



Strategic Plan FY2022–2026

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About this Document

The IRS is excited to share this multi-year strategic plan which aligns four goals to the IRS mission and identifies objectives and strategies to meet the goals.

Our strategic plan builds on the progress made and outcomes achieved over many years, while weaving together the IRS mission, values and priorities. The strategic planning team within the Office of the Chief Financial Officer facilitated the development of this plan through an inclusive and deliberative process that engaged IRS employees, leaders, advisory groups and key stakeholders, including the Department of the Treasury. After performing a comprehensive current state assessment of the Service, we designed a plan to enable employees and stakeholders to see how their contributions support our mission of delivering high quality taxpayer service and fair enforcement of the tax law.

Please direct all questions and comments to:

cfo.strategic.planning@irs.gov



Message from the Commissioner

I'm pleased to present the IRS Strategic Plan for Fiscal Years 2022-2026. In publishing this plan, we want to share our strategic priorities and how they shape the important work that takes place at the IRS, year in and year out, to help taxpayers. The goal is to provide a roadmap to help illustrate the many ways our employees will provide service to the nation for years to come.

Working for the IRS makes me extremely proud, and I'm excited about the future of our agency. My experiences as Commissioner have strengthened my belief that a fully functioning IRS is critical to the success of our nation. We serve and interact with more Americans than nearly any other public or private organization. When citizens perform their civic duty each year by preparing and filing their taxes and paying only what they should, they help fund critical aspects of the country's infrastructure, ranging from schools and roads to Social Security payments and the nation's military.

The IRS has undergone tremendous change over the past five years. On July 1, 2019, the Taxpayer First Act (TFA) was signed into law, and it gave us the opportunity to shape our future and rethink the way we operate. In particular, it helps us better interact with taxpayers, train our employees and restructure our organization, all important foundations for our future success.

As we worked to deliver the TFA Report to Congress, we found ourselves in uncharted waters during the COVID-19 pandemic. The pandemic presented some of the greatest challenges to the IRS in its history in terms of our ability to carry out our mission and protect the health and safety of taxpayers and our own workforce. IRS employees responded admirably by quickly implementing critical relief measures passed by Congress that included more than \$800 billion in Economic Impact Payments disbursed to millions of Americans. IRS employees also successfully extended and proudly delivered the longest filing season on record in 2020 and delivered another extended filing season in 2021.

The IRS took steps to better serve underserved taxpayers by increasing the amount of information and assistance available to them in additional languages on forms, in publications and through phone interpreter services. We provided crucial help to millions of families through the Advance Child Tax Credit payments with proactive outreach to those who qualified, and we developed an online portal for easier access. We also continued to make important progress in our compliance programs, with a particular focus on abusive tax shelters, including syndicated conservation easements and micro-captive insurance arrangements. In addition, I'm proud of the Criminal Investigation unit's recent efforts, including helping dismantle three terrorist financing cybercrime plots.

The IRS remains dedicated to improving service to taxpayers, maintaining the integrity of our tax system, empowering our workforce, supporting our partners and modernizing our systems. Working toward these strategic goals with consistent multi-year funding will help us better achieve our mission and our long-term vision and deliver on the promise of a new IRS that will take an innovative approach to the future of tax administration to better serve all taxpayers.

As I look back over my past few years here, I'm still extremely proud to be able to say, "I'm Chuck Rettig, and I work at the Internal Revenue Service." Even with all the challenges, we've made great strides. The entire IRS workforce wants to do more in every area, and we will!

Charles P. Rettig

Commissioner of Internal Revenue Service



Chuck Rettig
IRS Commissioner

"The IRS remains dedicated to improving service to taxpayers, maintaining the integrity of our tax system, empowering our workforce, supporting our partners and modernizing our systems."



Taxpayer Bill of Rights

The IRS is committed to upholding the Taxpayer Bill of Rights throughout each and every interaction with taxpayers. These rights are a central part of our mission, and putting taxpayers first is the foundation of everything we do at the IRS.

1 The Right to Be Informed

Taxpayers have the right to know what they need to do to comply with the tax laws. They are entitled to clear explanations of the laws and IRS procedures in all tax forms, instructions, publications, notices, and correspondence. They have the right to be informed of IRS decisions about their tax accounts and to receive clear explanations of the outcomes.

2 The Right to Quality Service

Taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS, to be spoken to in a way they can easily understand, to receive clear and easily understandable communications from the IRS, and to speak to a supervisor about inadequate service.

3 The Right to Pay No More than the Correct Amount of Tax

Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.



4 The Right to Challenge the IRS's Position and Be Heard

Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and documentation promptly and fairly, and to receive a response if the IRS does not agree with their position.

5 The Right to Appeal an IRS Decision in an Independent Forum

Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including many penalties, and have the right to receive a written response regarding the Office of Appeals' decision. Taxpayers generally have the right to take their cases to court.



6 The Right to Finality

Taxpayers have the right to know the maximum amount of time they have to challenge the IRS's position as well as the maximum amount of time the IRS has to audit a particular tax year or collect a tax debt. Taxpayers have the right to know when the IRS has finished an audit.

7 The Right to Privacy

Taxpayers have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary, and will respect all due process rights, including search and seizure protections, and will provide, where applicable, a collection due process hearing.



8 The Right to Confidentiality

Taxpayers have the right to expect that any information they provide to the IRS will not be disclosed unless authorized by the taxpayer or by law. Taxpayers have the right to expect appropriate action will be taken against employees, return preparers, and others who wrongfully use or disclose taxpayer return information.



9 The Right to Retain Representation

Taxpayers have the right to retain an authorized representative of their choice to represent them in their dealings with the IRS. Taxpayers have the right to seek assistance from a Low Income Taxpayer Clinic if they cannot afford representation.

10 The Right to a Fair and Just Tax System

Taxpayers have the right to expect the tax system to consider facts and circumstances that might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels.



IRS Overview

★ Our Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

★ Our Values

Honesty & Integrity
Respect
Continuous Improvement
Inclusion
Openness & Collaboration
Personal Accountability

Origin

The IRS is one of the oldest bureaus in the United States government. Article 1, Section 8 of the Constitution gave the Congress the power to ***"lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States..."*** In 1862, President Lincoln and the Congress established the Bureau of Internal Revenue and the nation's first income tax. In 1953, the Bureau of Internal Revenue's name changed to the Internal Revenue Service (IRS). Visit the IRS History Timeline at www.irs.gov/irs-history-timeline to learn more.

Community of Partners

The IRS interacts with numerous stakeholders to serve taxpayers and enforce tax law. Stakeholders include, but are not limited to, Congress, the Executive Branch, tax professionals, international organizations, state tax agencies and various non-profit organizations who are all valued members in our journey to execute effective taxpayer administration and serve taxpayers.

How We Serve Taxpayers Today

As one of the world's most efficient tax administrators, the IRS and its employees take pride in collecting approximately 96% of the revenue that supports operations of the United States government while spending just 35 cents for each \$100 it collects. We are also called upon to support domestic growth and recovery, exemplified in our distribution of more than 492 million relief payments totaling over \$800 billion across three separate disbursements.

