



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 program¹ and oversees the Taxpayer Advocacy Panel (TAP).² 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

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.³

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.⁴ 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:⁵

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 2023.⁶ Additionally, Intake Advocates assisted and resolved the issues of another 22,503 taxpayer calls without needing to establish a TAS case.⁷

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.

FIGURE 4.1, TAS Case and Intake Receipts, FYs 2023-2024⁸

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%
Subtotal	219,251	256,737	▲ 17.1%
Calls Resolved With Alternative Assistance	28,147	22,503	▼ -20.1%
Total Receipts	247,398	279,240	▲ 12.9%

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.⁹ 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.¹⁰ 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.

⁸ Data obtained from TAMIS (Oct. 1, 2023; Oct. 1, 2024).

⁹ 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>.

¹⁰ 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 2023-2024¹¹

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)

¹¹ 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. 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. 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%
Other TAS Receipts		90,730	90,906	▲ 0.2%
Total Receipts		219,251	256,737	▲ 17.1%

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.¹² 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.¹³

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 2023-2024¹⁴

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 2022.¹⁵ The increase in collection cases is likely a partial result of the resumption of IRS collection notices in the fall of 2023.¹⁶ 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.¹⁷ 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 2022-2024¹⁸

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 2022.¹⁹ 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.²⁰

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. 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.²¹

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 2021.²² 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, 2023.²³

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.²⁴ 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.²⁵ 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.²⁶ 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.²⁷ 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.²⁸ Notably, 62 percent of these victims faced an economic burden due to the tax issue.²⁹ 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 2024.³⁰ 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 2023.³¹ 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.³² 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.³³ Usually,

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

27 IRS response to TAS fact check (Nov. 26, 2024).

28 Data obtained from TAMIS (Oct. 1, 2019; Oct. 1, 2024).

29 *Id.*

30 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.

31 Data obtained from TAMIS (Oct. 1, 2019; Oct. 1, 2024).

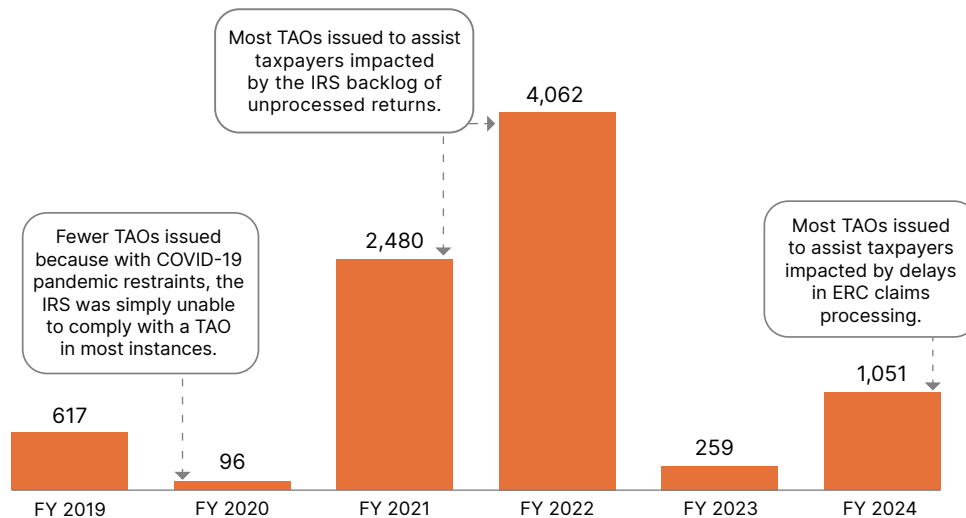
32 See Most Serious Problem: *Tax-Related Scams: More Taxpayers Are Falling Victim to Tax-Related Scams*, *supra*.

33 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.

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.³⁴ 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.³⁵ 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.³⁶ 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.³⁷ Once TAS issues a TAO, the BOD must either take the actions ordered or appeal for resolution at higher management levels.³⁸ The BOD must include a written explanation with its appeal to allow TAS to consider whether to elevate, modify, or rescind the TAO.³⁹ Only the National Taxpayer Advocate, IRS Commissioner, or Deputy Commissioner may modify or rescind a TAO.⁴⁰ 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.⁴¹

FIGURE 4.5⁴²

Taxpayer Assistance Orders Issued, FYs 2019-2024



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

35 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.

36 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.

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

38 IRM 13.1.20.6, TAO Appeal Process (June 14, 2023), https://www.irs.gov/irm/part13/irm_13-001-020.

39 *Id.*

40 IRC § 7811(c).

41 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.

42 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; 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; 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; 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.

FIGURE 4.6, Actions Taken on TAOs Issued to the IRS, FY 2024⁴³

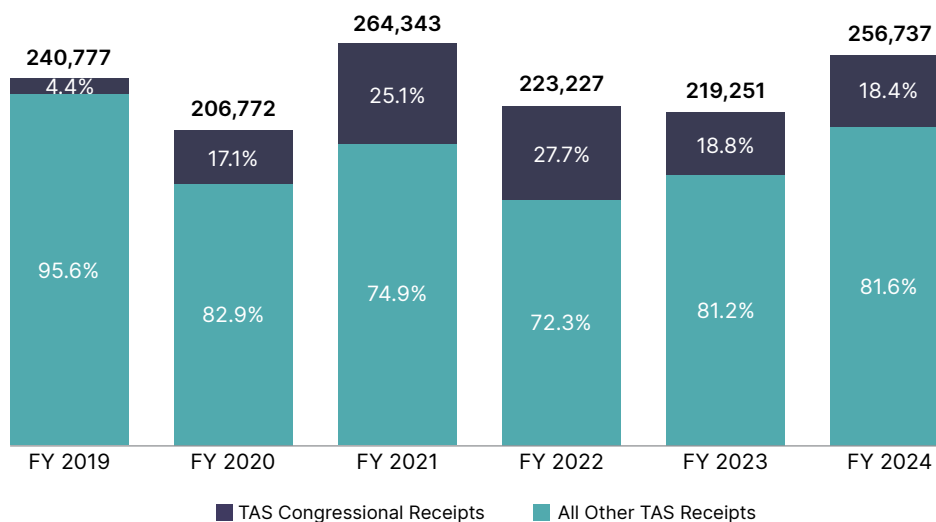
Action	Total
IRS Complied With the TAO	718
IRS Complied After TAS Modified the TAO	3
TAS Rescinded the TAO	33
TAO Pending (in Process)	297
Total	1,051

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.⁴⁴ 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 4.7⁴⁵

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



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

44 *Id.*

45 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 2023-2024⁴⁶

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.⁴⁷ Over half of these cases were businesses and exempt organizations facing delays in ERC claim processing.⁴⁸ 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. 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. 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*.