); Consolidated Appropriations Act, 2021 (commonly referred to as the Taxpayer Certainty and Disaster Tax Relief Act of 2020), Pub. L. No. 116-260, Div. EE, §§ 206-207, 134 Stat. 1182, 3059-3065 (2020); American Rescue Plan Act of 2021, Pub. L. No. 117-2, § 9651, 135 Stat. 4, 176-182 (2021); Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, § 80604(b), 135 Stat. 429, 1341 (2021).

23 IRS News Release, IR-2023-193, IRS Announces Withdrawal Process for Employee Retention Credit Claims; Special Initiative Aimed at Helping Businesses Concerned About an Ineligible Claim Amid Aggressive Marketing, Scams (Oct. 19, 2023), <https://www.irs.gov/newsroom/irs-announces-withdrawal-process-for-employee-retention-credit-claims-special-initiative-aimed-at-helping-businesses-concerned-about-an-ineligible-claim-amid-aggressive-marketing-scams>. IRS News Release, IR-2023-169, To Protect Taxpayers From Scams, IRS Orders Immediate Stop to New Employee Retention Credit Processing Amid Surge of Questionable Claims; Concerns From Tax Pros (Sept. 14, 2023), <https://www.irs.gov/newsroom/to-protect-taxpayers-from-scams-irs-orders-immediate-stop-to-new-employee-retention-credit-processing-amid-surge-of-questionable-claims-concerns-from-tax-pros>. See also *Most Serious Problem: Employee Retention Credit: IRS Processing Delays Are Resulting in Uncertainty and Are Harming and Frustrating Business Owners*, *supra*.

24 Data obtained from TAMIS (Oct. 1, 2024). Data obtained November 18, 2024, from the ERC Priority Claim Master Listing Tracker, maintained by IRS Taxpayer Services.

25 TAS Tax Tip: Don't Fall Victim to an Employee Retention Credit Scheme, <https://www.taxpayeradvocate.irs.gov/news/tax-tips/tas-tax-tip-dont-fall-victim-to-an-employee-retention-credit-scheme/2023/08/> (last updated Feb. 8, 2024); TAS, Resolving an Improper ERC Claim, What to Do If You Realize You Do Not Qualify for an Employee Retention Credit You Claimed (Mar. 12, 2024), <https://www.taxpayeradvocate.irs.gov/news/tax-tips/tas-tax-tip-resolving-an-improper-erc-claim/2024/03/>. See also Erin M. Collins, Did You Receive a Notice of Claim Disallowance for Your Employee Retention Credit Refund Claim? If So, Now What?, NATIONAL TAXPAYER ADVOCATE BLOG (Aug. 21, 2024), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/did-you-receive-a-notice-of-claim-disallowance-for-your-employee-retention-credit-refund-claim-if-so-now-what/2024/08/>.



claims.<sup>26</sup> However, for many months, the IRS did not take action, and as of November 26, 2024, the IRS advised TAS it had worked approximately 10,500 of 26,000 refund claims from TAS taxpayers, fewer than 50 percent.<sup>27</sup> Many of the remaining refund claims were filed after the January 31, 2024, revised moratorium date.

### **Identity Theft**

As shown in Figures 4.2 and 4.4, victims seeking assistance with identity theft was one of TAS's top five issues in FY 2024. TAS created 13,649 cases for taxpayers in FY 2024 who requested assistance because they were victims of tax-related identity theft, compared to 11,915 in FY 2023, an increase of 15 percent.<sup>28</sup> Notably, 62 percent of these victims faced an economic burden due to the tax issue.<sup>29</sup> Additionally, it is taking TAS longer to resolve taxpayers' identity theft issues due to long IRS delays. One welcome change with identity theft procedures involved the order of processing these returns. Due to the long delays, the IRS changed its standard procedures from first in, first out and began prioritizing refund claims over tax due or no balance due returns. As a result, taxpayers are starting to see some movement, albeit slowly.

Unfortunately, many taxpayers have had their withholding, estimated payments, or credits stolen via a fraudulently filed return, leaving them in an untenable position of not only having their identity and refund stolen but also now having their account reflect tax due. As discussed in the related Most Serious Problem, IRS resolution of identity theft issues has been unacceptably slow. There have been significant delays for these victims over the last several years, reaching 556 days in 2023 and 676 days in 2024.<sup>30</sup> By prioritizing refund returns over overage cases, we anticipate the average cycle times will increase even more. TAS continues to advocate for the IRS to provide the necessary resources for quicker resolution for these victims of identity theft.

### **Returned/Stopped Refunds**

In FY 2024, almost 13,800 taxpayers contacted TAS regarding a returned or stopped tax refund, an increase of over 80 percent since FY 2023.<sup>31</sup> As shown in Figure 4.4, 7,800 (57 percent) of these taxpayers were in or about to be in financial distress. Generally, if a tax return has no errors and the taxpayer requests a direct deposit, the IRS deposits the refund within 21 days after receiving the tax return, and if the taxpayer requests a paper check, it issues the check within six weeks. However, some taxpayers do not receive refunds within these timeframes for a variety of reasons, including the IRS's attempt to protect revenue. The IRS may return or stop a refund because a third party returned it to the IRS through the External Lead, Automated Questionable Credit (AQC), or Frivolous Return programs or because Submission Processing stopped the refund prior to issuance. As discussed in the related Most Serious Problem, the victimization of taxpayers by tax scams has become prevalent.<sup>32</sup> TAS expects the volume of taxpayers seeking assistance with returned and stopped refund issues to continue to grow. TAS will continue to monitor this issue to identify trends.

