

MSP #2 **INFORMATION TECHNOLOGY MODERNIZATION: The IRS Modernization Plan’s Goal to Improve the Taxpayer Experience Is Commendable, But the IRS Needs Additional Multi-Year Funding to Bring It to Fruition**

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TAXPAYER RIGHTS IMPACTED¹

- *The Right to Be Informed*
- *The Right to Quality Service*
- *The Right to Privacy*
- *The Right to Confidentiality*
- *The Right to a Fair and Just Tax System*

PROBLEM

Aging IRS information technology (IT) infrastructure continues to plague the IRS and directly impact taxpayers.² For example, equipment added to support the IRS’s IT infrastructure in 2017 crashed during the 2018 filing season, temporarily preventing taxpayers from electronically filing their tax returns and payments.³ To address the IRS’s failing IT infrastructure and need for updated technology, the IRS developed an Integrated Modernization Business Plan (Plan). The Plan aims to improve “the taxpayer experience, by modernizing core tax administration systems, IRS operations and cybersecurity.”⁴ If implemented, the Plan would greatly improve the IRS’s IT infrastructure, make tax administration more efficient, and enable the IRS to provide better taxpayer service. While the Plan does not address all of the IRS’s IT issues, for the IRS to make any progress in modernizing its systems, its efforts must be fully funded.⁵

1 See Taxpayer Bill of Rights (TBOR), www.TaxpayerAdvocate.irs.gov/taxpayer-rights. The rights contained in the TBOR are now listed in the Internal Revenue Code (IRC). See IRC § 7803(a)(3).

2 See, e.g., Jeff Stein, Damian Paletta & Mike DeBonis, *IRS to Delay Tax Deadline by One Day After Technology Collapse*, *WASH. POST*, Apr. 17, 2018, https://www.washingtonpost.com/business/economy/irs-electronic-filing-system-breaks-down-hours-before-tax-deadline/2018/04/17/4c05ecae-4255-11e8-ad8f-27a8c409298b_story.html.

3 See Aaron Boyd & Frank Konkel, *IRS’ 60-Year-Old IT System Failed on Tax Day Due to New Hardware*, *NEXTGOV* (Apr. 19, 2018) (citing an IRS official), <https://www.nextgov.com/it-modernization/2018/04/irs-60-year-old-it-system-failed-tax-day-due-new-hardware/147598>.

4 IRS Pub. 5336, *IRS Integrated Modernization Business Plan* (Apr. 2019).

5 See *id.*

IMPACT ON THE INTERNAL REVENUE SERVICE

The National Taxpayer Advocate has previously discussed the urgent need to modernize the IRS's IT systems.⁶ Current IRS IT capabilities substantially limit the IRS's ability to carry out effective tax administration and negatively impact taxpayers and practitioners.⁷ The IRS currently operates about 60 separate case management systems, many of which are aged and do not fully integrate with each other.⁸ These systems lack basic functionality such as digital communication and recordkeeping, making it difficult for IRS and TAS employees to perform their jobs efficiently and provide quality service to taxpayers.⁹

In April 2019, the IRS released the IT Modernization Plan and a related Companion Document to address various components of the IRS IT strategy for the near future.¹⁰ The six-year plan seeks to improve the taxpayer experience and taxpayer service by modernizing the IRS's information technology.¹¹ The Companion Document lays out the implementation timeline for IT components and details how the agency intends to measure the success of modernization efforts.¹² The National Taxpayer Advocate commends the IRS for focusing its Plan in large part on updates to its systems to improve taxpayer experience and service.

In fiscal year (FY) 2019, the IRS implemented 18 of the 20 planned capabilities of the Plan.¹³ The Plan became even more important after the Taxpayer First Act (TFA) became law on July 1, 2019. The TFA seeks to modernize and improve the IRS's IT and requires the IRS to develop and implement a multi-year strategic plan for its information technology needs.¹⁴ The plan must be reviewed and updated on an annual basis and must consider the development of new IT.¹⁵ The TFA also requires the IRS to create and submit a comprehensive customer service strategy to Congress by July 1, 2020.¹⁶ As the IRS's existing Plan is merged into the plan required by TFA, the Plan will need to be further updated after the

