This book is made in collaboration with
Office of Online Services and the IRS Design Office
INTRODUCTION

Working with teams from Communications and Liaison, Online Services, Criminal Investigation, and Facilities Management Support Services, the IRS Design Office created four captivating wall murals and multiple corner banners. These were installed in 2016. In 2017, Online Services initiated and led a project to translate the content from the murals and banners into an engaging online experience. This project let the team push the limits of IRS.gov’s new Drupal content management system and explore capabilities that will better serve taxpayers online. The History of the IRS on IRS.gov has been a cross-divisional project with passionate volunteers from the organizations above and from Privacy Government Liaison and Disclosure, Information Technology, and the Office of the Commissioner. The content from the four murals and the resulting digital experience reflects contributions from retirees, employees across the Service, the IRS Historical Fact Book: A Chronology, and other historical sources. This project was initiated by Commissioner John Koskinen, who privately funded four wall art installations at IRS Headquarters to capture the rich history of the IRS. The project was completed under Commissioner Charles Rettig with a single vision: to acknowledge the people of the IRS and their longstanding commitment to serving the American public. The rich and storied history of the IRS reinforces that commitment time and again. As you browse through a timeline that begins in the 1700s with the American Revolution and continues through the December 2017 passage of the Tax Cuts and Jobs Act, you will see the IRS’s ongoing dedication to service and to the citizens of this nation. As the history of the Service carries forward, more acts of service will be added. Visit the living timeline on IRS.gov under About Us (www.irs.gov/about-IRS) and see how the commitment that has marked our history defines our future.
Taxation without representation was the seed of the American Revolution. Colonists rebelled against Britain’s punitive taxes because they had no voice in parliament. On July 4, 1776, the Declaration of Independence severed ties with England. The Revolutionary War ended in 1783, and a new nation was born.
On February 21, 1787, Congress approved a Constitutional Convention to revise the Articles of Confederation: “… the Congress shall have the power to lay and collect taxes, duties, imposts, and excesses, to pay the debts and provide for the common defense and general welfare of the United States.”

On September 2, 1789, Congress established the Department of the Treasury and appointed Alexander Hamilton as the first Secretary.
1794 saw the first outright challenge to the U.S. government’s revenue laws when a federal court summoned 75 distillers in western Pennsylvania to appear in court and explain why they shouldn’t be arrested for whiskey tax evasion. The Whiskey Rebellion set up a clash between citizens and federal officers. The federal government prevailed, but at a cost of $1.5 million to American taxpayers.
To pay for the War of 1812, Congress passed new internal taxes on refined sugar, carriages, distillers and auction sales and reinstated the Commissioner of the Revenue to collect them. On August 24, 1814, the British burned the Treasury building in Washington, D.C. On December 23, 1817, Congress repealed these and all remaining internal taxes and abolished the position of the Commissioner of the Revenue and all offices to collect them.
Construction began on a new Treasury building in 1836. The first segment opened in 1842.
On July 1, 1862, President Lincoln signed the second revenue measure of the Civil War into law. This law levied internal taxes and established a permanent internal tax system. Congress established the Office of the Commissioner of Internal Revenue under the Department of the Treasury. On July 17, 1862, George S. Boutwell became its first commissioner.
In its first year, 1863, the Office of the Commissioner of Internal Revenue collected $39.1 million.

The Revenue Act of June 30, 1864, authorized the Commissioner of Internal Revenue to compromise all suits "relating to internal revenue," to abate outstanding assessments and to refund taxes subject to current regulations.
In February 1867, the Secretary of the Treasury adopted a hydrometer to establish a uniform system to inspect and gauge alcoholic spirits subject to tax. The March 1, 1867 Revenue Act authorized the Secretary of the Treasury to adopt, procure and prescribe these and other weighing and gauging instruments to prevent and detect fraud by spirit distillers.
Representative (later president) James Garfield of Ohio spearheaded an effort to make tax information private. On April 5, 1870, IRS Commissioner Delano forbade tax assessors from furnishing lists of taxpayers for publication. On July 14, 1870, Congress passed a revenue act stating, “no collector … shall permit to be published in any manner such income returns or any part thereof, except such general statistics, …”
On February 25, 1913, the 16th Amendment officially became part of the Constitution, granting Congress constitutional authority to levy taxes on corporate and individual income. The Bureau of Internal Revenue established a Personal Income Tax Division and Correspondence Unit to answer a flood of questions about its enforcement, and a special division within General Counsel to prepare opinions interpreting internal revenue laws.

