

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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January 13, 2022

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224-0001

Dear Commissioner Rettig:

The Internal Revenue Service (IRS) is struggling to address a massive backlog of about 6 million tax returns as it heads into the 2021 tax season.¹ Among these 6 million returns are 2.7 million unprocessed amended 2020 returns, according to the Taxpayer Advocate Service (TAS).² Due to the coronavirus pandemic, many of the families and small business owners that filed these unprocessed returns are a missed check away from homelessness and poverty.³

We write with great urgency to request that you eliminate this backlog and do so by prioritizing those individuals with the lowest incomes—those individuals and families who, without their refunds, face eviction, food insecurity, or an inability to afford needed medications or treatments.

Since your appointment by former President Trump, this Subcommittee has written to you, spoken with you by telephone, and called you to testify at a hearing to address issues of backlogs and inexcusably absent customer service.⁴ In each case, the IRS has responded by

¹ Internal Revenue Service, *IRS Operations During COVID-19: Mission Critical Functions Continue* (online at www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue) (accessed Jan. 10, 2022); Internal Revenue Service, *Electronic Tax Administration Advisory Committee Annual Report to Congress* (June 23, 2021) (Rev. 6-2021) (online at <https://irs.gov/pub/irs-pdf/p3415.pdf>).

² Taxpayer Advocate Service, *NTA Blog: IRS Delays in Processing Amended Tax Returns Are Impacting TAS's Ability to Assist Taxpayers* (online at www.taxpayeradvocate.irs.gov/news/nta-blog-irs-delays-in-processing-amended-tax-returns-are-impacting-tass-ability-to-assist-taxpayers/) (accessed Jan. 10, 2022).

³ Bankrate, *Survey: More Than Half of Americans Couldn't Cover Three Months of Expenses with an Emergency Fund* (July 21, 2021) (online at www.bankrate.com/banking/savings/emergency-savings-survey-july-2021/).

⁴ Committee on Oversight and Reform, Subcommittee on Government Operations, *Hearing on IRS in the Pandemic* (Oct. 7, 2020) (online at <https://oversight.house.gov/legislation/hearings/irs-in-the-pandemic>); Letter from Chairman Gerald E. Connolly, Subcommittee on Government Operations, Committee on Oversight and Reform, to Internal Revenue Service Commissioner Charles P. Rettig (July 7, 2020) (online at <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2021-07-07.GEC%20to%20Rettig-IRS%20re%20Tax%20Return%20Backlog.pdf>); Telephone call from Chairman Gerald E. Connolly, Committee on

citing a lack of employees and resourcing to meet the demands placed upon the agency.⁵

Severe financial, technical, and staffing problems at the IRS are due in large part to years of budget cuts and partisan attacks led by Republicans in Congress.⁶ The House of Representatives has been working with the IRS to provide adequate funding and hiring flexibilities that would assist the IRS in addressing backlogs and fortifying the workforce, preparing for it to process tax returns effectively, and assisting taxpayers who need their help and assistance.⁷

Despite these actions, the IRS remains crippled by backlogs and Treasury officials reportedly recently predicted in the press a “frustrating [2021 filing] season” filled with “enormous challenges.”⁸ We have received numerous calls from our constituents regarding existing IRS processing delays. The backlog is so severe that in November, TAS, a federal ombuds agency that assists taxpayers in their engagement with the IRS, posted a blog stating that they suspended “accepting cases where the sole issue involves the processing of amended returns until the IRS is able to work through its backlog.” TAS continued,

Under our current procedures, TAS does not accept cases in which we cannot meaningfully expedite or improve case resolution for taxpayers. Amended returns fall into this category. Due to the broad impact of COVID-19, the IRS has faced significant challenges in all its return processing operations. Unfortunately, until the IRS processes a tax return, TAS cannot assist the taxpayer. For that reason, TAS will not accept new cases **solely** involving the processing of an individual or business amended return. TAS will continue to monitor IRS developments in amended return processing and will reevaluate this determination as the situation changes.⁹

Oversight and Reform, Subcommittee on Government Operations, to Internal Revenue Service Commissioner Charles P. Rettig (Dec. 7, 2019).

⁵ Letter from Internal Revenue Service Commissioner Charles P. Rettig to Chairman Gerald E. Connolly, Committee on Oversight and Reform, Subcommittee on Government Operations (Aug. 2, 2021) (online at <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/IRS.210802.Response%20to%20GEC%20re%20Tax%20Return%20Backlog.pdf>).

⁶ Internal Revenue Service, *IRS Budget & Workforce* (online at www.irs.gov/statistics/irs-budget-and-workforce) (accessed Jan. 10, 2022).

