

## Efforts to Improve Taxpayer Advocacy

TAS plays an integral role in helping taxpayers experiencing or about to experience significant economic or irreparable harm. This year TAS's role has been especially critical due to the implementation of the Tax Cuts and Jobs Act that took effect for tax year 2018, as well as a 35-day partial government shutdown that ended the week before the start of the 2019 filing season.<sup>1</sup> As discussed previously, the extended shutdown impacted not only TAS casework but also many of our key priorities for fiscal year (FY) 2019. Throughout FY 2019, TAS continues to focus on reaching underserved taxpayers through an expansion of local offices and the Centralized Case Intake (CCI) function coupled with enhanced outreach to underserved taxpayers, including Problem Solving Days (PSDs). These priorities will continue to be a foundation of TAS's advocacy efforts in FY 2020.

### TAS FURTHER EXPANDS GRASSROOTS OUTREACH EFFORTS TO REACH UNDERSERVED TAXPAYERS

#### Community Outreach and Problem Solving Day Events

Local Taxpayer Advocates (LTAs) use outreach events as platforms to inform internal stakeholders, taxpayers, tax professionals and others about TAS's mission and services. TAS's outreach plays a critical role in creating TAS awareness in and around local communities, and in allowing TAS to better understand and address the needs and issues within the local community. Additionally, outreach events provide TAS the chance to build and maintain relationships while educating taxpayers and their practitioners about their tax responsibilities, taxpayer rights, and tax reform changes.

**FIGURE 5.1, FY 2019 Outreach Events Completed and Planned Through May 31, 2019<sup>2</sup>**

	Internal	Congressional	Practitioner	External	Media	ID Theft	EITC	Tax Reform
Events Completed	196	1,250	125	937	5	3	23	11
Events Planned	459	2,192	204	1,785	11	6	32	12

The LTAs in each state learn about local issues through congressional cases, local PSD events, community events, and dialogues with other community-specific sources such as local tax professional organizations. TAS offices frequently participate in veterans' events, visit local shelters for victims of domestic violence, reach out to immigrant populations, and partner with local agencies based on the needs of their local taxpayers.

PSD events allow LTAs and their staff to meet with taxpayers and representatives in person to discuss unresolved IRS tax matters. In FY 2019, each LTA conducted at least one PSD event per quarter. The types of events vary, but many happen in underserved areas where there is not an IRS facility open to meet with taxpayers in person; others are held with partnering professional groups that give taxpayers and their representatives the opportunity to bring difficult cases to TAS and have the issues resolved onsite

<sup>1</sup> For a discussion on the impact of the shutdown on TAS operations, see *Impact of the 35-Day Partial Government Shutdown on the Taxpayer Advocate Service*, *supra*.

<sup>2</sup> Data obtained from Taxpayer Advocate Service Outreach Hub (May 31, 2019).

or taken in as a case. TAS conducted over 227 events through May 31, 2019, assisting almost 3,010 taxpayers, resulting in the intake of over 290 TAS cases.<sup>3</sup>

### TAS Expands Tax Roadmaps to Help Assist Taxpayers

Introduced in the 2018 Annual Report to Congress, TAS produced a series of roadmaps to reflect the taxpayer's journey through various IRS encounters.<sup>4</sup> TAS's Area of Focus: *TAS Is Developing an Electronic Roadmap Tool to Assist Taxpayers As They Navigate Through the Complex Tax System* explores the phased roadmap project. One of the goals in creating the roadmaps was to demonstrate the complexity of the taxpayer's journey while dealing with IRS.<sup>5</sup> TAS is currently working on a printed version of a comprehensive roadmap that will allow taxpayers, congressional leaders, and tax professionals to understand the complete process from beginning to end, including the taxpayer's journey in navigating the complex tax compliance process. TAS then expects to create a digital version of this journey map in which taxpayers can input the number of the letter or notice they received, and the digital tool will inform them of:

- Where they are in the process;
- How they got there;
- What the notice or letter means to them in their situation;
- What are possible next steps;
- What are their rights; and
- Where to find more help.

### TAS Pilots Outreach Van to Reach Underserved Communities

Over the past several years TAS has successfully improved its outreach efforts to reflect the changing needs of taxpayers. Beginning in FY 2019 continuing through FY 2020, TAS will continue to improve our outreach capabilities with the addition of the TAS Van. The TAS Van will increase our ability to connect with taxpayers as a part of our current outreach program and will also provide TAS an opportunity to respond quickly in communities affected by disasters.

