

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Interim Report – Taxpayer Advocate Service Actions to Assist Taxpayers in Response to the Implementation of the Coronavirus Aid, Relief, and Economic Security Act

March 4, 2021

Report Number: 2021-16-019

HIGHLIGHTS: Interim Report – Taxpayer Advocate Service Actions to Assist Taxpayers in Response to the Implementation of the Coronavirus Aid, Relief, and Economic Security Act

Interim Audit Report issued on March 4, 2021

Report Number 2021-16-019

Why TIGTA Did This Audit

This audit is one in a series of audits being conducted by TIGTA as part of our oversight role of the IRS's response to the coronavirus pandemic, including implementation of the applicable Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provisions. Our overall objective was to assess the Taxpayer Advocate Service's (TAS) actions to assist taxpayers in response to the implementation of the CARES Act.

TIGTA is issuing this interim audit report to provide information about TAS's initial actions to assist taxpayers with CARES Act issues. TIGTA plans to issue a subsequent report later in Calendar Year 2021 that will supplement the information in this report as well as information on how TAS plans to spend funding it received to cover pandemic-related costs.

Impact on Taxpayers

Soon after the IRS began issuing Economic Impact Payments (EIP) in response to the CARES Act, TAS started receiving reports of EIP-related issues. TAS's statutory mission is to assist taxpayers in resolving tax problems with the IRS, identify areas in which taxpayers have problems with the IRS, and make administrative and legislative recommendations to mitigate tax problems.

What TIGTA Found

TAS has taken numerous actions to assist taxpayers in response to the enactment of the CARES Act. This includes identifying and addressing CARES Act issues affecting large groups of taxpayers (Systemic Advocacy) and assisting individual taxpayers (Case Advocacy), as well as taking other actions to educate and assist taxpayers during the pandemic.

After the IRS began issuing the EIPs on April 10, 2020, in response to the CARES Act, TAS started receiving reports of EIP-related issues affecting large groups of taxpayers. As of October 21, 2020, more than 450 systemic issues related to Coronavirus Disease 2019 had been submitted on the system TAS uses to track issues affecting multiple taxpayers, and TAS has initiated 16 CARES Act-related Systemic Advocacy projects as a result. TAS officials stated that the largest category of these issues relate to the EIPs. In addition, TAS issued a Proposed Taxpayer Advocate Directive in June 2020 directing the IRS to immediately develop a process to correct EIP errors for instances in which an eligible individual had not received his or her EIP or had not received the correct amount. Subsequently, the IRS has taken action to systemically correct errors affecting certain groups of taxpayers.

In addition to its efforts involving Systemic Advocacy, TAS has made efforts to assist individual taxpayers with EIP-related issues. TAS initially accepted cases related solely to EIP issues but issued guidance on May 14, 2020, indicating it would no longer accept these cases. TIGTA reviewed a judgmental sample of these cases and determined that case advocates were unable to assist most taxpayers with EIP issues because TAS employees lacked the capabilities to resolve EIP problems on individual accounts. As the IRS began implementing processes to fix certain EIP issues, TAS started accepting some EIP-related cases on August 10, 2020. TAS records indicate that more than 2,800 CARES Act cases were opened in Fiscal Year 2020.

To further its efforts to keep the public informed about CARES Act issues, TAS has also frequently updated its blogs and used social media accounts to disseminate information to taxpayers. Furthermore, as part of an IRS-wide team, TAS has provided suggestions and recommendations for frequently asked questions and answers, taxpayer communications, and Internet content. In addition, TAS provided additional funding to Low Income Taxpayer Clinics to allow the clinics to continue to assist taxpayers during the pandemic.

What TIGTA Recommended

This report was prepared to provide interim information only. Therefore, no recommendations were made in this report.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

March 4, 2021

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

A handwritten signature in blue ink that reads "Michael E. McKenney".

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Interim Report - Taxpayer Advocate Service Actions to Assist Taxpayers in Response to the Implementation of the Coronavirus Aid, Relief, and Economic Security Act
(Audit # 202010623)

This report presents the interim results of our review to assess the Taxpayer Advocate Service's actions to assist taxpayers in response to the implementation of the Coronavirus Aid, Relief, and Economic Security Act.¹ This review is part of the Treasury Inspector General for Tax Administration's oversight of the Internal Revenue Service's (IRS) response to the coronavirus pandemic and is included in our Fiscal Year 2021 Annual Audit Plan. It addresses the major management and performance challenge of *Responding to the COVID-19 Pandemic*.

