



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

13.2.8

JUNE 26, 2024

EFFECTIVE DATE

(06-26-2024)

PURPOSE

- (1) This transmits revised IRM 13.2.8, Systemic Advocacy, National Taxpayer Advocate's Annual Reports to Congress (ARC).

MATERIAL CHANGES

- (1) IRM 13.2.8 2(3) - Add guidance on the statistical data requirements for the Annual Report to Congress (ARC). IPU 22U0754 issued 06-29-2022.

EFFECT ON OTHER DOCUMENTS

IRM 13.2.8 dated November 03, 2020, is superseded. This IRM incorporates IRM procedural update (IPU): IPU 22U0754 issued 06-29-2022.

AUDIENCE

Primarily Taxpayer Advocate Service and all Operating Divisions and functions.

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National Taxpayer Advocate

13.2.8

National Taxpayer Advocate's Annual Reports to Congress (ARC)

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13.2.8.1
(11-03-2020)
Program Scope and Objectives

- (1) This IRM describes the statutory requirements for the National Taxpayer Advocate's two annual reports to Congress, the roles and responsibilities of key stakeholders, the process for developing the reports, and the report structures.
- (2) **Audience:** Taxpayer Advocate Service (TAS)
- (3) **Policy Owner:** National Taxpayer Advocate (NTA), TAS
- (4) **Program Owner:** Executive Director, Systemic Advocacy (EDSA)
- (5) **Primary Stakeholders:** TAS employees
- (6) **Program Goals:** To meet the statutory requirements in Internal Revenue Code (IRC) § 7803(c)(2)(B) by timely delivering both annual reports to Congress

13.2.8.1.1
(11-03-2020)
Background

- (1) The TAS Executive Director Systemic Advocacy (EDSA) has overall responsibility for the reports to Congress.
- (2) The National Taxpayer Advocate's Annual Reports to Congress (ARC) and June Report to Congress (JRC) Program Managers play the key roles in coordinating the reports.

13.2.8.1.2
(11-03-2020)
Authority

- (1) IRC § 7803(c)(2)(B) requires the NTA to submit two reports each year -- the JRC, aka the Objectives Report and the Annual Report.

13.2.8.1.3
(11-03-2020)
Roles and Responsibilities

- (1) IRC § 7803(c)(2)(B)(ii) requires the NTA to report to Congress by December 31 of each calendar year on the activities of the TAS during the fiscal year ending during such calendar year. Each ARC must contain full and substantive analysis, in addition to statistical information addressing:
 - a. Initiatives the NTA's office has taken to improve taxpayer service and IRS responsiveness;
 - b. Recommendations received from individuals with authority to issue Taxpayer Assistance Orders (TAOs) under IRC § 7811;
 - c. Summary of the ten most serious problems (MSPs) faced by taxpayers, including a description of the nature of such problems;
 - d. Inventory of problems or initiatives identified in the topics above for which action has been taken, and the result of the actions;
 - e. Inventory of problems or initiatives for which action remains to be completed and the period during which each item has remained on inventory;
 - f. Inventory of problems or initiatives for which no action has been taken, including the period during which the item has remained on such inventory, the reasons for the inaction, and the identity of any IRS officials who are responsible for the inaction;
 - g. TAOs that the IRS did not honor in a timely manner as specified under IRC § 7811(b);
 - h. Identify any Taxpayer Advocate Directive which was not timely honored by the IRS, as specified under IRC § 7803(c)(5);
 - i. Taxpayer Advocate Directives (TADs) which were not honored by the IRS in a timely manner;
 - j. Recommendations for administrative and legislative action as may be appropriate to resolve taxpayer problems;