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- 6 See, e.g., National Taxpayer Advocate Fiscal Year 2019 Objectives Report to Congress 47 (Area of Focus: *The IRS's Enterprise Case Management Project Shows Promise, But to Achieve 21st Century Tax Administration, the IRS Needs an Overarching Information Technology Strategy With Proper Multi-Year Funding*).
- 7 For a discussion about how taxpayers and practitioners are negatively impacted by current IRS information technology, see National Taxpayer Advocate 2018 Annual Report to Congress 351 (Legislative Recommendation: *IT Modernization: Provide the IRS with Additional Dedicated, Multi-Year Funding to Replace Its Antiquated Core IT Systems Pursuant to a Plan That Sets Forth Specific Goals and Metrics and Is Evaluated Annually by an Independent Third Party*).
- 8 *Id.*; National Taxpayer Advocate Fiscal Year 2019 Objectives Report to Congress 47 (Area of Focus: *The IRS's Enterprise Case Management Project Shows Promise, But to Achieve 21st Century Tax Administration, the IRS Needs An Overarching Information Technology Strategy With Proper Multi-Year Funding*).
- 9 See National Taxpayer Advocate Fiscal Year 2019 Objectives Report to Congress 1, 6-7 (Preface: *National Taxpayer Advocate's Introductory Remarks*).
- 10 IRS Pub. 5336, IRS Integrated Modernization Business Plan (Apr. 2019).
- 11 *Id.*
- 12 IRS Pub. 5336-A, IRS Integrated Modernization Business Plan: Companion Document (Apr. 2019).
- 13 IRS Integrated Modernization Business Plan Treasury Monthly Briefing 3 (Sept. 26, 2019). A nineteenth capability planned for FY 2019 was completed in October 2019. Only Electronic Case Management was not implemented, due to Government Accountability Office (GAO) protest. IRS response to TAS fact check (Nov. 22, 2019).
- 14 TFA, Pub. L. No. 116-25, §§ 2101-2103, 133 Stat. 981 (2019).
- 15 TFA, Pub. L. No. 116-25, § 2101, 133 Stat. 981, 1009 (2019) (codified as amended at 26 U.S.C. § 7803(f)(4)(B)).
- 16 See TFA, Pub. L. No. 116-25, § 1101, 133 Stat. 981 (2019) (providing that the strategy shall include "a plan to provide assistance to taxpayers that is secure, designed to meet reasonable taxpayer expectations, and adopts appropriate best practices of customer service provided in the private sector, including online services...."). See Most Serious Problem: *Customer Service Strategy: The IRS Needs to Develop a Comprehensive Customer Service Strategy That Puts Taxpayers First, Incorporates Research on Customer Needs and Preferences, and Focuses on Measurable Results*, *supra*, for a discussion on the plan and IRS taxpayer and customer service.

development of the customer service strategy, as many aspects of improving customer service are likely to be technology-related.

The Plan Is a Good Step Toward Information Technology Modernization But May Never Be Fully Implemented Unless It Is Adequately Funded

In the Plan, the IRS explains that “overall success will depend on several special legislative proposals and regulatory authorities that we believe are appropriate for an effort of this scope and importance.”¹⁷ Success will require receiving funding and authority to hire IT staff and adequate, predictable funding to pay for the IT upgrades — both of which are outside of the IRS’s control.¹⁸ TAS has previously advocated for multi-year funding and clear independent oversight of progress for IRS IT modernization.¹⁹ Although the TFA extended pay authority for the IRS to hire critical IT personnel to aid in its IT modernization,²⁰ Congress has not yet allocated IT funding for multiple years, which the IRS requires to execute its Plan.²¹

Full Funding Is Needed for Complete Implementation of the Plan

The IRS estimates that full implementation of its Plan over six years — with Phase 1 being FYs 2019-2021 and Phase 2 being FYs 2022-2024 — will cost \$2.3 to \$2.7 billion.²² In FY 2019, the IRS spent \$289.7 million in implementing its Plan.²³ However, it will likely need more than \$2 billion for the remaining years to meet its estimated cost for total implementation.²⁴ Without full funding, the IRS will fall short of its goals to modernize its systems and enhance taxpayer service.

