

meet taxpayer demand.⁴⁸ The IRS is assessing the possibility of implementing extended hours as a regular, ongoing program, which would provide a great benefit to taxpayers.⁴⁹

Objective 4 for FY 2025 – TAS will work with the IRS to improve taxpayer access to telephone and in-person assistance.

- Activity 1: Advocate for the discontinuation of the LOS measure.
- Activity 2: Propose new methods of measuring the taxpayer experience that include metrics related to quality of service provided for the IRS to put in place by the end of FY 2025.
- Activity 3: Advocate for the IRS to allow callers to opt into a post-call quality survey before they connect to a CSR by the end of FY 2025.
- Activity 4: Promote expanded TAC hours of operation beyond 8:30 a.m. to 4:30 p.m., Monday through Friday, including regular Saturday hours, to be in place by the end of FY 2025 for all TAC offices.

5. INCREASE AWARENESS OF THE NEED FOR IRS OVERSIGHT OF PAID FEDERAL RETURN PREPARERS

Return preparers play an essential role in tax administration. In recent years, paid tax return preparers prepared the majority of the individual income tax returns filed.⁵⁰ Many of these preparers have no credentials and are subject to no minimum standards, such as competency tests, continuing education, or ethical rules. IRS data shows that there are significantly more non-credentialed paid tax return preparers than the total of all credentialed paid preparers preparing individual returns.⁵¹ Non-credentialed preparers disproportionately serve lower-income taxpayers. For example, non-credentialed preparers prepared approximately 82 percent of the tax year (TY) 2022 individual returns claiming the Earned Income Tax Credit (EITC) that were prepared by paid tax return preparers.⁵²

IRS oversight of the profession would protect taxpayers by imposing ethical rules on and ensuring a minimum level of competency for paid federal return preparers. The absence of such oversight exposes taxpayers to harm imposed by inept or dishonest return preparers. Because taxpayers bear ultimate responsibility for the accuracy of their own returns, incompetent and unethical return preparers subject taxpayers to unanticipated tax deficiencies, penalties, interest, overpaid taxes, or lost refunds. Non-credentialed preparers generate a disproportionate level of EITC audit adjustments. For example, of the TY 2021 EITC returns prepared by a paid preparer and subject to audit, approximately 94 percent of the audit adjustments (in dollars) were made to returns prepared by non-credentialed preparers.⁵³ This IRS data suggests that a significant portion of EITC improper payments was attributable to tax returns prepared by non-credentialed paid preparers.⁵⁴

48 TIGTA, Ref. No. 2024-100-022, Taxpayer Assistance Centers Generally Provided Quality Service, But Additional Actions Are Needed to Reduce Taxpayer Burden 10 (2024), <https://www.tigta.gov/sites/default/files/reports/2024-05/2024100022fr.pdf>.

49 IRS response to TAS information request (May 23, 2024).

50 IRS, CDW, Individual Returns Transaction File (IRTF) TYs 2018-2022 (through Dec. 31, 2023).

51 Almost 60 percent of unique Preparer Tax Identification Numbers (PTINs) recorded on TY 2022 individual returns belonged to non-credentialed preparers. Of the approximately 534,000 unique PTINs recorded on TY 2022 individual returns, more than 313,000 were non-credentialed return preparers. IRS, CDW, IRTF TYs 2018-2022, Return Preparers and Providers (RPP) Database (through Dec. 31, 2023). Because the IRS cannot determine the number of ghost preparers preparing tax returns, this figure underestimates the number of non-credentialed return preparers actually preparing returns. Ghost preparers are preparers who fail to appropriately sign and enter their PTIN on the returns they prepare, typically making it appear as if the taxpayer self-prepared the return.

52 IRS, CDW, IRTF TYs 2018-2022, RPP Database (through Dec. 31, 2023).

53 IRS, CDW, IRTF TYs 2018-2022, RPP Database, and Audit Information Management System (AIMS) Closed Case Database (through Dec. 31, 2023).

54 In FY 2023, the IRS estimates the amount of EITC improper payments was \$22 billion, or 33.5 percent of dollars paid out. GAO, GAO-24-106927, *Improper Payments: Information on Agencies' Fiscal Year 2023 Estimates* (2024), <https://www.gao.gov/products/gao-24-106927>.