- k. Areas of tax law that impose significant compliance burdens on taxpayers or the IRS, including specific recommendations for solving these problems;
 - l. Ten most litigated issues (MLIs) for each category of taxpayers, including recommendations for mitigating the disputes; and
 - m. With respect to any statistical information included in such report, include a statement of whether such statistical information was reviewed or provided by the Secretary under IRC § 6108(d) and, if so, whether the Secretary determined such information to be statistically valid and based on sound statistical methodology; and
 - n. Other information the NTA deems advisable.
- (2) Both reports must go directly to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate without prior comment without prior comment or review from the IRS Commissioner, the Secretary of the Treasury, the Oversight Board, any other Treasury officer or employee, or the Office of Management and Budget.
 - (3) The EDSA reports directly to the NTA. The EDSA and the Deputy Executive Director, Systemic Advocacy, Proactive Advocacy (DEDSA-PA) have oversight responsibility of the annual reports.
 - (4) Many other TAS employees contribute to the annual reports including, but not limited to, JRC and ARC Program Managers, Systemic Advocacy (SA) analysts and senior technical advisors (STLs), TAS Attorney Advisors (AA), Office of the Division Counsel/Associate Chief Counsel (National Taxpayer Advocate Program) (CNTA), TAS Research and Analysis, TAS Communications Stakeholder Liaison and Online Services (CSO), Executive Director of Case Advocacy (EDCA) employees, and TAS Technical Analysis & Guidance (TAG) coordinates legal advice and support of the JRC and the ARC.
 - (5) Various IRS Functions also serve a role in providing TAS with information and statistics for the reports.

13.2.8.1.4 (11-03-2020)

Program Management and Review

- (1) All report items must go through various levels of internal TAS reviews before being presented to the congressional committees.
- (2) EDSA and the JRC/ARC Program Managers have established multiple processes to ensure all reviews are completed. Review by the Office of Chief Counsel for legal accuracy does not violate the mandate of no review, as the reports should be legally accurate when submitted to Congress.

13.2.8.1.5 (11-03-2020)

Program Controls

- (1) Both reports must go directly to the congressional committees without prior comment or review from the IRS Commissioner, the Secretary of the Treasury, the Oversight Board, any other Treasury officer or employee, or the Office of Management and Budget.
- (2) All documents for the report are stored in TAS SharePoint™ (SP) sites. Permissions to the sites are limited to TAS employees.

13.2.8.1.6 (11-03-2020)

Terms/Definitions/ Acronyms

- (1) Frequently used terms:
 - a. Annual Report – Statutory Report that must be submitted to Congress by December 31st of each year.
 - b. Objectives Report – Statutory Report that must be submitted by June 30th of each year.

- c. SharePoint™ – A Microsoft Software Application used to securely store, organize and share information.

- (2) The use of abbreviations and acronyms are located in IRM 13.2.1. See Exhibit 13.2.1-1, Terms, Definitions and Acronyms, for commonly used TAS terms and abbreviations.

13.2.8.1.7
(11-03-2020)
Related Resources

- (1) Microsoft SP is the main software application used in the preparation of the reports.
- (2) Other Microsoft products such as Outlook, InfoPath, Excel and Word are also used extensively.

13.2.8.2
(06-29-2022)
Report Development Process

- (1) While the development process for both annual reports will differ, they share some common steps:
 - a. Identifying key issues.
 - b. Assigning authors or teams responsible for researching and drafting the narratives.
 - c. Review of narratives by TAS staff which may include the writer's manager, DEDSA-PA, and the TAS Editor.
 - d. Review by the Office of the Division Counsel/Associate Chief Counsel (NTA Program).
 - e. Review by the NTA.
 - f. Identifying quotes and creating graphics to help convey key information.
 - g. Validation of all data and descriptions of data by TAS Research.
 - h. Sending final "print ready" drafts to the vendor printer.
 - i. Reviewing galleys of the narratives provided by the printer.
 - j. Preparing for the public release of the reports. This can include coordination with IRS CSO staff, preparing a press release, and preparing the TAS public website.
- (2) Memorandum to the IRS – Once the potential MSPs are selected, the NTA issues a memorandum to all IRS Functions to outline the ARC process, inform the IRS of the topics, and request an executive-level liaison and at least one subject matter expert (SME) for each topic from each affected Business Operating Division (BOD) function. The memorandum is distributed to the heads of all IRS BODs that the MSPs may affect and includes an attachment with a brief description of each potential MSP topic.
- (3) IRS Review of Statistical Information – Section 7803(c)(2)(B)(ii)(XII) of the IRC directs that the National Taxpayer Advocate, "with respect to any statistical information included in [the annual report to Congress], include a statement of whether such statistical information was reviewed or provided by the Secretary under Section 6108(d) and, if so, whether the Secretary determined such information to be statistically valid and based on sound statistical methodology." The data cited in the ARC generally comes from one of three sources: (i) publicly available data such as the IRS Data Book, Government Accountability Office reports, and Treasury Inspector General for Tax Administration reports; (ii) IRS databases to which TAS has access; and (iii) IRS data that IRS operating divisions provide pursuant to TAS information requests. The ARC should contain a Data Compilation and Validation section which outlines each section and states whether each section was reviewed by IRS.

