

## REVIEW OF THE 2025 FILING SEASON

### INTRODUCTION

Filing Season (FS) 2025 unfolded during a period of significant change, but the IRS provided a generally successful filing season and continued to build on its recent customer service accomplishments.

Among the key FS 2025 achievements, the IRS:

- Timely processed over 98 percent of individual returns;
- Issued refunds for more than 60 percent of filed individual returns;<sup>1</sup>
- Provided taxpayers with the ability to e-file 22 additional tax forms;<sup>2</sup>
- Achieved an 87 percent Level of Service (LOS) with only a three-minute average call wait time on its Accounts Management (AM) toll-free phone lines;<sup>3</sup>
- Provided a callback option 2.6 million times when customer service representatives (CSRs) were projected to be able to call the taxpayer back;<sup>4</sup>
- Provided taxpayers with the ability to download nine types of information returns for tax year (TY) 2024 using Individual Online Accounts;<sup>5</sup> and
- Offered 15,000 extended weekday hours at Taxpayer Assistance Centers (TACs).<sup>6</sup>

These achievements reflect meaningful progress. Most taxpayers successfully filed their returns without encountering significant difficulties, and the IRS's core operations continued to run relatively smoothly.

1 IRS, Filing Season Statistics for Week Ending April 18, 2025 (May 29, 2025), <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-april-18-2025>.

2 IRS response to TAS information request (May 15, 2025).

3 The AM toll-free phone lines are comprised of 35 phone lines providing service to taxpayers seeking assistance with tax law, account inquiries, tax account adjustments, or information on the status of the processing of their tax returns or issuance of their tax refunds. IRS, Joint Operations Center (JOC), Snapshot Reports: Enterprise Snapshot, Accounts Management (week ending Apr. 19, 2025).

4 IRS response to TAS information request (May 15, 2025).

5 IRS News Release, IR-2025-43, IRS Reminds Taxpayers to Access or Create an IRS Online Account Today (Apr. 9, 2025), <https://www.irs.gov/newsroom/irs-reminds-taxpayers-to-access-or-create-an-irs-online-account-today>; IRS News Release, IR-2025-28, Tax Documents Added to IRS Individual Online Account Tool, Enhancing Services and Convenience for Taxpayers (Feb. 27, 2025), <https://www.irs.gov/newsroom/tax-documents-added-to-irs-individual-online-account-tool-enhancing-services-and-convenience-for-taxpayers>.

6 IRS response to TAS information request (May 15, 2025).

However, systemic issues remain unresolved. Processing delays continue to impact amended returns, paper correspondence, and Identity Theft Victim Assistance (IDTVA) cases, undermining taxpayer trust and delaying refunds.

As of April 18, 2025, the IRS received 140.6 million individual income tax returns and processed 138.1 million individual returns – an impressive 98 percent. The agency issued 86.0 million refunds totaling approximately \$253.1 billion, with an average refund of \$2,942.<sup>7</sup> However, the IRS still had almost 3.4 million returns suspended for reasons such as error resolution, potential identity theft, processing rejects, and unpostable returns.<sup>8</sup>

This report examines the IRS's performance during FS 2025, highlighting both improvements and areas requiring congressional attention. While the IRS's technological investments and service enhancements are key, sustained oversight and support are critical to ensuring all taxpayers, especially those most vulnerable, receive the timely, accurate, and respectful service to which the Taxpayer Bill of Rights (TBOR) entitles them.<sup>9</sup>

## FILING SEASON PERFORMANCE

### January 27, 2025 – Opening of the Filing Season<sup>10</sup>

The IRS began accepting TY 2024 returns for processing on January 27, 2025, and the filing season closed on April 15, 2025. The IRS timely processed most returns and issued refunds.

Figure 2.1 presents an overview of returns processed and refunds issued during FS 2025 and the past two filing seasons, highlighting the IRS's progress over the last three years.

7 IRS, Filing Season Statistics for Week Ending April 18, 2025 (May 29, 2025), <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-april-18-2025>.

8 IRS response to TAS information request (May 15, 2025). Unpostable tax returns are commonly caused by entity problems with the taxpayer's identification number, name, or both. For example, a recently married taxpayer signs her tax return using her new spouse's last name. However, the return cannot post because the last name on her return does not match the name on file in the IRS and Social Security Administration (SSA) databases. The IRS will send the taxpayer a letter informing her of the problem and instructing her to contact SSA to update its records with her new name. See Erin M. Collins, Lifecycle of a Tax Return, NATIONAL TAXPAYER ADVOCATE BLOG (May 18, 2021), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/nta-blog-lifecycle-of-a-tax-return/2021/05/>.

9 See TBOR, <https://www.taxpayeradvocate.irs.gov/taxpayer-rights> (last visited May 16, 2025). The rights contained in TBOR are also codified in IRC § 7803(a)(3).

10 IRS News Release, IR-2025-08, IRS Announces Jan. 27 Start to 2025 Tax Filing Season; Agency Continues Historic Improvements to Expand, Enhance Tools and Filing Options to Help Taxpayers (Jan. 10, 2025) <https://www.irs.gov/newsroom/irs-announces-jan-27-start-to-2025-tax-filing-season-agency-continues-historic-improvements-to-expand-enhance-tools-and-filing-options-to-help-taxpayers>.

**FIGURE 2.1, Comparing Filing Seasons 2023-2025<sup>11</sup>**

		FS 2023 (Through April 21, 2023)	FS 2024 (Through April 19, 2024)	FS 2025 (Through April 18, 2025)	Percent Change 2024-2025
Individual Income Tax Returns	Total Receipts	137.1 mil	139.1 mil	140.6 mil	▲ 1.1%
	Total Processed	134.6 mil	136.1 mil	138.1 mil	▲ 1.5%
E-Filing Receipts	Total E-Filing	132.0 mil	134.5 mil	136.2 mil	▲ 1.3%
	Filed by Tax Professionals	70.5 mil	71.3 mil	72.5 mil	▲ 1.7%
	Self-Prepared	61.5 mil	63.2 mil	63.7 mil	▲ 0.8%
Total Refunds	Number	85.9 mil	86.1 mil	86.0 mil	0.0%
	Amount	\$236.6 bil	\$245.2 bil	\$253.1 bil	▲ 3.2%
	Average Refund	\$2,753	\$2,850	\$2,942	▲ 3.3%
Direct Deposit Refunds	Number	81.8 mil	80.0 mil	81.0 mil	▲ 1.3%
	Amount	\$231.3 bil	\$235.8 bil	\$245.0 bil	▲ 3.9%
	Average Refund	\$2,827	\$2,947	\$3,023	▲ 2.6%

Figure 2.1 shows relatively consistent data over the past few years, although refund amounts were slightly larger in FS 2025 compared with FS 2024.

### Over 4.4 Million Paper Individual Tax Returns Required Manual Processing<sup>12</sup>

Despite continued processing improvements for paper returns, as of April 18, 2025, there were still 5.7 million current year individual and business income tax returns awaiting processing for various reasons, including error resolution, possible identity theft, processing rejects, and unpostable returns.<sup>13</sup> Encouragingly, more taxpayers are filing their returns electronically, reducing the strain on IRS resources and generally resulting in faster refunds. Figure 2.2 shows the FS 2025 inventory of returns requiring manual processing.

11 IRS, Filing Season Statistics for Week Ending April 18, 2025 (May 29, 2025), <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-april-18-2025>; IRS, Filing Season Statistics for Week Ending April 19, 2024 (May 29, 2025), <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-april-19-2024>.

12 IRS, Filing Season Statistics for Week Ending April 18, 2025 (May 29, 2025), <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-april-18-2025>.

13 IRS response to TAS information request (May 15, 2025). The Error Resolution System (ERS) is an IRS system used to identify and correct errors on tax returns. See Internal Revenue Manual (IRM) 3.12.37.13.1, General Concepts (Jan. 1, 2023), [https://www.irs.gov/irm/part3/irm\\_03-012-037r](https://www.irs.gov/irm/part3/irm_03-012-037r). To address the error resolution inventory, the IRS required certain employees at the Kansas City processing center to work "eight hours of mandatory overtime on the weekends of Saturday, May 10 and Saturday, May 17." Jory Heckman, *IRS Taps Some Employees to Work Mandatory Overtime to Handle Backlog*, FEDERAL NEWS NETWORK (May 6, 2025), <https://federalnewsnetwork.com/workforce/2025/05/irs-taps-some-employees-to-work-mandatory-overtime-to-handle-backlog/>.

