

**MSP
#19****PRACTITIONER SERVICES: Reductions in the Practitioner Priority Service Phone Line Staffing and Other Services Burden Practitioners and the IRS****RESPONSIBLE OFFICIAL**

Debra Holland, Commissioner, Wage and Investment Division

TAXPAYER RIGHTS IMPACTED¹

- *The Right to Quality Service*
- *The Right to Pay No More Than the Correct Amount of Tax*
- *The Right to Challenge the IRS's Position and Be Heard*
- *The Right to Retain Representation*
- *The Right to a Fair and Just Tax System*

DEFINITION OF PROBLEM

As the Internal Revenue Code (IRC) gets more complex, taxpayers are increasingly turning to practitioners to assist them with meeting their tax obligations and to represent them in their disputes with the IRS. During the 2015 fiscal year (FY), there were over one million Forms 2848, *Power of Attorney and Declaration of Representative*, filed by practitioners on behalf of taxpayers with matters before the IRS.² Tax practitioners have become key IRS partners in achieving voluntary tax compliance and settling disputes.

The IRS created the Practitioner Priority Service (PPS) line to serve as the first line of contact for practitioners to resolve account related issues for their clients.³ This line is intended to provide practitioners with improved overall consistency and quality of service while reducing wait time.⁴

However, reductions in staffing and available services on the PPS line have resulted in increased wait times and limited services for practitioners. Over the past five years, the IRS has gone from answering about 80 percent of PPS calls in FY 2011 to less than 50 percent in 2015.⁵ In FY 2011, the average speed of answer (ASA) was 13.3 minutes compared to 46.6 minutes for FY 2015.⁶ For a four-week period in FY 2015, the average wait time for the PPS line was in excess of one hour.⁷ In contrast, the ASA for the

1 See Taxpayer Bill of Rights, available at www.TaxpayerAdvocate.irs.gov/taxpayer-rights.

2 Email from the IRS Centralized Authorization File unit stating the number of Forms 2848s filed for FY 2015 (Nov. 25, 2015).

3 Internal Revenue Manual (IRM) 21.3.10.1, *Practitioner Priority Service (PPS) Overview* (Oct. 1, 2015).

4 IRM 21.3.10.1, *Practitioner Priority Service (PPS) Overview* (Oct. 1, 2015).

5 IRS, Joint Operations Center (JOC), *Snapshot Reports: Product Line Detail* (week ending Sept. 30, 2012). Level of Service (LOS) was 78.3 percent in FY 2011. IRS, JOC, *Snapshot Reports: Product Line Detail* (week ending Sept. 30, 2015). LOS was 47.6 percent as of September 30, 2015.

6 IRS, JOC, *Snapshot Reports: Product Line Detail* (week ending Sept. 30, 2012). ASA was 13.3 minutes in FY 2011. IRS, JOC, *Snapshot Reports: Product Line Detail* (week ending Sept. 30, 2015). ASA was 46.6 minutes, representing a 250 percent increase from FY 2011.

7 IRS, JOC, *Snapshot Reports: Product Line Detail* (weeks ending Aug. 15, 2015 through Sept. 5, 2015).

Accounts Management (AM) toll-free lines during FY 2015 was 30.5 minutes.⁸ It is ironic to use the term “priority” for the practitioner line when a practitioner could call the general phone lines and have a shorter hold time.

The National Taxpayer Advocate is concerned that the IRS’s lack of commitment to PPS increases the overall compliance burden on taxpayers, not limited to the increased cost of representation, and creates downstream costs for the IRS when practitioners are unable to timely resolve their clients’ tax issues. Specifically, we have identified the following problems with the IRS’s current approach to the PPS:

- The reduction of staffing results in an increased number of disconnected calls and a significant increase in wait time;
- The reduction in services on the PPS places an increased burden on practitioners that is passed to taxpayers; and
- The IRS does not collaborate with or collect suggestions from the practitioner community before making changes to the PPS.