On January 5, 1914, the Treasury Department unveiled the four-page form (including instructions) for the new income tax. The form was numbered 1040 in the ordinary stream of numbering forms in sequential order. In the first year, no money was to be returned with the forms. Instead, each taxpayer’s calculations were verified by field agents, who sent out bills on June 1. Tax payments were due by June 30.
In 1917, the Internal Revenue Bureau launched a special nationwide public education program to help citizens understand the new tax burden. The campaign tried to popularize war taxes by emphasizing the needs of the country and appealing to national pride and patriotism. “Four Minute Men” fanned out across the nation, preaching the importance of paying taxes promptly and fully.
Congress passed the National Prohibition Enforcement Act on October 27, 1919. It prohibited the manufacture, sale, and use of intoxicating beverages. It also designated the Bureau of Internal Revenue as the enforcement agency. The Bureau hired and trained hundreds of prohibition agents to enforce the law and created a new intelligence unit to uncover corrupt prohibition agents and bootleggers.
On June 1, 1930, the main section of the new Internal Revenue building opened, 16 months ahead of schedule and with a total construction cost of just over $6 million. In addition to a state-of-the-art fire alarm system, it contained 1,400 telephones and a synchronized system of 861 clocks, the largest system of its kind at the time.
American gangster Alphonse "Al" Capone attained fame during the Prohibition Era by raking in millions of dollars through bootlegging and other illicit activities. In 1931, an IRS Intelligence Unit investigation led to his indictment on federal income tax evasion and violations of the Volstead Act. He pled guilty, was convicted, and sentenced to 11 years in federal prison, a $50,000 fine, and ordered to pay $215,000 plus interest on back taxes.
On August 14, 1935, Franklin D. Roosevelt signed the Social Security Act. Employees originally paid one percent of the first $3,000 of their salaries to finance the benefits. The law required a new system of tax withholding, which the Bureau of Internal Revenue had to collect and turn over to the Social Security Trust Fund. It also created an unemployment compensation program and laid the foundation for modern payroll withholding.
The Roosevelt administration hoped to pay for at least half the cost of World War II by increased taxation. The 1942 Revenue Act sharply increased most existing taxes, introduced the Victory tax (a 5 percent surcharge on all net income over $624 with a postwar credit), lowered exemptions and began provisions for medical and dental expenses and investors’ expense deductions. Still, taxes only funded 43 percent of the war’s cost, 7 percent short of the goal.
In 1948, the Bureau introduced punch-card equipment to process notices. They also introduced photocopying to reduce the typing workload and relieve a typist and stenographer shortage.

In 1949, the IRS introduced electric typewriters, continuous forms, dual-roller platens and posting machines to more efficiently process income tax returns. By 1950, the Bureau introduced computers for tabulation.
In 1952, President Harry S. Truman called for a comprehensive reorganization of the Bureau of Internal Revenue. The agency officially became the Internal Revenue Service on July 9, 1953.
During the 1950s, the Service primarily interacted with taxpayers through written and print communication using the U.S. Postal Service and walk-in offices. Walk-in offices, or Tax Assistance Centers (TAC), continue to provide assistance to taxpayers today.
In 1953, the IRS began the “Teaching Taxes” program by mailing a tax kit with teaching text, enlarged copies of tax return forms and regular return forms to 30,000 junior and senior high school principals.

By 1959, the IRS offered public service announcements to television and radio stations throughout the entire year, not just during filing season.
In 1959, Congress and the Secretary of the Treasury approved IRS plans to install a nationwide automatic data processing system. By January 1962, automated data processing entered full operation, processing up to 680,000 characters per second.
On May 1, 1961, President John F. Kennedy attended the Joint Conference of Regional Commissioners and District Directors of the IRS. The only U.S. President to visit IRS headquarters, President Kennedy praised the Service for pursuing fair taxation in the promotion of national interest.
For over 50 years, Tingle Tables have saved taxpayers millions of dollars by reducing the time it takes IRS employees to sort through individual paper-filed returns. In 1962, James Tingle invented the table while working in an IRS Service Center. Mr. Tingle built the prototype in his backyard. Still in use today, over 15 million tax returns flowed through the tables during the 2019 tax filing season.
The toll-free telephone network system, piloted in 1966, eventually allowed the IRS to handle most taxpayer inquiries by phone. On January 1, 1967, the IRS launched a nationwide, automated federal tax system. That same year, the IRS established a long-range study to determine automated data processing requirements through 1970 and beyond.
In 1972, the IRS began to offer tax information in Spanish. Over time, translations expanded to include additional languages in print and on IRS.gov. In 1976, the Service offered toll-free telephone and teletypewriter service to the deaf and hard of hearing. Today, the IRS provides support through social media channels, relay services, American Sign Language YouTube videos, and at Volunteer Individual Tax Assistance Centers.
1978 the IRS installed a Remittance Processing System (RPS) and mail sorting system in all service centers. The system automated the sorting and opening of incoming tax returns at a rate of 22,000 pieces of mail per hour with a 98 percent accuracy rate. In contrast, the top speed of the manual sort process it replaced was 1,200 pieces per hour.
U.S. Congress passed the Tax Reform Act to “simplify the income tax code.” The Service marked a pivotal change in the way it interacted with taxpayers by beginning the progression from paper-based filing to electronic filing.
In 1978, the IRS studied the economic, social, and behavioral factors that impact taxpayer compliance.

In 1986, the IRS established an artificial intelligence laboratory as part of an initiative to explore potential applications of new technologies to tax processing.

