

June 30, 2026

The Honorable Scott Bessent  
Secretary of the Treasury  
U.S. Department of the Treasury  
Washington, DC 20220

The Honorable Frank Bisignano  
Chief Executive Officer  
Internal Revenue Service  
Washington, DC 20224

Re: Administrative Reforms to IRS Identity Theft Verification and Refund Hold Procedures

Dear Treasury Secretary Bessent and Chief Executive Officer Bisignano:

The Federal Tax Policy Committee of the Texas Society of Certified Public Accountants appreciates the opportunity to provide comments regarding the Internal Revenue Service's procedures for handling tax-related identity theft, including identity-verification letters (Letters 5071C, 4883C, 5447C and 5747C), the Identity Theft Victim Assistance (IDTVA) program, and associated refund-hold practices. We recommend targeted administrative reforms that would allow duly authorized representatives to assist with identity verification and would impose a reasonable time limit on IRS refund freezes in identity-theft cases.

We commend the IRS for its continuing efforts to combat identity-theft refund fraud and to strengthen account-level protections for taxpayers. At the same time, current procedures impose severe and often insurmountable barriers on disabled, elderly, medically incapacitated, economically disadvantaged and otherwise vulnerable taxpayers, while exposing them to the loss of refunds through no fault of their own. Our comments focus on two administrative reforms that we believe are both urgently needed and fully achievable within existing statutory and regulatory frameworks:

1. Allowing representatives acting under Form 2848, *Power of Attorney and Declaration of Representative*, perhaps with confirmation of the POA identity through ID.me, to complete identity-verification processes on behalf of taxpayers; and
2. Establishing a 365-calendar-day limit on refund freezes in identity-theft cases, after which refunds are released absent specified, narrow exceptions.

## **I. Overview of the Current Identity Theft Crisis**

The IDTVA program has experienced sustained and significant delays in resolving identity-theft cases. The National Taxpayer Advocate reported that in fiscal year (FY) 2024, the average processing time for IDTVA cases reached 676 days (roughly 22 months) and that by mid-FY 2025, average cycle time remained approximately 506 days (about 16.8 months).<sup>1</sup> These processing times far exceed the IRS's historic 120- to 180-day targets for resolving identity-theft cases<sup>2</sup> and create real hardship for innocent taxpayers.

During Filing Season 2025, the IRS flagged approximately 2.3 million returns for identity-theft review, with associated refunds held until taxpayers successfully completed identity-verification procedures.<sup>3</sup> At the same time, the Taxpayer Protection Program's identity-verification telephone line achieved only a 29% Level of Service, meaning that more than two-thirds of callers were unable to reach an assistor.<sup>3</sup> These statistics underscore that the current framework is straining both the IRS and taxpayers.

The burden falls most heavily on taxpayers who cannot realistically complete the current verification protocols: individuals with cognitive impairments such as Alzheimer's disease and dementia; those who are blind, visually impaired, non-verbal or speech-impaired; taxpayers who are hospitalized or in long-

term care; elderly or economically disadvantaged individuals with limited digital literacy or broadband access; divorced couples; married couples where one of the spouses is deceased; and taxpayers with limited English proficiency or in rural communities with inadequate infrastructure.<sup>4,8</sup> For many in these groups, the present “taxpayer-only” verification model functions as a permanent barrier to receiving legitimate refunds. Taxpayers sometimes place the blame on tax professionals, which can lead to fee disputes and civil litigation.

In addition, the interaction between prolonged identity-theft holds and the three-year refund statute of limitations under Internal Revenue Code (IRC) Section 6511(a) poses a serious risk that taxpayers may permanently lose refunds because of IRS processing delays rather than any deficiency in their own compliance.<sup>9</sup> In *Fowler v. Commissioner*, the Tax Court addressed this dynamic, emphasizing that the IRS processing decisions related to identity-theft suspicion cannot defeat a timely refund claim.<sup>10</sup> While *Fowler* mitigates some risk in litigated cases, administrative procedures are still needed to protect taxpayers systematically.