**FIGURE 2.2, Status of Inventory Requiring Manual Processing, Filing Season 2025 Through April 18, 2025<sup>14</sup>**

	Individual	Business	Total
Paper Returns Awaiting Processing – Received in Calendar Year (CY) 2025	1.14 mil	1.13 mil	2.27 mil
Paper and Electronic Returns – Processing Suspended	1.94 mil	1.46 mil	3.40 mil
Amended Returns Inventory	1.20 mil	1.39 mil	2.59 mil
<b>Total Unprocessed Returns</b>	<b>4.27 mil</b>	<b>3.98 mil</b>	<b>8.25 mil</b>
Correspondence/Accounts Management Cases (Excluding Amended Returns)	309,000	440,000	749,000
<b>Total Inventory Requiring Manual Processing</b>	<b>4.58 mil</b>	<b>4.42 mil</b>	<b>9.00 mil</b>

The IRS expanded e-file capabilities to 22 additional tax forms in FS 2025, but there are still more than 100 IRS forms taxpayers cannot e-file.<sup>15</sup> Nevertheless, millions of taxpayers still file paper tax returns, either by choice or necessity. Paper returns require manual processing and tie up IRS resources. In FS 2025, taxpayers filed 4.4 million paper returns compared to 4.6 million in FS 2024, a decrease of about 4.3 percent.<sup>16</sup>

The IRS is at the early stage of utilizing a new method to scan paper returns. During FS 2025 through April 18, 2025, the IRS scanned nearly 500,000 returns and forms (about six percent), primarily Forms 940, Employer's Annual Federal Unemployment (FUTA) Tax Return; Forms 941, Employer's Quarterly Federal Tax Return; and Forms 1040, U.S. Individual Income Tax Return. The accuracy rate for all scanned paper returns during this filing season was over 87 percent, which decreased from over 92 percent during FS 2024.<sup>17</sup>

### **The IRS Prioritized Phone Service Over Other Operations to Achieve a High Level of Service**

The IRS operates approximately 100 toll-free phone lines for taxpayers and representatives, collectively referred to as Enterprise lines.<sup>18</sup> During FS 2025, the IRS received almost 39 million calls to its Enterprise lines, which is a slight decrease from the almost 40 million calls during the same period last filing season.<sup>19</sup>

The IRS targeted and once again achieved at least an 85 percent LOS on its 35 AM phone lines,<sup>20</sup> which handle taxpayer questions related to tax law, account inquiries, tax account adjustments, and refund status. The remaining phone lines were not subject to this goal, and the IRS did not make LOS a priority for these lines. As a result, the LOS on these lines was lower than on the AM lines.

<sup>14</sup> IRS response to TAS information request (May 15, 2025). Row totals and column totals may differ because of rounding.

<sup>15</sup> IRS response to TAS information request (May 15, 2025); National Taxpayer Advocate 2024 Annual Report to Congress 25 (Most Serious Problem: Return Processing: Continuing Delays in IRS Return Processing Are Frustrating Taxpayers and Causing Refund Delays), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/12/ARC24\\_MSP\\_02\\_Processing.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/12/ARC24_MSP_02_Processing.pdf).

<sup>16</sup> IRS response to TAS information request (May 15, 2025).

<sup>17</sup> *Id.*

<sup>18</sup> See Treasury Inspector General for Tax Administration, Ref. No. 2024-IE-R001, *Actions Are Needed to Improve the Quality of Customer Service in Telephone Operations 1* (2023), <https://www.tigta.gov/reports/inspection-evaluation/actions-are-needed-improve-quality-customer-service-telephone>.

<sup>19</sup> IRS, JOC, Snapshot Reports: Enterprise Snapshot, Enterprise Total (week ending Apr. 19, 2025); Email from Taxpayer Services to TAS Research (June 2, 2025) (on file with TAS). The IRS measures automated calls using the LOS (Automation) measure, which includes assistor calls answered and completed contacts handled by the Interactive Customer Contact Environment. IRS response to TAS information request (May 16, 2025).

<sup>20</sup> IRS response to TAS information request (May 15, 2025); IRS, JOC, Snapshot Reports: Enterprise Snapshot, Accounts Management (week ending Apr. 19, 2025).

Due to antiquated technology and certain other factors, CSRs were not able to multitask while waiting for calls, resulting in over one million hours spent waiting idle rather than assisting taxpayers on the phone or processing amended tax returns or taxpayer correspondence.<sup>21</sup>

Putting aside how the IRS calculates its LOS, it is commendable that the IRS has met its high LOS goals for this filing season and the previous two. But the IRS did so by prioritizing select phone lines and IRS operations, leading to lower LOS for other IRS phone lines deemed lower priority and greater delays in processing correspondence and amended returns.<sup>22</sup>

To improve service, the IRS has continued to modernize its phone lines with callback options available for 95 percent of callers seeking live assistance on its main toll-free phone applications when CSRs were available.<sup>23</sup> If the IRS projects the call wait time will be longer than 15 minutes and it estimates the callback will fit within IRS phone hours of CSR availability, the system offers the caller the opportunity to provide their callback number, hang up, and move on with other activities while awaiting a callback once an assistor becomes available. During FS 2025, 2.6 million taxpayers were eligible for the callback service, and 1.6 million (62 percent) elected to use it. Ultimately, the IRS successfully connected 82 percent of callers who elected to use the callback service to an assistor.<sup>24</sup>

### ***Level of Service on Key IRS Phone Lines***

While the AM phones achieved an overall LOS of nearly 87 percent, many of the non-AM lines experienced a much lower LOS. Figure 2.3 summarizes calls received, calls answered, LOS, and time on hold for some of the IRS's busiest phone lines, ranked by the number of calls received.<sup>25</sup>

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21 IRS response to TAS information request (May 15, 2025).

22 IRS, JOC, Snapshot Reports: Enterprise Snapshot, Accounts Management (week ending Apr. 19, 2025). As of April 19, 2025, the IRS Taxpayer Protection Program (TPP) phone line had an LOS of 29 percent. IRS, JOC, Snapshot Reports: Enterprise Snapshot, Product Line Detail, Enterprise Performance (week ending Apr. 19, 2025).

23 IRS Pub. 4450, Fiscal Year 2025 Congressional Budget Justification & Annual Performance Report and Plan (Feb. 2024), <https://www.irs.gov/pub/irs-pdf/p4450.pdf>.

24 IRS response to TAS information request (May 15, 2025).

25 IRS, JOC, Snapshot Reports: Product Line Detail, Enterprise Performance (week ending Apr. 19, 2025). Time on Hold refers to Average Speed of Answer, which is the time it takes a taxpayer to reach a live CSR, including the time needed to respond to any automated prompts.

**FIGURE 2.3, Metrics for Ten Most Frequently Called Phone Lines, Filing Season 2025 Through April 19, 2025<sup>26</sup>**

Phone Lines	Calls Received	Number of Calls Answered by a CSR	Percentage of Calls Answered by a CSR	Level of Service	Time on Hold
Individual Income Tax Services	4.3 mil	2.3 mil	53%	92%	2 min
Installment Agreement/Balance Due	3.5 mil	1.6 mil	46%	46%	26 min
Business and Specialty Tax Services	2.1 mil	1.3 mil	60%	84%	5 min
Taxpayer Assistance Center Appointments	1.9 mil	908,000	49%	87%	2 min
Taxpayer Protection Program	1.9 mil	499,000	27%	29%	17 min
Practitioner Priority Service	1.7 mil	1.4 mil	80%	88%	5 min
Wage and Investment Identity Theft	1.2 mil	528,000	45%	85%	2 min
Tax Law	781,000	576,000	74%	80%	5 min
Forms Order	727,000	410,000	56%	81%	12 min
Automated Underreporter	401,000	109,000	27%	38%	12 min

Despite technological improvements and an increase in the number of CSRs, some phone lines, notably two non-AM lines – the Taxpayer Protection Program (TPP) line and the Installment Agreement/Balance Due line – suffered low LOS. As indicated in Figure 2.3, the TPP phone line, which assists taxpayers with identity theft verification, received nearly 1.9 million calls, of which CSRs answered only about 499,000, resulting in a 29 percent LOS in FS 2025.<sup>27</sup> Taxpayers must verify their identity before the IRS will release their tax refunds. These taxpayers often find the IRS’s verification letters complex and confusing, leading them to call the TPP phone line for assistance.<sup>28</sup> A taxpayer’s inability to reach a CSR on the TPP line was another barrier to taxpayers verifying their identity and receiving their refund. The IRS must prioritize the TPP phone line and commit to improving assistance to these taxpayers.

Similarly, in FS 2025, the Installment Agreement/Balance Due line continued to suffer a low LOS of just 46 percent, slightly higher than the 42 percent LOS in FS 2024.<sup>29</sup> More specifically, in FS 2025, the line received over 3.5 million calls, of which the IRS answered only 1.6 million.<sup>30</sup> This is a vital line for the collection of revenue and for taxpayers, as the assistants answer questions about balances owed and help taxpayers make

26 IRS, JOC, Snapshot Reports: Product Line Detail, Enterprise Performance (week ending Apr. 19, 2025). The shaded phone lines are not AM lines. Percentage of Calls Answered by a CSR reflects the number of calls answered by CSRs divided by the number of calls received. All numbers in Figure 2.3 are rounded. Because voicebot data was not available for all phone lines, it was not included in the “Calls Received” column or the “Percentage of Calls Answered by a CSR” calculation.

27 IRS, JOC, Snapshot Reports: Product Line Detail, Enterprise Performance (week ending Apr. 19, 2025); Taxpayer Services email to TAS Research (June 6, 2025).

28 National Taxpayer Advocate 2023 Annual Report to Congress 78 (Most Serious Problem: *Identity Theft: Lengthy Issue Resolution Delays and Inadequate Notices Burden Taxpayers Who Are Victims of Identity Theft or Whose Returns the IRS Has Flagged for Possible Identity Theft*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23\\_MSP\\_06\\_Identity-Theft.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23_MSP_06_Identity-Theft.pdf). Once the IRS filters select a return for possible identity theft, the IRS sends the taxpayer one of four letters that ask them to authenticate their identity: Letter 5071C, Potential Identity Theft during Original Processing with Online Option, which provides online and phone options and is issued most widely; Letter 4883C, Potential Identity Theft during Original Processing, which provides a phone option; Letter 5447C, Potential Identity Theft during Original Processing: Foreign Address, which provides phone and mail options for international taxpayers; or Letter 5747C, Potential Identity Theft during Original Processing, which provides an in-person option only (and is used sparingly).

