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Phil Liberatore, CPA and IRS Advocate, Reports IRS Shortcomings in Addressing Identity Theft and Backlogs

LOS ANGELES, CA, UNITED STATES, August 23, 2024 /EINPresswire.com/ -- Phil Liberatore, CPA and IRS advocate, says the Internal Revenue Service (IRS) is failing to assist victims of identity theft with receiving their tax refunds. This is according to a new report from National Taxpayer Advocate Erin Collins. The midyear report, released recently, also highlights concerns over misleading statistics regarding the IRS's phone call response rates.

In her detailed report to Congress, Collins draws attention to the significant delays that identity theft victims face when trying to resolve their cases and receive their refunds. As of April 2024, the IRS took over 22 months on average to resolve identity theft cases, leaving approximately 500,000 cases unresolved. This continues to be an ongoing issue, with last year's report showing similar delays. Despite efforts by the IRS to address these problems, the backlog remains substantial.

Liberatore expressed his concerns about the ongoing issues. “The delays in resolving identity theft cases are unacceptable,” said Liberatore. “Taxpayers who are victims of identity theft are already going through a stressful experience. To then have to wait nearly two years for resolution adds unnecessary hardship. The IRS needs to prioritize these cases to restore trust in the system.”

Additionally, Collins pointed out the IRS's backlog in processing Employee Retention Credit (ERC) claims. The IRS paused the processing of these claims last September due to a surge in improper claims, many of which were linked to aggressive promotions by "ERC mills." Although the IRS has begun to process older claims slowly, the moratorium on new claims remains in place, leaving businesses waiting over a year for resolution.

“While it's important to prevent fraud, legitimate businesses are being caught in the crossfire. The IRS must balance thoroughness and efficiency to ensure deserving businesses receive the credits they’re entitled to without unnecessary delay,” argues Liberatore.

The report also scrutinizes the IRS's use of funds from the Inflation Reduction Act, intended to improve taxpayer service and modernize the agency's technology. Collins acknowledged that while the 2024 tax season went smoothly overall, with over 96% of individual taxpayers filing electronically and most receiving timely refunds, significant issues remain. Specifically, the IRS has made technological strides, such as enhancing online taxpayer accounts and developing more advanced digital tools. However, concerns persist about the IRS’s transparency and the effectiveness of its modernization efforts.

Moreover, the report criticizes the IRS for using misleading metrics to assess its phone service quality. Although the IRS reported an 88% success rate in answering taxpayer calls, Collins revealed that this figure only reflects the percentage of calls handled by Accounts Management (AM) representatives and omits many other calls, leading to an actual response rate of just 31%.”

“While it's encouraging to see the IRS make technological advancements, such as enhancing online taxpayer accounts, it's clear that these efforts alone are not enough. Transparency and effective communication with taxpayers are just as crucial. The fact that the IRS's reported phone service metrics don't reflect the experience of many taxpayers is concerning. An actual response rate of 31% is far from acceptable, underscoring the need for more comprehensive and genuine improvements in taxpayer service," exclaims Liberatore.

In response, the IRS acknowledged the challenges but emphasized ongoing efforts to improve services, particularly in reducing the identity theft backlog and enhancing phone service capabilities. The IRS has been utilizing funds from the Inflation Reduction Act to address these issues and improve overall taxpayer services. Still, Collins urged further action, including reallocating resources to areas in greater need.

Collins also addressed the IRS's hiring and retention challenges, noting that a significant portion of the IRS workforce is nearing retirement, which could result in a "brain drain" if not adequately addressed. The report calls for improved recruitment, retention, and training practices to ensure that new employees are well-prepared to meet the demands of their roles.

Looking forward, Collins emphasized the need for continued improvements in IRS operations, transparency, and service quality, particularly in handling identity theft cases and processing backlogged claims.

"The IRS's acknowledgment of these challenges is a step in the right direction, but acknowledgment alone won't suffice. The urgency to address the identity theft backlog and enhance phone service capabilities cannot be overstated, especially when many taxpayers depend on timely and reliable support. While the Inflation Reduction Act funds provide a critical opportunity for improvement, these resources must be allocated effectively to the most needed areas. As the IRS faces a looming 'brain drain' with a significant portion of its workforce nearing retirement, it must also focus on recruiting and retaining well-trained employees to tackle these complex issues. Continuous improvement in operations, transparency, and service quality is not just a goal—it's necessary to restore taxpayer confidence and ensure the IRS can fulfill its mission effectively," Concludes Liberatore.

Phil Liberatore, CPA, is a seasoned expert with over 35 years of experience navigating the complexities of IRS management. Throughout his career, Liberatore has guided thousands of clients through a wide range of IRS issues, from the most intricate cases to more straightforward matters. His deep understanding of IRS procedures and proven negotiation skills have made him a trusted advocate for his clients. Liberatore's credibility with the IRS and his relentless dedication to resolving tax problems have earned him a reputation as a go-to professional for those facing challenges with the IRS.

For more information about Phil Liberatore and his work, visit https://cpaservicescerritos.com/

Amanda Kent
Boundless Media USA
+1 313-403-5636
email us here