ANALYSIS OF PROBLEM

Background

The PPS was designed to be the first point of contact with the IRS for practitioners.⁹ Practitioners with questions have a designated professional support line they can call to receive guidance and answers regarding their clients’ account related issues. IRS customer service representatives (CSRs) trained to handle practitioners’ account questions staff the toll-free line.¹⁰

Over the course of the 2015 filing season, the IRS answered only about 45 percent of practitioner calls on the Practitioner Priority Service, and the hold time averaged over 45 minutes.

When a practitioner calls the toll-free number, the call is routed to one of nine PPS locations.¹¹ The routing is based on an evaluation of the shortest expected wait times and whether the inquiry is regarding individual tax accounts or business accounts.¹² If a practitioner’s inquiry is outside the scope of the PPS’s authority to answer, the assistor will provide the practitioner with the appropriate telephone contact number for his or her inquiry.

The Reduction of PPS Staffing Results in an Increased Number of Disconnected Calls and Significant Increase in Wait Time

Practitioners rely upon IRS assistors on the PPS line to help them effectively represent their clients. The *right to retain representation* is negatively affected when the representative cannot reach the IRS in a reasonable amount of time and is unable to resolve issues with his or her clients’ accounts.

⁸ IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (Sept. 30, 2015) (source of AM and Enterprise Total data). The AM ASA of 30.5 minutes is a combined figure reflecting 30 customer service lines.

⁹ IRM 21.3.10.1, *Practitioner Priority Service (PPS) Overview* (Oct. 1, 2015).

¹⁰ The toll-free number 1-866-860-4259 is available from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific Time) and 8:00 a.m. to 8:00 p.m. for Puerto Rico, available at <http://www.irs.gov/Tax-Professionals/Practitioner-Priority-Service>.

¹¹ The nine locations are: Brookhaven, NY; Buffalo, NY; Memphis, TN; Nashville, TN; Philadelphia, PA; Pittsburgh, PA; Cincinnati, OH; Oakland, CA; and Ogden, UT, available at <http://www.irs.gov/Tax-Professionals/Practitioner-Priority-Service>.

¹² The toll-free number when last called on October 23, 2015, listed a menu of several options to direct callers to the proper assistors.

The IRS has reduced the staffing on the PPS line from 98 employees solely devoted to the PPS in the FY 2011 filing season to 66 in the FY 2015 filing season, about a 30 percent decrease, as seen in Figure 1.19.1. At the end of FY 2015, the IRS had 140 employees staffing the PPS, 57 fewer employees than in FY 2011.¹³

FIGURE 1.19.1, Staffing Levels of Practitioner Priority Services¹⁴

Accounts Management PPS			
Fiscal Year	Staffing (as of 3/31) AM Direct FTEs	Staffing (as of 9/30) AM Direct FTEs	FY Total Calls Transferred Out
2011	98	197	254,073
2012	92	193	205,540
2013	99	203	211,330
2014	79	168	149,791
2015	66	140	116,174

The PPS line transferred out nearly 138,000 fewer practitioners' calls to other IRS functions in FY 2015 compared to FY 2011.¹⁵ This transferred figure represents all PPS transfers and is not limited to transfers outside the scope of provided services. For example, the PPS line does not handle calls from the general public and those calls would be transferred out or directed to the appropriate function for resolution. Most significant for practitioners, a call would be transferred if the issue is a compliance issue and came into the PPS; it would need to be transferred to the proper compliance application.

With fewer staff dedicated to the PPS, the average hold times are lengthening.¹⁶ Over the course of the 2015 filing season, the IRS answered only about 45 percent of practitioner calls on the PPS, and the hold time averaged over 45 minutes.¹⁷

13 Response to TAS research request from Wage and Investment (W&I) (Oct. 20, 2015). The 57 fewer employees was reached by the following computation, $197-140=57$.

14 Response to TAS research request from W&I (July 27, 2015). Staffing data (AM Direct FTE) pulled from ETD Half Hourly Adherence Reports (AM FTE = total ready agent $\frac{1}{2}$ hours in AM PPS agent groups divided by 2 divided by 2,080). Transfer data is from the ETD Agent Transfers Report.