29 National Taxpayer Advocate Fiscal Year 2025 Objectives Report to Congress 6-7 (*Review of the 2024 Filing Season*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/06/JRC25\\_SAO\\_ReviewFiling.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/06/JRC25_SAO_ReviewFiling.pdf).

30 IRS, JOC, Snapshot Reports: Product Line Detail, Enterprise Performance (week ending Apr. 19, 2025).



payment arrangements. Taxpayers who cannot reach the IRS through this line risk becoming subjects of enforced collection actions and charges, such as liens, bank and wage levies, and increased penalties. When it does not assist taxpayers with making payment arrangements, the IRS risks losing revenue.

### *IRS Level of Service Calculations*

The IRS's LOS data is complex and confusing and does not reflect the overall taxpayer experience. LOS is not the most efficient method or standard to determine the success of customer service and the customer experience. When the IRS reports a benchmark LOS, it is reasonable to assume that it reflects calls where the CSR speaks with the caller. That is not the case. First, the benchmark measure reflects only calls directed to the IRS's AM phone lines. The IRS received about 27.8 million calls on or routed to the AM lines. Thus, the benchmark measure does not reflect the actual taxpayer experience, how the IRS handled the remaining about 11 million calls outside of AM lines (such as the Compliance phone lines), or whether the IRS answered the taxpayer's questions.<sup>31</sup>

Additionally, the IRS denominator excludes calls routed to voicebots rather than from all calls to that phone line. A phone tree greets callers to the AM lines. Depending on the options a taxpayer selects, the phone system determines whether to direct the caller to a live assistor or one of its automated offerings. Automation is not a deliberate caller-selected option.

While the IRS is reporting a benchmark LOS of 87 percent, IRS employees answered only 32 percent of the incoming calls on the AM lines.<sup>32</sup>

Figure 2.4 provides a more complete picture of the taxpayer experience when calling the IRS. In most cases, the percent of calls answered by CSRs is far less when compared to the IRS's calculation of CSR LOS – however, the percentage of calls answered by CSRs have increased. This figure also provides useful information to consider when evaluating the IRS's overall success in providing customer service to taxpayers on its phone lines.<sup>33</sup>

31 IRS, JOC, Snapshot Reports: Enterprise Snapshot, Enterprise Total (week ending Apr. 19, 2025); IRS, JOC, Snapshot Reports: Enterprise Snapshot, Accounts Management (week ending Apr. 19, 2025); Taxpayer Services email to TAS Research (June 6, 2025).

32 IRS, JOC, Snapshot Reports: Enterprise Snapshot, Accounts Management (week ending Apr. 19, 2025). The IRS measures automated calls using the LOS(A) measure, which includes assistor calls answered and completed contacts handled by the Interactive Customer Contact Environment. IRS response to TAS information request (May 16, 2025).

33 Email from Taxpayer Services to TAS Research (June 2, 2025) (on file with TAS). The IRS measures automated calls using the LOS(A) measure, which includes assistor calls answered and completed contacts handled by the Interactive Customer Contact Environment. IRS response to TAS information request (May 16, 2025).

**FIGURE 2.4, IRS Phone Results, Filing Seasons 2023-2025<sup>34</sup>**

Phone Lines	FS 2023 (Through April 22, 2023)	FS 2024 (Through April 20, 2024)	FS 2025 (Through April 19, 2025)	Percent Change Filing Seasons 2024-2025
<b>Enterprise Total Lines</b>				
Calls Received	31.9 mil	39.9 mil	38.6 mil	▼ -3%
Calls Answered by CSRs	11.0 mil	12.4 mil	12.4 mil	0%
Percent of Calls Answered by CSRs	35%	31%	32%	▲ 3%
CSR Level of Service	72%	63%	70%	▲ 11%
Time on Hold	8 min	8 min	8 min	0%
<b>Accounts Management Lines</b>				
Calls Received	24.6 mil	28.1 mil	27.8 mil	▼ -1%
Calls Answered by CSRs	7.7 mil	9.0 mil	8.9 mil	▼ -1%
Percent of Calls Answered by CSRs	31%	32%	32%	0%
CSR Level of Service	85%	88%	87%	▼ -1%
Time on Hold	3 min	3 min	3 min	0%
<b>Form 1040 Line (AM Line)</b>				
Calls Received	5.4 mil	6.9 mil	7.7 mil	▲ 12%
Calls Answered by CSRs	1.8 mil	2.1 mil	2.3 mil	▲ 10%
Percent of Calls Answered by CSRs	34%	30%	30%	▼ -2%
CSR Level of Service	91%	87%	92%	▲ 6%
Time on Hold	2 min	4 min	2 min	▼ -50%
<b>Taxpayer Protection Program Line (Non-AM Line)</b>				
Calls Received	1.9 mil	3.0 mil	2.2 mil	▼ -28%
Calls Answered by CSRs	863,000	486,000	499,000	▲ 3%
Percent of Calls Answered by CSRs	45%	16%	23%	▲ 43%
CSR Level of Service	47%	17%	29%	▲ 71%
Time on Hold	16 min	20 min	17 min	▼ -15%
<b>Consolidated Automated Collection System Lines (Non-AM Line)</b>				
Calls Received	3.2 mil	6.0 mil	6.5 mil	▲ 8%
Calls Answered by CSRs	1.5 mil	2.1 mil	2.1 mil	▼ -2%
Percent of Calls Answered by CSRs	48%	35%	31%	▼ -9%
CSR Level of Service	51%	41%	51%	▲ 24%
Time on Hold	20 min	20 min	22 min	▲ 10%

34 IRS, JOC, Snapshot Reports: Enterprise Snapshot, Enterprise Total (week ending Apr. 19, 2025); IRS, JOC, Snapshot Reports: Enterprise Snapshot, Accounts Management (week ending Apr. 19, 2025); Taxpayer Services email to TAS Research (June 6, 2025). The Percent Change column is computed based on actual numbers rather than rounded numbers. Calls Received do not include voicebot data.



## The IRS Should Prioritize Measuring Taxpayer Experience and Service Quality

TAS continues to advocate for measuring the actual service taxpayers receive and their overall experience interacting with the agency. It is welcome news that the IRS has begun exploring a new measure of service, the Service Completion Rate, which provides a holistic view of the live assistance services provided to taxpayers across the IRS, including those provided by new technology.<sup>35</sup> Taxpayers care about the length of wait time, receiving professional and respectful treatment, having the CSR answer their question or provide useful alternative resources, and above all, whether the IRS resolves their issue. We welcome the IRS's movement toward measuring what matters most to taxpayers.<sup>36</sup>

As the IRS considers new measures for a more effective, flexible, and accurate model for capturing the taxpayer experience, it should include:

1. Whether taxpayers received the information requested;
2. Whether they needed to speak with multiple IRS employees to resolve their issue; and
3. Whether the IRS provided additional helpful information, such as links to instructional materials or videos.

To improve service quality and efficiency, the IRS should tackle phone service in new ways that improve quality and increase efficiency while continuing to explore AI solutions, expand online functionalities, and maintain accessible in-person options.

## IRS Delays in Processing Correspondence and Amended Returns Cause Taxpayer Frustration

To achieve a high LOS on its phone lines, the IRS reallocated staffing resources away from processing taxpayer correspondence and amended returns. As the IRS moves toward modernization, it must continue to provide quality service to taxpayers – communicating with taxpayers via phone, correspondence, online accounts, and other tools – while executing the other part of its core mission: processing returns, collecting revenue, and issuing refunds securely.

Figure 2.5 shows the extent to which the IRS is behind in processing taxpayer correspondence and amended returns.

35 TAS Recommendations and IRS Responses, TAS Recommendation 4-1 (2024), <https://www.taxpayeradvocate.irs.gov/arc-recommendations-tracker/> (last visited June 3, 2025).

36 See National Taxpayer Advocate 2024 Annual Report to Congress 46 (Most Serious Problem: *IRS Service: Taxpayer Service Is Often Not Timely or Adequate*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/12/ARC24\\_MSP\\_04\\_Service.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/12/ARC24_MSP_04_Service.pdf).