Recent Achievements



269M

Federal Tax Returns &
Forms Processed (FY21)



492M

Economic Relief Payments
Disbursed (FY20-21)



\$2,816

Average Individual Refund
(CY21)



\$75B

Enforcement Revenue
Collected (FY21)



\$4.1T

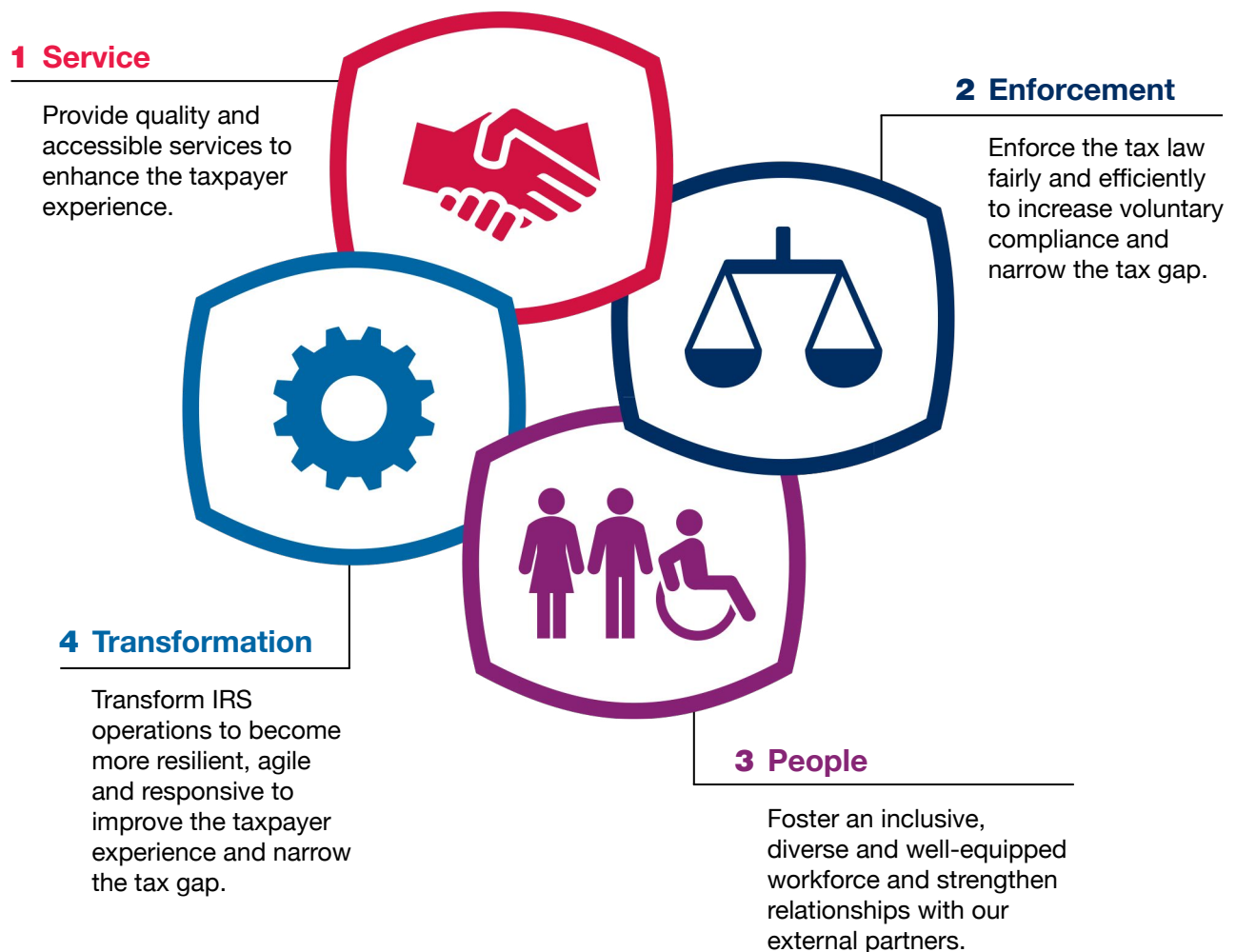
Gross Taxes Collected
(FY21)



Our Strategic Goals

Our strategic goals for FY2022–2026 reflect a long-standing principle of putting the interests of our taxpayers first in everything we do. It is what drives us in our mission to provide high quality services and fairly and impartially enforce the law. Our employees continually strive to understand and meet the needs of taxpayers and protect their rights. These goals are driven by a “One IRS” mindset that is crucial to delivering our mission for all taxpayers. Additionally, our goals and objectives support Treasury’s Strategic Plan and governmentwide priorities. Please [see page 21](#) for specific alignment. To ensure we are accountable to taxpayers, we instituted a measurement process for each strategic goal and will continue to evolve and improve these measures as applicable.

One IRS Putting Taxpayers First





Goal 1 | Service

Provide quality and accessible services to enhance the taxpayer experience.

The IRS is dedicated to providing an excellent taxpayer experience. We continue to navigate challenges due to insufficient funding, a shrinking workforce, hiring difficulties and reliance on paper processes. We are committed to helping taxpayers of all communities participate in the tax system with ease and confidence. In order to deliver high quality taxpayer service, the IRS will provide the means for all taxpayers to comply with their tax obligations by reducing accessibility barriers such as language, location and financial circumstances. We will inform and educate taxpayers proactively no matter how they engage with our services, whether through traditional or newer digital channels. Over the next five years, we will develop and increase the availability of services and tax products that are easy to use and support the needs of all communities. We strive to deepen our understanding of the taxpayer experience, be responsive to changing needs and continuously enhance taxpayer service by improving access to phone and face-to-face assistance, reducing paper inventory and expanding online options for taxpayers to meet their service needs.

In addition, our commitment to steadfastly safeguarding taxpayer data for a secure experience has become increasingly important. Taxpayer experience, rights, protection and advocacy will be strengthened as we invest in the technology necessary to optimize and secure all taxpayer interactions.

4 of the
TOP 5
IRS SERVICES
MOST
IMPORTANT
to taxpayers are
DIGITAL
SERVICES

Comprehensive
Taxpayer Attitude Survey
Report 2020

TRENDS AND CHALLENGES

Growing Underserved Community Populations

Many historically underserved community populations are growing, yet still do not receive the same resources and opportunities as other communities. Minority and immigrant communities, taxpayers with disabilities, Native American communities, the elderly, the unhoused and veterans are some of those in need of additional equitable support.

The IRS needs to engage with more segments of the population, like those with limited English proficiency (LEP), that face unique challenges in accessing the information, forms or services they need. Furthermore, the COVID-19 pandemic reduced availability of face-to-face opportunities to engage with these communities.

These challenges not only make it harder for underserved populations to comply with their tax obligations, but also makes them less likely to receive the benefits to which they are entitled. Our efforts will build trust and confidence in the IRS among underserved populations, increase our emphasis on fairness, expand access to information and services and increase voluntary compliance.

More than
20% OF
U.S. RESIDENTS
report speaking a
language **OTHER**
THAN ENGLISH
at home

Center for Immigration Studies

Increasing Preference For Digital Services

Taxpayers and practitioners increasingly expect more online government services that incorporate new interactive features, like chatbots and personalized online applications, similar to those provided by banks and other private sector organizations. The FY2020 Taxpayer Experience Survey indicates 86% of taxpayers surveyed are aware of IRS.gov as a channel for digital services. The IRS is providing more digital options to meet taxpayer expectations around accessibility and availability of digital services. We will balance these digital updates while continuing to serve taxpayers who prefer service via phone, paper, or face-to-face communication and other taxpayers who are unable to meet the security measures required for digital access. Taking proactive measures to understand taxpayer behavior and preferences makes it easier to meet taxpayers where they are and for them to voluntarily comply.



