

Tax Report

A Special Summary and Forecast Of Federal and State Tax Developments

REACHING A COMPROMISE with the IRS often takes exceptional patience.

The IRS is authorized to compromise with people who can show they can't pay all their tax debts. But critics have complained that the IRS takes much too long to decide on taxpayer offers. Among those critics is Nina E. Olson, the IRS's national taxpayer advocate. She says she recently received a letter from a taxpayer who had submitted an offer in December 2000—and still hasn't received a verdict.

An IRS spokeswoman says, "the average backlog for the average case is 10 months." But more complex cases take much longer. Meanwhile, the number of applications still is soaring: As of August, the backlog stood at about 94,000, up from 62,551 nearly two years earlier, the spokeswoman says. The IRS is trying to respond by adopting an "inventory-reduction program" that includes special employee training. But the backlog is so big and growing so rapidly that it will take years to make significant progress, Ms. Olson says.

Senate staffers predict the program will be probed at hearings this year.