

Is There Any End in Sight for the IRS Backlog of Tax Returns and Refunds?

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As the May 17, 2021 tax deadline quickly approaches, the Internal Revenue Service (IRS) is struggling to catch up with the tremendous backlog of returns and other correspondence submitted since the start of the COVID-19 pandemic. According to the IRS' Taxpayer Advocate Service, the agency is holding onto approximately 31 million tax returns, including amended returns and net operating loss carryback refund claims, for processing. This backlog has grown by about 2 million since last month alone.

Unfortunately, the picture is no better when it comes to communications between tax practitioners and IRS representatives, including calls to follow up on the status of tax returns and refund claims. Currently, only 2% of calls to the IRS personal income tax hotline are answered. For those who are fortunate enough to get through, most issues remain unresolved either because the agent does not have the internal guidance to resolve the problem or the representative could not identify why the taxpayer's return needed manual intervention by the agency's error resolution unit.

In discussions with the Taxpayer Advocate Service, **it is anticipated that it will**

take up to two years for the IRS to work through the current backlog of returns and correspondence. Of the backlog, amended returns and carryback claims are taking, and will continue to take, the most time. Even with billions of new federal funds earmarked for the IRS, the agency will still need to significantly increase its employment levels and begin the 3- to 6-month training process for new hires, meaning the current predicament will not end any time soon.

If you have questions regarding delays in the processing of your tax returns, contact Alan Goldenberg, Leader of Anchin's Tax Controversy group, at alan.goldenberg@anchin.com, or your Anchin Relationship Partner.