

**Annual Report to Congress**



**Internal  
Revenue  
Service**

# **The Taxpayer Assistance Blueprint**

## **Taxpayer Service Improvements**

**October 2012 to September 2013**

**March 24, 2014**

## Table of Contents

Executive Summary .....	ii
Introduction .....	1
§1. Services Committee Oversees Enterprise-Wide Activities .....	1
§2. FY 2013 Service Improvements Make Compliance Easier.....	2
2.1. <i>Incorporate taxpayer perspectives to improve all service interactions</i> .....	2
2.2. <i>Expedite and improve issue resolution across all interactions with taxpayers, making it easier to navigate the IRS</i> .....	9
2.3. <i>Provide taxpayers with targeted, timely guidance and outreach</i> .....	10
2.4. <i>Strengthen partnerships with tax practitioners, tax preparers, and other third parties in order to ensure effective tax administration</i> .....	14
2.5. <i>Proactively enforce the law in a timely manner while respecting taxpayer rights and minimizing taxpayer burden</i> .....	14
2.6. <i>Ensure that all tax practitioners, tax preparers, and other third parties in the tax system adhere to professional standards and follow the law</i> .....	16
2.7. <i>Build and deploy advanced information technology systems, processes, and tools to improve IRS efficiency and productivity</i> .....	17
§3. Research Informs Future Taxpayer Services Decisions.....	19
§4. Taxpayer Service Measures Track Progress.....	20
§5. FY 2013 Marked by Successful Filing Season, Challenges .....	22
§6. Low Income Tax Clinics .....	24
§7. Taxpayer Advocacy Panel .....	24
§8. IRS Oversight Board Perspective .....	27
§9. National Taxpayer Advocate Perspective .....	33
Appendix A. Crosswalk of TAB Guiding Principles and IRS Strategic Plan, 2009-2013 .....	37
Appendix B. Additional FY 2013 Service Improvements by IRS Strategic Objective .....	38
Appendix C. TAB Measures, FY 2007-2012.....	47

## EXECUTIVE SUMMARY

In April 2007, the IRS, working with the National Taxpayer Advocate (NTA) and the IRS Oversight Board, delivered the final report of the Taxpayer Assistance Blueprint (TAB) to the Congress. The TAB was a two-phase project that studied the service needs and preferences of individual taxpayers and produced a five-year strategic plan for taxpayer services. Based on extensive research of the taxpayer perspective, the TAB developed a strategic direction for the IRS that incorporated taxpayer and partner needs into its service improvement decisions.

After the TAB project was completed, the Appropriations Committees requested annual progress reports on the implementation of the five-year TAB Strategic Plan as part of the annual federal budget. These reports summarized progress made to improve taxpayer service, highlighted key service challenges, and provided details of research efforts to understand taxpayer needs, preferences, and behavior. Additionally, last year's report, which described the progress during the final year of the TAB Strategic Plan, included a summary of the service improvements made during its entirety.

The IRS has effectively embedded the TAB into its working culture and its service delivery models. Improving service in every taxpayer interaction continues to be an important part of IRS strategic planning. This report describes the accomplishments of the IRS for FY 2013 in delivering taxpayer services.

### FY 2013 Taxpayer Service Improvements

This report describes the IRS's FY 2013 activities that improved delivery of taxpayer services and expanded service options for taxpayers. These activities continue the principles of the TAB and support the strategic plan of the IRS, including enhancing the IRS website, expanding self-service assistance, and improving services to make voluntary compliance easier.

During FY 2013, the IRS continued to improve and expand self-assistance tools and applications. In addition to expanding the self-service Interactive Tax Assistant on IRS.gov, the IRS enhanced the *Where's My Refund?* tool and deployed the new *Where's My Amended Return?* application. The IRS also embarked on projects to improve information on international and bankruptcy topics on IRS.gov. These efforts included revamping the International Taxpayer home page, adding useful content and making the page easier to navigate by improving search capabilities, and designing four new Web pages dedicated to tax-related bankruptcy information—a Bankruptcy home page, a Chapter 7 Web page, a Chapter 11 Web page, and a Chapter 13 Web page. In addition to the new bankruptcy Web pages, the IRS also released a new publication—Publication 5082, *What You Should Know About Chapter 13 Bankruptcy and Delinquent Tax Returns*—that provides answers to several common Chapter 13 filer questions and addresses filing and payment topics.

The IRS incorporates the taxpayer perspective into taxpayer services to help taxpayers meet their tax responsibilities and reduce their burden. In FY 2013, the IRS used this principle when it improved its administration of the Foreign Account Tax Compliance Act (FATCA). After gathering data from taxpayer calls made to IRS assistors related to FATCA and Form 8938, *Statement of Foreign Financial Assets*, the results were used to redesign the FATCA Web page so it is easier to navigate. Additionally, to reduce the burden on foreign financial institutions (FFIs) that are required to report to the IRS using Form 8966, *Foreign Asset Tax Compliance Act Report*, accounts owned by U.S. persons under specific circumstances, the IRS designed

an Extensible Markup Language (XML) based schema that reuses many data elements from its predecessors, adding new elements only where absolutely required by FATCA. This program was developed in close cooperation with the Organization for Economic Cooperation and Development (OECD) member states, and the OECD business advisory group was consulted to gain the FFIs' perspective as well.

In FY 2013, the IRS continued to work with Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites to offer alternative service options: facilitated self-assistance (FSA) return preparation and virtual VITA/TCE sites. With FSA, taxpayers with simple returns prepared their own tax returns with the assistance of a VITA volunteer. The virtual sites provide taxpayers in remote locations with tax preparation assistance from a certified VITA/TCE preparer in a different location via secure e-mail, scanners, and phone interviews with taxpayers. Survey results revealed that FSA and virtual site users were satisfied with this year's VITA/TCE experience.

In FY 2013, the IRS continued to improve the clarity, accuracy, and effectiveness of taxpayer correspondence by adding 56 new and redesigned notices to production. As of August 2013, 181 redesigned notices are in production, representing over 70 percent in volume of the over 210 million notices the IRS sends each year. In May 2013, the IRS received a 2013 ClearMark Award of Distinction from the Center for Plain Language for the redesigned CP2000, *Request for Verification of Unreported Income, Payments, or Credits*. The winning notice stood out for the use of easy to-find instructions, active voice, and clear, concise language.

The 2013 filing season marked the first time that Modernized e-File (MeF) processed all Form 1040 electronic returns received by the IRS. After thorough testing to ensure it was ready for the filing season, the MeF system achieved its targeted goals of processing acknowledgements within five minutes during non-peak periods and within two hours during peak periods. The overall result was an improved taxpayer experience with faster return acknowledgements.

## **FY 2013 Challenges**

The IRS delivered another successful filing season in 2013, rising to the challenges posed by tax legislation enacted on January 2, 2013, and taking the necessary steps to minimize disruptions for taxpayers. The filing season began on January 30, 2013, less than one month after the passage of legislation that affected over 600 tax products. The IRS processed over 147.6 million individual income tax returns and issued 109.6 million refunds totaling almost \$301.9 billion, compared to 110.5 million refunds totaling \$310.1 billion for the same period in 2012. The IRS answered 30.1 million assistor calls, a 2.2-percent increase from 2012, and answered an additional 54.0 million automated calls.

To help taxpayers meet their service needs, the IRS provided tax services during FY 2013 through various service channels. Over 6.5 million taxpayers were served at one of the IRS's 390 Taxpayer Assistance Center (TAC) offices throughout the country, and over 81,000 customers were assisted through the IRS's Facilitated Self-Assistance (FSA) kiosks. Additionally, over 1,300 taxpayers who were victims of Hurricane Sandy were assisted by the extended hours in 11 TAC offices and open houses that were held at six TACs.

In an attempt to both enhance and improve service provided to taxpayers and to protect taxpayers against the consequences of the absence of basic tax return preparation standards in the return preparation industry, the IRS instituted regulatory requirements providing for the

registration of all tax return preparers, passing a mandatory minimum competency test for unenrolled tax return preparers, and 15 hours of continuing education annually, also for unenrolled tax return preparers. In January 2013, the IRS was found to be without authority to mandate testing and continuing education by a federal district court, and the court enjoined the IRS from enforcing these provisions. On February 11, 2014, the U.S. Court of Appeals for the District of Columbia Circuit upheld the decision of the District Court in *Loving v. IRS*, finding insufficient statutory authority for the IRS's regulation of tax return preparers. The registration requirement is unaffected by the litigation, and continuing education is available to return preparers on a voluntary basis. Testing has been terminated.

## INTRODUCTION

In April 2007, the IRS, working with the National Taxpayer Advocate (NTA) and the IRS Oversight Board, delivered the final report of the Taxpayer Assistance Blueprint (TAB) to the Congress.<sup>1</sup> The TAB was a two-phase project that studied the service needs and preferences of individual taxpayers and produced a five-year strategic plan for taxpayer services. Based on extensive research of the taxpayer perspective, the TAB developed a strategic direction for the IRS that incorporated taxpayer and partner needs into its service improvement decisions.

After the TAB project was completed, the Appropriations Committees requested annual progress reports on the implementation of the five-year TAB Strategic Plan as part of the annual federal budget.<sup>2</sup> These reports summarized progress made to improve taxpayer service, highlighted key service challenges, and provided details of research efforts to understand taxpayer needs, preferences, and behavior. Additionally, last year's report, which described the progress during the final year of the strategic plan, included a summary of the service improvements during the entirety of the TAB Strategic Plan.

The IRS has effectively embedded the TAB into its working culture and its service delivery models. Improving service in every taxpayer interaction continues to be an important part of IRS strategic planning. This report describes the accomplishments of the IRS for FY 2013 in delivering taxpayer services.

## §1. SERVICES COMMITTEE OVERSEES ENTERPRISE-WIDE ACTIVITIES

The IRS's Services Committee guides the development and implementation of enterprise-wide taxpayer service strategies. Among its responsibilities, the Committee oversees and prioritizes an integrated services portfolio. The Deputy Commissioner for Services and Enforcement chairs the Services Committee, which consists of senior executives from business units across the IRS and the NTA. During FY 2013, the Committee met quarterly to review significant taxpayer service developments.

In FY 2013, the Business Operating Divisions and the NTA provided progress updates on their top service improvement activities and plans. Some notable FY 2013 Services Committee topics included:

---

<sup>1</sup> Internal Revenue Service, *The 2007 Taxpayer Assistance Blueprint Phase 2*, April 11, 2007.

The TAB Phase 1 report, delivered to Congress in April 2006, included a baseline of current taxpayer services and outlined key strategic improvement themes. The results of the first phase of the TAB are presented in *The 2006 Taxpayer Assistance Blueprint Phase 1* (April 24, 2006).

<sup>2</sup> Internal Revenue Service, Report to Congress: Progress on the Implementation of the Taxpayer Assistance Blueprint, April 2007 to February 2008, April 2008.

Internal Revenue Service, Report to Congress: Progress on the Implementation of the Taxpayer Assistance Blueprint, 2008-2009, October 2009.

Internal Revenue Service, Annual Report to Congress: Progress on the Implementation of the Taxpayer Assistance Blueprint, April 2009 to September 2010, May 2011.

Internal Revenue Service, Annual Report to Congress: Progress on the Implementation of the Taxpayer Assistance Blueprint, April 2010 to September 2011, March 2012.

Internal Revenue Service, Annual Report to Congress: Progress on the Implementation of the Taxpayer Assistance Blueprint, Five-Year Progress Report: FY 2008 - FY 2012, April 2013.

- Customer Early Warning System Enhancements
- Modernized Electronic Filing (MeF)
- Burden Risk Calculator
- Reaching Taxpayers with Disabilities through the Use of Social Media
- Offer in Compromise Pre-Qualifier Tool

## **§2. FY 2013 SERVICE IMPROVEMENTS MAKE COMPLIANCE EASIER**

The IRS wove the priorities of the TAB thoroughly into the *IRS Strategic Plan 2009-2013* (Plan) by incorporating the taxpayer perspective into service improvement decisions and embedding the concept of improving service in every taxpayer interaction.<sup>3</sup> To that end, the Plan established the following goals and foundations to guide the IRS in achieving its mission to provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and to enforce the law with integrity and fairness to all:

- Strategic Goal 1: Improve service to make voluntary compliance easier
- Strategic Goal 2: Enforce the tax law to ensure everyone meets their obligation to pay taxes
- Strategic Foundations: Invest for high performance in people and technology

In FY 2013, the IRS developed its strategic plan for 2014-2017. As with the expired Plan, incorporating taxpayer perspectives into IRS taxpayer service improvements continues to be an important part of IRS strategic planning and is included in the new IRS strategic plan.

This section describes some key IRS taxpayer service accomplishments in FY 2013, and they are organized by strategic objectives presented in the IRS Strategic Plan for 2009-2013. These service activities illustrate how the agency is working towards achieving its strategic goals. For information about additional FY 2013 service improvements, see Appendix B.

### **2.1. Incorporate taxpayer perspectives to improve all service interactions**

The IRS gathers taxpayer perspectives directly from a variety of sources including surveys, quality assurance programs, taxpayer issue programs, the IRS Oversight Board, the NTA, the Taxpayer Advocacy Panel (TAP), focus groups, and indirectly from IRS employee feedback and operational data. The IRS uses this information to identify gaps in service performance and opportunities for improvement as well as preferences in service offerings.

#### Taxpayer Preferences

To incorporate the taxpayer perspective into improving taxpayer services, the IRS conducts research about taxpayer preferences regarding the service channels that taxpayers use or

---

<sup>3</sup> See Appendix A for a description of how the TAB guiding principles are integrated into the IRS Strategic Plan for 2009-2013.

would choose to use to obtain the assistance and information they need.<sup>4</sup> A service channel is the method by which taxpayer service is provided. Service channels include telephone assistance, assistance at Taxpayer Assistance Centers (TACs), and the IRS website. Research findings about taxpayer preferences include:

- Taxpayers generally prefer self-assisted services, such as those found on the IRS website, for tasks like getting a form or a publication or getting information on their refund. Taxpayers prefer assisted services, such as those available by telephone or at TACs, for more complex interactive tasks like responding to a notice.
- Use of IRS.gov for tax year (TY) 2011 (55% of interactions) increased from TY 2009 (49%), while use of the IRS Toll-Free line declined from 31% of interactions in TY 2009 to 26% in TY 2011. Taxpayers are experiencing a high “success” rate with using IRS.gov; 86% found the information they were seeking using IRS.gov, 95% understood the information once they located what they were seeking, and 94% were confident in their ability to apply the information sought on IRS.gov. Additionally IRS.gov was the most preferred IRS channel for obtaining general tax information; 78% of those who prefer to receive tax information from the IRS in the future would prefer to receive it via IRS.gov.<sup>5</sup>
- For each of the three main reasons that taxpayers contact the IRS (obtaining forms or publications, notices, and refund information), IRS.gov and the IRS Toll-Free line were the channels used the most. Almost four in five of the interactions for obtaining forms or publications were through IRS.gov, more than one-half of the interactions concerning notices were through the IRS Toll-Free line and more than one-third were by regular mail. Most of the interactions for obtaining refund information were through IRS.gov and the IRS Toll-Free line.<sup>6</sup>
- Channel use preferences among special populations reflect that:
  - Low income, limited English proficient (LEP), and elderly taxpayers tend to report a somewhat higher preference for using a TAC and a lower preference for using the IRS website than the majority of taxpayers as a whole.
  - Disabled taxpayers report visiting TACs at a somewhat lower rate than the overall taxpayer average.
  - Low income and LEP taxpayers report using the telephone channel more than the overall taxing population.
- Several factors influence which service channel taxpayers prefer to use, including the specific type of service sought, demographic characteristics, channel awareness, channel access, taxpayer attitudes, and previous behavior.

Based on data collected since the IRS issued the TAB Phase 2 report in 2007, service task and channel use trends have remained relatively consistent. The overall percentages related to awareness, use, and propensity to use various tax resources and services have remained

---

<sup>4</sup> The IRS conducts studies to understand taxpayer preferences through research efforts such as the Wage & Investment (W&I) Taxpayer Experience Survey (TES). The TES is an annual survey that measures taxpayer service performance expectations, delivery preferences, and behavior.

<sup>5</sup> Internal Revenue Service, *2012 W&I Taxpayer Experience Survey National Report: Tax Year 2011, Filing Season 2011*, November 2012, p. 27.

<sup>6</sup> Internal Revenue Service, *2012 W&I Taxpayer Experience Survey National Report: Tax Year 2011, Filing Season 2011*, p. 36.

relatively consistent, suggesting that taxpayer opinions, preferences, and behaviors change slowly.

Following are key accomplishments during FY 2013 that illustrate the IRS's use of taxpayer perspectives in improving taxpayer services.

### **Facilitated Self-Assistance and Virtual Customer Satisfaction Surveys**

In an effort to continually improve service and reduce taxpayer burden, the IRS developed quantifiable measures to gauge the success of the IRS's Volunteer Income Tax Assistance/Tax Counseling for the Elderly (VITA/TCE) Facilitated Self-Assistance (FSA) program. The VITA/TCE FSA program allows taxpayers to prepare their income tax returns on public computers located in VITA/TCE sites with certified VITA/TCE volunteers available to provide assistance and answer questions.