OBJECTIVES & STRATEGIES

Deliver Secure and Customized Services

Objective 1.1: Deliver secure and customized services to meet taxpayer needs.

Taxpayers rely on digital services and communication channels to find answers to questions and understand the status of important filings or payments. They expect seamless, personalized and secure IRS services. We need to analyze and better understand taxpayer needs to provide them with customized services and to help them meet their tax obligations. We will continuously invest in useful tools like secure messaging to make service more responsive, efficient and effective.

Strategy 1.1.1: Expand and promote digital services, including online accounts, and digital filing capabilities, to improve taxpayer self-service.

Strategy 1.1.2: Integrate all service channels to improve access, streamline issue resolution and empower employees to meet taxpayer needs.

Strategy 1.1.3: Apply advanced analytics to develop a clear understanding of taxpayer needs and preferences to provide personalized experiences.

Strategy 1.1.4: Promptly and accurately facilitate benefit payments and services to support economic growth and recovery.

Address the Needs of the Underserved

Objective 1.2: Identify and address the needs of underserved and multilingual communities to improve their ability to participate in the tax system.

The IRS is developing accessible services for all communities, including underserved groups and those with LEP. We will do this by building upon our longstanding and successful partnerships and seeking new partners to innovatively engage with these communities. The American taxpayer population is becoming more diverse, as evidenced by the 2020 U.S. Census. Enhancing existing resources and programs, like tax clinics, can help lessen the burdens populations like these can face.

Strategy 1.2.1: Collaborate with stakeholders and expand our community presence to support the unique needs of underserved communities.

Strategy 1.2.2: Provide taxpayers with limited English proficiency and/or disabilities meaningful access to the tools, knowledge and resources necessary to fulfill their tax obligations.

Strategy 1.2.3: Expand the accessibility of IRS resources and services for international taxpayers.

Taxpayer Experience

To create proactive, convenient, seamless and effective interactions for taxpayers and stakeholders, the IRS developed the **Taxpayer Experience Strategy Roadmap** based on six focus areas:

- **Expanding Digital Services**
- **Providing a Seamless Experience**
- **Proactive Outreach and Education**
- **Expanding Partnerships**
- **Continuing to Improve Service to Underserved Communities**
- **Improving Data Management and Analytics**

The **Taxpayer Experience Office** was created to ensure an enterprise-wide focus on improving the taxpayer experience.

Multilingual Strategy

Examples of IRS advancements to support LEP taxpayers include:

- access to over-the-phone interpreter services in more than 350 languages
- new contact language options on the Form 1040
- new physical and digital publications for information and outreach available in multiple languages

The agency will build upon this progress through implementation of our **Multilingual Strategy**.





Provide Proactive Outreach & Education

Objective 1.3: Provide proactive outreach and education to improve taxpayer understanding of their rights, responsibilities and obligations.

The IRS must proactively communicate to meet taxpayers where they are. We must provide plain language and tailored messaging throughout the year at each stage of the tax lifecycle—prior to filing through receiving returns and preparing for the next year. This also includes engaging more with taxpayers on both traditional and digital channels they regularly use, from phone and paper-based communications to social media and IRS.gov online accounts. From FY2020–2021, the IRS saw a 35% growth in social media followers across all of its platforms. We also promote engagement with two-way communication, like offering telephone call back service and online chat.

Strategy 1.3.1: Increase digital communications, while maintaining traditional channels, to help ensure taxpayers have the information necessary to comply with their obligations and understand their rights.

Strategy 1.3.2: Develop easy-to-understand tax products and correspondence for effective taxpayer messaging.

Strategy 1.3.3: Enhance our social media strategy to effectively communicate with taxpayers.

Protect Taxpayer Data

Objective 1.4: Safeguard taxpayer data and privacy and protect the IRS against internal and external threats.

We will continue to prioritize the protection of taxpayer data when creating personalized services and digital tools, such as through the Secure Access Digital Identity Initiative, especially in a world where cybercrime is so prevalent. We will also continue to bolster efforts to mitigate the risks of inappropriate disclosure of sensitive information.

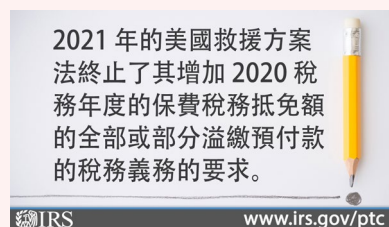
Strategy 1.4.1: Prioritize taxpayer rights and security as foundational to every program, process and system.

Strategy 1.4.2: Proactively identify, mitigate and manage internal and external risks.

Strategy 1.4.3: Design services that optimize the ease of access to digital taxpayer applications while preserving the security and integrity of taxpayer data.

Social Media Expansion

The **Social Media Strategy** includes the expansion of IRS's presence across social media platforms and increases the number of languages in which we share IRS news and tailored educational updates based on demographics. These images show examples of communications in Haitian Creole, Spanish and Traditional Chinese.



Goal 1 MEASURING SUCCESS

Progress and success of our Service Goal will be supported by measures, including but not limited to:

Enterprise Self-Assistance Participation Rate: Measures the percentage of taxpayer assistance requests resolved using self-assisted automated services.

Enterprise Level of Service: Measures the success rate of taxpayers that call an IRS toll-free phone line seeking assistance.



Goal 2 | Enforcement

Enforce the tax law fairly and efficiently to increase voluntary compliance and narrow the tax gap.

Taxpayers deserve to know that all taxpayers are accountable to the same tax laws and pay their fair share. The gross tax gap is the difference between taxes owed and taxes paid on time. These unpaid taxes create an additional financial burden for taxpayers who fully comply with the law. To make progress toward improving voluntary compliance, we will continue to strengthen enforcement capabilities, improve outreach and proactively work to analyze new tax requirements and understand taxpayer behaviors and trends. We will also leverage new technology and data analytics to detect and combat sophisticated evasion techniques and facilitate timely audits and collection investigations. These efforts enable us to fairly enforce tax law and stop those who abuse the system, such as malicious actors that take advantage of taxpayers or those who underreport or fail to file a return.

Protecting taxpayer rights, equitably enforcing the tax laws and providing taxpayers with the information and services they need are critical aspects of our efforts to improve compliance. For filers and non-filers alike, we must support all taxpayers by providing them with the services, information and opportunities to fairly address any issues with meeting their tax obligations. The IRS commits itself to the highest standards in administering and enforcing the tax code with integrity, transparency and objectivity. Our enforcement efforts should successfully narrow the tax gap, build trust with all taxpayers and keep pace with emerging threats without burdening compliant taxpayers with unnecessary audits.

TRENDS AND CHALLENGES

Rising Responsibilities and Fewer Resources

The IRS's workload has been increasing year-over-year due to several factors including, but not limited to:

- growth in the number of returns filed
- new tax laws to implement
- COVID-19 related relief
- changing expectations for digital accounts and communication

This perfect storm of factors means the IRS is under-resourced to fulfill its enforcement activities and is unable to fully fund critical services and programs. The IRS must ensure it is maintaining institutional knowledge of how to combat avoidance activities, updating necessary tax guidance for new investments and income avenues (for example, cryptocurrencies and gig work), and investing in analytical approaches that improve non-compliance identification and case selection. Improving voluntary compliance promotes confidence in the tax system and ensures adequate funding for governmental operations.

IRS ENFORCEMENT RESOURCES have declined over the years, complicating efforts to combat criminal fraud and tax evasion, address other noncompliance through civil enforcement processes, and provide helpful taxpayer guidance.



