

FEBRUARY 7, 2022

## AICPA Letter to IRS

The attached letter submitted to the Department of Treasury and Internal Revenue Service (IRS) is the latest in a series of communications requesting taxpayer relief from persistent, unnecessary and often erroneous penalty notices and assessments. The AICPA and other professional groups called for targeted relief from underpayment and late payment penalties for the 2020 and 2021 tax year. Prior requests echoed broad tax administrative and penalty relief due to the pandemic.

The IRS, in its 2021 National Taxpayer Advocate Annual Report to Congress, acknowledged the excessive processing and refund delays, the backlog in responding to taxpayer correspondence, and the skyrocketing volume of telephone calls (approximately 282 million calls with only 32 million, or 11%, answered).

If you are experiencing frustration due to IRS notices received and inability to obtain resolution, you are not alone. The following list of do's and don'ts was adapted from IRS COVID Tax Tip 2021-119 issued on August 16, 2021.

### What People Should and Should Not Do if They Get Mail from the IRS

Every year the IRS mails letters or notices to taxpayers for many different reasons. Typically, it's about a specific issue with a taxpayer's federal tax return or tax account. A notice may detail changes to an account, ask for more information, or advise of a payment due. 2021 correspondence also included information about Economic Impact Payments and advance child tax credits.

#### Here are some do's and don'ts for anyone who receives mail from the IRS

- **Don't ignore it.** Most IRS letters and notices are about federal tax returns or tax accounts. Each notice deals with a specific issue and includes specific instructions on what to do.
- **Don't throw it away.** Taxpayers should keep notices or letters they receive from the IRS. These include adjustment notices when an action is taken on the taxpayer's account, Economic Impact Payment notices, and letters about advance payments of the 2021 child tax credit. They may need to refer to these when filing their 2021 tax return in 2022. In general, the IRS suggests that taxpayers keep records for three years from the date they filed the tax return.
- **Don't panic.** The IRS and its authorized private collection agencies do send letters by mail. Most of the time, all the taxpayer needs to do is read the letter carefully and take the appropriate action.
- **Don't reply unless instructed to do so.** There is usually no need for a taxpayer to reply to a notice unless specifically instructed to do so. On the other hand, taxpayers who owe should reply with a payment. IRS.gov has information about [payment options](#).
- **Do take timely action.** A notice may reference changes to a taxpayer's account, taxes owed, a payment request or a specific issue on a tax return. Acting timely could minimize additional interest and penalty charges.

**What People Should and Should Not Do if They Get Mail from the IRS (continued)**

- **Do review the information.** If a letter is about a changed or corrected tax return, the taxpayer should review the information and compare it with the original return. If the taxpayer agrees, they should make notes about the corrections on their personal copy of the tax return and keep it for their records.
- **Do respond to a disputed notice.** If a taxpayer doesn't agree with the IRS, they should mail a letter explaining why they dispute the notice. They should mail it to the address on the contact stub included with the notice. The taxpayer should include information and documents for the IRS to review when considering the dispute.
- **Do remember there is usually no need to call the IRS.** If a taxpayer must contact the IRS by phone, they should use the number in the upper right-hand corner of the notice. The taxpayer should have a copy of their tax return and letter when calling the agency.
- **Do avoid scams.** The IRS will never contact a taxpayer using social media or text message. The first contact from the IRS usually comes in the mail. Taxpayers who are unsure if they owe money to the IRS can view their [tax account information](#) on IRS.gov.

When in doubt, we can help review and respond to any notices you may have questions about. If you have any questions, please [contact us](#).

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*The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting or tax advice. This communication may not be applicable to your specific circumstances and may require consideration of non-tax and other tax factors if any action is to be contemplated. Please contact your tax professional prior to taking any action based on this information. Accuity LLP assumes no obligation to the reader of any changes in tax laws or other factors that could affect the information contained herein.*



January 14, 2022

The Honorable Lily Batchelder  
 Assistant Secretary (Tax Policy)  
 Department of the Treasury  
 1500 Pennsylvania Avenue, NW  
 Washington, DC 20220

The Honorable Charles P. Rettig  
 Commissioner  
 Internal Revenue Service  
 1111 Constitution Avenue, NW  
 Washington, DC 20224

RE: Relief for Taxpayers for the 2022 Filing Season

Dear Assistant Secretary Batchelder and Commissioner Rettig:

