

TAXPAYER ADVOCATE SERVICE

# JOURNEY OF ADVOCACY

Highlights of TAS Successes on Our  
Journey of Taxpayer Advocacy  
Throughout the Past Year



TAS Protects  
Taxpayer Rights



TAS Advocates  
for Change



TAS Reduces  
Taxpayer Burden



TAS Improves  
Access to Resources

## To Strengthen Taxpayer Rights, TAS Recommends the IRS Change How It Works

TAS ensures that IRS employee guidance and instructions contain the key elements necessary to protect taxpayers' rights. Each year, TAS reviews and recommends changes to Internal Revenue Manual (IRM) guidance to reflect how employees should engage with taxpayers while protecting their taxpayer rights; submits corrections to IRS notices, forms, and publications; and provides information on TAS assistance and access to Low Income Taxpayer Clinics.

**In 2020, TAS updated 133 IRMs, incorporated the Taxpayer Bill of Rights into 44 IRMs, and helped revise 23 taxpayer notices, 11 tax forms, and five publications, all strengthening the taxpayer's right to a fair and equitable tax system.**

## TAS Advocates for Outreach to Taxpayers to Ensure They Have Correct Tax Guidance

When the IRS published Publication 54, Tax Guidance for U.S. Citizens and Resident Aliens Abroad, it contained incorrect filing thresholds. TAS advocated for and collaborated with the IRS to correct and publicize inaccuracies in Publication 54, preventing a potentially significant negative impact on the related taxpayer population. These efforts mitigated the burden of the impacted taxpayers, protecting their *right to be informed*.

## TAS Advocates for Relief for Additional Taxpayers Whose Student Loan Debts Were Forgiven

TAS has long advocated for taxpayers whose student loans are canceled when the educational institution they attended closes or because of a legal settlement. In 2015, 2017, and 2018, with active involvement by TAS, the IRS issued guidance providing that some taxpayers are not required to include the discharged debt in income, and the lenders are not required to issue Forms 1099-C to report the canceled debt. TAS continued to advocate for taxpayers not covered by this *ad hoc* guidance, and in January 2020, the IRS extended the same relief to additional taxpayers whose student loan debts were forgiven.

## TAS Advocates for IRS to Provide a Web-Based EITC Tool in Spanish

In March 2019, the IRS released an interactive web-based tool to assist taxpayers with Form 886-H, Documents You Need to Send to Claim the Earned Income Credit on the Basis of a Qualifying Child or Children. TAS advocated for the translation of this toolkit to Spanish to help taxpayers understand the documents required to substantiate claims for the EITC. Because of TAS involvement, Spanish speaking taxpayers can now use the web-based tool for additional assistance during an examination where EITC is an issue, thus ensuring their *right to be informed*.



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## TAS's Collaboration Preserves Taxpayers' *Right to Appeal* During COVID-19 Closures

TAS identified nearly 75,000 taxpayers who would receive collection due process (CDP) notices with outdated deadlines who would lose their right to request a CDP hearing. TAS collaborated with the IRS to create Notice 1052-C, Important! You Have Additional Time to Appeal, specifically providing an extended deadline for these taxpayers to respond. These changes allow taxpayers more time to reply and ensure protection of their *right to appeal*.



## TAS Successfully Advocates for IRS to Place Its Phone Number More Prominently on Notice CP 14

The IRS sends Notice CP 14, Balance Due, No Math Error, as a first notice to inform a taxpayer of a balance due. Many taxpayers who receive a CP 14 notice want to speak with an IRS employee to get answers. The IRS proposed moving the phone number on the notice from the first page to the second page. The acting National Taxpayer Advocate issued a proposed Taxpayer Advocate Directive (TAD) requesting the IRS move the phone number back to the first page. The IRS agreed to TAS's recommendation, and the revised Notice CP 14 will show the IRS phone number on the first page in its own block of text and in the new *Where to Call* section on page 2 under the IRS Help section.