- All statistical information must be validated before it is sent to IRS for verification.
- The necessity for IRS review of a report section should be determined by the source and type of information cited.
- On the rare occasion where TAS and the IRS have a disagreement about data or the presentation of data, we will discuss it with IRS. If a disagreement persists, we will note it in the report.

13.2.8.3
(11-03-2020)
**Maintaining Annual
Report Supporting
Materials**

- (1) It is important to save all source documents used in the writing of all sections of the annual reports. All data and items used in analysis to support, clarify, or provide additional detail about the data in the report must be saved.
- (2) All files should be stored on the respective annual report SP site. If there is only a hardcopy and it is feasible, the item should be scanned and placed on SP. Any information that is not stored on SP should be shipped to the EDSA office in Washington, D.C. Contact the ARC or JRC Program Manager for further details.

13.2.8.4
(11-03-2020)
**Objectives Report to
Congress**

- (1) The NTA's Fiscal Year Objectives Report outlines for Congress the plans and goals of the Office of the Taxpayer Advocate (OTA) for the coming fiscal year. The Objectives Report is commonly referred to as the June Report to Congress (JRC) as it is due on June 30.
- (2) The JRC is a key planning guide for TAS, and the stated goals serve as the source for other activities that may appear in the TAS Program Letter, Operational Priorities, and other operating guidance.
- (3) Identifying Key Issues - Issues to be addressed by a Systemic Advocacy Objective (SAO) can come from a variety of sources. Examples include significant ongoing issues, new issues that arose during the filing season, or any other issue identified by the NTA.
- (4) Objectives Report Structure - The major sections of the JRC include:
 - a. Filing Season Review – This section provides an assessment of the most recent filing season and the issues that impacted taxpayers. Content will vary depending on the unique issues that arise each year. Common features include IRS service levels, processing delays, inventory backlogs and other factors that caused taxpayers to seek TAS assistance.
 - b. Systemic Advocacy Objectives – These narratives highlight tax administration issues causing problems or burden for taxpayers, and list the advocacy actions TAS intends to take in the upcoming fiscal year. An area of focus will generally describe the problem taxpayers are facing, what changes are needed, expected benefits, any TAS or IRS actions to date, and TAS actions planned for the upcoming fiscal year.
 - c. TAS Research Initiatives – This section describes ongoing and planned research efforts intended to better understand taxpayer experience or improved efficiency. These efforts could be performed by TAS staff, TAS staff in conjunction with the IRS, or external contractors.

- d. Other Sections as appropriate – TAS may include additional content that describes operational efforts to better advocate for taxpayers. That could include employee training, special initiatives, and technology enhancements.
- e. Appendices – the Objectives report includes appendices such as the IRS Responses and NTA's comments regarding the MSPs identified in the prior year ARC, the legislative history of TAS, case acceptance criteria, a listing of Low Income Taxpayer Clinics (LITCs), performance measures, and a glossary of acronyms.

