2025 National Taxpayer Advocate Annual Report to Congress
Most Serious Problems Encountered by Taxpayers:
IRS and TAS Responses

Most Serious Problem (MSP) #1: Amended Returns: Refund Delays and Unclear and Confusing Disallowance Notices Harm Taxpayers and Jeopardize Their Rights to Administrative and Judicial Review

PROBLEM

Taxpayers are harmed by the IRS's delays in processing amended returns, the issuance of confusing or incomplete notices of claim disallowance, and the absence of clear, accessible procedures for extending the statutory period during which the IRS must issue refunds. Together, these failures impose significant financial hardship, jeopardize taxpayer rights, put taxpayers at risk of losing their refunds, and undermine confidence in tax administration. However, these harms are preventable.

Amended return processing remains an area where the IRS has yet to fully recover from pandemic-related backlogs. These delays cause tangible harm. For individuals – particularly low-income taxpayers – delayed refunds can mean the inability to meet basic living expenses, reliance on credit cards or high-cost loans, missed payments, late fees, or damage to credit. For businesses, delayed refunds disrupt cash flow, impede payroll, and limit reinvestment. Beyond financial harm, prolonged uncertainty creates frustration, increases compliance costs, and erodes trust in the tax system. Delays also stall downstream tax actions that depend on resolution of amended returns, including injured spouse claims, net operating loss carryforwards, and credit carryforwards. low-income taxpayers – delayed refunds can mean the inability to meet basic living expenses, reliance on credit cards or high-cost loans, missed payments, late fees, or damage to credit. For businesses, delayed refunds disrupt cash flow, impede payroll, and limit reinvestment. Beyond financial harm, prolonged uncertainty creates frustration, increases compliance costs, and erodes trust in the tax system. Delays also stall downstream tax actions that depend on resolution of amended returns, including injured spouse claims, net operating loss carryforwards, and credit carryforwards.

Taxpayers receiving a notice of claim disallowance face a new set of challenges, beginning with the complexity of the notice and difficulty understanding the next steps. These notices often fail to clearly state what was disallowed and why, and what steps taxpayers must take to protect their rights.

Taxpayers who appeal such notices often experience substantial delays before their case reaches an Appeals Officer in the Independent Office of Appeals (Appeals). Under IRC § 6532, the issuance of a notice of disallowance begins a two-year statutory period. During this period, the IRS may issue a refund, or the taxpayer must file suit in a U.S. district court or the U.S. Court of Federal Claims. If the two-year period expires without a lawsuit being filed or an extension being requested and executed by the IRS, the IRS is barred from issuing a refund. Despite the high stakes impacting taxpayers, the IRS lacks a clear standardized process by which taxpayers may request an extension of this two-year period. As a result, taxpayers may inadvertently lose their right to a refund or to judicial review. These procedural deficiencies, combined with lengthy processing delays and unclear notices, create taxpayer confusion, undermine rights, and diminish taxpayer compliance. This disproportionately harms taxpayers who lack representation or the resources to navigate a complex administrative system.

TAS Recommendation	**[1-1] Expand automated processing of amended returns.** Continue expanding automated processing of amended returns to reduce processing delays while maintaining a high accuracy rate and establishing an electronic routing and tracking process between functions.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	Current automated processing of Form 1040-X, *Amended U.S. Individual Income Tax Return*, is ongoing, and the IRS will continue to evaluate and discuss opportunities with developers to incorporate additional automated processing. As automation is expanded, automated adjustments are subject to review to validate accuracy while the tool continues to be refined, supporting improved performance over time. The IRS will explore establishing an electronic routing and tracking process across all Business Operating Divisions (BODs). The IRS will continue to assess incremental improvements within existing processes.
TAS Response	Automation is a key component to ensure the IRS is processing amended returns quickly and accurately. Taxpayers are poised to benefit from the IRS's expansion of this automated process. However, for automation to reach its full potential, the IRS must develop an infrastructure that allows it to electronically route and track the processing of amended returns between IRS functions. The benefits of an automated amended return process will be diminished by the IRS retaining a manual and paper routing system.

TAS Recommendation	**[1-2] Enhance transparency by improving the *Where's My Amended Return?* tool and the taxpayer's online account.** By 2027, enhance transparency in both the *Where's My Amended Return?* tool and taxpayer's online account, allowing taxpayers to see the status of each stage of the amended return processing, identify which IRS function is working their amended return, and include appropriate IRS contact information.

IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	IRS understands the importance of allowing taxpayers to see the status of their amended return processing in each stage. To aid in that process, IRS has several future enhancements planned. The enhancements to the *Where's My Amended Return?* (WMAR) tool focus on improving transparency in amended return processing, expanding digital self-service capabilities, and reducing demand on assisted support channels. Below are a few of the future enhancements planned for the WMAR tool which are being developed in conjunction with enhancements to the Taxpayer's Online Account: The WMAR tool will introduce clearer status messaging for amended returns suspended for CAT-A review. Taxpayers will be informed if processing of their account adjustment has been delayed and on whether any additional action is required. The WMAR tool will provide improved messaging for amended returns impacted by Collection's activity. When an amended return adjustment is delayed due to a taxpayer's account being in Collections, the WMAR tool will notify the taxpayer of the delay, advise them of any actions they may need to take and provide processing delay clarification. The WMAR tool will enable international taxpayers to successfully authenticate and access amended return status information online. This enhancement removes a long-standing barrier that has required many international taxpayers to contact the IRS for updates. By allowing this population to securely authenticate and receive accurate status messaging, the WMAR tool will increase digital self-service adoption and reduce inbound inquiries to assisted service channels. These enhancements will improve the taxpayer experience by providing clearer communication about amended return delays, increasing access to online status information, and supporting the IRS's broader goals of modernizing digital services and improving operational efficiency. The WMAR tool has already been enhanced to provide a correspondence issued status when an amended return is suspended to request missing information. Taxpayers are notified that required elements – such as a signature or supporting form – are missing and that a response is needed to resume processing. The IRS continues to consider this request among all prioritized enhancement and critical maintenance resource needs. The IRS will continue to provide general contact information within these tools.

TAS Response	IRS enhancements to its WMAR tool will provide taxpayers with increased transparency regarding the status of their amended return, reducing taxpayer calls to the IRS. TAS appreciates the IRS's continued diligence in identifying areas where WMAR can provide taxpayers with the information they need about their amended return and the way they prefer to receive it, thereby reducing taxpayer frustration.

TAS Recommendation	**[1-3] Streamline submission of amended returns for taxpayers in Collection.** When taxpayers file an amended return and they currently have a case in Collection, by September 30, 2026, revise procedures so a copy of the amended return is automatically sent to Collection.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	The IRS will revise existing procedures to ensure that, when a taxpayer with an open Collection case files an amended return, a digital copy is made available to Collection. This update will ensure timely awareness of amended return activity and support more informed case management decisions within Collection. The IRS intends to implement this procedural revision but is unable to commit to the September 30, 2026 timeframe as this may require changes to existing inventory routing tools. The IRS continues to consider this request among all prioritized enhancement and critical maintenance resource needs.
TAS Response	The IRS's continued effort to move toward electronic processes and digitize its workflow among its functions, including the routing of amended returns between functions, will result in improved processes and IRS efficiency. Specifically, these enhancements will improve IRS processing times and reduce errors. The National Taxpayer Advocate understands there are many competing priorities the IRS must consider when implementing enhancements, but it should move as swiftly as possible to make these changes.

TAS Recommendation	**[1-4] Revise the notice of claim disallowance.** By September 30, 2026, revise notices of claim disallowance to clearly state the exact deadline to file suit or receive a refund, using plain language to explain the consequences of missing that deadline, prominently explaining appeal rights and next steps while providing straightforward instructions on how and where to file Form 907.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	Current notices of claim disallowance (Letters 105C and 106C) already include information regarding the statutory period to file suit, appeal rights, and the availability of Form 907 to extend the two-year period. Specifically, existing paragraphs within these letters explain the two-year timeframe, the consequences of failing to act, and the option to extend the statutory period through submission of Form 907. To improve consistency and taxpayer understanding, the IRS will reinforce employee training to ensure these existing paragraphs are selected and included, as appropriate, when issuing notices of claim disallowance. These paragraphs will remain standardized selectable content within the letters. The IRS will also consider future enhancements to notices, including the potential addition of a sentence providing general information on where to submit Form 907. Additionally, the IRS cannot commit to the September 30, 2026, implementation date. The IRS will consider this recommendation as part of future planning and review efforts, taking into account resource considerations and competing priorities.
TAS Response	The National Taxpayer Advocate understands the Notice of Disallowance typically includes information about how and when taxpayers can appeal the disallowance, the two-year period by which taxpayers can file suit in Federal court, and how they can request an extension of the two-year period by submitting Form 907, Agreement to Extend the Time to Bring Suit. However, a TAS review showed that all this pertinent information was not always included. Further, the Disallowance Notices as currently drafted do not include the exact date by which taxpayers must file suit, nor where they should submit Form 907 requesting an extension to the two-year period. Although limited IRS resources may delay revisions to the Disallowance Notice, these omissions as they currently stand compromise taxpayer rights, namely, *the right to challenge the IRS's position and be heard*. Thus, the IRS should make these changes to the Disallowance Notice a high priority, even when considering its current resource situation.

TAS Recommendation	**[1-5] Create a webpage for Form 907 information and guidance.** By September 30, 2026, create a webpage for Form 907 information and guidance on IRS.gov that describes what the Form 907 is, how to submit it, and the process for getting it approved.
IRS Response	The IRS agrees to implement the TAS recommendation in full.
IRS Action	By September 30, 2026, the IRS will publish dedicated content on IRS.gov to improve public understanding of Form 907, *Agreement to Extend the Time to Bring Suit*. The webpage will provide plain-language information explaining the purpose of the form, when it is appropriate for taxpayers to use it, and general guidance regarding submission and execution. Development of this content will be coordinated with the form owner and affected BODs to ensure accuracy and consistency with operational procedures.
TAS Response	The National Taxpayer Advocate applauds the IRS for providing taxpayers with critical information about extending the two-year period to file suit. This information and guidance will allow taxpayers to better protect their rights, including their *right to challenge the IRS's position and be heard*.

TAS Recommendation	**[1-6] Establish a clear, standardized extension process for Form 907.** By April 30, 2026, establish a clear and standardized extension process for Forms 907 related to disallowed ERC claims, including instructions for how taxpayers may submit the form and how the IRS will notify taxpayers when their request is approved. Create a centralized unit to receive Forms 907 and route them to the appropriate IRS employee with signing authority. By September 30, 2026, establish procedures that provide a clear, standardized process for executing Forms 907 for non-ERC claims and that clearly advise taxpayers of their rights following a notice of claim disallowance.

IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	By April 30, 2026, the IRS will establish a clear and standardized extension process for Forms 907 related to taxpayers who are waiting for the IRS to consider their response to disallowed ERC claims and are facing statute expiration within 6 months, including instructions for how taxpayers may submit the form and how the IRS will notify taxpayers when their request is approved. Specifically, the IRS will initiate direct correspondence with impacted taxpayers that will include a link to an IRS.gov landing page that explains the imminent statute deadline and consequences of expiration, how to access the digital Form 907, and how to submit the executed form through an intake path. The IRS will designate a centralized unit to receive, validate, and perfect these Forms 907, and route them to the appropriate delegated employee(s) with signatory authority who will provide the taxpayer with a copy once properly executed. Forms 907 call for a variety of routing and review paths depending on the type of claim, the function that issued the disallowance, and the status of the case. As a result, a single centralized model would not appropriately reflect the operational differences across the BODs. Existing routing procedures within each BOD provide an appropriate framework for directing Forms 907 to the applicable signing authority. By September 30, 2026, each individual BOD will review internal routing and execution procedures for Forms 907, and collaborate across BODs where it is feasible to promote broader procedural consistency. Additionally, we will pursue improved public-facing guidance through IRS.gov, and ensure operational controls are in place to route Forms 907 to the appropriate signing authority in a timely manner.
TAS Response	The IRS ensured taxpayers had a clear, streamlined pathway to protect their rights by creating a process where taxpayers can file an extension request to file suit in Federal court for disallowed ERC claims where there were six months or less remaining on the two-year statute. The IRS's swift action to implement this process after TAS's recommendation illustrates the agency's capacity to quickly develop a streamlined process for taxpayers to submit extension requests. TAS understands there are logistical obstacles to applying this ERC streamlined extension request process on a larger scale (*i.e.*, on all extension requests regardless of what the IRS disallowed). However, if the IRS quickly developed a streamlined extension process for disallowed ERC claims, developing a streamlined process for all taxpayers to submit an extension request should not be insurmountable, including developing a process by which the request can be routed to the appropriate IRS unit. Taxpayers have waited far too long for the IRS to develop a streamlined process for taxpayers to submit these forms. Congress created the extension to the two-year period as a safeguard to ensure taxpayers retain their right to file suit. The IRS's failure to create a process for taxpayers to submit these requests significantly diminishes the value of the Congressional safeguard.

TAS Recommendation	**[1-7] Add IRC § 6532 indicators to taxpayer accounts.** By January 30, 2027, add IRC § 6532 indicators to taxpayer accounts to allow taxpayers and the IRS to track the expiration of the IRC § 6532 two-year period. Similar to expiring assessment statutes, ensure proactive communication by requiring Revenue Agents and Appeals Officers to alert taxpayers six months before the deadline that the statute expiration is imminent and explain how to request an extension.
IRS Response	The IRS does not agree to implement the TAS recommendation. While the IRS recognizes the importance of safeguarding taxpayer rights and ensuring awareness of statutory deadlines, the proposed approach does not align with current operational realities. Cases subject to the IRC § 6532 two-year period are worked across multiple functions, including Appeals, Examination, Accounts Management, Return Integrity Compliance Services (RICS), and other compliance and processing functions. These cases follow varying routing and review paths, and taxpayer interactions may occur at different points throughout the lifecycle of a case. As a result, assigning responsibility for tracking the statutory period and requiring specific employees (*e.g.*, Revenue Agents or Appeals Officers) to provide advance notifications would not reflect how cases are actually worked and could lead to inconsistent application. Taxpayers already receive formal notice of claim disallowance, which clearly establishes the start of the IRC § 6532 two-year period and explains their rights, including the timeframe to file suit. Taxpayers may independently monitor this statutory deadline or consult with authorized representatives. While the IRS will continue to explore opportunities to enhance systemic tracking capabilities through future modernization efforts, it does not believe this recommendation is the most effective or sustainable solution at this time.
IRS Action	N/A
TAS Response	TAS is perplexed by the IRS's response to this recommendation. It is TAS's understanding that the IRS has already created the codes to be placed on taxpayer accounts indicating the expiration of the two-year period for taxpayers to file suit. The remaining action is putting the codes into use. Additionally, TAS does not understand why the IRS can't apply account indicators to track the IRC § 6532 statute and receipt of Form 907, ensuring consistent visibility across IRS functions and improving case management. The IRS's continued failure to implement these codes and place this indicator on taxpayer accounts makes it more difficult for taxpayers to know when exactly the two-year period to file suit expires; and once it does expire, the taxpayer has no recourse by which their argument(s) can be heard.

MSP #2: IRS Modernization and Digitalization: Outdated Paper Processes and Procurement Delays Harm Taxpayers

PROBLEM

The difference between a digital and a paper interaction with the IRS is about more than mere convenience: It is about fairness, predictability, and financial stability. When returns, amended filings, or correspondence must be processed on paper, resolution and processing times slow dramatically. Taxpayers bear the cost through delayed refunds, prolonged disputes, and months of anxiety and uncertainty about their financial standing.

The National Taxpayer Advocate has repeatedly warned that "paper is the IRS's kryptonite" and that the agency remains "buried in it." Paper returns require line-by-line manual data entry by an IRS employee. This process is time-consuming, error-prone, and unsustainable.

Procurement and modernization delays have compounded this problem, preventing the timely deployment of digital tools that could dramatically reduce backlogs and improve accuracy.

Taxpayers should be able to rely on the IRS to process their returns and correspondence within reasonable and transparent timeframes, regardless of the format in which they file. If the IRS remains dependent on outdated paper-based processes and slow procurement cycles, taxpayers will continue to experience delayed refunds, late or unanswered correspondence, and avoidable financial hardship. Taxpayers bear the cost of these inefficiencies not only in dollars, but in time, including hours spent calling the IRS, re-mailing documents, and proving the agency received what they already sent. These delays are not merely frustrating; they can deprive taxpayers of the *right to quality service* and erode confidence that the system treats them fairly.

TAS Recommendation	**[2-1] Establish clear performance benchmarks for ZPI.** Establish measurable ZPI metrics that assess capacity not just against average receipt volume, but against peaks during filing season, including (i) weekly scanning throughput relative to peak-period inventory and intake to confirm the program can meet surges; (ii) error rates and resulting rework volumes; (iii) end-to-end cycle times for paper-originated returns from receipt through posting; and (iv) refund timeliness, including comparisons between scanned and manually processed returns.
IRS Response	The IRS agrees to implement the TAS recommendation in full.