IT modernization projects are massive and generally span years. In order to be able to award funding for these projects, the IRS needs consistent multi-year funding.²⁵ For example, the Plan includes the IRS’s existing efforts to standardize technology support for IRS business processes, creating an Enterprise Case Management (ECM) system.²⁶ Through ECM the IRS plans to create a simplified infrastructure, hopefully eliminating the need to maintain or rebuild older IT systems.²⁷ ECM is not a project that the IRS can stop and start as funding becomes available. The project is currently estimated to take six years

17 IRS Pub. 5336, IRS Integrated Modernization Business Plan 15 (Apr. 2019).

18 *Id.*

19 See National Taxpayer Advocate 2018 Annual Report to Congress 351 (Legislative Recommendation: *IT Modernization: Provide the IRS with Additional Dedicated, Multi-Year Funding to Replace Its Antiquated Core IT Systems Pursuant to a Plan that Sets Forth Specific Goals and Metrics and Is Evaluated Annually by an Independent Third Party*). TFA requires the IRS to submit a multi-year strategic plan for the information technology needs of the IRS and requires the IRS to enter into a contract with an independent reviewer to verify and validate the implementation plans. TFA, Pub. L. No. 116-25, § 2101, 133 Stat. 981, 1008-1009 (2019) (codified as amended at 26 U.S.C. § 7803(f)).

20 TFA, Pub. L. No. 116-25, § 2103, 133 Stat. 981, 1009 (2019) (codified as amended at 26 U.S.C. § 7812).

21 See TFA, Pub. L. No. 116-25, 133 Stat. 981 (2019).

22 IRS Pub. 5336-A, IRS Integrated Modernization Business Plan: Companion Document 3 (Apr. 2019). The IRS anticipated IT modernization costs of \$300 million for FY 2019 and an additional \$300 million for FY 2020. *Id.*

23 IRS Integrated Modernization Business Plan Treasury Monthly Briefing 22 (Oct. 24, 2019). In FY 2019, the IRS allocated \$201 million from the Business Systems Modernization appropriations account, which includes the FY 2019 appropriations and carryover balances and \$99 million in user fees. See IRS Pub. 5336-A, IRS Integrated Modernization Business Plan: Companion Document 3 (Apr. 2019).

24 IRS Pub. 5336-A, IRS Integrated Modernization Business Plan: Companion Document 3 (Apr. 2019).

25 National Taxpayer Advocate 2020 Purple Book, *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration 6 (Provide The IRS With Sufficient Funding to Meet Taxpayer Needs and Improve Federal Tax Compliance)*.

26 IRS Pub. 5336, IRS Integrated Modernization Business Plan 26 (Apr. 2019).

27 *Id.*

to develop and implement, so absent continued multi-year funding, the IRS will be unable to make progress in its ECM efforts.²⁸

The TFA requires the IRS to develop a strategic plan for the IT needs of the IRS.²⁹ While the current Plan satisfies several requirements of the TFA, the IRS is currently in the process of updating the Plan to fully conform to the TFA requirements.³⁰ However, Congress did not provide additional funding to the IRS in the TFA, including funding for the modernization efforts.³¹

The IRS Also Requires Adequate Funding for Ongoing Information Technology Costs While It Modernizes

In FY 2018, the IRS spent approximately \$2.5 billion on Information Services, which included telecommunications and information technology development, enhancement, operations, maintenance, and security.³² Between FYs 2017 to 2019, the IRS spent about \$2 billion per year on “IT spending [to] maintain current capability and performance levels.” However, the cost to operate the IRS technology infrastructure annually now exceeds \$2.2 billion and is expected to exceed \$3 billion by FY 2026 if current trends continue.³³ “Capital asset acquisitions” of IT systems, *i.e.*, the IRS modernizing its IT systems, are separately funded and budgeted in the Business Systems Modernization account.³⁴

While the IRS needs the separate funding for its modernization efforts, at the same time it also needs adequate funding to maintain and update existing systems. As noted previously, modernization efforts take time, and the IRS cannot sacrifice maintaining its existing systems to devote all of its resources to implementing new systems. As evidenced by the crash during the 2018 filing season, the IRS needs to be able to reliably deliver existing capabilities even as it looks

While the IRS needs the separate funding for its modernization efforts, at the same time it also needs adequate funding to maintain and update existing systems. As noted previously, modernization efforts take time, and the IRS cannot sacrifice maintaining its existing systems in order to devote all of its resources to implementing new systems.

28 IRS Pub. 5336-A, IRS Integrated Modernization Business Plan: Companion Document 9 (Apr. 2019). “The initial foundation for ECM will be established in FY 2020. By FY 2022, the ECM’s target platform and core capabilities [should be] in use for case management, with most major business organizations having an operational footprint on the target platform and demonstrating value to the taxpayer.” IRS response to TAS fact check (Nov. 22, 2019).

