



## **A Closer Look: IRS making progress on key areas slowed by the pandemic, but more work remains**

The IRS plays an important role in serving our country. We interact with more Americans than any other U.S. government agency – virtually every individual and business in the country. We process 96 percent of the funding for our nation’s vital programs, but our agency and our people have had to really step up in the past year and a half to provide even more support to Americans in need. And just like businesses and other agencies around the country, we had to pause or modify some operations during the pandemic until we had safe and secure remote options in place to enable our employees to perform their work and serve taxpayers. I am extremely proud of the dedication of our workforce toward [helping American taxpayers fulfill their tax responsibilities and resolve tax issues while they dealt with the COVID-19 situation](#).

While we had to temporarily scale back operations, important economic relief measures passed by Congress during the pandemic gave us many new responsibilities, and we have proudly worked to deliver Economic Impact Payments, advance payments of the Child Tax Credit (CTC) and many other critical initiatives in 2020 and 2021. We appreciate and understand the frustration caused by the high volume of manually processed returns, the limited information available to taxpayers about the status of the return processing, the refund delays, and the difficulty reaching IRS employees. We also understand that complex tax issues, recent legislation and the pandemic have record numbers of taxpayers looking for help.

At every turn, our employees have gone above and beyond during the pandemic to keep our operations going, and through it all, we have appreciated the patience and understanding of taxpayers and the tax community. Even so, and despite our best efforts, pandemic-related issues are still causing us to experience record levels of activity that continue to affect operations across the agency, including the processing of tax returns and refunds. To put this in perspective, the IRS has received 199 million phone calls the first six months of this year – five times the normal annual volume – and we have *manually* reviewed 11 times more tax returns this year (11 million) to correct errors and gather missing information from taxpayers.

I am committed to ensuring the IRS will continue to do all we can to serve taxpayers. During the pandemic, we have had to find new ways to pursue our mission. As we faced enormous challenges, we didn’t always get it right, but we worked hard, often with limited resources. Where possible, we have redeployed resources to accommodate the increased demand. Our goal is to provide the quality of assistance taxpayers deserve, but we have been unable to satisfy this goal [despite recent efforts to overcome significant challenges](#). On behalf of the entire IRS workforce, I want to assure you we will continue making progress, working together with Congress, the Administration and our partners inside and outside the tax community.

We know this has been and continues to be a frustrating time for many taxpayers and tax professionals – and it’s been a challenging time for all of us at the IRS as well. We have done the best we could under the circumstances, and we will continue to do our best as we face the current challenges. Our response to the unprecedented COVID challenges – including issuing almost \$1.5 trillion in combined historic economic relief and individual refunds – illustrates the importance of every American to the IRS and the importance of the IRS to every American. I want to give you a glimpse of what we’re facing inside the IRS, and what we’re doing – to help struggling taxpayers and to get caught up during this unprecedented time.

Here's an overview of a number of key areas affecting taxpayers as of early September.

### **Making progress: Tax return processing on target to be at normal level before Filing Season 2022**

As of early September, the IRS has processed *all* error-free paper and electronically filed individual tax returns received prior to April 2021. We continue to reduce the inventory of the remaining individual tax returns by about a million a week even as more tax year 2020 returns continue coming in prior to the Oct. 15 extension deadline. For tax returns that need additional manual review, we're on target to being back to our normal processing pace by the end of 2021. It's critically important to get back to our regular levels before the tax season begins in early 2022, because we are hoping to be back to normal operations next year for processing returns and tax refunds.

For those who haven't received a tax refund yet this year, we appreciate and understand how important it is to you. We continue to make progress. Here are some important additional details about the current situation involving our work on tax returns – which includes our employees working both day and evening shifts to get this work done.

We are currently opening mail within normal timeframes. We typically receive between 1 million and 1.5 million pieces of mail each week and are able to process that amount on a weekly basis. Employees at our four Submission Processing Centers are working day, night, and weekend shifts (16 hours per day), have worked mandatory overtime in multiple functions, to open mail and process tax returns and taxpayer correspondence.

