



January 18, 2019

The Honorable Chuck Grassley
Chairman
Senate Committee on Finance
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Re: Urging an End to the Shutdown of the Internal Revenue Service (IRS)

Dear Chairman Grassley and Ranking Member Wyden,

As the largest organization in the United States dedicated to excellence in federal tax preparation for the millions of taxpayers we serve, the National Association of Tax Professionals (NATP) respectfully urges you to consider the total impact of this current government shutdown on the IRS' ability to perform its duties to the taxpayer.

The IRS recently released the Lapsed Appropriations Contingency Plan for the tax year 2018 filing season projects that slightly over 50 percent of the furloughed workforce are expected to return to service during the filing season. It has also been reported that the IRS intends to open the filing season on January 28th and issue refunds in a timely manner. The actual number of recalled IRS employees that will return to the agency is still unknown as is the true impact this prolonged shutdown will have on taxpayers and their tax professionals. It is for that reason that our association feels compelled to outline how key parties will be impacted by an uncertain tax season.

Impact of the Government Shutdown on Taxpayers and Taxpayer Services

- Penalties and interest continue to accrue for taxpayers with unpaid tax bills. This fact doesn't change with the shutdown and these taxpayers will likely face more interest and penalties despite the fact the IRS resources needed to facilitate the resolution of their issues are not available.
- Fewer agents on the help lines will prevent taxpayers from getting the filing assistance they need. The same can be said for shuttered Taxpayer Assistance Centers, leaving those in need of face-to-face help without options. Additionally, a number of final forms have not been released yet which is delaying prefilling tasks, and if not available before January 28, will result in a greater delay for many taxpayers.
- Many business owners are still grappling with the new 20 percent qualified business income deduction that was included in the recent Tax Cuts and Jobs Act. It is good that the IRS has just issued the final regulations and addressed many of the unanswered

questions. However, there are 10 million taxpayers that are impacted by these rules. There will be many questions by taxpayers and tax professionals because this rule is so complicated. The IRS being understaffed will only exacerbate the problem and frustration.

Impact of the Government Shutdown on Tax Professionals

- This is the first filing season where the tax changes under the Tax Cuts and Jobs Act take effect, that alone set the stage for a great deal of uncertainty regarding the upcoming filing period. There remains a lack of clear guidance on lingering questions, making due diligence difficult for tax preparers when advising clients or completing their return, and potentially leaving tax professionals open to penalties.
- The inevitable backlog in exam and appeals that will likely result, prolongs the timely resolution of tax disputes for taxpayers.
- The contingency plan lists several categories of employees who will be asked to fulfil essential functions. It's difficult to fully understand what this means and the impact it will have on taxpayers and tax preparers since it is unclear what their primary functions were and what their qualification are to serve in a temporary role they will be assigned to fill.

It is on behalf of the thousands of members we serve and millions of their taxpaying clients impacted by this interruption in service, that we urge you to find a resolution and return the IRS to its pre-shutdown capacity.

We appreciate that resolving this shutdown will prove challenging and are grateful for your attention to our concerns.

Sincerely,



Scott Artman, CPA
Executive Director
National Association of Tax Professionals
sartman@natptax.com
800.558.3402



Gerard Cannito, CPA, CFP®
President
National Association of Tax Professionals
president@natptax.com
800.558.3402

Cc: Members of the Senate Committee on Finance