### **Taxpayer Assistance Orders**

Congress provided TAS with statutory powers to speak on behalf of taxpayers, to be the voice of the taxpayer, and to advocate for resolution of tax issues. A TAO is one such statutory tool TAS uses to advocate. TAS has the authority to direct the IRS to take a certain action, cease an action, or refrain from taking a certain action when the taxpayer is experiencing or is about to experience a significant hardship, and the law supports relief.<sup>33</sup> Usually,

<sup>26</sup> Data obtained from TAMIS (Oct. 1, 2024).

<sup>27</sup> IRS response to TAS fact check (Nov. 26, 2024).

<sup>28</sup> Data obtained from TAMIS (Oct. 1, 2019; Oct. 1, 2024).

<sup>29</sup> *Id.*

<sup>30</sup> See Most Serious Problem: *Identity Theft: Processing and Refund Delays Are Harming Victims of Tax-Related Identity Theft*, *supra*; IRS, Joint Operations Center, Accounts Management Identity Theft Victim Assistance, Research Analysis and Data, Correspondence Imaging System Closed Case Cycle Time for Accounts Management Individual Taxpayer Identity Theft Victims Report, FY 2023.

<sup>31</sup> Data obtained from TAMIS (Oct. 1, 2019; Oct. 1, 2024).

<sup>32</sup> See Most Serious Problem: *Tax-Related Scams: More Taxpayers Are Falling Victim to Tax-Related Scams*, *supra*.

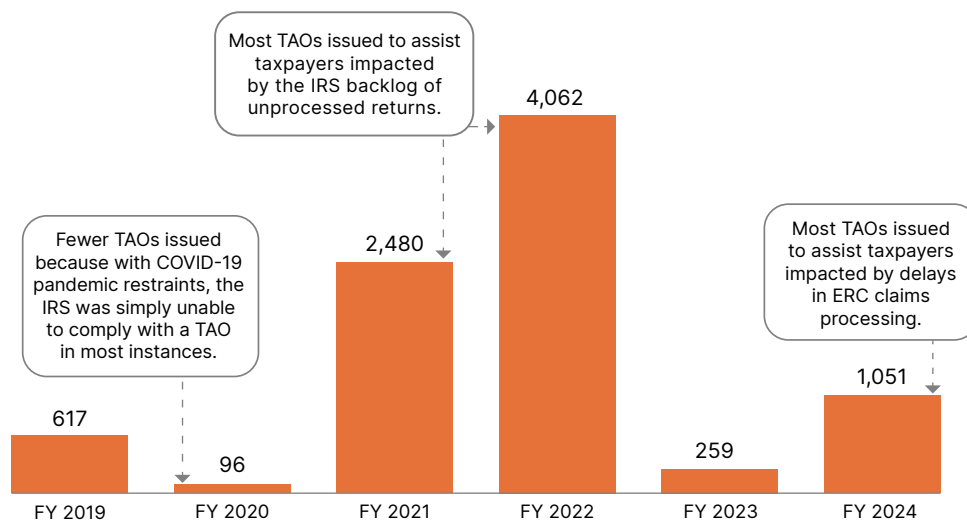
<sup>33</sup> IRC § 7811; Treas. Reg. § 301.7811-1; IRM 13.1.20.2, Addressing Taxpayer Problems (June 14, 2023), [https://www.irs.gov/irm/part13/irm\\_13-001-020](https://www.irs.gov/irm/part13/irm_13-001-020).



TAS advocates for a resolution to the taxpayer's issue by issuing an OAR to the responsible IRS BOD. For example, in FY 2024, TAS issued over 247,000 individual OARs to the IRS and advocated on behalf of more than 9,800 taxpayers with a multitude of bulk OARs, authorizing TAS to make one request for action on behalf of multiple taxpayers for multiple tax periods.<sup>34</sup> However, if time is of the essence or the OAR does not resolve the case, TAS may issue a TAO, potentially bypassing an OAR if necessary.<sup>35</sup> TAS may 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>36</sup> It may order the IRS to take expedited action to prevent further harm to the taxpayer if the IRS refuses or otherwise fails to take the action TAS requested to resolve the case.<sup>37</sup> Once TAS issues a TAO, the BOD must either take the actions ordered or appeal for resolution at higher management levels.<sup>38</sup> The BOD must include a written explanation with its appeal to allow TAS to consider whether to elevate, modify, or rescind the TAO.<sup>39</sup> Only the National Taxpayer Advocate, IRS Commissioner, or Deputy Commissioner may modify or rescind a TAO.<sup>40</sup> TAS may modify a TAO to change the ordered actions because new information has become available, and unless a rescission occurs, the BOD must take the action(s) ordered within the timeframes afforded in the TAO.<sup>41</sup>

**FIGURE 4.5<sup>42</sup>**

### Taxpayer Assistance Orders Issued, FYs 2019-2024



<sup>34</sup> Data obtained from TAMIS (Oct. 1, 2024).

<sup>35</sup> 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 1.2.2.13.1, Delegation Order 13-1 (Rev. 1), Authority to Issue, Modify or Rescind Taxpayer Assistance Orders (Mar. 17, 2009), [https://www.irs.gov/irm/part1/irm\\_01-002-002](https://www.irs.gov/irm/part1/irm_01-002-002).

<sup>36</sup> Treas. Reg. § 301.7811-1(c)(3); IRM 13.1.20.2, Addressing Taxpayer Problems (June 14, 2023), [https://www.irs.gov/irm/part13/irm\\_13-001-020](https://www.irs.gov/irm/part13/irm_13-001-020).

