

October 7, 2021

The Honorable Janet Yellen
Secretary
U. S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The United States Congress
The Capitol
Washington, DC 20515

Dear Sirs and Madams:

On behalf of the National Association of Enrolled Agents (NAEA) and the approximately 58,000 enrolled agents (EAs) it represents, I write to you today to report on the state of the Internal Revenue Service (IRS). It is with grave concern that based on input from front-line tax practitioners in the service of American taxpayers I must report to you the poor condition of the IRS. In fact, it should be considered broken and does not seem to be on track to be fixed any time soon.

While COVID-19 was the final blow in creating this situation, it was a gradual process brought about by a series of stress events on the IRS over the last decade which have chipped away at the foundation of our tax administration system. These events include political attacks from policymakers, chronic under-funding, government shutdowns, and a wave of retirements of experienced employees and executives. The leadership seems at times to be frozen in indecision brought about by the changing winds of politics and lawyers that impede forward progress. All while Congress mandated the IRS to administer even more complex social service policies from healthcare to childcare and from individual economic income security programs to small business job retention programs, with little or no additional funding.

We understand that our prognosis will not be popular, but we believe that policymakers deserve a clear-eyed understanding of the current problems at the agency. For the federal tax administration system to work smoothly, all parts of the agency must be able to effectively do their jobs. Currently, millions of tax returns – some as much as two years old – have still not been processed into the system. The IRS, however, has chosen to mail computer driven notices and letters, despite not knowing whether they are accurate. Additionally, we are hearing consistently that taxpayers who have filed for extensions are receiving non-filing letters from

the agency. Further, many taxpayers are receiving nonsensical math error letters which causes unnecessary fear and anxiety, especially among the elderly and the low income.

From the perspective of seasoned tax practitioners, resolving these, and other problems, has now become nearly impossible to achieve. For instance, only 9 percent of callers reaching out to the IRS for answers, or to resolve notices and letters, are able to reach a live customer service representative. Unfortunately, the situation for their tax representatives is not any better, as most are experiencing a four to eight business week delay in posting powers of attorney on the Centralized Authorization File (CAF). Depending on the day and time, the dedicated Practitioner Priority Service lines are either busy, offline, or require up to 90 minutes to connect.

While more funding is the first solution needed to fix our broken tax administration system, it also needs a concerted effort on the part of policymakers, the leadership of the IRS, and oversight groups like the General Accountability Office, Treasury Inspector General for Tax Administration, and the Taxpayer Advocate to help steer the IRS back on track. Failure to fix the pipeline at each level – return processing, notices and letters, phones and CAF, and collection – will continue to harm taxpayers and endanger tax collection going forward.

As always, the National Association of Enrolled Agents stands ready to work with Congress, the Department of Treasury, and the Internal Revenue Service to protect and improve our system of collecting taxes.

DAVID W TOLLETH

David W. Tolleth
President
National Association of Enrolled Agents