

June 3, 2025

Mr. Michael Faulkender
Acting IRS Commissioner
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Acting Commissioner Faulkender:

RE: Disruptions in the Timely Exchange of Time-Sensitive IRS Notices and Responses

We are writing on behalf of the Texas Society of CPAs Federal Tax Policy Committee to express concern about delays in the processing of time-sensitive correspondence between taxpayers and the IRS. Much of the delay may be caused by slower postal service, but we are also concerned about slow processing and lack of accountability for mail delivered to the IRS. We recognize that the IRS is working to improve secure communications systems, and we support increased funding for those efforts. However, with budget and personnel cuts, improvements will be more difficult at the same time as they are increasingly needed to efficiently support the work of the remaining employees. We provide specific examples and offer some simple solutions, including time-delayed mailings, that would help improve the efficiency of the IRS and practitioners in serving taxpayers.

Problems with Delayed Processing of Taxpayer Communications Within the IRS

There are frequent and systemic IRS delays in processing incoming and outgoing correspondence that frustrate taxpayers and their representatives and make timely communications difficult or, at times, impossible. These lapses create additional work and costs for taxpayers, their representatives and the IRS, which must deal with multiple and unnecessary communications to correct erroneous follow-up notices for items submitted within response deadlines but not processed by the IRS on a timely basis.

For reasons we will discuss in this letter, we recommend that the IRS implement a three-week delay before issuing notices, including, for example, Notices of Deficiency, after the 30-day deadline to allow time for the IRS to receive and record timely mailed items.

Here are some examples:

1. When a taxpayer files electronically and mails a check by the due date, the payment is sometimes not promptly recorded and associated with the taxpayer's return, and the taxpayer receives notices that taxes have not been paid along with interest and possible penalties. This causes taxpayers stress, requires taxpayer representatives to do extra work to resolve the problem and creates extra work for the IRS.
2. In some cases, certified mail return receipts show timely delivery, but an erroneous late notice is triggered days after the receipt because it is either not recorded as having been received or has not been recorded in a way that is noted by the addressee before sending out the notice. To be able to show that mailings were timely, many practitioners routinely send time-sensitive letters by certified mail, return receipt requested. This causes extra work for the IRS as well as practitioners.



3. Similarly, we are aware of faxed correspondence to IRS service centers that was apparently not delivered to the addressed IRS personnel or receipt of which was never acknowledged despite electronic confirmation of receipt by the service center.
4. A practitioner timely filed multiple protest letters, the receipt of which were timely and confirmed by returned "green" card return receipts, but the cases were not sent to Appeals for at least 15 months. Collection started on several of those matters after more than a year had elapsed, which required additional appeals to be filed. The practitioner then sent Form 911, *Request for Taxpayer Advocate Service Assistance*, necessitating three parts of the IRS having extra work and imposing unnecessary stress on the taxpayer.
5. A taxpayer representative timely responded to a Form 504(b), *Notice of Intent to Levy*, against property for a taxpayer. The response was not promptly recorded and processed by the correct person, with follow-up notices that caused taxpayer stress and extra work for everyone.
6. A taxpayer received a letter dated January 15 requesting new and additional information for an Offer in Compromise with a 30-day deadline. The letter was not received until February 10, giving less than a week for a timely response. When the taxpayer's representative attempted to call the Offer in Compromise officer for the case, the representative was advised that the officer had been transferred and the case was being reassigned, but the replacement officer had not been named.
7. A taxpayer received a notice that included a large balance due even though the balance had been paid before receipt of the notice. When the representative consulted the online account transcript on behalf of the taxpayer, IRS records indicated that the payment was made days before the notice went out. If the practitioner had not consulted the transcript, the taxpayer may have mistakenly thought that the larger amount was owed.
8. In filing a simple gift-tax return, a practitioner asked if information could be sent by secure email and was told by the IRS employee that this could not be done. In another instance, when an IRS employee was asked if there was a secure way to upload large documents, the IRS employee said that there was none, so the practitioner loaded the documents onto a flash drive and sent them through a private overnight delivery service. Possibly these problems were related to specific employees, but these situations emphasize the problems associated with insufficient training on technology-based communications tools.
9. In our experience, Lockbox payments take seven to 10 days to process, much longer than in the past.

Possible Solutions to Problems of Delayed Processing of Taxpayer Communications Within the IRS

We appreciate and fully support the fact that the IRS has made progress in implementing online communication applications to alleviate problems. However, these systems are frequently difficult to use and IRS representatives, as well as practitioners, often do not know how to use them. Our members have noted that fax numbers are no longer provided on many IRS communications to allow for quick and easy response, but much more complicated and inaccessible technology is suggested that many taxpayers cannot use. We note that in one IRS/practitioner meeting, there was an hour-long, 42 slide presentation on how to use this technology. That is simply not practical!

The IRS should continue to try to simplify the use of secure online communication tools, train employees, and educate practitioners and taxpayers in their use, including ID.me, document upload and other tools. In the meantime, the IRS should also retain and use simple and secure technology such as facsimile available to all taxpayers at easily accessible locations such as FedEx offices. It should be emphasized that until online communication tools are easily understandable and more commonly adopted, older means of communication must be maintained. IRS fax machines often do not function properly, are not online or have been eliminated so it is critical that access to these devices remain available in addition to the IRS including fax numbers on notices. While e-faxing is functional, the IRS requires a secure e-fax method, which can sometimes be challenging to use.

The IRS should consider setting up procedures for a final check of the online account transcript for recent payments before sending out a tax due notice. This will avoid distressing bills for amounts that have already been paid and will avoid having to deal with the erroneous notice by the IRS to the taxpayer and tax practitioner.

