

September 15, 2021

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

Mark J. Mazur  
Deputy Assistant Secretary (Tax Policy)  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

RE: IRS' Inability to Deal with Correspondence and Other Communication

Dear Commissioner Rettig and Deputy Assistant Secretary Mazur:

The Texas Society of Certified Public Accountants (TXCPA) is a nonprofit, voluntary professional organization representing more than 28,000 members. One of the expressed goals of the TXCPA is to speak on behalf of its members when such action is in the best interest of its constituency and serves the cause of the CPAs of Texas, as well as the public interest. The TXCPA has established a Federal Tax Policy Committee to represent those interests on tax-related matters. The committee has been authorized by the TXCPA Board of Directors to submit comments on such matters of interest to the committee membership. The views expressed herein have not been approved by the Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policies of the TXCPA.

We are writing to request that the IRS improve its taxpayer-related activities in the following key areas:

- Stop collection efforts and other administrative actions against taxpayers while correspondence relating to the matter is unread or unresolved;
- Address the issue of lack of phone accessibility for practitioners and taxpayers; and
- Implement National Taxpayer Advocate (NTA) Erin Collins' recommendations regarding efficient taxpayer/IRS communications.<sup>1</sup>

**Stop collection efforts and other administrative actions against taxpayers while correspondence relating to the matter is unread or unresolved:**

We submit it is imperative and urgent for the IRS to develop a system whereby administrative action, be it collections or other actions, be placed on hold if there is any indication there may be unresolved correspondence, including any backlog at any IRS facility in opening or responding to incoming mail. We realize that there is a tremendous backlog of amended returns, unprocessed returns and unread mail; this is not an issue of fault with the IRS, but it is also not the fault of taxpayers. The current system of IRS collections is resulting in a serious lack of due process for taxpayers left with a presumption of guilt until proven innocent with no opportunity to prove innocence. This is in direct conflict with statutory requirements, causing increased costs for both the government and taxpayers.

---

<sup>1</sup> [National Taxpayer Advocate's FY 2022 Objectives Report to Congress](#)

We think some examples demonstrate the difficulties practitioners and taxpayers are facing:

1. A taxpayer filed a 2019 return that did not include his charitable contributions. In July 2020, the taxpayer filed an amended return showing the contributions. This return also indicated no balance due; the original filing had a balance due.
  - The taxpayer has received several collection notices for the amount due on the original return.
  - The practitioner has contacted the IRS many times on this matter to ask for a hold to be placed on collections. The IRS assistors, although invariably polite and professional, will acknowledge that the amended return is shown as received and will allow collection holds of various lengths of time, between four and nine weeks. Then, the taxpayer will receive another collection notice.
  - In instances like this, we ask the IRS to place a hold on collections, including a hold on all notices, to allow the IRS time to process the amended return.
2. A taxpayer timely filed his extended tax return and received a late filing penalty. The late filing penalty relates to Form 3520 and is draconian—a \$495,000 penalty relating to the inheritance of nonliquid assets in a foreign estate. A request for penalty abatement was mailed to the IRS. The practitioner, in this instance, has only been able to get collection holds of 30 days at a time. The IRS assistors cannot see the explanation in their system. Because the penalty relates to the filing of an information return, the entire balance is at issue.
  - In instances like this, we submit that minimal due process requires that the IRS place a collection hold longer than 30 days, tied to proper IRS action on the taxpayer request or appeal based on the representation of the taxpayer or their representative that an abatement request has been sent but not processed or a faxed proof of mailing from the taxpayer or representative.
  - In some cases, IRS assistors, rather than placing a collection hold on the account, will instead place it into a "full-pay" agreement, although that is neither the taxpayer's nor practitioner's intent. While that often creates a longer hold on the account, it is not productive.
3. On Oct. 26, 2020, taxpayers received a CP2000 Notice, which assessed tax on an erroneous Form 1099R related to an SEP distribution that had been partially rolled over. A response to the CP2000 was e-faxed to the IRS explaining the error and that an amended return would be filed, which was done subsequently. Because of delays in processing the CP2000 response, and before any follow-up notices were issued by the IRS, on Feb. 16, 2021, the IRS issued a statutory notice of deficiency. By the time the deadline for responding to the statutory notice approached, the IRS still had not processed the CP2000 response or the amended return. Consequently, the taxpayers had to file a petition in Tax Court to protect their rights. While the matter has now been resolved, the processing delays by the IRS created paperwork, legal action and costs for both the taxpayer and Tax Court that should have otherwise been unnecessary.
4. A taxpayer's spouse submitted payment for the 2020 balance due using IRS Direct Pay and the tax was paid in full in a timely manner. The IRS has issued multiple notices demanding payment of the balance due followed by a notice of intent to levy. The taxpayer was unable to reach the IRS to discuss the matter since the phone lines were always too busy to even be allowed the option to sit on hold for an extended time frame. The taxpayer was forced to hire a tax professional to contact the IRS to explain the matter so that the payment could be transferred to the joint account to reflect that no tax was owed. If the tax

