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A Message from Our TE/GE Commissioners



Hello everyone,

While we are entering this fiscal year in our familiar business units, this year, TE/GE will adapt to view compliance through a Servicewide lens that fully supports the **IRS Strategic Operating Plan (SOP)** and the agency's transformation. We are making this shift along with the other business units under the Deputy Commissioner for Services & Enforcement to bring about compliance that is more holistic, smarter, broader and stronger.

In FY24, for the first time in the history of our current compliance structure, our work will be guided by a single compliance workplan created by a cross-BOD team representing all the compliance functions. The purpose of this enterprise compliance workplan is to direct our combined resources – funding, people, and technology – toward narrowing the tax gap and other agency priorities. In TE/GE, the work each of you do aligns with one or more parts of the compliance transformation and will play a part in expanding enforcement on complex, high risk, and emerging issues.

We will address underreporting through expanded examinations and other actions in the following taxpayer segments: large corporate, large partnership, high-income and high-wealth individuals, employment tax, exempt organizations, estate and gift tax, excise tax, and any other areas where audit coverage has declined over the past decade. We will work on emerging issues and schemes where taxpayers are falling victim to unscrupulous promoters and preparers before and after receiving a tax refund. We will strengthen compliance around clean energy incentives, such as tax credits for alternative fuels, efficient home energy and clean motor vehicles. Collection and non-filer work are also integrated into this plan to address the portion of the tax gap fueled by underpayment and non-filing.

Working toward this shared goal requires the agency to adjust how we have historically existed alongside the other compliance business units. We want to unlock the potential for employees across the IRS to jump into critical areas that have been under resourced due to underfunding. The agency will seize opportunities for greater fluidity and knowledge sharing between agents and specialists as they strengthen compliance in the highest-potential areas of taxation and honor Secretary Yellen's public pledge that new funding will not be used to increase audits for small businesses and households making less than \$400,000 annually, relative to historical levels. It will also set the stage for the new Pass-Through Entities organization to be a collaborative and innovative space where personnel from throughout our compliance operations will work together to apply their pass-through expertise to increase coverage on a critical taxpayer population where it has been lacking for many years. We can more readily understand and address the overlap between high-income and high-wealth individuals, exempt organizations, estate and gift tax as we continue collaborative examinations that bring together employees with experience in these different areas. In workstreams that impact multiple BODs, such as return preparer work, ERC and other employment tax issues, and non-filers, we will focus on creating more opportunities for cross-BOD collaboration.

In FY24, we will grow the compliance workforce to be able to sustain this transformation, including through internal promotions and other growth opportunities for existing IRS employees. New employees will be placed in an enforcement BOD according to their skills and experience, but they can expect to be cross trained in key compliance work and to regularly engage with employees across BODs.

The parts of the Strategic Operating Plan that directly relate to compliance are most applicable to the work we do in TE/GE but Objectives 4 and 5 will affect the ways we all work and collaborate this year. The IRS will be relying on access to, and analysis of, high-quality data to improve the cases we select and make better use of your time whether you examine tax returns or support compliance work. A portion of our new funding will be used in FY24 to strengthen and update the systems you use to access taxpayer information and manage cases. The IRS is also expanding our internal network to keep pace with growth across the IRS while continuing to enhance data security to keep pace with these changes. We are developing leading edge methodologies for detecting non-compliance, particularly among more complex, high-risk taxpayers. This work will pay dividends in terms of maximizing the time of our enforcement personnel to focus on issues that are most likely to be a productive use of time.

The IRS also has a group in place that is focused on transforming the workplace for existing and incoming employees. In FY24, we will all see benefits from an improved hiring process that will help us increase our numbers more quickly and better balance the workload of our current staff. Recently, IRS benefits were enhanced with the launch of the Student Loan Repayment Program, the Child Care Subsidy, and expanded Employee Referral Bonus Program. FY24 will see additional expansion of benefits programs. We remain focused on increasing opportunities to connect with one another in a hybrid environment and better equipping employees to do their jobs – through technology, training, and greater wellness. Managers will be trained to create a welcoming work environment where you can feel more engaged and heard. Like the other parts of our strategic plan, the agency has set smart goals to ensure there is real progress in this area.

Thank you for reading,

Serving Taxpayers

Across America, tax-exempt organizations and government entities support economic infrastructure and enrich American lives. TE/GE serves taxpayers by helping these diverse organizations and entities – retirement plans, charities, Indian tribes, federal, state and local governments – understand and comply with the applicable tax laws and reporting obligations.

