Future State Overview

Adapted from:
New England Representation Conference
Ledyard, Connecticut
Nov. 17, 2016
“When it costs between $40 and $60 to interact with a taxpayer in person, and less than $1 to interact online, we must reexamine how we provide the best possible taxpayer experience, in response to taxpayer expectations and demands.”
Background

1. Over a decade of progress improving processing, increasing filing and payment options, and expanding online services.

2. Efforts known collectively as IRS “Future State.”

3. Gathering input and incorporating stakeholder perspectives is a necessary and ongoing effort.
IRS comparison to private sector

The IRS collects more than $3.3 trillion and funds more than 90 percent of all federal government expenditures.
The case for change

1. **Evolving** taxpayer expectations.

2. **Increasing** complexity.

3. **Combatting** noncompliance, identity theft & refund fraud.

4. **Coping** with limited budgets.

5. **Incorporating** stakeholders perspectives.
Future State timeline

2 Years Ago
- Idea
- Visioning

1 Year Ago
- Themes
- Taxpayer Experiences

Recently
- Goals & Initiatives
- Roadmap

Moving Ahead
- Plan Integration
- Prioritization
Future State themes

1. **Facilitate** voluntary compliance by empowering taxpayers with secure innovative services, tools, and support

2. **Understand** non-compliant taxpayer behavior, and develop approaches to deter and change it

3. **Leverage** and collaborate with external stakeholders

4. **Cultivate** a well-equipped, diverse, skilled, and flexible workforce

5. **Select** highest value work using data analytics and a robust feedback loop

6. **Drive** more agility, efficiency, and effectiveness in IRS operations
Future State concept diagram
Future State for Small Business

1. **Expand** early interaction programs.
2. **Educate** and enable taxpayers.
3. **Modify** behavior to enhance compliance.
4. **Improve** collection case selection and assignment.
5. **Enable** data-driven decisions regarding taxpayer contacts.
Future State for Small Business

Current Challenges

• 42 percent reduction in field collection revenue officers in past five years.
• $59 billion unpaid tax from Forms 941 (as of June 2016).
• Declining survival rates for compliant businesses as a result of the unfair advantage of those not paying taxes withheld in trust.

Future State Solutions

• Federal Tax Deposit Alert System
  – FTD Alert X Coded Pilot
  – EFTPS Early Alerts
Example: Third-party payroll risk

Business Risk

• Payroll tax fraud
• Late or unfiled tax returns
• Underreported tax liabilities
• Late or undeposited tax payments
• Limited notification if a problem arises

Initiatives to Mitigate Risk

• Return Preparer Complaint, Form 14157
• Dual Notice Initiative
• Electronic Federal Tax Payment System enhancements
  • Inquiry PINs
  • Email confirmation
• Federal Tax Deposit Alerts
• Trust Fund Recovery Penalty
Compliance and Enforcement

Above & Beyond Early Interaction

- Levy of bank accounts, receivables
- Seizure of property
- Disqualified Employment Tax Levy (DETL)
- Trust Fund Recovery Penalty (IRC 6672)
- Suits for Injunctive Relief
- Criminal Referrals
Future State for the individual

1. **Increased** online and virtual assistance offerings.

2. **More robust** authentication to guard against stolen identity refund fraud.

3. **Early issue** identification for timely resolution.

4. **End-to-end** experience reducing unnecessary interactions.

5. **Expanded** data analytics to better focus service and enforcement.
Example: Future State for the individual taxpayer

1. Clear Guidance
2. Secure Online Account
3. Personalized 3rd Party Information
4. Self-Correction of Errors
5. Confidence in Interactions

- Taxpayer & Outreach Education
- e-Authenticate & Digital Taxpayer Account Management
- Third Party Services
- Taxpayer Self-Correction
- Digital Content Management & Privacy and Security Management
Digital showcase for Future State

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Online Account

As of Oct 20, 2016, you owe:

$982.76

The information provided is based on our current data.
Penalties and interest continue to accrue until tax is paid in full.

Payment Options
- PAY BY BANK ACCOUNT
- PAY BY CARD

2015 Tax Year

<table>
<thead>
<tr>
<th>Income Tax</th>
<th>You Owe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Total</td>
<td>$971.98</td>
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<tr>
<td>Accrued Failure to Pay Penalty</td>
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</tr>
<tr>
<td>Accrued Interest</td>
<td>$10.78</td>
</tr>
<tr>
<td>Income Tax Total</td>
<td>$982.76</td>
</tr>
</tbody>
</table>

Shared Responsibility Payment

| Assessed Total      | $0.00       |
| Accrued Interest    | $0.00       |
| Shared Responsibility Payment Total | $0.00 |

TOTAL | $982.76
Welcome to IRS Secure Messaging

The IRS is pleased to provide a new, secure way for you to communicate online with us for specific matters related to your tax account. Secure Messaging allows you to correspond with our tax representatives through your web browser at your convenience. Electronic documentation can be submitted quickly and securely allowing us to resolve issues faster than ever. Communicating through secure messaging will reduce or eliminate the need for you to call or wait days for mail.

Get Started
To establish a secure messaging account, you will need to answer a few questions to ensure your identity.

The benefits of secure messaging
- Quickly correspond with a tax representative
- Upload scanned documents
- Avoid long waits on the phone
- Set up online notifications

REGISTER FOR SECURE MESSAGING

LOGIN
Secure Message Page

Secure Message Center

From | Subject | Date
--- | --- | ---
IRS | Welcome to IRS Secure Messaging | August 2

Frequently Asked Questions

- How secure is my personal information?
- How do I change my preferred contact information?
- How often will I be contacted?

Use the Penalties & Interest Calculator to know how much your balance will be on a future date.

IRS.gov
The Future State
Developing goals to improve the taxpayer experience
Developing Future State goals

- **Expedite** compliance issue resolution.
- **Improve** capabilities for self-correction and self-service.
- **Facilitate** resolution via efficient, effective channels.
- **Decrease** recurring compliance issues.
- **Cultivate** an engaged and flexible workforce.
- **Increase** customer (taxpayer) satisfaction.
- **Enable** more agile and efficient business operations.
Next steps

• **Aggregate**, prioritize and re-sequence envisioned initiatives into a consolidated roadmap toward the future.

• **Pursue** priority initiative development, with a continual focus on engaging stakeholders.

• **Update** the IRS Strategic Plan (2018 - 2022).

• **Track** performance toward future state goals, report results and gather input from stakeholders.
Taxpayer Bill of Rights

• Right to Be Informed
• Right to Quality Service
• Right to Pay No More than the Correct Amount of Tax
• Right Challenge the IRS’s Position - and Be Heard
• Right to Appeal IRS Decision in an Independent Forum
• Right to Finality
• Right to Privacy
• Right to Confidentiality
• Right to Retain Representation
• Right to A Fair & Just Tax System