This report was prepared to provide information only. Therefore, we made no recommendations in the report. However, we provided IRS management officials with an advance copy of this report for review and comment prior to issuance.

Copies of this report are also being sent to the IRS managers affected by the report information. If you have any questions, please contact me or Heather M. Hill, Assistant Inspector General for Audit (Management Services and Exempt Organizations).

¹ Pub. L. No. 116-136, 134 Stat. 281.

Table of Contents

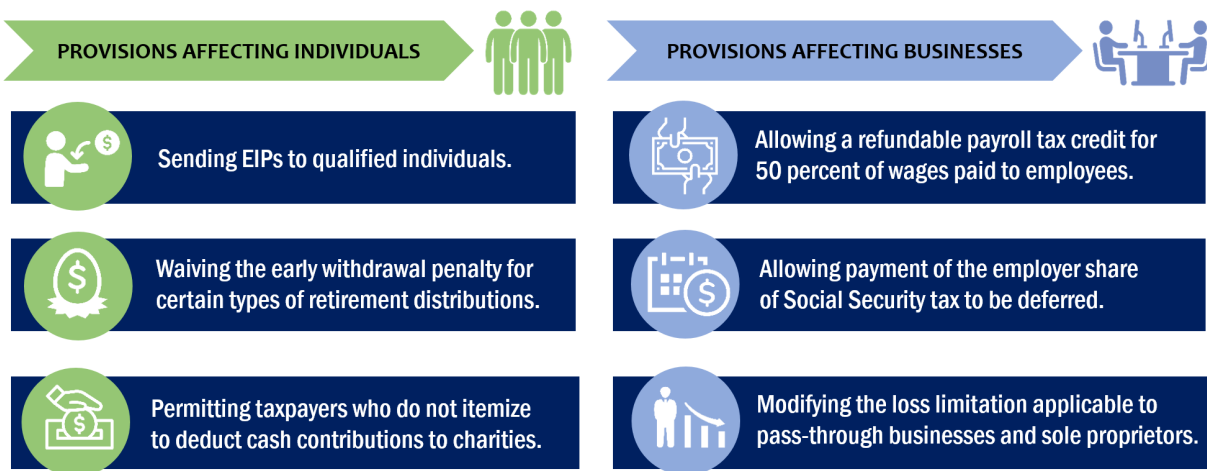
<u>Background</u>	Page 1
<u>Results of Review</u>	Page 2
<u>The Taxpayer Advocate Service Focused on Identifying and Addressing Systemic Issues Affecting Large Groups of Taxpayers</u>	Page 2
<u>The Taxpayer Advocate Service Could Not Assist Individual Taxpayers Until Other Functions Established Processes to Correct Economic Impact Payments</u>	Page 5
<u>The Taxpayer Advocate Service Launched Other Initiatives to Educate and Assist Taxpayers</u>	Page 7
Appendices	
<u>Appendix I – Detailed Objective, Scope, and Methodology</u>	Page 9
<u>Appendix II – Abbreviations</u>	Page 11

Background

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)¹ was enacted on March 27, 2020, and is the largest economic rescue package in U.S. history, providing for more than \$2 trillion in economic relief. The Act was passed in response to the Coronavirus Disease 2019 (COVID-19) outbreak and its impact on the economy, public health, State and local governments, individuals, and businesses.

The CARES Act contains numerous tax-related provisions affecting individuals and businesses and appropriates approximately \$750 million in additional funding to the Internal Revenue Service (IRS) to administer and oversee these provisions. One of the significant CARES Act provisions involves the issuance of recovery rebates, also referred to as Economic Impact Payments (EIP), of \$1,200 per individual (\$2,400 to couples filing a joint return), and \$500 for each qualifying dependent. The payments were to be issued to all U.S. residents with income below certain threshold amounts who met certain other criteria, such as having a work-eligible Social Security Number. Figure 1 shows highlights of some of the significant CARES Act provisions affecting individuals and businesses.

Figure 1: Highlights of CARES Act Provisions



Source: Treasury Inspector General for Tax Administration (TIGTA) analysis of the CARES Act.