We expect the first TAS Van to be delivered to our Louisville, Kentucky, office before the end of 2019.<sup>6</sup> Placement at the Louisville office provides an opportunity for mobile outreach to rural taxpayers throughout Kentucky, West Virginia, and other areas. The TAS Van will also allow for response to communities in crisis. This includes areas affected by economic hardships such as the closure of a large employer and communities impacted by natural disasters. TAS can quickly dispatch the TAS Van to provide support to those taxpayers who are facing hardship and are otherwise unable to contact TAS.

The TAS Van will be a mobile office, equipped with the technology and resources necessary to provide on-site service to taxpayers. TAS staff will be able to perform case intake, do case research, and answer taxpayer questions the same as if they were communicating via phone or in the local TAS office. The TAS

3 Data obtained from Taxpayer Advocate Service Outreach Hub (May 31, 2019).

4 National Taxpayer Advocate 2018 Annual Report to Congress 10-16 (The Taxpayers Journey: *Roadmaps of the Taxpayer's Path Through the Tax System*).

5 See Area of Focus: *TAS Is Developing an Electronic Roadmap Tool to Assist Taxpayers as They Navigate Through the Complex Tax System*, *supra*.

6 Due to delays in the approval process, the van has been delayed and delivery is now expected in November or December of 2019.

Van will also serve as a mobile reminder of the TAS mission and will feature a graphic representation of the Taxpayer Bill of Rights on its exterior.

The FY 2020 pilot program will allow TAS to evaluate the effectiveness of the van in reaching underserved taxpayers. TAS hopes to move forward with expanding the number of mobile vans throughout the country.

TAS expects to build on the planned success of the first TAS Van in Louisville by adding three additional vans at other locations in the eastern, central, and western areas of the country. These additional TAS Vans would be ordered in FY 2020 and placed into service during early FY 2021.

### TAS to Engage in Tax Court Pre-Docket Settlement Days to Assist in Resolving Related Issues

For several years, a handful of Low Income Taxpayer Clinics (LITCs), *pro bono* volunteers, and IRS Office of Chief Counsel representatives have arranged pre-docket settlement days to try to resolve taxpayer cases in advance of calendar calls at the U.S. Tax Court.<sup>7</sup> These events have the potential to reduce burden on the court, Chief Counsel, and LITCs, and provide quicker resolution for the taxpayer. The interactions between tax professionals and self-represented taxpayers can lead to settlement or reduce the issues that need to be litigated at trial. These efforts had varied success likely due in part to a lack of a coordinated approach, lack of resources, and the inability to find an effective way to encourage unrepresented taxpayers to participate in these events.<sup>8</sup>

The U.S. Tax Court, the IRS, practitioners, and the American Bar Association Tax Section have expressed interest in revitalizing and revamping the pre-docket settlement days. The National Taxpayer Advocate, Chief Counsel, and IRS Chief of Appeals convened an LITC Liaison team where the parties could raise issues and concerns and work collaboratively to find solutions. One of the first items on the team's agenda is pre-docket settlement days. The group is made up of a diverse group of LITCs from both rural and urban settings as well as academic and nonprofit clinics; members from Chief Counsel's Office; representatives from Appeals, Exam, and Collection offices; an LTA; and a member of the LITC Program Office staff.

Traditionally, LTAs have not been a part of the pre-docket settlement days; however, in revamping the format, an LTA was included to enhance service delivery to taxpayers at these events. Inclusion of LTAs in these events will allow TAS to address the taxpayer's issues more holistically—beyond just the issues in the pending litigation. The LTA can provide a complete view of all the taxpayer's issues pending before the IRS and assist with document and record retrieval. This information will allow the practitioner assisting the taxpayer to understand the full scope of issues confronting the taxpayer and craft a strategy that takes into consideration all issues that need resolution. Having a more comprehensive understanding will help the taxpayer to make a fully informed decision in the taxpayer's pending case.

7 Per the Tax Court's website, "Tax clinics and Bar sponsored calendar call programs provide important advice and assistance to many low income, self-represented taxpayers who have disputes with the Internal Revenue Service. Calendar call takes place on the first day the Tax Court schedules hearing cases in a particular location. The clerk reads the names of all the cases that remain unresolved and are set for trial. For many taxpayers, the day of the calendar call will be the first time they speak to an IRS employee face-to-face." U.S. Tax Court, <http://www.ustaxcourt.gov/clinics.htm> (last visited June 7, 2019).

8 For a more in-depth discussion, see National Taxpayer Advocate 2018 Annual Report to Congress 295-306 (Most Serious Problem: *Pre-Trial Settlements in the U.S. Tax Court: Insufficient Access to Available Pro Bono Assistance Resources Impedes Unrepresented Taxpayers From Reaching a Pre-Trial Settlement and Achieving a Favorable Outcome*).