Since 2002, to protect taxpayers from the harm imposed by untrained and unscrupulous non-credentialed return preparers, the National Taxpayer Advocate has recommended that Congress authorize the IRS to conduct return preparer oversight.⁵⁵ Through data-supported outreach, TAS will continue raising awareness of the need to impose minimum standards on paid federal return preparers. To further protect taxpayers, especially before Congress enacts any preparer oversight legislation, TAS will also raise taxpayer awareness on how to select a reputable return preparer.

Objective 5 for FY 2025 – TAS will increase awareness of the risks inherent in the current lack of oversight of paid federal return preparers.

- Activity 1: Conduct research in connection with the development of the related Purple Book legislative recommendation⁵⁶ to identify statistical data supporting the need to impose minimum competency and ethical standards on paid federal return preparers.
- Activity 2: Develop outreach (*e.g.*, NTA Blog, TAS Tax Tips) to raise taxpayer awareness on how to select a reputable tax return preparer.
- Activity 3: Meet with congressional members and staff throughout the year and during the Congressional Affairs Program conference, as appropriate, to discuss the Purple Book legislative recommendation to authorize the IRS to establish minimum competency standards for federal tax return preparers.

6. REDUCE PROCESSING TIMES FOR IDENTITY THEFT VICTIM ASSISTANCE CASES

Each year, hundreds of thousands of taxpayers are victims of tax-related identity theft. In FY 2022, the IRS had 228,383 Identity Theft Victim Assistance (IDTVA) case receipts, and in FY 2023, they increased to 294,138.⁵⁷ This increase resulted in part from the issuance of pandemic-era credits such as Economic Impact Payments, the Additional Child Tax Credit, and the Advance Child Tax Credit, which led to the IRS having a backlog of IDTVA cases. IDTVA case receipts seem to be on a similar trajectory in FY 2024 as there have been 189,653 IDTVA case receipts in FY 2024 through May 25, 2024. The IRS received 93,429 of these case receipts during Filing Season 2024.⁵⁸ Identity thieves are often motivated by large credits to steal taxpayers' personal identifying information and file fraudulent returns so they can divert taxpayers' refunds to themselves. It took the IRS 556 days in FY 2023 to resolve IDTVA cases – nearly 19 months.⁵⁹ As of April 2024, the processing time jumped to 675 days – nearly two years.⁶⁰

It has been four years from the onset of the pandemic, and the IRS's delays in helping victims are unconscionable.⁶¹ The IRS has prioritized other service areas, such as processing a backlog of paper-filed returns and achieving an 85 percent Level of Service on its main toll-free lines, to demonstrate its success, while identity theft victims continue to experience extreme processing timeframes to get their refunds.⁶² It is past time for the IRS to prioritize IDTVA cases.

55 See National Taxpayer Advocate 2002 Annual Report to Congress 216 (Legislative Recommendation: *Regulation of Federal Tax Return Preparers*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/08/arc2002_section_two.pdf.

56 National Taxpayer Advocate 2024 Purple Book, *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration 7 (Authorize the IRS to Establish Minimum Competency Standards for Federal Tax Return Preparers and Revoke the Identification Numbers of Sanctioned Preparers)*, https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23_PurpleBook_02_ImproveFiling_4.pdf.

57 IRS, JOC, AM RAD, IDTVA Accounts Inventory Report for Individuals, FY 2022 through FY 2024.

58 IRS, JOC, AM RAD, IDTVA Accounts Inventory Report for Individuals, FY 2024.

59 IRS, JOC, AM RAD, Correspondence Imaging System (CIS) Closed Case Cycle Time for the Identity Theft Victims Unit Reports, FY 2023.

60 IRS, JOC, AM RAD, CIS Closed Case Cycle Time for the Identity Theft Victims Unit Reports (through Mar./Apr. 2024).

61 Erin M. Collins, Identity Theft Victims Are Waiting Nearly Two Years to Receive Their Tax Refunds, NATIONAL TAXPAYER ADVOCATE BLOG (June 6, 2024), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/identity-theft-victims-are-waiting-nearly-two-years-to-receive-their-tax-refunds/2024/06>.

62 Janet L. Yellen, Sec'y of the Treasury, Remarks at IRS Headquarters in Washington, D.C. (Nov. 7, 2023), <https://home.treasury.gov/news/press-releases/jy1888>.