<sup>37</sup> IRC § 7811(a)(1)(A); Treas. Reg. § 301.7811-1(a)(1), (c).

<sup>38</sup> IRM 13.1.20.6, TAO Appeal Process (June 14, 2023), [https://www.irs.gov/irm/part13/irm\\_13-001-020](https://www.irs.gov/irm/part13/irm_13-001-020).

<sup>39</sup> *Id.*

<sup>40</sup> IRC § 7811(c).

<sup>41</sup> IRC § 7811(c)(1); Treas. Reg. § 301.7811-1(b); IRM 13.1.20.6, TAO Appeal Process (June 14, 2023), [https://www.irs.gov/irm/part13/irm\\_13-001-020](https://www.irs.gov/irm/part13/irm_13-001-020).

<sup>42</sup> Data obtained from TAMIS (Oct. 1, 2019; Oct. 1, 2020; Oct. 1, 2021; Oct. 1, 2022; Oct. 1, 2023; Oct. 1, 2024). See National Taxpayer Advocate 2018 Annual Report to Congress 562 (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 (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 (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 (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).



**FIGURE 4.6, Actions Taken on TAOs Issued to the IRS, FY 2024<sup>43</sup>**

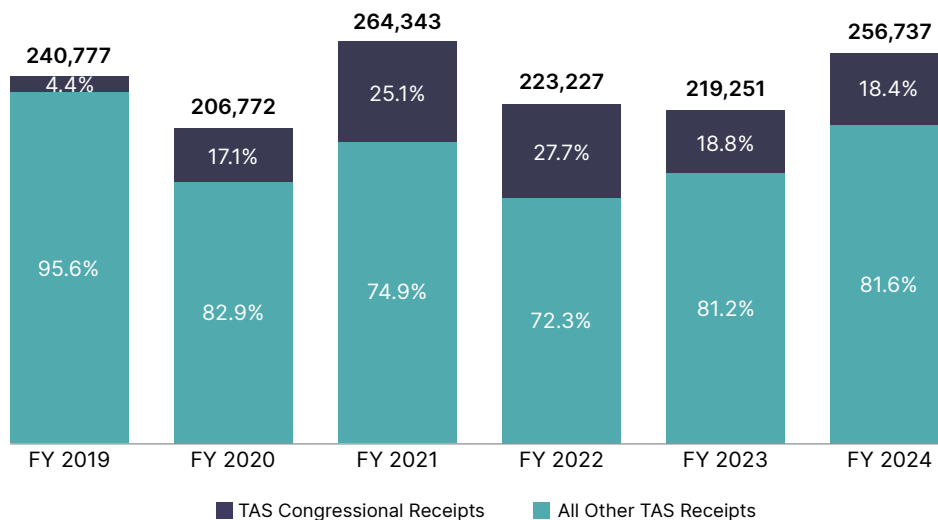
Action	Total
IRS Complied With the TAO	718
IRS Complied After TAS Modified the TAO	3
TAS Rescinded the TAO	33
TAO Pending (in Process)	297
<b>Total</b>	<b>1,051</b>

### Congressional Case Trends

TAS reviews all constituent tax account inquiries it receives from members of Congress. In FY 2024, congressional offices referred 47,367 inquiries to TAS, over 18 percent of TAS's total receipts.<sup>44</sup> As shown in Figure 4.7, congressional referrals rose in FYs 2020-2022 due to the COVID-19 pandemic and the resulting backlogs. Congressional case receipts sharply increased from about 10,600 in FY 2019 before the pandemic to over 66,000 in FY 2021; however, congressional cases received in FY 2024 still totaled over 47,000. The good news is as the IRS began working through the filing season paper backlog, our congressional referrals dropped almost nine percentage points to 18.8 percent in FY 2023 and 18.4 percent in FY 2024. This decrease translates into taxpayers seeing a benefit of the IRS eliminating the backlog.

**FIGURE 4.7<sup>45</sup>**

### TAS Congressional Receipts to Total Case Receipts, FYs 2019-2024



<sup>43</sup> Data obtained from TAMIS (Oct. 1, 2024).

<sup>44</sup> *Id.*

<sup>45</sup> Data obtained from TAMIS (Oct. 1, 2019; Oct. 1, 2020; Oct. 1, 2021; Oct. 1, 2022; Oct. 1, 2023; Oct. 1, 2024).



In FY 2024, the number one reason congressional offices contacted TAS was because their constituents' refunds were on hold due to an income/withholding mismatch, also known as a Pre-Refund Wage Verification Hold. Congressional referrals for this issue more than doubled in volume compared to FY 2023.

**FIGURE 4.8, TAS Top Ten Congressional Receipts by Primary Core Issue Codes, FYs 2023-2024<sup>46</sup>**

Rank	Issue Description	FY 2023	FY 2024	Percent Change FYs 2023-2024
1	Pre-Refund Wage Verification Holds (Refund holds due to income/withholding mismatch)	4,948	11,169	▲ 125.7%
2	Processing Amended Returns	6,016	8,560	▲ 42.3%
3	TPP Issues (Returns on hold until taxpayer verifies identity)	2,762	2,422	▼ -12.3%
4	Decedent Account Refunds	2,815	2,207	▼ -21.6%
5	Returned or Stopped Refunds	1,263	1,827	▲ 44.7%
6	Identity Theft	1,970	1,789	▼ -9.2%
7	Error Resolution System/Rejects (Returns or adjustments on hold or rejected due to errors)	1,653	1,712	▲ 3.6%
8	Lost or Stolen Refunds	2,030	1,583	▼ -22.0%
9	Processing Original Returns	2,353	1,329	▼ -43.5%
10	Other Refund Inquiries or Issues	1,762	1,315	▼ -25.4%
Other Issues		13,650	13,454	▼ -1.4%
Total Congressional Receipts		41,222	47,367	▲ 14.9%

From FY 2023 to FY 2024, congressional referrals increased by 42 percent for amended return processing issues.<sup>47</sup> Over half of these cases were businesses and exempt organizations facing delays in ERC claim processing.<sup>48</sup> TAS anticipates the volume of ERC claim processing congressional referrals to continue to increase in FY 2025.