**FIGURE 2.5, IRS Backlog of Unprocessed Amended Returns and Taxpayer Correspondence, Filing Season 2024 Through April 19, 2024 and Filing Season 2025 Through April 18, 2025<sup>37</sup>**

Unprocessed Correspondence and Amended Return Processing	Filing Season	Individual	Business	Total
Unprocessed Accounts Management Adjustment and Correspondence Cases	Filing Season 2024	317,000	436,000	753,000
	Filing Season 2025	309,000	440,000	749,000
Unprocessed Amended Returns	Filing Season 2024	1.5 mil	1.7 mil	3.1 mil
	Filing Season 2025	1.2 mil	1.4 mil	2.6 mil
Unprocessed Internal Account Maintenance	Filing Season 2024	975,000	131,000	3.5 mil
	Filing Season 2025	355,000	92,000	447,000
Total Unprocessed	Filing Season 2024	2.8 mil	2.2 mil	7.4 mil
	Filing Season 2025	1.9 mil	1.9 mil	3.8 mil

One example of a problem caused by the correspondence backlog involves the issuance of math error notices. Each year, the IRS issues over a million math error notices requiring taxpayers to substantiate an item claimed on their return within 60 days from the date on the notice.<sup>38</sup> Delays in reviewing these math error responses can result in incorrect account adjustments and possible IRS collection actions, thereby violating the taxpayer *right to pay no more than the correct amount of tax*.<sup>39</sup>

### IRS's Document Upload Tool

In late 2023, Treasury announced that the IRS had begun offering taxpayers the option to submit all correspondence and notice responses using the Document Upload Tool (DUT).<sup>40</sup> Taxpayer response to this option was overwhelmingly positive, as the IRS received nearly 900,000 responses to notices via the DUT as of April 12, 2024.<sup>41</sup> As a result of achieving this goal, the IRS estimated that more than 94 percent of individual taxpayers will no longer have to send mail to the IRS.<sup>42</sup> In fiscal year (FY) 2025, through April 29, 2025, taxpayers and their representatives submitted more than 265,000 responses through the DUT.<sup>43</sup> Going forward, the IRS plans to continue its move away from paper through its Zero Paper Initiative.<sup>44</sup>

<sup>37</sup> IRS responses to TAS information requests (May 23, 2024; May 15, 2025). The FS 2024 totals include 2.4 million Other Unprocessed Internal Account Maintenance taxpayer correspondence. Row and column totals may differ because of rounding. Internal Account Maintenance includes Employer Identification Number applications, refund inquiries, IDTVA forms, tax preparer authorizations, and other written taxpayer correspondence.

<sup>38</sup> IRS, Compliance Data Warehouse, Notice Delivery System (NDS), CYs 2023 and 2024 (May 29, 2025). IRS response to TAS information request (May 15, 2025).

<sup>39</sup> See TBOR, <https://www.taxpayeradvocate.irs.gov/taxpayer-rights> (last visited May 16, 2025). The rights contained in TBOR are also codified in IRC § 7803(a)(3).

<sup>40</sup> Press Release, U.S. Dep't of the Treasury, IRS Achieves Key Paperless Processing Initiative Goal, Outlines Improvements for Filing Season 2024 (Nov. 7, 2023), <https://home.treasury.gov/news/press-releases/jy1890>.

<sup>41</sup> Press Release, U.S. Dep't of the Treasury, Filing Season 2024 Report Card: IRS Builds On 2023 Progress, Delivers World Class Customer Service Thanks to Inflation Reduction Act (April 15, 2024), <https://home.treasury.gov/news/press-releases/jy2250>.

<sup>42</sup> IRS Fact Sheet, FS-2023-18, IRS Launches Paperless Processing Initiative (Aug. 2023), <https://www.irs.gov/newsroom/irs-launches-paperless-processing-initiative>.

<sup>43</sup> IRS response to TAS information request (May 5, 2025).

<sup>44</sup> Email from Taxpayer Services to TAS (May 22, 2025) (on file with TAS).

Despite an enthusiastic taxpayer response to the DUT, problems with backend processing persist. More than two years after the IRS announced the inception of the DUT, it still has not yet developed backend systems to electronically process the documents submitted through the DUT across the IRS Business Operating Divisions. Until that occurs, the IRS manually processes submissions via DUT like paper correspondence, contributing to ongoing processing backlogs. Sadly, taxpayers probably used the DUT because they assumed it would speed up the processing of their inquiry or request. The IRS should set appropriate expectations with taxpayers using the DUT to understand it minimizes the delay on the front end of the process, but manual processing remains on the backend.

### **Online Accounts Provide a Valuable Self-Service Option for Taxpayers and Tax Professionals**

The IRS offers self-service tools for taxpayers and tax professionals in Individual Online Accounts (IOLAs), Business Tax Accounts, and Tax Pro (collectively “online accounts”).<sup>45</sup> These tools provide online access to assistance and reduce the need for phone calls or in-person visits to a TAC.

In FY 2025, the IRS expanded IOLA capabilities, including:

- Creating and modifying pre-assessment payment plans;
- Adding an offer in compromise pre-qualifier and submission tool;
- Expanding two-way secure messaging; and
- Viewing 21 additional digital notices.<sup>46</sup>

Additionally, taxpayers can now view and download the following key information returns for TYs 2023 and 2024:<sup>47</sup>

- Form W-2, Wage and Tax Statement;
- Form 1095-A, Health Insurance Marketplace Statement;
- Form 1099-NEC, Nonemployee Compensation;
- Form 1099-DIV, Dividends and Distributions;
- Form 1099-SA, Distributions From an HSA, Archer MSA, or Medicare Advantage MSA;
- Form W-2G, Certain Gambling Winnings;
- Form 1099-INT, Interest Income;
- Form 1099-MISC, Miscellaneous Information;
- Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.;
- Form 1099-A, Acquisition or Abandonment of Secured Property;
- Form 1099-C, Cancellation of Debt;
- Form 1099-G, Certain Government Payments;
- Form 1099-K, Payment Card and Third Party Network Transactions;
- Form 1099-S, Proceeds from Real Estate Transactions; and
- Form 1099-LTC, Long-Term Care and Accelerated Death Benefits.<sup>48</sup>

45 IRS, Your Account (June 13, 2025), <https://www.irs.gov/your-account>.

46 IRS response to TAS information request (Apr. 29, 2025).

47 IRS News Release, IR-2025-43, IRS Reminds Taxpayers to Access or Create an IRS Online Account Today (Apr. 9, 2025), <https://www.irs.gov/newsroom/irs-reminds-taxpayers-to-access-or-create-an-irs-online-account-today>; IRS News Release, IR-2025-28, Tax Documents Added to IRS Individual Online Account Tool, Enhancing Services and Convenience for Taxpayers (Feb. 27, 2025), <https://www.irs.gov/newsroom/tax-documents-added-to-irs-individual-online-account-tool-enhancing-services-and-convenience-for-taxpayers>.

48 Individual Online (IOLA) & Tax Pro Accounts May 2025 Status Briefing (on file with TAS).

Through April of FY 2025, taxpayers downloaded Forms W-2 using IOLA over two million times.<sup>49</sup> They could quickly and easily access vital information returns to assist with preparing accurate tax returns. As the IRS continues its modernization efforts, having all informational forms *available* and *downloadable* into the taxpayer's software of choice from their online account *early* in the filing season would be instrumental to filing accurate and timely tax returns, eliminating errors and problems downstream. This improvement would go into the "game changer" bucket for tax administration, and we strongly recommend the IRS continue to improve the functionality of the online accounts.

## Refund Fraud Detection Programs Present Challenges for Legitimate Taxpayers

The IRS employs a series of filters, models, and procedural rules to detect and prevent improper tax refunds resulting from fraud. Upon detection, the IRS suspends the processing of a flagged return to prevent the release of improper payments. These systems categorize potentially fraudulent returns into two main types: identity theft and non-identity theft refund fraud.

When IRS filters flag a return for identity theft refund fraud, it routes the return to the TPP. Conversely, it routes returns suspected of non-identity theft refund fraud to the Return Integrity Verification Operation (RIVO). The IRS holds returns in TPP until the taxpayer verifies their identity. Non-identity theft flagged returns remain suspended until the IRS or the taxpayer verifies the accuracy of the return's data. In some instances, the IRS may also subject returns initially flagged for identity theft refund fraud due to discrepancies or anomalies compared with prior filings to additional review by non-identity theft filters, further delaying refund issuance.

Although these fraud detection programs are critical to the IRS's efforts to minimize the number of improper refunds, they have inadvertently created challenges for legitimate taxpayers whose returns are delayed or frozen due to false positives in the IRS's filters.

### Identity Theft Refund Fraud

The IRS provides taxpayers three options to verify their identity, including:

- Calling the TPP toll-free line;
- Using an online application on [IRS.gov](https://www.irs.gov); or
- Visiting a TAC.<sup>50</sup>

The IRS will send the taxpayer a letter instructing them which of these methods they must use for verification purposes. Unfortunately, these letters often lack clarity, causing taxpayer confusion and frustration, and in some cases leaving taxpayers with more questions than answers.<sup>51</sup> Moreover, taxpayers attempting to resolve identity verification issues face significant difficulties due to the IRS's LOS on the TPP phone lines, which was unacceptably low at 29 percent during FS 2025 through April 19, 2025, an improvement from 17 percent in the prior year but still far below acceptable standards.<sup>52</sup> The IRS's continued low LOS on TPP lines exacerbates taxpayers' challenges in resolving these issues promptly. Clearly, this is an area the IRS needs to address.

From January 1, 2025, through April 17, 2025, the IRS selected about 2.3 million tax returns for TPP review, and it ultimately released about 761,000 of these refunds. Of these, the IRS released 737,000 refunds after

49 Individual Online (IOLA) & Tax Pro Accounts May 2025 Status Briefing (on file with TAS).

50 IRM 25.25.6.1.7, Taxpayer Protection Program Overview (June 24, 2024), [https://www.irs.gov/irm/part25/irm\\_25-025-006r](https://www.irs.gov/irm/part25/irm_25-025-006r).

51 National Taxpayer Advocate 2023 Annual Report to Congress 78 (Most Serious Problem: *Identity Theft: Lengthy Issue Resolution Delays and Inadequate Notices Burden Taxpayers Who Are Victims of Identity Theft or Whose Returns the IRS Has Flagged for Possible Identity Theft*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23\\_MSP\\_06\\_Identity-Theft.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23_MSP_06_Identity-Theft.pdf).