IRS Action	The IRS plans to establish measurable ZPI metrics that assess capacity not just against average receipt volume, but against peaks during filing season, including (i) weekly scanning throughput relative to peak-period inventory and intake to confirm the program can meet surges; (ii) error rates and resulting rework volumes; (iii) end-to-end cycle times for paper-originated returns from receipt through posting; and (iv) refund timeliness, including comparisons between scanned and manually processed returns. The IRS continues to consider this request among all prioritized enhancement and critical maintenance resource needs.
TAS Response	TAS appreciates the IRS's agreement to establish measurable ZPI performance benchmarks. Because ZPI is central to the IRS's plan to reduce paper processing, improve refund timeliness, and move toward a more digital processing environment, these metrics should be treated as a priority operational safeguard rather than as one enhancement competing with other maintenance needs. Vendor scanning capacity must be measured against filing season surges, not average volume, because paper receipts can spike dramatically during peak periods. Delays translate directly into taxpayer harm, including delayed refunds, prolonged uncertainty, and additional contacts with the IRS. TAS encourages the IRS to implement these benchmarks before further scaling ZPI or reducing reliance on existing paper-processing capacity. Weekly throughput, error and rework rates, end-to-end cycle times, and refund timeliness comparisons between scanned and manually processed returns will allow the IRS to determine whether ZPI is improving taxpayer outcomes or merely shifting paper-driven delays into a new workflow. Transparent, outcome-based metrics can ensure modernization and transformation produce faster refunds, fewer errors, and more predictable service for taxpayers.

TAS Recommendation	**[2-2] Evaluate scanning options and risks.** Conduct a comprehensive cost and risk analysis for SCaaS that compares the long-term costs of using external vendors with the costs of building and operating in-house digital intake capacity staffed by IRS employees. The analysis should also evaluate data security, operational resilience, and taxpayer rights risks inherent in outsourcing sensitive return and correspondence data to private vendors, including lessons learned from the IRS's prior experience with private vendors for core services such as collections.
IRS Response	The IRS states this recommendation has already been implemented in part.

IRS Action	The IRS shares the National Taxpayer Advocate's objective of reducing paper processing, improving taxpayer service, and ensuring digitalization efforts are efficient, secure, and cost-effective. As noted in the Annual Report, continued reliance on paper-based processes contributes to delays, errors, and increased taxpayer burden. The IRS conducted analysis in 2025 to inform its current approach to expedite digital intake and paper processing reduction. This analysis evaluated effectiveness, cost, and risk considerations associated with using external vendors for scanning and digital intake solutions and the implementation of the ZPI. That analysis did not include a full cost comparison of developing and maintaining equivalent in-house capabilities. The IRS will not conduct a separate study as prescribed in this recommendation but will continue to evaluate performance, cost, and risk through established program governance, contract oversight, and operational monitoring processes. This approach allows the IRS to make informed adjustments while maintaining continuity of current digitalization efforts.
TAS Response	Although the IRS conducted a 2025 analysis of external vendor scanning and ZPI implementation, the analysis did not include a full comparison of the long-term costs of external vendors with the costs of developing and maintaining equivalent in-house digital intake capacity. That comparison is the central purpose of the recommendation. TAS does not view ongoing program governance, contract oversight, and operational monitoring as substitutes for a comprehensive make-or-buy analysis. Those tools may help the IRS manage the model it has chosen, but they do not answer whether that model is the most cost-effective, resilient, secure, and taxpayer-protective approach over time. Given the sensitivity of return and correspondence data, the operational consequences if vendors cannot process peak volumes, and the taxpayer harm caused by delayed refunds and unresolved accounts, TAS continues to recommend that the IRS conduct a full cost and risk analysis comparing vendor-based scanning with in-house digital intake capacity staffed by IRS employees. That analysis should include total lifecycle costs, data security, operational resilience, taxpayer rights risks, and lessons learned from prior outsourcing of core tax administration functions.

TAS Recommendation	**[2-3] Maintain internal processing capacity until ZPI vendors deliver at scale.** The IRS should not further reduce Submission Processing staffing until ZPI vendors and internal scanning systems consistently demonstrate the ability to handle peak filing season volumes, not just average throughput. A temporary dual-track model remains necessary to protect taxpayers from systemic delays or failure.

IRS Response	The IRS states this recommendation has already been implemented.
IRS Action	The IRS currently maintains and will continue to maintain a dual-track work model until ZPI vendors and internal scanning systems consistently demonstrate the ability to handle peak filing season volumes, dependent on approved budget. Additionally, there are no plans for further staff reductions in Submission Processing beyond regular attrition.
TAS Response	The IRS's commitment to maintain a dual-track work model until ZPI vendors and internal scanning systems consistently demonstrate peak-volume capacity directly addresses TAS's recommendation. Maintaining internal Submission Processing capability during the transition is essential because paper-processing failures create internal backlogs and delay refunds. They also prolong account uncertainty, increase taxpayer contacts, and may force taxpayers to resubmit documents or wait months for resolution. TAS also supports the IRS's statement that it has no plans for further Submission Processing staff reductions beyond regular attrition. At the same time, attrition can reduce operational readiness if staffing falls below the level needed to handle filing season surges or vendor shortfalls. TAS encourages the IRS to monitor the effect of attrition and budget constraints on peak-season capacity and to preserve sufficient trained staff until objective ZPI performance data demonstrates that scanned intake can be processed timely and accurately at scale.

TAS Recommendation	**[2-4] Improve vendor debriefings.** Adopt enhanced debriefings for major IRS procurements, especially modernization and digitalization contracts, by providing timely, substantive post-award debriefs that clearly explain evaluation strengths, weaknesses, and key discriminators, with proprietary information appropriately redacted.
IRS Response	The IRS agrees to implement the TAS recommendation in part.

IRS Action	At the discretion of the Contracting Officer (CO), where applicable, the IRS will use enhanced debriefings to include (i) release of redacted source selection decision documents and (ii) limited post-debrief Questions and Answers (Q&As). The IRS's adoption of the enhanced debriefings will be in accordance with the Revolutionary Federal Acquisition Regulation Overhaul (RFO), which is used to empower COs to use their discretion in allowing for determination of how and when to apply rules, regulations, and policies on a specific contract (RFO section 1.102(a)(7)). A policy communication will be issued to encourage and highlight, where applicable, that releasing the source selection decision document is an option for stakeholders to include as part of the enhanced debriefing process. The Office of the Chief Procurement Officer (OCPO) Policy will also provide training on the RFO that encourages and highlights limited post-debrief Q&A's and will provide requirement language for COs to use in solicitations at their discretion. Additionally, the OCPO will continue to follow the RFO along with the Treasury Debriefing and Explanation Guide for vendor interactions.
TAS Response	The IRS's planned policy communication and training on enhanced debriefings represent some progress. Releasing redacted source selection decision documents and allowing limited post-debrief questions and answers can improve transparency, help vendors understand award decisions, and reduce protests based on uncertainty or incomplete information. These measures are particularly important for modernization and digitalization procurements, where procurement delays can directly become taxpayer service delays. But TAS's concern is consistency. The IRS's response leaves enhanced debriefings largely to the discretion of the contracting officer and frames them as an option rather than the standard practice for major modernization procurements. TAS continues to recommend that the IRS make enhanced debriefings the default for major IRS modernization and digitalization contracts, subject to appropriate redactions and documented exceptions where an enhanced debriefing is not appropriate. A predictable debriefing practice would better support competition, improve vendor confidence in the process, and reduce avoidable procurement friction.

TAS Recommendation	**[2-5] Track and learn from protests.** By September 30, 2026, establish an IRS acquisition protest analytics and lessons-learned program to track protest frequency, outcomes, corrective actions, repeat protesters, and time-to-award impacts, and use this data to refine solicitation design, evaluation practices, and procurement timelines for modernization initiatives.

IRS Response	The IRS agrees to implement the TAS recommendation in full.
IRS Action	In accordance with the request to track protests, the IRS currently maintains information on acquisition protests. This information is stored on protest logs that are categorized by the government's fiscal years and shared with the appropriate stakeholders. The information below explains protests fields that have been recorded in the IRS Quality Assurance (QA) team's protest logs. Consistent registration of protests by staff will strengthen reliable analytics, help identify trends, and create actionable lessons learned that may reduce rework and improve procurement timelines moving forward. 1. Procurement identifiers: Solicitation or Contract Number Brief description of the requirement Solicitation Point of Entry (*e.g.,* SAM, GSA, NASA SEWP, Internal IDIQ/BPA, etc.) 2. Protester Information: Protestor Forum (GAO or agency-level) Date filed Protest issue narrative (reason/grounds) Legal Counsel Name Recorded disposition (*e.g.,* denied, dismissed, withdrawn) when available Corrective action narrative (what the agency elected to do) as applicable 3. Governance and Impact Data: Estimated contract value Date SPE/CPO Notified of Receipt Date SPE/CPO Notified of Disposition Major acquisition (Yes/No) GAO Case number Contracting officer/contact info Assigned GSL Attorney Current Status (Open/Complete/Closed) Moving forward, OCPO will establish lesson learned notes that summarize key findings from protests. OCPO will also provide information from the protest logs and lessons learned to operations leadership with the goal of refining solicitation design, evaluation practices, and procurement timelines for modernization initiatives.

TAS Response	The IRS's existing logs provide a strong foundation for the acquisition protest analytics and lessons-learned program TAS recommends. The data fields identified in the IRS response (including procurement identifiers, protester information, protest forum, protest grounds, disposition, corrective action, estimated contract value, and major acquisition status) should allow the agency to identify recurring issues and improve future procurements if the information is captured consistently and analyzed systematically. To fully implement the recommendation by September 30, 2026, the IRS should ensure the program goes beyond recordkeeping. The value of protest analytics lies in using the information to identify preventable errors, recurring friction points, time-to-award impacts, repeat protest patterns, and corrective actions that could have been avoided through clearer solicitations, better evaluation documentation, or earlier legal and quality assurance review. TAS supports the IRS's commitment to provide protest log information and lessons learned to operations leadership and encourages the IRS to use this information to refine modernization procurement timelines and reduce delays that ultimately affect taxpayers.

TAS Recommendation	**[2-6] Review major acquisitions for protest risk.** By September 30, 2026, ensure pre-award protest-risk quality assurance reviews for major modernization acquisitions to confirm that solicitation requirements are unambiguous, evaluation criteria are faithfully applied, and the award decision is fully documented before contract award.

IRS Response	The IRS does not agree to implement the TAS recommendation. The IRS currently has quality assurance practices and controls implemented within the pre-award acquisition process that help mitigate protest risk and strengthen procurement integrity. These practices and controls include the following which cover the scope of this recommendation: **Solicitation Package Review** - QA conducts structured reviews of solicitation packages to promote clarity, consistency, and compliance including: • Verification of required Federal Acquisition Regulation (FAR) clauses, department clauses, and regulations; • Review of Statement of Work (SOW) / Performance Work Statement (PWS) / Statement of Objectives (SOO) to clarify and align with acquisition strategy; • Confirmation of clear and consistent proposal instructions; • Review of Source Selection Plan (SSP) and Technical Evaluation Plan (TEP) for alignment of solicitation criteria; and • Review of supporting acquisition documentation (*i.e.,* market research). **Evaluation Documentation Review** – • Alignment of evaluation findings with solicitation criteria; • Support for strengths, weaknesses and ratings with proposal citations; • Verification of traceability between evaluation factors and conclusions; and • Review of award decision memorandum for defensible tradeoff rationale and technical acceptability. Additionally, QA maintains ongoing dialogue with IRS General Legal Services (GLS) to remain informed of evolving protest risks and legal interpretations affecting source selection documentation. GLS maintains responsibility for assessing protest risk associated with source selection documents with QA focused on compliance. QA uses protest log data to identify recurring themes and corrective action patterns and incorporates lessons learned into internal review checklists and guidance.
IRS Action	N/A

TAS Response	The IRS response identifies several quality assurance practices that are materially related to TAS's recommendation. Reviews of solicitation packages, SOWs, PWSs, SOOs, source selection plans, technical evaluation plans, evaluation documentation, award decision memoranda, and coordination with General Legal Services all help strengthen procurement integrity and reduce protest risk. TAS recognizes these existing controls and views them as partially responsive to the recommendation. The remaining gap is not the absence of review activity but rather the lack of a formal, risk-focused pre-award review process for major modernization acquisitions. TAS recommends a specific safeguard for high-impact procurements. For example, before award, the IRS should confirm that solicitation requirements are unambiguous, evaluation criteria were applied as written, and the award decision is fully documented and defensible. General compliance checks and *post hoc* use of protest data do not fully substitute for a structured pre-award protest-risk review with defined triggers, scope, documentation, and accountability. TAS continues to recommend that the IRS formalize such a process by September 30, 2026, building on the review controls and legal coordination the IRS already has in place.

TAS Recommendation	**[2-7] Implement immediate procurement process improvements within IRS control.** While broader FAR reform proceeds, the IRS should expand enhanced post-award debriefings to reduce protest risk; create a procurement protest analytics and lessons-learned program; conduct pre-award protest-risk quality reviews for major modernization procurements; leverage Chief Counsel assistance when appropriate; and use performance-based, phased contracts where possible to validate vendor capability before scaling.
IRS Response	The IRS agrees to implement the TAS recommendation in part.

IRS Action	In addition to the IRS response implementation efforts described in Recommendations 2-4, 2-5, and 2-6, which would be applicable to this recommendation as well, the IRS will continue to leverage Chief Counsel assistance when appropriate. The IRS follows the Treasury Debriefing and Explanation Guide, which provides that regardless of the method of debriefing (but especially if the debriefing is written), the COs should ensure that their assigned Legal Counsel has been consulted, and the contract file documented accordingly. This Guide also recommends consulting legal counsel as part of the debriefing preparation, which the IRS routinely follows as part of its standard procedures. Furthermore, the IRS acquisition policies require the COs to request and ensure legal counsel is present at a debriefing when a contractor's legal counsel will be in attendance. As part of addressing this recommendation, the IRS agrees to use performance-based, phased contracts, where possible, to validate vendor capability before scaling. Additionally, OCPO will issue policy communication to stakeholders on continuing to leverage Chief Counsel assistance and will provide training on using performance based, phased contracts.
TAS Response	The IRS has agreed to several concrete actions that would improve modernization and transformation procurements, including continued use of Chief Counsel assistance when appropriate, policy communications and training, and use of performance-based, phased contracts where possible to validate vendor capability before scaling. These are meaningful steps. Phased, performance-based contracting is particularly important for projects like ZPI, where the IRS must confirm that vendors can perform accurately and timely at filing season scale before relying on them for core processing functions. However, this recommendation remains only partially addressed because several of the recommended safeguards are still discretionary or incomplete. Enhanced post-award debriefings are not yet the default for major modernization procurements; the protest analytics program must still be formalized and used to drive lessons learned, and the IRS has not committed to a structured pre-award protest-risk review for major modernization acquisitions. TAS continues to recommend that the IRS adopt these practices as routine controls for major modernization procurements, with documented exceptions where appropriate. These improvements are within the IRS's control and need not await broader FAR reform. Implemented together, they would reduce avoidable protests and corrective actions, improve vendor accountability, validate capability before full-scale deployment, and protect taxpayers from modernization delays that result in slower refunds, unresolved correspondence, and prolonged account uncertainty.

MSP #3: Telephones: The IRS Does Not Accurately Measure the Quality of Telephone Service

PROBLEM

Taxpayers calling the IRS are often seeking help with urgent and stressful issues, such as an unexpected notice, a delayed refund, a pending deadline, an inability to make a payment, or uncertainty about their tax obligations. For many taxpayers, particularly those without reliable internet access or the ability to access or navigate online tools, calling the IRS is the most direct and sometimes only way to resolve these problems.

When the IRS fails to provide quality telephone service, taxpayers suffer real and measurable harm. They may receive incorrect or incomplete information, miss filing or payment deadlines, incur penalties and interest, or spend the time to make repeated calls without resolution. These experiences undermine taxpayer *rights to quality service* and *to be informed* and can erode trust in the tax system.

Vulnerable populations bear this burden more heavily. Low-income taxpayers, older individuals, rural residents, and taxpayers with limited English proficiency rely disproportionately on telephone assistance. These taxpayers report lengthy wait times, dropped calls, repeated transfers, and conversations with representatives who cannot fully resolve their issues. When these taxpayers cannot get the help they need, they are more likely to fall out of compliance through no fault of their own.

Poor telephone service also creates a cycle of frustration and inefficiency. When a taxpayer's issue is not resolved during a call, the taxpayer must call back, send correspondence, or seek assistance elsewhere. This increases taxpayer burden and places additional strain on IRS resources. To break this cycle, the IRS must measure telephone service in a way that reflects what taxpayers actually experience, including whether they can reach the IRS, receive accurate and respectful assistance, and resolve their issue – preferably on the first contact.

