



Electronic Tax Preparation and Filing Risk Assessment

Phyllis Gattos

Chief, Strategy and Innovation

**Electronic Tax Administration and
Refundable Credits**

phyllis.gattos@irs.gov



Background

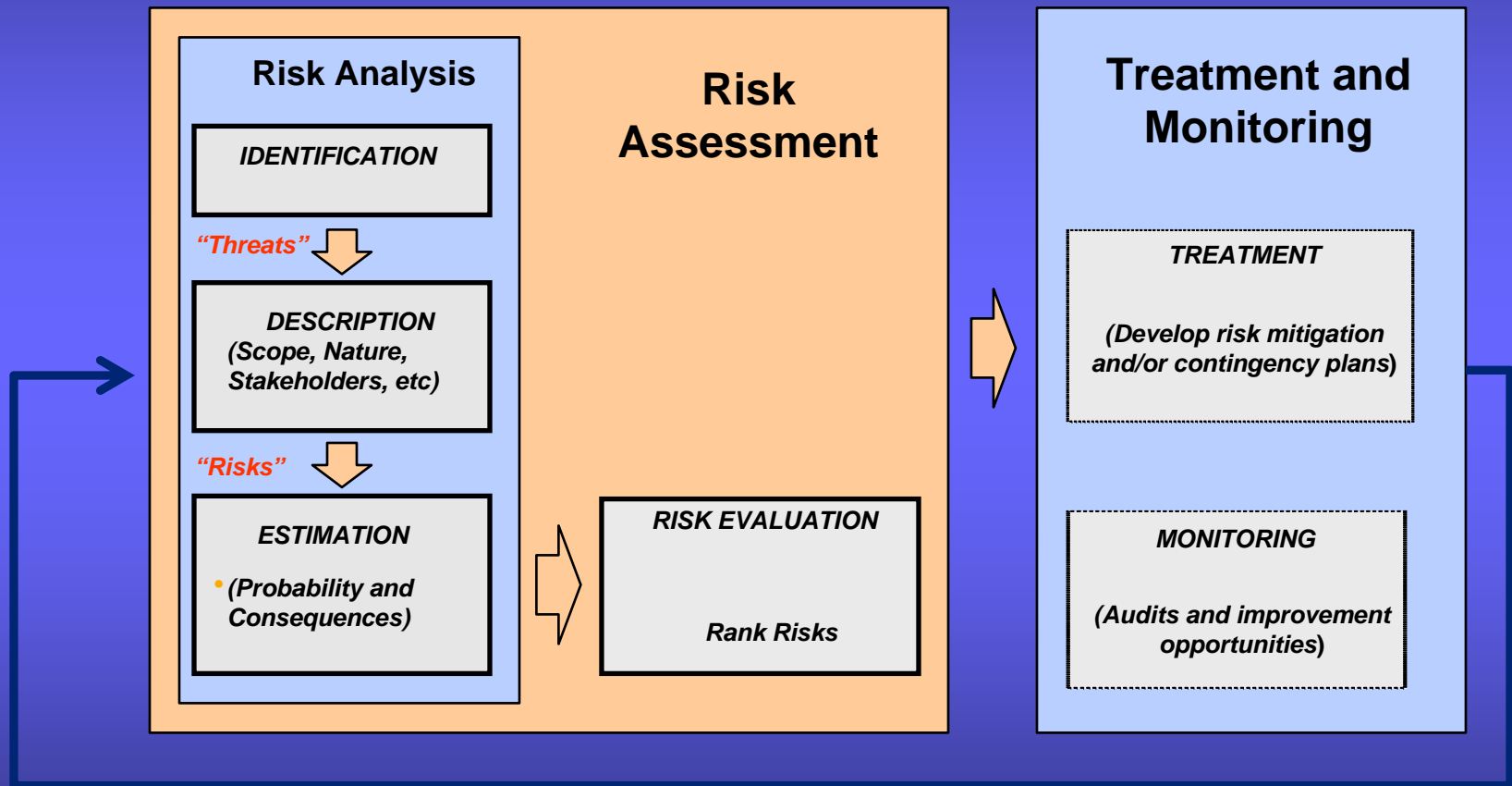
- GAO-09-297 - Tax Administration: *Many Taxpayers Rely on Tax Software and IRS Needs to Assess Associated Risks*
- *GAO's particular areas of interest*
 - return accuracy,
 - the security and privacy of taxpayer information, and
 - the reliability of electronic filing



Our Scope

	Tax Return Lifecycle		
	System Development	Preparation	Filing
Risk Dimension	Actors: 3rd party Developers, Testers, Tax Advisors	Actors: Preparers, Taxpayers	Actors: Taxpayers, Preparers, ERO, Transmitters, IRS
Accuracy			
Security			
Privacy			
Reliability			
Burden (taxpayer, preparer, developer, transmitter)			

Risk Management Process



Iterative

Definitions and process are adapted from "A Risk Management Standard" – Institute of Risk Management and ISO/IEC Guide 73 – Risk Management – Vocabulary



Identification and Description

- Obtain industry perspective on most serious risks
- Survey software developers and transmitters to identify and assess risks
 - Prepare survey with help of CERCA, NACTP, and ETAAC Security Subcommittee
 - Conduct telephone surveys with all e-file software developers and 400 transmitters



Estimation and Evaluation

- MITRE will analyze survey results and assist in estimating likelihood and evaluating impact (e.g., high, medium, low) on selected risks

Business Impact	Severe	Yellow	Red	Red	Red
	Critical	Yellow	Yellow	Red	Red
	Marginal	Green	Yellow	Yellow	Red
	Negligible	Green	Green	Yellow	Yellow
		Improbable	Remote	Occasional	Probable
		Probability of Occurrence			



Estimated Timeline

2010						2011		
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Survey Design & Development		OMB Approval			Data Collection (Russell Research fields surveys)		MITRE analyzes results for estimation and evaluation	



What Next?

- IRS determines if and where mitigation is required
- Mitigations could include:
 - Modifications to rules
 - Changes in IRS processes and procedures
 - Changes in communications with industry



Comments?

Email:

- Phyllis Gattos at phyllis.gattos@irs.gov
- Derrick Wilson at derrick.t.wilson@irs.gov

Thank you!!