RESPONSIBILITIES
RESOURCES





OBJECTIVES & STRATEGIES

Address Non-Compliance

Objective 2.1: Improve operations to effectively and efficiently identify and address non-compliance.

The IRS will work with taxpayers to help them meet their obligations and overcome any challenges to filing, paying and reporting their taxes that may result from critical life or business events throughout the year. Operational enhancements, like applying machine learning and other advanced analytics techniques, improve our understanding and ability to predict customer behavior, select, route and resolve cases efficiently and forecast unpaid tax amounts.

Strategy 2.1.1: Reduce the taxpayer burden by decreasing the time between filing and compliance issue resolution.

Strategy 2.1.2: Establish forecast methods that enhance future tax gap estimates and initiate research on additional factors contributing to the tax gap.

Strategy 2.1.3: Deploy advanced technologies to analyze and identify patterns of non-compliance and facilitate appropriate case selection.

Strategy 2.1.4: Enhance predictive analytics to provide potential recommendations for taxpayer actions or treatments using aggregated case data.

Fairly Enforce Tax Laws & Collect Taxes

Objective 2.2: Enhance enforcement efforts to collect unpaid taxes in a fair and impartial manner.

Collecting unpaid taxes requires effective deterrence and enforcement capabilities. The IRS is increasing focus on non-compliant, high-income and high-wealth taxpayers, business partnerships and large corporations that make up a disproportionate share of unpaid taxes. We will optimize our state-of-the-art enforcement tools and processes to collect unpaid taxes as part of a fair and impartial enforcement process. A crucial part of deterrence involves increasing our presence in the communities we serve, publicizing enforcement successes, like our nearly 90% conviction rate from criminal cases, and making continuous improvements based on feedback from community members.

Strategy 2.2.1: Strengthen the deterrent effect by increasing our community presence and audit coverage, especially for cases with a high risk of non-compliance.

Strategy 2.2.2: Improve public confidence in the tax system and promote compliance by publicizing criminal prosecutions and civil enforcement efforts.

Strategy 2.2.3: Support optimization of the collection process to best secure payment from non-compliant taxpayers.

Modernizing Case Management Improves Taxpayer Experience and Compliance

Enterprise Case Management will give employees a single source for real-time access to a 360-degree view of the taxpayer's history and a suite of tools to detect, prevent and address non-compliance in an emerging tax ecosystem.



Criminal Investigation Time Spent

DIRECT INVESTIGATIVE TIME SPENT* PERCENTAGES

*1.4% Uncategorized





Proactively Identify Fraud

Objective 2.3: Proactively identify current and emerging fraud schemes and other threats using real-time intelligence and analytics.

Investments in emerging technology and process optimization enable the IRS to proactively identify cybercrime and emerging fraudulent behaviors, as well as quickly mitigate potential damages. New methods of advanced data analytics, using natural language processing and artificial intelligence, are creating predictive models that make connections to discover deeper insights and generate recommendations to combat tax fraud and increase compliance. The IRS continues to enhance our anomaly detection capabilities to identify fraud and other non-compliance and to help guide our enforcement efforts.

Strategy 2.3.1: Consolidate fraud-related compliance efforts to streamline operations and better allocate resources.

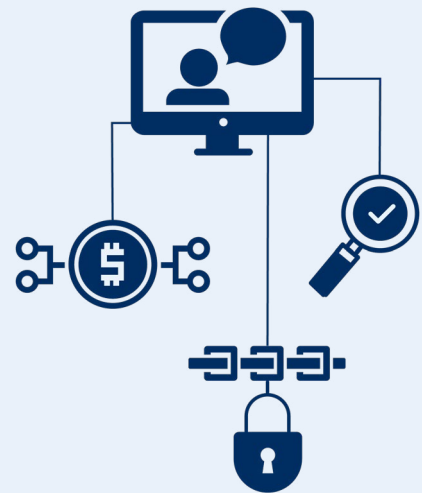
Strategy 2.3.2: Proactively provide taxpayers and other stakeholders with information on how to protect themselves against fraud schemes, abusive tax avoidance efforts and cybersecurity threats.

Strategy 2.3.3: Utilize emerging technology to rapidly identify and thwart fraudulent activity while minimizing false positives from fraud detection models.



Virtual Currency Education

The Office of Fraud Enforcement is investing in world-class blockchain tracing and virtual currency analytics tools for civil compliance employees to increase their awareness and fluency in virtual currency investigative techniques. The new **Virtual Currency Learning Academy** provides all IRS personnel unlimited access to beginner through expert-level training in cryptocurrencies, blockchain tracing, Anti-Money Laundering compliance, and advanced topics, such as Altcoins.



Goal 2 MEASURING SUCCESS

Progress and success of our Enforcement Goal will be supported by measures, including but not limited to:

Exam Starts:

Three separate measures that measure the number of examinations started during the fiscal year in specific income categories of high-income individuals, partnerships and large corporations.

Repeat Non-Compliance Rate:

Measures the percentage of individual taxpayers in a fiscal year with non-compliance two years after the initial tax year that contains a filing, payment, or reporting compliance issue.



Goal 3 | People

Foster an inclusive, diverse and well-equipped workforce and strengthen relationships with our external partners.

At the heart of our ability to provide taxpayers with quality service and fair enforcement lies a dedicated workforce and community of partners. We pride ourselves as leaders in workforce diversity and strive to continue our dedication towards making the IRS an equitable and inclusive environment for all employees to thrive and grow. The global COVID-19 pandemic shifted the nature of our work in unprecedented ways, highlighting the importance of prioritizing and strengthening our workforce culture. By supporting flexible work environments and career paths, the IRS aims to build a culture that values and empowers employees to maximize their potential. Cultivating a culture that exceeds employee expectations will help us retain talent and fill critical workforce gaps caused by retirements and new skill demands.

We are committed to developing our employees by providing resources, tools and training that will help meet the needs of today and tomorrow. We continue to build our workforce using data-driven planning methods to strategically understand future workforce needs. It is important for us to foster continued partnerships and build new ones with those who are essential collaborators in improving the taxpayer experience. Together, we'll continue to expand our network for better information sharing and improved service delivery.

TRENDS AND CHALLENGES

Enabling an Equitable, Diverse and Flexible Workplace Culture

Employee expectations of work culture are changing. This has led to a focus on welcoming these conversations and assessing how our organization practices these values through service to our employees and taxpayers.

Employees increasingly value flexibility (for example, remote work and personalized schedules) as the nature of work is shifting in response to the COVID-19 pandemic. Improving work-life balance and creating meaningful career path opportunities helps employees unlock their full potential. In order to attract and retain talent, we must deliver on values of equity, diversity, inclusion, accessibility and flexibility in a meaningful way that meets employee expectations and fully represents the diverse communities we serve.

“88%

of respondents to a 2021 IRS employee survey agree that diversity and inclusion positively affect the IRS's ability to serve taxpayers”

Rising Retirement and Attrition

The IRS has an aging workforce. While we recognize the vast majority of employees remain beyond the earliest date they can retire, an estimated 52,000 of 83,000 are eligible to retire or resign within the next six years. The average attrition rate for federal agencies is 5.8%, whereas the IRS's is higher at 7.3% (Partnership for Public Service). The IRS is implementing recruitment and succession planning strategies to mitigate these effects while working with congressional leadership to provide consistent funding and support for federal hiring initiatives. This will ensure the IRS has a pipeline of incoming and future talent ready to help achieve its mission-critical goals year after year. Without this, the organization will lose vital institutional knowledge and face a workforce ill-equipped and understaffed to carry out its mission.

