



July 14, 2023

Ms. Bridget Roberts
Acting Transformation and Strategy Officer
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Re: IRS Inflation Reduction Act Strategic Operating Plan

Dear Ms. Roberts:

The American Institute of CPAs (AICPA) is pleased to provide preliminary feedback on the [Strategic Operating Plan](#) (SOP), released by the Internal Revenue Service (IRS) on April 6, 2023. The SOP details the IRS's spending plans for the approximately \$80 billion originally appropriated to the IRS by the Inflation Reduction Act¹ (IRA). We note that the Fiscal Responsibility Act of 2023² rescinded \$1.39 billion of unobligated balances that were previously appropriated to the IRS by the IRA.³ We also note that an agreement between President Biden and Congressional leaders calls for \$20 billion of the funds previously appropriated to the IRS by the IRA to be reallocated to other non-defense government priorities, with \$10 billion to be reallocated for fiscal year 2024 and another \$10 billion to be reallocated for fiscal year 2025.⁴ In any event, this significant pool of IRS funding is in addition to annual appropriations the IRS receives and is available for 10 years.⁵

As tax practitioners, AICPA members advise millions of taxpayers on tax return issues, assist them with compliance responsibilities, and represent them before the IRS. We understand what is working and not working with tax administration from both taxpayer and practitioner perspectives. As one of the IRS's most significant stakeholders, AICPA is both poised and committed to being a key resource to IRS regarding the implementation of the SOP.

The AICPA generally supports the SOP goals and objectives and applauds the IRS for using this document as a platform to begin thinking strategically about what is best for America's tax system and how best to serve taxpayers. It is understandable that at this point the SOP is a high-level document. Now that the SOP has been released, we look forward to seeing more specifics from the IRS on each of the objectives. We also agree with some of the concerns expressed by the

¹ Pub. L. No. 117-169.

² Pub. L. No. 118-5.

³ Pub. L. No. 118-5, Section 251.

⁴ Tax Notes, "[IRS to Lose \\$21 Billion Under Debt Limit Deal](#)," May 30, 2023. It is currently not clear from what specific projects or priorities the \$20 billion will be diverted. We look forward to hearing more from the IRS about how this reallocation will affect the objectives and timeframes outlined in the SOP.

⁵ We note that the latest Green Book requests additional funds for Enforcement and Operations Support beyond that 10-year period. Specifically, \$14.3 billion for fiscal year 2032 and \$14.8 billion in fiscal year 2033. See Department of the Treasury, [General Explanations of the Administration's Fiscal Year 2024 Revenue Proposals](#), March 9, 2023, page 209.

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National Taxpayer Advocate in the recently released Objectives report that while the SOP sets forth some very ambitious goals – which would be helpful for taxpayers and tax professionals if fully realized – the IRS “will need to set priorities and provide focus to ensure ... the agency doesn’t tackle more projects than it can reasonably handle.”⁶

The AICPA agrees that this once-in-a-generation funding should be used to modernize the IRS’s technology, including providing taxpayers and practitioners with robust online accounts with information and functionality like the online accounts currently offered by many financial institutions, such as banks, brokerage firms, etc.⁷ We further agree with the SOP’s focus on the safety and security of the IRS’s systems and tax information.⁸

The SOP appears to delay improvements aimed at mid-sized and large business for later years covered by the funding, while increased enforcement activities appear to be squarely focused on these entities in the early years.⁹ The AICPA asks that the plan prioritize better service for all taxpayers, including mid-sized and large businesses in the early years. To that end, we ask that deployment of taxpayer online accounts for mid-sized and large business not be unnecessarily delayed.

While the role of practitioners is addressed somewhat in the SOP,¹⁰ the AICPA is hoping that an “executive-level” operating division focused on needs of practitioners, who are an integral part of federal tax administration, and the Taxpayer First Act implementation of a Third Party Relations Office, will be included in the future organization of the IRS.¹¹ Currently, the only IRS offices that specifically address practitioner issues are compliance and enforcement focused, not service focused. A dedicated Third Party Relations Office focused on practitioner services would allow the IRS to rationalize, enhance, and place under common management the many current, disparate practitioner-impacting programs, processes, and tools.¹²

We are encouraged that the SOP includes training for IRS personnel. However, most of the discussion on this topic centers around training for specific areas of enforcement.¹³ The SOP does include some discussion on training in more general terms, related to hiring and retention and developing a data-savvy workforce.¹⁴ However, we would like to see the IRS develop and implement a comprehensive training strategy that would prioritize customer-focused topics, such

⁶ [National Taxpayer Advocate’s Objectives Report to Congress for Fiscal Year 2024](#), page viii, issued June 21, 2023.

⁷ AICPA letter, “[IRS Operational Plan for Resources Included in the Inflation Reduction Act of 2022](#),” March 28, 2023.