## **II. Legal Framework Supporting Representative Assisted Verification**

### **A. Statutory Authority to Disclose to Designated Representatives**

IRC Section 6103(c) expressly authorizes the IRS to disclose “return information” to any person designated by the taxpayer in a form and manner prescribed by the Secretary.<sup>11</sup> The IRS has implemented this authority primarily through Form 2848, which allows taxpayers to appoint attorneys, certified public accountants, enrolled agents and certain other individuals to represent them before the IRS with respect to specified tax matters and periods.<sup>12</sup>

Nothing in Section 6103(c), the accompanying regulations or the instructions for Form 2848 excludes identity-verification contacts or Taxpayer Protection Program interactions from the scope of authorized representation.<sup>12</sup> Under Circular 230, representatives admitted to practice before the IRS may receive and inspect confidential tax information and perform acts that the taxpayer can perform with respect to authorized tax matters.<sup>13</sup> The current practice of categorically barring Form 2848 representatives from participating in identity-verification processes is therefore not rooted in statute or regulation, but in internal procedure.

### **B. Taxpayer Bill of Rights**

Section 7803(a)(3) codifies the *Taxpayer Bill of Rights* (TBOR), including the rights to quality service, to challenge the IRS’s position and be heard, to finality and to retain representation.<sup>14</sup> In the identity-theft context:

- A 29% telephone Level of Service on the identity-verification line is difficult to reconcile with the right to quality service.<sup>3,14</sup>
- When refunds are frozen pending identity verification, the IRS has effectively taken a position that the return may be fraudulent. Taxpayers who are physically or cognitively unable to complete verification personally have no meaningful opportunity to challenge this position or to be heard, rendering that TBOR right illusory for a substantial population.<sup>4,8</sup>
- Multi-year delays in resolving identity-theft cases undermine the right to finality and perpetuate uncertainty regarding refunds and liabilities.<sup>1,2,14</sup>
- Most directly, the categorical exclusion of Form 2848 representatives from identity-verification matters conflicts with taxpayers’ statutory right “to retain an authorized representative of the taxpayer’s choice to represent the taxpayer in dealings with the Internal Revenue Service.”<sup>14</sup>

### **C. Section 504 of the Rehabilitation Act of 1973**

Section 504 of the *Rehabilitation Act* provides that “[no] otherwise qualified individual with a disability in the United States shall, solely by reason of her or his disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity” conducted by a federal agency.<sup>15</sup> The IRS has acknowledged that Section 504 applies to its programs, including volunteer and taxpayer-assistance initiatives, and has issued guidance committing to provide reasonable accommodations and accessible alternative formats for taxpayers with disabilities.<sup>16/17</sup>

Under this framework, a blanket requirement that identity verification be completed personally by the taxpayer—without any meaningful accommodation for those who cannot use online or telephone systems—is difficult to reconcile with Section 504. A taxpayer without a disability can respond to an identity-verification letter; a comparably situated taxpayer with a cognitive or communication disability may be effectively barred from doing so.<sup>4/8</sup> Allowing duly authorized representatives to complete verification, subject to appropriate authentication and fraud controls, is a paradigmatic “reasonable accommodation;” it leverages existing authority, does not fundamentally alter the nature of the program and can be implemented with limited administrative burden.<sup>15/17</sup>

### **D. Administrative Procedure Act Considerations**

Under the *Administrative Procedure Act* (APA), agency action must not be arbitrary or capricious.<sup>18</sup> To the extent the current identity-verification regime categorically excludes representative involvement without an articulated, evidence-based rationale—while permitting the same representatives to handle audits, collection matters and other sensitive tax disputes—raises significant APA concerns. The absence of a clear rule in the Internal Revenue Manual (IRM) codifying this exclusion further underscores that it is a matter of practice rather than considered or permissible policy.

## **III. Recommended Administrative Reforms**

We recommend that the IRS adopt the following reforms through updates to the IRM, notice language and operational guidance.