In response to the COVID-19 pandemic, the IRS took unprecedented actions to protect the health and safety of its employees and the taxpaying public. This included closing Tax Processing Centers, Taxpayer Assistance Centers, and other IRS offices nationwide. On March 30, 2020, the IRS issued an evacuation order directing all employees whose work was portable or could be worked off-site to work from home (or an alternate location). Because some of the work performed by the IRS cannot be worked off-site, various actions (processing paper tax returns, receiving and responding to correspondence, *etc.*) came to a halt and, consequently, resulted in significant burden to taxpayers.

As part of the IRS, the Taxpayer Advocate Service (TAS) has the responsibility to help taxpayers resolve problems with the IRS, identify administrative and legislative causes of those problems,

¹ Pub. L. No. 116-136, 134 Stat. 281.

and make recommendations to the IRS and Congress on how to mitigate the problems. TAS employees work in one of three main areas: Systemic Advocacy, Case Advocacy, or the Headquarters offices. Systemic Advocacy is charged with resolving IRS systemic problems that affect large groups of taxpayers, whereas Case Advocacy assists individual taxpayers in resolving tax problems. The Headquarters office oversees the overall administration of TAS functions.

Once the national emergency was declared in March 2020, the Acting National Taxpayer Advocate (NTA) directed all telework-ready TAS employees (in accordance with IRS protocols) to perform full-time work from their designated telework location. Additionally, TAS enabled other employees (such as telephone-line personnel) to work remotely in an effort to continue TAS operations to the fullest extent possible. However, many of the IRS personnel who ordinarily work with case advocates were initially unavailable to provide assistance due to the closure of IRS facilities.² Further complicating matters, the onset of the pandemic occurred in the midst of a filing season, which is typically the busiest time of year for the IRS.

This audit is one in a series of audits being conducted by TIGTA as part of our oversight role of the IRS's response to the coronavirus pandemic, including implementation of the applicable CARES Act provisions.³ TIGTA is issuing this interim audit report to provide information about TAS's initial actions to assist taxpayers with CARES Act issues. We plan to issue a subsequent report later in Calendar Year 2021. This subsequent report will provide updates to the information in this report as well as information on how TAS plans to use the nearly \$3.3 million it received to cover pandemic-related costs.

Results of Review

TAS has taken numerous actions to assist taxpayers in response to the enactment of the CARES Act. This included identifying and addressing CARES Act issues affecting large groups of taxpayers (Systemic Advocacy) and assisting individual taxpayers (Case Advocacy), as well as taking other actions to educate and assist taxpayers during the pandemic.

The Taxpayer Advocate Service Focused on Identifying and Addressing Systemic Issues Affecting Large Groups of Taxpayers

Soon after the IRS began issuing the EIPs, TAS started receiving reports of EIP-related issues affecting multiple taxpayers. Based on the systemic issues TAS identified, TAS directed the IRS to promptly develop processes to assist individual taxpayers with EIP issues. Subsequently, the IRS took action to systemically correct errors affecting certain groups of taxpayers. In addition, TAS has initiated 16 Systemic Advocacy projects to address EIP and other CARES Act issues.

² TAS case advocates work with employees from other IRS functions who make final substantive decisions and input most account adjustments. According to the IRM, TAS employees cannot take actions on cases that are open in another IRS function or to overrule determinations made by employees of other IRS functions who have been delegated comparable authority.

³ TIGTA, *2021 Annual Audit Plan*.

TAS directed the IRS to create processes to assist taxpayers experiencing issues with the EIPs

The IRS began issuing EIPs on April 10, 2020, and TAS Systemic Advocacy started receiving reports of EIP-related problems soon thereafter on the Systemic Advocacy Management System (SAMS), which is a system available to IRS employees and the public to report systemic problems to TAS.⁴ As the magnitude of the problems increased, members of Congress and TAS began pressing IRS operations to establish policies to resolve these issues.

On June 16, 2020, the NTA issued a Proposed Taxpayer Advocate Directive to the Commissioner, Wage and Investment Division, directing the IRS to immediately develop a process to correct EIP errors for instances in which an eligible individual had not received his or her EIP or had not received the correct amount.⁵ The NTA recommended that the IRS work toward solutions and alternatives to ensure that all individuals receive the EIP in its entirety in Calendar Year 2020, rather than having to wait until Calendar Year 2021 to claim the Recovery Rebate Credit⁶ when they file their Tax Year (TY) 2020 tax returns.⁷