52 IRS, JOC, Snapshot Reports: Product Line Detail, Enterprise Performance (week ending Apr. 19, 2025).

taxpayers completed identity verification, while it released the remaining 24,000 based on IRS records without the need for any taxpayer interaction.<sup>53</sup>

Figure 2.6 shows the number of returns selected and released in the TPP program for the 2024 and 2025 filing seasons.

**FIGURE 2.6, Identity Theft Refund Fraud, Filing Seasons 2024 and 2025<sup>54</sup>**

	January 1, 2024 Through April 18, 2024	January 1, 2025 Through April 17, 2025
Selections Triggered by Filters	3.4 mil	2.3 mil
Verifications Provided by Taxpayers	789,000	737,000
Confirmed Identity Theft	86,000	68,000
Released by TPP Without the Need for Taxpayer Verification	690,000	24,000
Dollar Amount Identified	\$30.6 bil	\$21.0 bil
Dollar Amount Stopped as Possible Improper Payments	\$1.4 bil	\$624.0 mil

Notably, the number of returns selected for TPP review declined by over 32 percent from FS 2024.<sup>55</sup> Based on TAS's regular meetings with the IRS's Revenue Protection group, it is our understanding that this decrease is due in part to the correction of several filter errors, one of which misclassified returns claiming the Fuel Tax Credit.<sup>56</sup> As a result, the number of returns TPP filters selected dropped significantly in FS 2025.<sup>57</sup>

Over the years, the IRS filters have struggled with high false detection rates. Thus, a significant percentage of returns held during FS 2025 may represent correct taxpayer returns awaiting payment of their refunds. Despite this, beyond the initial notification, the IRS does not reach out to affected taxpayers. Therefore, if taxpayers are expecting a refund but have not yet received it, they should contact the IRS to determine whether it is holding their refund for possible identity verification.<sup>58</sup>

### ***Non-Identity Theft Refund Fraud***

From January through April 17, 2025, the refund fraud filters flagged approximately 250,000 returns as potentially fraudulent, down 46 percent from approximately 462,000 returns selected during the same period last year. Of those selected in FS 2025, the IRS verified 104,000 returns (roughly 42 percent) for refund issuance as of April 16, 2025.<sup>59</sup>

<sup>53</sup> IRS response to TAS information request (May 15, 2025).

<sup>54</sup> *Id.*

<sup>55</sup> *Id.*

<sup>56</sup> TAS meeting with Return Integrity Compliance Services (May 27, 2025).

<sup>57</sup> IRS response to TAS information request (May 15, 2025); IRS News Release, IR-2024-139, IRS Warns Taxpayers They May Be Scam Victims If They Filed for Big Refunds; and Misleading Advice Leads to False Claims for Fuel Tax Credit, Sick and Family Leave Credit, Household Employment Taxes (May 14, 2024), <https://www.irs.gov/newsroom/irs-warns-taxpayers-they-may-be-scam-victims-if-they-filed-for-big-refunds-misleading-advice-leads-to-false-claims-for-fuel-tax-credit-sick-and-family-leave-credit-household-employment-taxes>.

<sup>58</sup> National Taxpayer Advocate 2024 Annual Report to Congress 200 (TAS Research Report: *Some Legitimate Taxpayers Did Not Receive a Tax Year 2020 Refund Because They Did Not Respond to an IRS Letter Requesting Identity Verification*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/12/ARC24\\_ResearchReport.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/12/ARC24_ResearchReport.pdf).

<sup>59</sup> IRS response to TAS information request (May 15, 2025).

**FIGURE 2.7, Non-Identity Theft Refund Fraud, Filing Seasons 2024 and 2025<sup>60</sup>**

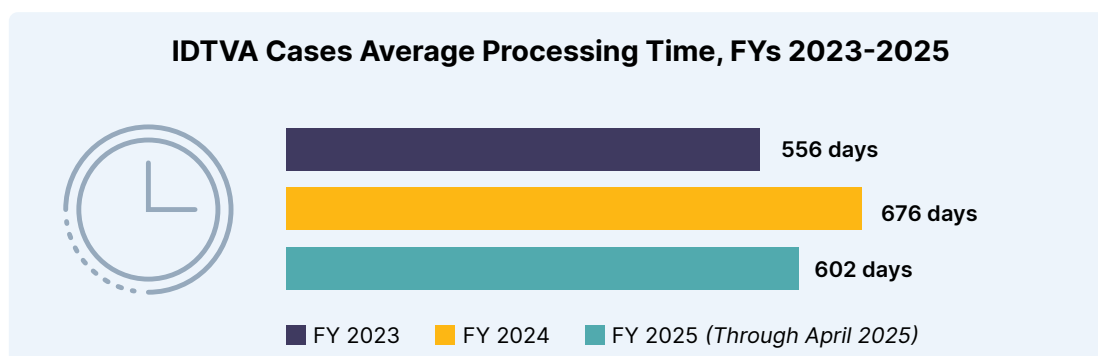
	January 1, 2024 Through April 17, 2024	January 1, 2025 Through April 16, 2025
Number of Potentially Fraudulent Tax Returns Selected	462,000	250,000
Dollar Amount of Potentially Fraudulent Refunds Selected	\$5.0 bil	\$3.3 bil
Number of Selected Tax Returns Identified for Release	179,000	104,000

Sadly, legitimate taxpayers whose returns these filters caught experienced prolonged refund delays, often resulting in financial hardship.

### *Identity Theft Victim Assistance Cases*

Taxpayers whose returns the IRS rejects due to identity theft must file Form 14039, Identity Theft Affidavit, along with a paper return. Typically, in these situations an identity thief has already filed a fraudulent return using the taxpayer's personal identifying information, such as the Social Security number of either the taxpayer or the taxpayer's dependent. Once the IRS receives the form and the paper tax return, it will open an IDTVA case, and it will not issue the taxpayer's refund until it resolves the case.

Although IRS processing times for IDTVA cases have slightly improved, they remain extremely high, and taxpayers must wait far too long to have their identity theft issues resolved.<sup>61</sup> Unfortunately, through April 30, 2025, the IRS is taking an average of 602 days to resolve identity theft cases, meaning victims are waiting nearly 20 months to receive their tax refunds.<sup>62</sup>

**FIGURE 2.8<sup>63</sup>**

Contributing factors to the IRS's long processing times include the reassignment of IDTVA employees to other high priority assignments, such as answering toll-free phone lines during the filing season.<sup>64</sup> Specifically, during January 1, 2025, through April 12, 2025, the IRS assigned about 350 full-time equivalents (FTEs)

<sup>60</sup> IRS response to TAS information request (May 15, 2025).

<sup>61</sup> The IDTVA unit increased the number of employees who worked these cases by about nine percent from FS 2024 to FS 2025. IRS response to TAS information request (May 15, 2025).

<sup>62</sup> IRS, AM IDTVA, Research Analysis and Data, Correspondence Imaging System (CIS) Closed Case Cycle Time for the Identity Theft Victims Unit Reports (through April 2025).

<sup>63</sup> *Id.*

<sup>64</sup> IRS response to TAS information request (May 15, 2025).

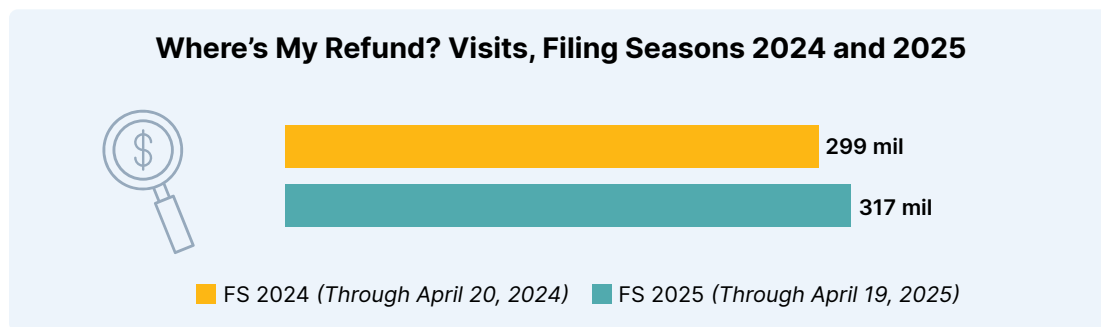


to the IDTVA unit and about 90 to work the toll-free lines.<sup>65</sup> These extensive delays effectively revictimize taxpayers who are already suffering due to the identity theft. Once again, TAS insists the IRS prioritize timely resolution of this issue to help the victims and expedite release of their refunds.

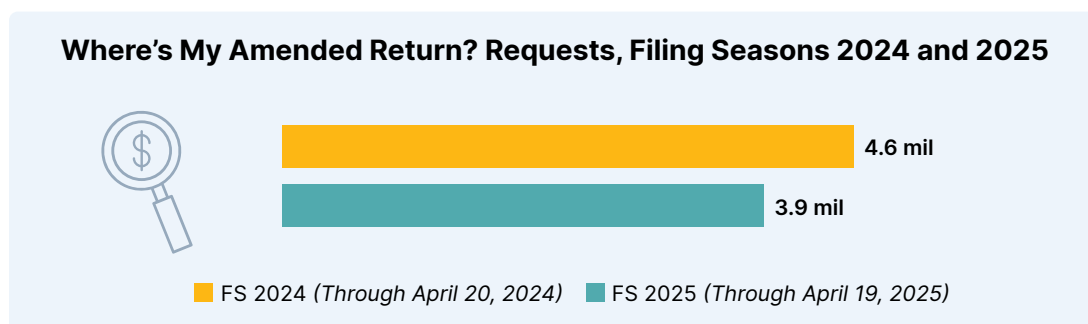
### Online Refund Status Tools

Each year, millions of taxpayers rely on the IRS's Where's My Refund? and Where's My Amended Return? tools to track the status of their refunds. Figures 2.9 and 2.10 show the number of visits to the tools for Filing Seasons 2024 and 2025.