⁸ *Ibid.*

⁹ IRS, Objective 3, “[IRS Strategic Operating Plan](#),” April 6, 2023.

¹⁰ See, e.g., IRS, Initiatives 1.1, 1.4, and 1.7, “[IRS Strategic Operating Plan](#),” April 6, 2023, pages 20, 26, and 32, discussing the accessibility of the Practitioner Line, the expansion of online tax pro accounts, and providing greater clarity and certainty to taxpayers and tax professionals through increased guidance, respectively.

¹¹ AICPA letter, “[IRS Operational Plan for Resources Included in the Inflation Reduction Act of 2022](#),” March 28, 2023; AICPA letter, “[Ensuring a Modern-functioning IRS for the 21st Century](#),” May 16, 2017.

¹² AICPA letter, “[IRS Operational Plan for Resources Included in the Inflation Reduction Act of 2022](#),” March 28, 2023; AICPA letter, “[Taxpayer First Act – Tax Professionals’ Feedback](#),” January 30, 2020.

¹³ See, e.g., IRS, Initiatives 3.2, 3.3, 3.4, 3.5, 3.6, and 3.7, “[IRS Strategic Operating Plan](#),” April 6, 2023.

¹⁴ See, e.g., IRS, Initiatives 5.4, and 5.5, “[IRS Strategic Operating Plan](#),” April 6, 2023.

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as general customer service, procedural issues, and real-life business practices.¹⁵ We also encourage the IRS to leverage trained and experienced employees to provide assistance in team settings to employees with less experience.¹⁶ Experienced practitioners could also be helpful in training IRS personnel on current and emerging practical issues. AICPA stands ready to work with the IRS to provide training by experienced practitioners.

We are also encouraged that the SOP includes a \$4.8 billion investment in business systems modernization.¹⁷ We appreciate that, for example, there are plans to replace outdated databases and implement a standard case management system.¹⁸ We also note that there are plans to scan and digitalize paper-filed forms.¹⁹ We also note that there are plans to increase the number of forms available for electronic filing, and ultimately, for all forms and schedules to be available for electronic filing.²⁰ We support this initiative and look forward to seeing it realized.²¹ We are also pleased to see that there are plans to add digital copies of notices to online accounts and expand digital response options for those notices.²² Additionally, we would like to see the acceptance of electronic signatures on all documents submitted to the IRS, including those submitted by fax, email, or instant message.²³

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The AICPA is the world's largest member association representing the accounting profession, with more than 421,000 members in the United States and worldwide, and a history of serving the public interest since 1887. Our members advise clients on federal, state, and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

We welcome the opportunity to discuss these comments or to answer any questions that you may have. If you have any questions, please contact; Peter Mills, AICPA Senior Manager, Tax Policy & Advocacy at (202) 434-9272, or Peter.Mills@aicpa-cima.com; Rochelle Hodes, chair of the AICPA IRS Advocacy and Relations Committee at (202) 552-8028 or Rochelle.Hodes@crowe.com; or me at (830) 372-9692 or Bvickers@alamo-group.com.

¹⁵ AICPA letter, "[*IRS Operational Plan for Resources Included in the Inflation Reduction Act of 2022*](#)," March 28, 2023; AICPA letter, "[*Taxpayer First Act – Tax Professionals' Feedback*](#)," January 30, 2020.

¹⁶ *Ibid.*

¹⁷ IRS, "[*IRS Strategic Operating Plan*](#)," April 6, 2023, page 129.

¹⁸ IRS, Initiative 4.1, "[*IRS Strategic Operating Plan*](#)," April 6, 2023, page 86.

¹⁹ IRS, Initiative 1.2, "[*IRS Strategic Operating Plan*](#)," April 6, 2023, page 22.

²⁰ *Ibid.*

²¹ AICPA letter, "[*IRS Operational Plan for Resources Included in the Inflation Reduction Act of 2022*](#)," March 28, 2023.

²² IRS, Initiative 2.3, "[*IRS Strategic Operating Plan*](#)," April 6, 2023, page 52.

²³ AICPA letter, "[*Acceptance of Electronic Signatures and Electronic Filing for All Returns and other Documents Submitted to the IRS*](#)," May 9, 2023.

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Sincerely,

A handwritten signature in black ink, appearing to read "Blake Vickers". The signature is fluid and cursive, with a prominent initial "B" and a long, sweeping tail.

Blake Vickers, CPA, CGMA
Chair, AICPA Tax Executive Committee

cc: The Honorable Daniel I. Werfel, Commissioner, Internal Revenue Service
Mr. Brett York, Deputy Tax Legislative Counsel, Department of the Treasury
Mr. William M. Paul, Principal Deputy Chief Counsel, Internal Revenue Service
Ms. Erin Collins, National Taxpayer Advocate, Internal Revenue Service
Ms. Dietra Grant, Director, Customer Account Services, Wage & Investment Division,
Internal Revenue Service