## TAS Helps Military Taxpayers Receive Their Refunds and Economic Impact Payments on Time





Military taxpayers requested TAS assistance because the IRS did not have their Form W-2 data. TAS researched current and prior year Form W-2 receipts for the military divisions and found that the military payor had submitted only half the number of W-2s in 2020 as it typically did in other years. TAS and the IRS worked with the Social Security Administration to obtain the missing Forms W-2 from the Defense Finance Accounting Service. TAS's efforts resulted in the impacted military personnel receiving their current year refunds as well as timely Economic Impact Payments.



## TAS Advocates to Improve Tools to More Quickly Validate Taxpayers Under Audit for Refundable Credits

TAS and IRS collaborated to develop tools and templates to improve the audit process for refundable credits, such as the Earned Income Tax Credit (EITC). During an EITC audit, an examiner may need to request additional information regarding the qualifying children on the return. TAS and IRS developed templates to ensure third parties, such as doctors' office or schools, provide the proper information so that the IRS is able to validate the information more quickly during an audit. This improvement benefits the taxpayer's *rights to quality service* and *to pay no more than the correct amount of tax*.



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## TAS Advocates for a Process to Return Economic Impact Payments Based on Conscientious or Religious Objection

TAS advocated for a process to allow members of religious communities who have objections to receiving refundable credit-related refunds to return their Economic Impact Payment with an explanatory letter and have their account noted accordingly. TAS's advocacy underscores the importance of a fair and just tax system that observes a taxpayer's constitutional right to freely exercise his or her religious beliefs.



## TAS Advocates for IRS to Issue Determination Letters to Taxpayers Requesting Clarification on Their Worker Classification

TAS learned that the IRS was improperly refusing to issue determination letters to taxpayers requesting clarification on their worker classification. Even when the litigation had already been resolved and was no longer pending, the IRS had notified the applicant it was unable to issue a determination letter due to the past litigation. TAS advocated for the IRS to process these worker status determinations if the litigation has been settled or otherwise resolved. Because of TAS involvement, internal guidance was updated, and the Form SS-8 instructions are more clear on when the IRS can issue determination letters.



## TAS Identifies Penalty Assessment Problem Causing Practitioners Undue Burden on Form 7004

Practitioners timely filed Forms 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, but the IRS erroneously disallowed their requests. As a result, their accounts were incorrectly assessed failure to file and failure to pay penalties. TAS elevated over 200 cases to the IRS with the proof of timely-filed Forms 7004. The IRS determined the extensions were stamped with an incorrect postmark date, causing the extensions to be disallowed in error. Due to TAS raising this issue, Forms 7004 were processed correctly, and the erroneous penalty assessments were abated on affected taxpayer accounts.



## TAS Recommends Internal Revenue Manual Updates to Reduce Tax Practitioner Burden

Tax practitioners calling the Practitioner Priority Service phone line were having trouble obtaining unmasked transcripts, which show a taxpayer's Social Security number and other information. TAS recommended revising the Internal Revenue Manual (IRM) to explain how to request an "unmasked" transcript for delivery to the secured object repository or portal for tax practitioners. The IRS agreed and published updated IRM guidance in March 2020. These changes reduced tax practitioners' burden when requesting unmasked transcripts.



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## TAS Works to Keep Taxpayers Informed of Deadlines to Protect Their Rights

Taxpayers who make certain mistakes on their return (known as math errors) are notified by the IRS of the error and have 60 days based on the date on the notice to contest the change to their return before the IRS makes the change permanent. Because of the COVID-19 pandemic, the IRS was unable to timely print and mail many notices and letters, including math error notices. Taxpayers who received math error notices with outdated deadlines could possibly lose their right request a change to their return, and as a result, lose the ability to challenge the liability in court prior to having to pay it. TAS and the IRS worked to expedite the issuance of math error notices with inserts providing revised dates so that taxpayers were informed of the extended deadline and did not accrue penalties and interest prior to the time allowed to pay the tax. This ensures protection of the taxpayer's *right to pay no more than the correct amount of tax*.



## TAS Advocates for Better Information for Taxpayers Under Wage Verification Review Process

TAS advocated for new IRS procedures explaining to taxpayers that they should compare their return information against every income statement, and if they don't match, they should file an amended return. This procedural change helped clarify next steps and ensures the taxpayer's *right to be informed*.