15 This number is derived by subtracting the FY 2015 number of calls from the FY 2011 number of calls ($254,073$ (FY 2011) – $116,174$ (FY 2015) = $137,899$). The data shows reduced resource expenditure from 2013, the resources expended were based on the planned LOS for each year which is driven by allocated funding.

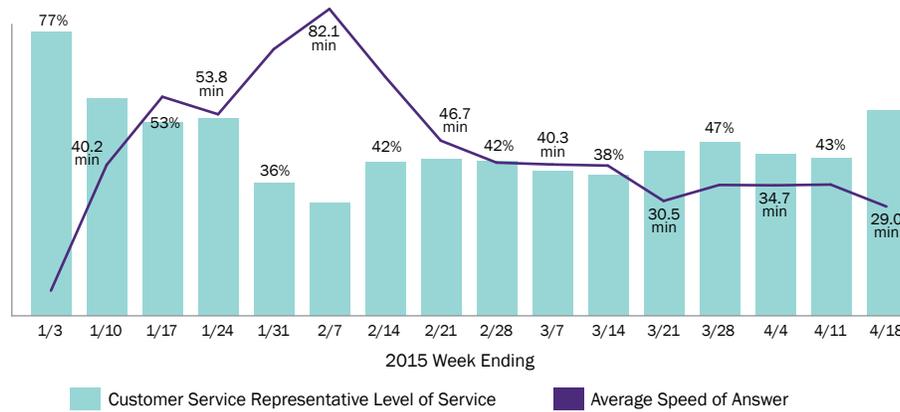
16 IRS, JOC, *Snapshot Reports: Product Line Detail* (week ending Sept. 30, 2012). ASA was 13.3 minutes in FY 2011. IRS, JOC, *Snapshot Reports: Product Line Detail* (week ending Sept. 30, 2015). ASA was 46.6 minutes.

17 IRS, JOC, *Snapshot Reports: Product Line Detail* (Apr. 18, 2015).

FIGURE 1.19.2¹⁸

Filing Season 2015 Weekly Service Levels for the Practitioner Priority Service Line

This line provides tax professionals a dedicated channel to resolve taxpayer-client account issues.



While the number of attempted practitioner calls increased in FY 2015 compared to FY 2014, the percentage of answered calls decreased by more than 30 percent over the same period, from about 70 percent CSR level of service (LOS) in FY 2014 to less than 48 percent LOS in FY 2015, as shown in Figure 1.19.3. The average wait time (ASA) for the same period increased by 70 percent.¹⁹

FIGURE 1.19.3, FYs 2014 and 2015 Call Information for the PPS Line²⁰

Fiscal Year	Dialed Attempts	Assistor Calls Answered	Level of Service	Average Speed of Answer (Minutes)	Average Speed of Answer Change
2014	1,884,497	1,148,997	70.4%	27.4	n/a
2015	2,056,376	851,716	47.6%	46.6	70%

During the summer of 2015, TAS conducted focus group interviews at the IRS Nationwide Tax Forums, which provide an opportunity for enrolled agents, CPAs, and other tax professionals to earn Continuing Professional Education credits. TAS learned that practitioners calling the PPS are experiencing such large increases in wait times that they look for other avenues for resolution of their issues.²¹ During these discussions, one practitioner stated that he called into the PPS and was placed on hold. He promptly got into his car and drove to the local taxpayer assistance center, took a number, met with an assistor, got the issue resolved, and drove back to his office before being removed from hold on the PPS line.²²

18 IRS, JOC, *Snapshot Reports: Product Line Detail* (weeks ending Jan. 3, 2015, through Apr. 18, 2015).

19 IRS, JOC, *Snapshot Reports: Product Line Detail* (Sept. 30, 2015).

20 *Id.*

21 2015 IRS Nationwide Tax Forums TAS Focus Group Report, *IRS's Practitioner Priority Telephone Service 8* (Nov. 2015).

