

A Closer Look: Serving Taxpayers and the Nation in 2021

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On behalf of all of us at the IRS, I'd like to wish you a happy and healthy 2022.

As I look back on 2021, I'm amazed by the work IRS employees all around the country performed to serve taxpayers and our nation. It was a challenging year, for certain, on many different levels. I know this presented unique challenges for taxpayers as well as our partners across the tax professional and tax communities. This has not been an easy period for anyone.

I want to take a moment to reflect on 2021 and the unprecedented circumstances our employees faced. We carried out our tax administration work in the continuing pandemic while also issuing additional rounds of stimulus payments and implementing other tax changes to help Americans impacted by COVID-19, including monthly advance payments of the Child Tax Credit. The way our employees responded illustrates the significant role that the IRS plays in the overall health of our country.

Before I do that, it's important to acknowledge what the IRS faces in 2022 as the pandemic continues. We know this has been a challenging period on many levels for taxpayers and tax professionals. Despite valiant efforts by our employees handling a large portfolio and new responsibilities, we still are working through tax returns filed in 2021 and we are unable to answer an unprecedented number of telephone calls. Simply put, in many areas we are unable to deliver the amount of service and enforcement that our taxpayers and tax system deserves and needs. This is frustrating for taxpayers, for IRS employees and for me. IRS employees want to do more, and we will continue in 2022 to do everything possible with the resources available to us. And we will continue to look for ways to improve. We want to deliver as much as possible while also protecting the health and safety of our employees and taxpayers. Additional resources would help our employees do more in 2022 -- and beyond.

As we continue to work through these issues in 2022, I do not want to overlook what our employees were able to accomplish during such a difficult period – even as they faced record work demand and dealt with COVID-19's impact on their family and friends. The Fiscal Year 2021 Progress Update serves as an annual report that highlights major IRS program successes across our wide portfolio, provides data on the execution of our strategic plan, and shares stories about how our employees work inside our agency and provide service to the nation and their communities.

Between Oct. 1, 2020 and Sept. 30, 2021, in addition to carrying out our regular tax administration responsibilities, IRS employees answered Congress' call to deliver two more rounds of Economic Impact Payments. This was a massive undertaking. We conducted outreach to lower-income, military and veteran, retired, limited English proficient and homeless groups around the country, and worked with thousands of local and national organizations to help us get the word out in their respective communities. As a result, during the two rounds of stimulus in FY 2021, the IRS worked with Treasury and the Bureau of the Fiscal Service to issue approximately 388 million payments worth more than \$545 billion.

IRS employees also made changes to the Earned Income Tax Credit, the Child Tax Credit and other refundable credits as part of the American Rescue Plan passed by Congress in March 2021. A major change for the 2021 Child Tax Credit involved enabling eligible families to receive up to half of the 2021 Child Tax Credit in monthly advance payments between July and December. I'm proud to say we met an

aggressive timetable for this effort, with the first payments going out in July, just four months after the law was enacted.

Stepping up in times of national urgency is a proud tradition of our workforce; IRS employees have for years delivered in times of need for the nation when disasters strike. But IRS employees don't wait for a disaster to pitch in. They routinely give back – by collecting food for the hungry, volunteering to help low-income, older or underserved people prepare their tax returns and in many other ways. Our employees are proud to serve their country, on and off the job.

Always maintaining an eye on our core mission during the pandemic, our employees delivered an extended tax filing season for the second year in a row, processing more than 269 million tax returns and forms. To ensure the safety and health of taxpayers and our employees, we continued to encourage taxpayers and tax professionals to use e-filing and virtual services to help them with their taxes and to take advantage of all the helpful information available at IRS.gov.

We also continued to focus on enhancing the taxpayer experience in 2021. For the first time, we made the Form 1040 available in Spanish and introduced Schedule LEP to give taxpayers with limited English proficiency the opportunity to indicate whether they wanted to be contacted by the IRS in a language other than English.

We also overhauled our major publications, including a new, streamlined version of Publication 17, *Your Federal Income Tax*. It's now easier to navigate and faster to download than previous versions and is now accessible on most personal electronic devices. Reflecting a priority of mine, we made it available in English, Spanish, Chinese (Traditional and Simplified), Vietnamese, Russian and Korean.

Our expanded multilingual offerings are just one way the IRS is working to enhance the taxpayer experience. We're also providing new virtual services and online tools to tax professionals so they can better assist their clients when there's a need to interact with the IRS. Here are two examples of 2021 improvements:

- We provided tax professionals with an option to obtain digital signatures from individual and business clients and submit authorization forms to us electronically.
- We introduced an online account that will enable tax professionals to complete certain transactions in a secure digital environment. While the transactions are currently limited to initiating a third-party authorization on IRS.gov, we plan to offer more types of transactions in the future.

The Progress Update also highlights our work in developing innovative approaches to understanding, detecting and resolving potential noncompliance and investigating tax and financial fraud. Did you know that in FY 2021, our Criminal Investigation division's conviction rate remained the highest among federal law enforcement at nearly 93 percent overall, and 96 percent for tax cases in particular? Their success is critical for the IRS to maintain fairness in the tax system.

Our efforts to combat identity theft continued in FY 2021. Through social media campaigns, work with our Security Summit partners and outreach to our partners around the country, we took many aggressive steps to protect taxpayers from identity thieves and criminals perpetrating COVID-19 scams, fake disaster relief schemes and fraudulent charity scams.

Another effort reflected in the Progress Update is our work to address the Taxpayer First Act, our agency's journey to improve our service to taxpayers. In January 2021, we issued our Report to Congress as required under the Act, which included recommendations for redesigning the IRS to improve operations and enhance the taxpayer and employee experience. During the rest of the fiscal year, we began work on the IRS NEXT initiative to revitalize and build an organization for the next generation. The improvements we make to the IRS over the next few years are focused on producing more benefits for taxpayers, the tax system and our nation well into the future, and I'm confident this journey will produce significant dividends over time.

Ultimately, the FY 2021 Progress Update is not just a report, it's the story of a dedicated group of public servants who continued to deliver for the nation, as they do every year, even in challenging times and while overcoming concerns for themselves, their families and their communities during the pandemic. They make me proud every day to work for the IRS.

As we prepare for 2022 and the upcoming filing season, IRS employees will continue to work hard for the nation. To our many partners in the tax professional and tax communities, I greatly appreciate everything you've done during this period to help taxpayers and our country. IRS employees will continue doing everything we can to help people and the broader tax community during this extraordinary period.

Thank you, and here's to a brighter 2022.