### **A. Permit Representative-Assisted Identity Verification**

#### **1. Clarify Representative Authority in the IRM**

The IRS should revise the IRM provisions governing identity-theft procedures and the Taxpayer Protection Program to explicitly allow Form 2848 representatives to assist with identity verification, subject to the same authentication and disclosure safeguards that apply in other contexts. Relevant IRM sections include:

- IRM 25.23.1 (Identity Protection Program background and responsibilities, including the Taxpayer Protection Program);<sup>19</sup>
- IRM 25.23.12 (Identity Theft Telephone—General Guidance, including procedures for responding to Letters 5071C, 4883C, 5447C, and 5747C);<sup>20</sup>
- IRM 25.23.4 (IDTVA paper case processing) and IRM 25.23.9 (business identity-theft procedures), to ensure consistent treatment across case types;<sup>21</sup>
- IRM 4.10.27 (Identity theft case processing in field examinations), to harmonize examination procedures with account-level identity-theft handling;<sup>22</sup>
- IRM 21.1.3.3 (procedures for verifying the authority of representatives, including

authentication requirements and exceptions);<sup>23</sup> and

- IRM 21.2.1.63 (Tax Pro Account and online systems for submitting and managing Form 2848 authorizations).<sup>24</sup>

These sections already establish frameworks for identity-theft assistance and representative authentication. Explicitly recognizing representative-assisted verification would align practice with existing authority under Section 6103(c), Form 2848 and Circular 230.<sup>11/13</sup>

## 2. Leverage Existing Authentication and Security Protocols

The IRS has invested heavily in Secure Access, multi-factor authentication (MFA) and the Centralized Authorization File (CAF) system.<sup>25</sup> Representatives accessing online tools already undergo identity proofing and MFA.<sup>25/26</sup> The IRS can use these same protocols for identity-verification interactions by:

- Requiring representatives to authenticate through Secure Access or equivalent MFA before engaging in identity verification;<sup>25</sup>
- Verifying representative authority through the CAF system to confirm that a valid Form 2848 is on file for the taxpayer, tax period and tax type;<sup>26</sup>
- Applying existing fraud-monitoring practices to detect anomalous CAF activity (e.g., sudden spikes in authorizations or suspicious patterns of access).<sup>27</sup>

These measures are consistent with federal information security standards and NIST guidance that emphasize strong identity proofing, MFA and continuous monitoring for high-risk transactions.<sup>28</sup>

## 3. Shift Emphasis from Knowledge-Based to Documentation-Based Verification

IRM identity-theft telephone guidance already distinguishes between basic and “additional” authentication, including use of the Integrated Automation Technologies (IAT) Disclosure tool and account markers.<sup>20/21</sup> In representative-assisted verification, the IRS could:

- Continue to authenticate the representative using existing phone and CAF procedures;<sup>23</sup>
- Ask the representative to provide return-specific documentation (e.g., Forms W-2, 1099, prior-year returns) and other records that corroborate legitimate filing;<sup>20</sup>
- Treat these documentation-based steps as the “additional authentication” tier when verification is initiated by a representative rather than the taxpayer.<sup>20/21</sup>

This approach preserves strong authentication while avoiding knowledge-based questions that disabled or elderly taxpayers may be unable to answer personally.

## 4. Recognize Representative-Based Verification as a Reasonable Accommodation

The IRS has issued guidance describing its responsibility to provide reasonable accommodations and accessible formats for taxpayers with disabilities.<sup>16/17</sup> We recommend that the IRS explicitly recognize “verification via authorized representative under a valid Form 2848” as a reasonable accommodation for taxpayers who cannot effectively use existing online or telephone channels.

This could be implemented by:

- Updating the IRM sections addressing civil rights and accessibility services to include representative-assisted verification as an accommodation option;<sup>16/17</sup>

- Instructing assistors in IRM 25.23.12 and related sections to offer a representative-based pathway when a taxpayer, caregiver or guardian reports a disability, long-term care placement or comparable limitation;<sup>20</sup>
- Ensuring that identity-verification letters provide clear instructions for requesting such an accommodation.

