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For more than a year, the [American Institute of CPAs](#) (AICPA) has advocated for penalty relief for taxpayers as they deal with the ongoing challenges brought on by the coronavirus pandemic. These difficulties have prevented many taxpayers from voluntarily complying with their tax obligations or inadvertently under-withholding taxes, resulting in potential penalties. The AICPA is grateful to Representative Judy Chu (CA-D) for her introduction of the *Taxpayer Penalty Protection Act of 2021* and commends her efforts to assist taxpayers affected by the pandemic.

“This Act not only provides a fair and reasonable measure of penalty relief that helps

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- Offer a reasonable cause penalty waiver, similar to the procedures of first time abate (FTA) administrative waiver, without affecting the taxpayer's eligibility for FTA in future tax years.
- Discontinue compliance actions until the IRS is prepared to devote the necessary resources for a proper and timely resolution of the matter.
- Align requests for account holds with the time it takes the IRS to process any penalty abatement requests.

“Taxpayers – regardless of their economic standing – deserve a tax administration system that provides support to help them meet their tax obligations. Providing penalty relief measures will lessen the burdens for everyone, including struggling taxpayers *and* the IRS,” continued Lauridsen.

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