From a taxpayer's perspective, telephone service does not operate in a vacuum. When paper returns, amended returns, and correspondence go unprocessed for months, taxpayers are left without answers and often have no choice but to call the IRS for updates or clarification. Staffing decisions that emphasize meeting telephone Level of Service (LOS) targets without addressing these delays can unintentionally worsen backlogs in other service channels, pushing more taxpayers onto the phones and forcing them to make repeated calls about the same unresolved issue. When success is measured primarily by answered calls rather than timely resolution across all channels, the result is not reduced burden but a shifting of that burden onto taxpayers.

TAS Recommendation	
	[3-1] Adopt an alternative service metric that measures taxpayers' telephone experience. By the end of FY 2026, adopt an alternative metric of service for telephones that measures the taxpayer experience, including outcome-based attributes related to quality, first contact resolution, and the impact of staffing decisions on paper processing and correspondence inventories.

IRS Response	The IRS agrees to implement the recommendation in full.
IRS Action	Accounts Management (AM) has already replaced the Level of Service (LOS) metric with the Assistor Service Rate (ASR), implemented on January 26, 2026. We also have other metrics already in place including Average Speed of Answer (ASA), Average Handle Time (AHT), and various Quality metrics. In addition, AM has been working with the Joint Operations Center to come up with an overall Customer Response Rate (CRR) that combines the new ASR (LOS + Live Chats) with "paper" cases that are customer-driven including Individual Masterfile/Business Masterfile adjustments, Identity Theft, Refund Inquiry, Centralized Authorization File/Reporting Agents File, Employee Identification Number, and miscellaneous. The annual receipts for these paper programs are added to the calls/live chats received, and the annual closures are added to the calls/live chats answered to provide an overall percentage of taxpayer inquiries resolved. After additional review and approval by IRS leadership, the CRR is scheduled to be implemented by October 1, 2026.
TAS Response	The new CRR measure has the potential to fully address the recommendation; however, it must include qualitative aspects that measure whether the taxpayer's issue was resolved. Outcome-based measurements must capture more than merely whether the taxpayer was able to communicate with a live agent, voicebot, or chatbot; they must capture the quality of service provided to the taxpayer.

TAS Recommendation	**[3-2] Track disconnected calls.** By the end of FY 2026, implement procedures to track, identify, and analyze the causes of disconnected calls while taxpayers are speaking with a CSR.

IRS Response	The IRS does not agree to implement the TAS recommendation. The IRS currently tracks call abandons and maintains data on both primary and secondary abandons. Primary abandons occur where a taxpayer disconnects before selecting an option and being placed in queue for a representative. The IRS also tracks secondary abandons, which occur after a selection is made, the caller was waiting for a CSR but hangs up prior to getting connected to the CSR. However, while the IRS captures data on these events, it does not have the technological capability to reliably determine the specific cause of a disconnection during a live assist interaction—such as whether the call was terminated by the taxpayer, the CSR, or due to a technical issue. As a result, the IRS is unable to systematically identify and analyze the reasons for these dropped calls without extensive manual review of call recordings, or technology that can scan and monitors vast volumes of contacts. The IRS will continue to evaluate potential options to enhance visibility into call disconnections as technology and resources allow.
IRS Action	N/A
TAS Response	To address the recommendation, the IRS should consider permitting a taxpayer at the beginning of the call to opt-in to a survey on their experience, including providing preferred follow-up contact information, and providing the caller the opportunity to complete a survey even if the call ends in a disconnect.

TAS Recommendation	**[3-3] Provide an online tool for reporting negative CSR experiences.** By the end of FY 2026, establish an online submission tool for taxpayer feedback and reporting negative CSR experiences.

IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	The IRS currently captures taxpayer feedback through existing post-call survey processes, where a statistically valid sample of individual and business taxpayers are invited to provide feedback at the conclusion of their interaction. These surveys collect information on the quality of service and actions taken during the call. The IRS will study how to improve taxpayers' ability to submit feedback and evaluate options to enhance digital feedback capabilities, including the potential development or expansion of an online submission tool. The IRS cannot commit to implementing a standalone online submission tool by the end of FY 2026 but will continue to assess feasible improvements to the taxpayer feedback experience, dependent on resources and funding.
TAS Response	The current post-call survey process does not capture some types of taxpayer interactions, particularly unsuccessful ones. An online submission tool would be another opportunity for capturing feedback from taxpayers whose interaction ended via a disconnect, or whose call was not successfully routed to the appropriate type of assistance. Those types of interactions represent an important part of the taxpayer experience with the IRS and must be measured to provide an accurate picture of how well the IRS is serving taxpayers.

TAS Recommendation	**[3-4] Adopt a service metric that measures taxpayers' chatbot and voicebot experience.** By the end of FY 2026, adopt a metric of service for chatbots and voicebots that measures the taxpayer experience, including attributes related to the quality of service provided and whether the IRS resolved the taxpayer's issue.
IRS Response	The IRS states this recommendation has already been implemented.

IRS Action	The IRS already collects data from surveys from the chatbot and voicebot experience. At the end of chatbots there is a link provided or while using voicebot there is an option to complete a survey. Both surveys ask if the taxpayer was satisfied with the IRS Automated Chatbot/Voicebot, the IRS Chatbot/Voicebot was easy to use, the IRS automated Chatbot/Voicebot helped me with my issue and then allows the taxpayer to leave comments on what they liked or disliked about the IRS Chatbot/Voicebot.
TAS Response	Surveying users to only measure satisfaction limits the usefulness of the data collected. More robust data collection is necessary to identify the root cause of interactions that fall short of the taxpayer's expectations, leave the taxpayer feeling dissatisfied, or fail to resolve the taxpayer's issue. Adopting a metric that measures the quality of service provided will allow the IRS to better identify opportunities to improve the taxpayer experience when interacting with voicebots and chatbots.

TAS Recommendation	**[3-5] Prioritize Taxpayer 360 deployment.** Expedite deployment of the Taxpayer 360 platform by the end of FY 2026 to enhance all CSRs' access to taxpayer data and research, enabling quicker, more accurate responses and increased first contact resolution.
IRS Response	The IRS states this recommendation has already been implemented.

IRS Action	The IRS has taken significant steps toward enhancing employee access to integrated taxpayer data and research tools. Deployment of the Taxpayer 360 (TP360) Research Companion was completed for all Accounts Management Customer Service Representatives (CSRs), Lead CSRs, and IMF/BMF Customer Experience Representatives (CERs) as of February 16, 2026. Access was subsequently extended to CSR Frontline Managers on February 27, 2026, ensuring that both assistors and their leadership have consistent visibility into the same integrated taxpayer information and research capabilities. The TP360 Research Companion will improve the accuracy and timeliness of responses to taxpayer inquiries. This deployment supports the IRS's broader modernization goals by streamlining workflows and enhancing the employee experience. The team is building additional capabilities to include call management, disclosure, the ability to view select scanned images, and capture call notes within the TP360 platform. These capabilities will be rolled out to a small subset of users throughout 2026 based on organizational readiness including user, operational and technical performance metrics. In addition, integration with the Finesse telephone platform and the Accounts Management Services (AMS) system will further strengthen operational efficiency. These integrations allow for improved call handling, better alignment of taxpayer account data with live interactions, and more seamless case documentation. Together, these capabilities reduce handling time, minimize the need for duplicate data entry, and support more effective resolution of taxpayer issues during initial contact. The IRS will continue to monitor system performance, gather user feedback, and implement iterative improvements to ensure TP360 and its associated integrations deliver sustained value and align with evolving service needs.
TAS Response	The IRS's planned actions will fully implement the recommendation.

MSP #4: Independent Office of Appeals: Taxpayers and Tax Professionals Continue to Raise Concerns About Independence, Undermining Public Confidence in the Appeals Process

PROBLEM

Congress created the IRS Independent Office of Appeals (Appeals) to provide taxpayers a fair and impartial forum to resolve tax disputes without litigation. Appeals is central to tax administration. Each year, it resolves a substantial share of controversies, promotes taxpayer compliance, and strengthens public trust by demonstrating that IRS decisions can be reviewed independently and resolved equitably to both taxpayers and the government.

When Appeals falls short of this mission, the harm to taxpayers is immediate and concrete. Extended delays before a case reaches an Appeals Officer (AO), inconsistent case handling, limited transparency, and perceptions that decisions are being driven by IRS compliance functions instead of applying the hazards of litigation to the facts and law deny taxpayers timely and impartial consideration. These deficiencies create

prolonged uncertainty, higher costs, and diminished confidence that the system is fair. In some cases, taxpayers abandon the administrative path altogether and turn to litigation simply to obtain some sense of action. Such breakdowns erode taxpayer rights, increase burdens on the courts, and risk weakening the tax administration system.

TAS Recommendation	
	[4-1] Establish enforceable timeliness standards from protest to conference. Create and publish binding timelines for the full Appeals path, including: (i) Exam rebuttal after a protest, (ii) transfer to Appeals after rebuttal or waiver, (iii) Appeals receipt to assignment, and (iv) assignment to initial contact and opening conference. Track milestone compliance and report results annually.

IRS Response	The IRS does not agree to implement TAS recommendations (i) and (ii) but states recommendations (iii) and (iv) have been implemented in part. Parts (i) and (ii) of this recommendation pertain to LB&I and SB/SE Examination as the suggested actions would take place while a case is in Compliance jurisdiction. Appeals is responsible for parts (iii) and (iv) of the recommendation as those suggested actions would occur while a case is in Appeals jurisdiction. LB&I and SB/SE Examination do not agree with Parts (i) and (ii) of this recommendation. Existing published guidance already establishes timeliness expectations when a taxpayer requests an Appeals conference. Under IRM 4.10.8.12.9.3(3), when a formal written protest or small case request is received, the group must review the protest within seven days to determine whether it meets the requirements of Publication 5. As part of that review, the examiner evaluates any new facts, legal arguments, or issues to determine whether additional development is required, the report should be modified, or a rebuttal should be prepared. Cases requiring additional development are treated as priority work and receive expedited consideration. Further, IRM 4.10.8.12.9.3.1 provides that, to meet general case-closing time frames, all required actions — including securing consent, rebutting protest, and conducting a group manager conference — should generally be completed within twenty days of receipt of the protest, unless additional development is necessary. In addition to these timeframes, examination procedures emphasize consistent and transparent communication with taxpayers throughout the unagreed case process. Examiners are instructed to take timely action upon receipt of a protest, including preparation of a prompt and thorough rebuttal. Cases are updated to Status Code 13 upon issuance of a 30-day letter, which facilitates monitoring and promotes timely case actions. Case managers are also responsible for ensuring timely review and transfer of cases to Appeals following closure from Examination. Examination cases vary significantly in scope, size, and complexity. While existing guidance provides structured timeframes, it also allows flexibility when a protest involves significant factual or legal complexity. Establishing rigid, uniform timelines for all cases—without regard to case-specific circumstances—could hinder effective case resolution and create inefficiencies rather than improve timeliness. For these reasons, LB&I and SB/SE believe current IRM provisions appropriately balance enforceable timeliness standards with the flexibility necessary to address the varying complexity of examination cases. See: IRM 4.10.8.2.4.4, *Time Frames for Closing Cases from the Group*; IRM 4.10.8.12, *Unagreed Case Procedures;* IRM 4.10.8.12.7(6), *Issuing 30-Day Letters*; IRM 4.10.8.12.9.3, *Request for Appeals Conference*; IRM 4.10.8.12.9.3.1, *Timely Actions – Request for Appeals Conference*; and IRM 4.46.5.7.3, *30-Day Letter Follow-Up.*

IRS Action	Where the second half of this recommendation is concerned (Parts (iii) and (iv)), Appeals appreciates TAS's suggestions for improving the taxpayer experience and partially agrees to implement those over which we have control. In part, Appeals has already adopted the spirit of the recommendations in that we currently track and internally monitor the time it takes for cases to be received and assigned to an Appeals technical employee (ATE). Appeals must consider every case that is protested, and each protested case involves unique facts and circumstances that must be considered independently. As a result, ATEs require the flexibility necessary to give each taxpayer's case the time and attention it deserves. In addition, Appeals is concerned that mandatory time limits in assigning cases to employees who will not be able to commence work on the case in a short period of time create an environment where potential reassignment and taxpayer confusion could occur as well as inefficiencies related to multiple ATE involvement. We will continue to search for ways to streamline our processes to improve tax administration and the taxpayer experience.
TAS Response	The IRS correctly notes that parts of the protest-to-conference process occur in Compliance, that existing IRM provisions establish expectations for reviewing protests and taking follow-up actions, and that complex cases require flexibility. However, those existing provisions have not resolved the taxpayer-facing problem identified in this Most Serious Problem. Taxpayers continue to experience long, unexplained delays after timely invoking their right to independent Appeals review. TAS is not recommending rigid deadlines that disregard case complexity. Rather, TAS recommends published, enforceable milestone standards with appropriate exceptions, follow-up communication when additional time is needed, management review, and annual reporting. Organizational responsibility for particular stages of the process does not eliminate the IRS's obligation to provide taxpayers with a coherent end-to-end path from protest to initial Appeals contact. Appeals' internal tracking of receipt and assignment times is useful, but internal monitoring does not substitute for taxpayer-facing standards or accountability. Without clear timeframes for Exam rebuttal, transfer to Appeals, Appeals assignment, and initial contact, taxpayers cannot know whether their cases are moving, delayed for a valid reason, or stalled in the handoff between functions. TAS therefore continues to recommend enforceable timeliness standards for the full path from protest to conference.

TAS Recommendation	**[4-2] Reaffirm AO independence in developing settlements.** Revise the IRM to emphasize that AOs independently evaluate facts, law, and hazards of litigation and develop settlement proposals, even when final approval rests with Appeals Team Managers or Appeals Team Case Leaders. Reiterate that TGC and Counsel input is advisory and require supervisory review to document concurrence or disagreement with the AO's hazards analysis.

IRS Response	The IRS states this recommendation has already been implemented in part.
IRS Action	Appeals has in place a range of guidance directing ATEs to objectively negotiate and resolve cases based on their evaluation of the facts, law, and applicable hazards of litigation. In most cases, both the ATE and the Appeals Team Manager (ATM) sign resolution documents, and they collaborate with each other and other functions within Appeals to ensure that Appeals, as an institution, is providing taxpayers with high-quality service that is internally consistent and independent from other organizations within the IRS. Appeals has the right to seek Counsel advice under IRC 7803(e)(6)(B), but this occasional consultation is in no way inconsistent with Appeals standard practice of arriving at our own determination regarding the applicable hazards of litigation and the appropriate resolution of a case. This approach and our independence was reaffirmed and refined in recently published IGM AP-08-0326-0006. Further, Appeals communicates in training and otherwise internally the independent role its mission requires and how that objectivity is reflected in Appeals' hazards of litigation determinations. Separately, Appeals domestic and international specialists are Appeals employees that work closely with ATEs to assess the factual and legal hazards of a case. With the large variety of issues heard in Appeals, ATEs may not be experts in all issues involved in a taxpayer's case. Appeals' specialists are an important resource for ATEs in resolving cases with similar facts and circumstances in a consistent and fair manner. Appeals continually seeks opportunities to reiterate and reinforce the importance of each ATE evaluating the facts, applying the law to the facts, and weighing factual and legal litigating hazards for possible case resolution. The role of the Appeals specialist is to provide technical support and advice. Further, for the limited number of issues involving Review and Concurrence, ATEs work collaboratively with the Appeals specialist, and if there is ever disagreement, the issue should be elevated for resolution through both leadership chains.

TAS Response	TAS agrees that Appeals may seek Counsel advice under IRC § 7803(e)(6)(B), that Appeals specialists can provide important technical assistance, and that ATM or Appeals Team Case Leader (ATCL) approval may be appropriate to promote quality and consistency. TAS does not object to advisory input, technical consultation, or supervisory approval. The concern is whether that input becomes, or is perceived as becoming, outcome determinative. Practitioners continue to report that AOs may feel constrained by informal expectations, generalized hazards ranges, technical guidance, or Counsel views rather than conducting a case-specific evaluation of the taxpayer's facts, applicable law, evidentiary strengths and weaknesses, and hazards of litigation. Existing guidance, training, and elevation procedures are helpful but do not fully implement the recommendation. TAS continues to recommend that Appeals revise the IRM to state expressly that (1) AOs independently develop settlement proposals; (2) Counsel, Technical Guidance Coordinators (TGC), and specialist input is advisory; and (3) supervisory review document concurrence or disagreement with the AO's hazards analysis when outside input materially affects the recommended resolution.