## TAS SYSTEMIC ADVOCACY

While TAS Case Advocacy focuses on work with taxpayers or their representatives to resolve their specific problems with the IRS, TAS Systemic Advocacy has responsibility to address systemic problems that affect multiple taxpayers. Systemic Advocacy identifies, studies, and seeks to resolve problems, both reactively and proactively, that affect groups of taxpayers, including problems that affect individuals, businesses, or both. These systemic issues can involve systems, processes, policies, procedures, or legislation and may require advocating for recommendations for administrative solutions to the IRS or legislative changes to Congress.

46 Data obtained from TAMIS (Oct. 1, 2023; Oct. 1, 2024). The IRS will initiate a Pre-Refund Wage Verification Hold prior to posting or releasing a refund when it identifies that the income or withholding as reported on a tax return does not match internal records. See IRM 25.25.3.1(1), Program Scope and Objectives (Aug. 30, 2019), [https://www.irs.gov/irm/part25/irm\\_25-025-003r](https://www.irs.gov/irm/part25/irm_25-025-003r). TPP issues occur when the TPP process detects a return as a potential identity theft return, requiring the taxpayer to verify their identity prior to the IRS posting or releasing a refund. See IRM 25.25.6, Taxpayer Protection Program (Oct. 1, 2024), [https://www.irs.gov/irm/part25/irm\\_25-025-006r](https://www.irs.gov/irm/part25/irm_25-025-006r). 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 can process the return.

47 Data obtained from TAMIS (Oct. 1, 2023; Oct. 1, 2024).

48 See Most Serious Problem: Employee Retention Credit: IRS Processing Delays Are Resulting in Uncertainty and Are Harming and Frustrating Business Owners, *supra*.



Systemic issues involve protecting taxpayer rights, reducing or preventing taxpayer burden, striving to ensure equitable treatment of taxpayers, or providing essential services to taxpayers.

Systemic Advocacy does not limit itself to a single approach in its advocacy work for taxpayers. For example, Systemic Advocacy collaborates with TAS Case Advocacy to elevate trends identified through reviews of TAS casework and outreach events. This collaboration is critical to TAS's advocacy work as it looks at taxpayer service holistically to find and propose recommendations to resolve problems.

Systemic Advocacy employees work in:

- Collaborative cross-functional teams with the IRS on an issue, process, and/or policy;
- Internal teams with a goal of addressing technical or administrative needs within TAS; and
- Proactive working groups that involve technical analysts from TAS and the IRS working together to investigate and address a variety of issues including specific systemic case issues as well as efforts to reduce burden or propose recommendations to resolve systemic problems.<sup>49</sup>

For example, in FY 2024, Systemic Advocacy successfully advocated as a part of a cross-functional team for appeal rights with the Independent Office of Appeals (Appeals) for taxpayers who request tax abatement. Previously, the IRS did not grant appeal rights for denied abatement requests. Taxpayers had to pay the tax and file a claim for refund to receive appeal rights. As a result of TAS Systemic Advocacy, a taxpayer now receives Letter 105C, Claim Disallowed, which includes the right to appeal to Appeals or the option to pay the tax in full and file a lawsuit in a U.S. district court or the U.S. Court of Federal Claims if the IRS disallows a request for abatement.<sup>50</sup>

Systemic Advocacy develops networks and builds relationships with IRS stakeholders to advocate for change through data collection, case examples, and incrementalism, specifically small steps toward larger goals. Because Systemic Advocacy speaks to IRS analysts, authors, and program owners, both formally and informally, it advises other TAS functions on:

- Clarification of current IRS policy;
- Past and ongoing discussions related to issues and policies; and
- The IRS's stance and reasoning on various issues.

TAS has used networks and relationships to advocate against the IRS's approach to systemically assessing penalties for individuals who are late reporting gifts and inheritances they received from a foreign individual.<sup>51</sup> As a result of TAS's Systemic Advocacy efforts, on October 24, 2024, IRS Commissioner Danny Werfel announced that the IRS has ended its practice of automatically assessing penalties for taxpayers who voluntarily filed late and reported receipt of non-taxable foreign gifts and bequests on Form 3520, Part IV.<sup>52</sup> The IRS will also review any

49 IRM 13.2.7.3.1, Team Definitions (Nov. 3, 2020), [https://www.irs.gov/irm/part13/irm\\_13-002-007](https://www.irs.gov/irm/part13/irm_13-002-007).

50 This change required updates to Letter 105C, Claim Disallowed, and revisions to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures (Oct. 1, 2024), [https://www.irs.gov/irm/part21/irm\\_21-005-003r](https://www.irs.gov/irm/part21/irm_21-005-003r).

51 National Taxpayer Advocate 2023 Annual Report to Congress (Most Serious Problem: *International: The IRS's Approach to International Information Return Penalties Is Draconian and Inefficient*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23\\_MSP\\_08\\_International.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23_MSP_08_International.pdf); Erin M. Collins, International Information Return Penalties Impact a Broad Range of Taxpayers, NATIONAL TAXPAYER ADVOCATE BLOG (Aug. 22, 2023), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/nta-blog-international-information-return-penalties/2023/08/>.