22 *Id.*

Practitioners also reported extreme frustration with being placed on hold for over an hour, only to abruptly be disconnected.²³ Over 415,000 calls to the PPS were disconnected before the practitioner was even able to reach an assistor.²⁴ This “courtesy disconnect” occurs when the IRS switchboard is overloaded and cannot handle additional calls. The IRS allows practitioners to remain on hold on the PPS lines longer than other phone lines.²⁵

Generally, practitioners bill their clients by the hour for their services and this may include any time waiting on hold to resolve issues.²⁶ As the wait times increase, taxpayers may pay considerably more for resolution of their tax issues. More significantly, if practitioners are unable to get through on the PPS line to resolve tax account issues, there could be serious consequences for the taxpayer. Moreover, each missed contact with practitioners to resolve account issues is a missed opportunity for the IRS to ensure that taxpayers remain compliant with their tax obligations.

...One practitioner stated that he called into the Practitioner Priority Service and was placed on hold. He promptly got into his car and drove to the local taxpayer assistance center, took a number, met with an assistor, got the issue resolved, and drove back to his office before being removed from hold on the Practitioner Priority Service line.

The Reduction in Services on the PPS Places an Increased Burden on Practitioners That Is Passed on to Taxpayers

PPS is available for practitioners requesting assistance with a variety of tax issues including understanding IRS notices and letters, correcting processing errors, locating and applying payments, securing installment agreements, and assisting with tax account adjustments. Over the last several years, the IRS has reduced the number of services provided by the PPS which impacts both practitioners and taxpayers.²⁷

Practitioners report they were previously able to call the PPS with tax law questions and resolve multiple client account issues with one call.²⁸ Practitioners are reporting that even when they get through to an assistor they are only able to address one client’s issues at a time, rather than five as specified in the Internal Revenue Manual.²⁹ If a practitioner wants to address issues for additional clients, they have to hang up and call back, enduring the extensive wait time all over again.

Starting in 2014, the IRS limited the PPS scope to practitioners working on resolving their clients’ active tax account issues. The IRS no longer services

23 2015 IRS Nationwide Tax Forums TAS Focus Group Report, *IRS’s Practitioner Priority Telephone Service*. (Nov. 2015). IRS, JOC, Custom Report RRC 1623 (including weekly data on the number of courtesy disconnects from FY 2011 through FY 2015).

24 IRS, JOC, Custom Report RRC 1623 (including weekly data on the number of courtesy disconnects from FY 2011 through FY 2015). This figure can be influenced by a number of factors including caller behavior. For example, during periods of high demand, a caller might make multiple calls to the PPS simultaneously in hopes of increasing the chance of getting through for a single issue.

25 IRS, JOC, *Snapshot Reports: Product Line Detail* (week ending Sept. 30, 2015). ASA was 46.6 minutes. IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (Sept. 30, 2015) (source of AM and Enterprise Total data). The AM ASA of 30.5 minutes is a combined figure reflecting 30 customer service lines.

26 2015 IRS Nationwide Tax Forums TAS Focus Group Report, *IRS’s Practitioner Priority Telephone Service 8* (Nov. 2015).

27 IRM 21.3.10.2, *Scope of Service* (Aug. 14, 2009). Through the PPS IRM of August 14, 2009, practitioners were not limited to the number of client accounts they could address per call to the PPS. As of the same IRM dated October 1, 2010, and in the current IRM, practitioners are limited to addressing five client accounts per call to the PPS.

28 2015 IRS Nationwide Tax Forums TAS Focus Group Report, *IRS’s Practitioner Priority Telephone Service 7* (Nov. 2015).

