

Paul H. Burgess

Attorney at Law &
Certified Public Accountant
800 Park Centre, 525 South Main Street
Tulsa, OK 74103-4511

Tel (918) 599-7755/Fax (918) 599-7756
paul@paulhbουργess.com

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Re: IRS Work Load

Dear Clients, Colleagues, and Friends:

Below is an excerpt of a recent article by the Associated Press citing the National Taxpayer Advocate's office. It states the IRS is having trouble with its work load. Our office first noticed the IRS was having processing problems about two years ago. Prior to that time, the IRS had no difficulty processing more complex items. Today, the IRS can struggle with routine matters. For example, now it can be difficult to get a payment applied to the correct year, and many times it is impossible to directly speak with an IRS employee to ascertain what the IRS requires to resolve a problem. Nevertheless, taxpayers and preparers can mitigate tax compliance struggles by:

- (1) Either timely filing tax returns or requesting an extension; past due tax returns are problematic compared to timely filed returns.
- (2) Make sure all 1099s, K-1s, and W-2s are reported with the original return.
- (3) Consider filing annual tax returns certified mail, return receipt requested.
- (4) Avoid Sole-Proprietorship (Schedule C's) reporting of income and expenses.
- (5) Timely respond to IRS requests. Many times faxing items to the IRS is better than mailing. If you have the opportunity to speak to a human being, take it.
- (6) Provide the requested information in an easy-to-follow format. Sometimes the IRS employee's training can be frustrating. Thus, stay diligent with follow-ups.
- (7) Use the IRS appeals division. Appellate level employees are experienced and knowledgeable. Generally, they do have a rational basis for their position allowing you to focus on "ringing the right IRS bell" to resolve the problem.
- (8) Know when a problem is ripe for the Taxpayer Advocate's assistance.
- (9) If all else fails, the U.S. Tax Court might be a good option.

Article about IRS - Watchdog: Growing IRS workload causing problems

WASHINGTON (AP) - A government watchdog says the Internal Revenue Service can't fully handle identity theft cases and fraudulent tax refund claims [n]or adequately answer taxpayers' questions because its budget is too small to deal with its growing workload. A report by national taxpayer advocate Nina E. Olson says that last year the IRS identity theft caseload grew by 20 percent to more than 226,000. She says the number of tax returns the agency decided needed additional screening for possible fraud exceeded 1 million, a 72 percent increase over 2010. Olson says Congress should give the IRS enough money to perform properly. This year's agency budget is \$11.8 billion. That's \$300 million less than last year. The taxpayer advocate is an independent watchdog within the IRS that reports annually on the agency's performance.