The VITA/TCE program also offers a virtual program that allows taxpayers who are unable to visit a VITA/TCE location to bring their documentation to a location designated as a VITA/TCE virtual site and have their return prepared by a certified VITA/TCE volunteer located in an entirely different location (i.e., a preparation site). The taxpayer sends their documentation to the VITA/TCE volunteer using e-mail, fax, or regular mail. When the return is being prepared, the taxpayer and the VITA/TCE volunteer communicate by telephone or video conference.

Over 82,000 taxpayers used the VITA/TCE FSA and Virtual programs in FY 2013, and there are currently efforts to expand these programs. Before expanding the programs, additional data was needed to determine if either program was an effective and efficient means of providing customer service. The IRS administered a customer satisfaction survey in 2013 to assess the benefit to taxpayers and taxpayer satisfaction with these programs. Based on more than 3,500 responses from over 100 FSA and Virtual sites, FSA and Virtual respondents were satisfied with the VITA/TCE experience, as supported by the following:

- Most respondents reported low wait times prior to beginning the FSA or Virtual tax preparation process.
- When a respondent interacted with a VITA/TCE volunteer, the respondent rated the volunteer favorably and indicated that they were courteous and professional.
- The majority of respondents were confident in the accuracy of their return, satisfied with the time it took to complete their return, and were overwhelmingly willing to utilize VITA/TCE FSA or Virtual tax preparation services in the future.

### **Improved and Expanded Self-Assistance**

Information about taxpayer behavior shows that taxpayers are migrating to self-assistance service options. The IRS actively promotes taxpayer self-service via automation and the Internet, and is continually expanding and improving self-assistance opportunities for taxpayers.

#### *Where's My Amended Return? Deployment*

To better assist taxpayers with tracking the status of their amended tax returns, the IRS deployed a new telephone and Web tool called *Where's My Amended Return?* (WMAR) in both English and Spanish. This tool allows taxpayers to check the status of their Form 1040X, *Amended U.S. Individual Income Tax Return*, for the current year and up to three prior years. Taxpayers filing multi-year amended returns are given the ability to select each year individually,

and will remain “authenticated”<sup>7</sup> when checking the status of multiple tax year Form 1040X filings. The tool also provides taxpayers with information such as when their amended return was received, adjusted, and completed, as well as specific information regarding whether the refund they receive will be reduced because of an offset to pay an outstanding IRS tax liability or a past due obligation such as child support, another federal agency debt, or state income tax.

Since its deployment in March 2013, the WMAR automated Web and telephone applications have combined to successfully provide Form 1040X status information in response to over 5.8 million requests through September 30, 2013. The FY 2013 projections indicated the automated Web and telephone applications would successfully provide Form 1040X status information to 2.7 million requests. The success of these two automated applications exceeded projections by over 3.1 million.

#### Where’s My Refund? Enhancements

In FY 2013, the IRS enhanced the *Where’s My Refund?* Web tool to allow taxpayers to find out when their tax return was received, when the refund was approved, and when the refund was sent. These enhancements reduced the time taxpayers had to wait to get a status of their tax returns from 72 hours to 24 hours. The IRS notified taxpayers of the enhanced *Where’s My Refund?* Web tool by placing questions and answers on IRS.gov and producing two YouTube videos, “When Will I Get My Refund?” which had over 1.1 million views, and “How to Use the *Where’s My Refund?* Tool,” which had almost 89,000 views.

#### Improved IRS2Go Smartphone Application

In February 2013, the IRS launched a new version of the IRS2Go smartphone application, which lets taxpayers interact with the IRS using their iPhone Operating System (iOS) and Android devices. Over 2.5 million users downloaded the IRS2Go application in FY 2013. The new version provided the application in Spanish for the first time and included minor updates to the existing functionality. The IRS2Go application now provides the following functionality:

- Get Your Refund Status: Users can check the status of their federal income tax refund.
- Get My Tax Record: Users can order their tax account or tax return transcript.
- Watch Us: Users can view the IRS YouTube videos on their smartphone in English, Spanish, and American Sign Language.
- Follow the IRS: Users can sign up to follow the IRS Twitter newsfeeds.
- Get Tax Updates: Users can enter their e-mail address to get tips and reminders to help with tax planning and preparation.
- Get the Latest News: Users can quickly access the most recent updates on the IRS.gov English and Spanish news pages.

#### Improved IRS.gov for International Taxpayers

For most taxpayers living abroad, the IRS website is their preferred channel to obtain tax information. In FY 2013, the IRS embarked on a project to improve the IRS.gov experience for international taxpayers. This effort initially included revamping the International Taxpayer home page, adding useful content and making the page easier to navigate by improving search capabilities. The following new features have been added to IRS.gov:

---

<sup>7</sup> Authentication verifies a taxpayer’s identity by requiring the requestor to provide information to a series of questions.

- an international tax topics index to the *IRS Tax Map*, making it easier to search and find topics of interest to international taxpayers
- a link from the *Make a Payment* main page to instructions on how to make electronic payments via a foreign bank account for taxpayers living abroad who do not have a U.S. bank account
- a comprehensive *Frequently Asked Questions* page designed for international taxpayers
- *Help and Resources* links to provide easy access to other relevant pages such as the Report of Foreign Bank and Financial Accounts (FBAR) and the Foreign Account Tax Compliance Act (FATCA)

#### Small Business Health Care Tax Credit Estimator

The Taxpayer Advocate Service (TAS) developed the Small Business Health Care Tax Credit (SBHCTC) Estimator to help small businesses take full advantage of the new tax credit under Internal Revenue Code (IRC) Section 45R. This online tool is designed to assist small businesses and tax professionals determine if they are eligible for the credit provided by the Affordable Care Act and estimate the amount they might receive.

The Estimator automates many of the steps needed to ascertain whether a small employer qualifies for the credit, and helps the user determine:

- Whether the taxpayer is an eligible tax-exempt employer
- The number of full time equivalent employees (FTEs)
- The average annual wages based on the FTEs
- The credit phase-out if the employer has more than 10 FTEs
- The credit phase-out if more than \$25,000 average annual wages was paid
- Whether the employer's insurance plans meet the qualifying arrangement requirement
- The possible limitations based on state subsidies and tax credits or the state average premiums
- What the payroll tax limitation may be
- The approximate amount of the credit

The TAS placed the SBHCTC Estimator on its Tax Toolkit page on the TAS website where small businesses and tax professionals can access it easily. The IRS put a link to the Estimator on IRS.gov, and both the Small Business Administration and at least one healthcare provider have linked to the Estimator on their own sites. This expanded access and visibility led to a significant increase in usage at the end of FY 2013.

#### Collection Statute Expiration Date Calculator

There have been longstanding problems surrounding proper crediting of taxpayer payments in relation to the Collection Statute Expiration Date (CSED). The IRC requires that the IRS collect tax debts within ten years; however, there are exceptions that can add to or subtract from the CSED based on the particular circumstances of the case. For taxpayers who owe tax debt for multiple years, determining the proper CSED for each year and correctly applying payments to the correct year can be complex and time-consuming even for experienced IRS employees.

The TAS recommended that the IRS create a CSED calculator. The IRS rolled out the new CSED calculator called “CCalc” in 2013. With this tool, calculations that once took hours and often provided unreliable results now take only minutes. Additionally, the IRS developed two training courses and a desk guide. The training includes guidance on using the CCalc, instruction on the verification of CSEDs, and directions on account correction procedures.

#### Additional Self-Assistance Tools on IRS.gov

The IRS continues to react quickly in assisting taxpayers to understand tax law changes year-round. In 2013, the IRS expanded and improved self-assistance tools on IRS.gov, including the Sales Tax Deduction Calculator, the Withholding Calculator, and the TAC Office Locator tool, each of which is described as follows:

- The Sales Tax Deduction Calculator takes the guesswork out of figuring how much to claim for the optional general sales tax. Taxpayers answer a few questions online and the system computes the tax. The Sales Tax Deduction Calculator automatically figures the amount of state and local sales tax a taxpayer can claim based on the tax year, ZIP code, and a few entries from the Form 1040, *U.S. Individual Income Tax Return*. As state and local sales tax rates changed during the year, the IRS updated the system to accurately calculate amounts.
- The Withholding Calculator helps employees estimate the correct amount to withhold from their pay. Traditionally, employees use Form W-4, *Employee's Withholding Allowance Certificate*, and its instructions to estimate withholding. The calculator on IRS.gov helps employees figure withholding amounts faster, taking into account all sources of income, mid-year corrections, and income from jobs that don't last the entire year. Using the calculator increases the likelihood that employees will withhold the optimal amount from their pay.
- Taxpayers who want face-to-face tax assistance from the IRS rely on TACs. The TAC Office Locator tool on IRS.gov provides taxpayers with a list of TACs located up to 100 miles away from where they live, as well as details about the services provided and hours of operation. As offices relocate or close or services and hours of operation change, the IRS updates the tool promptly to provide the most accurate information.

#### **Redesigned Foreign Account Tax Compliance Act (FATCA) Website**

The FATCA provisions of the Hiring Incentives to Restore Employment Act of 2010 (HIRE Act) were enacted by Congress on March 18, 2010, to address concerns with offshore tax evasion. As part of FATCA, individual taxpayers are required to report information about certain foreign financial accounts and offshore assets on Form 8938, Statement of Foreign Financial Assets, and attach Form 8938 to their federal income tax return, if the total asset value exceeds the appropriate reporting thresholds. In addition, foreign financial institutions (FFIs) are required to report to the IRS on Form 8966, *Foreign Asset Tax Compliance Act Report*, certain information about accounts of U.S. accountholders maintained by the FFIs. In certain jurisdictions where the government has entered into an intergovernmental agreement with the United States to implement FATCA, FFIs instead are required to report this information to their government, which in turn will provide the information to the IRS. Significant penalties may apply for non-compliance with the Form 8938 requirements by either group, and a 30-percent withholding tax may apply to certain payments to FFIs that do not agree to report the required information.

On the website, the discussion of the law and the resulting compliance requirements was simplified and targeted to those likely to access the website. Each impacted group (individuals, U.S. financial institutions, FFIs, and foreign governments) has a dedicated landing page to target delivery of relevant information. This website has helpful information and documents such as *Comparison of Form 8938 and FBAR Requirements*, *Do I need to file Form 8938*, *Statement of Specified Foreign Financial Assets?* and most significantly, a *Frequently Asked Questions (FAQ)* section based on taxpayer questions and comments. The website also includes an e-mail box for general questions which will be used to update the FAQ document. Both the FAQ and the FATCA website are updated as needed and provide a vital source of easily accessible information available to taxpayers at any time.

### **Promoting Over-the-Phone Interpreter Service**

The IRS, in partnership with the Federal LEP Interagency Language Roundtable, prepared a video for the public highlighting the use of Over-the-Phone Interpreter (OPI) at select federal agencies. The IRS prepared and translated a script showing a TAC interaction with an LEP taxpayer to showcase OPI use at the IRS. The TAC script was used as the IRS portion of the video, which will be used as 'best practices' training for federal agencies.

In addition, the IRS developed an electronic training course for employees as part of a continuing effort to promote the use of OPI effectively and correctly at the IRS. This training includes a self-study course along with six vignettes showing employees in real-life scenarios using OPI. It was released June 3, 2013, and is available both in Web and DVD format. It is accompanied by a laminated reference card that employees use to access the OPI service wherever they are working: field, office, or telework.

### **Interactive Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code***

The IRS administers the tax law governing charitable organizations, including public charities and private foundations that are not required to pay federal income tax. The application process for tax-exempt status is complex, and the population that makes up the exempt sector is extremely diverse. Organizations seeking tax-exempt status range from small volunteer organizations to highly sophisticated organizations, such as universities and hospitals.

During FY 2012, the Advisory Committee on Tax Exempt and Government Entities (ACT) engaged in a project on behalf of the IRS which focused on the paper Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*. The collaboration between the ACT and the IRS led to the development of an interactive Form 1023 (i1023). The i1023 is designed to assist in the application process. It provides pop-up boxes which, when a user clicks on a given line, will appear and offer guidance on what information needs to be included, as well as linking users to related information on IRS.gov and StayExempt.irs.gov (an educational website for exempt organizations).

The initial i1023 was launched for public testing in 2013 and received positive feedback. The i1023 became available for public use in applying for tax-exempt status in October 2013. This new tool is expected to improve the efficiency of application processing, as it is designed to reduce processing time by enabling organizations to submit complete and accurate applications.

## 2.2. Expedite and improve issue resolution across all interactions with taxpayers, making it easier to navigate the IRS

Preventing and resolving issues are central themes of the IRS service improvement projects. The following examples illustrate actions that the IRS took in FY 2013 to expedite issue resolution for various taxpayer segments with different service needs. Expedited issue resolution illustrates the complementary nature of service and enforcement programs—the IRS can help taxpayers avoid issues by answering questions and resolving problems before they interact with the IRS.

### Offer in Compromise Pre-Qualifier Tool

The Offer in Compromise (OIC) program is one method for an eligible taxpayer to resolve a tax liability with the IRS. However, determining eligibility for the OIC program and how much to offer can be quite complex. The OIC Pre-Qualifier tool is the first step in providing taxpayers with a means to electronically prepare and submit an OIC request. Through a series of questions, the tool quickly leads taxpayers through the eligibility requirements, and if the taxpayer qualifies for an OIC, the tool suggests a preliminary offer amount.

#### Tool Features:

- Determines eligibility to participate in the program
- Calculates the possible minimum amount of the offer
- Evaluates potential eligibility for “doubt as to collectibility” offers
- Directs qualified taxpayers to the OIC application, Form 656-B, *Offer in Compromise (Booklet)*

#### Benefits:

- Reduces burden on taxpayers who are not eligible to participate in the OIC program or who cannot pay a minimally acceptable amount
- Reduces IRS burden in processing unqualified applications

Launched in January 2013, this tool assists taxpayers with making an informed decision about their OIC eligibility without the financial burden of contacting tax professionals or preparing unnecessary paperwork. The OIC Pre-Qualifier Tool can be readily accessed through a link on the OIC home page on IRS.gov. Both taxpayers and representatives may use the tool to assist in making a decision about whether to pursue an offer. If the taxpayer is not eligible to make an offer, they are directed to information about other avenues to resolve their tax liability, such as an installment agreement, and links explaining the consequences of not resolving their tax liability, including information about liens, refund offsets, and levy.

In August 2013, there were 25,107 unique visitors to the tool, with about 82 percent of the users completing the process to determine their eligibility. Of those who reached a determination, about one in four was determined to be eligible for an OIC.

### Individual Taxpayer Identification Number Authentication

An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the IRS to individuals who are required to have a U.S. taxpayer identification number but do not have, and generally are not eligible to obtain, a Social Security Number (SSN) from the Social Security Administration. The ITINs are for federal tax reporting only and are not intended to serve any other purpose. The IRS issues ITINs to help individuals comply with their obligations

under U.S. tax laws and to provide a means for the IRS to efficiently process and account for tax returns and payments for those who are not eligible for an SSN.<sup>8</sup>

After an extensive review of the ITIN application process to address fraud, Form W-7, *Application for IRS Individual Taxpayer Identification Number*, was revised by requiring applicants to include original or certified documentation such as passports and birth certificates with the application form. Notarized or apostilled copies of documentation would no longer be accepted.

In January 2013, after the new Form W-7 requirements became effective, the IRS received feedback that these procedures could create significant burden and hardship for taxpayers, in part because taxpayers needed their original documents for other legitimate purposes. In response to this feedback, the IRS implemented new procedures that allow some TACs to authenticate passports and national identification cards in person, thereby reducing the need for ITIN applicants to send original documents to the IRS or to obtain certified copies from issuing agencies in non-U.S. jurisdictions. The new procedures allow the IRS to process the ITIN application and return the authenticated documents to the applicant before the applicant leaves the TAC.

These new procedures were initially rolled out to 89 TACs in 30 metropolitan areas across the country. Currently, 100 TACs are providing the service, and through September 30, 2013, 53,598 applicants availed themselves of this service at our locations. Meanwhile, TACs that have not been selected for this authentication work continue to provide services to ITIN applicants; however, all original or certified copies of original document will be forwarded to the ITIN office in Austin, Texas, for processing and returned to applicants after processing.

### **2.3. Provide taxpayers with targeted, timely guidance and outreach**

The IRS continues to improve and expand its outreach and educational services through partnerships with state taxing authorities and volunteer groups and by disseminating information using social media, webinars, and other methods to address taxpayer needs. Providing targeted, timely guidance and outreach helps taxpayers understand and meet their tax responsibilities and prevents problems or errors from occurring. One common challenge in providing guidance and outreach to taxpayers is ensuring that the communication is clear. Providing targeted tax guidance to a U.S. and international taxpayer base of approximately 250 million individuals, businesses, partnerships, nonprofit organizations, and government entities requires identification of manageable segments of taxpayers that have common characteristics and needs. Providing timely guidance requires understanding when taxpayers want and need to receive information from the IRS and how they process that information. Providing effective outreach requires developing communication that does not simply inform, but also motivates the taxpayer to take the required action and provides the information necessary to do so.