The Coronavirus Disease 2019 pandemic (commonly known as “Coronavirus”) has created unforeseen and long-lasting difficulties for the Internal Revenue Service (IRS or “Service”), taxpayers and tax professionals alike. As we start a third tax filing season under a new variant of the Coronavirus, the Department of the Treasury (“Treasury”) and the IRS “are under no illusions that it’s going to go smoothly.”<sup>1</sup> Though we appreciate that the IRS recognizes that it is frustrating for all, including the IRS, that the IRS is “unable to deliver the amount of service and enforcement that our taxpayers and tax system deserves and needs,”<sup>2</sup> the Service has not taken reasonable actions that would meaningfully reduce unnecessary burdens during this upcoming tax filing season.

Currently, the IRS still has an unprecedented number of unprocessed returns in comparison to years before the pandemic. Consequently, the IRS sends numerous mistargeted notices, liens and levies. Additionally, the IRS is only answering 9 percent of all calls and only 3 percent of calls regarding individual income tax returns<sup>3</sup> which prevents taxpayers from resolving these straightforward issues. To reduce the need for taxpayers and tax professionals to communicate with the IRS due to the persistent and erroneous notices, Treasury and the IRS should:

<sup>1</sup> Jonathan Curry, Tax Notes, “[Treasury, IRS Prepare for the Worst as Filing Season Looms](#),” January 11, 2022.

<sup>2</sup> *Id.*

<sup>3</sup> Jeff Stein, The Washington Post, “[Treasury Warns of ‘Enormous Challenges’ this Tax Filing Season that Could Delay Refunds](#),” January 10, 2022.

- Discontinue automated compliance actions until the IRS is prepared to devote the necessary resources for a proper and timely resolution of the matter.<sup>4</sup>
- Align requests for account holds with the time it takes the IRS to process any penalty abatement requests.<sup>5</sup>
- Offer a reasonable cause penalty waiver, *similar to* the procedures of first time abate (FTA) administrative waiver, without affecting the taxpayer's eligibility for FTA in future tax years.
- Provide taxpayers with targeted relief from both the underpayment of estimated tax penalty and the late payment penalty for the 2020 and 2021 tax year.

\* \* \* \* \*

The Coronavirus pandemic has created enormous challenges for taxpayers, tax professionals and the IRS. It is time to take steps to ameliorate the situation. Implementing reasonable penalty relief measures, that the IRS can offer immediately, are necessary to help not only taxpayers and tax professionals but also the IRS during these challenging times.

We appreciate that IRS staff are already processing a meeting request so that we can elaborate on our recommendations and respond directly to any questions you may have. We look forward to meeting soon.

Sincerely,

American Institute of CPAs (AICPA)

Latino Tax Pro

National Association of Black Accountants, Inc. (NABA)

National Association of Enrolled Agents (NAEA)

National Association of Tax Professionals (NATP)

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<sup>4</sup> Supported and similar to a recommendation by Erin Collins, National Taxpayer Advocate. See recommendation to "Suspend all automated collection notices until the IRS is current on processing original and amended returns and unprocessed correspondence." "[2021 Annual Report to Congress, Most Serious Problem #1 Processing and Refund Delays](#)," page 47, January 12, 2022.

<sup>5</sup> Supported and similar to a recommendation by Erin Collins, National Taxpayer Advocate. See recommendation to "Set a goal of having all correspondence replying to notices resolved or the merits responded to within 45 days or receipt. When the IRS falls short of hitting this target in any of its workstreams, it should ensure that no related compliance or collection actions are taken until the IRS has fairly considered and responded to the merits of the taxpayer's position stated in their correspondence." "[2021 Annual Report to Congress, Most Serious Problem #5 Filing Season Delays](#)," page 103, and recommendation to "Defer collection activity until 45 days after the IRS addresses the merits of a taxpayer's request or response to an adjustment, an assessment, or proposed liability." National Taxpayer Advocate, "[Most Serious Problem #10 Collection](#)," page 176, January 12, 2022.

The Honorable Lily Batchelder  
The Honorable Charles P. Rettig  
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National Conference of CPA Practitioners (NCCPAP)

National Society of Accountants (NSA)

National Society of Black Certified Public Accountants, Inc. (NSBCPA)

National Society of Tax Professionals (NSTP)

Padgett Business Services

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cc: Members of the Senate Committee on Finance  
Members of the House Committee on Ways and Means