52 See Erin M. Collins, IRS Hears Concerns From TAS and Practitioners, Makes Favorable Changes to Foreign Gifts and Inheritance Filing Penalties, NATIONAL TAXPAYER ADVOCATE BLOG (Oct. 24, 2024), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/irs-hears-concerns-from-tas-and-practitioners-makes-favorable-changes-to-foreign-gifts-and-inheritance-filing-penalties/2024/10>.



reasonable cause statements taxpayers attach to late-filed Form 3520, Parts I-III, and Form 3520-A (*i.e.*, for the trust portion of the form) before assessing any IRC § 6677 penalty.<sup>53</sup> This was the right thing to do, as it lifted a huge burden for impacted taxpayers and encourages future compliance.

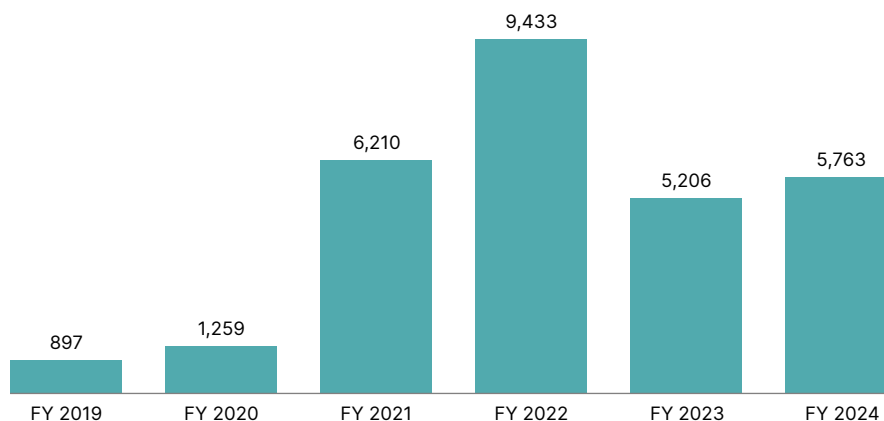
### Systemic Advocacy Management System

The Systemic Advocacy Management System (SAMS) is a web-based system that allows TAS to receive and review systemic issues and problems. SAMS is another avenue for learning about systemic problems and hearing from the public. Anyone – individuals, businesses, academic and research institutions, professional organizations, practitioners, and all other interested parties including IRS employees – can submit issues via the public version of SAMS.<sup>54</sup> We welcome and encourage taxpayers and practitioners to reach out when they see a tax problem that affects more than one taxpayer, involves IRS processes, or affects taxpayer rights. Similar to the Transportation Security Administration national campaign, we encourage practitioners to say something if they see something that negatively impacts tax administration or multiple taxpayers. You can say something by submitting the issue via SAMS.

Systemic Advocacy is responsible for reviewing submissions to the SAMS database to determine if it should elevate and work issues, refer them to our Case Advocacy function, or contact the submitter and refer them to an alternative resource and close the issue. If Systemic Advocacy determines the submission as potentially a systemic issue, it often opens a SAMS project to conduct research, discuss with relevant stakeholders, and determine possible avenues for advocacy.<sup>55</sup> Systemic Advocacy completed 127 SAMS projects in FY 2024 that originated as SAMS submissions.

**FIGURE 4.9**

#### SAMS Submissions, FYs 2019-2024



53 See Erin M. Collins, IRS Hears Concerns From TAS and Practitioners, Makes Favorable Changes to Foreign Gifts and Inheritance Filing Penalties, NATIONAL TAXPAYER ADVOCATE BLOG (Oct. 24, 2024), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/irs-hears-concerns-from-tas-and-practitioners-makes-favorable-changes-to-foreign-gifts-and-inheritance-filing-penalties/2024/10>.

54 See SAMS, <https://www.irs.gov/advocate/systemic-advocacy-management-system-sams> (last updated June 17, 2024).

55 See Erin M. Collins, Help Us Fix “Big Picture” Tax Problems and Advocate for Change, NATIONAL TAXPAYER ADVOCATE BLOG, <https://www.taxpayeradvocate.irs.gov/news/nta-blog/help-us-fix-big-picture-tax-problems-and-advocate-for-change/2024/11/>.



SAMS submissions this fiscal year increased slightly from FY 2023 receipts of 5,206 to 5,763.<sup>56</sup> The FY 2023 receipts show a significant decrease from FY 2022 receipts of 9,433 but still are much higher than pre-pandemic levels of 888 in 2018 and 897 in 2019.<sup>57</sup> Although the number of SAMS submissions has fluctuated significantly in recent years, the number of potential systemic submissions (requiring Systemic Advocacy review) in FY 2024 was 2,491, an increase from 1,989 in FY 2022 and 1,653 in FY 2023.<sup>58</sup> Refund issues continue to represent the majority of SAMS submissions, representing 31 percent (1,801 of 5,763) for FY 2024.<sup>59</sup> This demonstrates that IRS processing backlogs and operational delays continue to impact taxpayers' ability to receive their refunds.