IRS officials responded to the proposed Directive indicating they were developing processes to correct some payments systemically, offering assistance to taxpayers whose payments could be corrected manually, and providing information to taxpayers whose EIPs would need to be reconciled during the processing of TY 2020 tax returns. Subsequently, the IRS has taken action to systemically correct errors affecting certain groups of taxpayers. For example, the IRS identified and issued the EIPs to individuals who used the Non-Filer Tool and claimed at least one qualifying child, but did not receive the qualifying child portion of the EIP due to a programming error.⁸

TAS has initiated projects to address ongoing systemic issues associated with the CARES Act

The IRS took numerous actions in response to the Proposed Taxpayer Advocate Directive, and most of the significant issues have been addressed. The EIPs were intended to provide immediate relief to taxpayers affected by the pandemic; however, some taxpayers will not receive the EIP until their TY 2020 tax returns are filed. For example, the EIPs were not issued to individuals (for themselves or their dependent children, if any) if they filed a joint return in TY 2019 (or TY 2018 if the TY 2019 tax return had not yet been filed) with a spouse who did not have a valid Social Security Number. These individuals will have to wait until Calendar Year 2021 and then file a TY 2020 tax return to claim the Recovery Rebate Credit.

⁴ The SAMS is overseen by TAS's Systemic Advocacy group. Both internal (*e.g.*, IRS employees) and external (*e.g.*, taxpayers) submitters can use the SAMS to report systemic issues that adversely affect taxpayers. The issues put on the SAMS are reviewed by employees in the Systemic Issue Review and Evaluation group. The goal is to resolve the systemic issue (problem), and this often involves recommendations to change IRS procedures and processes.

⁵ Taxpayer Advocate Directives mandate that IRS functional areas make certain administrative or procedural changes to improve a process or grant relief to groups of taxpayers (or all taxpayers).

⁶ The EIPs were issued as advance payments of the Recovery Rebate Credit. Eligible individuals who did not receive the full EIP amount may claim the Recovery Rebate Credit on their Tax Year 2020 tax return.

⁷ A 12-month accounting period for keeping records on income and expenses used as the basis for calculating the annual taxes due. For most individual taxpayers, the tax year is synonymous with the calendar year.

⁸ The Non-Filer Tool was accessible on the IRS.gov website and was a system that enabled individuals who had not filed a TY 2018 or 2019 tax return to register to receive the EIPs.

TAS is aware of these ongoing issues. In the Fiscal Year⁹ 2021 Objectives Report to Congress,¹⁰ the NTA stated that one of TAS’s highest priorities is to reduce taxpayer burden resulting from the IRS’s implementation of the CARES Act.¹¹ The NTA highlighted several current and anticipated problems that TAS intends to work with the IRS to address, such as identifying potential systemic delays in processing refund claims (*e.g.*, those arising from net operating loss carrybacks).

To identify and address systemic issues, TAS created a COVID-19 Rapid Response Team shortly after the enactment of the CARES Act. The Rapid Response Team addresses questions about the impact of the virus on tax administration and includes members from various functions within TAS to respond to a wide variety of issues identified on the SAMS.

TAS management informed us that, between March 1, 2020, and October 21, 2020, more than 450 potential systemic issues related to COVID-19 were submitted through the SAMS, and the largest category involves problems with the issuance of the EIPs. TAS considers an issue to be a systemic problem if the impact affects multiple taxpayers; involves IRS systems, policies, or procedures; or affects taxpayer rights, increases burden, causes disparate treatment, or involves essential taxpayer services. Once an issue is submitted through the SAMS, it generally goes through a three-stage review process to determine how best to address the concern raised. Based on this review, TAS may identify a systemic issue in need of attention and create one of three types of projects to address the issue.

1. **Information Gathering Projects** are used to identify emerging trends or issues generated from new legislation or significant IRS policy, process, or procedural changes.
2. **Immediate Intervention Projects** are the result of an operational issue that causes immediate, significant harm to multiple taxpayers and demands an urgent response.
3. **Advocacy Projects** are used to identify and address systemic and procedural issues, analyze the underlying causes of problems, and propose corrective actions.

As of October 30, 2020, TAS Systemic Advocacy created 16 CARES Act–related projects (14 Information Gathering Projects and two Advocacy Projects). Figure 2 shows examples of several of these projects.

⁹ A fiscal year is any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government’s fiscal year begins on October 1 and ends on September 30.

¹⁰ TAS, *Objectives Report to Congress Fiscal Year 2021* (June 29, 2020).

¹¹ Internal Revenue Code Section 7803(c)(2)(B) requires the NTA to submit two reports each year to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate. One of these reports is the Objectives Report to Congress.

