

IRS Chief: We're facing enormous challenges this tax filing season

As the IRS begins this tax season, it continues to face enormous challenges. Our dedicated workforce has done everything it can to prepare for filing day on April 18. Our immediate focus is simplifying the taxpayer's filing experience by streamlining the process, answering as many questions as possible and reducing our historic inventories.

Today, millions of people are still waiting for prior years' returns to be processed, and refund checks to arrive in the mail, while preparing for their upcoming tax filing. While we can't immediately solve these significant issues, our employees are doing everything they can, and I am committed to returning to normal inventory levels before next year.

The IRS is operating without stable, multi-year funding in place, which creates additional impediments to our efforts to deal with our current situation. However, we have taken extraordinary measures to work through unprocessed returns and correspondence, including mandatory overtime by IRS employees, creating and redirecting surge teams to address the inventories, temporarily suspending certain automated compliance notices and, where possible, modernizing operating systems to accelerate the manual processing of inventories.

COVID hit us all. While facing consequential resource challenges as a result of chronic underfunding, the IRS worked as hard as possible, while taking on a significant increase in responsibilities while also facing unprecedented challenges from the pandemic. It has been my privilege to lead the IRS since 2018 as we have worked through the successful delivery of more than \$1.5 trillion in refunds, stimulus payments, and advance payments of the Child Tax Credits – all during an excruciating pandemic. Through our work, we touch more Americans than any other private or public sector organization—and we are deeply proud to serve our country.

For the current tax season, the IRS workforce has already delivered more than 4 million refunds worth nearly \$10 billion just through Feb. 4. And yet millions are waiting for their returns to be processed, and many won't be able to reach us when they call with questions this filing season. This is frustrating for taxpayers and for us.

We want to do more, but we face major challenges. Over the past decade, the IRS budget has been cut by nearly 20%. The agency today has as few employees as it did in the 1970s, despite a 60% increase in the United States population during that time and an unprecedented increase in responsibilities. While more than 90% of the over 160 million individual returns are filed electronically, the remaining people who file on paper lead to millions of time-intensive, manually processed paper returns.

As we have seen across our economy, technological improvements can do wonders to increase the efficiency of workforces and organizations. Without long-term, predictable funding, the IRS will continue to face severe limitations, unable to

provide the service taxpayers deserve and need.

There are tangible consequences to American taxpayers who aren't able to receive the level of service they deserve, as well as the IRS's ability to enforce tax laws for ultra-wealthy tax cheats. Last year, the IRS received 120 million calls on certain phone lines during filing season (at times, calls came in at the rate of about 1,500 per second), but our limited workforce was able to answer fewer than 20% of them. Over the last several years, staffing for taxpayer assistance centers decreased so dramatically that less than a third as many taxpayers are able to receive face-to-face assistance from the IRS than they were in 2016.

There are several ways people can ensure a smoother filing process this year. Filing electronically with direct deposit can avoid processing delays, refund delays and later IRS notices. Taxpayers should pay extra attention if they received Economic Impact Payments or an advance Child Tax Credit in 2021. The IRS has sent out more than 150 million information letters this year. This will help assure information is reported accurately.

The reality at the IRS is that we know we need to do better, we're committed to doing better, and we are trending in a positive direction. Our employees are doing everything they can. But we need help. As many IRS leaders have stated for most of the past decade, without long-term, predictable funding, the IRS will continue to be hamstrung, failing to provide the experience that taxpayers deserve.

Chuck Rettig currently serves as the 49th Commissioner of the Internal Revenue Service.