⁷ See, e.g., Federal News Network, *IRS Needs Multi-year Funding to Overcome Shrinking Workforce, Managers Association Warns* (July 16, 2021) (online at <https://federalnewsnetwork.com/hiring-retention/2021/07/irs-needs-multi-year-funding-to-overcome-shrinking-workforce-managers-association-warns/>).

⁸ *Treasury Warns of “Enormous Challenges” This Tax-filing Season that Could Delay Refunds*, Washington Post (Jan. 10, 2022) (online at www.washingtonpost.com/us-policy/2022/01/10/treasury-irs-filing-season/).

⁹ Taxpayer Advocate Service, *NTA Blog: IRS Delays in Processing Amended Tax Returns Are Impacting TAS’s Ability to Assist Taxpayers* (online at www.taxpayeradvocate.irs.gov/news/nta-blog-irs-delays-in-processing-amended-tax-returns-are-impacting-tass-ability-to-assist-taxpayers/) (accessed Jan. 10, 2022) (emphasis in original).

In addition, those seeking help in their engagement with the IRS are often met with busy signals or simply told “no.”¹⁰ In an August letter to Chairman Connolly, you stated that the IRS had received 199 million calls from January through August 2021. You continued,

That volume is about four times more calls than we get in an average year. During a typical filing season, we average two to three million calls each day. We received 8.6 million calls on just one day this year, March 15, 2021, which was approximately 1,500 calls per second. That volume represents a 600 percent increase compared to normal call traffic. The volume has also significantly hampered our ability to manage telephone demand based on the capacity limitations of our telephone routing equipment that is used to place callers in line for service.¹¹

In September 2021, TAS stated that only about 9% of individuals calling the IRS for help with their Form 1040 tax filings received service.¹² In its annual report to Congress, released yesterday, the Taxpayer Advocate concluded, “the IRS is in crisis.” She added, “There is no way to sugarcoat the year 2021 in tax administration: From the perspective of tens of millions of taxpayers, it was horrendous.”¹³

According to the IRS, current processing times for individual filings are “more than 21 days to issue any related refund and in some cases this work could take 90 to 120 days.”¹⁴ This is unacceptable. Due to the pandemic, most Americans have less than three months of emergency savings, and a quarter of Americans have no emergency savings at all.¹⁵ There are millions of Americans on the margin for whom continued delays could do permanent harm, and as we have stated consistently to you, we must do better.

To that end, we seek a Member-level briefing with you before January 31, 2022, on your plan to process the tax filings of vulnerable individuals, families, and small businesses. We understand that much of the backlog is caused by the time-consuming nature of many of these

¹⁰ Id.

¹¹ Letter from Internal Revenue Service Commissioner Charles P. Rettig to Chairman Gerald E. Connolly, Committee on Oversight and Reform, Subcommittee on Government Operations (Aug. 2, 2021) (online at <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/IRS.210802.Response%20to%20GEC%20re%20Tax%20Return%20Backlog.pdf>).

¹² Taxpayer Advocate Service, *NTA Blog: Bumps in the Road Sequel: Update on the Filing Season Challenges: Part II* (Sept. 22, 2021) (online at www.taxpayeradvocate.irs.gov/news/nta-blog-bumps-in-the-road-sequel-update-on-the-filing-season-challenges-part-ii/).

¹³ Taxpayer Advocate Service, *2021 Annual Report to Congress* (Jan. 12, 2022) (online at https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_Pro_Intro.pdf).

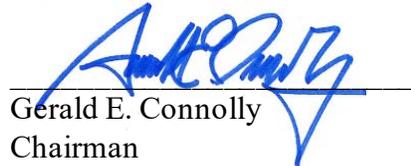
¹⁴ Internal Revenue Service, *IRS Operations During COVID-19: Mission Critical Functions Continue* (online at www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue) (accessed Jan. 10, 2022).

¹⁵ Bankrate, *Survey: More Than Half of Americans Couldn't Cover Three Months of Expenses with an Emergency Fund* (July 21, 2021) (online at www.bankrate.com/banking/savings/emergency-savings-survey-july-2021/).

cases and the agency's resource constraints, but that does not negate the IRS's responsibilities. Taxpayers need their refunds, they need open and honest communication from their government, and they need compassion in these extraordinary times.

The Committee on Oversight and Reform is the principal oversight committee of the House of Representatives and has broad authority to investigate "any matter" at "any time" under House Rule X. If you have any questions regarding this request, please contact Committee staff at (202) 225-5051.

Sincerely,



Gerald E. Connolly
Chairman
Subcommittee on Government
Operations



Katie Porter
Vice Chairwoman
Subcommittee on Government
Operations

cc: The Honorable Jody Hice, Ranking Member
Subcommittee on Government Operations