Social media tools provide increased access to IRS messages. In FY 2013, the IRS shared information on the following social media platforms:

- Tumblr: In FY 2013, the IRS added Tumblr to its list of social media platforms to share IRS news and information. Tumblr is a micro-blogging platform where users can access

---

<sup>8</sup> Effective January 1, 2013, ITINs expire on December 31 five years after issuance.

and share text, photos, and videos from their browser, smartphone, tablet, or desktop. The new Tumblr account (<http://internalrevenueservice.tumblr.com>) provides taxpayers another way to get tax information by accessing helpful tips, videos, and podcasts, and makes it easier for IRS partners and others to share tax information they received from the IRS. In FY 2013, the IRS created and posted 130 blog entries about programs to help taxpayers, such as tax law changes, the Earned Income Tax Credit and Free File, which were viewed almost 200,000 times.

- YouTube: Viewers can watch IRS channels for short, informative videos in English, Spanish, American Sign Language, and other languages, including Russian, Chinese, Korean, and Vietnamese. The IRS created 24 new videos for the 2013 filing season, bringing the total available to more than 100 videos, with more than 1.4 million views. Topics covered in these videos include: How to Check on Your Refund, How to Request a Copy of Your Tax Return, Do Your Taxes for Free, and Protect Yourself from Identity Theft.
- Twitter: Taxpayers can get announcements and information from five different IRS Twitter feeds.<sup>9</sup> In FY 2013, more than 79,000 people followed the IRS Twitter feeds, an increase of over 33 percent from the previous year. In FY 2013, the IRS pushed out nearly 6,000 messages, an average of over 15 tweets per day. Messages included news releases, tax tips, links to YouTube videos, information on refund/return issues, and many useful links to IRS information. These messages were re-tweeted and pushed out to hundreds of thousands of Twitter users.
- iTunes: Taxpayers can download audio files for use in podcasts that explain important tax information. Topics, such as “Form W-5, *Earned Income Credit Advance Payment Certificate*,” have been available on iTunes.
- Facebook: The IRS has two Facebook accounts. The general IRS Facebook page is a place where taxpayers can get tax information and links to IRS.gov regarding IRS hot topics. The IRS Return Preparer Office Facebook page is where the IRS engages with the return preparer audience to share relevant tax information.
- LinkedIn: The IRS uses this business professional social network to reach professional tax return preparers and easily share information about the IRS’s oversight of tax professionals, exchange ideas, and promote best practices, all in an effort to improve tax administration.

In FY 2013, the IRS also provided tax information in webinars posted on IRS.gov, which proved to be a popular, meaningful, and cost-effective educational and outreach tool for the tax professional community and IRS personnel. The IRS rebroadcasted its webinar “Circular 230 Overview: Key Provisions & Responsibilities for Tax Professionals” four times. The webinar included a 20-minute session for questions and answers that was live at the time of the original broadcast. The webinar has been viewed by approximately 5,000 tax professionals and over 24,700 times since its original broadcast. In FY 2013, the IRS reached over 38,000 tax professionals and IRS employees during 77 webinar-style events that were deployed in-person, as well as using telephonic and electronic media.

The following examples illustrate developments in using new and traditional communication channels to reach IRS customers.

---

<sup>9</sup> Tax-related announcements are available at @IRSnews and @IRSenEspañol, @IRStaxpros covers news for tax professionals, and @RecruitmentIRS provides updates for job seekers about hiring initiatives. The Taxpayer Advocate Service has information available at @YourVoiceAtIRS.

## **Bankruptcy Web Pages and Publication**

Based on a recommendation for an improved experience on IRS.gov, the IRS designed four new Web pages dedicated to tax-related bankruptcy information: the Bankruptcy home page, a Chapter 7 Web page, a Chapter 11 Web page, and a Chapter 13 Web page. All four pages contain important IRS-related bankruptcy information such as rules for filing returns, paying taxes, refunds, and contact phone numbers and operating times as well as links to other relevant information such as the U.S. Bankruptcy Courts website, the IRS Offer in Compromise Web page, the IRS Tax Liens Webpage, the IRS Collection Procedures webpage, and the IRS Tips for Trustees webpage. The bankruptcy Web pages have been “live” on IRS.gov since June 28, 2013. There were 8,729 visits to these pages between June 28, 2013, and August 31, 2013.

In addition to the new Web pages, the IRS also released the new Publication 5082, *What You Should Know About Chapter 13 Bankruptcy and Delinquent Tax Returns*. This publication provided answers to several common Chapter 13 filer questions and addressed tax return filing and payment topics. There is a link to this new publication on the Bankruptcy Home and Chapter 13 webpages.

## **International Tax Map Index**

To improve services for international taxpayers, the IRS created an index of topics designed for taxpayers with international filing requirements. The index, which was launched in March 2013 and accessible from IRS.gov, is a gateway to forms, publications, IRS.gov Web pages, and frequently asked questions with international content. When users select a topic from the index (e.g., Electronic Filing for Taxpayers Abroad, Foreign Pension and Annuity Income), they are taken to a page with links to relevant content and related topics.

Marketing of the international tax topics index began in mid-May 2013. Marketing consisted of an article in e-News for Tax Professionals, links to the *IRS Tax Map* from the main international pages on IRS.gov, and marketing to individual taxpayers through Non-Governmental Organization websites. There have been approximately 13,000 unique visits to the international tax topics index since it launched.

## **Taxpayer Correspondence Redesigned**

In FY 2013, the IRS improved the clarity, accuracy, and effectiveness of taxpayer correspondence by adding 56 new and redesigned notices to production. As of August 2013, 181 redesigned notices are in production, representing over 70 percent of the more than 210 million notices the IRS sends each year. The revised notices explain payment options in plain language.

To address the needs of LEP taxpayers, high-volume notices were translated into five of the most common foreign languages spoken by taxpayers (Spanish, Chinese, Korean, Vietnamese, and Russian). Templates for these notices were also made available on IRS.gov. While none of the notice images online include any actual taxpayer data, they contain the standardized portions of the notice that are designed to aid LEP taxpayers in understanding the basic purpose of the notice and the steps they should take in response.

In May 2013, the IRS received a 2013 ClearMark Award of Distinction from the Center for Plain

Language for the redesigned Notice CP 2000, *Request for Verification of Unreported Income, Payments, or Credits*. The CP 2000 is a high-volume notice sent to taxpayers when there is a discrepancy between information reported by the taxpayer and information reported by third parties about the taxpayer. The Center for Plain Language stated that the award-winning notice stood out for the use of easy-to-find instructions, active voice, and clear, concise language. The ClearMark Award honors the best in communication and plain language, celebrating documents and websites that succeed in communicating clearly.

### **Refundable Credits Outreach**

The IRS continues to improve the delivery of integrated cross-functional strategic outreach initiatives for refundable credits. The goal is to ensure that eligible taxpayers are aware of the credits they deserve and the qualifications to accurately claim the credits. Partnering across the IRS, as well as with other agencies, is crucial for success.

For the American Opportunity Tax Credit, the IRS partnered with the Department of Education to develop strategies to improve education tax benefits information provided to students and families. The IRS enhanced existing tools and created new tools such as updated websites, an interactive education benefit decision tool, publications, revisions to Form 8863, *Education Credits (American Opportunity and Lifetime Learning Credits)*, and other Web-based products. Communications were also developed to increase customer awareness of these tools.

The IRS led the effort to deliver the seventh annual Earned Income Tax Credit (EITC) Awareness Day on January 25, 2013. An additional 400 events to increase EITC awareness events, including news conferences, news releases, e-mail blasts, and newsletters, were hosted during the filing season. We sent information through our new EITC quick outreach electronic tool that linked 1,900 partners to EITC Central, a website for IRS partners, employers, government agencies, and tax return preparers containing "Everything you need, all in one place" about the EITC. In addition, Twitter messages and other social media activities that focused on EITC awareness reached over 1.4 million people. Nearly 10,000 taxpayers have visited the EITC Web pages via IRS.gov as a result of our targeted messaging. More than 200 partner-generated activities were held during the filing season that reached a multilingual audience of over one million people.

The IRS has modified the IRS.gov website interface to improve its interaction for partners and stakeholders so that they can expand their outreach efforts to inform potentially eligible taxpayers about refundable credits. The new website provides information for partners, stakeholders, tax practitioners, and the public, which effectively promotes both participation and compliance. These changes will allow those who qualify to self-identify, file, and claim the credits they deserve. Approximately 1.3 million hits to this site are generated each year with over 150,000 unique visitors.

### **Indian Tribal Governments Training DVD**

The Indian Tribal Governments training DVD initiative is the result of the confluence of an ever waning travel budget, the IRS's directive to transition to virtual training, the Tribes' need for continued basic and updated training, and the lack of reliable Internet connectivity for many of the most remote tribes. The DVD was piloted in Alaska with an initial distribution of 100 copies, which were depleted within hours of being offered. Based on this overwhelming demand, 1,000 copies were distributed throughout Indian Country.

The DVD addresses three hot topics for the tribal community—tribal council pay, travel expenses, and tipped employees. The DVD is a flexible outreach tool that can be used off the shelf, it can be used in conjunction with training provided by telephone, and it can be used in face-to-face outreach sessions in lieu of a live instructor.

## **2.4. Strengthen partnerships with tax practitioners, tax preparers, and other third parties in order to ensure effective tax administration**

The IRS research data shows that the majority of taxpayers use intermediary resources such as paid and unpaid preparers or commercial tax return preparation software to prepare their tax returns, get information, and resolve IRS account problems. Taxpayer representatives have numerous contacts with the IRS on behalf of their clients. The IRS is working to strengthen its relationship with these third parties to help promote competent and accurate assistance to taxpayers.

### **Volunteer Certification**

The IRS established the Volunteer Certification Team to review and evaluate the current VITA/TCE certification process. The team's goal is to ensure that volunteers are adequately trained to accurately prepare the types of returns most needed by VITA/TCE taxpayers, while minimizing the burden placed on volunteers through mandatory training and testing. External partners played a significant role on this team and provided recommendations on how to improve the certification process.

All VITA/TCE volunteers who prepare returns are required to pass a certification test in tax law every year. In FY2013, over 75,000 volunteers certified to the Basic level. More than 72% took additional tests to certify at higher levels. As a result of the team's efforts, the number of tests that a volunteer needed to take in fall 2013 to be certified to prepare returns at all complexity levels was reduced from three (Basic, Intermediate, Advanced) to two (Basic and Advanced) tests. The former Intermediate topics are now incorporated in either the Basic or Advanced tests. Fewer tests are expected to ease the burden on the more than 54,000 volunteers who certify to the Intermediate and above level.

## **2.5. Proactively enforce the law in a timely manner while respecting taxpayer rights and minimizing taxpayer burden**

The IRS recognizes that it must act quickly when enforcing the tax laws to reduce the burden to both taxpayers and the agency. Timely enforcement activities combined with educational activities increase compliance by providing clarity and certainty to taxpayers and make IRS resources available to work with other taxpayers.

### **Rapid Appeals Process**

Following the successful implementation of the Fast Track Settlement process (FTS), the IRS learned that some of the best practices developed in the FTS program could be applied to traditional Appeals cases to reduce cycle time and shorten the time that the taxpayer's case was in Appeals.

The Rapid Appeals Process (RAP) provides an opportunity to turn the pre-conference into a working conference to resolve tax issues by utilizing mediation techniques. Using the best practice of involving the IRS and the taxpayer and his/her authorized representative in the initial conference to settle the case, maximizing the effectiveness of the initial conference will serve taxpayers as well as the IRS by saving time and resources, as well as speeding up the Appeals process. Currently, the RAP is only offered for cases involving large businesses and international taxpayers.

### **Foreign Financial Institutions Form 8966 Schema**

As part of FATCA provisions of the HIRE Act enacted on March 18, 2010, FFIs report information about U.S. accountholders to the IRS on Form 8966, *Foreign Asset Tax Compliance Act Report*. To minimize the burden, an Extensible Markup Language (XML) based schema was designed for the Form 8966 based on a system already used for reporting to the Organization for Economic Cooperation and Development (OECD) and the European Union. When developing the Form 8966 schema, the IRS tried to use as many of the data elements reported to the OECD and European Union as possible, adding new elements only where required by FATCA. This program was developed in close cooperation with OECD member states. The OECD business advisory group was consulted to gain the FFIs' perspective as well. This Form 8966 schema allows FFIs to report directly to the IRS and allows governments having intergovernmental agreements (IGAs) to implement FATCA to provide information to the IRS through automatic exchange of information.

### **New Policy Guidance to Safeguard Taxpayer Rights in IRS Home Foreclosure Actions**

The TAS successfully collaborated with other areas of the IRS in the development of procedural guidance for collection staff involving suits to foreclose on taxpayers' homes subject to a federal tax lien. Originally recommended by TAS as an Advocacy Proposal, this guidance has incorporated similar taxpayer protections and safeguards into the process for recommending foreclosure suits on a taxpayer's principal residence as those found in the procedural guidance for seizures. The new guidance addresses concerns identified in TAS casework where the IRS initiated foreclosure suits in situations involving taxpayers experiencing economic hardship. The new guidance, issued in an interim guidance memo on April 30, 2013, will require consideration of these issues prior to forwarding the suit recommendations to the Department of Justice.

### **Registered Domestic Partners in Community Property States**

The tax law allows Registered Domestic Partners (RDP) in community property states to split their income and withholding on separate tax returns. This caused a mismatch between information reported on the federal tax return and on third-party information documents. The IRS's Automated Underreporter (AUR) program could not distinguish between these returns filed by RDPs and other returns with mismatched information, resulting in notices being sent to these RDPs.

To prevent domestic partners in community property states from receiving erroneous Notice CP 2000, *Request for Verification of Unreported Income, Payments, or Credits*,<sup>10</sup> the AUR program created a filter that identified RDP returns from community property states. Additionally, AUR

---

<sup>10</sup> CP 2000 notices are sent to taxpayers when there is a discrepancy between information reported by the taxpayer and information reported by third parties about the taxpayer.

revised its Internal Revenue Manual and training to ensure their examiners are aware of the intricate reporting requirements for domestic partners living in community property states.

## **2.6. Ensure that all tax practitioners, tax preparers, and other third parties in the tax system adhere to professional standards and follow the law**

The IRS continues to strengthen its relationship with third parties to help promote competent and accurate assistance to taxpayers. Understanding the important role of return preparers in tax administration, the IRS continues its work with the tax community, integrating service and compliance to ensure everyone meets their tax obligations.

### **Enhancing Tax Professional Preparer Tax Identification Number System**

As part of the IRS's return preparer initiative—its oversight program for tax return preparers—the IRS requires all tax return preparers who prepare or assist in preparing federal tax returns for compensation to have a Preparer Tax Identification Number (PTIN) and renew it annually. This registration and renewal process is completed through either an online or paper process. The Tax Professional PTIN System (TPPS) is the online system used by tax return preparers to apply for and annually renew their PTINs.

During FY 2013, enhancements were made to the TPPS to provide a more user-friendly interface. Among these enhancements are reduced downtime for the system, additional functionality that allows preparers to better manage their own accounts, and the ability to view completed continuing education courses on the TPPS. Additional security enhancements were also made to the TPPS. As a result of these system enhancements, paper PTIN registration and renewal applications decreased by approximately 37 percent as more preparers moved to online applications.

### **Processes, Procedures, and Prioritization for Preparer Complaint Referrals**

The IRS established the Complaint Referrals (CR) office within the Return Preparer Office (RPO) in February 2012. The CR office supports RPO's efforts to promote ethical standards of conduct within the return preparer community by prioritizing and investigating complaints, applying treatments, and analyzing trends. Complaints are submitted using Form 14157, *Complaint: Tax Return Preparer* and Form 3949-A, *Information Referral* with information about the tax return preparer or business that potentially violates RPO's program rules, IRS procedures, or provisions of Circular 230, *Regulations Governing Practice before the Internal Revenue Service*.

With a quickly expanding inventory and limited resources, it was determined that a "first-in, first-out" methodology was both unworkable and of little value, and it was difficult to identify what types of complaints were received or worked in the CR office and how much complaint-related work existed at any point in time.

During FY 2013, the CR office streamlined its processes and implemented a prioritization system to identify, elevate, and direct resources to the most egregious and detrimental actions reported. The new operating model records each complaint submitted, acknowledges receipt, categorizes the complaint, assigns the complaint a priority based on the categorization and the specific allegation(s), and assigns the complaint to a specialist for review and resolution.

Complaints are resolved based on a number of potential dispositions—from complaints that require no further action because of a lack of information and/or support to supported complaints where the preparer receives educational information and possible warnings regarding the consequences of failing to adhere to appropriate standards. Depending on the reported conduct, supported allegations may also be referred for civil or criminal investigation for potential sanction by the Office of Professional Responsibility (OPR)<sup>11</sup> or for consideration by the Treasury Inspector General for Tax Administration (TIGTA).

In addition to the process improvements, the CR office now has operational procedures that track the total number of complaints received, average number received per day, average days in inventory, average processing time, and total complaints resolved. During the last nine months of FY 2013, RPO received over 8,700 complaints. The largest categories of workable complaints involved tax preparation non-compliance (missing PTIN or PTIN misuse), preparer misconduct (violation of IRS rules and requirements), and preparer theft of refund.