**FIGURE 4.10, Top Five Issues in SAMS Submissions Received in TAS, FYs 2023-2024<sup>60</sup>**

Rank	Issue Description	FY 2023	FY 2024
1	Refund Issues	1,831	1,801
2	Credits (Tax)	56	593
3	Collection Issues	305	357
4	Access to IRS	178	349
5	Gains or Losses	11	344

### Internal Management Documents/Single Point of Contact

The Internal Management Documents/Single Point of Contact (IMD/SPOC) program supports the Systemic Advocacy mission by ensuring TAS reviews all official communications that either designate authorities or provide guidance and instructions to IRS staff. IMD/SPOC reviews identify issues and recommend changes to procedures that unduly burden taxpayers or infringe on taxpayer rights. TAS also uses the reviews to provide input to the clarity, accuracy, and effectiveness of the Internal Revenue Manual (IRM), policy statements, delegation orders, letters, notices, forms, and publications.<sup>61</sup>

During FY 2024, TAS made 716 recommendations to modify communications, 290 of which it identified as impacting taxpayer burden and/or taxpayer rights. The IRS adopted 543 (76 percent) of the total recommendations, including 202 (70 percent) that impacted taxpayer rights.<sup>62</sup> For example, TAS collaborated with the Tax Forms and Publications (TF&P) function to make a substantive recommendation to revise instructions for Schedule C to include information on how to report Medicaid Waiver Payments reported on Forms 1099-NEC or 1099-MISC. Though there was information on IRS.gov informing taxpayers they needed to file Schedule C to report the income, there was no guidance on the Schedule C Instructions on how to report. TF&P agreed and made the revision to the Form 1040 Schedule C instructions.

<sup>56</sup> Data obtained from SAMS (Oct. 8, 2024).

<sup>57</sup> Data obtained from SAMS (Oct. 17, 2023; Nov. 7, 2023).

<sup>58</sup> Closed SAMS issues reviewed by Systemic Advocacy as potentially systemic (total closed minus submissions closed as individual issues or transferred) were 1,989 (9,400-7,411) in FY 2022, 1,653 (5,219-3,566) in FY 2023, and 2,491 (5,570-3,079) in FY 2024. Data obtained from SAMS (Oct. 8, 2024; Oct. 17, 2023).

<sup>59</sup> Data obtained from SAMS (Oct. 8, 2024).

<sup>60</sup> Data obtained from SAMS (Oct. 8, 2024; Oct. 12, 2024).

<sup>61</sup> IRM 13.2.1.5.1, IMD/SPOC Reviews (Sept. 29, 2020), [https://www.irs.gov/irm/part13/irm\\_13-002-001](https://www.irs.gov/irm/part13/irm_13-002-001).

<sup>62</sup> IMD/SPOC data obtained from Systemic Trends and Analysis Report (Oct. 8, 2024).



**FIGURE 4.11, TAS IMD/SPOC Recommendations to the IRS to Improve Communications, FY 2024**

Recommendations	Total	Adopted by the IRS	Percent Adopted
Recommendations Impacting Taxpayer Rights or Taxpayer Burden	290	202	70%
Other Recommendations	426	341	80%
<b>Total Recommendations</b>	<b>716</b>	<b>543</b>	<b>76%</b>

Another example involved Systemic Advocacy collaborating with the Office of Taxpayer Correspondence regarding the IRS Strategic Operating Plan Initiative 2.3 to develop taxpayer-centric notices.<sup>63</sup> TAS participated in 200 data gathering calls<sup>64</sup> with IRS BODs and provided input on IRS guidance, letters, and notices during the product development process rather than having to advocate for changes after product creation. These calls led to the creation or revision of 348 letters/notices in FY 2024 to clarify information and/or reduce taxpayer burden.<sup>65</sup>

### **TAS Proposes Administrative and Legislative Changes to Mitigate Taxpayer Problems**

The National Taxpayer Advocate submits two reports to Congress each year – an annual report and an objectives report.<sup>66</sup> Almost every area of the TAS organization contributes to developing the reports, including Systemic Advocacy by investigating systemic issues and analyzing data and trends. Many subject matter experts and technical liaisons serve on cross-functional teams with the IRS to learn about issues, propose solutions, and work collaboratively proposing recommendations to resolve problems.

Each year, in the Annual Report to Congress, TAS makes formal recommendations to the IRS for administrative changes and to Congress for legislative changes. By statute, the IRS has 90 days to formally respond to the recommendations posted on the TAS website for transparency purposes.<sup>67</sup> Last year, of the 78 recommendations the National Taxpayer Advocate made in the 2023 Annual Report to Congress, the IRS adopted 63 in full or in part. She appreciates the IRS's efforts to incorporate TAS's recommendations on behalf of taxpayers and to work with TAS. This year, TAS made 76 administrative recommendations to the IRS, covering a range of adjustments to improve taxpayers' experiences with the IRS.<sup>68</sup> The 2025 Purple Book proposes 69 legislative recommendations to Congress, highlighting issues the IRS cannot (or declines to) address through administrative remedy.<sup>69</sup>

Systemic Advocacy also partners with the Taxpayer Advocacy Panel (TAP) and Low Income Taxpayer Clinics (LITCs) to learn about problems from those working closely with taxpayers and practitioners.

### **Taxpayer Advocacy Panel**

TAP is a Federal Advisory Committee established in 2002 that operates under the authority of the Department of the Treasury. Though TAP functions independently, it receives crucial support from TAS via essential funding along with technical, administrative, and clerical assistance. This relationship allows TAP to effectively serve as a vital grassroots organization dedicated to advocating for taxpayer concerns and enhancing the overall tax experience for Americans by bringing a different perspective to tax administration with their observations, outreach, and recommendations.

63 IRS, Pub. 3744, IRS Inflation Reduction Act Strategic Operating Plan (Apr. 2023), <https://www.irs.gov/pub/irs-pdf/p3744.pdf>.