Tax returns are opened and processed in the order received. As the return is processed, whether it was filed electronically or on paper, it may be subject to manual review delaying the processing if our systems detect a possible error, is missing information, or there is suspected identity theft or fraud. This work does not require us to correspond with taxpayers but does require special handling by an IRS employee so, in these instances, it is taking the IRS more than the normal 21 days to issue any related refund, and in some cases this work could take 90 to 120 days. If, as a result, a correction is made to any credit claimed on the return – such as the Recovery Rebate Credit (RRC), Earned Income Tax Credit (EITC) or Additional Child Tax Credit (ACTC) – the IRS will also send taxpayers an explanation.

All potentially available resources have been dedicated to the processing of these returns. Back at the end of June, it was [reported](#) that the IRS had over 35 million tax returns awaiting manual processing. As of September 4, 2021, 10.4 million individual returns are awaiting processing. Since the end of the filing season in May, we received an additional 12.9 million individual returns and processed 22.1 million, bringing our total returns received in 2021 as of September 3 to nearly 161 million, and total returns processed so far this year (which may include returns received prior to 2021) to 158 million individual returns.

Compounding this situation, the IRS is having to correct significantly more errors on tax returns than in previous years. Unprocessed individual returns this year with errors requiring manual review include tax year 2020 returns requiring [correction](#) to the RRC amount or validation of 2019 income used to figure the EITC and ACTC. These returns needing manual review reached historically high levels, peaking at 9.8 million on May 1, 2021.

Here's another way to look at the size of the challenge. From January 1 through August 11, 2021, the IRS manually made about 11 million math error corrections, around 9.1 million of

which were related to the RRC. By comparison, for the same time in 2020, the IRS had far fewer tax returns with issues; under nearly 1 million math error corrections occurred during that time period. Even with these historic levels of corrections, the IRS is making progress. As of September 4, 2021, the IRS had 780,000 individual returns in manual review – much lower than in May.

### **What taxpayers awaiting refunds can do**

What should you do if you're waiting on a refund? We encourage you to continue to check [Where's My Refund?](#) for your personalized refund status. If there's no information yet on Where's My Refund, keep in mind that we're still working to process millions of tax returns. Information does not reach Where's My Refund until a tax return is entered into our systems. Just because you don't see information on Where's My Refund doesn't mean we don't have your tax return – it simply hasn't been entered yet into our system.

Here's another common scenario some taxpayers may see. If Where's My Refund tells you we have received your return, please be assured we are processing your return, but it may be under review. And as noted above, we are seeing many more errors on tax returns this year following pandemic-related tax issues.

Finally, keep in mind our phone assistors in most cases don't have any more information than what's available on Where's My Refund. We continue to encourage people to review our website first, and many issues are addressed in [Tax Season Refund Frequently Asked Questions](#).

### **Phone volumes at record levels; employees being added but more work remains**

Although we are making progress in tax return processing, we know we need to do more in other areas as well. We still need to improve [our service on our toll-free telephone lines](#) and make more progress processing amended returns and handling our correspondence inventory.

The number of taxpayers and tax professionals seeking assistance on the phone remains higher than any other year in IRS history. And, during disasters, such as February's extreme weather in Texas, and now due to the recent Hurricane Ida, our phone staff also proudly assists the Federal Emergency Management Agency (FEMA) in answering urgent calls from disaster victims. Since 2019, more than 11,000 of our phone staff have handled more than 1.3 million calls on behalf of FEMA.

We have received over 199 million phone calls since January 2021. This means that in just six months, we've received nearly five times more calls than our normal call volume for an entire year. For comparison, we received a total of 42 million calls in 2018, 40 million calls in 2019 and 55 million calls in 2020. During a typical filing season, we average two to three million calls each day. On March 15, 2021, we received 8.6 million calls on just that one day—an average of about 1,500 calls per second.

Our system is designed to handle calls within a multi-functional approach including automated services for more generic issues, live assistance by outside contractors for non-taxpayer specific issues, and IRS phone staff to assist with specific issues requiring access into our systems. We provide phone service to individuals, businesses, tax professionals and tax-exempt entities. We have specialty lines for the hearing impaired, identity theft, the taxpayer protection program and appointment services for our Taxpayer Assistance Centers (TACs). We also offer over-the-phone translation services in 350 languages.