TAS Recommendation	**[4-3] Increase transparency of outside input and closing rationale.** Require AOs to document when Counsel or TGC input is sought and the issue consulted on. If advice was provided, include a brief non-privileged summary in the administrative file. Automatically provide taxpayers a redacted ACM at closure or treat ACMs as internal-only unless shared with the taxpayer on equal terms.
IRS Response	The IRS does not agree to implement the TAS recommendation. In most Appeals cases, including when Counsel or Treasury General Counsel (TGC) input is sought and received, the outcome and reasoning are shared with taxpayers and the full results are documented in the administrative record. ATEs and taxpayers also discuss the legal and factual considerations of a case through the conferencing process. Disclosing Counsel advice is also inconsistent with IRC 7803(e)(6)(B), which provides Appeals with the authority to seek legal assistance and advice from the Office of the Chief Counsel, because such disclosure could have a chilling effect on the nature and depth of this advice, which is privileged. ATEs prepare ACMs to document the recommended resolution of a case for approval or concurrence by their manager. ACMs function as an internal management tool intended to ensure that case resolutions are properly supported and memorialized. They are shared with Compliance as Compliance is not present for the full Appeals conference. We are presently evaluating potential ACM policies and receiving input from a number of stakeholders regarding our treatment of ACMs going forward.

IRS Action	N/A
TAS Response	TAS does not recommend disclosure of privileged legal advice or materials protected by law. The recommendation can be implemented without violating privilege by documenting when AOs sought Counsel, TGCs, or other non-ATE input; identifying the consulted issue; and including a brief non-privileged summary of the input or its effect on the case, as appropriate. The IRS's statement that taxpayers receive the outcome and reasoning through the conference process does not fully address the transparency concern. Oral discussion is not a durable written rationale, and taxpayers may not be able to reconstruct whether outside input influenced the resolution. A limited non-privileged written explanation would improve procedural fairness without chilling privileged legal advice. The ACM issue presents a separate fairness concern. As the NTA has stated repeatedly over the years, if the ACM is an internal management tool, it should remain internal and not be shared with Compliance. If Appeals shares the ACM with Compliance, then a redacted version should be provided to the taxpayer at closure on equal terms. Evaluating future ACM policies is a positive step, but it does not implement the recommendation or resolve the current asymmetry.

TAS Recommendation	**[4-4] Require taxpayer consent for Counsel attendance in Appeals conferences.** Obtain affirmative taxpayer consent before Counsel or Compliance attends an Appeals conference. Limit attendance to situations where Appeals determines that having Counsel or Compliance in the conference is necessary to address novel, difficult, or factually intensive issues, or where the taxpayer requests their participation. Appeals should provide advance notice explaining the reason for attendance and publish annual data on attendance rates and outcomes.
IRS Response	The IRS states this recommendation has already been implemented in part.

IRS Action	Appeals conferences can be divided into three segments: • The first phase – the pre-conference – provides Compliance with the opportunity to appear before Appeals to discuss the issues, the taxpayer's protest, and Compliance's written rebuttal. Pursuant to ex parte requirements, the taxpayer is offered an opportunity to participate in the pre-conference; • The middle phase, in which the taxpayer traditionally presents its position to the Appeals team. Compliance/Counsel are generally absent from this phase, but can attend at the invitation of the ATE; and • The final phase, which is limited exclusively to the taxpayer and the Appeals team, and where the ultimate settlement negotiations take place. Although Appeals has the authority to do so, we do not routinely invite Compliance or Counsel to attend Appeals proceedings beyond the pre-conference. The discretion to request Compliance/Counsel participation in the middle phase can be a valuable tool that allows ATEs to hear from both sides in real time to clarify factual disagreements and the parties' legal positions. Nevertheless, we already generally limit this participation to the most complex and contentious cases. Even then, Compliance/Counsel are excluded from the settlement negotiations which occur during the third and final phase of the Appeals conference. To underscore Appeals restraint in this area, and to memorialize the parameters under which we operate, we published targeted Interim Guidance in December 2025. See AP-08-1225-0051. This guidance implements a number of TAS's recommendations and, among other things: • Requires managerial approval for Compliance/Counsel participation in all but the largest cases, which typically fall within the ATCL category; • Sets forth a non-exclusive list of factors for ATMs and ATCLs to consider when determining whether to allow Compliance/Counsel participation such as the existence of factual/legal complexity or nationwide importance/precedential uncertainty; and • Mandates that when Compliance/Counsel will be participating in an Appeals conference, all parties hold an Expectations Meeting, unless waived by the taxpayer. Among other things, this provides advance notice to the taxpayer regarding the attendance of Compliance/Counsel.

TAS Response	The interim guidance described by Appeals is a constructive step. Managerial approval, factors limiting when Counsel or Compliance may participate, advance notice, and an Expectations Meeting can help reduce unnecessary participation and clarify roles. Those safeguards, however, do not fully address the recommendation. Advance notice and an Expectations Meeting are not affirmative taxpayer consent. Nor does exclusion from final settlement negotiations eliminate the concern that the presence of Counsel or Compliance during the taxpayer-facing presentation phase may make the conference appear adversarial rather than independent. TAS recognizes that Appeals may benefit from outside consultation and that some complex cases may require real-time clarification of factual or legal issues. But participation by non-Appeals personnel in the taxpayer-facing portion of the conference should occur only with the taxpayer's affirmative consent or at the taxpayer's request. At a minimum, Appeals should publish annual data on Counsel and Compliance attendance, taxpayer objections or waivers, case categories, and outcomes so the IRS and stakeholders can evaluate whether the new guidance protects Appeals' independence in practice.

TAS Recommendation	**[4-5] Allow taxpayers to verify that an appeal protest was received.** Create an indicator that can be added to the taxpayer's transcript when the IRS receives an appeal. Include indicators on the taxpayer's transcript and online account.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	The IRS plans to develop transcript and online account indicators for certain Collection cases once a complete appeal is received and transferred to Appeals, subject to prioritization and system constraints (target implementation: September 30, 2027). IRS does not support an indicator with our current exam systems because of administrative requirements and possible increase in systemic errors during case closing procedures that can cause delays.

TAS Response	The IRS's plan to develop transcript and online account indicators for certain Collection cases is a positive step, and TAS recognizes that system limitations may require phased implementation. But the planned action is too narrow and too delayed to address the full problem. Limiting the indicator to certain Collection cases after a complete appeal has been transferred to Appeals leaves Examination cases and the pre-transfer "black hole" largely unaddressed. That is the stage where many taxpayers most need confirmation that their protest was received and is moving through the process. TAS recognizes the IRS's concern that current Exam systems may create administrative burdens or systemic-error risks. Those concerns support pilots, controls, phased implementation, or limited status indicators. They do not justify excluding Exam cases altogether. TAS continues to recommend transcript and online account indicators showing (1) receipt of an Appeals request, (2) transfer to Appeals, (3) assignment, and (4) key status changes for both Collection and Exam cases.

TAS Recommendation	**[4-6] Modernize communication and file access through a unified digital portal.** Provide individual and business taxpayers a secure portal, through the IRS online account or an Appeals interface, for document upload, secure messaging, and real-time status tracking from protest to closure. Ensure Appeals' current system exchanges status and file data with originating functions so all parties rely on a single authoritative record.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	Currently, Appeals has several systems that facilitate direct and secure communication between individual and business taxpayers and the IRS. This includes, for example, a secure messaging digital communication portal as well as a secure document upload tool. Appeals also maintains a customer service line to help taxpayers determine whether their cases have reached Appeals. While Appeals does not currently have a unified digital portal, Appeals and Information Technology (IT) agree that such a portal would be beneficial for individual and business taxpayers and would significantly enhance the taxpayer experience. Development of a portal will be evaluated as part of broader IRS technology initiatives and implemented when feasible based on available resources and system priorities.

TAS Response	The IRS correctly notes that Appeals has secure messaging, document upload tools, and a customer service line, and TAS agrees these tools are useful. The IRS also appropriately acknowledges that a unified portal would significantly improve the taxpayer experience. However, the existing tools remain fragmented and do not provide a single authoritative record, real-time status tracking, unified file access, or seamless data exchange between Appeals and the originating functions. A customer service line is not an adequate substitute for secure digital status information that taxpayers and representatives can access directly. Further, a commitment to evaluate a unified portal when feasible is not sufficient without milestones, ownership, and defined requirements. TAS continues to recommend that the IRS establish a modernization plan for a unified Appeals portal that includes secure messaging, document upload, digital file access, real-time status tracking from protest to closure, and data exchange with originating functions so all parties rely on one authoritative record.

TAS Recommendation	**[4-7] Embed litigation-focused training into performance expectations.** Require annual AO training on hazards-of-litigation analysis, evidentiary concepts, administrative law, negotiation, and taxpayer rights. Institutionalize Tax Court observation for all AOs and count training and courtroom exposure toward Critical Job Elements.
IRS Response	The IRS agrees to implement the TAS recommendation in part.

IRS Action	Appeals already provides significant hazards of litigation (HoL) training to ATEs during their mandatory new hire training classes. To further augment this training, we are exploring a recurring Continuing Professional Education (CPE) requirement on HoL. As currently envisioned, we would make this CPE dynamic and meaningful by incorporating real world case studies, that include HoL analysis and evidentiary concepts, simulations, and scenario-based exercises to strengthen practical application of HoL, including the application of a judicial and impartial approach to dispute resolution, negotiations, and taxpayer rights. The feasibility and frequency of this training are currently under consideration. Because we already view these topics as crucial aspects of our ATEs core responsibilities, we already offer such training in a variety of forms. We agree with TAS that additional training of the kind described above is always helpful and we plan to make it available wherever possible. Moreover, we already support Tax Court observation and the attendance of Tax Court proceedings by our ATEs.
TAS Response	Appeals' existing new-hire hazards-of-litigation training, support for Tax Court observation, and exploration of recurring CPE are important accomplishments. TAS agrees that practical training using case studies, evidentiary concepts, simulations, negotiation exercises, and taxpayer-rights principles would strengthen AO decision-making. Still, the IRS's response remains incomplete because it does not commit to annual training, establish a required curriculum, institutionalize Tax Court observation for all AOs, or tie training and courtroom exposure to Critical Job Elements. Training made available "wherever possible" may be displaced by inventory pressures, particularly when caseloads are high. TAS continues to recommend that Appeals embed litigation-focused training into AO performance expectations. Required annual training and structured Tax Court observation would strengthen independent hazards analysis, reduce overreliance on Counsel or technical advisors, and improve the quality and timeliness of Appeals resolutions.

TAS Recommendation	**[4-8] Reinvigorate ADR with measurable goals and accountability.** Direct the ADR PMO to set targets for ADR offers, acceptance, resolution rates, and time to resolution by program and Business Operating Division. Require good-faith ADR consideration in eligible cases, and incorporate ADR use into managerial performance measures. Beginning FY 2027, include ADR training as a Critical Job Element in Compliance and Appeals, as appropriate.
IRS Response	The IRS states this recommendation has already been implemented in part.

IRS Action	ADR reinvigoration has been an active priority of the IRS and the Alternative Dispute Resolution Program Management Office (ADR PMO) since FY 2024. The ADR PMO, in collaboration with impacted BODs, is accountable for ADR performance, and ADR programs have seen considerable recent success. For example, during FY 2024 and FY 2025, ADR case receipts have increased by over 60%. Moreover, ADR programs have continued to operate within the targeted timeframes set forth in the IRM (120 days for LB&I cases, 60 days for SB/SE cases). To promote transparency, we circulate a wide range of ADR data within the IRS monthly and will be publishing much of that same data in the IRS Data Book. Appeals and Compliance have also put procedures in place that limit denials of ADR requests to only those relatively few cases ineligible or inappropriate for ADR. Collectively, we continue to provide ongoing training regarding Fast Track Settlement (FTS), Post Appeals Mediation (PAM), and the importance of facilitating the appropriate use of ADR throughout the examination and Appeals process. Undue reliance on targets and deadlines can be counterproductive in an ADR environment which is compromise based and often dependent on the positions taken by taxpayers. For example, saying "no" is always quicker and easier than engaging in the type of good-faith negotiations needed to reach a mutually acceptable resolution between the parties. Also, care must be taken to avoid the type of outcome-based goals that could have the unintended consequence of encouraging people to work toward satisfaction of artificial metrics, rather than encouraging efforts to settle cases where appropriate and consistent with the applicable hazards of litigation.
TAS Response	Appeals has taken meaningful steps to reinvigorate ADR, including establishing the ADR PMO, increasing ADR receipts, circulating internal ADR data, planning to publish data in the IRS Data Book, limiting denials of ADR requests, and continuing training on FTS and PAM. TAS also agrees that ADR metrics should not create settlement quotas or pressure employees to resolve cases contrary to the merits. The recommendation, however, calls for program management metrics, not outcome-based settlement quotas. Measures such as ADR offers, taxpayer acceptance or declination, reasons for denial, resolution rates, time to resolution, and results by program and business operating division would help identify barriers and improve access without compromising neutral, hazards-based decision-making. Additionally, recent gains should be measured against the historically low use of ADR and continuing reports of inconsistent awareness, support, and consideration across Appeals and Compliance. TAS continues to recommend measurable ADR goals, good-faith consideration in eligible cases, managerial accountability for appropriate ADR use, and ADR training as a Critical Job Element, where appropriate. Without accountability across both Appeals and Compliance, ADR is unlikely to become a reliable early-resolution path for taxpayers.

MSP #5: Tax Pro Account: Online Accounts for Tax Professionals Lack Critical Functionality Required to Effectively Represent Taxpayers

PROBLEM

When taxpayers receive an IRS notice, face an audit, or are subject to collection action, many cannot navigate the process on their own. They rely on tax professionals to understand what the IRS is asking, respond accurately and on time, and protect them from unnecessary penalties, interest, and enforcement actions. For these taxpayers, effective representation is often the difference between timely resolution and prolonged financial distress. As of the end of fiscal year (FY) 2025, tax practitioners had approximately 11 million active authorizations for individual taxpayers to receive taxpayer information or represent taxpayers before the IRS. These authorizations are the mechanism by which the IRS permits representatives to assist in resolving audits, responding to notices, addressing collection issues, and handling other account-related matters and are essential to helping resolve issues. They are fundamental to timely issue resolution.

Yet, despite taxpayers' heavy reliance on and the critical role of tax professionals within tax administration, the IRS's digital tools for representatives fall far short of what is needed. As a result, taxpayers and their representatives must still rely heavily on paper forms, postal mail, portals, fax submissions, and telephone calls, methods that are slow, labor-intensive, and mostly. These inefficiencies predictably result in higher representation fees for taxpayers.

The consequences fall squarely on taxpayers. This lack of a fully functional digital platform imposes burdens on taxpayers, who experience delays in case resolution, prolonged exposure to penalties and interest, and increased representation costs, and the IRS, which must devote substantial staff time to activities that it could otherwise automate or allow tax professional self-service. Until Tax Pro Account is equipped to meet the day-to-day needs of taxpayers who rely on professional representation, taxpayers will continue to face unnecessary obstacles in exercising their *right to retain representation*.

TAS Recommendation	**[5-1] Expand Tax Pro Account functionality.** Provide authorized tax professionals with access to all features available to individual and business taxpayers' online accounts by the end of FY 2026.
IRS Response	The IRS agrees to implement the TAS recommendation in part.

IRS Action	The IRS supports continued expansion; however, full feature parity by the end of FY 2026 is not achievable based on our current capacity and prioritization. The next expansion will include enabling payments on behalf of business taxpayers and providing authorized access to individual digital notices and letters.
TAS Response	Although the IRS may not be able to bring a comprehensive set of features to Tax Pro Account by the end of FY 2026, the agency continues to expand the available features. The IRS should continue working toward a comprehensive Tax Pro Account.

TAS Recommendation	**[5-2] Add POA and TIA upload tool to Tax Pro Account.** Allow tax professionals to upload executed Forms 8821 and 2848 directly through Tax Pro Account regardless of whether the client has an online account.
IRS Response	The IRS does not agree to implement the TAS recommendation. Tax Pro Account currently provides functionality for tax professionals to view and manage active Forms 2848 (Power of Attorney) and Forms 8821 (Tax Information Authorization) associated with their linked CAF numbers, including authorizations submitted digitally or through paper processing. Tax professionals can link their Centralized Authorization File (CAF) number within Tax Pro Account to access these authorizations. For new digital authorizations, Tax Pro Account requires the taxpayer to authenticate and approve the request through their IRS Online Account. This authentication step aligns with the National Institute of Standards and Technology Special Publication 800-63-3, Digital Identity Guidelines, and is a critical safeguard to protect taxpayer information and prevent unauthorized access. Accepting uploaded, executed Forms 2848 and Forms 8821 through Tax Pro Account does not meet current security and identity assurance requirements for reliably authenticating taxpayer signatures and preventing unauthorized submissions. The IRS continues to see strong utilization of existing capabilities. In FY 2025, more than 170,000 authorizations were created and over 600,000 were withdrawn through Tax Pro Account. The IRS will continue to evaluate enhancements to expand access and usability while maintaining robust security and identity protection standards.

