

March 9, 2021

The Honorable Charles Rettig
Commissioner
Internal Revenue Service
1111 Constitution Ave, NW
Washington, DC 20224

Dear Mr. Commissioner:

As you know, the National Association of Enrolled Agents represents the interests of approximately 57,000 enrolled agents established and regulated by the Internal Revenue Service (IRS) and the Department of the Treasury. As you are aware, enrolled agents are on the front lines of tax administration, be it tax return preparation or representation work. While until recently enrolled agents have been divided on the issue of extending the filing season for both the filing of tax forms and the payment of taxes, the imminent enactment of the retroactive tax treatment of Unemployment Income (UI) for 2020 seems to have been the proverbial straw that has broken the camel's back. On behalf of our members, we now ask that the IRS consider at least a 30-day delay of the April 15 deadline.

As many of our members wrote to us after Senate passage informing us of a change in their position from no extension to needing an extension: "In terms of The American Rescue Plan Act of 2021, we are now in limbo until we have a final version signed by the President. Then we'll wait for IRS guidance on how to handle the unemployment exemption. Then we'll wait for the software vendors to incorporate the change. And, finally, we'll watch to see how the states treat the provision." Meanwhile, enrolled agents will be left treading water on these important returns. The one exception is in the case where returns with UI have already been filed, which in such case will require an additional follow up amended return.

Other members who have written to us have cited the following reasons for delaying the filing deadline:

- To start with, the IRS decided to delay the tax season until February 12, so there was a large backlog of returns to be eFiled and extra administrative work in tax offices to properly organize, hold, and then eFile client returns.
- Most investment 1099 and K-1s forms do not come out until March 15. This has been the case in earlier tax seasons but is particularly painful this year with all the other complexities of the tax season and last-minute tax law changes.
- Many college dependent children who received unemployment are subject to the so-called kiddie tax for income they received over \$2,200. Whereas these returns would normally be in-and-out of the office in other years, they are being held for the legislation to be finalized by Congress.
- Significant numbers of taxpayers are playing the waiting game now that the COVID relief bill is near final passage. Those that believe their income will be higher in 2020 than 2019 want to

wait and are not providing their tax information to us so that they maximize their stimulus check (EIP) based on 2019 and not 2020.

- There are also some taxpayers that are trying to get their returns done as soon as possible since they believe they will get a bigger stimulus because their 2020 income was lower than 2019. This added churn in office procedures is having a significant impact.
- Congress has been very deliberate about protecting and supporting U.S. taxpayers. This is admirable but it would be equally important if they would provide an equal amount of care to tax professionals to give them an extended time so they can properly prepare and advise the taxpayer clients. This way we are ALL doing our best to service and care for the U.S. taxpayers.
- It would be a better use of tax professionals time to be advising their clients considering the new tax changes instead of pumping out extensions and dealing with filing and/or amending returns later. Having a later filing and paying deadline instead of the April 15 will help tax professionals and the IRS provide a better level of service to taxpayers.
- Many tax professional offices still have COVID protection strategies in place which is slowing the process of completing tax returns. These procedures are necessary to keep everyone safe but jeopardizes the ability to make the current April 15 deadline.

In summation, because IRS decided to delay the beginning of the tax filing season and then, in addition to all the general chaos brought about by the COVID pandemic, Congress decided to make a significant retroactive change in the middle of the shrunken tax season, NAEA believes it would now be prudent to extend the filing season. Rest assured, NAEA and its members stand ready to work with the IRS to make this difficult tax season a success.

Sincerely,



Megan Killian, CAE
Executive Vice President