**FIGURE 2.9<sup>66</sup>**



**FIGURE 2.10<sup>67</sup>**



In FS 2025, the IRS enhanced these tools by clarifying instructions, optimizing mobile access, and enabling usage by certain identity theft victims. In addition, the IRS integrated the Where's My Amended Return? tool into individual online accounts in May 2025, which is a welcome and needed functionality for online accounts.<sup>68</sup>

<sup>65</sup> IRS response to TAS information request (May 15, 2025). FTEs represent all employee hours translated into the equivalent number of full-time positions. These 90 FTEs did not work the toll-free lines for the entire filing season; they were only assigned to work the toll-free lines when demand deemed it necessary, and they were the first to come off the toll-free lines once demand subsided.

<sup>66</sup> IRS response to TAS information request (May 15, 2025).

<sup>67</sup> IRS, Integrated Customer Communications Environment (ICCE), Where's My Amended Return? (Jan. 1, 2025-Mar. 31, 2025); IRS, Online Tools and Integrated Services (OTIS), Where's My Amended Return? (Apr. 1-19, 2025). The IRS retired the ICCE data tracking system on March 31, 2025, and began tracking data in OTIS on April 1, 2025.

<sup>68</sup> IRS response to TAS information request (Apr. 29, 2025); Individual Online (IOLA) & Tax Pro Accounts May 2025 Status Briefing (on file with TAS).

## Face-to-Face Assistance at Taxpayer Assistance Centers

The IRS provides face-to-face assistance to taxpayers at TACs located across the country, including the District of Columbia and Puerto Rico. As of April 15, 2025, there were 362 TACs, of which 239 were understaffed and 21 were unstaffed.<sup>69</sup> All staffed TACs offer appointments and serve taxpayers who walk in without an appointment, but only in certain circumstances. To make an appointment, taxpayers must call the TAC Appointment toll-free phone line, which achieved an 87 percent LOS in FS 2025 through April 19, 2025.<sup>70</sup>

Through April 26, 2025, the IRS provided 440,900 hours of in-person assistance at TACs. The IRS provided nearly 15,000 extended weekly office hours at 237 TACs around the country and served 25,695 taxpayers during these extended hours. The IRS also opened 95 TACs around the country for “Taxpayer Experience Days” on one Saturday per month (scheduled from February through June). Over 8,800 taxpayers received assistance at the Saturday events.<sup>71</sup>

During FS 2025, the IRS generally required taxpayers to schedule an appointment to receive face-to-face assistance at any of its TACs. To schedule an appointment, the IRS instructs taxpayers to call the TAC Appointment line, where an assistor determines the taxpayer’s need and directs them to resources where they may find immediate answers to their questions. If the taxpayer cannot resolve their issue, the assistor helps them make an appointment at a TAC for face-to-face assistance with an IRS employee.<sup>72</sup> This filing season, there were 546,000 scheduled appointments for face-to-face assistance at TACs, a decrease of over 30 percent compared to FS 2024.<sup>73</sup>

In limited instances, the IRS deviates from its appointment policy and lets taxpayers receive assistance from a TAC without an appointment (*e.g.*, if the taxpayer was experiencing a hardship or if the TAC was able to accept walk-in appointments without disrupting scheduled appointments). During FS 2025, TACs assisted over 75,000 taxpayers without appointments.<sup>74</sup> The appointment-only approach can negatively affect taxpayers who need assistance urgently, so TAS is pleased the IRS’s guidance to employees includes managerial discretion to assist taxpayers without appointments in certain circumstances.<sup>75</sup> However, serving taxpayers without appointments remains the exception to the rule, limiting taxpayer access to obtain in-person assistance from the IRS.

The IRS is piloting a program to assist taxpayers without appointments at select TAC locations. As part of this program, the taxpayer can seek virtual assistance from another participating TAC with service capacity. During FS 2025, 25 TAC locations provided this service with the support of assistors from remote TAC locations, depending on the availability of assistors. TAS commends the IRS for providing much-needed assistance to these taxpayers without an appointment.<sup>76</sup>

The IRS provides two alternative service options for taxpayers in areas TACs do not serve. First, the IRS assists taxpayers virtually by using video communications known as Virtual Service Delivery (VSD). To receive

69 IRS response to TAS information request (May 15, 2025).

70 IRS, JOC, Snapshot Reports: Product Line Detail (Enterprise Performance) (week ending Apr. 19, 2025).

71 IRS response to TAS information request (May 15, 2025).

72 IRM 21.3.4.2.4.1, TAC Procedures for Appointment Service (Oct. 2, 2024), [https://www.irs.gov/irm/part21/irm\\_21-003-004r](https://www.irs.gov/irm/part21/irm_21-003-004r); IRM 21.3.4.2.4.2, TAC Appointment Exception Procedures (June 27, 2022), [https://www.irs.gov/irm/part21/irm\\_21-003-004r](https://www.irs.gov/irm/part21/irm_21-003-004r); IRM 21.3.4.2.4.5.1, Addressing, Targeting and Resolving Issues Without an Appointment (Dec. 8, 2023), [https://www.irs.gov/irm/part21/irm\\_21-003-004r](https://www.irs.gov/irm/part21/irm_21-003-004r).

73 IRS response to TAS information request (May 15, 2025); National Taxpayer Advocate Fiscal Year 2025 Objectives Report to Congress 16-17 (*Review of the 2024 Filing Season*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/06/JRC25\\_SAO\\_ReviewFiling.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/06/JRC25_SAO_ReviewFiling.pdf).

74 IRS response to TAS information request (May 15, 2025).

75 IRS response to TAS information request (May 15, 2025); IRM 21.3.4.2.4.2, TAC Appointment Exception Procedures (June 27, 2022), [https://www.irs.gov/irm/part21/irm\\_21-003-004r](https://www.irs.gov/irm/part21/irm_21-003-004r). The IRS will, in some circumstances, “double book” an appointment for hardship and international cases, but the discretionary approval of a TAC group manager is required.

76 IRS response to TAS information request (May 15, 2025).

virtual assistance through this program, the taxpayer must use equipment provided at an established VSD partner site, such as a community organization. Between January 1 and April 15, 2025, there were 14 VSD partner sites, and through April 19, 2025, the VSD sites assisted 218 taxpayers.

Second, the IRS provides virtual assistance through web-based software with its Web Service Delivery (WebSD) pilot program. Taxpayers may make WebSD appointments to meet virtually with an IRS assistor and discuss issues such as math error notices and refund inquiries. From January 1 through April 15, 2025, the IRS scheduled about 1,484 WebSD appointments as part of this pilot program and completed about 1,248 appointments.<sup>77</sup> TAS commends these changes and urges continued investment to broaden reach, especially in underserved areas. As the IRS continues its modernization and efficiency efforts, it must consider service as a high priority and ensure that it meets taxpayer needs, particularly in rural communities and underserved populations.

**FIGURE 2.11<sup>78</sup>**

### Taxpayers Assisted Via Expanded Service Options at TACs, Filing Season 2025



### Community Assistance Visits

Unfortunately, the IRS did not offer Community Assistance Visits (CAVs) during this filing season, despite their value in reaching taxpayers in rural and underserved regions.<sup>79</sup> CAVs act as temporary TACs, providing outreach to taxpayers living in communities identified as underserved, generally areas over 120 minutes driving distance from the nearest TAC. Generally, pop-up TACs operate for three days to offer walk-in, one-on-one assistance to individual and business taxpayers with similar services as TACs. In CY 2024, the IRS offered 11 CAV events.<sup>80</sup> Although the number of events may not seem large, the assistance to the vulnerable taxpayers at these events is a huge benefit. CAVs provide a critical component of the IRS's taxpayer service model by providing access and meeting taxpayers where they are. The IRS should continue to expand its efforts to secure public facilities through partnership with local businesses and city officials, and provide frontline assistance by bringing in-person service to taxpayers located remotely.

### Volunteer Tax Return Preparation Services Available to Taxpayers

As in previous filing seasons, eligible taxpayers had the option to seek free tax return preparation and filing assistance from volunteers at virtual, over-the-phone, and in-person sites via the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. VITA offers free tax return

<sup>77</sup> IRS response to TAS information request (May 15, 2025).

