



# Challenges for Taxpayers Filing in 2022

March 10, 2022

In her latest report to Congress, [National Taxpayer Advocate \(NTA\) Erin Collins](#) described 2021 as the “most challenging year taxpayers and tax professionals have ever experienced.” Central to those challenges were large backlogs of unprocessed tax returns and unanswered taxpayer correspondence, mostly from the 2020 tax year. The backlogs meant that millions of taxpayers encountered delays in 2021 in having their returns processed, receiving refunds, and corresponding with the IRS about tax issues. Some are concerned that similar challenges could arise in 2022.

This Insight discusses key challenges many taxpayers may face during 2022 and the steps the Internal Revenue Service (IRS) has taken and plans to take to lessen such challenges now and in the future.

## Possible 2022 Taxpayer Challenges

Early in the 2022 filing season, many taxpayers have concerns about two issues in particular:

- the availability of helpful and timely IRS customer telephone service; and
- possible delays in having their returns processed, receiving refunds, and resolving tax issues through correspondence.

### IRS’s Telephone Assistance

One way the IRS helps taxpayers fulfill their tax obligations is through toll-free telephone assistance during a filing season. IRS’s customer service representatives (CSRs) help taxpayers understand current tax law, resolve tax account problems, and respond to IRS compliance notices.

IRS’s ability to provide timely phone assistance [has long been a source of concern](#) for many taxpayers and tax practitioners. From FY2015 to FY2020, the percentage of taxpayer calls to customer service lines that got through to a CSR averaged 60.5%. During FY2021, this level of service dropped to an unprecedented low: According to the NTA, [11% of callers to IRS’s customer service lines were able to speak with a CSR](#). Unusually high call volume and a shortage of CSRs explained much of this low level of service.

Millions of taxpayers may encounter similar difficulties in obtaining timely phone assistance from the IRS in 2022. Numerous taxpayers may seek information on the status of their returns and refunds from

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2021, as they did in 2020. Many may also need help getting the third round of economic stimulus payments they should have received in 2021 but did not. Then there are those who received [advance child tax credit payments](#) in 2021; many may need help reconciling the amount they received with the amount they can claim on their tax returns. There is concern that CSR staffing will not be large enough to achieve a relatively high level of phone service.

## IRS Processing, Refund, and Correspondence Delays

A major source of frustration and confusion for many taxpayers in 2021 was lengthy delays in getting their returns processed, receiving refunds, and corresponding with the IRS about a variety of tax matters. Such delays may continue for many taxpayers in 2022.

The IRS entered the current filing season with an exceptionally large backlog of unprocessed 2020 tax year returns (mostly paper) and unanswered taxpayer correspondence. [According to the NTA](#), as of February 5, 2022, the number of individual and business tax returns and taxpayer correspondence requiring manual processing totaled 23.5 million. The NTA has stated that in an [average filing season](#), the return backlog is below 1 million.

The current backlog is partly a product of [a backlog of 11.7 million unprocessed 2019 \(mostly paper\) individual and business returns \(including amended returns\) and about 3 million unopened items of taxpayer correspondence](#) at the end of 2020. Working through this inventory led to delays in the processing of 2020 (mostly paper) returns and taxpayer correspondence.

There are several reasons for this backlog. One was the slowdown in IRS's operations in 2020 and 2021 caused by the COVID-19 pandemic. Additionally, the IRS took on added work to deliver three rounds of economic stimulus payments in 2020 and 2021 and to implement an advance enhanced child tax credit. On top of these developments were the significant cuts in IRS staffing and inflation-adjusted funding since FY2010.

The IRS says that it is processing 2021 returns while it works through its backlog of prior-year returns. Still, the agency's workforce and technological constraints make it possible that 2022 may end with another large backlog of unprocessed returns and unopened taxpayer correspondence. To minimize the risk of processing and refund delays, the IRS recommends that taxpayers electronically file their 2021 returns and provide direct deposit information for refunds or payment of additional tax.

## Steps the IRS Has Taken to Reduce Return and Correspondence Backlogs

The IRS has taken several steps intended to accelerate the reduction of current tax return and correspondence backlogs and prevent future large backlogs.

To speed up the elimination of those backlogs, the IRS has [reassigned 1,200 employees from other divisions](#) with experience in accounts management to help process returns, amended returns, and taxpayer correspondence from 2021. They make up an "inventory surge team" that could operate through the end of September 2022. Other such teams may be formed. Employees assigned to work on inventory reduction are subject to mandatory overtime.

The IRS has also taken several measures that might reduce the probability of future large return and correspondence backlogs. It recently announced the cancellation of a planned closure of the IRS processing center in Austin, TX, in 2024. The closure was part of a consolidation plan the IRS adopted in 2016. This decision retains IRS's current processing capacity.

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Another measure is for the IRS to hire 10,000 employees in FY2022 and FY2023, through an expedited process. The plan is to pay for the new hires with funds in IRS's current budget. The new hires are to fill 80 different positions, ranging from entry-level clerical workers to software engineers and tax attorneys. IRS management hopes such a hiring surge will trigger a stronger effort from current employees to reduce the return and correspondence backlogs. Owing to the months of training required for many of these positions and the reported difficulty the IRS has recently had hiring new employees for accounts management, there may not be enough time for any new hires to greatly lower the probability of millions of taxpayers encountering lengthy delays in 2022.

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