## **2.7. Build and deploy advanced information technology systems, processes, and tools to improve IRS efficiency and productivity**

Taxpayer service improvements have centered on the use of technology to provide pre-filing, filing, and post-filing services to taxpayers and provide self-service options to leverage resources where possible. In FY 2013, the IRS continued to take actions that will assure a sound technology foundation for providing essential pre-filing, filing, and post-filing services to the tax community for the next 10 years.

### **Modernized e-File and Portal Transition**

The 2013 filing season marks the first time that Modernized e-File (MeF) processed all Form 1040 electronic returns received by the IRS. The MeF Release 8 delivered significant performance and infrastructure enhancements to handle the expected volume of returns and processing timeframes. The IRS thoroughly tested the enhancements to the MeF system to ensure it was ready for the filing season, and as a result, the MeF system achieved its targeted goals of processing acknowledgements within five minutes during non-peak periods and within two hours during peak periods. The overall result was an improved taxpayer experience with faster return acknowledgements.

The MeF was successfully migrated to the new Integrated Enterprise Portal over the Labor Day weekend. Communication and technical support was provided to minimize the impact on software developers, transmitters, and states. The IRS delivered communications and developed the external support and migration plan, including developing a Portal Transition Guide to assist externals with the technical aspects of the migration. Testing was available prior to the migration and live production support was provided from September 3 to September 16 to assist externals experiencing technical issues and to ensure the September 15 corporate filing deadline was not jeopardized. Leveraging our partnership with the external stakeholders, the IRS was able to quickly resolve several issues encountered during the first several days of the

---

<sup>11</sup> The OPR is responsible for interpreting Circular 230 provisions, evaluating tax professional conduct and imposing discipline when appropriate. In 2012, OPR and RPO staff members worked together to refine the roles and responsibilities of the two offices and focus on implementing policies and procedures for transferring information about case referrals between the organizations.

migration. Any new issues encountered will be assessed for business impact and corrected according to the operational guidelines.

### **Technology for Expanded Outreach and Education**

The expanded use of technology in outreach and education was spurred by a desire to utilize all appropriate communication modes for stakeholder outreach and as an acknowledgement that human and financial resources needed to be deployed efficiently.

To ensure stakeholder pre-developmental input, focus groups with national organizations were convened to obtain feedback and recommendations and the topic was addressed at five FY 2013 National Practitioner Forums. A team was also convened of representatives from national associations (Society of Accountants, Conference of CPA Practitioners, Association of Tax Professionals, Association of Enrolled Agents, and H&R Block). The team surfaced concerns about the IRS's increased use of technology for outreach and education, such as increased audio and video costs, technical glitches, and diminished event value without in-person presentations. The concerns were addressed in a multi-faceted strategy that was shared with impacted external and internal customers. Formal feedback was solicited from stakeholders as the process rolled out and refinements made accordingly.

As a result of this feedback, the IRS selected a technology—WebInterpoint—for transmitting meetings and presentations to stakeholders across a broad geographic range using IRS equipment. In addition to saving travel funds, this technology allows stakeholders to conveniently get information at their desks.

An added benefit of WebInterpoint is the ability to transmit appearances by subject matter experts from different IRS locations and operating divisions. These individuals would normally not be available for in-person appearances. The advice and guidance provided by these experts enhances customer knowledge and aids in issue prevention and resolution.

### **Virtual Service Delivery**

The IRS continued to support traditional services from its nationwide walk-in sites while meeting increased taxpayer demand for technology-driven services such as Virtual Service Delivery (VSD). The VSD uses video communication to allow a taxpayer to interact in real time through video with an IRS employee. The service allows the IRS to offer face-to-face interaction in cities with no staff and to supplement service in understaffed and high-traffic locations. The VSD offers account inquiries, tax account adjustments, multilingual assistance, case advocate appointments, appeals services, employer/taxpayer identification, help for victims of identity theft, payment arrangements and heavy vehicle use tax.

In FY 2013, the IRS expanded the initiative to 14 additional locations, bringing the total number of taxpayer-facing VSD locations to 26. Partnerships have been leveraged to provide VSD at locations where there is no nearby TAC. Through September 30, 2013, the IRS served 22,120 taxpayers with account issues, notices, tax law, and other inquiries via this technology, an increase of 33 percent over FY 2012.

## Identity Theft Tool Enhancements

The TAS's identity theft (IDT) case receipts have increased 65 percent over its 2012 IDT case receipts. The TAS case advocates have reported it could take between 45 minutes and three hours to properly research and route an IDT case to the appropriate IRS office.

To help advocates serve taxpayers by resolving their IDT cases more quickly, TAS's Operations Assistance Request routing tool was improved. This tool combines information from:

- Internal Revenue Manual
- Servicewide Electronic Research Portal (SERP) Alerts
- Case Assistance by Issue Code Websites
- Service Level Agreement
- Campus Locator Guides

The tool researches the IRS's Integrated Data Retrieval System, and based on the search results, the Service Level Agreement Liaisons are displayed. In addition, TAS enhanced the Mixed Scrambled Entity tool which can assist with researching IDT cases. This tool displays key taxpayer account and return information, making return discrepancies easier to identify. The tools reduce research time and expedite case resolution of IDT cases.

## §3. RESEARCH INFORMS FUTURE TAXPAYER SERVICES DECISIONS

In addition to updating and enhancing its understanding of the taxpayer perspective, IRS research also provides information that will help the IRS improve service to make voluntary compliance easier. The IRS is committed to conducting ongoing research to identify opportunities to improve taxpayer services as well as improvements in education and outreach.

### Evaluating the Benefits of Resolving Tax Issues Early

The IRS continues to invest in programs and technology that minimize errors and correct returns early in the tax filing process. Today, individuals filing electronically benefit from automated checks that correct mathematical mistakes and identify discrepancies based on third-party information. This shift to resolving issues early in the tax filing process saves taxpayers money (e.g., reduced interest payments) and reduces burden (e.g., fewer interactions with the IRS).

Large corporate taxpayers are also benefitting from IRS programs designed to identify and resolve potential tax issues early. In FY 2013, IRS completed a preliminary evaluation of the benefits of the Compliance Assurance Process (CAP). Under CAP, participating taxpayers work collaboratively with an IRS team to identify and resolve potential tax issues before the tax return is filed each year. With the major potential tax issues largely settled before filing, taxpayers are generally subject to shorter and narrower post-filing examinations. The evaluation found that significantly more CAP participants chose to skip costly independent reviews of the tax returns they filed with IRS compared to similar non-participants. Revenue collected through CAP suggests the program also maintains the integrity of the tax system by helping ensure taxpayers pay the correct amount due.

As the IRS continues to test and expand programs that save money and reduce burden, the IRS, taxpayers, and other stakeholders are set to benefit. Research has identified long-term benefits such as reducing burden, reducing costs, and improving compliance. Through up-front quality checks on tax returns, IRS reduces the need for post-filing correspondence with taxpayers; it reduces the likelihood taxpayers incur penalties and interest; it increases net revenue and costs savings for the government; and it allows IRS to direct more resources to more complex issues.

### **Taxpayer Burden Research**

The IRS continued its Burden Research Program this year to evaluate ways to reduce taxpayer burden. The program aims to conduct research that provides insights into what makes complying with federal tax laws more or less burdensome. The research also helps the IRS understand how burden impacts tax administration. In March 2013, the IRS sent surveys to a random sample of individual and business taxpayers to update the IRS's understanding of how much time and money taxpayers spend on tax compliance before and after filing their tax returns each year.

This year the Burden Research Program also created an interactive tool for IRS employees responsible for approximating the relative amount of time and money required to comply with new laws. Employees use the tool when tax laws are created or changed to predict how easy or difficult compliance may be from the taxpayer's perspective. The calculator also helps the IRS understand the proper amount of information necessary to collect on tax forms. As a result, the IRS is designing forms that avoid making taxpayers report the same information on multiple forms and schedules. By making tax forms easier to complete, the IRS also increases the likelihood taxpayers will report information accurately and on time.

## **§4. TAXPAYER SERVICE MEASURES TRACK PROGRESS**

Part of the TAB Strategic Plan is the Performance Measures Portfolio. To help create a manageable, consistent frame of reference for the condition of, and changes in, the service environment, the TAB recommended developing a set of taxpayer service performance and outcome measures. Performance metrics measure the level of an activity during the service process while outcome measures assess the results of the service activity on the objective, such as changes in taxpayer behavior. The extensive research into taxpayer needs, preferences, and expectations that formed much of the original TAB report provided the foundation for the TAB measures.<sup>12</sup>

TAB measures fall into three categories: (1) availability of information, (2) adequacy of services provided, and (3) effectiveness of the IRS in meeting taxpayers' service needs. Using these three elements of taxpayer service, the IRS developed five aggregate outcome measures to assess taxpayer services.

---

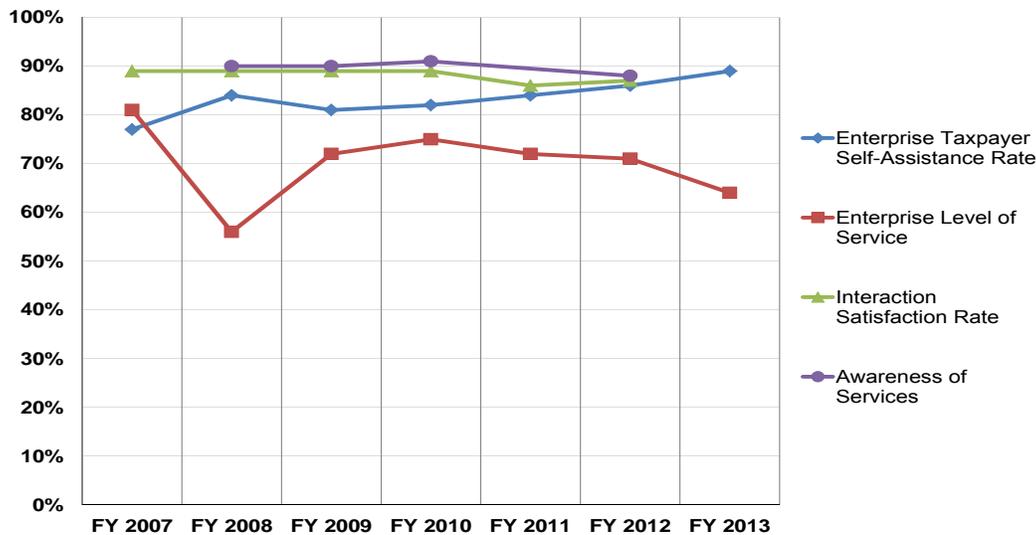
<sup>12</sup> Internal, Revenue Service, *The 2007 Taxpayer Assistance Blueprint Phase 2*, pp. 69-76.

**TAB Measures Definitions<sup>13</sup>**

Measure	Purpose	Definition
<b>Awareness of Services</b>	Availability of Information	The percentage of taxpayers who are aware of at least one IRS service channel.
<b>Enterprise Level of Service</b>	Availability of Information	The relative success rate of taxpayers that call for toll-free services seeking assistance from an IRS representative.
<b>Enterprise Taxpayer Self-Assistance Rate</b>	Adequacy of Service	The percentage of taxpayers using self-assistance service channels for their service needs.
<b>Interaction Satisfaction Rate</b>	Adequacy of Service	The percentage of taxpayers satisfied with their interactions with the major IRS programs based on survey responses.
<b>Issue Resolution Rate</b>	Effectiveness of Government	The percentage of taxpayers who had all their questions answered during their interaction with an IRS assistor.

The following figure shows the recent trends for the TAB Measures for which data are available:

**Taxpayer Service Outcome Measures, FY 2007 – FY 2013**



- The Enterprise Assistor Level of Service (LOS) measure is sensitive to changes in taxpayers’ demand for telephone service and the ability to accurately forecast and meet the demand with existing resources. For example, in FY 2008, the Enterprise LOS fell to about 56 percent as the IRS answered an unprecedented number of calls related to the Economic Stimulus Act of 2008.
- The Enterprise Taxpayer Self-Assistance Rate showed a jump between FY 2007 and FY 2008, a result of an increase in Web services, including the applications "Where's My Refund" and "How Much Was My Stimulus Payment". The peak usage in FY 2008 was also in response to taxpayers seeking information about the economic stimulus package. Since then, the rate of self-assistance dropped, but it has risen back to surpass that peak level. As

<sup>13</sup> See Appendix C for detailed information about the TAB measures.

the IRS adds more service offerings to its self-assistance options, this measure suggests that taxpayers are willing to use them.

- The Interaction Satisfaction Rate is a compilation of taxpayer satisfaction scores for service and enforcement interactions. The IRS introduced these scores in FY 2007. (Data are not available yet from FY 2013 surveys.)
- The IRS first introduced Awareness of Services in the TAB Phase 2 report. Since 2007, when the IRS published the report, taxpayers' awareness of at least one IRS service channel has been consistent at about 90 percent. (Data were not captured for FY 2011 and are not available yet from FY 2013 survey.)
- The Issue Resolution Rate is not currently available—the IRS will collect the data for this measure when redesigned customer satisfaction surveys are fully implemented.

This portfolio of measures was not intended to assess enforcement programs, submission processing programs, media and publications content, or individual employee performance, and it would not replace current operational measures or those reported to internal and external stakeholders (e.g., the Congress, GAO, TIGTA, the IRS Oversight Board, and the NTA). Rather, these measures will complement existing measures of performance and provide a consolidated view of taxpayer service delivery from the perspective of taxpayers, tax professionals, and other partners.

## **§5. FY 2013 MARKED BY SUCCESSFUL FILING SEASON, CHALLENGES**

The IRS delivered another successful filing season in 2013, rising to the challenges posed by tax legislation enacted on January 2, 2013, and taking the necessary steps to minimize disruptions for taxpayers. The filing season began on January 30, 2013, less than one month after the passage of legislation that affected over 600 tax products. Results of the 2013 filing season included:

- Processing over 147.6 million individual income tax returns and issuing 109.6 million refunds totaling almost \$301.9 billion, compared to 110.5 million refunds totaling \$310.1 billion for the same period in 2012.
- Answering 30.1 million assistor calls, a 2.2 percent increase from 2012.
- Answering 54.0 million automated calls.

Growth in taxpayer satisfaction has been steady and strong over the last several years. For example, the 2012 overall score is seven percentage points higher than the 68 reached in 2008. According to the latest American Customer Satisfaction Index Survey, taxpayer satisfaction with the tax filing experience in 2012 reached 75 on a scale of 100, 6.6 percentage points higher than the federal government aggregate of 68.4, and the highest score the IRS received since the survey began in 1994.

To help taxpayers meet their service needs, the IRS provided tax services during FY 2013 through various service channels:

- Served over 6.5 million taxpayers at 390 TAC offices throughout the country.
- Assisted over 81,000 customers through FSA kiosks.

- Assisted over 1,300 taxpayers who were victims of Hurricane Sandy by extending hours in 11 TAC offices and holding an open house at six TACs.
- Issued 61 Tax Tips, nine Special Edition Tax Tips, and 11 Summertime Tax Tips, which reached over 465,000 subscribers.<sup>14</sup>
- Translated 45 filing season Tax Tips into Spanish.

The IRS website continued to be the primary method for providing tax information and services to taxpayers. In FY 2013, taxpayers viewed IRS.gov Web pages more than 1.6 billion times, using the website to:

- Get forms and publications—more than 201.8 million tax products were downloaded.
- Link to the Electronic Federal Tax Payment System (EFTPS)—EFTPS processed more than 115 million electronic tax payments totaling \$1.8 trillion.
- Get answers—more than 2.1 million visits to the Interactive Tax Assistant introduction page where taxpayers can receive answers to tax law questions.
- Check on refunds—taxpayers used *Where's My Refund?* more than 192.3 million times to check on the status of their tax refunds, an increase of 45.3 percent from 2012.

### Improving Paid Return Preparer Competency and Oversight

In an attempt to improve service provided to taxpayers and to protect taxpayers against the consequences of the lack of basic tax return preparation standards in the return preparation industry, the IRS instituted regulatory requirements providing for:

- the registration of all tax return preparers,
- the passage of a mandatory minimum competency test for unenrolled tax return preparers, and
- fifteen hours of continuing education annually, also for unenrolled tax return preparers.<sup>15</sup>

The registration phase became effective in January 2011, and the annual continuing education requirements were rolled out in February 2012. The requirement of passing the minimum competency test was expected to become effective by the end of 2013.

In January 2013, the IRS was found to be without authority to mandate testing and continuing education by a federal district court, and the court enjoined the IRS from enforcing these provisions. On February 11, 2014, the U.S. Court of Appeals for the District of Columbia Circuit upheld the decision of the District Court in *Loving v. IRS*, finding insufficient statutory authority for the IRS's regulation of tax return preparers. The registration requirement is unaffected by the litigation, and continuing education is available to return preparers on a voluntary basis. Testing has been terminated. The registration requirement was unaffected by the court order, and continuing education is available to return preparers on a voluntary basis. Testing has been terminated.

---

<sup>14</sup> Taxpayers can receive IRS Tax Tips via e-mail as soon as they are published by signing up through the IRS e-News Subscription page.

<sup>15</sup> Internal Revenue Service, *Return Preparer Review*, Publication 4832 (Rev. 12-2009).