IRS Action	N/A
TAS Response	TAS understands the IRS's concerns about incorporating an authorization upload tool within Tax Pro Account. However, the IRS already provides this tool outside of Tax Pro Account. Given the important role of tax professionals in tax administration, the IRS should continue exploring ways to help tax professionals access taxpayer data easily, quickly, and accurately, while safeguarding taxpayer data.

TAS Recommendation	**[5-3] Expand Tax Pro Account authorization tool.** Allow tax professionals to use the Tax Pro Account authorization tool for all types of taxpayers who can create an online account. Additionally, simplify multi-representative authorizations and add a bulk withdraw feature.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	IRS understands practitioners want broader eligibility, simpler multi-representative workflows, and more consistent system performance. Expanding eligibility to additional taxpayer types remains under evaluation, including enhancements such as bulk authorizations withdrawal. However, completion of this action will depend on prioritization.
TAS Response	Tax professionals play an important role in tax administration. Helping them access taxpayer data easily, quickly, and accurately is essential. Although the IRS is not able to fully expand the Tax Pro authorization tool immediately, continuing to improve the tool is beneficial. The IRS should continue working toward a comprehensive Tax Pro authorization tool.

TAS Recommendation	**[5-4] Promote online accounts and new functions.** Increase awareness of new online account functionalities by timely highlighting the new additions and their uses on the online account pages and in email alerts.
IRS Response	IRS agrees to implement the TAS recommendation in full.
IRS Action	The IRS will continue to promote awareness of new online account functionalities through a coordinated communications strategy that highlights new features and their uses. This includes updates on IRS.gov, targeted messaging within online account platforms, and outreach to taxpayers and tax professionals through established channels such as Nationwide Tax Forums and other stakeholder engagements. Efforts will also include expanding the use of instructional resources to demonstrate new features and functionality of Tax Pro Account. These materials will be made available on IRS.gov, including Tax Pro landing pages, to support taxpayer and practitioner adoption of online tools. These efforts will be balanced with other prioritized enhancements and critical maintenance needs and remain dependent on prioritization.
TAS Response	The IRS's planned actions will fully implement the recommendation.

TAS Recommendation	**[5-5] Provide transparency on development priorities.** Publish a public roadmap by the end of FY 2026 with quarterly public updates post-FY 2026 detailing planned online account enhancements, scope, timelines, and anticipated benefits, and solicit stakeholder input at least annually.

IRS Response	The IRS does not agree to implement the TAS recommendation. IRS understands the importance of transparency around development timelines, particularly for tax professionals planning their operations. The IRS maintains an internal development roadmap that guides sequencing and resource decisions. While there are no current plans to publish a formal public roadmap in the near term, we provide updates when new features are released and share planned enhancements through established practitioner forums and communications channels.
IRS Action	N/A
TAS Response	TAS understands the IRS's concerns with sharing development timelines publicly. However, the IRS should share development timelines with internal stakeholders to ensure prioritization correctly reflects taxpayer and tax professional needs.

MSP #6: Records Access: Taxpayers Face Delays and Inadequate Responses to Their Administrative Requests for Records From the IRS

PROBLEM

Taxpayers and their representatives often struggle to obtain records from the IRS that they need to advocate for their positions and understand the agency's rationale for its decisions. This lack of access leads to unnecessary frustration, repeated calls and correspondence with the IRS, and confusion among IRS employees who may incorrectly believe confidentiality rules or privileges prevent them from releasing information. As a result, taxpayers may submit multiple requests to different IRS employees and under the Freedom of Information Act (FOIA), which, in turn, may exacerbate backlogs and delays in producing documents. For time-sensitive information, taxpayers may not receive it before statutory or procedural deadlines expire, depriving them of their *rights to be informed* and *to a fair and just tax system.* Timely access to records is not a luxury – it is essential to ensuring due process and meaningful participation in administrative proceedings.

TAS Recommendation	**[6-1] Implement more effective technology and automation tools to improve redaction and document review.** Effective software or automated processes should be implemented to reduce manual labor in reviewing documents and to better explain redactions and withholdings.
IRS Response	The IRS agrees to implement the TAS recommendation in full.
IRS Action	The IRS is implementing new technology and automation tools this fiscal year to improve both redaction and document review processes. The IRS is leveraging Robotic Process Automation (RPA) technology among other things, to assist with case creation and advanced "search & find" technology for redaction of records. In addition, he IRS launched a collaboration tool within FOIAXpress, which improves system capabilities providing a collaborative environment to request share, review, and redact documents, including capturing explanation of records withheld. This significantly enhances the Freedom of Information Act (FOIA) workflow process while eliminating time consuming manual steps, fostering improved communication, efficiency, and delivery of records throughout the FOIA lifecycle.

TAS Response	TAS appreciates the IRS's commitment to implement new technology and automation tools to improve redaction and document review processes. In adopting new technology, the IRS should ensure these tools improve outcomes for taxpayers and tax professionals, not just internal processing efficiency. TAS encourages the IRS to track and share whether the new processes reduce response times, improve explanations of redactions and withheld records, decrease duplicative or follow-up requests, and better protect taxpayers' *rights to be informed* and *to a fair and just tax system.*

TAS Recommendation	**[6-2] Establish a FOIA response team to conduct searches on behalf of IRS employees when the FOIA request relates to that employee's own work.** When a FOIA request that is not a first-person request seeks records associated with an IRS employee, such as an IRS executive, a neutral team of records specialists should conduct the search on the employee's behalf. These records specialists should be knowledgeable about relevant records and applicable privilege rules, understand the case management systems and record types in the employee's business unit, and have the technological expertise necessary to search for, locate, and prepare responsive records.
IRS Response	The IRS states this recommendation has already been implemented in part.
IRS Action	The IRS has existing practices in place that coincide with this recommendation and are utilized by many IRS business units. Each business unit has discretion on who conducts searches based on their subject matter expertise of the records, systems, and technological ability to adequately search for, locate, and prepare responsive records. This ensures that FOIA "reasonable search" requirements are met while maintaining compliance with FOIA, Privacy, and Disclosure laws. Each FOIA requester is afforded notification of rights to adjudicate disputed matters, including FOIA searches, through administrative appeals and/or judicial remedies and provided access to the IRS FOIA Public Liaison and/or The Office of Government Information Services (OGIS).

TAS Response	TAS remains concerned that the IRS's decentralized approach does not fully address the problem identified in this recommendation. Although some business units may have practices for conducting searches, leaving each business unit to determine who should search for responsive records can result in inconsistent practices. This also places IRS employees in the difficult position of navigating FOIA search obligations, privilege issues, case management systems, and document preparation without sufficient support. PGLD (or another appropriate group within IRS) should take a more active role in helping business units establish and train neutral, knowledgeable search teams and ensuring employees understand the resources available and the steps required to conduct adequate searches. Also, while requesters may have administrative appeal, judicial, public liaison, or OGIS options, those remedies can be time-consuming, burdensome, and costly. The IRS should not rely on requesters to enforce adequate search practices case by case; it should create a more consistent, accountable process that ensures FOIA requests are handled properly from the outset.

TAS Recommendation	**[6-3] Address authentication barriers and continue improving the FOIA online portal.** The IRS should proactively identify and resolve authentication barriers that prevent users from accessing the FOIA online portal, make necessary fixes to ensure accessibility for all users, and consider developing features tailored to tax professionals who submit requests on behalf of taxpayers. The IRS should regularly solicit and incorporate user feedback to identify persistent problems and prioritize meaningful enhancements.
IRS Response	The IRS states this recommendation has already been implemented.
IRS Action	The IRS already has established procedures and protocols in place which align with this recommendation. Any FOIA requestor using the IRS online portal, Public Access Link (PAL), for submission of FOIA requests and/or retrieval of responsive records who experiences any issues (including authentication barriers) has multiple avenues to contact the IRS for prompt resolution. In addition, the IRS monitors and analyzes system optimization, including patterns or systemic user issues and promptly resolves them, including vendor engagement as warranted. The IRS is not currently aware of any issues or barriers that exist in relation to authentication or accessibility for FOIA users.

TAS Response	TAS is concerned by the IRS's position that it is unaware of authentication or accessibility barriers with the FOIA online portal, particularly because tax practitioners identified these issues to TAS as recurring problems. If the IRS's existing feedback channels are not surfacing these concerns, the IRS should evaluate whether those channels are sufficiently visible, accessible, and effective for taxpayers and representatives who experience portal difficulties. TAS encourages the IRS to proactively investigate reported authentication barriers, regularly solicit feedback from taxpayers and tax professionals, and use that feedback to prioritize meaningful portal enhancements, including features tailored to representatives submitting requests on behalf of taxpayers. The IRS should not treat the absence of internally identified issues as evidence that barriers do not exist; rather, it should ensure its processes are capable of detecting and resolving them.

TAS Recommendation	**[6-4] Publish examples of standard or default document requests.** The IRS should develop and publicly post clear, plain-language guidance identifying common types of taxpayer document requests, including standard categories and sample requested language. Providing these examples would help taxpayers and tax professionals submit more precise requests, reduce processing delays, and improve the efficiency and accuracy of FOIA requests.
IRS Response	The IRS states this recommendation has already been implemented.
IRS Action	The IRS currently assesses and publishes requisite information within the FOIA section on IRS.gov. IRS.gov contains a vast amount of information on how taxpayers can obtain their records, including existing digital channels, such as Individual Online Account (IOLA), Business Tax Account (BTA), or Tax Pro Account for tax professionals – offering individual and business taxpayers access to refund status, tax records, payments, notifications, and tax professionals to view power of attorney authorizations and taxpayer information. The IRS also has a robust FOIA Library, where frequently requested records are maintained for public consumption. In addition, the FOIA section on IRS.gov lists the most requested taxpayer documents and contains guidance on properly obtaining those records whether it be through the agency directly or through FOIA. These public pages explain how to file a FOIA request, the requirements, explanations of categories of requesters, fees and the waivers available. The FOIA section also contains suggested language and sample letters for submitting a FOIA request.

TAS Response	TAS appreciates that the IRS has published information on IRS.gov about how taxpayers can obtain records and submit FOIA requests. However, tax professionals reported to TAS that clearer examples of standard or default document requests would be useful, suggesting the existing guidance may not be sufficiently visible, clear, or practical for users. Information that technically exists on IRS.gov does not meaningfully assist taxpayers or improve FOIA processing if taxpayers and representatives cannot easily find it or determine how to apply it to their circumstances. TAS encourages the IRS to review its current FOIA webpages from the user's perspective, improve the organization and plain-language presentation of sample request language, and consider additional examples tailored to the records taxpayers and tax professionals most commonly seek. Clearer and more accessible guidance would help requesters submit more precise requests and would reduce unnecessary delays and burdens for both taxpayers and the IRS.

TAS Recommendation	**[6-5] Require affirmative consent before narrowing FOIA requests.** For first-person requests, narrow the scope of requests only when the requesters have affirmatively agreed to the narrowing and do not treat the lack of a response as consent.
IRS Response	The IRS states this recommendation has already been implemented.
IRS Action	The IRS already has established policies and the Internal Revenue Manual in place that reflect the principles described in the recommendation. Determining the scope of each request requires a reasonable interpretation based on the information provided in each request. The IRS will continue to confirm this interpretation with the requester when applicable. Affirmative consent will continue to be required when rescoping a request. The IRS will continue to assess policies to ensure they remain effective and aligned with FOIA, Privacy, and Disclosure laws.

TAS Response	Although the response indicates a commitment to getting affirmative consent when rescoping a FOIA request, TAS remains concerned that, in practice, some IRS correspondence appears to narrow requests by default unless the requester affirmatively objects within a short period of time, including by excluding taxpayer-provided documents and certain correspondence. Tax professionals have reported difficulty reaching IRS Disclosure employees to dispute these limitations, meaning requests may be narrowed without any meaningful interaction or actual consent. Although this approach may improve efficiency from the IRS's perspective, it can deprive taxpayers and representatives of the requested records they need to understand the IRS's position. The IRS should ensure its procedures require actual affirmative consent before narrowing first-person requests, and it should not treat a requester's silence, especially where communication barriers exist, as agreement to limit the scope of the request.

TAS Recommendation	**[6-6] Waive user fees for low-income taxpayers requesting records.** Create fee waivers for low-income taxpayers who request tax return and other taxpayer records, including requests submitted on Form 4506 and other requests for taxpayer records, where applicable.
IRS Response	The IRS does not agree to implement the TAS recommendation. User fees associated with requests for taxpayer records, including those submitted on Form 4506, are established in accordance with federal cost recovery requirements and applicable Treasury guidance. These fees are intended to partially offset the administrative costs of providing such services. Current fees recover only a small portion of overall program costs, and waiving fees for certain populations would further reduce cost recovery and require additional resources to support program operations. The IRS also provides several no-cost alternatives for taxpayers to obtain their tax information. Taxpayers may access a variety of transcripts free of charge through IRS Online Account, Get Transcript, or by mail, including tax return transcripts, account transcripts, wage and income transcripts, and record of account transcripts. These options provide most of the information typically needed without requiring payment of a user fee.
IRS Action	N/A

TAS Response	TAS encourages the IRS to evaluate whether its free alternatives adequately meet the practical needs of low-income taxpayers and their representatives. When taxpayers need copies of tax returns or other records that are not readily available through free alternatives, user fees can create a meaningful barrier for low-income taxpayers and for representatives who assist multiple low-income clients. While cost recovery through fees is a valid goal, efforts to increase revenue should not outweigh the burden imposed on taxpayers who lack the ability to pay.

TAS Recommendation	**[6-7] Maintain and expand "Frequently Requested Records" on IRS.gov.** The IRS should regularly update and expand the list of Frequently Requested Records on IRS.gov to ensure it reflects current taxpayer needs and commonly requested materials, and provide clear guidance in the IRM directing employees how to identify, categorize, and proactively post such records.
IRS Response	The IRS states this recommendation has already been implemented.
IRS Action	The IRS currently maintains a robust FOIA Library, where frequently requested records are maintained for public viewing, commensurate with FOIA proactive disclosure requirements. Additionally, the Chief FOIA Officer Report is published annually and highlights "proactive disclosures" the IRS makes each fiscal year. The IRS also seeks to improve "proactive disclosures" Service wide by routinely issuing an updated FOIA Obligations and Transparency Memo to all IRS employees to remind them of their responsibilities in proactively disclosing information as well as releasing information directly to requesters who have the right to that information without having to submit a FOIA request. Proactive disclosures guidance is also included in the Internal Revenue Manual, including other resources, for IRS employees when publishing records on IRS.gov. The main challenge for IRS is that most FOIA requests primarily deal with records protected under Title 26 United States Code §6103. These records are legally required to be protected and cannot be proactively disclosed.

TAS Response	The IRS should not view baseline compliance with FOIA's proactive disclosure requirements as the end goal; it should strive to make the FOIA Library a meaningful tool that reduces unnecessary requests and improves public access to information. The FOIA Library contains a number of outdated items in the frequently requested records section that the IRS could easily update by linking to current materials. TAS continues to encourage the IRS to regularly review and update its frequently requested records, including correcting outdated links or materials, and to provide clear IRM guidance for identifying and posting records that are repeatedly requested. Although IRC § 6103 limits what the IRS may disclose publicly, that limitation should not prevent the IRS from proactively posting records that have already been appropriately reviewed and redacted for disclosure to requesters who are not asking for their own information, where legally permissible. A more active and user-focused approach would improve transparency, reduce duplicative FOIA requests, and better support taxpayers' *rights to be informed* and *to quality service*.

TAS Recommendation	**[6-8] Develop metrics to evaluate the effectiveness of Respond Directly and drive improvement.** The IRS should establish and regularly review performance metrics for Respond Directly, including usage rates, turnaround times, and taxpayer satisfaction. These metrics should be used to identify gaps, prioritize improvement, and assess how enhancement to Respond Directly can reduce duplicative FOIA requests for the same information.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	The IRS currently collects and evaluates metrics on Respond Directly in some business units. While the IRS already uses metrics for turnaround times, it will consider establishing procedures to track usage rates and will seek to collect metrics from additional business units. However, the IRS does not agree to establish metrics for taxpayer satisfaction because the costs would outweigh any benefits.

TAS Response	TAS appreciates the IRS's agreement to consider expanding Respond Directly metrics and is encouraged that some business units already collect and evaluate turnaround-time data. TAS experienced difficulty obtaining this data from the IRS during preparation of the Annual Report to Congress, with multiple business units stating that the information TAS requested is not tracked. The IRS should ensure that all relevant business units understand that this data is available and the importance of consistently tracking it. Metrics on usage rates, turnaround times, and outcomes can help the IRS identify where taxpayers are receiving records directly and where gaps continue to lead to unnecessary FOIA requests. Although TAS understands the IRS's concern about the cost of taxpayer satisfaction metrics, the IRS should remain focused on whether Respond Directly actually meets taxpayer needs. Faster internal processing is valuable only if taxpayers and representatives receive the correct records in a useful and timely manner. A more consistent and outcome-focused measurement process would help the IRS improve access to records, reduce duplicative FOIA requests, and better protect taxpayers' *rights to be informed* and *to quality service*.