13.2.8.5
(11-03-2020)
**Annual Report to
Congress (ARC)**

- (1) The ARC is broken down into four major sections: The Most Serious Problems (MSPs) Encountered by Taxpayers, the Most Litigated Issues (MLIs), TAS Case Advocacy (CA), and TAS Research Studies. The ARC also includes a separate volume, the Purple Book, which is a compilation of Legislative Recommendations to strengthen taxpayer rights and improve tax administration. In addition, an Executive Summary is prepared which summarizes all sections to provide Congress with an overview of the entire report.
- (2) MSPs Encountered by Taxpayers
 - a. IRC § 7803(c)(2)(B)(ii)(III) requires the NTA to address in the ARC a summary of the ten most serious problems taxpayers encountered in the last year. MSPs are identified through a variety of sources, including the year-round case advocacy and systemic advocacy performed by all functions of TAS, an ongoing solicitation for ideas, and an analysis of TAS casework. The NTA uses these sources as a starting point for identifying the MSPs for the upcoming ARC.
- (3) Status Updates
 - a. The MSP section may also include Status Updates (SUs) on MSP topics from prior years, which discuss the actions the IRS has or has not taken to address the problem, assess the status of the problem, and describe any additional concerns. SUs generally follow the same procedures as MSPs.
- (4) Most Litigated Issues:
 - a. IRC § 7803(c)(2)(B)(ii)(XI) requires the NTA to describe the ten issues most frequently litigated by taxpayers. Analyzing the most litigated issues may reveal areas of tax law that create or increase burden for taxpayers or should be simplified.
 - a. The list of MLI's is derived from a variety of sources. Federal tax cases are tried in the United States Tax Court, the United States District Courts, the United States Court of Federal Claims, the United States bankruptcy courts, the United States Courts of Appeals, and the United States Supreme Court. Attorney Advisors and TAS analysts work with the Office of Chief Counsel to track and research cases and the issues involved, uncover patterns related to these issues and determine why they reached the courts instead of being settled administratively.
- (5) Case Advocacy:

- a. This section of the ARC reviews TAS case advocacy for the preceding fiscal year. It details receipts, closures, TAOs, and congressional cases. It also describes the systemic problems causing the greatest concern to taxpayers and TAS's efforts to resolve them, often by working cooperatively with the ODs and functions
 - b. The Case Advocacy section may also include the following information:
 - Functions of the OTA;
 - TAS Case Receipt Criteria;
 - TAS Receipt Trends;
 - TAS Operations Assistance Request Trends;
 - Taxpayer Assistance Orders to Advocate Effectively; and
 - Congressional Case Trends.
- (6) TAS Research & Related Studies
 - a. This section consists of TAS's research and related studies and can also include articles by the NTA's AA's or other contributors. The research studies may have been conducted as part of an MSP or may be part of ongoing TAS advocacy efforts.
- (7) Legislative Recommendations (the Purple Book):
 - a. This is a separate volume of the ARC which provides details of legislative proposals submitted by the NTA. The NTA makes specific legislative changes directly to Congress when current IRC requirements create inequitable treatment, or when a change may ease taxpayer burden or improve taxpayer service.
 - b. Where no administrative resolution is feasible, TAS develops the case for a legislative proposal, weighing it against the need to ease taxpayer burden, achieve simplification, maintain or enhance tax administration, efficiency, and equity, and minimize revenue impact. The ARC is the main vehicle for the transmission of TAS legislative proposals to Congress.
 - c. TAS may receive legislative recommendations, information and data from internal and external stakeholders. Internal sources include IRS BODS and the IRS CNTA. The external stakeholders include tax professional associations, the Taxpayer Advocacy Panel (TAP), LITCs, and other tax practitioners.
- (8) Executive Summary:
 - a. TAS delivers an Executive Summary along with the ARC. The Executive Summary is a brief compilation of the various sections and topics in the report, with highlights of TAS recommendations, findings, and proposals. An executive summary must be prepared for each MSP/SU, MLI, and TAS Research Study.

13.2.8.6
(11-03-2020)
Recommendations

- (1) Each MSP normally has at least one administrative recommendation. These recommendations propose actions that TAS feels the IRS can take to resolve or mitigate the particular issue(s) affecting taxpayers. Some JRC items also have administrative recommendations.
- (2) Memorandum to Commissioner
 - a. IRC § 7803(c)(2)(B)(ii)(IV), (V), and (VI) require the NTA to report to Congress on IRS actions (or lack of actions) taken in response to the recommendations identified in the reports;
 - b. IRC § 7803(c)(3) states the Commissioner shall establish procedures requiring a formal response to all recommendations within three months after receipt of the memorandum;
 - c. Each year after the ARC is released, the NTA submits a memorandum to the IRS Commissioner requesting a statement of IRS's position with respect to the issues raised in the MSPs, followed by an explanation of what it would or would not be doing to address TAS's concerns in each administrative recommendation. The recommendations and responses are added to SP. When an IRS function agrees to implement a recommendation, a tentative date of action is provided. These recommendations are tracked and monitored until completion.
- (3) JRC Appendix
 - a. TAS will publish the IRS's formal response to the MSPs and administrative recommendations as an administrative recommendations as an appendix in the JRC. TAS may use these responses to develop the "Objectives of the Office of the Taxpayer Advocate" for the next fiscal year.
- (4) ARC Report Card
 - a. The compilation of IRS responses to the recommendations is referred to as the ARC Report Card, and is available to the public on IRS.gov. The IRS responses will be displayed verbatim, along with additional commentary by TAS. The Report Card is normally available online only. No hard copies are printed.
- (5) Tracking IRS Responses and Follow-Up Actions
 - a. TAS started using SP in 2007 to track and monitor all ARC recommendations. The ARC Program Manager is the SP administrator for the recommendations site. Prior to 2007 the recommendations were tracked using Joint Audit Management Enterprise System (JAMES).
 - b. The ARC Program Manager will provide a quarterly recommendations report to the IRS, TAS and CNTA. This report will give the count of recommendations closed in that quarter. It will also include a list of all open recommendations along with their due dates and the IRS BOD that is responsible for the corrective actions.
- (6) Roles and Responsibilities for ARC Recommendations Tracking.