IRS may lose up to 52K of 83K employees due to attrition





OBJECTIVES & STRATEGIES

Recruit, Hire & Retain a Diverse Workforce

Objective 3.1: Recruit, hire and retain a workforce that reflects the communities we serve to meet current and future needs.

Our ability to serve taxpayers depends on our people and experienced leadership. We must hire diverse and representative talent and retain expertise through diligent workforce and succession planning. Our approach will help offset the future effects of potentially high retirement rates in an aging workforce and high attrition due to a competitive private sector market. In addition, we'll ensure we recruit and hire from a variety of backgrounds and support the needs of our employees.

Strategy 3.1.1: Expand strategic hiring efforts and utilize workforce planning to manage current and future workforce needs.

Strategy 3.1.2: Establish a comprehensive brand strategy and increase recruitment of well-qualified individuals, including those from underserved and diverse communities.

Strategy 3.1.3: Streamline operations for hiring and onboarding administration.

Strategy 3.1.4: Enhance retention through increased focus and analysis on mission-critical positions, and improve succession planning to maintain institutional expertise and reduce workload disruptions.

Empower Workforce Development

Objective 3.2: Empower our workforce with the proper training, tools and processes to improve the employee experience and better serve taxpayers.

Developing an exemplary workforce requires investing in the right tools, technology and training while providing a flexible, supportive and equitable culture. We must ensure that we enable our employees to thrive and develop their career paths. Our work environment must adapt with thoughtful human capital solutions and workforce strategies as work requirements continue to evolve. We will make sure employees have knowledge of and access to cutting-edge technology and data analytics tools. To help foster valuable training experiences, the new IRS University serves as a centralized, collaborative learning center for employee growth, knowledge management, skill development and cultural learning.

Strategy 3.2.1: Foster an equitable, inclusive and accessible workplace culture that respects and embraces all facets of diversity.

Strategy 3.2.2: Provide our employees with training that closes competency gaps in mission-critical areas and yields better service to taxpayers in all communities.

Strategy 3.2.3: Support our workforce with the flexibility, tools and information needed to safely conduct their work and protect their well-being as the future of work evolves.

Strategy 3.2.4: Provide employees with structured, yet flexible career paths to help them succeed in their current role and plan for their future.

Equity, Diversity, Inclusion and Accessibility Strategy

The **Equity, Diversity, Inclusion and Accessibility Strategy** aspires to create a culture of caring where everyone is accountable for advancing inclusion, treated with respect and fairness, feels safe to share authentic perspectives and has an opportunity to reach their full potential.

PRIORITY AREAS



People

Valuing, respecting and developing employees to reach their greatest potential at work and in life.



Culture

An inclusive workplace that focuses on wellbeing, allowing employees to feel a sense of safety, belonging and authenticity.



Leadership

Providing strategic direction, demonstrating commitment and reinforcing accountability.



Community

Making a positive social impact by fostering internal and external partnerships and creating initiatives that support the communities in which we live and serve.

Training Strategy

The Taxpayer First Act **Comprehensive Training Strategy**, led by the Human Capital Office, will improve existing training by establishing an innovative learning function that leverages technology and industry standards to enhance training experiences, promote a continuous learning environment and invest in employee development throughout their career.



Strengthen & Utilize Partnerships

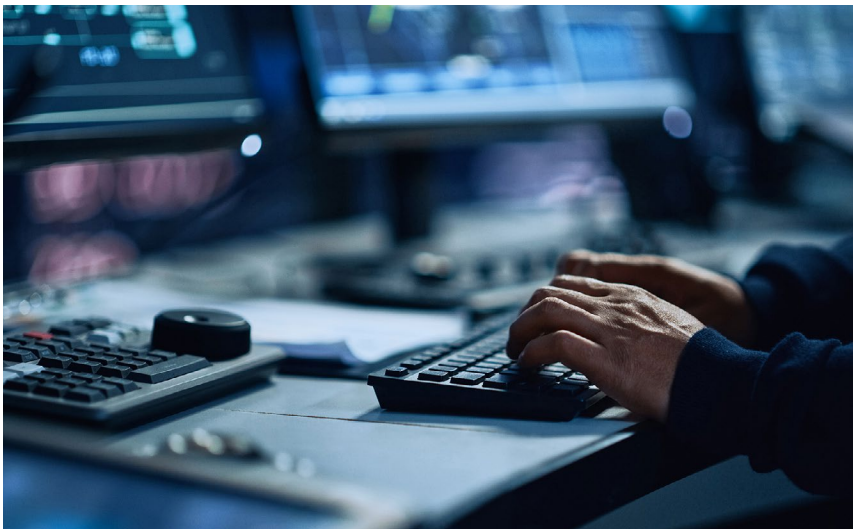
Objective 3.3: Strengthen, expand and effectively utilize our network of trusted partners to better serve taxpayers and improve compliance.

The IRS recognizes the opportunity and responsibility it has within the larger tax community. Trusted partners help us facilitate our tax administration efforts and proactively address emerging trends and challenges. This includes reaching and supporting underserved communities through relationships that are critical during the filing season and throughout the year. By engaging with over 10,000 external partners, such as other government agencies, international tax administrations, tax preparers, technology providers and industry groups, we can improve data-sharing and communication to better fulfill our mission.

Strategy 3.3.1: Improve secure data and information-sharing between local, national and international stakeholders to collaborate on solving common problems.

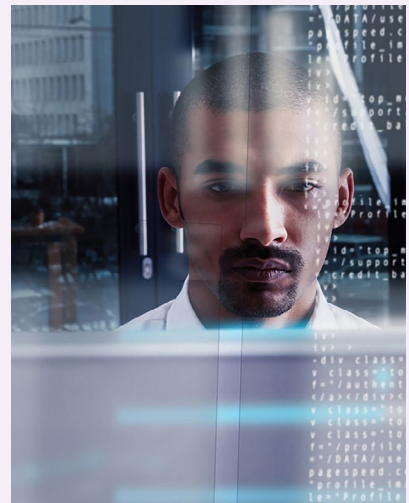
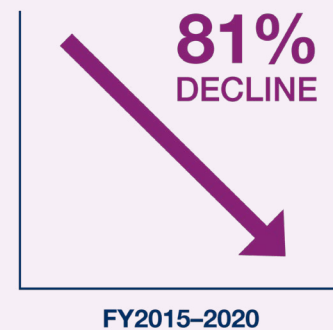
Strategy 3.3.2: Proactively solicit input from the practitioner community to improve our services.

Strategy 3.3.3: Support and enable our partners, including nonprofit organizations and federal, state and local agencies, to help serve taxpayers and reach underserved communities.



Security Summit & Tax Related Identity Theft Report Reduction

The first-ever Security Summit was convened in March 2015 and involved a coalition of state tax agencies and private-sector tax industry members. Since its creation, the number of taxpayers reporting **tax-related identity theft** has fallen by **81%**.



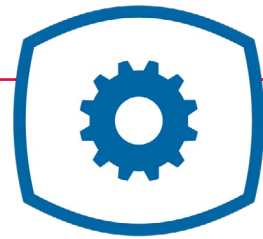
Goal 3 MEASURING SUCCESS

Progress and success of our People Goal will be supported by measures, including but not limited to:

Employee Engagement Index: Measures key attributes of diversity and inclusion from the Federal Employee Viewpoint Survey (FEVS).