<sup>78</sup> *Id.*

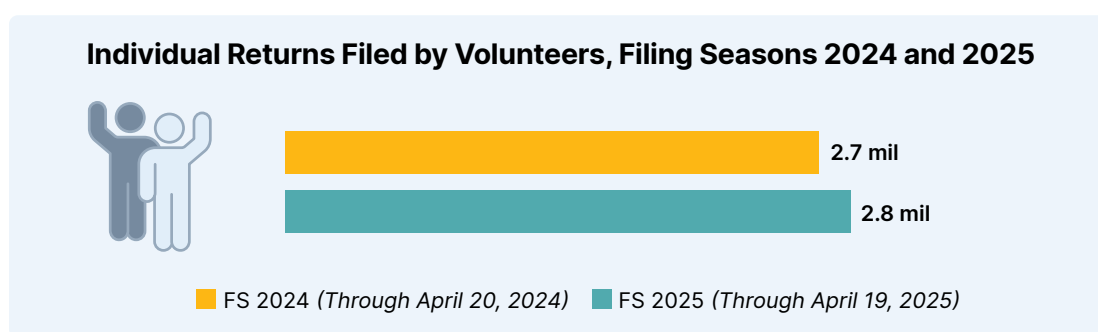
<sup>79</sup> *Id.*

<sup>80</sup> See National Taxpayer Advocate 2024 Annual Report to Congress 55-56 (Most Serious Problem: *IRS Service: Taxpayer Service Is Often Not Timely or Adequate*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/12/ARC24\\_MSP\\_04\\_Service.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/12/ARC24_MSP_04_Service.pdf).

preparation assistance to people who generally make \$67,000 or less annually, people with disabilities, and taxpayers with limited English proficiency who need assistance in preparing their own tax returns. TCE provides free tax help for individuals aged 60 and older.<sup>81</sup> Many taxpayers depend on the services these two programs offer to meet their income tax return filing requirements and claim refundable credits such as the Earned Income Tax Credit or Child Tax Credit.

VITA certified slightly more volunteers and established additional VITA and TCE sites in FS 2025, compared to FS 2024. Specifically, in mid-January 2025, the IRS certified about 70,000 volunteers at 9,130 VITA and TCE sites. About 92.6 percent of these sites closed after April 15, 2025. Figure 2.12 illustrates the number of individual returns prepared by the VITA and TCE programs.<sup>82</sup>

**FIGURE 2.12**<sup>83</sup>



The National Taxpayer Advocate recognizes and thanks the VITA and TCE volunteers who generously donated their time and knowledge to assist taxpayers. This year, these volunteers assisted taxpayers by preparing nearly 2.8 million returns and providing them with the ability to e-file their returns and speed up the payment of their refunds.<sup>84</sup> VITA and TCE volunteers are essential in helping low-income taxpayers, the elderly, taxpayers with disabilities, and limited English-speaking taxpayers fulfill their tax obligations. Millions of taxpayers depend on the generosity and knowledge of the VITA and TCE volunteers, and TAS is grateful for their service and dedication.

### **The IRS Provides Taxpayers With Several Ways to File Returns Electronically at No Cost**

The IRS provided taxpayers with multiple no-cost electronic filing options during the 2025 filing season, primarily through the Free File Alliance and Direct File program.

#### ***IRS Free File Alliance***

The Free File Alliance, a nonprofit coalition of leading industry tax software providers, partnered with the IRS to help millions of Americans prepare and e-file their federal returns for free.<sup>85</sup> The software options are

81 IRS, Free Tax Return Preparation for Qualifying Taxpayers (Mar. 18, 2025), <https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers>.

82 IRS response to TAS information request (May 15, 2025).

83 *Id.*

84 *Id.*

85 Free File Alliance, FAQs, <https://freefilealliance.org/faq/> (last visited June 3, 2025). The site answers whether a taxpayer may file their state income tax for free: "Some participating Free File Alliance companies offer free state tax return preparation and e-filing services through partnerships with participating state programs. Other companies charge a fee for state tax return preparation and e-filing."

available to taxpayers with a 2024 adjusted gross income of \$84,000 or less.<sup>86</sup> Taxpayers exceeding the income threshold can still file their return at no cost using Free File Fillable Forms available on [IRS.gov](https://www.irs.gov).<sup>87</sup>

According to Free File's program survey in 2024, 98 percent of users would recommend the program to others.<sup>88</sup> Though taxpayers filed approximately three million returns through Free File in FS 2025, the program is still underutilized and can serve more taxpayers.<sup>89</sup> The IRS must continue to work with stakeholders, prioritize enhanced outreach, and ensure the Free File Program is prominently advertised and easily accessible on [IRS.gov](https://www.irs.gov) to increase usage.

### **Direct File**

During FS 2025 through April 20, 2025, taxpayers filed 296,531 accepted returns through Direct File, and on average, these taxpayers received refunds of \$1,309.<sup>90</sup>

In FS 2025, Direct File was available in 25 states.<sup>91</sup> Direct File incorporated several new features to this year's program, including One-Step Signature, Authenticated Live Chat, an Enriched State Application Programming Interface (API), and Data Import that contributed to high taxpayer satisfaction. Nearly 94 percent of Direct File users surveyed rated the experience as excellent or above average.<sup>92</sup> Despite expanding the program to double the number of states and adding enhancements, overall usage remained flat when compared to last year, likely due to limited program awareness, restrictive eligibility criteria, and certain filing limitations, among other reasons.

The IRS limited use of Direct File based on:

- Income type reported on the return;<sup>93</sup>
- Wage amounts and filing status;<sup>94</sup> and
- Credits claimed on the return.<sup>95</sup>

Additionally, taxpayers filing via Direct File could not itemize deductions and were only able to claim the standard deduction, student loan interest, educator expenses, and Health Savings Account contributions.<sup>96</sup>

86 See IRS, IRS Free File: Do Your Taxes for Free (May 5, 2025), <https://www.irs.gov/filing/irs-free-file-do-your-taxes-for-free>.

87 See IRS, IRS Free File: Do Your Taxes for Free (May 5, 2025), <https://www.irs.gov/filing/irs-free-file-do-your-taxes-for-free>; IRS, Free File Fillable Forms (Jan. 29, 2025), <https://www.irs.gov/e-file-providers/free-file-fillable-forms>.

88 Free File Alliance, <https://freefilealliance.org/> (last visited June 3, 2025).

89 IRS response to TAS information request (May 15, 2025). This number includes users of English Free File and Free File Fillable Forms.

90 IRS response to TAS information request (May 13, 2025).

91 IRS, IRS Direct File: File Taxes for Free Directly With IRS (Mar. 17, 2025), <https://www.irs.gov/filing/irs-direct-file-for-free>.

92 Enriched State API enables taxpayers to import information into their state tax forms, further streamlining the process of filing state returns. IRS, Direct File Filing Season 2025 Report 47 (May 13, 2025) (on file with TAS).

93 Taxpayers using Direct File can only claim the following income types: income from an employer (Form W-2); unemployment compensation (Form 1099-G); Social Security benefits (Form SSA-1099); income from employer-sponsored pension and retirement account distributions (Form 1099-R); distributions for qualified medical expenses from Health Savings Accounts (Form 1099-SA); interest income (Form 1099-INT); and Alaska Permanent Fund Dividend. IRS, IRS Direct File: File Taxes for Free Directly With IRS (Mar. 17, 2025), <https://www.irs.gov/filing/irs-direct-file-for-free>.

94 Taxpayers are excluded from using Direct File if their wages are more than \$200,000 (\$168,600 if the taxpayer had more than one employer); if taxpayers file as Married Filing Jointly, and one spouse's wages are more than \$200,000 (\$168,600 if a spouse had more than one employer); if taxpayers file as Married Filing Jointly, and both taxpayers wages total more than \$250,000; or if taxpayer files as Married Filing Separately, and that taxpayer's wages are more than \$125,000. See IRS, Direct File, <https://directfile.irs.gov/income> (last visited June 3, 2025).

95 When using Direct File, taxpayers can only claim the following credits: Child Tax Credit; Credit for Other Dependents; Child and Dependent Care Credit; Earned Income Tax Credit; Premium Tax Credit; Saver's Credit (Retirement Savings Contributions Credit); or Credit for the Elderly or the Disabled. IRS, IRS Direct File: File Taxes for Free Directly With IRS (Mar. 17, 2025), <https://www.irs.gov/filing/irs-direct-file-for-free>.

96 IRS, IRS Direct File: File Taxes for Free Directly With IRS (Mar. 17, 2025), <https://www.irs.gov/filing/irs-direct-file-for-free>.

The future of the Direct File program remains unclear, with indications it may not be available to taxpayers next filing season.<sup>97</sup>

### Employee Retention Credit Processing Delays and Taxpayer Uncertainty

The Employee Retention Credit (ERC) is a refundable tax credit that Congress enacted to provide critical financial relief to businesses and non-profit organizations that retained employees during the COVID-19 pandemic, but the IRS's inefficient administration of the credit is still negatively impacting numerous businesses in 2025.<sup>98</sup> Concerned about improper ERC claims, the IRS slowed and eventually paused processing, leaving taxpayers to wonder when or if they would receive their refund. In recent months, the IRS has made significant progress in processing these claims, but hundreds of thousands still await IRS attention. However, as long as the IRS continues processing these claims at the present rate, it should complete processing by the end of CY 2025.<sup>99</sup>

Figure 2.13 shows IRS's processing of ERC claims over the past six years.

**FIGURE 2.13, Employee Retention Credit Claims Processed and Amounts Paid, Processing Years 2020-2025<sup>100</sup>**

Processing Year	Processed Claims	ERC Claims Paid
2020	76,000	\$7.7 bil
2021	569,000	\$45.1 bil
2022	1.5 mil	\$99.1 bil
2023	1.3 mil	\$83.8 bil
2024	376,000	\$10.4 bil
2025	395,000	\$23.2 bil

As demonstrated above, IRS processing of ERC claims in the first four months of 2025 already exceeds the total processed during all of 2024, suggesting that if current trends continue, the IRS will clear the backlog by the end of the year.<sup>101</sup> Although this is encouraging, it likely feels like no reason to celebrate for taxpayers who have waited months or even years to have the IRS process their claims. Congress intended these refunds to be a lifeline for businesses during the pandemic, but to many who needed the funds, it has felt like an empty promise.

