

IRS History Timeline





"The Bloody Massacre Perpetrated in King Street, Boston on March 5, 1770." | Paul Revere | 1770 | Prints and Photographs Division, Library of Congress

Taxes and Revolution

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.





Alexander Hamilton | John Trumbull | 1806 | National Portrait Gallery, Smithsonian Institution | Gift of Henry Cabot Lodge

Evolution of Taxation

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.



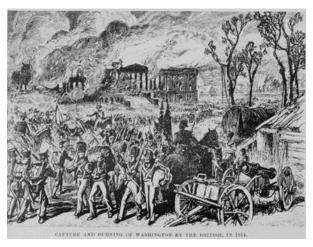


"Washington Reviewing the Western Army at Fort Cumberland, Maryland" | Frederick Kemmelmeyer | circa 1795 | Metropolitan Museum of Art | Gift of Edgar William and Bernice Chrysler Garbisch, 1963

The Whiskey Rebellion

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.





<u>Capture and Burning of Washington by the British, in 1814</u> | Illustration in Our First Century by Richard Miller Devens | 1876 | Library of Congress

The War of 1812

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On December 23, 1817, Congress repealed these and all remaining internal taxes and abolished the position of the Commissioner of the Revenue and all offices to collect them.





Architectural drawing of the Treasury building | Mills, Robert, 1781-1855, architect | 1842 | Library of Congress Prints and Photographs Division Washington, D.C.

The Treasury Gets a New Home

Construction began on a new Treasury building in 1836. The first segment opened in 1842.





Abraham Lincoln papers: Series 1. General
Correspondence. 1833-1916: Salmon P. Chase to Abraham
Lincoln, Thursday, July 03, 1862 (Recommendation) |
Lincoln, Abraham, 1809-1865 | July 3, 1862 | Abraham
Lincoln Papers at the Library of Congress

Civil War Expenses

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.



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TO THE PEOPLE OF THE UNITED STATES.

By an act of Congress, approved June 30, 1864, the Secretary of the Treasury is authorized to issue an amount not exceeding two hundred millions of dollars in Treasury notes, bearing interest at a rate not exceeding seven and three-tenths per contum, redeemable after three years from date, and to exchange the same for lawful money. The Secretary is further authorized to convert the same into bonds, bearing interest at a rate not exceeding six per centum, payable in coin. In pursuance of the authority thus conferred, I now offer to the people of the United States Treasury notes as described in my advertisement dated July 25, 1864.

Treasury department, July 25, 1864. To the people of the United States. By an act of Congress, approved June 30, 1864, the Secretary of the Treasury is authorized to issue an amount not exceeding two hundred millions of dollars in Treasury notes | U. S. Treasury dept. | Washington, 1864 | Broadsides, leaflets, and pamphlets from America and Europe

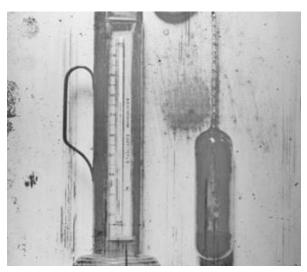
1863-1864

Property Seizures and Tax Refunds

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.





<u>Hydrometer</u> | Designed by Giuseppe Tagliabue of New York, NY. | circa 1867 | SIA Acc. 11-006, Box 005 - United States National Museum. Division of Graphic Arts, Photographic Collection, 1860-1960 | Smithsonian Institution Archives

State-of-the-Art Technology

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.





Will he dare do it? | Nast, Thomas, 1840-1902, artist | March 2, 1878 | Nast, Thomas, 1840-1902. Illustrations and political cartoons by Thomas Nast | Library of Congress Prints and Photographs Division Washington, D.C.

Personal Privacy

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 ..."





16th Amendment to the U.S. Constitution: Federal Income Tax | Congress | 1913 | National Archives at Washington, D.C.

First Federal Income Tax

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.



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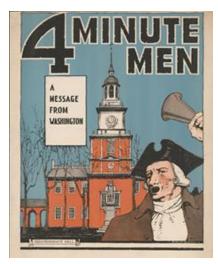
Original Form 1040 | 1913 | From

OurDocuments.gov, a joint undertaking of the National Archives & Records Administration, National History Day, and the USA Freedom Corps 1914

Form 1040

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.





4 Minute Men - A message from Washington | Welsh, H. Devitt, 1888-1942 | 1917 | Library of Congress Prints and Photographs Division Washington, D.C.

Public Awareness

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.





New York City Deputy Police Commissioner John A. Leach, right, watching agents pour liquor into sewer following a raid during the height of prohibition | 1921 | Library of Congress Prints and Photographs Division Washington, D.C.

Prohibition

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.





Internal Revenue Service Headquarters Building, 1111 Constitution Avenue Northwest, Washington, D.C. | Historic American Buildings Survey | after 1933 | Library of Congress Prints and Photographs Division Washington, D.C.

Bureau of Internal Revenue Gets New Home

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.





Al Capone | Unidentified Artist | December 26, 1925 | National Portrait Gallery, Smithsonian Institution

Al Capone

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.





<u>Franklin D. Roosevelt</u> | Oskar Stoessel | 1940 | National Portrait Gallery, Smithsonian Institution; gift of David E. Finley

Payroll Withholding

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.





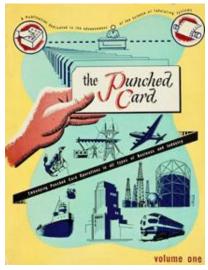
Stamp 'em out: Buy U.S. stamps and bonds | Byrne, Thomas A., artist, Federal Art Project, sponsor | Library of Congress Prints and Photographs Division Washington, D.C. 1942

Victory Tax

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.