Figure 2: Examples of TAS CARES Act Projects

CARES Act Project Issue	Description
EIP Injured Spouse Claims	This project pertains to instances in which a nonliable spouse’s portion of the EIP (or the entire EIP) was offset to the liable spouse’s child support debt, regardless of whether an injured spouse claim was filed. ¹²
Non-Filer Tool Dependent EIP	This project involves taxpayers who used the Non-Filer Tool on the IRS.gov website and claimed at least one qualifying child but did not receive the qualifying child portion of the EIP because of a programming error.
Checkbox Issues	This project involves instances in which a programming issue erroneously marked the "Spouse can be claimed on someone else’s return" checkbox on some electronically filed tax returns for taxpayers with a Single filing status, preventing the issuance of an EIP.
EIP Debit Cards Not Issued	This project involves the EIPs that were scheduled to be issued via prepaid debit cards but were not issued to taxpayers residing in certain States.

Source: TIGTA description of several TAS CARES Act–related projects.

As of December 21, 2020, Systemic Advocacy officials had completed their actions and closed six of the 16 projects when they determined that the IRS had implemented corrective actions to resolve the problem or TAS identified alternative ways to address the issues. We will continue to evaluate the actions taken to resolve these issues and report on the status of corrections in a subsequent report.

The Taxpayer Advocate Service Could Not Assist Individual Taxpayers Until Other Functions Established Processes to Correct Economic Impact Payments

In addition to its efforts involving Systemic Advocacy, the TAS has made efforts to assist individual taxpayers with EIP-related issues. However, TAS capabilities to resolve EIP-related issues were initially limited as other IRS functions had no processes and procedures in place to resolve most issues. As other IRS functions began implementing processes to fix EIP issues, TAS started accepting certain EIP cases on August 10, 2020.

The IRS acted quickly to administer the main provisions of the CARES Act, specifically concerning the EIPs.¹³ While the process was mostly successful, problems involving certain groups of taxpayers became apparent early in the process. This included:

¹² Based on our review, this issue was associated with one of the most common COVID-19–related issues submitted through the SAMS as of October 21, 2020. Per the Objectives Report to Congress, there were more than 800,000 instances in which the nonliable spouse’s portion of the EIP was offset to the liable spouse’s child support debt. The EIPs based on joint tax returns were deemed to be a 50/50 percent allocation due to each spouse.

¹³ TIGTA, Ref. No 2020-46-041, *Interim Results of the 2020 Filing Season: Effect of COVID-19 Shutdown on Tax Processing and Customer Service Operations and Assessment of Efforts to Implement Legislation Provisions* (June 2020).

- Payments that were erroneously offset to child support debts.
- Nonreceipt of payments for qualifying children.
- Payments that were lost, stolen, or sent to an incorrect address or bank account.

While taxpayers were contacting TAS for assistance, case advocates could not always assist individual taxpayers in the resolution of EIP issues because other functions within the IRS had not developed processes to manually adjust taxpayer accounts to correct EIP amounts. On May 14, 2020, the Deputy NTA issued guidance to employees stating that TAS would not accept cases related solely to EIP issues because TAS assistance would not expedite or improve current EIP processing.¹⁴

We reviewed TAS cases that were created on the Taxpayer Advocate Management Information System (TAMIS) prior to TAS's decision to not accept cases related solely to EIP issues and determined that TAS's decision to not accept certain EIP cases was justified based on the circumstances, but the use of the code established to denote whether cases were related to the CARES Act could be improved.¹⁵

- We reviewed a judgmental sample of 25 of 51 TAS cases that were 1) created prior to the decision to not accept certain EIP cases and 2) coded on the TAMIS as being related to the CARES Act. Based on our review, we determined that TAS's decision was justified as TAS employees lacked the capabilities to resolve EIP problems on individual accounts.¹⁶
- We reviewed all TAS cases related to TY 2020 that were created prior to the decision to no longer accept certain EIP cases but were not coded on the TAMIS as being related to the CARES Act. We determined that 70 of the 119 cases involved CARES Act issues (EIPs) but were not correctly coded as such. TAS management agreed that these 70 cases should have included the CARES Act code and stated that they would correct the case coding on the TAMIS. They also advised that they provided EIP training in October 2020 and posted an article to the TAS SharePoint site on November 19, 2020, further instructing employees on how and why to add the CARES Act code to cases on the TAMIS. Proper TAMIS coding helps identify trends affecting taxpayers, and inaccurate data preclude team leaders in TAS Systemic Advocacy from identifying Case Advocacy trends as instructed in the Internal Revenue Manual.¹⁷

In August 2020, the NTA announced that the IRS was in the process of implementing program changes and establishing procedures to manually correct certain account issues. As such, TAS would start accepting more cases involving EIP issues. This includes:

- Unresolved lost/missing/undeliverable EIPs.