## §6. LOW INCOME TAXPAYER CLINICS

In 1998, Congress enacted the Internal Revenue Restructuring and Reform Act of 1998, in which it authorized matching grants for Low Income Taxpayer Clinics (LITCs). The purpose of the grants is to increase access to representation for low income taxpayers and taxpayers who speak English as a second language (ESL). The LITCs represent taxpayers in controversies with the IRS, provide education and outreach to ESL taxpayers, and identify and advocate for issues that impact low income taxpayers.

For grant year 2013,<sup>16</sup> the IRS awarded funding of nearly \$10 million to grantees to operate clinics. During grant year 2013, there were 143 clinics located throughout the United States and in Puerto Rico.

During grant year 2012, LITCs represented 21,700 taxpayers in controversy cases. The LITC controversy cases were worked in:

Accounts management .....	19.0%
Examination .....	19.9%
Collection .....	41.3%
Appeals .....	6.1%
Litigation .....	6.3%
Other <sup>17</sup> .....	7.0%

In addition, LITCs provided consultation and advice to an additional 20,578 taxpayers. The LITCs worked 1,252 cases in U.S. Tax Court and provided informal consultations to another 448 petitioners at Tax Court calendar calls.

Through educational workshops and outreach activities for ESL and low income taxpayers, clinics provide information to taxpayers and generate awareness of the LITC program among taxpayers who may be in need of assistance. In 2012, LITCs conducted 5,668 outreach activities and 3,339 educational events where information was provided on such topics as taxpayer rights and responsibilities, the earned income tax credit, worker classification, innocent spouse claims, and collection alternatives. Also, LITCs conducted 2,908 technical assistance consultations, which are discussions with a practitioner or other taxpayer service provider designed to give brief advice about a tax issue.

The LITCs utilize the services of *pro bono* attorneys, certified public accountants, enrolled agents, law and business students, and other volunteers to assist taxpayers. During the 2012 grant year, 2,052 volunteers contributed 58,083 hours of service.

## §7. TAXPAYER ADVOCACY PANEL

The IRS continues to receive input and recommendations from the Taxpayer Advocacy Panel (TAP), which is supported by TAS. The TAP is a federal advisory committee comprised of

<sup>16</sup> A grant year is from January 1 through December 31.

<sup>17</sup> Includes specialized IRS units such as the identity protection specialized unit, centralized innocent spouse operation, worker classification determination unit, and individual taxpayer identification number operation unit. Numbers do not add to 100% due to rounding.

citizen volunteers who listen to taxpayers, identify their issues, and make suggestions for improving IRS service and customer satisfaction. In FY 2013, a number of TAP projects addressed a variety of taxpayer service related issues.

### **Tax Forms and Publications Review**

Early in FY 2013, the IRS management requested help from the TAP's Tax Forms and Publications (TFP) Project Committee to review certain forms and publications and to act as a focus group on certain other issues. The forms and publications that the committee reviewed and made recommendations to improve included:

- The TFP reviewed Form 8949, *Sales and Other Dispositions of Assets*. The committee recommended adding a new column to the form that would indicate the nature of the transaction: reported on Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*, with the basis reported to the IRS; reported on Form 1099-B but the basis not reported to the IRS; and not eligible for either. By adding this new column, one could have one form for short-term transactions and another form for long-term transactions, potentially reducing six forms to two. The IRS responded that they will consider the recommendation for the 2014 revision of the Form 8949.
- The TFP reviewed the instructions for Forms 1040 and Form 1040A on reporting pension and annuity income, and made recommendations to update the instructions using the "Simplified Method Worksheet" in 2012 Publication 721, *Tax Guide to U.S. Civil Service Retirement Benefits*. This recommendation was accepted.
- The TFP recommended updating Form 1040A instructions by adding a "TIP" to the instructions for line 9a, noting that dividends on insurance policies are a partial return of the premiums paid and should not be reported as dividends. They should instead be included in income on line 21 only if they exceed the total of all net premiums paid for the contract. The IRS rejected this recommendation, noting that taxpayers cannot file Form 1040A if they receive dividends on insurance policies in excess of the net premiums paid for the contract. The Form 1040A line 9a instructions refer taxpayers with non-dividend distributions to Form 1040, which includes the TIP.
- The TFP recommended publishing the current 2012 revision of Form 12153, *Request for a Collection Due Process or Equivalent Hearing*, (English and Spanish) on IRS.gov. In the interim, the committee recommended correcting the error in the instructions of the 2011 English revision, which is the latest revision of this form available on the Internet. This recommendation was accepted.

### **Taxpayer Assistance Centers**

From January to August 2013, the TAP received and sent the IRS 26 TAC-related comments from taxpayers concerning taxpayer service in the TACs. The comments dealt primarily with:

- Wait time and staffing (14)
- Availability of payment processes (3)
- Professionalism (3)
- Assistance/Service/Training (3)
- Forms availability (3)

The IRS is committed to addressing the individual concerns received from taxpayers through the TAP. As the concerns were raised, IRS management forwarded them to the appropriate Area offices for their consideration, and will provide responses to the TAP on the issues forwarded.

### **Taxpayer Toll-free Assistance Phone Lines**

In 2012 the Toll-free Assistance Phone Lines Committee of the TAP made several recommendations, which included the following:

- The committee recommended that IRS Call Center employees be rewarded with incentives for the lowest call handling time and quality assurance scores. The IRS accepted the recommendation and agreed that any incentive program should be balanced between efficiency and quality. The IRS leadership will provide guidance to all sites to combine quality with any handle time initiatives and will continue to encourage sites to focus on the “right handle time” for each call based on the questions being addressed, not the lowest handle time.
- The panel suggested that the IRS should develop and maintain a database of forms and publications that are related to each other. To provide the same information as the database, the IRS created pages on IRS.gov for each of its forms and publications which in turn ensure IRS employees and taxpayers have access to forms and schedules that have interconnecting IRS forms and schedules.

### **Taxpayer Communications**

The TAP Taxpayer Communications Committee partnered with the IRS to address methods for improving taxpayer communications and reducing taxpayer burden. The committee identified a chat feature on the IRS website that was difficult to access because it was hard to locate on the website. In addition, for those taxpayers who could find the chat feature and who used it, wait times were often long, which taxpayers found frustrating.

### **Return Processing Delays**

The TAP Return Processing Delays Committee was tasked with addressing return processing procedures that cause an undue burden on taxpayers. The committee identified IRS procedures that may not grant taxpayers who are at least 65 years old the increased standard deduction to which they are entitled, despite the fact that the IRS possesses the necessary information to ensure that the increased deduction is included on an eligible return.

The Committee proposed that the IRS adopt programming that checks for increased standard deduction eligibility for all taxpayers who are at least 65 years old who claim the standard deduction and have taxable income. The IRS agreed with this proposal and is working on a math error check for increased standard deduction eligibility for all taxpayers who are at least 65, claim the standard deduction, and have taxable income for TY 2013.

## §8. IRS OVERSIGHT BOARD PERSPECTIVE

The IRS Oversight Board appreciates the opportunity to contribute to the annual report on the implementation of the Taxpayer Assistance Blueprint (TAB) by the IRS. One of the statutory responsibilities of the Board is to review and approve IRS strategic plans. Accordingly, the Board's comments focus on the strategic implications of IRS taxpayer assistance efforts. At the request of Congress, the IRS developed the TAB and has reported annually on its progress since 2007. The IRS identified significant Fiscal Year (FY) 2013 service improvement efforts in this year's report.

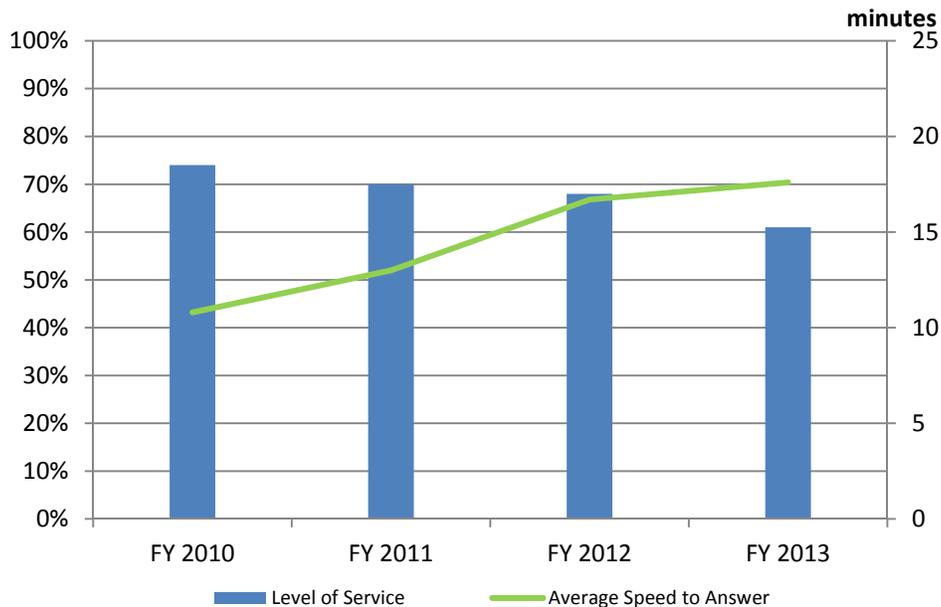
In FY 2013, IRS continued to make progress in improving its website and increasing its portfolio of online services for taxpayers. Two notable accomplishments were the enhanced *Where's My Refund?* (WMR) and the new *Where's My Amended Return?* (WMAR) applications. The enhanced WMR tool allows taxpayers to track when their tax returns are received and when their refunds are approved and issued. These enhancements reduced the time taxpayers had to wait to get the status of their refunds from 72 hours to 24 hours. The new WMAR application allows taxpayers to track the status of their amended individual income tax returns and provides information regarding specific refund offsets such as previous IRS tax liabilities. The amended return tool was implemented in March, and by September 30 it had received over 5.8 million requests for information, significantly more than the projected 2.7 million requests.

The IRS worked with Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) providers to expand alternative service options for taxpayers, including facilitated self-service where taxpayers can prepare their own simple returns with the assistance of a volunteer, and through the virtual VITA/TCE program which provides taxpayers in remote locations return preparation assistance through various channels such as email, fax, or telephone.

Additionally, the IRS continued efforts to improve the clarity of written correspondence used to communicate with taxpayers. As of August 2013, the IRS had redesigned over 180 notices, representing 70 percent of the notices sent each year. One of the redesigned notices received a Grand ClearMark Award from the Center for Plain Language for its clear, concise language and easy-to-use instructions.

However, during FY 2013, the IRS faced increasing service demands while also experiencing sharp declines in funding. Even with the introduction of new, enhanced Web-based self-service tools, the IRS continued to see increasing demands for customer assistance through traditional channels. According to the IRS, overall demand for toll-free telephone services increased by almost 10 percent during FY 2013. Consequently, as shown in Figure 1 below, the Level of Service (LOS) on the toll-free telephone lines dropped to 60.5 percent in 2013; the lowest since FY 2008.

**Figure 1: Performance Trends for the IRS Toll-Free Line**

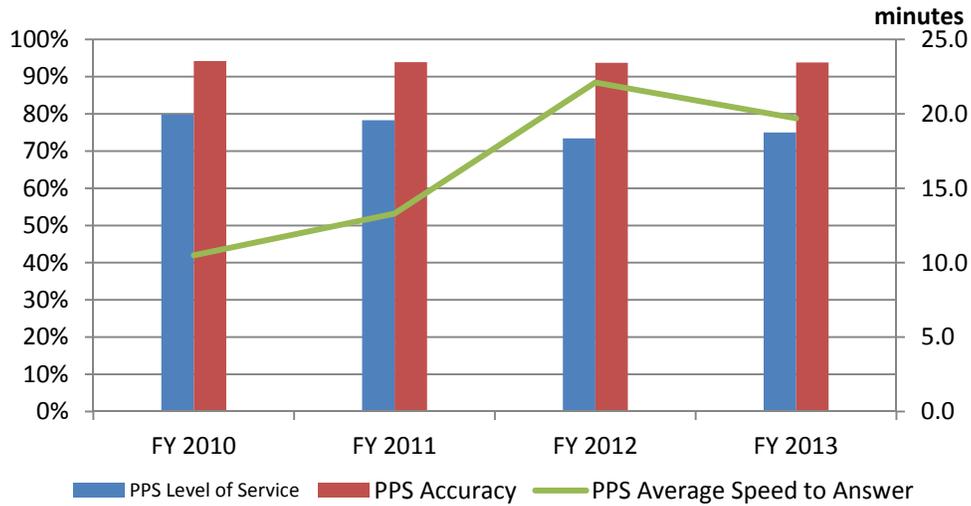


The IRS estimates that approximately 20 million telephone calls went unanswered during FY 2013. The Board continues to believe that 80 percent is the minimum toll-free telephone LOS that taxpayers deserve to help them meet their tax responsibilities.

Further exacerbating the declining trends in toll-free service, operating hours at IRS walk-in Taxpayer Assistance Centers (TACs) were reduced in FY 2013 due to funding constraints. This change resulted in increased wait times for taxpayers who visited TAC offices, and in some cases fewer taxpayers being served. While the IRS has told the Board that taxpayers are sometimes turned away by TAC offices due to limited staffing to handle the demand, it does not currently count the number of these taxpayers. As a result, the actual number of taxpayers who attempted to get in-person services at TAC offices in FY 2013 but were turned away is unknown.

On a positive note, and as shown in Figure 2 below, LOS on the Practitioner Priority Service (PPS) telephone line increased from 73.4 percent in 2012 to 75 percent, while accuracy and wait time also improved slightly. However, the data show an overall downward trend in PPS service between 2010 and 2013, which concerns the Board and the tax professional community at large.

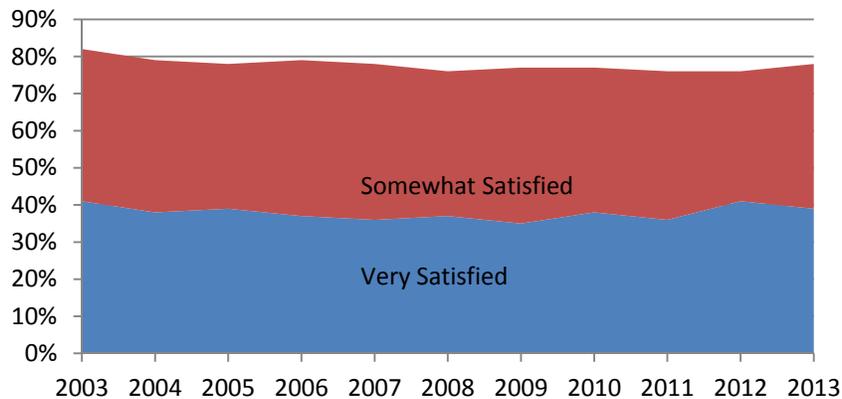
**Figure 2: Performance Trends for IRS Practitioner Priority Service Line**



Finally, the IRS also faced increased backlogs in its written taxpayer correspondence inventory in FY 2013. At the end of the fiscal year, and immediately before a 16 day government shutdown, over half of the correspondence inventory was “overage,” or over 45 days old. With customer demand growing, service trends declining, and limited funding to develop more electronic service options for taxpayers, the current environment is less than desirable.

In addition to the various measures identified above, the Board uses several other tools to measure the overall effectiveness of IRS service programs. One such measure, the percentage of the general public satisfied with their interaction with the IRS, remained fairly constant over the past several years. In fact, as indicated in Figure 3 below, it increased two percentage points to 78 percent from 2012 to 2013.

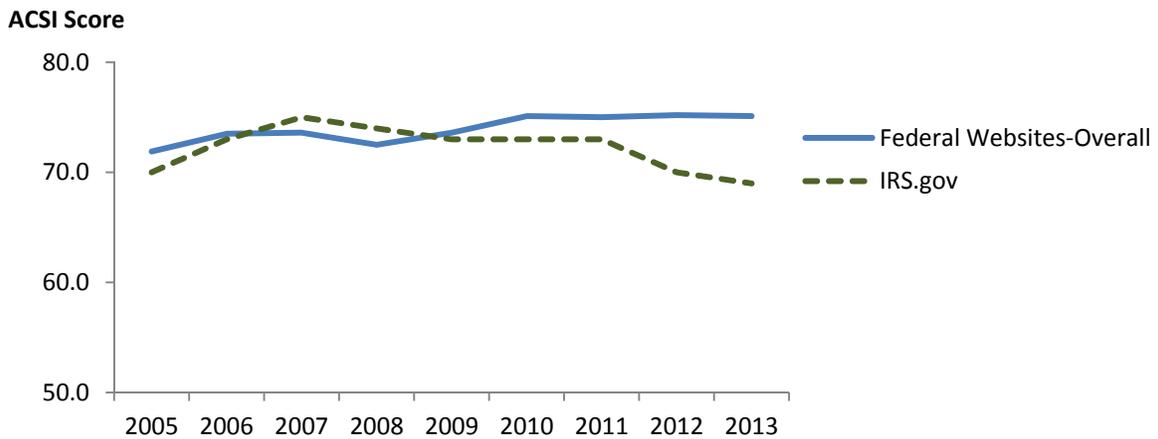
**Figure 3: Percentage of General Public Satisfied with Their Interaction with the IRS**



Source: IRS Oversight Board *Taxpayer Attitude Surveys*

Another crucial indicator that the Board considers to be an effective measure of overall IRS service is the IRS.gov customer satisfaction level. According to the 2013 American Customer Satisfaction Index (ACSI) data, and as shown in Figure 4, IRS.gov received lower satisfaction levels compared to the average score for all Federal websites. Additionally, the ACSI score for IRS.gov has steadily declined from 73 percent in 2011 to 69 percent in 2013; another downward trend suggesting the IRS is not keeping pace with online advances of the Federal government or the private sector.