## Focus for Fiscal Year 2020

In fiscal year 2020, TAS will:

- Place an emphasis on raising awareness of and advocating for taxpayer rights;
- Partner with stakeholders, including Congressional offices, to conduct PSD events—some events with an emphasis on military and veterans, the Earned Income Tax Credit (EITC), and taxpayers with English as a second language throughout the country;
- Use the individual Annual Report to Congress roadmaps in outreach activities to show stakeholders how to correctly navigate the IRS;
- Use the printed full journey roadmap to help Congress, practitioners, and taxpayers understand the complexity of their tax journey and where their tax matter falls within the IRS; explain actions needed to resolve tax issues, such as collection and examination issues; and provide education to prevent similar situations in the future;
- Reach out to taxpayers and professional groups to demonstrate the taxpayer roadmap and digital tool and receive commentary as it is being developed;
- Increase awareness of the TAS website and digital tools through partner organizations, search enhancements and content relevance;
- Widely promote the use of the Systemic Advocacy Management System to report IRS process or system breakdowns that affect taxpayers' ability to comply so TAS can advocate for change;
- Pilot the TAS Van to provide outreach to underserved taxpayers with a plan to expand the number of vans by the end of FY 2020 and early FY 2021; and
- Participate in Tax Court pre-docket settlement days to assist taxpayers in resolving related issues and handle any subsequent collection or related issues after the resolution of the taxpayer's case.

## TAS IDENTIFIED CASE PROCESSING EFFICIENCIES TO ENHANCE TAXPAYER SERVICE

### Impact of Pre-Refund Wage Verification Hold Issues on TAS Cases

Through May 31, TAS has experienced a 12 percent increase in TAS total case receipts for FY 2019 compared to the same period in FY 2018.<sup>9</sup> Pre-Refund Wage Verification Hold (PRWVH) continues to be the top issue in TAS case receipts and the largest driver of the overall increase in receipts.<sup>10</sup> As discussed earlier,<sup>11</sup> the PRWVH program freezes selected refund returns as potential refund fraud until the IRS receives and can compare third-party information against the income and withholding reported on the taxpayer's return. As shown in Figure 5.2, TAS's PRWVH receipts increased 53 percent in FY 2019 (cumulative through May) compared to the same period in FY 2018, continuing a trend of increasing PRWVH cases in TAS.<sup>12</sup> Some of this increase is attributable to problems left over from prior processing years. Through May FY 2019, nearly 30 percent of the PRWVH cases involved tax years before the 2018 tax year.<sup>13</sup>

9 Data obtained from Taxpayer Advocate Management Information System (TAMIS) (June 1, 2018; June 1, 2019). Through May, TAS received 151,599 cases in fiscal year (FY) 2019, and 135,014 cases in FY 2018.

10 Data obtained from TAMIS (June 1, 2019).

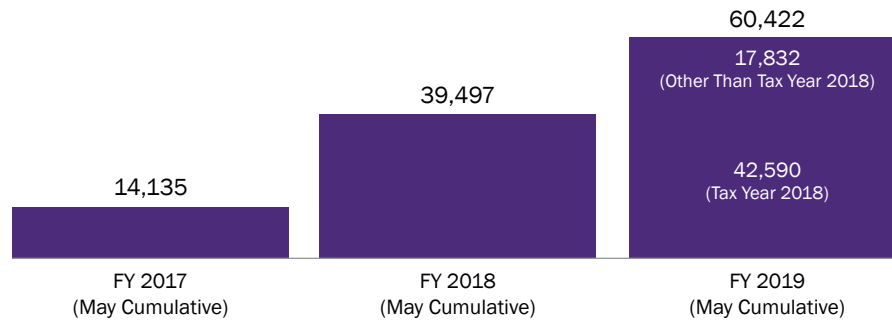
11 See Review of the 2019 Filing Season (*Special Topics, Refund Fraud*), *supra*.

12 Data obtained from TAMIS (June 1, 2017; June 1, 2018; June 1, 2019).

13 Data obtained from TAMIS (June 4, 2019; June 12, 2019). In FY 2018, approximately 16 percent or 5,501 of the PRWVH cases involved tax years before the 2017 tax year.

FIGURE 5.2

### TAS Pre-Refund Wage Verification Hold Receipts FYs 2017-2019 (Cumulative Through May)



### Changes to TAS Case Acceptance Criteria Where the Taxpayer's Issue Is Resolved Without TAS Intervention

To address the rising PRWVH cases, TAS studied existing inventory to understand why these cases are coming to TAS and how TAS works them, and to identify ways to speed case resolution and manage resources. As part of that review, we identified that Filter X (Integrity Verification Operation (IVO) Non-Identify Theft (Non-IDT)) cases were making up a significant part of the PRWVH inventory in TAS.