¹⁴ However, the guidance also noted that TAS would continue to assist taxpayers in instances in which the EIP was delayed due to problems stemming from a TY 2018 or TY 2019 return. These issues (such as identity theft) typically affect both the taxpayer's original refund and the EIP.

¹⁵ The TAMIS is an Oracle web-based inventory control and report system used to control and track TAS cases and provide management information. In April 2020, TAS created a code to identify certain CARES Act cases on the TAMIS and instructed employees to use the code when the taxpayer's inquiry involves the EIP or the employer credits for paid sick leave and employee retention.

¹⁶ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

¹⁷ The primary, official source of IRS instructions to staff related to the organization, administration, and operation of the IRS.

- Math errors affecting the EIP amount.¹⁸
- The EIPs returned by the taxpayer (*e.g.*, ineligible, religious objection, *etc.*).
- The EIPs returned by joint filers of which one spouse is ineligible, *e.g.*, deceased or incarcerated.
- Unprocessed injured spouse claims associated with the tax return used to calculate the EIP (TYs 2019 or 2018, as applicable) or secured by TAS.

Based on our review of the TAMIS, TAS opened more than 2,800 CARES Act–related cases in Fiscal Year 2020. TAS continued to receive cases through November 24, 2020, when TAS revised its policy to stop accepting cases related solely to EIP issues to comply with the statutory requirement that EIPs had to be issued before December 31, 2020. In our subsequent report, we will review CARES Act cases created since TAS began accepting more EIP cases in August 2020, as well as follow up on the case coding issues we discussed in this report.

The Taxpayer Advocate Service Launched Other Initiatives to Educate and Assist Taxpayers

TAS has made several efforts to educate taxpayers during the pandemic. Beginning in March 2020, TAS frequently posted informational blogs (in English and Spanish) on CARES Act issues. These blogs alerted the public about forthcoming actions (*e.g.*, the issuance of back-logged notices) and provided advice on how to speed up receipt of the EIPs. TAS also used social media accounts including Facebook, Twitter, LinkedIn, and YouTube to disseminate information to taxpayers.

TAS used social media accounts such as Facebook, Twitter, LinkedIn, and YouTube to disseminate information to the public.

In addition, TAS supported the IRS as a member of the IRS’s Service-wide COVID-19 communications team, and provided suggestions and recommendations for frequently asked questions and answers, taxpayer communications, and Internet content from an advocacy and taxpayer rights perspective. To protect taxpayers’ rights due to IRS office closures related to COVID-19, TAS also participates in Correspondence Recovery Team efforts to keep taxpayers informed about payments and appeals during the pandemic.

In addition to educational activities, the TAS has also taken action to assist taxpayers through its Low Income Taxpayer Clinic (LITC) Program Office. On March 16, 2020, the TAS LITC Program Office launched an initiative to assist clinics during the pandemic.¹⁹ The Acting NTA approved a request from the LITC Program Office for additional funds to be made available to clinics in order for them to accommodate remote teleworking. The funds were intended to help several clinics obtain needed equipment such as laptops, cell phones, printer/scanner/fax machines, and

¹⁸ A math error is a program in which the IRS contacts taxpayers through the mail or by telephone when it identifies mathematical errors or mismatches of taxpayer information that would result in a tax change.

¹⁹ The LITC Program is a Federal matching grant program providing up to \$100,000 per year, generally to nonprofit and legal service/legal aid organizations and academic institutions. The LITCs represent taxpayers whose income is below a certain level in tax disputes with the IRS. The LITCs educate taxpayers who are low income or speak English as a second language about their rights and responsibilities. LITCs identify and advocate for issues that affect these taxpayers, are independent from the IRS, and offer services for free or a nominal fee.

software to enable them to continue assisting taxpayers during the national emergency. As of April 30, 2020, TAS had disbursed funds totaling \$90,000, in addition to grant money previously awarded, to 21 clinics.