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) - Number of Returns Prepared:

Measures the number of individual federal income tax returns prepared by VITA/TCE volunteers.



Goal 4 | Transformation

Transform IRS operations to become more resilient, agile and responsive to improve the taxpayer experience and narrow the tax gap.

To continue delivering on our mission, we must transform as an organization to keep pace with a rapidly changing world. Our transformation journey includes organizational redesign, modernization efforts, technological innovation and integrated data management capabilities. Implementation of recommendations from the [Taxpayer First Act Report to Congress](#) and updates to our modernization portfolio will enable us to achieve this transformation and not only support taxpayers, but also to handle persistent and sophisticated challenges to tax administration.

A more efficient, secure and adaptable organization informed by data insights can drive higher quality service, improve enforcement efforts and better enable our employees and partners. Through comprehensive transformation, we will be better prepared to achieve each of our strategic goals with an organization focused on and prepared for the future.

The cost of Digital Interactions dropped from \$0.20 in FY2016 to \$0.13 in FY2021 as the number of interactions rose from 384M to 1.44B. These interactions have a much lower per-transaction cost than traditional channels.

TRENDS AND CHALLENGES

Fortifying Cybersecurity and Data Protection

A rise in cyberthreats and ransom-ware attacks in recent years have plagued both government and commercial entities, ranging from public infrastructure impairments to personal data loss. The IRS has a collection of personal and financial data that it must keep secure and defend against complex cyberattacks. The IRS observes and mitigates more than 1.4 billion cyberattacks annually, including denial-of-service attacks, intrusion attempts, probes or scans and other unauthorized connectivity attempts. Technological and security investments help ensure that the IRS maintains a reputation for delivering high-quality taxpayer experience while safeguarding taxpayer data, which can help with achieving digital self-service adoption targets.

Robust Identity Verification Process



Adapting to Evolving Technology and Expectations

The IRS must be quick to respond to a rapidly evolving environment where taxpayer and employee expectations and legislative and regulatory directions shift. We have a responsibility as a large, high-impact service provider to modernize and operate in response to these changes in a sustainable and cost-effective manner. Taxpayer-facing and internal digital transformation initiatives help the IRS quickly meet these shifting expectations and yield a significant return on investment compared to existing technology and processes. Successful adaptation also requires an organizational culture that emphasizes agility to take on new challenges, such as the IRS's increasing role in the administration of taxpayer benefits. Consistent multi-year funding helps the IRS respond to continued and rapid change in expectations and deliver in a more sustainable manner.



OBJECTIVES & STRATEGIES

Redesign and Maximize Efficiencies

Objective 4.1: Reorganize our operational structure to provide an exceptional taxpayer experience by increasing collaboration and maximizing efficiencies.

The IRS will redesign its structure to increase collaboration across business units, ensure consistency of service in each interaction and streamline operations to truly operate as One IRS. This new organization and implementation of the recommendations within the TFA Report to Congress will enable us to better deliver our mission-critical services, improve the taxpayer and employee experience and continue being cost-conscious stewards of taxpayer funds.

Strategy 4.1.1: Reorganize taxpayer service and compliance operations to optimize mission-critical functions.

Strategy 4.1.2: Streamline processes through more efficient governance, procurement and collaboration.

Strategy 4.1.3: Enhance financial management and promote sound internal controls.

Strategy 4.1.4: Incorporate climate resilience and environmental justice considerations into the planning and implementation of physical infrastructure improvement projects.

Modernize Infrastructure

Objective 4.2: Modernize technology infrastructure and develop secure and sustainable solutions to improve tax administration.

Part of the IRS's transformation is new, sustainable investment alongside the retirement of legacy systems to improve service and enforcement efforts. The IRS recognizes that the rate of technological change is swift, and we strive to readily modernize in the face of technological advancements and emerging threats from bad actors.

Strategy 4.2.1: Strengthen organizational resilience by upgrading and decommissioning systems, where appropriate.

Strategy 4.2.2: Enhance operational agility by adopting advanced technologies and leveraging common platforms across business units.

Strategy 4.2.3: Accelerate cybersecurity modernization efforts to protect high-value assets from malicious cyber threats and improve identity and access management for trusted users.

Organizational Redesign



The Taxpayer First Act Report to Congress laid out recommendations for an operating model and organizational structure that would, among other things, increase collaboration, coordinate strategic implementation of large-scale initiatives and enhance innovation. The **IRS NEXT Office** will spearhead Servicewide efforts to revitalize the IRS as a high-performing organization that increases efficiency, creates meaningful career paths for employees and provides flexibility to meet changing demands.

Bureau Climate Action Plan

The IRS has developed the following actions described in the **IRS Climate Action Plan** with focus on environmental justice and enhancing America's clean energy efforts:

- expand IRS services and operations into areas disproportionately affected by extreme weather effects, such as Puerto Rico
- develop, implement and facilitate a Climate Literacy Working Group
- procure and implement an Energy Savings Performance Contract through the Department of Energy
- increase and support use of Renewable Energy Technologies at IRS sites nationwide
- develop, implement and facilitate an intra-agency Green Fleet Work Group



Increase Digitalization

Objective 4.3: Increase digitalization to streamline processes, improve access to digital data and lessen our environmental impact.

We aim to modernize sustainably by reducing paper reliance, investing in technologies that support climate-friendly operations, offering taxpayers digital access and training employees on digital tools and procedures. These investments are at the heart of our Digitalization Strategy and part of governmentwide efforts to modernize services and prioritize operations to combat the harmful effects of climate change.

Strategy 4.3.1: Reduce incoming paper volume and minimize internal paper-producing processes.

Strategy 4.3.2: Convert paper-based information into a digital format and increase access to digital data.

Strategy 4.3.3: Prepare and train employees to manage and use digital data more effectively.

Improve Data-Driven Decision-Making

Objective 4.4: Improve data management and application of analytical capabilities to drive evidence-based decisions.

It is crucial to enhance the taxpayer experience by prioritizing data accessibility and analytical skill development to improve how we evaluate compliance. Our data governance strategy encourages data-driven decision-making and data integration between the IRS and its partners to proactively improve and respond to service and enforcement challenges.

Strategy 4.4.1: Develop a secure data management strategy and a Servicewide understanding of operational data to promote data literacy.

Strategy 4.4.2: Increase training and access to analytical capabilities.

Strategy 4.4.3: Improve third-party data sharing and internal data utilization to enhance operational decision-making.

Digitalization Initiatives

The Enterprise Digitalization and Case Management Office is leading the development of IRS's **Digitalization Strategy**, which aims to reduce paper volume and increase access and management of digital data. Investments, such as **digital scanning, character recognition software and augmented reality** help the IRS efficiently process and gain broader access to paper-based information.

Modernizing Operations

The **IRS Modernization Portfolio** includes dozens of efforts, such as:

- new digital tools and services
- technology to help reduce wait time on IRS phone lines
- easier and more secure data protection capabilities
- updates to core case and account management systems

These efforts directly support modernizing our technology infrastructure and multiple strategic goals.



Goal 4 MEASURING SUCCESS

Progress and success of our Transformation Goal will be supported by measures, including but not limited to:

Percent of Aged Hardware: Measures the percentage of IT hardware in operation past its useful life.

Percent of High-Volume IRS Notices Available to be Viewed by Taxpayers Digitally: Measures the percent of high-volume notices that can be viewed digitally.



