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pandemic has created obstacles preventing many taxpayers and their advisors from timely filing returns or making timely payments despite their best efforts.

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This week, the [American Institute of CPAs](#) (AICPA) led a coalition of seven professional tax organizations in sending a letter to the Department of the Treasury and the Internal Revenue Service (IRS) calling on the IRS to offer targeted penalty relief to Americans facing hardship due to the COVID-19 pandemic.

The AICPA has been a leading advocate for IRS penalty relief throughout the

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the IRS, including a reduced workforce, mail backlog and premature compliance action, call attention to the situation.”

AICPA Tax Executive Committee member and practicing CPA, Jan Lewis, has seen firsthand the critical need for the IRS to grant targeted penalty relief. “About a month ago, I had a small business client with an owner and five employees receive a failure to file penalty notice since the return was filed a few days late. One of the key employees passed away due to COVID-19 and the client was unable to get their data to us in time. When I reached out to the IRS, they told me the client may not qualify for reasonable cause penalty relief since there were others that could have gathered the tax data, which was difficult in this case since the sole owner had to take on more duties due to the employee’s death. There seems to be a disconnect at the IRS as to what taxpayers are facing. A penalty notice is scary for a taxpayer and creates unnecessary stress during an already difficult time,” Lewis explained.

Neil Fishman, Immediate Past President of the National Conference of CPA Practitioners (NCCPAP) – who is also a signatory on the letter – also experienced the added stress of erroneous or unfair penalty notices for his clients. “I electronically submitted a tax return in October on behalf of my client – the balance due was \$20,000. We sent in payment when the tax return was submitted, however we received a notice calling for payment plus penalties and interest. In many cases, clients are receiving multiple notices from the IRS even though payment was submitted,” said Fishman.

There are many examples of returns being unavoidably filed late due to a death or illness with the client, employees within the client’s business, or even with the tax practitioner themselves. These late filings have resulted in penalties from the IRS and because of its reduced workforce, there is no way to reach the IRS to explain the circumstances. While the IRS maintains that their current penalty relief measures

such as first-time abatement and reasonable cause are enough, the AICPA insists that

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and share these examples with all telephone assistors through interim guidance;  
and

- Develop a dedicated telephone number, or dedicated prompt, for taxpayers or their advisors to call to request coronavirus-related penalty relief.

Additional resources and AICPA advocacy work related to COVID-19 can be found at: <https://www.aicpa.org/advocacy/tax/covid-19.html>

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