Additionally, the LITC Program Office initiated a request to IRS leadership asking permission to allow clinics to prepare tax returns to assist taxpayers who could not access free tax sites. The IRS Commissioner granted the request (dated April 13, 2020) for a temporary Safe-Harbor exception thru October 15, 2020, and has since extended the exception through October 2021.²⁰ According to TAS officials, the Safe-Harbor request was initiated to facilitate the LITCs in assisting individuals who were entitled to receive the EIPs.²¹ They indicated that numerous LITCs requested the exception from the governing rules, which limit the circumstances under which the LITCs can prepare tax returns.²² As such, the Safe-Harbor exception allows clinics to temporarily prepare tax returns for low-income and English-as-a-second-language individuals who may be eligible to receive the EIPs.

We will continue to report on TAS initiatives to educate and assist taxpayers in our subsequent report.

²⁰ A Safe-Harbor is a provision in the law that affords protection from liability or penalty when certain conditions are met.

²¹ The request was limited to Filing Year 2019 and was intended to facilitate the LITCs in assisting English and English-as-a-second-language taxpayers with preparation of their TY 2019 tax returns so that individuals who were eligible to receive the EIPs could receive them.

²² The governing rules are outlined in IRS Publication 3319, *Low Income Taxpayer Clinic Grant Application Package and Guidelines*.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to assess TAS's actions to assist taxpayers in response to the implementation of the CARES Act. To accomplish our objective, we:

- Identified actions taken by TAS to assist taxpayers with CARES Act–related issues.
- Selected and reviewed a judgmental sample of 25 of the 51 CARES Act cases received between the enactment of the CARES Act (March 27, 2020) and the date when the TAS issued guidance that it would no longer accept cases related solely to EIP issues (May 14, 2020).¹ We reviewed these cases to determine if case advocates were able to resolve taxpayer issues. We selected a judgmental sample because we did not intend to project our results to the population.
- Selected and reviewed all 119 cases related to TY 2020 in the TAMIS that were not coded as involving the CARES Act between when TAS established the CARES Act code (April 14, 2020) and the date when TAS issued guidance that it would no longer accept cases related solely to EIP issues (May 14, 2020). We reviewed these cases to determine if the cases were coded correctly.
- Obtained information regarding 16 CARES Act–related Systemic Advocacy projects for the period ending October 30, 2020.

Performance of This Review

This review was performed with information obtained from the NTA Headquarters office located in Washington, D.C., and other TAS locations throughout the United States during the period June through December 2020. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major contributors to the report were Heather Hill, Assistant Inspector General for Audit (Management Services and Exempt Organizations); Troy Paterson, Director; Melinda Dowdy, Audit Manager; Mary Herberger, Lead Auditor; and Yasmin Ryan, Senior Auditor.

Validity and Reliability of Data From Computer-Based Systems

We performed tests to assess the reliability of data obtained from the TAMIS. We evaluated the data by reviewing fields for reasonableness and matching the data to statistical information provided by the TAS. We determined that the data were sufficiently reliable for the purposes of this report.

¹ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

We also performed tests to assess the reliability of data from the SAMS. We evaluated the data by reviewing fields for reasonableness and comparing the data to information provided by the TAS. We determined that the data were sufficiently reliable for the purposes of this report.

Internal Controls Methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: TAS policies, procedures, and practices for identifying and processing individual CARES Act cases on the TAMIS and systemic issues submitted on the SAMS. We evaluated these controls by interviewing TAS management, reviewing internal and external guidance and the applicable sections of the Internal Revenue Manual, reviewing a judgmental sample of cases coded as being related to the CARES Act, and reviewing cases that were not coded as being related to the CARES Act.

Abbreviations

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
COVID-19	Coronavirus Disease 2019
EIP	Economic Impact Payment
IRS	Internal Revenue Service
LITC	Low Income Taxpayer Clinic
NTA	National Taxpayer Advocate
SAMS	Systemic Advocacy Management System
TAMIS	Taxpayer Advocate Management Information System
TAS	Taxpayer Advocate Service
TIGTA	Treasury Inspector General for Tax Administration
TY	Tax Year



**To report fraud, waste, or abuse,
call our toll-free hotline at:**

(800) 366-4484

By Web:

www.treasury.gov/tigta/

Or Write:

Treasury Inspector General for Tax Administration

P.O. Box 589

Ben Franklin Station

Washington, D.C. 20044-0589

Information you provide is confidential, and you may remain anonymous.