29 *Id.*; IRM 21.3.10.2.1(2) (Sept. 16, 2015). PPS toll-free CSRs resolve inquiries by taking the appropriate action and providing an accurate response. CSRs will limit the tax practitioner to no more than five (5) clients per call. CSRs will provide complete and accurate information and advise tax practitioners to provide their clients with the appropriate toll-free non-PPS customer service number.

calls from tax practitioners or other third parties for non-tax matters, such as transcript requests for monitoring clients' financial history. Other areas that are no longer addressed by the PPS include: general tax law questions, accounts assigned to the Automated Collection System (ACS), Automated Under Reporter (AUR) cases, Automated Correspondence Examination (ACE) situations, or when a case is assigned a Revenue Officer or Revenue Agent.³⁰

FIGURE 1.19.4, Scope of Practitioner Priority Services

Services Provided by PPS	Services Not Provided by PPS
Understanding IRS's notices and letters	Answers to tax law questions
Correcting processing errors	Assistance with accounts assigned to Automated Collection System
Locating and applying payments	Assistance with accounts assigned to Automated Under Reporter
Requesting installment agreements	Accounts assigned to Correspondence Examination
Requesting tax account adjustments	Accounts assigned to a Revenue Officer or Revenue Agent

Instead, these types of calls are transferred or referred to other IRS functions. When practitioners call the PPS about customer accounts that are being handled by the ACS unit, the practitioner is transferred to the respective compliance area, resulting in additional wait time and risk of being disconnected before assistance can be offered. Litigation demonstrates that taxpayers are more likely to prevail against the IRS when represented by a tax professional.³¹ By reducing practitioners' ability to timely reach the IRS, they are likely impacting taxpayers' ability to satisfactorily resolve their case.

Finally, as the IRS continues to reduce taxpayer services for the general taxpayer population, it drives that work, such as answering complex tax law questions, to practitioners.³² This shifting of more responsibility to practitioners to resolve taxpayer issues means it is more critical than ever that the PPS provide the services practitioners need to resolve them.

The IRS Does Not Collaborate With or Solicit Suggestions From the Practitioner Community Before Reducing the Scope of the PPS

During FY 2013, an internal IRS review of the PPS revealed that the customer base of the PPS had expanded from practitioners working on actual account issues to include businesses providing third-party tax account monitoring services.³³ These services included monthly monitoring and compliance checks of current and potential clients via monthly calls to the PPS requesting verbal account information and multiple transcripts. Based upon this review, the IRS elected to restrict access to PPS so that only practi-

30 The ACS is a computerized inventory system that sends taxpayers notices demanding payment, issues liens and levies, and answers telephone calls in an effort to resolve balance due accounts and delinquencies. The AUR is an automated program that identifies discrepancies between the amounts that taxpayers reported on their returns and what payers reported via W-2, Form 1099, and other information returns. ACEs are automated from the initiation, aging and closing of certain Earned Income Tax Credit (EITC) and non-EITC cases. Using the ACE, Correspondence Exam can process specified cases with minimal to no tax examiner involvement until a taxpayer reply is received.

31 See Most Litigated Issues, *infra*. See also National Taxpayer Advocate 2014 Annual Report to Congress 426 (Most Litigated Issues).

32 R-Mail was originally deployed as a tool to send referrals to complex tax law questions that would require research by more experienced assistors. The IRS is no longer answering complex tax law questions. SERP Alert 15A0442, *Post R-Mail Guidance* (Oct. 5, 2015). See also Most Serious Problem: *Compliance Capabilities Vision, infra/supra*.

33 W&I response to TAS information request (July 27, 2015).

tioners who provide tax advice, prepare income taxes or act on behalf of taxpayers with regards to active account related issues will be assisted. These changes were included in the implementation of the 2014 Service Approach.

Now the IRS directs non-practitioners to use the Income Verification Express System or the Form 4506-T to secure account information. While this change reduced the burden placed upon the PPS by eliminating a subset of calls, the IRS neglected to reach out to practitioners to discuss the change and solicit what other types of changes could be beneficial for practitioners.

Practitioners participating in the National Taxpayer Advocate Tax Forums focus groups overwhelmingly stated that the PPS is worse than it was five years ago and that none of them have noticed any improvements to service on the line.³⁴ Despite the overall lack of service and satisfaction with the PPS, the majority of practitioners would like to continue using the line as a resource when encountering tax issues.³⁵ Suggestions on how to improve the line from practitioners include: giving the caller the option to be disconnected prior to receiving a courtesy disconnect; leaving a phone number for an assistor to call back rather than having practitioners wait on hold; using more detailed prompt questions; offering a specific dedicated phone number for transcript requests; and having knowledgeable assistors who have the authority to correct issues and solve problems.