To encourage compliance, while protecting the integrity of the tax system by fairly enforcing the tax laws, we:

- Issue determination letters to qualifying organizations and retirement plans
- Educate through compliance contacts, outreach, and stakeholder partnerships
- Offer programs to voluntarily correct mistakes and maintain technical consistency
- Examine organizations and entities using referrals and data analytics to focus on high-risk issues

TE/GE's Priorities for FY 2024

Our FY24 program and priorities align with the IRS Strategic Operating Plan FY2023-2031 and its five transformation objectives:

- **Service (Better Taxpayer Experience)**
- **Issue Resolution (Faster Issue Resolution)**
- **Enforcement (Smarter Enforcement)**
- **Modernization (Advanced Technology and Analytics), and**
- **Workforce (Empowered Employees)**

BETTER TAXPAYER EXPERIENCE

Dramatically improve services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible.

- Focus on proactively connecting with internal and external stakeholders to identify and better serve small and underserved taxpayers such as small entities and limited English proficiency communities to foster voluntary compliance.
- Continue to promote the use of digital communication vehicles like Taxpayer Digital Communications (TDC) and Data Upload Tool (DUT), for secure, electronic communication with taxpayers and representatives.
- Provide education and outreach to help TE/GE stakeholders make complete and accurate elective payment elections for clean energy credits under the Inflation Reduction Act.
- Continue to partner with Stakeholder Partnerships, Education & Communication (SPEC) on its Native American initiative focusing on increasing access to tax services throughout Indian Country.

FASTER ISSUE RESOLUTION

Quickly resolve taxpayer issues when they arise.

- Support effective processing and compliance at pre-filing and filing for elective payment elections of clean energy credits.
- Support IRS efforts to proactively review and address Employee Retention Credit claims, during the filing process or immediately after return processing.
- Collaborate across the IRS to streamline notices and improve how notices are updated and issued to taxpayers. Encourage two-way electronic communication between IRS and taxpayers regarding notices.
- Continue effort to update the EPCRS revenue procedure (Rev Proc 2021- 30) to incorporate changes made by Sections 301 and 305 of SECURE 2.0 Act. Section 305 of SECURE 2.0 requires new guidance for the EPCRS and a new IRA correction program be published by December 2024.
- Based on the results of the Employee Plans (EP) pre-exam compliance program pilot, EP will develop a second pilot during FY 24 for the pre-exam compliance program that allows plan sponsors to self-correct qualification failures before an exam begins.
- Continue efforts to improve filing and reporting compliance within the exempt sector.

SMARTER ENFORCEMENT

Focus expanded enforcement on taxpayers with complex tax filings and high-dollar noncompliance to address the tax gap.

- Collaborate with Research, Applied Analytics, and Statistics (RAAS) to continue building and refining Exempt Organizations exam case selection using advanced modeling techniques.
- Continue to incorporate new network analysis tools that allow graphical exploration of the connections between entities and help to identify potentially problematic relationships.
- Collaborate across IRS on highly complex and or emerging issues including, but not limited to, examinations of ESOPs, tax exempt hospitals, and high income/high wealth individuals.

ADVANCED TECHNOLOGY & ANALYTICS

Deliver cutting-edge technology, data, and analytics to operate more effectively.

- Complete and launch Form 13909, Tax-Exempt Organization Complaint (Referral) in the Digital and Mobile Adaptive Forms (DMAF) framework to allow the public to submit a referral using the electronic form accessible from any device. This will expand paperless submission options for taxpayers and provide for more accurate electronic data.
- Continue to work with RAAS to develop an Artificial Intelligence capability to review and prioritize referrals received on Exempt Organizations.
- Continue to support Enterprise Case Management efforts to standardize Servicewide examination processes

EMPOWERED EMPLOYEES

Attract, retain, and empower a highly skilled, diverse workforce and develop a culture that is better equipped to deliver results for taxpayers.

- Continue to focus on improving consistency in the service Human & Capital Resources provides to customers by developing a feedback mechanism for new hires to provide input on ways to improve the onboarding experience for future hires.
- Execute TE/GE's recruitment strategy by continuing to partner with HCO STARS, Workforce Planning, SB/SE, LB&I and other BODs to host direct hiring and recruiting events across all regions.
- Create detailed/extensive career training paths for employees to use as a tool for them to reference as career milestones occur.
- Commit resources to develop and deliver quality, cost-effective mission critical core training that is focused on both individual and organizational productivity and advancement.
- Create training workshops and mentoring seminars that will focus on developing the skills that TE/GE Frontline managers need to make independent data driven decisions.
- Continue to build a collaborative team culture by hiring and retaining a diverse, talented, data-savvy, and technology-driven workforce.
- Build community relationships by expanding outreach efforts and engaging with external stakeholders to market TE/GE and IRS careers and increase our visibility.