



DEPUTY COMMISSIONER

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, DC 20224

December 8, 2021

MEMORANDUM FOR ERIN M. COLLINS  
NATIONAL TAXPAYER ADVOCATE

FROM: Douglas W. O'Donnell  
Deputy Commissioner for Services and Enforcement

SUBJECT: TAXPAYER ADVOCATE DIRECTIVE (TAD) 2021-2

This is in response to the subject TAD wherein you directed the IRS to:

1. Complete its processing of all backlogged/unprocessed amended tax returns by December 29, 2021 or, in the alternative, by December 8, 2021 provide a detailed plan for completion of the inventory backlog processing;
2. Provide weekly updates to TAS throughout the backlog processing work; and
3. Prominently post weekly processing updates on the IRS public website in clear and unambiguous manner easily accessible to the public, to enhance transparency and promote the taxpayers' right to be informed.

We are aware of and understand the frustration felt by taxpayers, tax professionals and IRS employees caused by the high volume of unprocessed returns, the limited information available to taxpayers regarding the status of their returns, the refund delays and the difficulty reaching IRS employees. I am modifying all three of the directed actions for the reasons cited in this memorandum.

The IRS faced unprecedented volumes of inventory and phone calls coupled with extraordinary challenges in managing work in a pandemic when evacuation orders prevented the IRS from returning to the office in the pre-pandemic numbers. In addition to the ongoing pandemic-related challenges, there have been legislative changes that would have increased amended returns, and created further backlogs, if we had not taken proactive steps to adjust accounts and issue refunds directly to taxpayers. Specifically, we took steps to issue refunds due to mid-filing season legislation impacting unemployment compensation and advance premium tax credit. Our proactive steps to automatically adjust accounts eliminated the need for millions to file an amended return. While this step reduced the burden on taxpayers, this required us to redeploy limited resources to support the recalculation of millions of tax returns.

The IRS does not have the resources to complete processing of all backlogged/unprocessed amended returns by December 29, 2021. We are pursuing

several approaches to reduce the amended return inventory. Our approach includes the following:

1. Maintaining timely inventory control—We recently controlled the remaining Form 1040X inventory and improved processes so receipts are controlled within five days. We will maintain this time frame going forward. When the forms are controlled, an indicator is placed on the taxpayer's account, allowing taxpayers to know the form has been received and to monitor the status using Where's My Amended Return on [irs.gov](https://irs.gov). The control provides transparency for the taxpayer and IRS employees.
2. Hiring more tax examiners—W&I is hiring 750 tax examiners to address amended returns and paper inventories. Tax examiners do not have telephone requirements as part of their duties and will work paper inventories full-time.
3. Overtime—As allowed under the Continuing Resolution, we will continue to offer overtime to employees to work amended returns.
4. Explore flexibilities in use of CSR resources—In addition to hiring and overtime, we will closely monitor telephone demand and use our CSR resources to work amended returns and other inventory.
5. Create a surge team—W&I will partner with other business units to solicit employees with prior amended return experience that can assist with reducing the inventory.

We are committed to continuing to work with TAS to improve internal and external reporting. W&I is working with TAS to develop a plan to provide weekly data and to post meaningful updates on [irs.gov](https://irs.gov).

In addition to the above actions, we continue to look at innovations we can implement, such as new technology, including tools to automate repetitive transactions and new digital capabilities to assist us in streamlining the work and enhancing customer experience. If you have questions, please contact me.