Managing Risk

Recognizing that risk is inherent to the operations of any organization, the IRS actively identifies and manages risk to the nation's tax administration system, with a focus on those that affect our mission. The IRS is committed to preventing and mitigating risk exposure, particularly in areas that could affect our ability to: administer the tax law fairly and with integrity, protect taxpayer rights and data, guard and maintain our technology infrastructure, serve as a responsible steward of taxpayer dollars and provide an inclusive, safe and secure workplace. We acknowledge that risk is always a part of decision-making, so we use thoughtful analysis to determine the level of risk we are willing to accept. We are willing to accept higher risk levels when pursuing transformative innovation or during certain critical periods, such as times of crises or when faced with the need to expeditiously implement critical legislation. In these instances, the IRS documents the rationale used in accepting the additional risk exposure.



GOAL 1 | Service: Provide quality and accessible services to enhance the taxpayer experience.

The IRS is committed to providing high-quality taxpayer service; however, the IRS maintains a low appetite for activities that endanger taxpayer privacy or put taxpayer data at risk, and continues to implement safeguards to protect data and privacy. We will explore implementing innovative practices that increase communication with taxpayers, recognizing that this may introduce additional risk, in order to address the needs of underserved and multilingual communities.



GOAL 2 | Enforcement: Enforce the tax law fairly and efficiently to increase voluntary compliance and narrow the tax gap.

The IRS continues to enhance its enforcement capabilities and strategies to efficiently identify, prioritize and respond to non-compliance, including becoming more vigilant and responsive to non-compliance methods as they evolve. The IRS recognizes that fraud can't be completely avoided, but maintains a low appetite for intentional non-compliance. As the IRS continues to prioritize the prevention of fraudulent activities and non-compliance, we are willing to explore innovative and assertive measures to combat emerging fraud schemes where risk may exist.



GOAL 3 | People: Foster an inclusive, diverse and well-equipped workforce and strengthen relationships with our external partners.

The IRS is committed to providing an inclusive, safe and secure workplace and has a low appetite for activity that increases risk exposure in this area. The IRS is willing to accept additional risk as we embrace innovation in developing training, tools and processes that empower the workforce, improve the employee experience and maximize service delivery. The IRS is willing to expand our network of trusted partners to be agile and flexible in the delivery of our mission, but we have a low appetite for added risk exposure associated with data security.



GOAL 4 | Transformation: Transform IRS operations to become more resilient, agile and responsive to improve the taxpayer experience and narrow the tax gap.

The IRS recognizes that to provide an exceptional taxpayer experience, modernized digital solutions that streamline processes and improve service are a priority that may come with some level of risk. The IRS has a low appetite for transformation initiatives where organizational synergies and emerging technologies are not developed, there isn't a clear benefit to IRS employees and/or the taxpayer experience or where costs outweigh benefits. We are open to exploring innovations that improve processes and lead to secure, sustainable and resilient solutions.







Department of Treasury Strategic Plan Alignment

The IRS Strategic Plan FY2022-2026 supports key governmentwide strategic priorities from the President's Management Agenda including strengthening the federal workforce, delivering an excellent customer experience, combating climate change, increasing equity and supporting underserved communities. As the Department of the Treasury's largest bureau, the IRS plays a critical role in advancing Treasury's Strategic Plan 2022-2026 by co-leading the "Tax Policy and Administration" strategic objective and supporting eight other objectives across all five goals (alignment illustrated in the chart below). The IRS regularly reports on progress towards these shared priorities and contributes to several of the Cross-Agency Priority Goals and the Department's two-year Agency Priority Goals.

The IRS supports Treasury on other governmentwide legislative priorities, including the Evidence-Based Policymaking Act of 2018 and the Program Management Improvement Accountability Act of 2016. Treasury designated "IRS Modernization" as one of the Department's critical program areas requiring annual program management reviews and IRS contributions towards Treasury's evidence building activities. See Appendix B to learn more about the FY2022-2026 IRS Learning Agenda.

Treasury Strategic Goals & Objectives with IRS Alignment

		Economy	National Security		Financial Stability	Climate Change	Operations			
		Tax Administration & Policy	Cyber Resiliency	Financial System Transparency	Financial Innovation	Sustainable Operations	Diverse Workforce	Future of Work	Better Use of Data	Customer Experience
 IRS Strategic Goals & Objectives Goal 1.0 Service	1.1 Deliver Secure and Customized Services									
	1.2 Address the Needs of the Underserved									
	1.3 Provide Proactive Outreach & Education									
	1.4 Protect Taxpayer Data									
	Goal 2.0 Enforcement									
	2.1 Address Non-Compliance									
	2.2 Fairly Enforce Tax Laws & Collect Taxes									
	2.3 Proactively Identify Fraud									
	Goal 3.0 People									
	3.1 Recruit, Hire & Retain a Diverse Workforce									
	3.2 Empower Workforce Development									
	3.3 Strengthen & Utilize Partnerships									
	Goal 4.0 Transformation									
	4.1 Redesign & Maximize Efficiencies									
	4.2 Modernize Infrastructure									
	4.3 Increase Digitalization									
	4.4 Improve Data-Driven Decision Making									



Conclusion

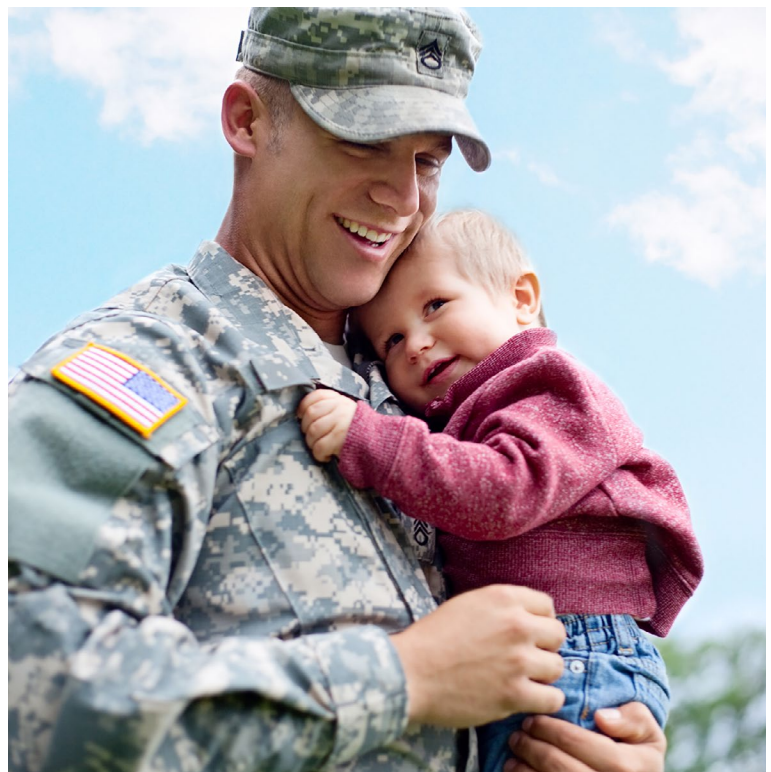
This five-year strategic plan provides a blueprint for our continued organizational success, and we are excited and confident in our ability to tackle the challenges of tomorrow. A tireless dedication to providing a high-quality taxpayer experience, a determined approach to enforcement, a commitment to our people in fostering an inclusive workplace and an organizational transformation to meet critical and future needs will enable the IRS to play its vital role in American government and society. This plan sets the vision for the IRS's future direction, and will be the foundational element for our ongoing annual planning process, including what key projects and initiatives IRS will support over the next five years.