The roles and responsibilities for the process of tracking and monitoring the recommendations made in the ARC are shown below

- a. **EDSA & DEDSA-PA.** The EDSA and DEDSA-PA oversee the ARC process and are responsible for:

- Recommending policy and procedures for the tracking, monitoring, and reporting process;
- Preparing the National Taxpayer Advocate Memorandum to the Commissioner regarding ARC administrative recommendations;
- Managing the ARC recommendation SP process;
- Monitoring the completion of corrective action plans agreed to by the IRS to address ARC recommendations; and
- Providing advice and assistance to IRS managers and their coordinators, as needed.

(7) **ARC Program Manager.** The ARC Program Manager reports directly to the DEDSA-PA with key responsibilities including:

- a. Inputting TAS ARC recommendations into SP;
 - b. Inputting initial IRS responses into SP with corrective actions and due dates;
 - c. Securing TAS comments to IRS responses;
 - d. Monitoring the corrective actions and due dates on open recommendations and following up with the IRS as needed;
 - e. Ensuring data contained within SP is current and accurate;
 - f. Managing IRS and TAS permissions in the recommendations SP site;
 - g. Acting as the contact point for all ad-hoc requests for information or status updates as shown in SP;
 - h. Preparing the TAS Report Card for posting on internal and external websites;
 - i. Providing activity reports and status updates to TAS regarding actions updated or completed by the IRS;
 - j. Creating and preparing a wide range of SP and other reports;
 - k. Providing the percent of TAS recommendations accepted by the IRS, which may be used as a TAS performance indicator; and
 - l. Reporting on a quarterly basis to coincide with Business Performance Report (BPR) updates:
- TAS status of MSP recommendations closed during the specific quarter; and
 - TAS status of MSP recommendations with significant accomplishments identified during the quarter.
 - Report each year's ARC recommendations in this manner until all MSP recommendations in an ARC have been addressed.

(8) **TAS Attorney Advisors.** The TAS AA's are responsible for the following:

- a. Reviewing the initial IRS response to ARC administrative recommendations in conjunction with team leads;
- b. Selecting the proper Recommendation Status and providing final TAS comments regarding the IRS responses, when applicable;
- c. Assessing how the IRS has addressed the recommendations to complete the TAS Status field on SP;

- d. Reviewing subsequent IRS responses to recommendations to determine whether IRS's actions or alternate actions meet the intent of the recommendation;
- e. Attending meetings with the IRS to resolve any disagreement on the resolution of recommended actions; and
- f. Selecting the proper MSP/SU Status once all recommendations have been closed on their MSP/SU.

(9) **Team Leads.** MSP Team Leads are responsible for the following:

- a. Reviewing all IRS responses to ARC administrative recommendations in conjunction with the AA's;
- b. Reviewing subsequent IRS responses to recommendations to determine whether IRS's actions or alternate actions meet the intent of the recommendation; and
- c. Attending meetings at the request of the AA, with the IRS to resolve any disagreement on the resolution of recommended actions.

(10) **Systemic Advocacy (SA) Analysts and Technical Advisors.** SA Analysts and Technical Advisors are responsible for the following:

- a. Reviewing IRS responses to recommendations after the AA and Team Lead to provide any additional comments or insight; and
- b. Acting as a subject matter expert as needed in the resolution of recommendations.