MSP #7: Centralized Authorization File: Systemic Failures Undermine Taxpayer Rights to Representation, Due Process, and Quality Service

PROBLEM

For many taxpayers, authorizing a qualified representative is essential to navigating the IRS. Taxpayers facing audits, collection actions, identity theft, or financial hardship often rely on tax professionals to interpret notices, communicate with the IRS, and protect their rights. The IRS's Centralized Authorization File (CAF) is the mechanism that enables this representation by recording powers of attorney and tax information authorizations.

When the CAF process breaks down, taxpayers are the ones who bear the consequences. Delays in processing Forms 2848 and 8821, inconsistent rejection of valid authorizations, and sudden suspension of representatives' CAF numbers can abruptly sever a taxpayer's access to their chosen representative. Taxpayers may suddenly discover that their representative can no longer access account information, receive or respond to IRS correspondence, or intervene before automated enforcement actions proceed. In these moments, taxpayers are left to navigate the IRS alone, often without understanding what went wrong or how to fix it.

These failures are not isolated or rare. Each year, millions of taxpayers submit authorization forms so that the IRS can communicate with their representatives. Yet the CAF system continues to rely on outdated, manual processes that struggle to handle this volume. As a result, taxpayers may miss deadlines, receive incorrect notices, experience unnecessary enforcement actions, or endure prolonged uncertainty while their cases remain unresolved even when they have done everything required to authorize a representative to act on their behalf. This harms the taxpayers' *rights to be informed, to quality service,* and *to retain representation.*

TAS Recommendation	**[7-1] Establish a dedicated CAF contact channel.** Make direct contact information for the CAF Unit readily available to authorized tax professionals who are experiencing authorization delays, rejects, or CAF number suspensions. This contact channel, whether through telephone, live chat, or other technology, should be separate from the PPS line and staffed by specialists trained in CAF protocols, CAF internal routing systems, and CAF database troubleshooting.

IRS Response	The IRS does not agree to implement the TAS recommendation. The CAF Unit does not provide direct contact channels for taxpayers or representatives, and establishing a separate communication channel dedicated to CAF inquiries would require the development of new systems, processes, and staffing models. At this time, the resources necessary to implement and sustain such a capability are not available. Tax professionals currently have access to assistance through existing service channels, including the Practitioner Priority Service (PPS), which is designed to address a broad range of account-related and authorization inquiries. The IRS will continue to evaluate opportunities to improve service within existing channels, including enhancements to training and internal processes related to CAF operations.
IRS Action	N/A
TAS Response	In conversations with a wide range of tax professionals, it was clear that they have been unable to obtain timely assistance from the CAF Unit. And calls to the Practitioner Priority Service (PPS) provided limited resolution to representatives calling about authorization inquiries, as customer service representatives (CSRs) often lack the authority or information needed to address CAF issues. PPS representatives are trained as generalists in account management rather than in the complexities of the CAF system. Consequently, they are frequently unable to resolve complicated CAF processing errors, mismatches, or unexplained delays. Flooding the PPS line with either routine or urgent CAF status questions slows down resolution times for standard account inquiries. To address these challenges, TAS recommended implementing a pilot chat feature within the existing Tax Pro Account to optimize limited resources. TAS further suggested that the IRS should consider an alternative solution involving expanding the authority of PPS line CSRs, empowering them to address and resolve a broad spectrum of CAF issues instead of transferring the call to another line for assistance. While TAS appreciates the IRS evaluating opportunities to improve service within existing channels, TAS believes the IRS needs to commit to doing more to resolve this issue and to uphold the *rights to quality service* and *to a fair and just tax system.* Allowing for quicker resolution of CAF-related issues will lead to reduced processing delays, prevent repeated resubmission of forms, and result in a more efficient tax administration system.

TAS Recommendation	**[7-2] Reduce reliance on manual processing.** Adopt a technology-based solution, whether Tax Pro Account, OCR, or another technology solution, which reduces reliance on human transcription and assists in digitalization of paper submissions.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	The CAF function has collaborated with the Robotic Process Automation (RPA) team to automate aspects of CAF processing through Taxpayer Digital Communication (TDC) submissions, thereby reducing reliance on manual transcription. A soft launch of the RPA bot for Form 8821 was implemented on February 13, 2025. A broader deployment on March 28, 2025, expanded automation to include Form 2848 and incorporated enhancements to Form 8821 processing. The IRS continues to work with the RPA team to increase the volume of submissions processed through automation within TDC.
TAS Response	TAS appreciates IRS efforts using Robotic Process Automation (RPA) to automate aspects of CAF processing. We were aware of these two improvements in early 2025; however, based on conversations with tax practitioners after the deployment of RPA, they reported continued issues. The IRS's action focuses on TDC submissions, but our recommendation extends further, advocating for technology solutions that facilitate the digitization of paper submissions and minimize human transcription throughout the CAF process. The IRS response does not clarify how the IRS will reduce manual entry for authorizations received by mail, fax, eFax, in-person, hand delivery, or forms routed to CAF by other IRS functions. Nor does it identify expected volumes, processing-time goals, accuracy targets, reject-rate reductions, or taxpayer-centered measures showing that automation will help taxpayers obtain representation sooner. TAS supports the IRS's use of automation, but the IRS needs to do more to ensure the initiative produces meaningful taxpayer outcomes. Partial automation of TDC submissions is welcome, but it does not yet address the broader challenges posed by the manual, error-prone CAF processing system. Perhaps, the IRS can also expand RPA technology to be used with eGain in the TDC process. TAS also suggested the IRS could improve its Enterprise File Storage system. TAS urges the IRS to further prioritize operational efficiency and service within the CAF program, including shortening authorization processing times, reducing errors, and improving service delivery.

TAS Recommendation	**[7-3] Standardize electronic signature acceptance across all IRS channels.** Standardize e-signature acceptance for all POA forms. The acceptance of electronic signatures for IRS Form 8821 and IRS Form 2848 submissions should be made uniform across all channels and methods of submission to eliminate confusion and ensure a consistent, modernized approach to third-party authorization.

IRS Response	The IRS does not agree to implement the TAS recommendation. We appreciate the NTA's commitment to improving efficiency and eliminating confusion in the submission process for Forms 2848 and 8821. Regrettably, and after review and careful consideration, we have determined that this recommendation cannot be adopted. Forms 2848 and 8821 can be submitted to the IRS through: mail; traditional fax; electronic fax (eFax); in-person; hand-delivery; the Submit Forms 2848 and 8821 Online Taxpayer Digital Communication (TDC) submission portal (https://www.irs.gov/tax-professionals/submit-forms-2848-and-8821-online); and Tax Pro Account (https://www.irs.gov/tax-professionals/tax-pro-account). Ultimately, the IRS plans to fully standardize electronic signatures across the TDC and Tax Pro Account platforms, while maintaining the availability of handwritten, wet ink signatures for the traditional submission methods of mail, fax, and in-person delivery. Regarding the electronic submission of Forms 2848 and 8821 via the TDC submission portal and Tax Pro Account, they relate to section 2302 of the Taxpayer First Act of 2019. Section 2302 requires the IRS to publish guidance to establish uniform standards and procedures for the acceptance of taxpayers' electronic signatures on "any request for disclosure [under IRC 6103(c)] of a taxpayer's return or return information to a practitioner" and on "any power of attorney granted by a taxpayer to a practitioner," including Forms 2848 and 8821. In response to section 2302, the IRS implemented the TDC submission portal and accelerated implementation of Tax Pro Account to meet the statute's requirements. Further, in connection with the mandate to establish "uniform standards and procedures," the IRS published, in December 2019, new IRM 10.10.1, IRS Electronic Signature (e-Signature) Program, (revised in 2023 and 2024). It sets forth the IRS's e-Signature policy, which is specifically designed for electronic transactions, such as Tax Pro Account. The IRS continues to develop Tax Pro Account, which is fully compliant with IRS e-Signature policy, by adding new features and functionalities to meet the needs of taxpayers and tax professionals. While Tax Pro Account was in its initial development and prior to its first release, the IRS created the TDC submission portal as both an interim solution and a long-term alternative to faxing and mailing of the forms. To accommodate this new method (given the forms are not signed in electronic transactions with the IRS), the IRS adopted certain security measures: placing the portal within e-Services and specifically limiting its use to individuals with Secure Access accounts, who must first log into their accounts to use the portal and also attest that they have authenticated the taxpayer's identity if the taxpayer electronically signs Form 2848 or 8821 in a remote transaction. Any electronic signatures on forms submitted in-person or by mail, fax, or eFax do not comply with the IRS approved e-Signature policy because the signatures do not occur in electronic transactions with the IRS, with the ability to ensure a secure and non-repudiable event. The data elements that are captured and stored within an electronic transaction do not exist in a signed form that is not submitted electronically.

IRS Action	N/A
TAS Response	TAS acknowledges the IRS's focus on safeguarding taxpayer information and appreciates its efforts to ensure that Forms 2848 and 8821 are authenticated through secure and reliable methods. However, the IRS's response does not address the core problem identified in this Most Serious Problem. TAS recommended the IRS standardize the acceptance of electronic signatures on Forms 2848 and 8821 across IRS channels and methods of submission. The IRS's response instead preserves a bifurcated system in which an electronic signature may be accepted in one IRS channel but rejected when the same authorization is submitted by mail, fax, eFax, in-person, or hand delivery. This distinction perpetuates the confusion and inconsistent treatment the recommendation intended to eliminate. Furthermore, Section 2302 of the TFA explicitly directs the IRS to establish "uniform standards and procedures" for accepting electronic signatures on authorizations like Forms 2848 and 8821. By definition, "uniform" means that the standard should be identical, consistent, and unvarying. Maintaining different signature rules based solely on the method of delivery *(e.g.,* rejecting an e-signed document simply because it was sent via fax or mail) is not uniformity. By restricting e-signature acceptance exclusively to the Taxpayer Digital Communication (TDC) portal and Tax Pro Account, the IRS creates an inequitable system. This policy penalizes taxpayers lacking reliable, high-speed internet access, or those who face barriers with online portals. This artificial restriction contributes to high rejection rates for authorizations, delaying taxpayer representation, increasing the backlog of paper correspondence, and wasting valuable IRS customer service resources on repetitive processing tasks. To truly fulfill the mandate of TFA Section 2302 and reduce taxpayer burden, the IRS must adopt a technology-neutral policy so that if an electronic signature meets secure, established standards, it must be accepted across all entry points, including mail and fax. TAS continues to recommend that the IRS develop and publish uniform e-signature standards for Forms 2848 and 8821, update the IRM and public guidance, train employees across all intake points and Business Operating Divisions, and monitor rejection data to ensure consistent application. While protecting taxpayer information is crucial, modern security controls and taxpayer access to representation does not have to be treated as mutually exclusive.

TAS Recommendation	**[7-4] Study ways to shorten and mitigate CAF "pending review" suspensions.** Study and implement ways to shorten the duration of CAF investigations that place CAF numbers in "pending review" status. The IRS should also explore interim measures to minimize disruption to taxpayers and their representatives while reviews are ongoing, particularly when no confirmed compromise exists.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	IRS agrees to engage in a Lean Six Sigma Opportunity (LSSO) Assessment to identify improvement opportunities in the process. The volume of these cases is relatively limited, which may not support significant process changes. Any additional measures will be considered based on operational feasibility, resource considerations, and the need to maintain program integrity.
TAS Response	TAS welcomes the IRS's agreement to engage in a Lean Six Sigma Opportunity (LSSO) Assessment. However, the IRS's justification for minimizing future action, claiming that limited case volume may not warrant significant process changes, fails to recognize the severe, compounding damage these delays inflict on taxpayers and their representatives. Program integrity should not be maintained at the expense of due process. The IRS's focus on the "relatively limited" volume of Centralized Authorization File (CAF) suspensions ignores the catastrophic impact on the affected taxpayers. When a practitioner's CAF number is placed in "pending review" suspension, it triggers an immediate, absolute halt on their ability to represent all of their clients. A single suspension does not impact just one case; it paralyzes a practitioner's entire tax practice and deserves an urgent response. An unmitigated CAF suspension violates the taxpayers' *rights to retain representation* and *to a fair and just tax system.* TAS recognizes that not every case will permit the same interim relief but urges the IRS to make this issue a priority and design a framework that balances fraud prevention with continuity of representation.

TAS Recommendation	**[7-5] Strengthen due process and communication when CAF access is suspended.** Develop standardized procedures that safeguard due process when a tax professional's CAF number is suspended or placed under review. These procedures should include prompt, detailed notices explaining the reason for the review, clear instructions for resolving the issue, and access to a dedicated CAF contact.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	Due to the need to protect personally identifiable information (PII) and prevent unauthorized disclosures, the IRS is limited in its ability to provide detailed notifications or direct contact with tax professionals while a CAF review is ongoing. These safeguards are necessary to ensure the integrity and security of the authorization process. The IRS will enhance publicly available guidance on IRS.gov to better explain the CAF pending review process, including general expectations and steps tax professionals may take to facilitate resolution.

TAS Response	TAS appreciates the IRS's recognition that additional public guidance is needed. Clear, publicly available information can help practitioners understand the CAF pending review process and may reduce confusion. TAS also agrees that the IRS must protect personally identifiable information and prevent unauthorized disclosures while reviewing potential CAF compromise. However, the general guidance on IRS.gov is insufficient when attempting to deliver meaningful due process to a practitioner whose CAF number has been suspended or to the taxpayers who suddenly lose access to their chosen representative. The recommendation called for the adoption of standardized procedures, prompt and sufficiently detailed notices, clear instructions for resolving the issue, and access to a dedicated CAF contact. While public guidance can outline the process in broad terms, it cannot provide practitioners with the specific information needed to resolve their situation, such as what the IRS requires, the status of the review, applicable deadlines, or how quickly imminent taxpayer harm will be resolved. The IRS can provide fair notice without disclosing protected taxpayer information, revealing sensitive investigative details, or compromising security controls. Standardized notices such as CP322 can be improved to identify a general reason category for the review, explain the specific verification steps required, identify the documents or attestations needed, provide realistic timelines, explain consequences of non-response, and provide a secure contact or escalation path. A notice can be useful and actionable while still protecting PII and safeguarding the integrity of the review. Due process in this context does not require disclosure of confidential information rather it requires transparent procedures, timely communication, and a meaningful path to resolution. TAS remains committed to supporting safeguards that protect taxpayer data. But the IRS needs to do more to ensure those safeguards do not unnecessarily impair the taxpayer's *rights to retain representation* or *to quality service.*

TAS Recommendation	**[7-6] Expand Tax Pro Account.** Enhance the Tax Pro Account to serve as a comprehensive digital hub for submitting, amending, and withdrawing authorizations without requiring paper submissions or taxpayer online account access.

IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	The IRS understands the need for Tax Pro Account to provide tax professionals with a comprehensive, secure, and intuitive digital self-service they can rely on to manage their authorization relationships with taxpayers. It delivers efficient, real-time authorization management and reduced reliance on paper submission. The process for requesting and withdrawing authorizations is fast, secure, fully digital, and fully automated. Critically, the digital authorizations submission process is secured through an end-to-end (Tax Pro Account to Individual Online Account) workflow, with user authentication and electronic signature required on each side – tax professional and taxpayer. This two-party authentication and consent model is a key safeguard that helps protect taxpayers and the IRS from unauthorized submissions and fraud. Eliminating the taxpayer's review and approval of authorization using their online account will break the end-to-end secure process and materially weaken identity assurance and signature validation controls and is therefore not appropriate under current security requirements. Withdrawal of authorizations does not require taxpayer online account access.

TAS Response	TAS appreciates the IRS's commitment to a secure authorization process and agrees that taxpayer approval, authentication, and signature validation are critical safeguards. But the Tax Pro Account authorization process remains limited and continues to present usability challenges. Representatives must use other channels when clients do not have an individual online account, when the matter involves a business or other non-individual taxpayer, or when the practitioner needs functionality that Tax Pro Account does not yet provide. When representatives are forced back to TDC, mail, fax, or separate manual processes, taxpayers experience the same delays, avoidable rejections, and representation disruptions that modernization is supposed to prevent. The IRS response largely defends the current design and explains why it does not intend to eliminate taxpayer online approval. It does not identify specific new functionality, milestones, or alternative secure pathways for taxpayers who cannot or do not access an IRS online account. An end-to-end electronic process is valuable, but it is not taxpayer-centric if many taxpayers cannot use it. The phrase "without requiring taxpayer online account access" should not be read to mean "without taxpayer review or approval." TAS's recommendation is that the IRS develop additional secure consent pathways that do not depend exclusively on a taxpayer's ability to access an IRS online account. The IRS should evaluate options such as allowing representatives to upload executed Forms 2848 and 8821 through Tax Pro Account, using electronic signature audit trails, creating time-limited taxpayer approval codes, offering secure assisted authentication, or using video-based or other real-time identity verification, where appropriate. These approaches could preserve taxpayer consent and identity assurance while reducing reliance on paper and manual processing. TAS continues to recommend that the IRS expand Tax Pro Account with measurable milestones and taxpayer-centered alternatives that maintain security while removing unnecessary barriers. The IRS needs to do more to ensure Tax Pro Account becomes the reliable digital hub taxpayers and representatives need.