29 TFA, Pub. L. No. 116-25, § 2101(a), 133 Stat. 981, 1008-009 (2019) (codified as amended at 26 U.S.C. § 7803(f)(4)).

30 IRS response to TAS information request (Oct. 21, 2019).

31 See TFA, Pub. L. No. 116-25, 133 Stat. 981 (2019).

32 IRS, 2018 Data Book 65. In FY 2017 Operations Support spending was almost \$4.1 billion. Of that, about \$2.2 billion was for Information Services. Approximately \$315 million was spent on Business Systems Modernization. *Id.* IRS, 2018 Data Book 65.

33 IRS response to TAS fact check (Nov. 22, 2019).

34 In FY 2018 the Business Systems Modernization account received about \$247 million in funding, a small amount compared to the total Operations Support budget. IRS, 2018 Data Book 65.

to develop new ones.³⁵ Failure to fund existing operations and maintenance could result in even more problems with existing technology.

While this ongoing maintenance comes at a cost, the Treasury Inspector General for Tax Administration has noted that “some unfunded IT requests would actually result in the IRS achieving overall cost savings by replacing alternative inefficient manual workarounds.”³⁶ Therefore, a current investment in the IRS’s IT future could reduce costly maintenance efforts in the future.

Congress Should Hold the IRS Accountable for Meeting Certain Milestones and Conduct an Independent Review of Modernization Efforts, Similar to Enterprise Case Management

Asking Congress to provide consistent, multi-year funding to the IRS in support of its modernization efforts is not without risk. The IRS is preparing a monthly briefing for the Department of Treasury on its implementation progress and costs incurred to show its dedication to the project. The IRS should prepare a similar document to update Congress on modernization efforts and to address related congressional concerns.³⁷ However, to further mitigate risk, Congress should take an approach similar to ECM. The TFA requires the IRS to have an independent reviewer verify and validate the ECM implementation plans, which includes performance milestones and cost projections of the ECM system.³⁸ Congress should require the same independent review of the IRS’s modernization efforts at critical performance milestones to monitor how the IRS is spending funds.³⁹

The Plan Does Not Result in the Modernization of the IRS’s Business Master File, Which May Continue to Hinder Business Taxpayers

The IRS uses the Individual Master File (IMF) and Business Master File (BMF) information systems, both of which it implemented in the 1960s and are the oldest systems in the entire federal government.⁴⁰ The IMF is the central repository of all tax data pertaining to individual taxpayers, and it maintains a continuously updated and current record of all individual taxpayer’s accounts, while BMF serves the same purpose for business taxpayers.⁴¹ For the fiscal year period ending September 30, 2018, there were approximately 175 million returns and other forms filed in the IMF system and approximately 75 million returns and other forms filed in the BMF system.⁴²

35 IRS, IRS Provides Additional Day to File and Pay for Taxpayers Through Wednesday, April 18; IRS Processing Systems Back Online, IR-2018-100 (Apr. 17, 2018), <https://www.irs.gov/newsroom/irs-provides-additional-day-to-file-and-pay-for-taxpayers-through-wednesday-april-18-irs-processing-systems-back-online>; Jeff Stein, Damian Paletta & Mike DeBonis, *IRS to Delay Tax Deadline By One Day After Technology Collapse*, WASH. POST, Apr. 17, 2018, https://www.washingtonpost.com/business/economy/irs-electronic-filing-system-breaks-down-hours-before-tax-deadline/2018/04/17/4c05ecae-4255-11e8-ad8f-27a8c409298b_story.html.

36 *IRS Oversight: Treasury Inspector General for Tax Administration*, Hearing Before the H. Comm. on Appropriations, Subcomm. on Financial Services and General Government, 116th Cong., (Sept. 24, 2019) (statement of the Honorable J. Russell George, Treasury Inspector General for Tax Administration).

37 See, e.g., IRS Integrated Modernization Business Plan Treasury Monthly Briefing (Oct. 24, 2019).

38 TFA, Pub. L. No. 116-25, § 2101(b), 133 Stat. 981, 1009 (2019) (requiring independent verification of Electronic Case Management system). A similar requirement exists for the IRS’s Customer Account Date Engine 2 (CADE 2) plans. *Id.*

39 National Taxpayer Advocate 2020 Purple Book, *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration 6 (Provide The IRS With Sufficient Funding to Meet Taxpayer Needs and Improve Federal Tax Compliance)*.

