



December 10, 2020

The Honorable Charles P. Rettig  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

**Re: Temporary IRS Guidance for Electronic Signature Program for 2021**

Dear Commissioner Rettig:

The American Institute of CPAs (AICPA) appreciates that the Internal Revenue Service (IRS) recognizes the continued difficulties created by the Coronavirus Disease 2019 pandemic (commonly known as “COVID-19”) by offering additional temporary relief on the electronic signature (e-signature) guidance through the December 1, 2020 memorandum ([Control Number NHQ-01-1120-0004](#)). However, the December 1 memorandum only allows IRS employees to accept images of signatures (scanned or photographed) and digital signatures on documents related to the determination or collection of tax liability. More is needed.

To properly protect IRS employees, taxpayers and their representatives, we request that the IRS extend the expiration date of the August 28, 2020 memorandum (“[Temporary Deviation from Handwritten Signature Requirement for Limited List of Tax Forms](#)”) through October 15, 2021.

**BACKGROUND**

As part of the IRS’s response to the COVID-19 situation, on March 27, through memorandum ([Control Number NHQ-01-0320-0001](#)), to help maximize the ability of the IRS to execute on critical duties in a remote working environment, the IRS temporarily allowed IRS employees to accept images of signatures (scanned or photographed) on documents related to examination and collection of tax liability. The IRS also temporarily accepted digital signatures that used encryption techniques. Additionally, if fax capabilities were not an option, IRS employees could transmit documents to the taxpayer with SecureZip or other IRS established secured messaging systems.

On June 4, in the interest of the health and safety of taxpayers, their representatives, and IRS employees, the AICPA urgently requested that the IRS update its e-signature guidance to provide a permanent solution through various recommendations.<sup>1</sup>

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<sup>1</sup> AICPA Letter, “[IRS Guidance for Electronic Signature Program](#),” June 4, 2020.

On June 12, the IRS superseded the March 27 memorandum (replacing Control Number NHQ-01-0320-0001 with [Control Number NHQ-01-0620-0002](#)). The June 12 memorandum further specified DocuSign as an example of an encryption technique and further clarified the steps to transmit documents to taxpayers either through SecureZip or other encryption methods.

On August 19, the AICPA requested<sup>2</sup> that the IRS expand the scope of the June 12 memorandum (Control Number NHQ-01-0620-0002) to the Form 8878 series,<sup>3</sup> the Form 8879 series,<sup>4</sup> the Form 8453 series,<sup>5</sup> and non-income tax returns, including paper-filed returns.

The August 28 IRS memorandum "[Temporary Deviation from Handwritten Signature Requirement for Limited List of Tax Forms](#)," implemented a temporary deviation that allowed taxpayers and their representatives to use electronic or digital signature when signing the following forms:

Form 3115, Application for Change in Accounting Method;  
Form 8832, Entity Classification Election;  
Form 8802, Application for U.S. Residency Certification;  
Form 1066, U.S. Income Tax Return for Real Estate Mortgage Investment Conduit;  
Form 706, U.S. Estate (and Generation-Skipping Transfer) Tax Return;  
Form 706-NA, U.S. Estate (and Generation-Skipping Transfer) Tax Return;  
Form 709, U.S. Gift (and Generation-Skipping Transfer) Tax Return;  
Form 1120-ND, Return for Nuclear Decommissioning Funds and Certain Related Persons;  
Form 1120-RIC, U.S. Income Tax Return for Regulated Investment Companies;  
Form 1120-C, U.S. Income Tax Return for Cooperative Associations;  
Form 1120-REIT, U.S. Income Tax Return for Real Estate Investment Trusts;  
Form 1120-L, U.S. Life Insurance Company Income Tax Return;

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<sup>2</sup> AICPA Letter, "[Temporary IRS Guidance for Electronic Signature Program](#)," August 19, 2020

<sup>3</sup> Form 8878 series includes Form 8878, *IRS e-file Signature Authorization for Form 4868 or Form 2350*; Form 8878 (SP), *IRS e-file Signature Authorization for Form 4868 (SP) or Form 2350 (SP) (Spanish Version)* and Form 8878-A, *IRS e-file Electronic Funds Withdrawal Authorization for Form 7004*.

<sup>4</sup> Form 8879 series includes Form 8879, *IRS e-File Signature Authorization*; Form 8879 (SP), *IRS e-file Signature Authorization (Spanish version)*; Form 8879-C, *IRS e-file Signature Authorization for Form 1120*; Form 8879-EMP, *IRS e-file Signature Authorization for Forms 940, 940 (PR), 941, 941 (PR), 941-SS, 943, 943 (PR), 944, and 945*; Form 8879-EO, *IRS e-file Signature Authorization for an Exempt Organization*; Form 8879-EX, *IRS e-file Signature Authorization for Forms 720, 2290, and 8849*; Form 8879-F, *IRS e-file Signature Authorization for Form 1041*; Form 8879-I, *IRS e-file Signature Authorization for Form 1120-F*; Form 8879-PE, *IRS e-file Signature Authorization for Form 1065*; and Form 8879-S, *IRS e-file Signature Authorization for Form 1120-S*.