MSP #8: Social Media: The Negative Tax Influence of Social Media Harms Taxpayers

PROBLEM

Social media has fundamentally changed how taxpayers obtain and consume information about their tax obligations, benefits, and rights. Guidance once sought from trusted professionals and official IRS sources is now increasingly offered by online influencers through short video posts on social media, typically without proper context, verification, or accountability. Social media harbors risks like scams, identity theft, and tax misinformation that often exploit tax complexity and limited tax literacy for influence. Misguided taxpayers can have their entire refunds frozen, incur significant penalties, and suffer long-term financial harm. As social media continues to shape taxpayer behavior at scale, its growing influence poses a direct and urgent threat to taxpayer rights, fairness in tax administration, and confidence in the tax system itself.

TAS Recommendation	**[8-1] Evaluate strategies to address social media risks.** Analyze by September 30, 2026, whether similar strategies to those used to identify and deter ghost preparers can be adapted to address risks driven by social media, including the spread of tax misinformation, scams, and improper claims.
IRS Response	The IRS agrees to implement the TAS recommendation in full.
IRS Action	The IRS agrees to implement TAS's recommendation by building on efforts already underway. The IRS actively issues news alerts, social media content, and other communications in response to identified scams and schemes. IRS also has a large presence at the Nationwide Tax Forums where information on emerging scams is shared, and we encourage tax professionals to take steps to protect themselves and their clients. Return Integrity Compliance Services (RICS) and Communications & Liaison (C&L) collaborate regularly on communication efforts to deliver a multitude of communications that deter misinformation, scams, and improper claims. Further, like the ghost preparer strategy, the Frivolous Return Program offers taxpayers that may have been swayed by social media misinformation the opportunity to self-correct their tax returns to gain alignment with IRS requirements. Frivolous filer penalties are asserted to change taxpayer behavior, dissuading them from relying on elicit advice.

TAS Response	TAS commends the IRS's efforts to protect taxpayers from ghost preparers and other threats. Taxpayers face many types of harmful risks that can cause financial loss, emotional distress, and prolonged uncertainty. The IRS is encouraged to continue testing new strategies to better protect taxpayers from harm.

TAS Recommendation	**[8-2] Leverage TAS as a strategic partner in taxpayer protection.** Partner with TAS to support and enhance anti-fraud educational initiatives and efforts by September 30, 2026, positioning TAS as an advocacy-focused resource for internal and external stakeholders for collaborative taxpayer outreach, engagement, and communications.
IRS Response	The IRS agrees to implement the TAS recommendation in full.
IRS Action	We look forward to continuing to work with TAS to better protect taxpayers by building on our collaborative efforts. We plan to partner with TAS in anti-fraud educational initiatives and efforts.
TAS Response	TAS appreciates the IRS's willingness to collaborate on anti-fraud educational initiatives and efforts.

TAS Recommendation	**[8-3] Strengthen public-private partnerships for social media.** Coordinate partnerships with external stakeholders to develop and implement strategies to enable faster dissemination of timely alerts and warnings to taxpayers across social media platforms by September 30, 2026, helping to intercept misinformation and reduce taxpayer harm.
IRS Response	The IRS agrees to implement the TAS recommendation in full.
IRS Action	The IRS already works closely with a broad network of strong partnerships with key stakeholder groups to advance IRS's outreach, education and compliance goals. These partners – tax professionals, the payroll industry, software providers, small business and tax industry providers and community-facing organizations – play a critical role in extending the IRS's reach, enhancing public trust and supporting taxpayer services. Ongoing engagement with these communities ensures the agency remains responsive to practitioner needs, promotes voluntary compliance and helps deliver timely, accurate information to taxpayers across diverse channels. The IRS regularly and proactively creates materials and content for external partners to distribute across their networks, customers and members. IRS Outreach staff will explore opportunities to connect with the tax pro community, small business advocates and social media influencers in the tax community to develop a social media strategy.
TAS Response	TAS commends the IRS's efforts to maintain a broad partnership network to help expand its reach to more taxpayers. TAS encourages the IRS to continuously explore opportunities to improve its social media strategy. Taxpayers face an abundance of risks that are amplified on social media, including tax misinformation that is inaccurate, incomplete, or misleading. The IRS should work with its partners to develop a strategy to overcome its inherent social media limitations by leveraging the strengths of its partners to timely inform taxpayers about tax misinformation on social media platforms.

TAS Recommendation	**[8-4] Explore security measures for business accounts.** Study and issue a report by September 30, 2026, on the feasibility of establishing monitoring for employer identity verification and Employer Identification Number (EIN) monitoring without increasing burdens on compliant businesses. Consider strengthening authentication requirements for electronic Form W-2 and Form 1099 submissions and offering voluntary protection tools, such as usage alerts, employer-controlled locks, or the EIN equivalent to an IRS Identity Protection PIN.

IRS Response	The IRS agrees to implement the TAS recommendation in full.
IRS Action	The IRS is initiating an effort to evaluate the fraud risks driven by the EIN issuance process and will include TAS representation in that effort. The IRS will issue a report by September 30, 2026, on the feasibility of establishing employer identity verification and EIN monitoring protections that do not increase burden on compliant businesses. Also, we are updating the structure of the Security Summit to include the payroll industry, and are continuing to engage the Social Security Administration to help combat the rising incidence of fraudulent information returns. Currently, the IRS receives electronic Forms W-2 and Forms 1099 through multiple channels, including the Information Returns Intake System (IRIS) for certain Forms 1099. The IRIS platform incorporates authentication, validation, and error-checking processes designed to improve data accuracy and detect potential anomalies. Additionally, information returns are subject to existing systemic checks and filters to identify patterns indicative of fraud or misuse. The IRS will consider opportunities to strengthen authentication requirements for electronic submissions and explore the feasibility of voluntary protection tools, such as usage alerts, employer-controlled locks, or an EIN equivalent to an Identity Protection Personal Identification Number (IP PIN), while ensuring such measures do not impose undue burden on legitimate filers. The IRS will also continue collaboration with partners, including the Security Summit (which is expanding to include the payroll industry) and the Social Security Administration (SSA), to address risks associated with fraudulent information returns.
TAS Response	TAS appreciates the IRS's commitment to fully implement this important recommendation.

TAS Recommendation	**[8-5] Improve tax literacy and taxpayer education.** Develop collaborative partnerships and a plan to focus on tax literacy that efficiently educates taxpayers and reduces susceptibility to tax misinformation by September 30, 2026.
IRS Response	IRS agrees to implement the TAS recommendation in full.
IRS Action	The IRS recognizes that improving tax literacy and reducing the impact of tax misinformation, particularly in the social media environment, requires collaboration beyond the agency. The IRS will consider expanding and strengthening partnerships with external stakeholders, such as state tax agencies, tax software providers, financial institutions, professional associations, educational institutions, and community-based organizations, to develop coordinated strategies that promote accurate tax information and improve taxpayer understanding. Building on existing collaborative models, such as the Security Summit and other public-private initiatives, the IRS will work with partners to amplify accurate messaging, increase outreach through trusted networks, and leverage external platforms to more effectively counter misinformation and educate taxpayers. The IRS will also continue to coordinate internally to support these external efforts, ensuring consistent, clear, and accessible information is disseminated through multiple channels to reach multiple taxpayer populations.
TAS Response	TAS appreciates the IRS's recognition that tax literacy requires significant collaboration. Coordinating a plan for these efforts can help the IRS create greater awareness, educate, inform, and protect taxpayers.

MSP #9: Taxpayers Living Abroad: U.S. Taxpayers Living Abroad Face Severe Compliance Burdens

PROBLEM

U.S. taxpayers living abroad face significant and often overwhelming challenges in complying with their federal tax obligations.[1] Although they live and work under foreign legal, financial, and tax systems, they remain subject to the full scope of U.S. tax laws. As a result, they must navigate not only the complex U.S. tax code but also extensive and confusing international information reporting requirements. The interaction between U.S. tax laws and the tax systems of their countries of residence compounds the complexity. Harsh and disproportionate penalties that may apply even when taxpayers make good-faith mistakes or owe no U.S. tax intensify these burdens.

Despite being aware of these difficulties, the IRS provides limited guidance, minimal resources, and restricted access to IRS systems and services for taxpayers living abroad. As a result, many are forced to pay high fees for professional assistance simply to comply with the law, while others – facing frustration, fear, or confusion – choose not to file at all, or even renounce their U.S. citizenship to escape the complexity. The lack of meaningful IRS support and the excessive compliance burdens undermine taxpayers' ability and willingness to meet their obligations, and infringe upon their *rights to be informed, to quality service, to pay no more than the correct amount of tax,* and *to a fair and just tax system.*

In short, the current system imposes unnecessary harm on U.S. taxpayers abroad, discouraging compliance and eroding trust in the fairness of the nation's tax administration. Unless the IRS takes meaningful steps to improve its services, guidance, and systems for these taxpayers, the frustration and fear experienced by Americans abroad will continue to grow, harming not only them but also the integrity of the tax system as a whole.

TAS Recommendation	**[9-1] Better inform taxpayers abroad of their U.S. tax obligations.** Institute a general awareness campaign for taxpayers living abroad informing them of their U.S. tax and IIR reporting obligations, including specific plain-language guidance on reporting requirements regarding foreign workplace and other retirement and pension plans and exceptions from reporting requirements.
IRS Response	The IRS states this recommendation has already been implemented in part.

IRS Action	The IRS agrees that taxpayers abroad should be better informed about their U.S. tax obligations. We recognize that taxpayers have the right to know what they need to do to comply with tax laws and are entitled to clear explanations of the law and IRS procedures. We continue to look for opportunities to improve services delivered to this taxpayer base. A goal of the IRS is to ensure that all taxpayers with an obligation to pay U.S. tax have the education and assistance that they need. At the same time, the IRS must leverage its resources to focus on the most efficient and effective ways to provide taxpayer service as we address our compliance risks. The IRS will leverage a range of communication channels, including IRS.gov, social media platforms, webinars, and stakeholder partnerships, to deliver consistent, accessible, and actionable information to international audiences. Content will be aligned across channels to reinforce key messages and ensure taxpayers receive timely and accurate information regardless of how they engage with the IRS. In addition, the IRS will continue to expand and enhance digital content and online resources to improve usability and navigation for taxpayers living abroad. The IRS has Webpages on IRS.gov that are consistently being updated as needed to provide useful for international taxpayers.

IRS Action (cont.)	The following webpages are currently available for issues related to international individual taxpayers: • IRSvideos - YouTube (https://www.youtube.com/@irsvideos/search) - this link has several topics videos specifically related to international taxation; • Practice Units | Internal Revenue Service (https://www.irs.gov/businesses/corporations/practice-units) – this link contains information designed to help taxpayers living abroad, resident aliens, nonresident aliens, residents of U.S. territories and foreign students; and • International taxpayers | Internal Revenue Service (https://www.irs.gov/individuals/international-taxpayers) - this page has links to international individuals and international businesses. The links include: o Foreign persons | Internal Revenue Service (https://www.irs.gov/individuals/international-taxpayers/foreign-persons) o Dispute resolution | Internal Revenue Service (https://www.irs.gov/businesses/dispute-resolution) o Individuals living or working in a U.S. Territory | Internal Revenue Service (https://www.irs.gov/individuals/international-taxpayers/individuals-living-or-working-in-a-us-territory) o U.S. citizens and resident aliens abroad | Internal Revenue Service (https://www.irs.gov/individuals/international-taxpayers/us-citizens-and-resident-aliens-abroad) o Foreign Account Tax Compliance Act (FATCA) | Internal Revenue Service (https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca) o Individual taxpayer identification number (ITIN) | Internal Revenue Service (https://www.irs.gov/tin/itin/individual-taxpayer-identification-number-itin) o Contact my local office internationally | Internal Revenue Service (https://www.irs.gov/help/contact-my-local-office-internationally) o Withholding foreign partnership and foreign trust | Internal Revenue Service (https://www.irs.gov/individuals/international-taxpayers/withholding-foreign-partnership-and-foreign-trust) o Reminder to U.S. owners of a foreign trust | Internal Revenue Service (https://www.irs.gov/individuals/international-taxpayers/reminder-to-us-owners-of-a-foreign-trust) o Foreign trust reporting requirements and tax consequences | Internal Revenue Service (https://www.irs.gov/businesses/international-businesses/foreign-trust-reporting-requirements-and-tax-consequences) o Gifts from foreign person | Internal Revenue Service (https://www.irs.gov/businesses/gifts-from-foreign-person) o Certain taxpayers related to foreign corporations must file Form 5471 | Internal Revenue Service (https://www.irs.gov/individuals/international-taxpayers/certain-taxpayers-related-to-foreign-corporations-must-file-form-5471) o Form 926 – Filing requirement for U.S. transferors of property to a foreign corporation | Internal Revenue Service (https://www.irs.gov/individuals/international-taxpayers/form-926-filing-requirement-for-us-transferors-of-property-to-a-foreign-corporation) o Delinquent international information return submission procedures | Internal Revenue Service (https://www.irs.gov/individuals/international-taxpayers/delinquent-international-information-return-submission-procedures) o International information reporting penalties | Internal Revenue Service (https://www.irs.gov/payments/international-information-reporting-penalties) Additionally, the IRS will continue to develop educational letters, update relevant IRS.gov websites, and hold external webinars to further enhance international taxpayers' awareness of their U.S. tax and IIR reporting obligations.

TAS Response	TAS is encouraged by the IRS's acknowledgement that taxpayers abroad need to be better informed about their U.S. tax obligations and its agreement to continue to look for opportunities to improve services delivered to this taxpayer base. There are millions of Americans residing abroad who are subject to complex U.S. tax laws and reporting requirements, but may be unfamiliar with what they need to do to comply. While IRS.gov features related information, some content is difficult to find or may be outdated. A search of "international taxpayers" on the IRSvideos – YouTube home page yields several videos but many are unrelated to international topics. And the first four videos, although relevant to taxpayers living abroad, are between six and 11 years old and contain disclaimers that the information may not be current due to COVID-19 tax relief and recent tax law changes. Similarly, the practice units referenced in the IRS Action response, appear to be job aids and training materials for IRS employees. As such, it seems unlikely that taxpayers living abroad would even be aware of the existence of these resources or how to find them. TAS fully supports the IRS's commitment to continue to develop educational letters, update relevant IRS.gov websites, and hold external webinars to increase international taxpayers' awareness of their U.S. tax and IIR reporting obligations. TAS urges the IRS to also keep in mind the accessibility and ease of use of these materials. If taxpayers living abroad cannot find, access and understand these materials, the utility of these products is minimal.

TAS Recommendation	**[9-2] Expand access to free return preparation and assistance programs.** Work with international groups and U.S. consulates to explore the possibilities of expanding the VITA and TCE programs, including the possibilities of remote and online options, to taxpayers outside of the United States.
IRS Response	The IRS agrees to implement the TAS recommendation in full.

IRS Action	The IRS recognizes that U.S. taxpayers living abroad face unique challenges in meeting their filing obligations and that access to reliable assistance is important. Currently, IRS offers free tax preparation services on military bases overseas, but these services are limited to military personnel. IRS will explore opportunities to expand access to free tax preparation assistance for taxpayers living abroad. This includes looking at potential partnerships with international organizations and considering whether remote or virtual support options could be feasible. IRS will also explore working with U.S. consulates and other international partners to better understand how services might be extended to taxpayers overseas. Any future efforts will depend on prioritization, secure technology, and partnership capacity. Expanding in this area would also require volunteers to be trained to handle the complexities of international tax rules and treaty provisions, which can be challenging.
TAS Response	TAS applauds the IRS's commitment to explore the possibilities of expanding free tax preparation and assistance services to taxpayers living abroad. Helping taxpayers comply with their tax obligations is beneficial to everyone. TAS understands the IRS still faces barriers to implementing this recommendation; however, we urge the IRS to continue working to provide free and reliable assistance to these taxpayers. By expanding these services, the IRS would provide overseas taxpayers with crucial, long-overdue support. TAS looks forward to receiving details regarding the IRS's efforts in implementing this recommendation.

TAS Recommendation	**[9-3] Provide online account access and identity verification options.** Deliver alternative identity verification pathways to online account access with added support for taxpayers abroad who either cannot verify their identity or authenticate through CSPs.
IRS Response	The IRS agrees to implement the TAS recommendation in part.

