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News

Tax

Frost Law Urges Action to Protect Independence of IRS Appeals Office; Raises Issue as Possible Most Serious Problem for the National Taxpayer Advocate's Report to Congress

By Terry Lemons

Lack of Case Development Clogs Appeals Process; Jeopardizes Rights, Refunds for Small Businesses With Employee Retention Credit Claims

WASHINGTON – Frost Law called today for the Internal Revenue Service to take steps to protect the independence of the IRS Appeals process, a situation that threatens the rights and refunds of tens of thousands of small business owners with Employee Retention Credit claims.

The IRS Independent Office of Appeals has been overwhelmed by the number of cases coming in for review. In addition, the work of Appeals has been slowed by receiving underdeveloped cases coming out of IRS compliance functions like the Small Business and Self-Employed division (SBSE). These incompletely reviewed cases on issues like Employee Retention Credit (ERC) mean that Appeals officers have been conducting basic substantiation and review work of taxpayers outside of normal, and long-established practice and procedures.

The result of this unusual situation is that work is slowing in Appeals, and taxpayers are losing the right to the independent review that they're entitled to.

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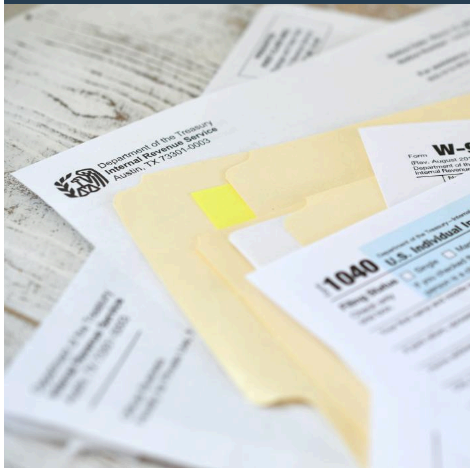

"There is growing concern across the nation's tax community about the large amount of work facing Appeals Officers," said Glen Frost, the firm's Founding Partner. "Underdeveloped work coming out of IRS compliance functions is adding more burden onto overworked Appeals officers, slowing work on cases but also jeopardizing the independent review that taxpayers are entitled to. Returning to tried-and-true IRS processes will not only protect taxpayer rights, it will help Appeals more timely resolve cases in the long run."

Frost Law outlined these concerns in a letter sent today to IRS Chief Executive Officer Frank Bisignano and National Taxpayer Advocate Erin Collins. In the letter, Frost Law praised Bisignano's focus on resolving long-pending cases but urged a return to normal IRS practices and support the Congressionally-mandated review process – which can ultimately lead to more timely resolution of Appeals cases.

The firm, based in metropolitan Washington, DC, also asked Collins to consider adding the Appeals issue – and the resulting impact to ERC small-business owners – as one of her Most Serious Problems in the Advocate's Annual Report to Congress. The 2026 report is expected to go to Congress in early January.

A copy of the letter is attached.

About Frost Law: Frost Law, headquartered in metropolitan Washington, D.C., works with clients across the nation and around the world. Currently, more than 80 Frost employees include skilled attorneys focusing on tax, business, litigation, bankruptcy, and estates as well as Certified Public Accountants, Certified Financial Planners™, Enrolled Agents and other tax professionals. Frost's team can help people and businesses on issues including tax planning, tax strategy, tax minimization as well as helping businesses with tariff refunds and Small Business Administration loan problems. Contact our team today at **(410) 497-5947** or **schedule a confidential consultation**.

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