## **B. Establish a 365-Day Limit on Refund Freezes in Identity-Theft Cases**

We also recommend that the IRS adopt a 365-calendar-day limit on refund freezes in identity-theft cases, absent narrow exceptions. As noted, current IDTVA cycle times average well over one year and there is presently no formal deadline for resolving identity-theft holds.<sup>1,3</sup>

### 1. Protecting the Refund Statute and Taxpayer Rights

A 365-day limit would:

- Provide a clear administrative standard that complements, rather than conflicts with, the three-year refund statute of limitations in Section 6511(a),<sup>9,10</sup>
- Ensure that prolonged internal processing does not deprive taxpayers of refunds they timely claimed, consistent with the reasoning of *Fowler*;<sup>10</sup>
- Advance TBOR's rights to finality and to a fair and just tax system by preventing indefinite refund holds.<sup>14</sup>

### 2. Implementation Through the IRM and Case-Management Systems

This policy could be implemented by:

- Adding an IRM provision in the IDTVA chapters (e.g., IRM 25.23.4) stating that identity-theft refund holds may not exceed 365 calendar days absent (a) taxpayer consent, (b) a court order, or (c) an active criminal investigation requiring continued hold;<sup>21</sup>
- Enhancing case-management systems to track the age of each identity-theft hold and flag cases approaching the 365-day threshold for supervisory review;
- Programming systems to automatically release refunds when the 365-day mark is reached and no exception applies, with appropriate notice to the taxpayer.

This framework is consistent with existing IDTVA governance structures and with broader IRS efforts to reduce high-age inventory.<sup>1,2,21</sup>

## **IV. Addressing Operational and Fraud-Prevention Concerns**

We recognize that any expansion of representative access to identity verification and any deadline on refund freezes must respect the IRS's core mission to prevent fraud and safeguard taxpayer information. We believe the reforms outlined above can be implemented using tools and controls the IRS already employs.

First, the use of Secure Access and MFA for representatives, coupled with CAF verification and monitoring, provides a robust authentication framework that can equal or exceed the security of current taxpayer-only verification.<sup>23,27,28</sup>

Second, the shift toward documentation-based verification for representative-initiated cases reinforces fraud controls by creating a record that can be audited and cross-checked against IRS data, rather than relying solely on knowledge-based questions.<sup>20,21</sup>

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Third, the 365-day refund-hold limit includes narrow exceptions for cases where investigative needs truly require extended holds, while ensuring that ordinary IDTVA cases progress toward timely resolution.<sup>21</sup>

## V. Conclusion

Allowing representative-assisted identity verification for taxpayers who have executed Form 2848 and imposing a 365-day limit on identity-theft refund holds are both necessary and feasible reforms. This is grounded in existing statutory authority under Sections 6103(c), 6511(a), and 7803(a)(3), in Section 504 of the *Rehabilitation Act*, in Circular 230, and in current IRM structures governing identity-theft assistance, representative authentication and reasonable accommodations.<sup>1,3,9,19</sup>

These changes would meaningfully improve access to tax administration for disabled, elderly and other vulnerable taxpayers, strengthen compliance with federal disability-rights obligations, and enhance public confidence in the fairness of the tax system—while preserving and in some respects improving the integrity of the IRS's identity-theft defenses.

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We would be happy to assist in any way possible. Please feel free to contact me at 214-276-5001 or [jsmith@dallascpas.com](mailto:jsmith@dallascpas.com) or TXCPA Staff Liaison Patty Wyatt at 817-656-5100 or [pw Wyatt@tx.cpa](mailto:pw Wyatt@tx.cpa).

Sincerely,



James A. Smith, CPA, CGMA  
Chair, Federal Tax Policy Committee

cc: Erin M. Collins, National Taxpayer Advocate

<sup>1</sup> Erin M. Collins, Nat'l Taxpayer Advocate, 2024 Annual Report to Congress: Most Serious Problems Encountered by Taxpayers 25–26 (Dec. 31, 2024), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2025/01/ARC24\\_MSP.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2025/01/ARC24_MSP.pdf).

<sup>2</sup> Id. at 25–26.

<sup>3</sup> Taxpayer Advocate Serv., Review of the 2025 Filing Season 5 (June 13, 2025) (Fiscal Year 2026 Objectives Report to Congress), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2025/06/ARC25\\_FY26ObjectivesReport\\_FilingSeason.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2025/06/ARC25_FY26ObjectivesReport_FilingSeason.pdf).