<sup>5</sup> Form 8453 series includes Form 8453, *U.S. Individual Income Tax Declaration for an IRS e-file Return*; Form 8453 (SP), *U.S. Individual Income Tax Declaration for an IRS e-file Return (Spanish version)*; Form 8453-C, *U.S. Corporation Income Tax Declaration for an IRS e-file Return*; Form 8453-EMP, *Employment Tax Declaration for an IRS e-file Return*; Form 8453-EO, *Exempt Organization Declaration and Signature for Electronic Filing*; Form 8453-EX, *Excise Tax Declaration for an IRS e-file Return*; Form 8453-FE, *U.S. Estate or Trust Declaration for an IRS e-file Return*; Form 8453-I, *Foreign Corporation Income Tax Declaration for an IRS e-file Return*; Form 8453-PE, *U.S. Partnership Declaration for an IRS e-file Return*; Form 8453-R, *Electronic Filing Declaration for Form 8963*; Form 8453-S, *U.S. S Corporation Income Tax Declaration for an IRS e-file Return*; and Form 8453-X, *Political Organization Declaration for Electronic Filing of Notice of Section 527 Status*.

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Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return;  
Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts;  
Form 3520-A, Annual Information Return of Foreign Trust with a U.S. Owner; and  
Form 8453 series, Form 8878 series, and Form 8879 series regarding IRS e-file Signature Authorization Forms.

The August 28 memorandum expires on December 31, 2020.

On December 1, the IRS issued a memorandum ([Control Number NHQ-01-1120-0004](#)) implementing a temporary deviation that allows IRS employees to accept images of signatures (scanned or photographed) and digital signatures on documents related to the determination or collection of tax liability and allows IRS employees to accept documents via email and to transmit documents to taxpayers using some secured messaging systems. The December 1 memorandum is in place through June 30, 2021.

## **RECOMMENDATIONS**

The IRS should extend the expiration date of the August 28, 2020 memorandum (“[Temporary Deviation from Handwritten Signature Requirement for Limited List of Tax Forms](#)”) through October 15, 2021.

Additionally, if possible, the IRS should expand the scope of the memorandum to include non-income tax returns and paper-filed returns.<sup>6</sup>

## **ANALYSIS**

Though the IRS acknowledges the burden of obtaining wet signatures on documents and has provided for its ability to continue the collection of tax liability through the December 1 memorandum, the scope is too narrow to truly benefit taxpayers and their representatives.<sup>7</sup>

When the IRS provided for the temporary deviation from handwritten signature requirements on August 28, many taxpayers and their representatives felt a sense of relief for the ability to e-sign tax documents without needing to run the risk of exposing themselves to COVID-19.

With the uptick in COVID-19 cases as we enter 2021 and without expanded guidance, taxpayers under stay-at-home orders or trying to maintain a minimum of six feet of social distance will

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<sup>6</sup> For example, but not limited to, the dual consolidated losses form attached to a Form 1120-PC; Form 990-T, *Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))*; Form 5227, *Split-Interest Trust Information Return*; and expats that need to paper file Form 1040, *U.S. Individual Income Tax Return*.

<sup>7</sup> Nearly 90% of individual income tax returns, well over 80% of partnership, corporation and fiduciary returns, and nearly 70% of tax-exempt organization returns are filed electronically. However, the majority of the E-file Authorization Forms and non-income tax returns require manual signatures. IRS Data Book, [Returns Filed, Taxes Collected & Refunds Issued](#), Fiscal Year 2018.

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struggle to comply with their tax obligations. Additionally, many businesses are closed, making manual signatures burdensome and, in some cases, impossible to obtain.

It is critical to extend the expiration date of the August 28 memorandum to remove unnecessary burdens on taxpayers, their representatives, and the IRS, and encourage compliance with public health directives.

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The AICPA is the world's largest member association representing the CPA profession, with more than 431,000 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 appreciate your consideration of these comments and welcome the opportunity to discuss these issues further. If you have any questions, please feel free to contact Melanie Lauridsen, Senior Manager – AICPA Tax Policy & Advocacy, at (202) 434-9235 or [Melanie.Lauridsen@aicpa-cima.com](mailto:Melanie.Lauridsen@aicpa-cima.com); or me at (612) 397-3071 or [Chris.Hesse@CLAconnect.com](mailto:Chris.Hesse@CLAconnect.com).

Sincerely,

A handwritten signature in blue ink that reads "Christopher W. Hesse". The signature is fluid and cursive, with a stylized flourish at the end.

Christopher W. Hesse, CPA  
Chair, AICPA Tax Executive Committee

cc: Ms. Sunita B. Lough, Deputy Commissioner for Services and Enforcement, Internal Revenue Service