40 GAO, GAO-16-468, *Information Technology: Federal Agencies Need to Address Aging Legacy Systems* 28 (May 2016).

41 *Id.*

42 IRS Pub. 55B, 2018 Internal Revenue Service Data Book: Oct. 1, 2017 to Sept. 30, 2018 (May 2019). IMF returns include all individual returns. BMF returns include corporate, partnership, employment tax, estate tax, gift tax, excise tax, and tax-exempt organization returns. See IRM Exhibit 25.7.1-5 (Jan. 1, 2018).

The Plan's efforts are largely focused on IMF, while complete modernization of the BMF infrastructure, which would greatly help the IRS and business taxpayers, is not included.⁴³ Without a plan for modernization of BMF, the IRS will not be able to provide the same level of service to business taxpayers that it will provide to individual taxpayers.⁴⁴ Assuming the IRS is able to fully achieve the modernization of IMF by 2024, then certain services the modernization efforts establish may only be available to individual taxpayers. For example, TAS is aware of situations where, after a taxpayer submits a payment to the IRS, the computer systems do not update for several weeks, preventing a taxpayer or the IRS from knowing if a taxpayer has successfully paid a tax debt. After the IRS fully implements the Plan, this should no longer be a concern for individual taxpayers. However, since the Plan is not modernizing the BMF, business taxpayers will continue to see these types of delays. It is critical that the IRS expand its modernization efforts to include BMF and ensure it can adequately meet the needs of all taxpayers.

IMPACT ON TAXPAYERS

If the IRS Does Not Receive Adequate Information Technology Modernization Funding, Taxpayers Will Not Receive the Improved Taxpayer Service That Modern Products and Services Would Provide

The IRS has been rolling out numerous services to improve taxpayer service in the past several years with additional improvements included in the Plan.⁴⁵ These new and planned services can help to address current issues with taxpayer services.⁴⁶ For example, customer callback is a feature that could address many of the issues taxpayers experience trying to get through to the IRS. This technology allows callers to elect to receive a call back when the next customer service representative is available rather than waiting on hold. When the IRS previously proposed acquiring customer callback technology in its FYs 2015 and 2016 budgets, it estimated the total cost would be \$3.3 million.⁴⁷ However, the IRS later revealed that to actually use the callback technology, it would need to upgrade its entire phone system, which would cost an estimated \$48.5 million.⁴⁸ While the IRS did eventually upgrade the phone system and is working to roll out the callback technology, this is an example of how aging core systems are prohibiting the implementation of critical new technologies.

43 See IRS Pub. 5336, IRS Integrated Modernization Business Plan 24 (April 2019). While modernization of BMF is not in the Plan, the Plan is largely focused on initiatives that support critical initiatives the IRS could accomplish with sufficient funding. The "taxpayer experience" initiatives benefit many types of customers, including individuals, businesses, and third parties. IRS response to TAS fact check (Nov. 22, 2019).

44 See *IRS Legacy Information Technology Systems*, Hearing Before the House Comm. on Oversight and Government Reform, 114th Cong. (2016) (statement of Terence Milholland, Chief Technology Officer, IRS).

45 See IRS Pub. 5336, IRS Integrated Modernization Business Plan (Apr. 2019); IRS Pub. 5336-A, IRS Integrated Modernization Business Plan: Companion Document (Apr. 2019).

46 See Most Serious Problem: *Customer Service Strategy: The IRS Needs to Develop a Comprehensive Customer Service Strategy That Puts Taxpayers First, Incorporates Research on Customer Needs and Preferences, and Focuses on Measurable Results*, *supra*.

47 See IRS, Congressional Justification for Appropriations Accompanying the President's FY 2015 Budget IRS-20 (2014); IRS, Congressional Justification for Appropriations Accompanying the President's FY 2016 Budget IRS-22 (2015). The IRS IT division also requested funding of \$3.3 million in FY 2018, which was the first time the IT division requested callback funding. IRS response to TAS fact check (Nov. 22, 2019).

48 See Lisa Rein, *IRS Customer Service Will Get Even Worse This Tax Filing Season, Tax Chief Warns*, WASH. POST, Nov. 3, 2015, <https://www.washingtonpost.com/news/federal-eye/wp/2015/11/03/irs-customer-service-will-get-even-worse-this-tax-filing-season-tax-chief-warns/?noredirect=on>.