## TAS Secures Additional Resolution Authorities to Address Aged Cases

Because of staffing and resource challenges imposed by COVID-19, the IRS temporarily closed many IRS campuses that process taxpayer mail and correspondence, which led to a backlog of work. This backlog included over 6,000 unresolved TAS Operations Assistance Requests (OARs), which TAS uses to secure relief for taxpayers experiencing financial and economic harm, related to campus work or submission processing. The National Taxpayer Advocate issued a proposed Taxpayer Assistance Directive ordering the IRS Submission Processing area to immediately address the backlog of OARs and provide a plan for quick resolution of the TAS cases. The IRS took several steps to address the backlog, including prioritizing the TAS OARs, temporarily allowing TAS the authority to work the issues, and working collaboratively with TAS to resolve the aged taxpayer issues.



## TAS Resolves Centralized Offer in Compromise Phone Line Issues

Practitioners submitted issues to TAS's Systemic Advocacy Management System regarding long hold times and unresponsiveness on the IRS's Centralized Offer in Compromise (COIC) phone lines. TAS reviewed calls and discovered that while hold times were not extreme, voice messages left on the lines were never returned. TAS worked with the IRS to correct technical issues that had distorted or prematurely ended some taxpayer voice messages. Because of TAS involvement, taxpayers with pending offers (more than 50,000 each year) can now successfully interact with COIC.



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## TAS Advocates for Taxpayers to Know Exact Due Date on Collection Due Process Hearing Notices in COVID-19-Related Backlog

For pandemic-related backlog notices providing Collection Due Process (CDP) hearing rights, the IRS initially proposed providing taxpayers with a response date based on the postmark of the envelope. TAS identified and raised concerns about taxpayers discarding the envelope and not knowing how long they had to request a CDP hearing. The IRS agreed to provide an exact due date in the notice for taxpayers to request the CDP hearing. This change ensures the taxpayer's *right to request an appeal in an independent forum* is not compromised during the COVID-19 pandemic emergency.



## TAS Secures Emergency Financial Relief for Thousands Missed During Initial Economic Impact Payment Distribution

The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized Economic Impact Payments (EIPs) for all individuals who fall under a specified income threshold to provide immediate economic assistance during the COVID-19 pandemic. Tens of thousands of individuals contacted TAS because they needed help getting their payment or they did not receive the correct amount. TAS was unable to assist these taxpayers because the IRS lacked a process to correct inaccurate EIP amounts. The National Taxpayer Advocate issued a proposed Taxpayer Advocate Directive (TAD) ordering the IRS to develop a process to correct EIP errors and issue revised EIPs where appropriate. To expedite the payments, TAS developed a matrix outlining the impacted groups of taxpayers that needed corrections. As a result of the proposed TAD, the IRS developed a series of planned systemic fixes and manual adjustments that provided taxpayers with corrected EIP amounts.



## TAS Intervenes for Taxpayers Not Receiving Correspondence on Returns Suspended in the Automated Questionable Credit Process

TAS learned that taxpayers were not receiving the required Letter 4800C, Questionable Credit 30-Day Contact Letter, or other return status correspondence while the IRS tested an automated tool to calculate and complete partial return adjustments. The testing of the new tool suspended these taxpayers' refunds from timely-filed 2018 returns, potentially causing hardship. Thanks to TAS's intervention, the IRS's Return Integrity Verification Office sent Letter 2644C, Second Interim Response, to about 9,000 taxpayers still waiting for account resolution while it manually worked individual taxpayer accounts until implementation of the automated tool.



## TAS Advocates for More Guidance for Taxpayers Receiving Paycheck Protection Program Loans

Section 1106 of the CARES Act provides loan forgiveness for certain loans made through the Paycheck Protection Program (PPP) by the Small Business Association. TAS reviewed an early version of Notice 2020-32, which provides guidance on the deductibility of expenses when a business receives a PPP loan. TAS recognized taxpayers needed further clarification on the tax ramifications if the PPP loan was not forgiven and provided such comments to Counsel and Treasury.



**TAS Advocacy  
Continues in 2021**



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