IRS Action	The IRS and other federal agencies rely on CSPs to conduct identity verification and credential issuance for access to online government services. The IRS currently uses ID.me for access to IRS online accounts that require identity verification. Through ongoing coordination with the IRS, ID.me expanded their service offerings to support U.S. taxpayers living abroad (https://help.id.me/hc/en-us/articles/4415907236375-Verify-with-ID-me-if-you-live-outside-the-U-S-and-have-an-SSN). The IRS is committed to supporting international taxpayer access to online services and will update written guidance on IRS.gov to describe more clearly how the identity proofing process works, especially for online applications which require a higher level of security and privacy. To reduce the burden on taxpayers living abroad as they navigate through the identity verification process, the IRS plans to update guidance on the 'How to Register' page with a section for users that live outside the U.S. These updates will include links to the CSP's step-by-step instructions. Additionally, the IRS plans to update the Secure Access Digital Identity (SADI) sign-in page with a prominent link to the 'How to Register' page. To gain further insight into identity verification options, the IRS will conduct market research on capabilities that could improve the identity proofing process for international taxpayers. Also, the IRS will conduct an analysis of the identity verification process for international taxpayers to inform improvement to the CSP's offerings.
TAS Response	TAS appreciates the IRS's commitment to resolve the verification challenges faced by U.S. taxpayers abroad. The IRS's plan to update guidance on the "How to Register" page and step-by-step instructions is a good step in assisting taxpayer abroad. The IRS's commitment to conduct market research on capabilities that could improve the identity-proofing process for international taxpayers and to conduct an analysis of the identity verification process for international taxpayers to inform improvement is also encouraging. TAS urges the IRS to continue to focus on evaluating the expansion and refinement of identity proofing options that meet the unique needs of this population.

TAS Recommendation	**[9-4] Expand electronic payment and refund capabilities.** Expand the ability to make and receive payments electronically from taxpayers abroad or other alternatives to encourage moving away from paper checks.
IRS Response	The IRS agrees to implement the TAS recommendation in part.

IRS Action	The IRS has engaged in communication campaigns to educate taxpayers about the Executive Order 14247, *Modernizing Payments To and From America's Bank Account*, which requires all government disbursement to be issued electronically. More than 95 percent of all individual taxpayers currently receive refunds through electronic means. The IRS will continue emphasizing the benefits and safety of direct deposit. The IRS also leverages Individual Online Account to securely provide banking information when it is not included on their tax returns. Currently, international taxpayers are unable to receive electronic payments unless they have a domestic bank account. In implementing the Executive Order, the IRS provided international taxpayers a waiver for paper refunds. At this time, there is no scalable or cost-effective solution to support electronic payments for international taxpayers. The IRS is evaluating low-cost and convenient options to enable direct deposit refunds and electronic payment capabilities for international taxpayers and will assess current internal limitations affecting this population. The IRS will evaluate data collected during the filing season, incorporate lessons learned, and consider further actions through 2027.
TAS Response	TAS recognizes that electronic payments can improve speed and security in financial transactions and supports IRS efforts to modernize, particularly efforts that reduce the IRS's dependence on paper. However, for many taxpayers living abroad, electronic payments are not possible and receiving a paper check remains their only option. As there is no scalable or cost-effective solution to support electronic payments to international taxpayers at this time, TAS urges the IRS to implement a process to request an exemption before or at the time of the filing or streamline the exemption process for these taxpayers until it can provide accessible alternatives to them. TAS also encourages the IRS to prioritize evaluating low-cost and convenient options to enable direct deposit refunds and electronic payment capabilities for taxpayers living abroad.

TAS Recommendation	**[9-5] Increase e-filing availability and simplify extension requests.** Increase the number of forms common for taxpayers living abroad that can be electronically filed and consider practical alternatives for taxpayers abroad to electronically request the additional discretionary two-month extension of time to file their income tax returns.
IRS Response	The IRS agrees to implement the TAS recommendation in part.

IRS Action	The IRS will continue to expand electronic filing capabilities for forms commonly used by taxpayers living abroad, consistent with broader modernization efforts and available resources. Increasing e-filing availability remains a priority to improve accessibility and reduce processing delays. The IRS, however, cannot commit at this time to implementing electronic options for requesting the discretionary two-month extension of time to file. Implementation would require system changes and coordination across multiple platforms and will be considered as part of future modernization initiatives.
TAS Response	TAS fully supports the IRS's commitment to expanding electronic capabilities for taxpayers living abroad. Taxpayers abroad continue to face challenges: international mailing delays, time zone differences, and limited access to IRS services. Without an electronic method to request a discretionary two-month extension, taxpayers must continue to rely on less efficient processes that may increase burden and create barriers to compliance. TAS encourages the IRS to evaluate opportunities to incorporate this functionality into future modernization initiatives to improve accessibility for taxpayers abroad. TAS will continue to monitor this issue and advocate for administrative and technological improvements for taxpayers living abroad.

TAS Recommendation	**[9-6] Align e-filing timelines with international filing deadlines.** To reduce unnecessary paper filings, the IRS should extend the e-filing window for international taxpayers through December 15, the final extended due date for many abroad. Alternatively, the agency should create a secure electronic submission option for taxpayers abroad who file after e-file systems close each year.
IRS Response	The IRS does not agree to implement the TAS recommendation. The date on which the IRS closes the MeF system is based on the facts and circumstances of each individual filing season.
IRS Action	N/A

TAS Response	The IRS's response is disappointing and fails to provide any concrete reasons why it is unwilling to consider TAS's recommendation. Paper filing is a problem for not only taxpayers abroad, but also for the IRS itself. While the IRS may be unwilling to extend the e-filing window for taxpayers abroad, its failure to even consider other options for these taxpayers reflects a cavalier disregard for the circumstances and difficulties taxpayers abroad face in meeting their tax obligations. We urge the IRS to reconsider its response and at the minimum explore alternative ways in which taxpayers living abroad could submit returns through electronic means after the close of the MeF system.

MSP #10: International Withholding Relief: Taxpayers Face Long Delays and Hardships With IRS Processes Designed to Offer Relief From International Withholding Requirements

PROBLEM

The U.S. tax system requires upfront withholding on certain payments to foreign taxpayers. In some situations, the required withholding amounts far exceed the taxpayer's actual tax liability. The IRS provides processes through which taxpayers can apply to reduce or eliminate this withholding, but some of these programs suffer from extensive delays and lack effective methods for taxpayers to contact IRS employees to get help with problems. As a result, taxpayers may spend years trying to recover funds unnecessarily withheld, receiving penalty notices for reasons they cannot understand, and paying professionals to help them navigate what feels like an IRS maze with no path out.

U.S. withholding requirements affect both foreign and U.S. taxpayers. People in the United States who make payments to foreign taxpayers may be unaware that they are subject to withholding requirements and can face personal liability not only for failing to withhold but also for associated penalties and interest. As a result, both foreign taxpayers and the people who pay them can unexpectedly receive collection notices and struggle to find a path toward resolution.

TAS Recommendation	**[10-1] Provide a timeline for developing e-filing, online portals, and other digital tools to assist taxpayers with these programs.** Provide a plan for when the IRS will implement e-filing and secure communication portals for FIRPTA, U.S. Residency Certification, Form 8233, and other comparable programs that provide status updates, post copies of correspondence, help taxpayers understand their eligibility for certain programs, complete forms, and allow taxpayers and certain other interested parties to submit messages.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	IRS will develop a timeline for e-filing FIRPTA forms. The FIRPTA Forms 8288, 8288-B and 8288-C are on the electronic development listing for future expansion, and the timing will depend on available resources. The IRS agrees and supports expanding digital tools to improve international withholding relief programs; however, implementation depends on available resources, funding, and IT prioritization. Accordingly, the IRS cannot provide a definitive timeline for full e-filing capability or a comprehensive secure portal for FIRPTA, U.S. Residency Certification, and Form 8233 at this time. The IRS will continue to evaluate digital enhancements as part of its broader modernization strategy, subject to funding and competing priorities.

TAS Response	TAS appreciates the IRS's agreement to develop a timeline for e-filing FIRPTA forms and its support for expanding digital tools for international withholding relief programs. TAS recognizes that funding, resources, and IT prioritization affect the pace of modernization, and that the IRS cannot implement every needed improvement at once. However, these constraints should not lead the IRS to continue pushing these projects down the road without establishing concrete next steps. TAS encourages the IRS to develop and publish realistic interim milestones, continue evaluating secure communication and status-update tools, and ensure these programs remain part of the IRS's broader modernization strategy rather than being deferred indefinitely.

TAS Recommendation	**[10-2] Clearly advise taxpayers about processing delays.** Prominently display average processing times and clear notices of potential delays on IRS.gov pages where taxpayers access the forms for these programs so the taxpayers using them will be likely to see them, have realistic expectations, and be able to make informed decisions about timing.
IRS Response	The IRS states this recommendation has already been implemented in part.
IRS Action	The IRS currently provides processing timeframes on various returns, forms and correspondence on IRS.gov through the Processing status for tax forms IRS webpage (https://www.irs.gov/help/processing-status-for-tax-forms), which is updated on a regular basis. This resource is available to individual and business taxpayers, as well as tax professionals, to help set general expectations regarding processing timeframes. The applicable "About Form [ ]" pages on IRS.gov for forms related to international withholding have been updated with links to the current processing status page. The IRS cannot commit to providing clear notices of specific potential delays on IRS.gov pages. Processing delays can vary significantly based on a range of factors, including workload fluctuations, inventory levels, and case-specific complexities, which change frequently. As a result, maintaining accurate and timely delay-specific notices across all affected programs is not operationally feasible. The IRS will continue to provide general processing timeframe updates and evaluate opportunities to improve transparency within existing capabilities.

TAS Response	TAS recognizes that the IRS has general processing timeframes on the Processing Status page and recognizes that exact delay-specific notices may be difficult to maintain when inventories and case-specific factors fluctuate. However, timeframe information is only useful if taxpayers and representatives are likely to see it, understand it, and appreciate how delays may affect them, particularly in areas where processing has historically been subject to long delays. TAS encourages the IRS to make processing-time information prominent on the pages where taxpayers access these forms, provide plain-language warnings that significant delays may occur, and give taxpayers realistic general expectations even if precise timelines cannot be guaranteed. Clear notice of potential delays is not merely a convenience; it allows taxpayers to plan transactions, manage financial consequences, and make informed decisions consistent with their *rights to be informed* and *to quality service*.

TAS Recommendation	**[10-3] Identify and address the causes of FIRPTA penalty assessments.** Analyze the underlying drivers of failure-to-file and failure-to-pay penalty assessments related to FIRPTA to identify systemic issues and prevent unnecessary penalties before they occur.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	The IRS agrees to consider analyzing the underlying drivers of failure-to-file and failure-to-pay penalty assessments related to FIRPTA to identify systemic issues. Once the initial analysis is complete, the IRS will discuss with appropriate BOD Stakeholders what, if any, steps can be taken to help mitigate any issues and may help prevent unnecessary penalties before they occur. While this review will help inform future improvements, broader changes may depend on modernization efforts and available resources.
TAS Response	TAS encourages the IRS to establish a clear timeline for completing this analysis, share the results with TAS to the extent possible under privacy limitations, and work with the appropriate Business Operating Divisions to implement corrective actions where systemic issues are identified. To the extent resource limitations prevent the IRS from fixing the issues, the IRS should take practical near-term steps to reduce avoidable penalties and appropriately prioritize these changes so that they are not put on hold indefinitely.

TAS Recommendation	**[10-4] Implement AI or other tools to expedite review of certain FIRPTA withholding certificate applications.** Deploy AI or other risk-based algorithms to identify and flag low-risk Form 8288-B applications for expedited review.
IRS Response	The IRS does not agree to implement the TAS recommendation. Form 8288-B processing is currently a paper-based program, which limits the ability to deploy AI or other risk-based algorithms for automated identification and expedited review of low-risk applications. While the IRS is pursuing broader modernization efforts, including the Zero Paper Initiative to digitize paper submissions, the timeline and potential impact of these efforts on FIRPTA processes are not yet determined. The IRS will continue to evaluate opportunities for future enhancements as capabilities evolve.
IRS Action	N/A
TAS Response	TAS understands that the IRS's current paper-based Form 8288-B process limits its ability to deploy AI or other tools for identifying low-risk applications. However, that limitation underscores the broader problem: reliance on paper prevents the IRS from using modern tools that could reduce delays and improve taxpayer service. As the IRS develops e-filing and digital processing for FIRPTA forms, it should build into that modernization plan the ability to use data analytics, risk-based screening, or other tools to identify applications that may be appropriate for expedited review. Although AI or similar tools may be a later-stage enhancement, the IRS should plan for them now so that digitization does more than replicate the existing paper process in electronic form. A modernized FIRPTA process should help the IRS allocate resources more effectively, reduce unnecessary delays, and better protect taxpayers' *rights to quality service* and *to a fair and just tax system*.

TAS Recommendation	**[10-5] Update FIRPTA guidance and regulations to simplify compliance.** Evaluate and update FIRPTA guidance and regulations to reduce unnecessary complexity, including addressing challenges related to return-of-capital transactions and issues arising from lease-accounting rule changes.

IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	The IRS Office of Chief Counsel, together with the Treasury Office of Tax Policy, is currently working on guidance in response to taxpayer feedback on FIRPTA issues, including requests to simplify compliance (other than the two specifically mentioned in the report). For example, two items of guidance relating to FIRPTA were recently issued that, in part, simplified compliance: Notice of Proposed Rulemaking, Domestically Controlled Qualified Investment Entities (REG-109742-25) (October 21, 2025) and Notice 2025-45, Application of Sections 897(d) and (e) to Certain Inbound Asset Reorganizations under Section 368(A)(1)(F) (August 19, 2025). The IRS Office of Chief Counsel, Large Business & International, and Taxpayer Services will continue coordinated efforts to identify specific areas where additional FIRPTA guidance or clarification would be helpful to simplify compliance. This would include further consideration of issues relating to return-of-capital transactions and lease-accounting rule changes (mentioned in Recommendation 10-5) as part of any broader future FIRPTA guidance project.
TAS Response	TAS appreciates the IRS's ongoing efforts, together with Treasury, to identify and address FIRPTA issues where additional guidance may simplify compliance. TAS is encouraged that the IRS will consider return-of-capital transactions and lease-accounting rule changes as part of future FIRPTA guidance efforts. Clearer guidance in these areas would reduce uncertainty, improve compliance, and help taxpayers and withholding agents avoid unnecessary burden.

TAS Recommendation	**[10-6] Consider automating U.S. Residency Certification requests.** Evaluate and where feasible, implement an automated process for U.S. Residency Certification requests through IRS online accounts for taxpayers whose returns have posted.
IRS Response	The IRS agrees to implement the TAS recommendation in full.

IRS Action	The IRS previously requested an automated process for U.S. Residency Certification requests, and limited external facing capability was implemented which now allows individual taxpayers to upload their Forms 8802 on IRS.gov and the applications are integrated as digital images along with faxes in our Pega platform for manual processing. We agree IRS should evaluate and implement automation for U.S. Residency Certification requests through IRS online accounts. However, implementation depends on available resources, funding, and IT prioritization. Accordingly, the IRS cannot provide a definitive timeline for full automation.
TAS Response	TAS appreciates the IRS's commitment to evaluate and implement automation for U.S. Residency Certification requests. The ability for individual taxpayers to upload Forms 8802 through IRS.gov is a positive step, but as discussed in the report, it is not the same as true e-filing or fully automated processing. TAS recognizes that implementation depends on funding, resources, and IT prioritization, but encourages the IRS to establish concrete next steps so automation is not deferred without a clear path forward.

TAS Recommendation	**[10-7] Create and publicize centralized international event tax guidance.** Develop, maintain, and actively promote a centralized website providing clear tax guidance for major international events, including the 2026 FIFA World Cup and the 2028 Olympics. The site should include practical compliance information, timelines, and dedicated contact information for additional support to ensure affected taxpayers can easily access assistance.
IRS Response	The IRS agrees to implement the TAS recommendation in part.
IRS Action	The IRS is working to provide guidance to participants in the upcoming 2026 FIFA World Cup and the 2028 Summer Olympics, both of which will take place in the United States. Depending on the timing of the events, available resources, and other relevant considerations, this guidance will be issued either as a news alert distributed to subscribers of IRS's newsletters (including Withholding Agent and Central Withholding Agreement news subscriptions) or as a dedicated webpage. The materials are expected to include information and resources available to assist participants of these events in better understanding their tax obligations in the United States.

TAS Response	TAS appreciates the IRS's efforts to provide guidance for participants in these upcoming international events and recognizes that the applicable tax rules can be highly complex, thus making it difficult to provide general advice that will apply to everyone. However, issuing a newsletter or posting high-level guidance on IRS.gov may not be sufficient if affected individuals and payors do not know where to look, are not subscribed to the relevant IRS newsletter, or do not understand how the guidance applies to their circumstances. TAS encourages the IRS to make this guidance highly visible, practical, and centralized, and to develop tools or plain-language resources that help affected taxpayers and withholding agents understand what they need to do and when, without requiring them to navigate the technical rules on their own.