<sup>4–8</sup> See generally Internal Revenue Serv., Verify Your Return (last updated July 18, 2025), <https://www.irs.gov/identity-theft-fraud-scams/verify-your-return>; Internal Revenue Serv., Accessibility Guide for the Identity and Tax Return Verification Service

(last updated June 24, 2025), <https://www.irs.gov/identity-theft-fraud-scams/accessibility-guide-for-the-identity-and-tax-return-verification-service>; Internal Revenue Serv., Understanding Your CP5071 Series Notice (last updated June 24, 2025), <https://www.irs.gov/individuals/understanding-your-cp5071-series-notice>; Internal Revenue Serv., The IRS Alerts Taxpayers of Suspected Identity Theft by Letter (last visited Jan. 25, 2026), <https://www.irs.gov/newsroom/the-irs-alerts-taxpayers-of-suspected-identity-theft-by-letter>; ID.me Help Ctr., IRS and ID.me (last visited Jan. 25, 2026), <https://help.id.me/hc/en-us/articles/8214940302999-IRS-and-ID-me>.

<sup>9</sup> IRC Section 6511(a).

<sup>10</sup> *Fowler v. Commissioner*, 155 T.C. 7 (2020).

<sup>11</sup> IRC Section 6103(c).

<sup>12</sup> Internal Revenue Serv., Instructions for Form 2848 (Power of Attorney and Declaration of Representative) (Sept. 2021).

<sup>13</sup> 31 C.F.R. pt. 10 (Circular 230).

<sup>14</sup> IRC Section 7803(a)(3).

<sup>15</sup> Rehabilitation Act of 1973 Section 504, 29 U.S.C. Section 794.

<sup>16</sup> Internal Revenue Serv., Fact Sheet—Providing Reasonable Accommodations to Persons with Disabilities (Jan. 2014).

<sup>17</sup> Internal Revenue Serv., Reasonable Accommodations for Taxpayers with Disabilities: Frequently Asked Questions (Rev. 2/2016), <https://www.irs.gov/pub/newsroom/reasonable-accommodations-taxpayers-disabilities-faqs.pdf>.

<sup>18</sup> Taxpayer Accessibility Guide, Internal Revenue Serv. (last visited Jan. 25, 2026), <https://www.irs.gov/pub/newsroom/taxpayer-accessibility-guide.pdf>.

<sup>19</sup> Internal Revenue Manual 25.23.1 (Sept. 5, 2025).

<sup>20</sup> Internal Revenue Manual 25.23.12 (Aug. 26, 2025).

<sup>21</sup> Internal Revenue Manual 25.23.4 (Aug. 14, 2025); Internal Revenue Manual 25.23.9 (Aug. 25, 2025).

<sup>22</sup> Internal Revenue Manual 4.10.27 (Aug. 15, 2025).

<sup>23</sup> Internal Revenue Manual 21.1.3.3 (Aug. 26, 2025).

<sup>24</sup> Internal Revenue Manual 21.2.1.63 (Aug. 19, 2025); Internal Revenue Serv., Submit Forms 2848 and 8821 Online (last visited Jan. 25, 2026), <https://www.irs.gov/tax-professionals/submit-forms-2848-and-8821-online>.

<sup>25</sup> Internal Revenue Serv., Tax Tip 2022-115, Before Calling the IRS, People Should Have Their Tax Documents Ready (July 28, 2022), <https://www.irs.gov/newsroom/before-calling-the-irs-people-should-have-their-tax-documents-ready>.

<sup>26</sup> Power of Attorney and Other Authorizations, Internal Revenue Serv. (last visited Jan. 25, 2026), <https://www.irs.gov/businesses/small-businesses-self-employed/power-of-attorney-and-other-authorizations>.

<sup>27</sup> Internal Revenue Serv., Submit Power of Attorney and Tax Information Authorizations (last visited Jan. 25, 2026), <https://www.irs.gov/tax-professionals/submit-power-of-attorney-and-tax-information-authorizations>.

<sup>28</sup> National Institute of Standards and Technology (NIST), Digital Identity Guidelines, Special Publication 800-63B (2020).