Between live assistance and automated services, we have answered more than 68.5 million calls between October 1, 2020 and September 4, 2021. In addition, the special phone lines dedicated to answering questions about Economic Impact Payments and Advance Child Tax Credit payments provided services for 46 million callers as of September 4, 2021. As a reminder, taxpayers needing to unenroll from the advance CTC payments should first try using the [CTC Update Portal](#). If they are unable to do so they will be offered the opportunity to make an appointment at an IRS Taxpayer Assistance Center nearest to them.

We've implemented [new phone technology to improve our level of service](#), such as the ability for callers to opt in to be called back, but we realize we need to do even more. Thanks to Congressional support, we've added an additional 1,000 Customer Service Representatives to our workforce over the summer. They're undergoing tax law and tax account training, and they will be able to help improve our services once they complete their training later this year. And we want to hire more. We are still hiring many positions to meet the needs of taxpayers, and we encourage anyone interested in joining our workforce to visit [USAjobs.gov](#).

Our phone representatives are also the experts that make updates to your accounts, whether those are initiated by phone or by mail. Our current focus has been to answer as many calls from taxpayers as possible, especially those regarding Economic Impact Payments and advance CTC payments. Our next objective is to improve our progress responding to written letters and amended tax returns. As of early August, we also have historic levels of amended returns at four times the normal volume.

### **Additional places for taxpayers to get the latest information**

The IRS knows this is a desperate time for many taxpayers, and we continue to do everything we can with all the resources available to us to get refunds out as quickly as possible while also continuing to deliver advance CTC payments and Economic Impact Payments to taxpayers in record time.

We are working to ensure that our tax community and taxpayers have the latest information on the status of IRS operations to serve our communities. The IRS created a special [status of operations page](#) that is updated frequently to provide general updates on our progress and steps to help taxpayers or tax professionals. Some of the issues addressed include:

- How long you may have to wait for Form 1040 return processing
- Status of Form 941 Processing
- Updates on submitting a missing form or document to the IRS
- ITIN Application Processing time frames

Also, the IRS has a suite of online tools for Economic Impact Payments, Advance Child Tax Credit, setting up a payment plan and getting a transcript or status of tax refund – all designed to save taxpayers time and, often, to provide customized information so they don't need to call or visit the IRS. And, in many situations, our phone representatives do not have more information than can be accessed using our online tools.

### **Progress on advance Child Tax Credit payments helping families and children**

Our work to implement the American Rescue Plan continues as millions of American families have received their advance CTC payment for the months of July and August. The majority of these payments were quickly issued as direct deposits. Most eligible families received the first payment on July 15, and payments will continue each month for the rest of 2021. The August batch of monthly payments, worth about \$15 billion, reached about 36 million families across the

country. For these families, each payment is up to \$300 per month for each child under age 6 and up to \$250 per month for each child ages 6 through 17.

It's not too late for eligible families to sign up for advance CTC payments. We urge anyone who normally isn't required to file a tax return to explore the tools available on IRS.gov. We continue to raise awareness of the expanded Child Tax Credit, and we encourage partners and community groups to share information and use available [online tools and toolkits](#) to help non-filers, low-income families and other underserved groups sign up to receive the advance CTC payments as well as Economic Impact Payments.

People can check their eligibility for the payments by using the new [advance Child Tax Credit Eligibility Assistant](#). The IRS has created a special Advance Child Tax Credit 2021 page designed to provide the most up-to-date information about the credit and the advance payments. For more information, visit [IRS.gov/childtaxcredit2021](https://www.irs.gov/childtaxcredit2021).

We know this has been a frustrating time for people trying to contact the IRS, or waiting on refunds, Economic Impact Payments and advance CTC payments. Please be assured we are making significant progress. Our employees want to help, and they are working hard to do everything they can to assist taxpayers and deliver the services people expect and deserve.