For a number of years, the National Taxpayer Advocate has recommended that the IRS develop online services for taxpayers and practitioners.³⁶ Online account access was recently listed as one of the top ten initiatives needed to achieve the IRS's compliance vision.³⁷ As the IRS begins to evaluate how to move towards a more interactive format of online account access allowing taxpayers, preparers, and authorized third parties to securely interact with the IRS to obtain return information, submit payments, and receive status updates, specific attention should be paid to incorporating the needs of the practitioner community while protecting taxpayers.³⁸

Even with the onset of increased online account services, it will not replace the need for the PPS.³⁹ Practitioners need to have an avenue by which they can discuss tax account issues with a live IRS employee and seek resolution and clarification on how to solve outstanding problems. Access to accounts online will help practitioners identify and isolate the problem, but will not always allow for solving of the account issues. Thus, the IRS should consult with practitioners, via their membership bodies and focus groups at the Tax Forums and other annual meetings of tax professionals, about what services the PPS should provide when an online account is available.

34 2015 IRS Nationwide Tax Forums TAS Focus Group Report, *IRS's Practitioner Priority Telephone Service* 6 (Nov. 2015).

35 *Id.* at 8.

36 See, e.g., National Taxpayer Advocate 2013 Annual Report to Congress vol. 2, 67-96 (Research Study: *Fundamental Changes to Return Filing and Processing Will Assist Taxpayers in Return Preparation and Decrease Improper Payments*).

37 Draft IRS Compliance Concept of Operations (CONOPS) 3, 19-22 (June 2014).

38 See Most Serious Problem: *Preparer Access To Online Accounts: Granting Uncredentialed Preparers Access to an Online Taxpayer Account System Could Create Security Risks and Harm Taxpayers*, *supra*; Most Serious Problem: *Taxpayer Service: The IRS Has Developed a Comprehensive "Future State" Plan That Aims to Transform the Way It Interacts with Taxpayers, But Its Plan May Leave Critical Taxpayer Needs and Preferences Unmet*, *supra*; Most Serious Problem: *Taxpayer Access To Online Account System: As the IRS Develops an Online Account System, It May Do Less to Address the Service Needs of Taxpayers Who Wish to Speak with an IRS Employee Due to Preference or Lack of Internet Access or Who Have Issues That Are Not Conducive to Resolution Online*, *supra*.

39 *Id.*

CONCLUSION

As originally intended, PPS was a useful tool for practitioners that facilitated fast resolution of their clients' tax issues. The limitations in the scope of provided services combined with increased hold time have eroded its usefulness. Practitioners calling the PPS line spend more time on hold, have a lower chance of getting through to a live IRS CSR and use the PPS for fewer services than in previous years.⁴⁰ The IRS's lack of commitment to either restore the full suite of services originally available or offer a viable alternative for practitioners erodes several taxpayer rights, including *the right to quality service, the right to challenge the IRS's position and be heard, the right to retain representation, the right to pay no more than the correct amount of tax, and the right to a fair and just tax system*. Failure to promptly address practitioner access to the IRS results in increased cost of representation to taxpayers and downstream costs, as well as exposing the IRS to a possible increase in litigation over those unresolved issues.

RECOMMENDATIONS

The National Taxpayer Advocate recommends that the IRS:

1. Restore staffing levels to FY 2011 levels on the PPS to decrease wait time and eliminate disconnects for the practitioners.
2. Allow the resolution of complex tax law issues by asking questions and receiving answers from assistors.
3. Allow practitioners to resolve as many as five client account issues during one call as stated in the IRM.
4. Consult with and survey the practitioner community to find out their needs and preferences before making changes to the PPS.
5. Retain the PPS even as online account systems are developed to assist practitioners with account issues that cannot be solved through online channels, and consult with practitioners about the design of a post-online account PPS.

40 2015 IRS Nationwide Tax Forums TAS Focus Group Report, *IRS's Practitioner Priority Telephone Service* (Nov. 2015).