professional had not been successful, the taxpayer would have been forced to pay the tax due a second time to avoid IRS action, including automated action, that could include a levy, possible referral to the U.S. State Department and inability to close on a pending home purchase in process at the time of the notices.

In addition to the above examples, our members report multiple examples of penalty abatement requests, including requests to forward matters to the Office of Appeals, that are apparently ignored even where a request is sent via USPS certified mail with return receipt returned showing IRS receipt. This lack of responsiveness has caused such outcomes as termination of installment agreements contrary to specific standards in the Internal Revenue Code and improper referrals to the U.S. State Department for its action regarding a taxpayer's passport.

For the above reasons, we urge the IRS to develop procedures to stop administrative actions against taxpayers until its backlog of unprocessed mail is resolved.

**Regarding inaccessibility of the IRS phone system:**

The NTA reported that only 7% of taxpayers attempting to contact the IRS Accounts Management telephone line were able to reach a telephone assistor.<sup>2</sup> Only 3% of the calls to the "1040" line for individual income tax services were able to reach a customer service representative.<sup>3</sup> This lack of accessibility is also experienced in the Practitioner Priority Service (PPS) support line, where most of the calls are answered with a recording asking the practitioner to call back later or on another day without an opportunity to sit on hold. Many practitioners report that three or four calls, over several days, are required before reaching an assistor. When the taxpayer has received a Notice of Levy, the inaccessibility of the IRS can cause severe financial hardship to the taxpayer in a time when our economy is struggling to recover from the pandemic.

We would like to comment that the "callback" system, where the practitioner can leave a phone number for a return call, is working when it can be reached. However, there are still many times that the practitioner is not able to reach the point in the system where a phone number can be provided. This system needs to be expanded for greater accessibility.

We are requesting that the IRS allocate more resources to the PPS and the IRS Accounts Management phone program.

**Regarding the NTA recommendations for more efficient communication:**

We support the six NTA recommendations<sup>4</sup> that would develop a more efficient IRS, not merely in the event of a subsequent pandemic but for its operations during "normal" times:

1. Prioritize the development of accessible, robust online accounts.
2. Expand customer callback technology to all IRS toll-free phone lines.
3. Reduce barriers to e-filing tax returns.

---

<sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> Id., Preface vi-viii.

4. Utilize scanning technology for individual income tax returns prepared electronically but submitted on paper.
5. Expand digital acceptance and transmission of documents and digital signatures.
6. Offer videoconferencing to taxpayers.<sup>5</sup>

We understand that the IRS is working diligently in difficult circumstances to serve taxpayers. We support your efforts and thank you for considering our comments. We would be pleased to discuss them further if you or your staff members believe it would be helpful. Please feel free to contact me at 214-744-3700 or at [dcolmenero@meadowscollier.com](mailto:dcolmenero@meadowscollier.com) or contact TXCPA Staff Liaison Patty Wyatt at 817-656-5100 or [pwyatt@tx.cpa](mailto:pwyatt@tx.cpa).

Sincerely,



David E. Colmenero, J.D., CPA  
Chair, Federal Tax Policy Committee  
Texas Society of Certified Public Accountants

Principal responsibility for drafting these comments was exercised by David E. Colmenero, J.D., CPA; David P. Donnelly, CPA; Julie Dale, CPA; and Kenneth M. Horwitz, J.D., CPA.

cc: Erin M. Collins, National Taxpayer Advocate, Internal Revenue Service  
Heather C. Maloy, Director, Taxpayer First Act Office, Internal Revenue Service

---

<sup>5</sup> Id.