<u>The Punched Card</u> | Trade publication for the Punched Card Publishing Company | 1952 | National Museum of American History, Gift of Thomas J. Bergin

Early Tax Collection Modernization

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.





<u>Harry S. Truman</u> | Martha Greta Kempton | 1948 | National Portrait Gallery, Smithsonian Institution

Internal Revenue Service Created

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.





Taxpayer Assistance Center | circa 1970 | Internal Revenue Service

1950 - Present

Taxpayer Communication and Support

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 help taxpayers today.





<u>Still image from the training video Right on the Button</u>| Motion Picture Films, compiled ca. 1960 - ca. 1970 | Record Group 58: Records of the Internal Revenue Service, 1791 – 2006

Public Outreach

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.





Magnetic Tape Archive | Internal Revenue Service

IRS Modernizes Data Processing

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.





<u>President John F. Kennedy addresses the Joint Conference of</u>
<u>Regional Commissioners and Directors of Internal Revenue</u>
<u>Service (IRS)</u> | May 1, 1961 | White House Photographs | John F.
<u>Kennedy Presidential Library and Museum</u>

President Kennedy Visits IRS

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.





IRS Philadelphia, PA | Leffler, Warren K., photographer | April 14, 1971 | U.S. News & World Report magazine photograph collection | Library of Congress Prints and Photographs Division Washington, D.C. 20540

Tingle Table Invented

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.





IRS, Philadelphia, PA. | Trikosko, Marion S., photographer | March 11, 1965 | U.S. News & World Report magazine photograph collection | Library of Congress Prints and Photographs Division Washington, D.C.

Taxpayer Service

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.





<u>Internal Revenue Service</u> | Trikosko, Marion S., photographer | February 2, 1965 | Library of Congress Prints and Photographs Division Washington, D.C. 20540

1972 to present

Reaching More Taxpayers

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.





Screenshot from IRS training video | Internal Revenue Service

Faster, More Accurate Service

In 1978 the IRS installed a Remittance Processing System (RPS) and an Omnisort 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.



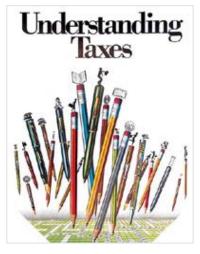


<u>President Ronald Reagan signing the Tax Reform Act of 1986</u> with members of Congress and White House staff present on the South Lawn | October 22, 1986 | The U.S. National Archives and Records Administration: Ronald Reagan Presidential Library & Museum

Tax Reform Act of 1986

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.





Understanding Taxes | 1982 Poster | Publication 1042 (Rev 7-81) | Department of the Treasury, Internal Revenue Service

Service Design

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.





Publication 1, Your Rights as a Taxpayer | August 1988 | Internal Revenue Service

Taxpayer Rights

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.





IRS e-File Logo 1995

1991

Electronic Filing

The IRS started electronic filing to lower operating costs and paper use. The Service anticipated over 90% of 150 million individual returns would be filed electronically for the 2019 tax-filing season.





FedWorld Bulletin Board System (BBS) screen capture | Kermit 95+ Manual for K95 Version 2.1.3 | columbia.edu

IRS Bulletin Board System

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 (BBS) to support the IRS, giving the Service the ability to provide forms and publications online.





Wayback Machine | IRS.gov (counterclockwise from top right): January 1, 2006; January 1, 2015; January 1, 2018, January 1, 2016 1996-2018

Digital Daily

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.



Restructuring & Reform Act of 1998

2019 | Internal Revenue Service

1998

Restructuring and Reform Act of 1998

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.





Wayback Machine | (from top to bottom) Free File: September 26, 2006; Withholding Calculator: October 1, 2012; Where's My Refund: September 7, 2005 2001-2007

Digital Tools for Taxpayers

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





<u>Online Payment Agreement</u>: screenshot 2013 | <u>Direct Pay</u>: screenshot 2018

2002-2013

Online Payments

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 preregistration





Transcript Delivery Service: screenshot 2002 | Electronic PIN Signature: screenshot 2011

2004-2008

Digital Tools for Tax Professionals

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





Wayback Machine | November 1, 2010

2010

IRS Student Aid Tool

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.





IRS2Go screenshots (left to right) | 2011 and 2018

2011-2015

IRS Goes Mobile

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.





<u>Publication 5170, Taxpayer Bill of Rights</u> | Internal Revenue Service 2014

Taxpayer Bill of Rights

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 Tax Design Challenge | 2016 | Internal Revenue Service

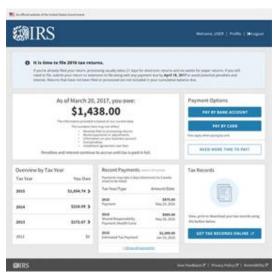
2016

Tax Design Challenge

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





Online Accourt Screenshot | 2018

Online Account

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.





IRS.gov: Screenshot | 2017

IRS.gov Redesigned

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.



Tax Cuts & Jobs Act of 2017

2019 | Internal Revenue Service

2017

Tax Cuts and Jobs Act

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.





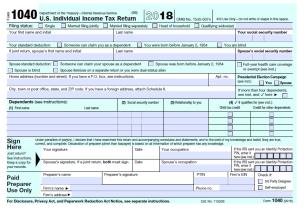
Image | December 2018 | Internal Revenue Service

IRS Social Media

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



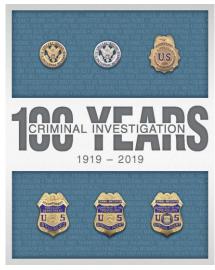


IRS Form Screenshot | December 2018 | Internal Revenue Service

New 1040

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.





Criminal Investigation Division Centennial Poster | 2019 | Internal Revenue Service

Criminal Investigation Centennial

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.