Figure 2.14 illustrates how the processing time for ERC claims began skyrocketing in 2024.

97 One Big Beautiful Bill Act, H.R. 1, 119th Cong. § 112207 (2025).

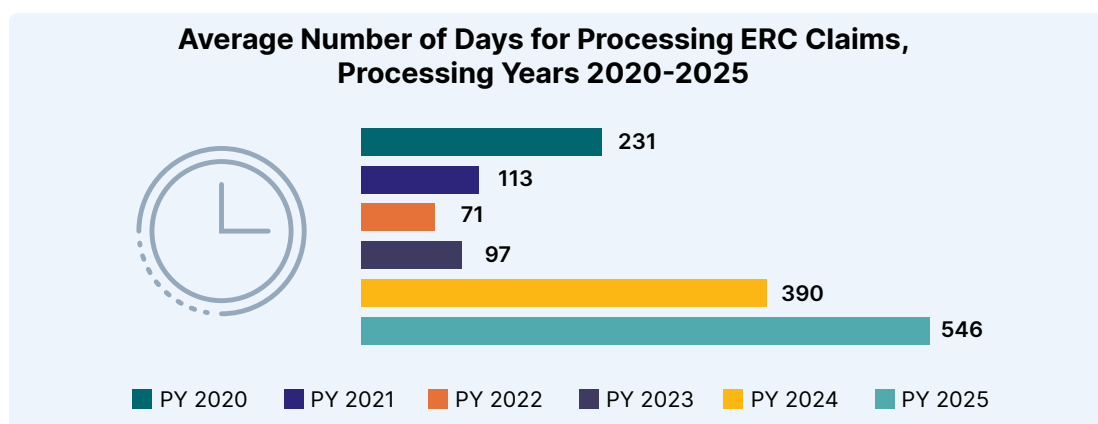
98 Initially, the law provided employers who qualified for the ERC a refundable credit against an employer's 6.2 percent share of Federal Insurance Contribution Act (FICA) taxes or Railroad Retirement Tax Act (RRTA) taxes. Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, Pub. L. No. 116-136, § 2301, 134 Stat. 347 (2020). IRC §§ 3111(a) and 3221(a) impose FICA and RRTA taxes on employers. Most employers report this liability on Form 941, Employer's Quarterly Federal Tax Return. For purposes of this discussion, "businesses" includes exempt organizations that also qualified for the ERC.

99 IRS, JOC, AM RAD, ERC Inventory Report (week ending Apr. 26, 2025). For purposes of this discussion, the word "processing" means the IRS allowed or disallowed the claim in full or in part or initiated the examination process.

100 IRS, Compliance Data Warehouse (CDW), Business Master File (BMF), Business Return Transaction File, Processing Years 2020-2025 (May 29, 2025).

101 IRS, JOC, AM RAD, ERC Inventory Report (week ending Apr. 26, 2025).



**FIGURE 2.14**<sup>102</sup>

Despite the IRS's progress in processing ERC claims, taxpayers have endured an average wait time of approximately 546 days (over 18 months) for claims processed in 2025. The prolonged delays have caused significant uncertainty, exacerbated by the IRS's lack of a mechanism for taxpayers to check the status of their claim.<sup>103</sup>

Since the credit became available, the IRS has received nearly five million ERC claims and has either disallowed, reversed, or recaptured approximately 214,000 of these claims, a small fraction of all taxpayer claims.<sup>104</sup> For those taxpayers whose ERC claims the IRS either fully or partially disallowed, IRS communication has been unclear and confusing. Specifically, the IRS has omitted critical information from its disallowance notices on how taxpayers can appeal a disallowance, and such notices have often provided scant explanation as to why the IRS disallowed the claim.

To its credit, the IRS has tried to correct these omissions by establishing webpages that provide taxpayers with more information about how they can respond to their disallowance notices, but the IRS issued this additional guidance long after problems arose.<sup>105</sup> Ensuring the IRS clearly informs taxpayers how to protest disallowances is particularly critical so taxpayers can act promptly in disputing IRS's determinations, as the two-year time period by which the IRS must issue a refund, or the taxpayer must file a suit in federal court, starts when the IRS issues these disallowance notices.<sup>106</sup>

Typically, the IRS generates disallowance notices following an audit, but it has generated thousands of ERC disallowances by applying a risk scoring analysis. In these cases, the IRS has not seen or reviewed any documentation submitted by taxpayers prior to it issuing the disallowance notice. Taxpayers who protest the disallowance notice are sending documentation to the IRS to substantiate their claims while the two-year period is running. The IRS must review this information prior to transferring any case to Appeals because Appeals cannot consider or review information not first scrutinized by the IRS. This process may significantly

<sup>102</sup> IRS, CDW, BMF, Processing Years 2020-2025 (May 29, 2025).

<sup>103</sup> *Id.*

<sup>104</sup> IRS, CDW, BMF, NDS, and ERC Form 941X Case Selections (Apr. 29, 2025). Reversals include claims that show the credit posted to the account but later had it reversed, but the taxpayer did not receive a claim disallowance letter and was not part of the ERC recapture program. Reasons for reversals include an IRS error or a potential identity theft issue.

<sup>105</sup> See IRS, Understanding Letter 105-C, Disallowance of the Employee Retention Credit (May 29, 2025), <https://www.irs.gov/coronavirus/understanding-letter-105-c-disallowance-of-the-employee-retention-credit>; IRS, If You Receive Letter 106-C About the Employee Retention Credit (May 29, 2025), <https://www.irs.gov/coronavirus/if-you-receive-letter-106-c-about-the-employee-retention-credit>.

<sup>106</sup> IRC § 6532.

increase the amount of time it takes taxpayers to have their case heard by Appeals and may run up against the two-year time period for the IRS to issue a refund or for the taxpayer to file suit in federal court.<sup>107</sup> In fact, several practitioners have reported not receiving any communication from the IRS after submitting documentation in response to a notice of ERC claim disallowance.<sup>108</sup>

The IRS should inform taxpayers and practitioners how to extend this two-year period.<sup>109</sup> Unfortunately, the IRS's process for requesting such extensions is at best unclear and at worst gives the impression the IRS is intentionally withholding important information on how to do so. Furthermore, negotiating these requests often unnecessarily falls to TAS to assist and expend its precious resources; this is an important issue but one that the IRS should handle without the need for TAS intervention. Therefore, the IRS should consider including information on how to extend this two-year period in IRS and Appeals correspondence to taxpayers and provide clear instructions on how taxpayers can submit such requests to the IRS.

Sadly, the ERC program serves as a cautionary example of poor tax credit administration, marked by excessive processing delays, opaque communications, and insufficient taxpayer support, from enactment through the expiration of the statute. Many businesses awaiting a refund now face the potential for retroactive congressional limitation on the credit despite believing they were eligible at the time they claimed the credit. Retroactive tax law changes threaten to undermine taxpayer confidence and fairness.<sup>110</sup>

It is past time for the IRS to complete processing of ERC claims and provide taxpayers clear and concise information every step of the way, from processing to Appeals and everything in between. It is imperative that the IRS expedite processing of ERC claims, improve communication, and uphold taxpayer rights throughout the entire process.<sup>111</sup>

## CONCLUSION

The IRS generally provided a successful FS 2025 despite a period of significant change at the agency. However, processing delays continued to impact paper returns, amended returns, and correspondence, undermining taxpayer trust and delaying refunds. The IRS needs to focus on modernizing processing and the handling of paper submissions. During FS 2025, taxpayers also continued to struggle with getting timely, accurate service. Even with a high LOS on the AM phone lines, taxpayers struggled to receive service on non-AM phone lines, including the TPP and Installment Agreement/Balance Due lines. The IRS needs to focus on modernizing service operations through the continued exploration of AI solutions, expansion of online functionalities, and continuation of accessible in-person options.

<sup>107</sup> According to IRC § 6532, taxpayers have two years from the date on the notice of claim disallowance to file a refund suit in either a U.S. district court or the U.S. Court of Federal Claims. The IRS must issue a refund within this two-year period (unless the taxpayer has filed suit within such period) as any refund that falls outside of this period is considered "erroneous" under IRC § 6514.

<sup>108</sup> Conversations with outside stakeholders (Apr. 10, 2025).

<sup>109</sup> The taxpayer can extend the two-year time period under IRC § 6532 for the IRS to issue a refund only when they submit Form 907, which requires both the IRS and taxpayer to agree and sign. IRC § 6532(a)(2). See also Erin M. Collins, Notice of Claim Disallowance: Don't Make This Mistake, NATIONAL TAXPAYER ADVOCATE BLOG (Apr. 6, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog/nta-blog-notice-of-claim-disallowance-dont-make-this-mistake/2022/04>.

<sup>110</sup> One Big Beautiful Bill Act, H.R. 1, 119th Cong. § 112205(h) (2025). This House bill retroactively prohibits the IRS from allowing or making payment of ERC claims filed after January 31, 2024. Additionally, it also extends the limitation on assessment to six years from "(A) the date on which the original return which includes the calendar quarter with respect to which such credit is determined is filed, (B) the date on which such return is treated as filed under section 6501(b)(2), or (C) the date on which the claim for credit or refund with respect to such credit is made."

<sup>111</sup> See TBOR, <https://www.taxpayeradvocate.irs.gov/taxpayer-rights/> (last visited June 3, 2025). The rights contained in the TBOR are also codified at IRC § 7803(a)(3).