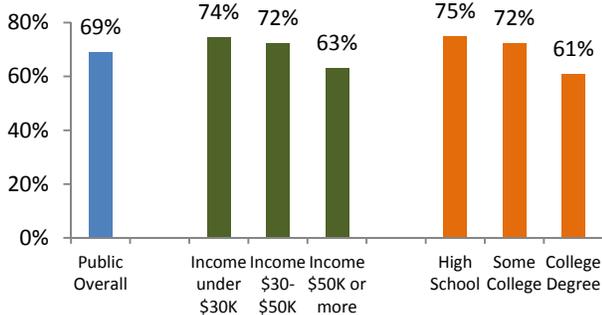
**Figure 4: American Customer Satisfaction Index Scores: IRS.gov Compared to the Average for Federal Websites Overall**



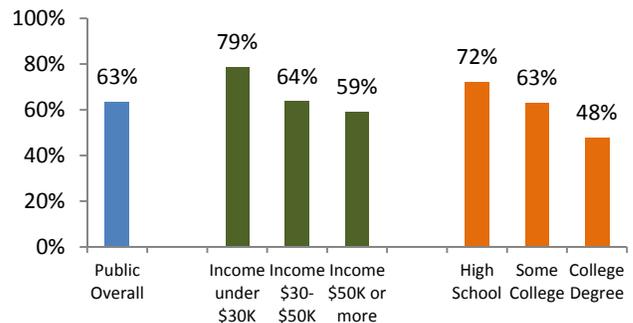
Source: www.theasci.org

Worth noting, and as evidenced by Figures 5 and 6 below, the Board's *Taxpayer Attitude Survey* shows that the majority of taxpayers want toll-free and walk-in service options. For example, 7 of 10 taxpayers believe it is very important the IRS provide toll-free service; 6 of 10 taxpayers believe it is very important the IRS provide walk-in services. These data help to explain the ever-increasing demand for toll-free and walk-in assistance, despite advancements in the electronic service arena.

**Figure 5: Percent of Public Who Say It Is Very Important that IRS Provide Assistance via Toll-Free Telephone Lines**



**Figure 6: Percent of Public Who Say It Is Very Important that IRS Provide Assistance at Walk-in Offices**

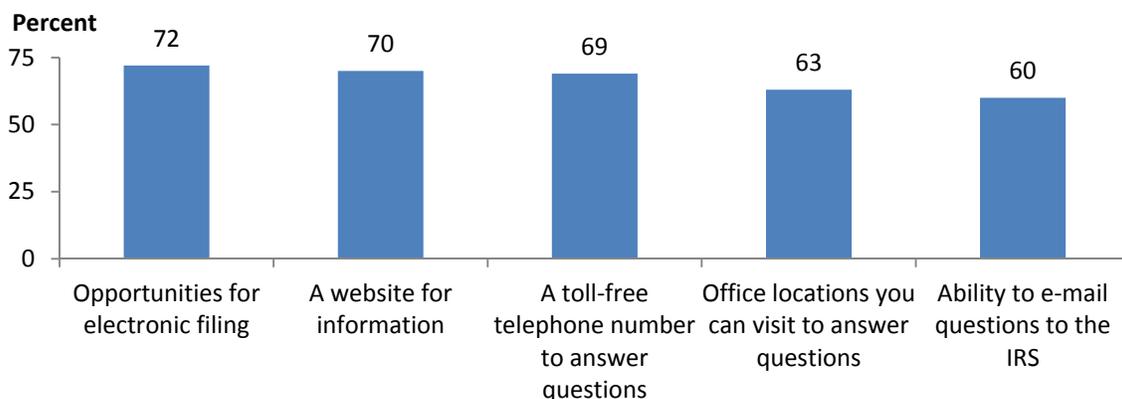


Source: IRS Oversight Board *Taxpayer Attitude Survey 2013*

Given its current funding level, the IRS has no choice but to leverage the tax professional community, IRS.gov, and other electronic services to provide assistance to taxpayers. The Board believes that consistently meeting taxpayer expectations and successfully expanding its online services portfolio will help to improve customer satisfaction. The Board also believes the IRS must ensure strong security controls are built into any online services tool or application it implements. The public's trust and confidence in the security of IRS computer systems is vital to voluntary compliance. The Board is pleased to note the IRS is developing an IRS-wide identity proofing and authentication process to serve as the underlying security mechanism for additional Web-based applications and services. The Board believes it is crucial the IRS implement an effective, robust online authentication process to mitigate the increased risk of and prevent the disclosure of private tax information.

While the IRS must expand its electronic services options, the continued need for a multi-channel approach to service delivery, as shown in Figure 7 below, is also supported by the Board's recent Taxpayer Attitude Survey data from 2013.

**Figure 7: Percentage of Public Who Say It Is Very Important that IRS Provide Certain Service Channels**



Source: IRS Oversight Board *Taxpayer Attitude Survey 2013*

The Board believes taxpayers will benefit from an IRS Taxpayer Service strategy that ensures continued advances in electronic and self-service options, with innovative improvements to the customer service experience. Only then will the IRS be positioned to meet the demands of a 21<sup>st</sup> century tax administration system.

While the IRS faces daunting challenges from its current budget environment, it is at a critical juncture in tax administration. The development of a new IRS Strategic Plan, along with the recent confirmation of John Koskinen as IRS Commissioner, provides the agency with an opportunity to enhance taxpayer service options and make continued improvements to the overall customer experience. The Board looks forward to seeing a comprehensive set of goals in the new IRS Strategic Plan that include measures for e-services which will allow the IRS to monitor the effectiveness of its strategy. The Board also encourages the IRS to continue to update the five service-related outcome measures originally identified in the TAB.

While the Board believes the IRS will need to make substantial investments of time and money in its services strategy if significant progress is to be made, it recognizes the current priority to reduce expenditures across government. The Board cautions that continued reductions to IRS budgets, including customer service programs, could ultimately result in higher costs to the country through reduced taxpayer satisfaction, erosion of confidence in the tax system, and a decline in voluntary compliance.

## §9. NATIONAL TAXPAYER ADVOCATE PERSPECTIVE

Nearly nine years ago, the IRS sought to cut face-to-face taxpayer assistance by closing almost 20 percent of its Taxpayer Assistance Centers (TACs).<sup>18</sup> Congress responded by directing the IRS to develop a five-year strategic plan to improve taxpayer service called the Taxpayer Assistance Blueprint (TAB)<sup>19</sup> and by requiring the IRS to provide annual updates on its progress toward implementation of the TAB.<sup>20</sup> In the first and second phases of this blueprint, the IRS detailed plans to:

- Develop a suite of performance measures balancing taxpayer and government value;
- Deliver services that taxpayers need through channels they actually use;
- Report to external stakeholders regarding the agency’s success in meeting service goals;
- Improve services by analyzing gaps revealed by the performance measures; and
- Create an outreach and education plan driven by analysis of current gaps in service.<sup>21</sup>

Despite plans and analysis of the current state of the IRS at the time, the IRS has failed to develop a comprehensive plan to achieve world class taxpayer service. Instead, the annual updates to the TAB are little more than laundry lists of initiatives that lack a comprehensive strategy, an analysis of the service gaps that prompted the initiatives described, and follow-through to measure the success of initiatives in meeting taxpayer needs.

### **Intended to be a starting point, the TAB never reached its potential.**

#### *Service Improvements Need to Make Compliance Easier*

Taxpayer service is a fundamental taxpayer right.<sup>22</sup> Cuts to IRS taxpayer service undermine the mission of the IRS, the ability of taxpayers to comply with the Internal Revenue laws, and the confidence of taxpayers in the Federal government generally and the IRS in particular. In that regard, the IRS continues to face increased budgetary pressure, particularly in the realm of taxpayer service, where OMB’s proposed ten-year spending levels show the IRS’s funding for enforcement would increase by more than twice that for taxpayer services.<sup>23</sup> Even so, while I

<sup>18</sup> IRS, IRS to Create Efficiencies with Taxpayer Assistance Centers, IR-2005-63 (Jun. 27, 2005).

<sup>19</sup> H. Rep. No. 109-307, at 209 (2005).

<sup>20</sup> See, e.g., H. Comm. On Appropriations, 111<sup>th</sup> Cong., Committee Print on H.R. 1105, Omnibus Appropriations Act, 2009, Division D-Financial Services and General Government, at 959 (2009).

<sup>21</sup> IRS, The 2006 Taxpayer Assistance Blueprint (2006) and IRS, The 2007 Taxpayer Assistance Blueprint (2007).

<sup>22</sup> See *National Taxpayer Advocate 2013 Annual Report to Congress*, pp. 5-19 (Most Serious Problem: Taxpayer Rights: The IRS Should Adopt a Taxpayer Bill of Rights as a Framework for Effective Tax Administration).

<sup>23</sup> Budget of the United States Government, Fiscal Year 2015: Analytical Perspectives, Table 29-1, Federal Budget by Agency and Account, at 298, available at [http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29\\_1.pdf](http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf). Taxpayer service spending is shown on the top line, which is labeled “Taxpayer Services: Appropriations, discretionary . . . 803.” Enforcement spending is the sum of the line labeled “Federal law enforcement activities: Appropriations, discretionary . . . 751” and the line labeled “Central fiscal operations: Appropriations, discretionary . . . 803.” Over the FY 2015 through FY 2024 period, these projections show that Taxpayer Services spending would rise by 22 percent, while Enforcement spending would increase by 48 percent.

acknowledge the lack of adequate funding for taxpayer service activities presents the IRS with extraordinarily difficult challenges and tradeoffs, I remain concerned that the IRS has not allocated its limited taxpayer services funding in the most effective ways.

In FY 2014, the IRS has made significant and unprecedented cuts to taxpayer services that do not make compliance easier for taxpayers. It eliminated the availability of tax return preparation in Taxpayer Assistance Centers (TACs).<sup>24</sup> It limited the scope of tax-law questions it will answer to solely “basic” ones during filing season.<sup>25</sup> And it announced it will no longer answer *any* tax-law questions after April 15, including questions from the millions of taxpayers who obtain filing extensions and prepare their returns later in the year.<sup>26</sup>

While tax return preparation was previously limited to the most vulnerable taxpayer populations, return preparation by the IRS is now no longer available to any taxpayer. Instead, taxpayers who visit a TAC for return preparation and qualify for free tax return preparation will be directed to IRS.gov to find Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites.<sup>27</sup> Yet taxpayers who most often qualify for free tax return preparation are the elderly, the disabled, and the low income, and these populations are among the least likely to have Internet access. Thus, directing them to a website to find assistance often will not help them.<sup>28</sup> In addition, VITA/TCE sites are not always a viable alternative. In some cases, VITA/TCE sites are already handling more returns than they can reasonably prepare, and when taxpayers need help filing amended returns or returns for prior tax years, VITA/TCE sites generally cannot help.

The new restrictions on answering tax-law questions, both on the phone and in the TACs, will have even broader impact. As nearly 150 million individual taxpayers and more than ten million business-entity taxpayers prepare returns that must comply with the extraordinarily complex Internal Revenue Code each year, many will have questions. The more we limit the scope of the questions we will answer, the less effective we become at meeting the needs of the taxpaying public. The decision to discontinue answering *any* tax-law questions after April 15<sup>th</sup> is particularly concerning. Millions of taxpayers obtain filing extensions, as permitted by law, and prepare their returns later in the year. For these taxpayers, we will effectively be posting a “Closed for Business” sign. As I noted in my annual report to Congress, I believe the requirement to pay taxes is generally the most significant burden a government imposes on its citizens. For that reason, I believe the government has a practical and a moral obligation to make compliance as simple and painless as possible. If we fail to answer tax-law questions from our taxpayers, we will fail to meet our obligations as a government.

---

<sup>24</sup> IRS, e-News for Tax Professionals – Issue Number 2013-49, Item 4, *Some IRS Assistance and Taxpayer Services Shift to Automated Resources* (Dec. 20, 2013), at <http://www.irs.gov/uac/Some-IRS-Assistance-and-Taxpayer-Services-Shift-to-Automated-Resources>.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*; Internal Revenue Manual (IRM) 21.3.4.10(1), Return Preparation Assistance, and IRM 21.3.4.3.5(5), Tax Law Assistance.

<sup>27</sup> See IRM 21.3.4.10(1), Return Preparation Assistance.

<sup>28</sup> The Pew Research Center found that 44 percent of American adults over age 65 do not use the Internet. Pew Research Center, *Internet adoption becomes nearly universal among some groups, but others lag behind*, May 30, 2013, available at <http://www.pewresearch.org/fact-tank/2013/05/30/internet-adoption-becomes-nearly-universal-among-some-groups-but-others-lag-behind> (last visited August 13, 2013). Pew also found that 46 percent of American adults who identify as disabled do not use the Internet. Pew Research Center, *Disability in the Digital Age*, August 6, 2012, available at <http://pewinternet.org/Presentations/2012/Aug/Disability-in-the-Digital-Age.aspx> (last visited August 13, 2013).

More specifically, taxpayers who call the IRS or visit a walk-in site for tax law assistance after April 15<sup>th</sup> will be directed to IRS.gov or to a tax professional.<sup>29</sup> As a practical matter, taxpayers without Internet access or who are unable to find an answer will increasingly be forced to pay for assistance in order to comply with their tax obligations. Between eliminating tax return preparation and sharply reducing access to tax law assistance, the IRS is increasingly privatizing tax assistance. While some taxpayers can readily afford to pay for the assistance they need, tens of millions cannot. For these taxpayers, paying for tax assistance creates a significant financial burden. For all taxpayers, it creates what I think of as an increased “tax-compliance tax.”

#### *Research Should Inform Future Taxpayer Services Decisions*

The Wage and Investment Division (W&I) and TAS have partnered on the Service Priorities Project to develop a ranking methodology for IRS taxpayer services. The goal is to identify, from both the government perspective *and* the taxpayer perspective, the value of each major taxpayer service offered by the IRS. Taxpayers’ needs for services vary depending on the specific activity (*e.g.*, need for assistance with a notice or help with preparing a return) and the channel through which the activity is delivered.

The ranking tool will allow the IRS to measure the value of any available or proposed taxpayer service from both the government and the taxpayer perspective while also considering the effects of any change on vulnerable taxpayer populations. Populating the ranking tool with existing data will reveal where there are gaps in IRS knowledge and what research will need to be completed in order to make strategic decisions on how to spend taxpayer service funds. Once the tool is fully populated, the IRS can use it to demonstrate the real impact of discontinuing, changing, or adding a service. Failure to analyze the services currently offered in light of the benefit of a service to both taxpayers and the government results in inconsistent and *ad hoc* service to taxpayers. The IRS should commit to proceeding with the Service Priorities Project and should seek funding to update the research needed to populate the ranking tool with data.

#### *Taxpayer Service Measures Should Track Progress*

Current IRS measures are less comprehensive than TAS has consistently recommended.<sup>30</sup> Effective measures would tell the IRS and external stakeholders how well the IRS is doing and would quantify whether service delivery is consistent with performance goals. Measures would identify gaps in performance and serve as a basis for service initiatives that would tie to service gaps. Comprehensive measures would enable the IRS to monitor the success of initiatives designed to meet previously identified gaps and would show whether performance improved to meet the stated goals of these initiatives. Finally, measures would serve as the basis for funding requests by documenting service gaps that the IRS should correct to meet taxpayers’ needs.

---

<sup>29</sup> IRM 21.3.4.3.5(5) Tax Law Assistance.

<sup>30</sup> See, *e.g.*, IRS, Progress on the Implementation of the Taxpayer Assistance Blueprint 2008-2009, Oct. 2009, National Taxpayer Advocate Perspective, pp. 34-37, and IRS, Progress on the Implementation of the Taxpayer Assistance Blueprint 2010-11, Mar. 2012, National Taxpayer Advocate Perspective, pp. 36-40.

**Conclusion**

Taxpayer service touches every facet of IRS operations and must be a primary consideration as the IRS implements new programs, and retires or retrofits current ones to address changing needs and goals. The most recent cuts to taxpayer services demonstrate that the IRS continues to make service decisions without adequately addressing the needs and preferences of the taxpayers most severely impacted by its decisions. A decline in service, combined with the lack of a strategic, research-supported service plan, gap analysis, and prioritization of projects harms taxpayers and impedes the ability of the IRS to fulfill its mission of providing top quality service to U.S. taxpayers.<sup>31</sup>

---

<sup>31</sup> IRM 3.0.273.2, *IRS Mission Statement* (May, 2010).