64 Data obtained from IMD/SPOC (Oct. 3, 2024).

65 *Id.*

66 IRC § 7803(c)(2)(B).

67 TAS Administrative Recommendations, <https://www.taxpayeradvocate.irs.gov/arc-recommendations-tracker/> (last visited Nov. 18, 2024).

68 For a discussion of the top ten Most Serious Problems this year, see Most Serious Problems: *Introduction*, *supra*.

69 See National Taxpayer Advocate 2025 Purple Book, *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration*.



A diverse group of volunteer members who represent a cross-section of the taxpaying public comprise TAP. These individuals generously give their time over a three-year period and serve on various committees focused on reviewing specific aspects of the IRS that directly impact taxpayer service and satisfaction. The committees ensure that the IRS considers a wide array of perspectives when discussing issues that affect taxpayers, which fosters a more inclusive approach to tax administration.

One of the key functions of TAP is to hold monthly meetings that are open to the public. These meetings provide a valuable forum for taxpayers to hear the panel share its concerns regarding service challenges taxpayers may be experiencing with IRS. Via direct communication with taxpayers, the panel gathers firsthand accounts of the burdens individuals face when interacting with the IRS. This dialogue is instrumental in conveying the taxpayer perspective on critical tax administration programs and in identifying grassroots issues that the IRS might not notice otherwise.

TAP also actively engages in community outreach initiatives, which allow it to gather independent taxpayer comments and suggestions. This outreach serves as a mechanism to collect insights on various aspects of IRS service, taxpayer satisfaction, and potential process improvements. By prioritizing taxpayer feedback, TAP aims to ensure that the IRS hears the public's voice and considers it in decision-making processes.

In FY 2024, TAP submitted 18 referrals with 217 recommendations to the IRS suggesting improvements to the taxpayer experience. Among these recommendations, TAP proposed several key enhancements to the IRS's online services platform. One particularly noteworthy suggestion was to allow taxpayers to update their mailing addresses directly through their online accounts. This seemingly simple yet important feature empowers individuals to manage their personal information more effectively in a safe and relatively simple process to ensure they receive crucial communications from the IRS in a timely manner, thus reducing the likelihood of unnecessary delays. The IRS accepted this recommendation and recognized its potential to improve taxpayer interactions with the agency. Furthermore, this initiative encourages taxpayers to leverage the various resources available to them when creating their own online accounts, fostering a more efficient and user-friendly experience.

Overall, TAP's commitment to advocating for taxpayer challenges highlights its essential role in bridging the gap between the IRS and the public. Ultimately, TAP strives to enhance the taxpayer experience and promote a more responsive and effective tax administration system.<sup>70</sup> The National Taxpayer Advocate is very appreciative of the committee members' time, dedication, and desire to improve tax administration for Americans.

### Low Income Taxpayer Clinics – Celebrating 25 Years

As part of the IRS Restructuring and Reform Act of 1998, Congress authorized matching grants for Low Income Taxpayer Clinics (LITCs), launching an era in representation, education, and outreach for low-income taxpayers.<sup>71</sup> This year marks the 25th anniversary of the IRS funding the first LITCs in 1999. The work of LITCs on behalf of taxpayers and their contributions through their education and advocacy efforts over the past 25 years is inspiring.

The mission of the LTC program is to ensure the fairness and integrity of the tax system for taxpayers who are low-income or speak English as a second language (ESL) by:

- Providing *pro bono* representation on their behalf in tax disputes with the IRS;
- Educating them about their rights and responsibilities as taxpayers; and
- Identifying and advocating for issues that impact these taxpayers.<sup>72</sup>

<sup>70</sup> For more information on TAP, see Taxpayer Advocacy Panel, <https://www.improveirs.org/> (last visited Nov. 7, 2024).

<sup>71</sup> Pub. L. No. 105-206, § 3601, 112 stat. 685, 774 (1998). IRC § 7526 authorizes the IRS to make federal matching grants of up to \$6 million per year (except if otherwise provided by specific appropriation) for the development, expansion, or continuation of qualified low-income taxpayer clinics.

<sup>72</sup> IRS, Pub. 3319, 2025 Grant Application Package and Guidelines (Apr. 2024), <https://www.irs.gov/pub/irs-pdf/p3319.pdf>.

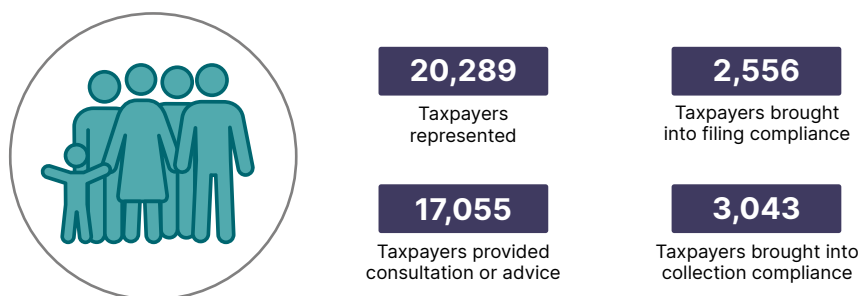


LITCs must provide dollar-for-dollar matching funds and offer services for free or for no more than a nominal fee. In the 2023 grant year, the program awarded over \$18.7 million in grants to 138 organizations, including ten that received an award for the first time. Although the maximum amount for an LTC grant in 2023 was \$200,000 per year, some clinics received smaller amounts.<sup>73</sup>

During the 2023 grant year, LITCs represented 20,289 taxpayers with an IRS tax controversy. LITCs assist taxpayers with topics that involve collection, refund, and status issues, as shown in Figure 4.12. Cases often include more than one issue, which can increase the complexity of a matter, making it important for LITCs to be available for low-income taxpayers who need help resolving their cases but cannot afford to pay for representation.