The IRS should consider setting up a system to account for mail received and immediately notify all IRS workers who are involved with the taxpayer's case. This system might use scanning bar code, QR code or other means on the IRS notice to the taxpayer who should be directed to attach that IRS notice on top of any taxpayer reply; this would allow IRS mailroom staff to efficiently log in the item, to associate it with the IRS's taxpayer case computer file and to notify all involved. Immediately upon getting mail, employees could log in correspondence and link it to that system. This would be helpful as correspondence passes from one part of the IRS to another, like a transfer of a case from Audit to Appeals or from one service center to another as frequently occurs.

Secure email procedures should be as simple as possible for taxpayers, taxpayer representatives and the IRS. We appreciate that the IRS is working on this and that it is difficult to implement a simple system that protects taxpayer privacy and prevents identity theft. We appreciate and encourage these efforts, but until that simple system exists, the IRS should not require difficult technology or abandon systems that all taxpayers can access.

Consider providing email addresses on all correspondence and a directory of email addresses for IRS employees who routinely seek time-sensitive responses. This would facilitate efficient communication.

The IRS should consider a practitioner document hotline to facilitate important communications. This would be similar to the practitioners' telephone hotline.

Where a taxpayer or representative has used a Dropbox, payment processing should be expedited.

Delayed Deliveries by the Postal Service

Postal delays are a major cause of problems in timely communications with the IRS. At times, taxpayers or practitioners receive correspondence with a required response date that is, for example, 30 days from the date of the notice, but the notice is not delivered by the postal service for possibly 10 days to two weeks, or even longer, leaving significantly less time to respond and causing unnecessary stress and shifting of work to rush a response. While the USPS claims first class mail is delivered in one to five days, it is our experience that claim is not close to reality for either first class or certified mail and we fear that new proposed USPS changes together with USPS staff reductions will certainly not improve that performance. Eight days to two weeks is frequent enough that the IRS should compensate by adjusting timelines for its actions. We are aware, for example, of one very recent

Revenue Agent's Report sent to the taxpayer that took USPS two months and one day to deliver. The practitioner received his copy of the notice after 12 days. Such delays effectively reduce the time for reply from that stated in the IRS notice to a much shorter period even without considering USPS delivery delay of taxpayer response to the IRS.

We have experienced multiple delays of USPS mail within our state of two weeks or even more. In addition to this experience, during hearings in October 2024 on the postal rate increase, a representative of the postal workers' union summarized comments of over 9,500 postal workers and 48,000 others that showed strong concerns about the effect of slower mail service on themselves, their business and their communities.

Prompt mail deliveries are critical for IRS time-sensitive communication between the IRS and taxpayer representatives. While paper mail delays could be avoided by using electronic communications, there are significant barriers to using IRS tools. Many times, written communications are simpler and more efficient.

Possible Solutions to Slow Postal Service

We understand postal service delays may be beyond the IRS's control but believe that the possibility of these delays could be built into IRS notice processes to avoid erroneous late notices that then have to be dealt with by taxpayers, their representatives and the IRS.

For mail sent to the IRS, we are concerned that notices trigger too fast before the IRS receives and records timely mailed items. This might be solved by a three-week pause before notices, including for example, Notices of Deficiency, after the 30-day deadline stated in the revenue agent's report are sent out. This might be supplemented by confirmation of receipt by electronic means such as email or fax, redacting or using only part of critical taxpayer identification to protect from possible disclosure. This would not change the due date, and interest, penalties and other sanctions would apply from the due date, but it would allow for delivery and recording of receipt of a submission before a notice is sent out. This would save taxpayer stress, practitioner wasted hours and the IRS having to correct incorrect notices.

We speculate that the IRS currently sends out some time-sensitive notices that are post-dated to allow for delays in both internal processing and postal service delivery. This is a commendable procedure, but it is not followed consistently by all parts of the IRS that send out time-sensitive notices. A 30-day letter recipient should have 30 days in which to respond, but often they have a much shorter period. The IRS could determine a likely amount of time for internal processing by the IRS to get the mail into the postal system and a typically long postal service delivery time.

Summary

Until better and secure online communications procedures are simplified, these solutions would provide significant relief for taxpayers, practitioners and the IRS.

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 an action is in the best interest of its

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constituency and serves the cause of the CPAs of Texas, as well as the public interest. TXCPA has established a Federal Tax Policy Committee to represent those interests on tax-related matters. The committee also has the discretion to comment on reporting and disclosure requirements under Title 31 of the U.S. Code of Federal Regulations. The committee has been authorized by the TXCPA Leadership Council to submit comments on such matters of interest to the committee membership. The views expressed herein have not been approved by the Leadership Council or Board of Directors and, therefore, should not be construed as representing the views or policies of the TXCPA.

Again, we recognize that the IRS is making improvements and we have supported budget requests to modernize IRS systems. We also understand that secure communications must have a degree of complexity in order to protect taxpayer privacy and prevent identity theft. We would be happy to assist in any way possible. Please feel free to contact me at 214-276-5001 or jsmith@dallascpas.com or TXCPA Staff Liaison Patty Wyatt at 817-656-5100 or pw Wyatt@tx.cpa.

Sincerely,

A handwritten signature in black ink, appearing to read "James A. Smith". The signature is fluid and cursive, with the first name "James" and last name "Smith" clearly distinguishable.

James A. Smith, CPA, CGMA

Chair, Federal Tax Policy Committee

cc: The Honorable Scott Bessent, Treasury Secretary
Erin M. Collins, National Taxpayer Advocate
Kenneth Corbin, Chief, Taxpayer Services, IRS
Fumi Tamaki, Chief, Taxpayer Experience Office, IRS