



# FY2021 LB&I Focus Guide

## 2018-2022 IRS Strategic Goals

- Empower and enable all taxpayers to meet their tax obligations
- Protect the integrity of the tax system by encouraging compliance through administering and enforcing the tax code
- Collaborate with external partners proactively to improve tax administration
- Cultivate a well-equipped, diverse, flexible, and engaged workforce
- Advance data access, usability, and analytics to inform decision-making and improve operational outcomes
- Drive increased agility, efficiency, effectiveness, and security in IRS operations

## A Message from the LB&I Commissioners' Office



Douglas W. O'Donnell  
**LB&I Commissioner**



Nikole C. Flax  
**LB&I Deputy  
Commissioner**

In fiscal year (FY) 2020, we were confronted with an unimaginable challenge: the global COVID-19 pandemic. We are grateful to lead an organization of professionals who helped us rapidly transition to a telework environment, enabling us to protect ourselves and our communities while performing fundamental tax administration. While we are still adjusting to this transition, we are inspired by your compassion for one another, for taxpayers and representatives, and for the domestic and foreign government officials who assist us in our work.

As we begin FY2021, LB&I is strong, but subject to the uncertainties that are affecting all organizations in the public and private sector. We prepare a focus guide each year for times like this. No matter the circumstances externally, the current focus guide reminds us of the bigger picture, our direction and goals and how each of us and our team supports them.

In addition to new initiatives, this Focus Guide reinforces what we

started in FY2020 and years prior. We're working toward more progress on longstanding goals of delivering in-person coaching, launching new campaigns, improving the Compliance Assurance Process, and implementing major tax reform and partnership audit procedure (Bipartisan Budget Act) changes.

As with FY2020, our priority focus this year will be assigning the most productive work and ensuring that our overall work portfolio

is balanced and effective in covering our taxpayer base. We will prioritize other areas of potential noncompliance as we continue to reduce discretionary work. We aim to increase LB&I's data analytics capabilities and employ them in identifying high-risk taxpayers, abusive tax schemes, and shelter promotions. We will prioritize our efforts across a range of sectors and issues, including high-income taxpayers and pass-through issues.

Each fiscal year, LB&I makes informed decisions about the percentage of employee direct examination time that will be allocated to each of its compliance programs. This year, we will introduce accounting for Direct Compliance Time, in recognition that the pursuit of compliance represents the contributions of every employee, not just certain job categories.

Events in FY2020 pushed us to work smarter with technology, adjust work processes and assist taxpayers in meeting their tax obligations. We expect these improvements to better situate us for the long-term future, and we will explore more advancements this year. We will also support the agency on its continued implementation of the Taxpayer First Act.

In FY2021, we will continue work to increase the size of our workforce and create more opportunities for leadership and technical development, including an increase in details and availability of coaching and mentoring. Despite challenges, we've made progress in resolving some long-term hiring issues and were one of the first IRS divisions to test a new job applicant platform that will improve the hiring process going forward. We will push further to eliminate remaining barriers in the hiring process. We are also launching an initiative to increase the diversity and inclusivity of our workforce to better serve the global taxpayers, representatives, and governments we interact with every day.

This year, we will remain sensitive to your well-being and commit to keeping open lines of communication with you and with taxpayers. We appreciate your resilience and flexibility as we balance our personal and professional commitments in a complex environment.

Thank you for the work you do to keep LB&I strong.

# FY2021 LB&I Strategic Goals

## Strengthen Compliance Activities

- Continue efforts to improve case selection to ensure focus on taxpayer noncompliance.
- Use Portfolio Management to direct resources amongst the compliance programs most efficiently.
- Expand coverage of pass-through entities, high wealth taxpayers, and high-income individuals.
- Mature data analytics to measure progress in all compliance activities to improve future selection.
- Continue to expand data analytics tools and improve strategies to combat abusive transactions and promoter schemes.

## Implement Major Program Priorities

- Identify taxpayer strategies and ensure compliance with the Tax Cuts and Jobs Act.
- Closely monitor and respond to the impact of the Coronavirus Aid, Relief, and Economic Security Act (CARES) on LB&I taxpayer positions.
- Continue to enhance the Large Corporate Compliance (LCC) Program using feedback and data analytics and expand the program to partnerships.
- Continue to monitor the impact of the Compliance Assurance Process (CAP) recalibration to ensure the success of the program.
- Continue efforts to improve the Campaign Compliance Program and the use of alternative treatment streams to develop metrics around behavioral change.
- Actively support planning for and implementation of changes in support of the Taxpayer First Act.

## Expand Workforce Tools and Opportunities

- Recruit motivated, talented employees and provide them learning pathways with blended innovative training approaches and hands on experience to transfer knowledge and develop expertise.
- Grow a coaching culture aimed at enhancing employee engagement, building critical thinking and problem solving, and optimizing individual and organizational performance.
- Prepare future leaders at all levels.
- Provide focused training, tools, and resources to address emerging issues in a changing and global environment.
- Coordinate with Human Capital Office and Facilities Management and Security Services to maintain safe and healthy working conditions.
- Create details and rotational opportunities to enhance employee development and career paths. Increase knowledge through customized learning plans based on individual skills assessments.
- Increase flexibility to deliver taxpayer service and administer compliance operations with tools such as WebEx, Taxpayer Digital Communications, and virtual case processing.

## Prioritize Communication and Collaboration

- Maintain open communication channels with employees and external stakeholders to improve LB&I operations and taxpayer service.
- Prioritize employee feedback and swiftly address employee concerns.
- Ensure all employees understand the strategic direction of LB&I, the link to IRS objectives, and how their individual contributions keep us moving forward.

## Our Staffing

Positions	October 2019	October 2020*
Leadership Team	554	579
Administrative Professionals	311	195
Revenue Agents	2,792	2,796
Tax Law Specialists	91	100
Economists	110	112
Engineering Program	157	141
Tax Examiners	142	130
Tax Compliance Officer	30	25
Other Program Staff	421	557
<b>Total</b>	<b>4,608</b>	<b>4,635</b>

\* Numbers are projected based on selections made with new hires due to come on board through November.



## Equity, Diversity and Inclusion

LB&I is committed to building and maintaining a high-performing, diverse and inclusive workforce where employees feel welcomed, supported, and motivated to do their best. We aim to meet this goal through a long-term business strategy to form a nationwide team that reflects the world around us and the taxpayers we serve.

Embracing diversity and inclusion is a smart business decision. Organizations that prioritize hiring, retaining, and promoting employees that vary in their cultural background, work experience, ethnicity, ability, religion, age, and sexual orientation benefit from increased innovation, improved business results and an enhanced ability to connect with customers and stakeholders. This is our vision for LB&I, an organization that serves taxpayers with vastly different perspectives and needs, across the nation and the world. As we actively work to bring a variety of voices to the table, we know we can only be successful with broad buy-in and support from the field to headquarters. We hope you will join us in making LB&I a better, stronger, more innovative place to work for all.