**FIGURE 4.12<sup>74</sup>**

### Results LITCs Delivered in 2023 for Low-Income Individual Taxpayers and Their Families



LITCs collaborate with community partners and stakeholders to provide education and outreach for low-income and ESL taxpayers. In 2023, clinics conducted over 1,800 educational activities for more than 90,000 low-income and ESL taxpayers and provided over 300 educational sessions to more than 18,000 staff members and volunteers at partner community groups, government agencies, and other organizations that assist low-income and ESL taxpayers. These activities strengthen clinics' relationships with community stakeholders and expand the scope of their outreach and education efforts.

In 2023, the LTC Program Office, in collaboration with the IRS Stakeholder Partnerships, Education and Communication function, held the second annual LTC, Volunteer Income Tax Assistance, and Tax Counseling for the Elderly Collaboration Summit in January 2024. The summit supports IRS partners in promoting existing collaborations, encouraging new relationships, and fostering best practices with the goal of providing taxpayers more holistic services. The third summit will occur in January 2025.

## TAXPAYER ADVOCATE DIRECTIVES

A Taxpayer Advocate Directive (TAD) is a mechanism the National Taxpayer Advocate uses to formally raise systemic issues to IRS officials, requesting that they address her concerns and implement improvements to processes that affect taxpayer rights. IRS Delegation Order 13-3 authorizes the National Taxpayer Advocate

<sup>73</sup> See Further Consolidated Appropriations Act, 2024, Pub. L. No. 118-47, 138 Stat. 460, 526 (2024).

<sup>74</sup> Data obtained from LTC Program Office (Nov. 4, 2024).



to issue a 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>75</sup>

Before TAS issues a TAD, it works with the responsible IRS BOD or function to resolve the issues at lower levels.<sup>76</sup> 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 allow them to address those concerns.<sup>77</sup> However, the National Taxpayer Advocate may dispense with issuing 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>78</sup>

With any TAD issued by the National Taxpayer Advocate, the Commissioner or Deputy Commissioner must modify, rescind, or ensure compliance with the TAD within 90 days of issuance.<sup>79</sup> If the Deputy Commissioner modifies or rescinds the TAD, 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 the National Taxpayer Advocate makes such an appeal) 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.<sup>80</sup> The law requires the National Taxpayer Advocate to identify in the Annual Report to Congress any TADs the IRS did not honor in a timely manner.<sup>81</sup> She may also summarize such TAD activity in the Annual Report to Congress and include copies of TADs (redacted, if necessary).<sup>82</sup> In addition, the National Taxpayer Advocate may publish TADs, TAD appeals, and the IRS’s formal response to TADs on the TAS website after making any necessary redactions.<sup>83</sup>

## Taxpayer Advocate Directives Issued in Fiscal Year 2024

The National Taxpayer Advocate did not issue any TADs in FY 2024. However, she did issue one proposed TAD on July 5, 2024, to the Deputy Commissioner urging the IRS to significantly change the current ERC claim processing, lift the moratorium, and provide greater public transparency over the process.<sup>84</sup>

75 IRM 1.2.2.13.3, Delegation Order 13-3 (formerly DO-250, Rev. 1), Authority to Issue Taxpayer Advocate Directives (Jan. 17, 2001), [https://www.irs.gov/irm/part1/irm\\_01-002-002](https://www.irs.gov/irm/part1/irm_01-002-002). Section 1301 of the Taxpayer First Act, Pub. L. No. 116-25, 133 Stat. 981, 991 (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.

76 IRM 13.9.1.2, The Pre-TAD Process (Feb. 16, 2023), [https://www.irs.gov/irm/part13/irm\\_13-009-001](https://www.irs.gov/irm/part13/irm_13-009-001).

77 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 (Feb. 16, 2023), [https://www.irs.gov/irm/part13/irm\\_13-009-001](https://www.irs.gov/irm/part13/irm_13-009-001).

78 IRC § 7803(c)(5)(A); IRM 13.9.1.3(2), The TAD Process (Feb. 16, 2023), [https://www.irs.gov/irm/part13/irm\\_13-009-001](https://www.irs.gov/irm/part13/irm_13-009-001); IRM 13.9.1.3.1(2), Examples of When TADS May Be Issued and to Whom (Oct. 8, 2020), [https://www.irs.gov/irm/part13/irm\\_13-009-001](https://www.irs.gov/irm/part13/irm_13-009-001).

79 IRC § 7803(c)(5)(A); IRM 13.9.1.4, The TAD Appeal Process (Feb. 16, 2023), [https://www.irs.gov/irm/part13/irm\\_13-009-001](https://www.irs.gov/irm/part13/irm_13-009-001).

80 IRC § 7803(c)(5)(B).

81 IRC § 7803(c)(2)(B)(ii)(VIII).

82 IRM 13.9.1.1.3(1), Program Management and Review (Feb. 16, 2023), [https://www.irs.gov/irm/part13/irm\\_13-009-001](https://www.irs.gov/irm/part13/irm_13-009-001).

83 IRM 13.9.1.1.3(3), Program Management and Review (Feb. 16, 2023), [https://www.irs.gov/irm/part13/irm\\_13-009-001](https://www.irs.gov/irm/part13/irm_13-009-001).

84 National Taxpayer Advocate Memorandum, Proposed Taxpayer Advocate Directive 2024-1: Accelerate the Processing of Backlogged Employee Retention Tax Credit Claims and Provide Greater Public Transparency Regarding Processing Status. (June 14, 2024) (on file with TAS).