



August 19, 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

Dear Commissioner Rettig:

The American Institute of CPAs (AICPA) recognizes the great efforts of the Internal Revenue Service (IRS) during this extraordinary time. However, the Coronavirus Disease 2019 pandemic (commonly known as “COVID-19”) has highlighted the desperate need to, at a minimum, provide temporary relief on the electronic signature (e-signature) guidance.¹

Specifically, we are requesting that IRS expand the scope of the June 12, 2020 memorandum ([Control Number NHQ-01-0620-0002](#)) to all electronic file (e-file) signature authorization forms, and non-income tax returns, including paper-filed returns.

BACKGROUND

As part of the IRS’s response to the COVID-19 situation, on March 27, through memorandum ([Control Number NHQ-01-0320-0001](#)),² 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 will also temporarily accept digital signatures that use encryption techniques. Additionally, if fax capabilities are not an option, the IRS employee may transmit documents to the taxpayer with SecureZip or other IRS established secured messaging systems.

¹ As described in IRM 10.10.1.3.2, electronic signature means: A typed name that is typed within or at the end of an electronic record, such as typed into a signature block; a scanned or digitized image of a handwritten signature that is attached to an electronic record; a shared secret, such as a code, password, or PIN; a unique biometric-based identifier, such as a fingerprint, voice print, or a retinal scan; a handwritten signature input onto an electronic signature pad; a handwritten signature, mark, or command input on a display screen by means of a stylus device; or other electronic sounds, symbols, or processes identified in IRS guidance.

² IRS memorandum (Control Number NHQ-01-0320-0001), Lough, Sunita, “(1) Approval to Accept Images of Signatures and Digital Signatures (2) Approval to Receive Documents by Email and to Transmit Documents to Taxpayers using SecureZip,” March 27, 2020.

On June 4, in the interest of the health and safety of taxpayers, tax professionals, and IRS employees, the AICPA urgently requested that the IRS update its e-signature guidance to provide a permanent solution through various recommendations.³

On June 12, the IRS superseded the March 27 memorandum (replacing Control Number NHQ-01-0320-0001 with Control Number NHQ-01-0620-0002).⁴ 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 3, “the IRS acknowledges the burden on taxpayers and the tax professional community to apply physical signatures to forms, especially during these unprecedented times. The IRS is working on a solution to provide for the acceptance of Forms 8821 and 2848 with electronic signature images by early 2021.”⁵

RECCOMENDATION

The IRS should expand the June 12 memorandum (Control Number NHQ-01-0620-0002) to the Form 8878 series,⁶ the Form 8879 series,⁷ the Form 8453 series⁸ (collectively, “E-file Authorization Forms”), and non-income tax returns, including paper-filed returns.

³ AICPA Letter, “[IRS Guidance for Electronic Signature Program](#),” June 4, 2020.

⁴ IRS memorandum (Control Number NHQ-01-0620-0002), Lough, Sunita, “[\(1\) Approval to Accept Images of Signatures and Digital Signatures \(2\) Approval to Receive Documents and to Transmit Encrypted Documents by Email](#),” June 12, 2020

⁵ IRS webpage, “[IRS Operations During COVID-19: Mission-critical functions continue](#),” posted on August 3, 2020 and last updated August 13, 2020.

⁶ 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*.

⁷ 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*.

⁸ 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*.

The Honorable Charles P. Rettig

August 19, 2020

Page 3 of 4

ANALYSIS

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.⁹ However, the majority of the E-file Authorization Forms and non-income tax returns require manual signatures. Many taxpayers are under stay-at-home orders or trying to maintain a minimum of six feet of social distance and many businesses are closed making manual signatures burdensome and, in some cases, prohibitive to obtain.

Furthermore, without expanded guidance, the need to print and mail E-file Authorization Forms and returns, with sensitive taxpayer information, will increase. In turn, the likelihood of these documents being misplaced through the mail system or stolen will also increase.

Though the IRS acknowledges the burden on taxpayers and their representatives and plans to expand e-signatures to Form 8821 and Form 2848 in 2021, it is too narrow in scope and too late to offer meaningful relief in the midst of the COVID-19 pandemic.

Expanding the scope of the June 12 memorandum will remove an unnecessary burden on taxpayers, their representatives, and the IRS, help prevent identity theft, 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; or me at (612) 397-3071 or Chris.Hesse@CLAconnect.com.

Sincerely,



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

⁹ IRS Data Book, [Returns Filed, Taxes Collected & Refunds Issued](#), Fiscal Year 2018.

The Honorable Charles P. Rettig

August 19, 2020

Page 4 of 4

cc: The Honorable David J. Kautter, Assistant Secretary for Tax Policy, Department of the Treasury
The Honorable Michael J. Desmond, Chief Counsel, Internal Revenue Service
Ms. Sunita B. Lough, Deputy Commissioner for Services and Enforcement, Internal Revenue Service
Mr. Jeffrey Tribiano, Deputy Commissioner for Operations Support, Internal Revenue Service
Mr. Thomas A. Cullinan, Counselor to the Commissioner, Internal Revenue Service
Ms. Amalia C. Colbert, Chief of Staff, Internal Revenue Service
Mr. Kenneth C. Corbin, Commissioner, Wage and Investments, Internal Revenue Service
Ms. Nanette M. Downing, Director, Identity Assurance, Internal Revenue Service