In 1988, the IRS revised its “Understanding Taxes” program for high school students to include computer software and video programs in the instructional materials.
In 1988, the IRS published Publication 1, Your Rights as a Taxpayer, which required the IRS to fully inform taxpayers of their rights as a taxpayer and the processes for examination, appeal, collection, and refunds.
The IRS started electronic filing to lower operating costs and paper use. The Service anticipated over 90 percent of 150 million individual returns would be filed electronically for 2019 tax-filing season.

The National Technical Information Service (NTIS) established FedWorld in 1992 to serve as the online locator service for an extensive inventory of information distributed by the federal government. Two years later in 1994, NTIS launched a bulletin board system to support the IRS, giving the Service the ability to provide forms and publications online.
The Digital Daily was the first presence of the IRS on the World Wide Web. It had a warm and humorous tone, and a design that resembled a newspaper. The site grew and evolved into IRS.gov, which had more than 609 million visits in 2018.
The IRS Restructuring and Reform Act of 1998 prompted the most comprehensive reorganization and modernization of the IRS in nearly half a century. The IRS reorganized itself in 2000 to closely resemble the private sector, creating four major business divisions, each aligned to a group of taxpayers with similar needs.
The IRS leaned into digital innovation, launching multiple tools:

- 2001 – Withholding Calculator
- 2002 – Where's My Refund (used more than 18 million times in 2003)
- 2003 – Free File (served almost 3 million taxpayers its first year)
- 2005 – Taxpayer Local Assistance Office Locator
- 2007 – Sales Tax Deduction Calculator

Digital Tools for Taxpayers

To keep up with digital demand, the IRS introduced two applications that allowed taxpayers to pay their bills online.

- 2002 – IRS launched the Electronic Installment Agreement application. In 2006, it became the Online Payment Agreement
- 2013 – Direct Pay: The IRS worked with the Bureau of the Fiscal Service to launch the first online method for federal tax payments that allows users to quickly pay without pre-registration
In a continued effort to move toward a paperless filing process, the IRS launched digital solutions for tax professionals:

- **2004** – Transcript Delivery System (TDS): Client tax records requested online and received within minutes instead of days.
- **2008** – Electronic PIN Signature (ePIN): Client individual tax returns electronically filed and signed.
The Department of Education and the IRS collaborated to build a tool that enabled students and parents to transfer tax information from the IRS directly to their Free Application for Federal Student Aid (FAFSA) online application, streamlining the student aid application experience.
As taxpayers moved toward mobile devices, the IRS developed applications to meet demand. In January 2011, the IRS launched its first native mobile application, IRS2Go. The app initially allowed taxpayers to check the status of their refunds and returns from their mobile devices. Subsequent updates let users access free tax preparation assistance, link to IRS news and use the app in Spanish.
In 2014, Commissioner John Koskinen and Taxpayer Advocate Nina E. Olson released an enhanced Taxpayer Bill of Rights. Written to be clear, understandable and accessible for both taxpayers and IRS employees, the updated document grouped the dozens of existing rights in the tax code into ten fundamental rights. The Taxpayer Bill of Rights is displayed in IRS offices across the country as a reminder that “respecting taxpayer rights continues to be a top priority for IRS employees.”
IRS hosted its first crowdsourcing competition that encouraged innovative ideas for the taxpayer experience of the future. Of 48 submissions, winners from California, Minnesota, and Washington, D.C. were among those selected in categories covering:

- Overall design
- Taxpayer usefulness
- Best financial capability
In November 2016, the IRS launched Online Account, a self-service application that allows taxpayers to check the amount they owe, see their payment history for the last two years, view a snapshot of their most recently filed tax return and link to payment options or full transcripts.
In August 2017, the IRS.gov team launched a major refresh of the website. The new site was designed to be accessible for people with disabilities, viewable on mobile devices and organized for taxpayers to quickly find what they need.
On December 22, 2017, President Donald J. Trump signed into law H.R. 1, known as the Tax Cuts and Jobs Act, the most significant piece of tax reform legislation in decades. Today, the IRS continues its mission to provide America’s taxpayers with top quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.
As part of its mission to help taxpayers understand and meet their tax responsibilities, the IRS added Instagram to its social media portfolio in late 2018. The @IRSNews account brings new audiences closer to tax topics that affect all taxpayers. The Service also has an established presence on:

- YouTube
- Facebook
- Twitter
- LinkedIn
As part of a larger effort to help taxpayers, the Internal Revenue Service streamlined the Form 1040 into a shorter, simpler form. In December 2018, the IRS released the redesigned Form 1040 and six accompanying schedules for taxpayers with more complicated returns. This new Form 1040 retired the use of Form 1040-A and Form 1040-EZ for tax year 2018.
In 1919, the Treasury Secretary asked the IRS Commissioner to form a criminal investigation unit to go after tax cheats and other criminals. 100 years later, Criminal Investigation (CI) special agents continue to bring down the most notorious criminals. CI remains the only law enforcement agency with the authority to investigate tax crimes—and has earned the reputation as the premier financial investigation unit in the world.