The IRS is looking at similar improvements to enhance customer service in the near term. Some taxpayers in pilot programs with certain issues requiring only a brief interaction with the IRS can use Webchat, freeing up the phone lines for customers who need more in-depth assistance, which could help to reduce call waiting times.⁴⁹ The IRS is trying to roll out Secure Messaging, which allows taxpayers and IRS employees to exchange documentation safely, securely, and quickly and offers an alternative to traditional channels like mail and fax.⁵⁰ An enhanced online taxpayer account can provide information on amount of taxes owed, payment options, and payment history, in addition to access to tax transcripts.⁵¹

The forthcoming customer service strategy should include a number of recommendations that will involve technology enhancements, as discussed in the Most Serious Problem on Customer Service Strategy.⁵² However, these enhancements will come at a price. Without extensive IT modernization, the IRS cannot implement a comprehensive taxpayer service strategy. Without the required multi-year funding, taxpayers will continue to suffer from customer service that fails to meet their needs and is not supported with real-time data updates and now-industry standard methods of interaction. The TFA requires the IRS to examine how to improve customer service, but those improvements cannot become reality without additional funding. Improved customer service resulting from funding the IRS's modernization plans is likely to improve taxpayer trust of the IRS and, in turn, increase voluntary compliance, increasing overall revenue for the federal government.⁵³

CONCLUSION

Taxpayers, the IRS, and TAS all face problems due to the IRS's aging and outdated IT infrastructure. While the IRS's Plan may help to fix many of the issues, lack of consistent funding raises questions as to whether the IRS will successfully implement all the capabilities outlined in its Plan or upgrade its core systems. If the IRS does not receive all of the requested funding or otherwise allocate necessary funding from other sources, it may be unable to adopt some of the new technology underlined in the Plan and may need to continue to spend resources to maintain and patch its aging systems. This may result in increased costs over time and postpone upgrades of the IRS core systems, preventing the IRS from adequately managing cases and providing improved taxpayer service, ultimately harming both taxpayers and the IRS.

49 See IRS.gov (Webchat is an available option piloted on several pages across the website).

50 See, e.g., IRS, TEBConnect, <https://www.irs.gov/help/tebconnect> (last visited Nov. 20, 2019).

51 See IRS, View Your Account Information, <https://www.irs.gov/payments/view-your-tax-account> (last visited Oct. 28, 2019).

52 See Most Serious Problem: *Customer Service Strategy: The IRS Needs to Develop a Comprehensive Customer Service Strategy That Puts Taxpayers First, Incorporates Research on Customer Needs and Preferences, and Focuses on Measurable Results*, *supra*. See also TFA, Pub. L. No. 116-25, § 1101, 133 Stat. 981 (2019).

53 See National Taxpayer Advocate 2016 Annual Report to Congress 50 (Most Serious Problem: *Voluntary Compliance: The IRS Is Overly Focused on So-Called "Enforcement" Revenue and Productivity, and Does Not Make Sufficient Use of Behavioral Research Insights to Increase Voluntary Tax Compliance*). See also GAO, GAO-12-652T, *Opportunities to Improve the Taxpayer Experience and Voluntary Compliance* (Apr. 2012).

RECOMMENDATIONS

Administrative Recommendations to the IRS

The National Taxpayer Advocate recommends that the IRS:

1. Modify the Plan to conform to the requirements of the TFA, by itemizing the anticipated project costs and potential risks if the Plan is not fully funded.
2. Conduct independent verification and validation of the updated plan to verify that it will result in complete modernization of IRS IT systems, similar to the independent verification and validation required in the TFA of the CADE 2 and ECM systems. The IRS should include for all modernization projects a process and plan to release funding as results are demonstrated in the programs relating to taxpayer and/or customer experience improvements.
3. Include in future modernization plans the modernization of the BMF system.

Legislative Recommendations to Congress

The National Taxpayer Advocate recommends that Congress:

1. Provide the IRS with additional dedicated multi-year funding to replace its aging IT systems pursuant to a plan that sets forth specific goals and metrics and is evaluated annually by an independent third party.⁵⁴

54 For more details on this legislative recommendation, see National Taxpayer Advocate 2020 Purple Book, *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration 6 (Provide The IRS With Sufficient Funding to Meet Taxpayer Needs and Improve Federal Tax Compliance)*. National Taxpayer Advocate Fiscal Year 2019 Objectives Report to Congress 47 (Area of Focus: *The IRS's Enterprise Case Management Project Shows Promise, But to Achieve 21st Century Tax Administration, the IRS Needs An Overarching Information Technology Strategy With Proper Multi-Year Funding*).