## APPENDIX A. CROSSWALK OF TAB GUIDING PRINCIPLES AND IRS STRATEGIC PLAN, 2009-2013

Integration of TAB Guiding Principles into the IRS Strategic Plan			
Focus	TAB Guiding Principles	IRS Strategic Objective	IRS Strategy
<b>Improve IRS Efficiency and Productivity</b>	The IRS will enhance its website so that it becomes the first choice of more taxpayers for obtaining the information and services they need to comply with tax obligations.	Build and deploy advanced information technology systems, processes, and tools to improve IRS efficiency and productivity	Expand online tools and services
<b>Make Compliance Easier</b>	The primary goal of service for individual taxpayers is to facilitate compliance with federal tax obligations. Compliance means that taxpayers will pay no more and no less than what they owe.	Proactively enforce the law in a timely manner while respecting taxpayer rights and minimizing taxpayer burden	Proactively identify and promptly address areas of tax avoidance to minimize their corrosive effects and deter future activity
<b>Prevent, Minimize, and Correct Errors</b>	A portion of the tax gap is attributable to errors individual taxpayers made. The IRS service programs should prevent, minimize, and correct such errors with due consideration of taxpayer burden.	Incorporate taxpayer perspectives to improve all service interactions	Ensure that the IRS makes operational decisions only after considering the views of affected taxpayers
<b>Emphasize Partners Role</b>	The IRS recognizes the significant role that partners play in tax administration. As such, the IRS will look for opportunities to assist these third parties in helping taxpayers understand and meet their tax obligations.	Strengthen partnerships with tax practitioners, tax preparers, and other third parties to ensure effective tax administration	Treat partners as the “first line of compliance” by providing them with the tools and information to encourage taxpayer compliance and prevent mistakes
<b>Improve Self-correction and Self-service Tools</b>	The IRS service investments will focus on preventing, minimizing, and correcting taxpayer noncompliance.	Expand enforcement approaches and tools	Expand alternative taxpayer treatments, including soft notices and other non-audit contacts
<b>Proactive Communication is Essential</b>	The IRS must enhance marketing, outreach, and education to targeted populations to improve service awareness, access, and quality.	Provide taxpayers with targeted, timely guidance and outreach	Develop a more sophisticated understanding of taxpayer segments to allow for targeted communication to taxpayers
<b>Expedite Issue Resolution</b>	The IRS will increase support for expedited issue resolution across all channels through improved access to information and decision-making resources.	Expedite and improve issue resolution across all interactions with taxpayers, making it easier to navigate the IRS	Create explicit opportunities for taxpayers to proactively resolve issues at the earliest possible moment

## APPENDIX B. ADDITIONAL FY 2013 SERVICE IMPROVEMENTS BY IRS STRATEGIC OBJECTIVE

FY 2012 Service Improvement	Brief Description
<b>Goal 1: Improve service to make voluntary compliance easier</b>	
<b>Incorporate taxpayer perspectives to improve all service interactions</b>	
Form 8949 and Schedule D Changes	Customer satisfaction survey data showed taxpayers had concerns with Form 8949, <i>Sales and Other Dispositions of Capital Assets</i> , and Schedule D, <i>Capital Gains and Losses</i> . Using information gathered from focus groups, several improvements were made to these forms and accompanying instructions for tax year 2013.
Identify Theft Program Survey	The IRS uses Identity Protection Personal Identification Numbers (IP PINs) to help victims avoid delays in filing returns and receiving refunds. The IP PIN is a unique identifier that shows that a particular taxpayer is the rightful filer of the return. In 2013, the IRS conducted a survey of IP PIN users to gather information about taxpayer perspectives to use for program improvements.
<b>Expedite and improve issue resolution across all interactions with taxpayers, making it easier to navigate the IRS</b>	
Improvements to Transcript Access for Taxpayers	For taxpayers with an immediate need, the IRS has agreed to provide the Tax Return Database View transcript for balance due accounts that are not available through the Transcript Delivery System. Originally, this process was only going to be used for IDT.
Resolving Cases before an Adverse Collection Action	The TAS and the IRS worked together to develop procedures to allow the IRS collection employee and taxpayer more opportunities to resolve the issue before the case moves into an adverse collection status (filing of the lien).

<b>Provide taxpayers with targeted, timely guidance and outreach</b>	
Hurricane Sandy Victims Assistance	<p>Extended hours were offered in 11 TACs from February 5, 2013, to February 28, 2013, for victims of Hurricane Sandy, and an Open House event was held on February 23, 2013, in partnership with TAS, the States of New York and New Jersey, and the Small Business Administration. The extended hours and the Open House event assisted over 1,300 taxpayers.</p> <p>To assist victims with tax-related inquiries on toll-free lines, a special phone number for Sandy victims was established and special scripting for assistors was created, and SERP alerts were issued.</p> <p>The IRS answered calls for Federal Emergency Management Administration's (FEMA) registration line during the aftermath of Hurricane Sandy for six weeks. Due to the devastation, at FEMA's request, the IRS also assisted in answering their Help Line calls.</p>
Health Coverage Tax Credit Outreach Efforts	<p>The Trade Adjustment Assistance Extension Act of 2011, which authorizes the Health Coverage Tax Credit (HCTC), expired on January 1, 2014, due to implementation of the Affordable Care Act. The IRS held several stakeholder partner forums with state workforce agencies and the Pension Benefit Guaranty Corporation representatives to assist them with informing eligible HCTC participants of the Program's expiration.</p> <p>For current HCTC participants, the IRS updated almost 40 pieces of paper and online collateral documents, trained customer service representatives to address customer inquiries about HCTC expiration, and added Interactive Voice Response scripts to make participants aware of HCTC expiration and the need to begin exploring other health insurance alternatives.</p>
Develop Outreach for Emerging Customer Segments	<p>To expand beyond existing stakeholder relationships (practitioner groups, industry associations) to engage emerging customer segments, entrepreneurs and small business owners with English language challenges were identified as important and growing segments. Specific outreach strategies for this population were crafted.</p>
Launched "Schedule C—Common Errors" Campaign	<p>The most common errors for new and established small business owners were identified. Then, the IRS created a focused outreach campaign on those topics and delivered the content at over 400 IRS or leveraged stakeholder events.</p>
New <i>Filing Past Due Tax Returns</i> Web Page	<p>The new <i>Filing Past Due Tax Returns</i> Web page on IRS.gov provides taxpayers who have unfiled, past due tax returns with useful information about how to come into compliance on one Web page. The information on the page covers why returns should be filed, provides links to payment alternatives, describes what the IRS can do if returns are not filed, and how to get help with filing.</p>

Social Media Marketing to Partners and Taxpayers with Disabilities	The IRS developed a social media marketing strategy for staying connected to disability advocacy groups and taxpayers. The IRS sent out a series of tweets promoting the accessible file formats available to taxpayers with disabilities, resulting in more than 1.5 million hits to the Web page, up from just over 500,000 hits for the same time period last year.
Customer Early Warning System Enhancements	<p>The IRS expanded the Customer Early Warning System (CEWS) to include toll-free calls and taxpayer correspondence programs. Using Customer Service Representative feedback, contact analytics, walk-in operations, social media monitoring, and external partners, such as VITA sites, the IRS was able to detect emerging issues that affected the taxpayer experience.</p> <p>In FY 2013, the CEWS identified developing issues involving e-File, IP PIN, the processing of certain forms, and the <i>Where's My Refund?</i> application. Early detection of these issues allowed the IRS to promptly address them and eliminate confusion and reduce burden for millions of taxpayers.</p>
Updated Requirements for Completing and Submitting Form 8655	Revenue Procedure 2012-32, effective November 19, 2012, updated the requirements for completing and submitting Form 8655, <i>Reporting Agent Authorization</i> , which allows the taxpayer to designate a Reporting Agent to file employment tax returns and to make federal tax deposits on their behalf. This revised procedure obligates Reporting Agents to remind clients on a quarterly basis that the ultimate responsibility for filing and paying employment taxes remains with the taxpayer. The reminder must also include a recommendation that the taxpayer enroll in the EFTPS so they can independently verify that federal tax payments are being made on time and in full.
Improvement of Estate and Gift Information on IRS.gov	The IRS partnered with the tax professional community to enhance the Estate and Gift sections of IRS.gov to be more user-friendly and provide timely information to taxpayers and tax professionals.
New Tax Exempt Bonds Voluntary Closing Agreement Program Request Form	Tax Exempt Bonds Voluntary Closing Agreement Program (TEB VCAP) encourages issuers and other parties involved in tax-advantaged bond transactions to exercise due diligence in complying with the applicable federal tax laws. The new Form 14429, <i>Tax Exempt Bonds Voluntary Closing Agreement Program Request</i> , is a procedural enhancement to improve the administration of TEB VCAP program.

Foreign Tax Credit Compliance Tips	<p>The IRS determined that taxpayers often miscalculate their foreign tax credit (FTC) limitation because they fail to make the required adjustment for foreign sourced capital gains and qualified dividends. The issue was difficult to identify using traditional classification methods, so the IRS used taxpayer outreach to publicize the issue by making changes to the FTC pages on IRS.gov, including a new Web page with FTC compliance tips. The changes were successfully implemented in August 2013 to timely assist tax year 2012 extended filers.</p> <p>In order to notify practitioners of the changes and additions to the FTC site on IRS.gov, e-mails were sent to practitioners via ListServ, announcing the changes to the Web pages. These e-mails reached approximately 338,000 subscribers and will positively impact taxpayer compliance across the IRS and strengthen our communication and partnership with practitioners and preparers.</p>
Expanded Guidance for Foreign Agricultural Workers	<p>The IRS expanded the information on its Web page for the reporting and filing of individual and employer tax returns involving foreign agricultural workers temporarily admitted into the United States on H-2A visas. Some employers and H-2A workers were unaware of the filing requirements for this type of employee compensation.</p>
Expanded Use of Quick Response Codes	<p>The TAS created a Quick Response (QR) Code that provides anyone with a smart phone direct access to its Systemic Advocacy Management System, where the public can elevate systemic problems. The QR code will be incorporated into all TAS outreach materials.</p>
<b>Strengthen partnerships with tax practitioners, tax preparers, and other third parties to ensure effective tax administration</b>	
TIN Matching Re-engineering	<p>The Taxpayer Identification Number (TIN) Matching application was successfully deployed September 3, 2013. The re-engineered TIN Matching application will allow the acknowledgement and tracking of bulk submissions as well as enhanced name matching.</p>
EITC Preparer Due Diligence	<p>The IRS enhanced and updated the EITC Due Diligence training modules in both English and Spanish and successfully transitioned them to IRS.gov. Over 14,500 certificates of completion for continuing education credit were issued for the EITC Due Diligence training module. Additionally, over 4,000 preparers attended the 2013 IRS Tax Forum seminar on EITC Due Diligence.</p>
Child-Related Benefits Preparer Outreach	<p>Recognizing the complexity, differences, and confusion that exist around child-related tax benefits, the IRS included a seminar on the topic at the 2013 IRS Tax Forums. About 5,500 preparers attended the seminars.</p>

<b>Goal 2: Enforce the law to ensure everyone meets their obligation to pay taxes</b>	
<b>Proactively enforce the law in a timely manner while respecting taxpayer rights and minimizing taxpayer burden</b>	
Identity Authentication Service	<p>In March 2013, TACs expanded their support of IDT resolution by providing identity verification services for taxpayers who received a letter requesting additional information or identity authentication due to possible IDT.</p> <p>Upon receipt of Letter 4883C, <i>Potential Identity Theft In Original Processing</i>, or Letter 5071C, <i>Potential Identity Theft During Original Processing with Online Option</i>, taxpayers with a valid government-issued ID can visit a TAC, and if they are able to answer specific questions related to their IRS account, have their identity validated. This service allows taxpayers who may have failed online or over-the-phone identification to address the question of their identity, and have their refunds released in a timelier manner</p> <p>As of June 8, 2013, 17,901 taxpayers visited TACs in response to letters, with 83 percent or 14,775 passing authentication.</p>
Identity Theft Verification	<p>To better assist taxpayers with IDT issues and to lower IDT case inventories, the IRS implemented procedures in April 2013 that include requiring TAC employees to verify the credentials of IDT victims on the Integrated Data Retrieval System for two years and view their government-issued identification during the visit, and document the results on the Accounts Management System. This process reduces research time required when submitting documents by mail. As of June 8, 2013, 17,278 IDT cases have been forwarded for expedited handling.</p>
Changes to Ensure Proper Allowance for Dependent Tax Credits	<p>During examination, taxpayers' claims were being disallowed due to unsigned Form 8332, <i>Revocation of Release of Claim to Exemption for Child by Custodial Parent</i>. Taxpayers will now be allowed to provide supporting documentation during examinations which will ensure proper dependent tax credits are allowed.</p>
<b>Expand enforcement approaches and tools</b>	
Federal Tax Deposit (FTD) Alert Soft Letter Notice Pilot	<p>The IRS piloted a soft letter notice to help educate taxpayers regarding the importance of their FTD filing and payment compliance. The process involves the IRS using a notice to remind taxpayers of their responsibilities to make timely deposits and provides assistance in getting the taxpayer back into compliance before the liabilities get too large to resolve. The pilot received approval to implement in FY 2014.</p>
Fresh Start II - Penalty Relief Initiative	<p>The IRS sent reminder letters to taxpayers who filed Form 1127-A, <i>Application for Extension of Time for Payment of Income Tax for 2011 Due to Undue Hardship</i>, and their accounts were not fully paid. The letters provided the taxpayer with the link to IRS.gov for payment options.</p>

<p>Early Intervention Calls on Installment Agreements with Missed Payments</p>	<p>As an early intervention, the IRS selected accounts and used predictive dialing to make automated outcalls to prevent taxpayers with installment agreements from defaulting on the agreement due to missed payments, thereby reducing the burden on taxpayers and cost to the IRS.</p>
<p>VSD Audits</p>	<p>To afford taxpayers a personal interaction in lieu of mail contact, the IRS tested correspondence audits in a virtual environment. Virtual correspondence audits, called VSD audit meetings, allow taxpayers to ask questions and interact with the examiner, providing taxpayers with immediate feedback.</p> <p>The VSD audit meeting allows for greatly improved interaction between the taxpayer and the IRS. The campus examiner is able to see the taxpayer and their documents and will ensure the taxpayer only submits what is needed.</p>
<p>AUR Average Handle Time Optimization Project</p>	<p>The IRS streamlined the AUR call process in order to optimize the time tax examiners spend on phone calls. We created a standardized call flow that reduces duplicate conversations, redundant data collection, and non-essential “follow-on” conversations. This project will improve the efficiency and consistency of AUR calls. The resulting improvement in employee productivity will allow more taxpayers to be serviced, leading to an anticipated improvement in customer satisfaction.</p>
<p><b>Continue focused oversight of the tax-exempt sector</b></p>	
<p>Section 403(b) Pre-Approved Plan Program</p>	<p>The IRS administers tax law governing retirement plans, including IRC Section 403(b) Tax-Sheltered Annuity plans for public schools and certain tax-exempt organizations. In July 2013, the IRS began accepting applications from pre-approved section 403(b) plan sponsors. Under the pre-approved program, sponsors can obtain IRS pre-approval of a section 403(b) prototype or volume submitter plan document as complying with IRC Section 403(b). An employer that adopts a section 403(b) pre-approved plan generally has assurance that its plan document complies with IRC Section 403(b).</p> <p>In conjunction with the opening of the program, the IRS added and updated Web pages on IRS.gov and posted a series of videos to assist plan sponsors in the steps necessary to obtain pre-approval and adopt section 403(b) plans. Additionally, the IRS released an updated section 403(b) Checklist and a new section 403(b) Fix-It Guide that plan sponsors can use to help them find, fix, and avoid the most common mistakes that IRS sees in its examinations and voluntary compliance program submissions from the section 403(b) tax-sheltered annuities community.</p>

<b>Ensure that all tax practitioners, tax preparers and other third parties in the tax system adhere to professional standards and follow the law</b>	
TaxWise Enhancement	<p>The IRS identified over 200 Site Identification Numbers (SIDN) and Preparer Tax Identification Numbers (PTIN) that were used invalidly on over 35,000 tax returns during the 2013 filing season. A SIDN identifies a return prepared at a volunteer tax preparation site and follows the format of the PTIN. The use of an invalid SIDN as a PTIN circumvents the regulations that all paid return preparers must register and obtain a PTIN and creates a false appearance that the return was completed by a volunteer organization, affecting the credibility of the VITA program and its partnering agreements.</p> <p>This discovery resulted in a change to the TaxWise software for 2014. Paid preparers will not be able to switch between a PTIN and SIDN and will receive a warning message if they attempt to make the change. The new software update will assist with maintaining quality and accuracy in the VITA/TCE program.</p>
<b>Strategic Foundations: Invest for high performance</b>	
<b>Build and deploy advanced information technology systems, processes, and tools to improve IRS efficiency and productivity</b>	
TAC Television Information Program	<p>The IRS has made significant progress in its efforts to improve efficiency, increase taxpayer access to information, and meet our mission to help taxpayers understand, comply and meet their tax obligations. The TAC Television Information Program (TAC-TIP) uses flash drives to display IRS static messages on TV screens in TAC locations. Messages focus on tips to assist with managing TAC traffic flow, clarify services offered in TACs and provide answers to basic tax law questions. Transitioning from cable TV services to TAC-TIP will result in savings of approximately \$130,000 per year.</p>
Technology for Expanded Outreach and Education	<p>Technology was secured that permitted transmission of meetings and presentations to stakeholders across a broad geographic range using IRS equipment. In addition to saving travel funds, this technology permits stakeholders to conveniently get information at their desk and allow them to hear from previously unavailable subject matter experts from different IRS locations and operating divisions.</p>
Estate and Gift Tax Imaging System	<p>The IRS completed a successful pilot to archive, scan, and retrieve gift tax returns that will allow reliable and timely retrieval of historical gift and estate tax returns for both taxpayer requests and compliance activities. In September 2013, funding for equipment and software to implement the Estate and Gift Imaging System was approved.</p>

