



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

October 31, 2022

MEMORANDUM FOR ERIN M. COLLINS
NATIONAL TAXPAYER ADVOCATE

FROM: Charles P. Rettig
Commissioner

Charles P. Rettig Digitally signed by
Charles P. Rettig

SUBJECT: Commissioner's Response to Taxpayer Advocate Directive
2022-1 Appeal

I have received your appeal concerning Taxpayer Advocate Directive (TAD) 2022-1 on the important issue of using scanning technology to expedite the processing of certain paper returns. Following the initial IRS response dated July 18, 2022, Congress passed the Inflation Reduction Act of 2022 (IRA 2022). This landmark legislation provides the IRS with sustained multi-year funding, which will allow the IRS to make important, necessary updates and enhance the digital capabilities used by both taxpayers and IRS employees. We are working diligently to deliver on our shared vision of better taxpayer service in the areas covered in TAD 2022-1. As requested by Secretary Yellen, the IRS is preparing a detailed plan for how it will use IRA 2022 funding, which will include how the IRS will use IRA 2022 funds to improve taxpayer service and the processing paper returns. We are looking forward to providing more information on these plans in the near future.

With the additional funding provided by IRA 2022, we will be scanning some paper individual income tax returns as well as some employment tax returns early in 2023. If the scanning is successful, additional individual income tax returns and employment tax returns will be scanned later in 2023. For taxpayers, this means faster processing and faster refunds. The IRS will also build online capabilities to enable taxpayers to fully interact with the agency digitally.

We are also continuing our efforts to make additional forms available for e-filing. We are reviewing administrative policies with a view to expanding e-file eligibilities and would publish those changes to continue encouraging greater adoption of e-filing. A multi-faceted approach is necessary to address the paper inventory and improve return processing for those due refunds as well as those who owe nothing or owe additional tax.

In addition to these activities, we are also pursuing a number of pilot initiatives to improve our processing of paper returns. Looking ahead, we will use the results of these initiatives to scale the most viable solutions that can automate and expedite tax processing for all types of taxpayers.

Accordingly, consistent with the 2023 scanning initiatives discussed here and made possible through IRA 2022 funding, this response modifies the initial IRS response to TAD 2022-1 dated July 18, 2022. We are appreciative of the National Taxpayer Advocate's commitment to improving the overall taxpayer experience, including the processing of paper returns, and we look forward to partnering with the Taxpayer Advocate Service to improve service for taxpayers.