We acknowledge it is our responsibility to operate with the utmost integrity, accountability and transparency. Despite the challenges ahead—including changes in tax law, evolving technology, staffing challenges, cybersecurity risks and fiscal uncertainty—we have confidence we can continue to deliver on our mission through a steadfast execution of this strategy. Americans deserve nothing short of excellence, and we stand ready to deliver.



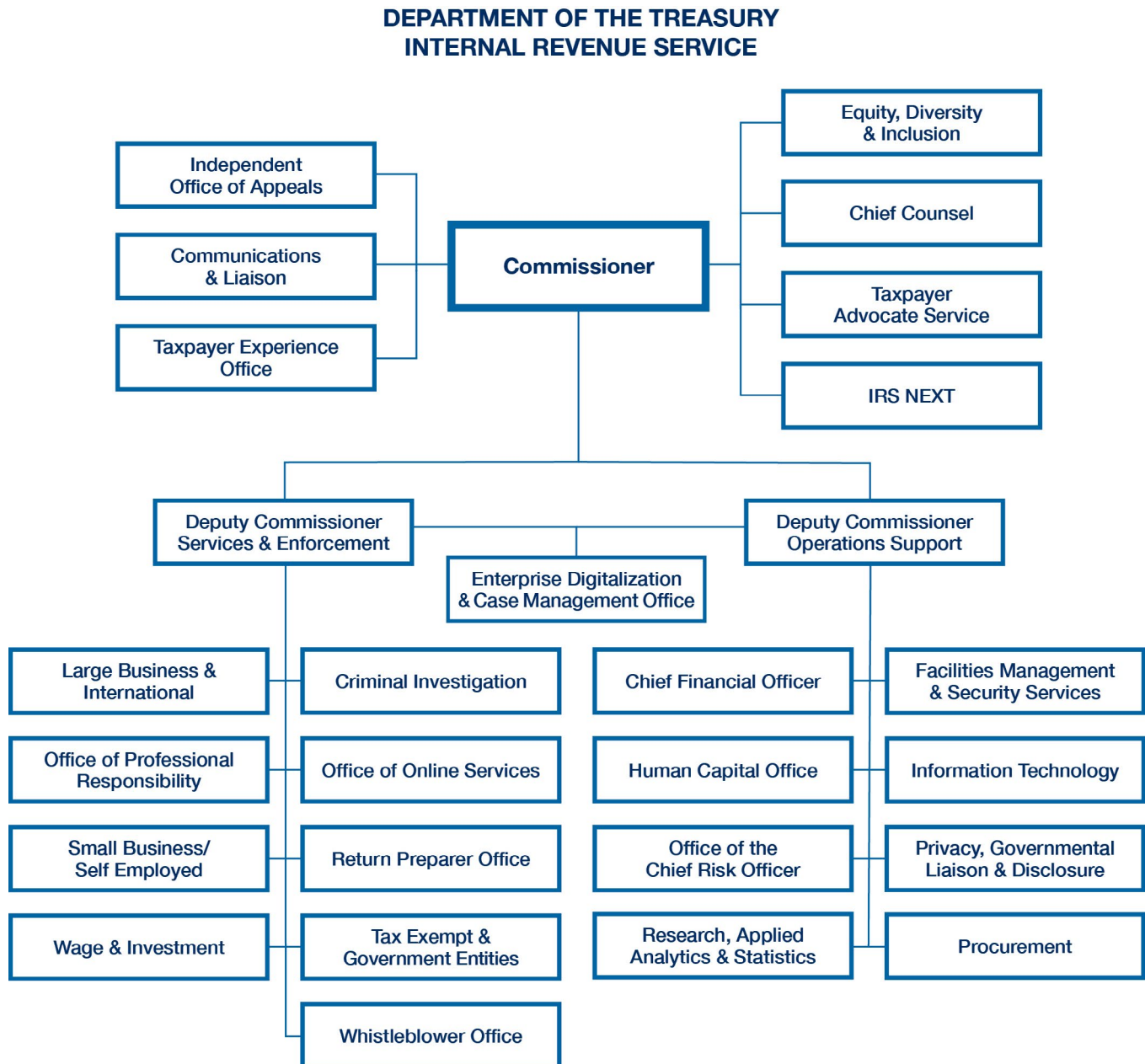
“We respect and proudly serve **all** taxpayers, none more or less so than any other. We must operate from their perspective, through their eyes, enhancing their experiences while striving to provide clear, meaningful guidance and services, in the language of their choice, wherever possible.”

-Chuck Rettig, IRS Commissioner





Appendix A: Organizational Chart



The IRS Organization Chart is subject to change. Please refer to [IRS.gov](https://www.irs.gov) for the most up-to-date organizational chart.



Appendix B: Learning Agenda

The IRS's Learning Agenda supports the Department of the Treasury's Learning Agenda in meeting the requirements of the Evidence-Based Policymaking Act of 2018. The IRS's Learning Agenda is aligned to the four strategic goals in this plan. The Learning Agenda guides research to produce evidence that policymakers can use for data-driven decision making. This research can fill critical information gaps, focus strategic efforts, better allocate resources and facilitate the anticipation of risks. Conducted through an annual Evaluation Plan, the research informs questions relevant to each goal and helps the IRS understand how to better accomplish strategic priorities.

As a bureau of Treasury, the IRS takes frequent steps to align its research and evidence-gathering activities with the Department of the Treasury. The IRS develops its own Learning Agenda to better narrow research questions to its mission while still supporting Treasury priorities. Both a working group of diverse participants and a research community of nine IRS organizations are dedicated to addressing the following research questions:

Goal 1 | Service

Provide quality and accessible services to enhance the taxpayer experience.

- How can the IRS address taxpayer needs and preferences to deliver a better taxpayer experience?*
- How can the IRS simplify interactions for taxpayers, such as providing more self-service options, improving processes for filing, responding to audit notices or examinations, correcting returns and remitting payments?*
- How can the IRS identify potential issues as they occur and engage taxpayers in the resolution process in as near real-time as possible?

Goal 2 | Enforcement

Enforce the tax law fairly and efficiently to increase voluntary compliance and narrow the tax gap.

- How can the IRS use information reporting, artificial intelligence, data and advanced analytic techniques to narrow the tax gap, improve compliance and diminish repeat non-compliance?*
- What new data or analytic advances could the IRS take to identify emerging non-compliance issues and address the tax gap?

Goal 3 | People

Foster an inclusive, diverse and well-equipped workforce and strengthen relationships with our external partners.

- How can the IRS recruit, train, retain and equip its workforce to support the current and future goals of the IRS?
- How can the IRS design an effective plan for leadership succession and invest in future leaders through management programs, training and skill building?

Goal 4 | Transformation

Transform IRS operations to become more resilient, agile and responsive to improve the taxpayer experience and narrow the tax gap.

- How can the IRS modify policies, processes and technology to improve operational efficiencies, narrow the tax gap and coordinate across business units?
- How can the IRS capture and provision data in a way that maximizes the use of electronic data across the IRS?

*IRS Learning Agenda question included in Treasury's Learning Agenda



Appendix C: Acronyms

CY	Calendar Year
FY	Fiscal Year
LEP	Limited English Proficiency
TCE	Tax Counseling for the Elderly
TFA	Taxpayer First Act
VITA	Volunteer Income Tax Assistance

