

6. FORMALIZE 45-DAY RESPONSE TIME FROM ALL IRS FUNCTIONS TO RECOMMENDATIONS MADE BY THE TAXPAYER ADVOCACY PANEL

The Taxpayer Advocacy Panel (TAP), an independent Federal Advisory Committee to the IRS, was established in 2002. TAP helps identify tax issues of importance to taxpayers and provides a taxpayer perspective to the IRS on key programs, products, and services. It also serves as a focus group that makes recommendations to the IRS and the National Taxpayer Advocate. Since its inception, TAP has worked with over 700 civilian volunteers who agree to dedicate 200-300 hours a year for three-year terms. The panel's mission is to listen to taxpayers, identify taxpayer issues, and make suggestions to improve IRS services. It operates under the authority of the Federal Advisory Committee Act and is guided by TAS, which provides staff to assist TAP and facilitate consideration of its recommendations. During the first 20 years of TAP's existence, it made more than 2,200 recommendations to improve the IRS's taxpayer service, products, and procedures.³⁷ Some examples include implementation of customer callback technology on IRS phone lines, creation of the taxpayer online portal, and various improvements to the Volunteer Income Tax Assistance program.

TAP submitted 201 recommendations to the IRS in 2022. Of those submitted, 133 (66 percent) were still awaiting IRS response at the end of the year.³⁸ Unlike other TAS functions, TAP does not have an established process with the IRS Business Operating Divisions (BODs) for working the recommendations it submits. TAP currently works primarily with W&I; however, as the panel continues to evolve and broaden its work to additional IRS functions, a negotiated Service Level Agreement (SLA) or standard operating procedure for working TAP recommendations is necessary to ensure TAP receives timely and complete IRS responses.

Objective 6 for FY 2024 – TAS will work with the IRS BODs to develop procedures for the IRS in reviewing and responding to TAP recommendations, and if necessary, establish steps to reach an SLA or mutually agreed upon standard operating procedure for considering TAP recommendations.

- Activity 1: Review and analyze the current SLAs between TAS and BODs for working Case Advocacy Operations Assistance Requests to identify best practices transferable to the recommendation process.
- Activity 2: Review and analyze the processes used by other administrative bodies that work with the IRS, such as the Internal Revenue Service Advisory Council and the Electronic Tax Administration Advisory Committee, to identify best practices.
- Activity 3: Conduct an analysis of the current workflow processes and evaluate their effectiveness and timeliness for functional replies. TAP will look into developing a more effective post-recommendation dialogue process that considers the age, priority status, and number of times a recommendation is transferred between functions.

7. ELIMINATE SYSTEMIC ASSESSMENTS AND OFFER A FIRST TIME ABATEMENT WAIVER FOR INTERNATIONAL INFORMATION RETURN PENALTIES

Taxpayers who have certain foreign financial interests and cross-border business activities are subject to a range of U.S. reporting requirements. Many of these requirements come with significant penalty potential when a filing is late, incomplete, or inaccurate, even if the information report itself does not relate to any income. In particular, TAS is concerned about the international information return (IIR) penalty regime contained within Title 26, Subtitle F, Chapter 61, Subchapter A, Part III.³⁹ The IRS's position regarding these penalties is that

³⁷ IRS, Pub. 4444, Taxpayer Advocacy Panel 2022 Annual Report 1 (Mar. 2023).

³⁸ *Id.* at 8.

³⁹ See, e.g., National Taxpayer Advocate 2020 Annual Report to Congress 119-131 (Most Serious Problem: *International: The IRS's Assessment of International Penalties Under IRC §§ 6038 and 6038A Is Not Supported by Statute, and Systemic Assessments Burden Both Taxpayers and the IRS*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2021/01/ARC20_MSP_08_International.pdf.