<b>Use data and research across the organization to make informed decisions and allocate resources</b>	
Research for Improved Service Delivery of Publication 590	Data on senior taxpayer filing needs and publication usage pointed to an increased demand by seniors, age 55 and above, for Publication 590, <i>Individual Retirement Arrangements</i> , at the TACs. To better serve the needs of this growing taxpayer demographic, the IRS has moved up the delivery date for this publication to make it available sooner.
Tax Data and Statistics for the Public	The Revenue Act of 1916 mandated the annual publication of statistics related to “the operations of the internal revenue laws.” The IRS fulfills this function by collecting and processing data that shows how the tax system works. Many different audiences use IRS statistics to analyze tax policy, project tax revenues, and estimate the impact of tax law changes on tax collections. This year the IRS continued publishing informative statistics such as the 2012 Data Book, which was published in March and made available on IRS.gov. It describes FY 2012 activities, including returns filed, taxes collected, enforcement actions, taxpayer assistance provided, and budget and workforce statistics.
Taxpayer Type Research	Taxpayers have different needs, motivations, and behaviors for complying with tax laws. This year the IRS concluded a study to reveal how different communication methods and approaches to taxpayer service can be more or less effective in increasing voluntary compliance depending on the individual. Through a combination of focus group and survey research, the study identified seven major taxpayer types with distinct needs and preferences for tax preparation and filing. The research helps the IRS understand how to accommodate taxpayer needs in a way that maximizes the likelihood of a satisfactory tax filing experience. Other tax administration agencies using taxpayer type research to improve service include Her Majesty’s Revenue and Customs Agency for the United Kingdom and the Revenue Agency of Canada.
2013 IRS Research Conference	The IRS co-hosted a one-day research conference with the Urban-Brookings Tax Policy Center. Topics included “Preparer Industry Dynamics and the Return Preparer Initiative,” “Changes in EITC Eligibility and Participation, 2005-2009,” and “Factors Influencing Voluntary Compliance by Small Businesses.” The conference facilitated a dialogue among IRS researchers, state tax administrators, tax experts from other countries, academic researchers, researchers from other federal agencies, and private sector experts about ways to impact voluntary compliance and other issues relevant to tax administration.
Return Preparer Program Support	At the 2013 IRS Research Conference, the IRS presented a report on trends in the preparer industry, including a discussion on whether IRS initiatives have improved the accuracy of returns completed by paid tax professionals. The work is an example of using research to improve our understanding of how the IRS oversight affects taxpayer experiences.

Education Credit Processing Problem	As a result of multiple submissions to the TAS Systemic Management Information System (SAMS), TAS alerted the IRS to problems processing returns with Form 8863, <i>Education Credits (American Opportunity and Lifetime Learning Credits)</i> . The IRS issued a SERP alert with temporary instructions while programmers worked to address the problem permanently.
-------------------------------------	---

### APPENDIX C. TAB MEASURES, FY 2007-2012

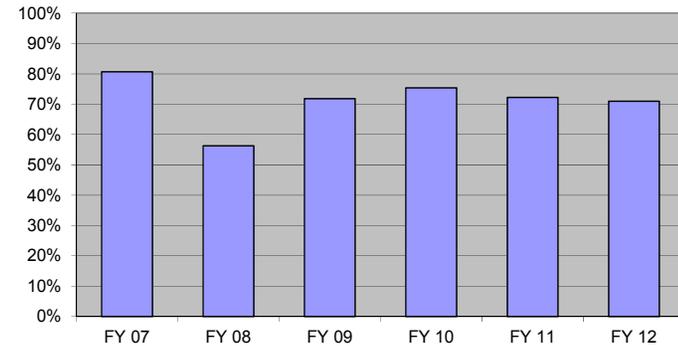
Awareness of Services																				
<b>Purpose:</b> Availability of Information - Awareness and Education				<b>Data Source:</b> Market Segment Survey (2008) Taxpayer Experience Survey (2009, 2010, 2012)																
<b>Definition:</b> The percentage of taxpayers who are aware of at least one IRS service channel.				<b>Calculation:</b> The total number of taxpayers who responded they were aware of at least one IRS service channel divided by the total number of taxpayers who answered the awareness survey question.																
<b>Percentage Aware of Services</b>																				
<b>Pct. Aware of Services</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>														
	n/a	90%	90%	91%	n/a	88%														
n/a = data not available																				
<table border="1"> <caption>Percentage Aware of Services Data</caption> <thead> <tr> <th>Fiscal Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>FY 07</td> <td>n/a</td> </tr> <tr> <td>FY 08</td> <td>90%</td> </tr> <tr> <td>FY 09</td> <td>90%</td> </tr> <tr> <td>FY 10</td> <td>91%</td> </tr> <tr> <td>FY 11</td> <td>n/a</td> </tr> <tr> <td>FY 12</td> <td>88%</td> </tr> </tbody> </table>							Fiscal Year	Percentage	FY 07	n/a	FY 08	90%	FY 09	90%	FY 10	91%	FY 11	n/a	FY 12	88%
Fiscal Year	Percentage																			
FY 07	n/a																			
FY 08	90%																			
FY 09	90%																			
FY 10	91%																			
FY 11	n/a																			
FY 12	88%																			
<p><b>Remarks:</b></p> <p>This measure captures a key piece of information the IRS needs to assess if they are successful in improving taxpayer service. As stated in the TAB Phase 2 report, "Several factors influence which [service] channel taxpayers prefer..., including specific type of service sought, demographic characteristics, channel awareness, channel access, taxpayer attitudes, and previous behavior." (p. 5) Also, the TAB identified channel and service awareness as one of the five areas for improvement of IRS service delivery within the strategic environment to increase value to all stakeholders, with the goal of improving awareness of services and channels to taxpayers and partners to facilitate their choice of the most effective and efficient service delivery options. (p. 6)</p> <p>This measure will assess taxpayers' overall level of awareness of select IRS service channels. The data will be gathered using the Taxpayer Experience Survey (TES), a web-based survey which is currently in existence. The question (TES 2010) used for this measure is:</p> <p><i>The following questions are about your awareness of different ways to contact the IRS. Are you aware that you can get information or help such as obtaining forms or tax law information, checking refund status or getting help to resolve a notice from the IRS in the following ways . . .</i></p> <ul style="list-style-type: none"> <li><i>Calling an IRS Toll-Free line?</i></li> <li><i>Visiting a local IRS office (Taxpayer Assistance Center, walk-in center)?</i></li> <li><i>Visiting the IRS website (www.irs.gov)?</i></li> <li><i>Sending regular mail to the IRS?</i></li> <li><i>E-mailing the IRS?</i></li> <li><i>Getting help from a volunteer tax preparer from a community organization?</i></li> </ul>																				

### Enterprise Level of Service

<b>Purpose:</b> Availability of Information - Awareness and Education	<b>Data Source:</b> Aspect Automated Call Distributors (ACD), AT&T, Telephone Routing Interactive System (TRIS), Intelligent Call Manager (ICM); data are transmitted to and compiled in Enterprise Telephone Database (ETD)
<b>Definition:</b> The relative success rate of taxpayers that call for toll-free services seeking assistance from an IRS representative.	<b>Calculation:</b> The number of toll-free callers that either speak to an IRS representative or receive informational messages divided by the total number of attempted calls.

**Enterprise Level of Service**

Enterprise LOS	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Enterprise LOS	81%	56%	72%	75%	72%	71%
<b>Total Calls Answered</b>	56,364,614	87,378,748	68,006,353	71,492,966	73,167,984	77,709,571



Taxpayers seeking information about the economic stimulus package resulted in unprecedented demand for telephone services in 2008. This resulted in a below-target level of service in FY 2008.

**Remarks:**

This measure gauges operational performance within the telephone channel, the assisted-service channel with the greatest number of taxpayer contacts. The TAB explains that online services are the most efficient service options from a government perspective. While the IRS is working to enhance self-assisted services so that they are taxpayers' first choice for their information and service needs, it is also committed to maintaining and improving its other service channels.

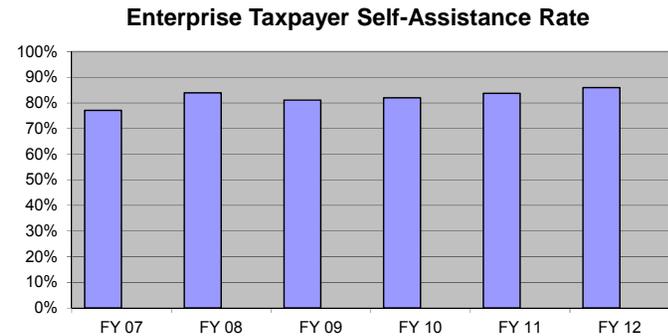
Enterprise Level of Service includes: Compliance, Forms Order Line, ASK TAS, and CAS (regular and specialty toll-free lines) (source: ETD Snapshot report); CAS Specialty lines include: TE/GE, PPS, VITA, NTA, International, TTY, and Identity Theft product lines (source: Interactive CAS Calls Answered Summary report)

The NTA line is a general toll-free product line. The ASK TAS line is a case intake line where calls are generated by including the number on certain notices through publicity campaigns targeting segments of the taxpayer population (for example surviving spouses, struggling young families, and unmarried low-income individuals) in test cities, tax professionals and small business owners.

### Enterprise Taxpayer Self-Assistance Rate

<p><b>Purpose:</b> Adequacy of Service</p>	<p><b>Data Source:</b> ETD Snapshot Report (enterprise toll-free contacts) Interactive Accounts Management Customer Contacts Resolved (CCR)/ Self-Assistance Participation Rate (SAPR) Summary [JOC Enterprise Customer Contact Report (ECCR)] IRS.gov Site Usage Report</p>
<p><b>Definition:</b> The percentage of taxpayers using self-assistance service channels for their service needs.</p>	<p><b>Calculation:</b> (Automated calls answered + Web site visits + IRS2GO visits) divided by (Assistor calls answered + Automated calls answered + web site visits + IRS2GO visits + electronic interactions + customer accounts resolved (paper) + TAC contacts)</p>

Enterprise Taxpayer Self-Assistance Rate	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
	77%	84%	81%	82%	84%	86%
<b>Number Self-Assistance Contacts</b>	238,051,508	399,765,896	325,246,825	339,885,653	361,638,289	437,989,376



The increase in the Taxpayer Self-Assistance Rate beginning in FY 2008 was due to the increase in web services, including the applications "Where's My Refund" and "How Much Was My Stimulus Payment". The peak usage in FY 2008 was in response to taxpayers seeking information about the economic stimulus package.

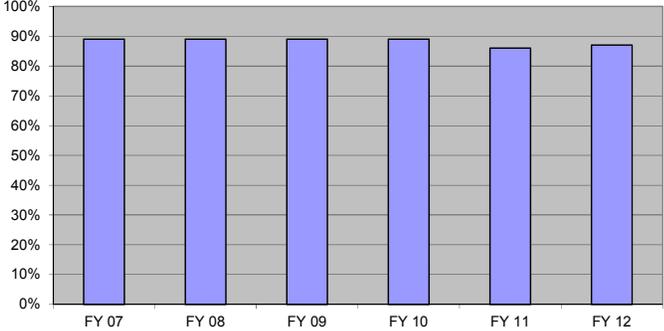
**Remarks:**

The TAB explains that online services and other self-service options are the most efficient service options from a government perspective. This measure informs the government value of the IRS's self-assistance services.

The methodology of this measure has been modified from the existing measure to fully capture the self-assistance services at the enterprise level. This measure includes Compliance automated calls and all unique visits to IRS.gov. Beginning February 1, 2012, Online Services is able to track the number of IRS2GO application uses; this self-service option will be included in the FY 2012 computation and onward

Automated calls are the count of all automated calls answered in the Telephone Routing Interactive System (TRIS), which includes Tele Tax, and informational messages completed in the Aspect Automated Call Distributor (ACD). Informational messages are pre-recorded messages that inform the taxpayer about whatever topic has already been selected. They can be at the beginning of a call flow (as an upfront message) or the ending point of a call flow (such as a tax law message that explains a certain part of the law).

Electronic interactions consist of Electronic Tax Law Assistance (ETLA) and Electronic Account Resolution (I-EAR), which are assisted services.

<b>Interaction Satisfaction Rate</b>																				
<b>Purpose:</b> Adequacy of Service	<b>Data Source:</b> Customer satisfaction surveys for: W&I and SB/SE Toll-Free, W&I Field Assistance, TEGE Toll-Free, TAS Closed Contacts, W&I and SB/SE Automated Underreporter, W&I and SB/SE Automated Collection System, W&I Compliance Services Collection, SB/SE Field Collection, W&I Compliance Center Examination, SB/SE Campus Examination, SB/SE Field Examination, Innocent Spouse, and Appeals Closed Contacts																			
<b>Definition:</b> The percentage of taxpayers satisfied with their interactions with the major IRS programs based on survey responses.	<b>Calculation:</b> The sum of the weighted average satisfaction score per program survey divided by the total number of taxpayer interactions for all the programs.  Calculation: $\frac{\sum wn}{\sum w} = \frac{\text{sum of (weight * avg. score)}}{\text{sum of weights}}$ where w = number of taxpayer interactions per program (i.e., weight) n = average satisfaction score, per program survey																			
<b>Interaction Satisfaction Rate</b>																				
<b>Interaction Satisfaction Rate</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>														
	89%	89%	89%	89%	86%	87%														
<div style="text-align: right; margin-bottom: 10px;"><b>Interaction Satisfaction Rate</b></div>  <table border="1" style="display: none; margin-top: 10px;"> <caption>Interaction Satisfaction Rate Data</caption> <thead> <tr> <th>Fiscal Year</th> <th>Satisfaction Rate (%)</th> </tr> </thead> <tbody> <tr> <td>FY 07</td> <td>89%</td> </tr> <tr> <td>FY 08</td> <td>89%</td> </tr> <tr> <td>FY 09</td> <td>89%</td> </tr> <tr> <td>FY 10</td> <td>89%</td> </tr> <tr> <td>FY 11</td> <td>86%</td> </tr> <tr> <td>FY 12</td> <td>87%</td> </tr> </tbody> </table>							Fiscal Year	Satisfaction Rate (%)	FY 07	89%	FY 08	89%	FY 09	89%	FY 10	89%	FY 11	86%	FY 12	87%
Fiscal Year	Satisfaction Rate (%)																			
FY 07	89%																			
FY 08	89%																			
FY 09	89%																			
FY 10	89%																			
FY 11	86%																			
FY 12	87%																			
<b>Remarks:</b>																				
The TAB Performance Measures Portfolio is designed to assess the delivery of taxpayer services across service categories and channels. Instead of focusing on discrete measures, the portfolio provides a high level overview of taxpayer service. This measure provides a high level assessment of taxpayers' satisfaction with interactions, a key element in evaluating taxpayer value of services.																				
This measure combines the Service Interaction and Enforcement Interaction scores computed annually by Research, Analysis and Statistics (RAS). Service interactions account for at least 80% of the score each year.																				

<b>Issue Resolution Rate</b>						
<b>Purpose:</b> Effectiveness of Government	<b>Data Source:</b> Redesigned customer satisfaction surveys for assisted IRS services; does not include satisfaction surveys for closed cases (i.e., where no taxpayer service interactions occurred).  Customer satisfaction surveys are currently being revised. As of September 2012, Automated Underreporter, Compliance Center Examination, and Innocent Spouse surveys have been redesigned. Draft redesigned surveys for Toll-Free are currently under review. Redesigns are scheduled for e-help and Field Assistance in 2013.					
<b>Definition:</b> The percentage of taxpayers who had all their questions answered during their interaction with an IRS assistor.	<b>Calculation:</b> The sum of the weighted percentage of taxpayers who said their questions were answered per program survey divided by the total number of taxpayer interactions for all the programs.  Calculation: $\frac{\sum wn}{\sum w} = \frac{\text{sum of (weight * pct. taxpayers with answered questions)}}{\text{sum of weights}}$ where w = number of taxpayer interactions per program (i.e., weight) n = percent of taxpayers who said they had their questions answered, per program survey					
<b>Issue Resolution Rate</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>
	not available					
<b>Remarks:</b>						
TAB research identified issue resolution as one of the most important attributes that influence a taxpayer's service channel choice, and the data showed that importance varied very little by service need or tax issue.  This measure uses the same methodology as the Interaction Satisfaction Score, i.e., summing the weighted responses from the customer satisfaction surveys. In the redesigned customer satisfaction surveys, they will include the question: <ul style="list-style-type: none"> <li>• Did the IRS representative answer all your questions today?</li> </ul> Toll-free service interactions (W&I, SB/SE, and TE/GE) account for over two-thirds of assisted service interactions.						