The IVO Non-IDT Filter X selects returns where the EITC or Advanced Child Tax Credit is claimed on the return and there is no third-party information available to verify the income or withholding on the return.<sup>14</sup> IVO programming suspends these returns and runs them against all Information Return Master File data. If a match is found to verify the taxpayer's reported income and withholding, the return will be systemically refiled and the refund released.

Generally, these cases are resolved in one of three ways:

- **Without TAS intervention.** For these cases, new income information comes in to the IRS (daily during the filing season), the IRS matches the information on the taxpayer's return, and the refund is systemically released.
- **With minimal TAS intervention.** If the incoming case meets specific requirements, TAS provides the taxpayer's information to the IRS's Return Integrity Operations (RIO) organization, and the taxpayer's account is quickly corrected.<sup>15</sup>
- **With full TAS intervention.** These cases may require the taxpayer to provide additional income information or to file an amended return.

14 Filter X selects returns where the Earned Income Tax Credit (EITC) or the Additional Child Tax Credit (ACTC) is claimed on the return, and there is no third-party information available to verify the income or withholding on the return. Filter I selects returns where EITC or ACTC have been claimed, and there is a discrepancy of income between the return and the W-2 information. See Review of the 2019 Filing Season (*Special Topics, Refund Fraud*), *supra*.

15 A case meets the requirements when there is Return Integrity Operations (RIO) involvement, the only issue of concern are the wages and withholding amounts reported on the return, and there are internal IRS sources available to support the wages and withholding claimed on the return. See *Using Bulk Operations Assistance Request (OAR) to Resolve Taxpayer's Issues Quicker*, *infra*.

We reviewed new case receipts to determine how many fell into each of the three categories and found that 35 percent of the cases reviewed were resolved or would have been resolved without TAS intervention shortly after initial contact with TAS.<sup>16</sup> Generally, the resolution for the remaining cases would require either:

- An update to the IRS's third-party documentation, which matches what has been reported on the taxpayer's return to allow a systemic release of the refund;
- The taxpayer to provide additional verification of the wages he or she earned; or
- The taxpayer to file a Form 1040X, *Amended U.S. Individual Income Tax Return*, to correct income or credit errors.

On April 2, 2019, TAS issued interim guidance modifying TAS case acceptance criteria to exclude PRWVH cases originating from IVO Non-IDT Filter X during the first three weeks after being stopped by this filter.<sup>17</sup> This three-week moratorium gives the IRS's normal processes time to work and resolve these cases automatically without intervention from TAS. TAS implemented this moratorium because although taxpayers may meet TAS case acceptance criteria during this period, TAS's intervention will not result in faster relief than otherwise available through IRS normal processing. It is only after this three-week period that TAS intervention will be able to accelerate relief. The only exceptions to this moratorium are for congressional referrals and taxpayers who are seeking and are eligible for an Offset Bypass Refund.<sup>18</sup> TAS will provide the taxpayer with a firm date to call us back if he or she has not yet received a refund at the end of the three-week period.

TAS is negotiating with the Wage and Investment (W&I) Division to incorporate procedural changes that will allow IRS telephone assistants to easily identify IVO Non-IDT Filter X indicators. By identifying returns where new income information matches the income and withholding reported on the taxpayer's return, the assistant can explain to the taxpayer that the refund is scheduled to be systemically released. This will improve communications with taxpayers and reduce the need for taxpayers to seek TAS assistance with these issues.

### Using Bulk Operations Assistance Requests to Expedite Case Resolution

When TAS lacks the statutory or delegated authority to resolve a taxpayer's problem, it works with the responsible IRS Business Operating Division (BOD) or function to resolve the issue.<sup>19</sup> TAS uses an Operations Assistance Request (OAR) to convey a recommendation or request that the IRS take action to resolve the issue. When information reported on the taxpayer's return closely matches income and credit information in IRS systems, TAS provides a weekly listing of cases to RIO, requesting they be reviewed and the refunds released. This process, known as a Bulk OAR, is an efficient way to provide relief in simple cases and prevents case advocates from having to reach out to RIO on each individual case. This speeds processing for the case advocate and the IRS function and speeds up case resolution for the

16 Data obtained from TAMIS (Mar. 10, 2019). TAS reviewed a sample of Pre-Refund Wage Verification Hold (PRWVH) cases received between March 3 through 9, 2019 and where the taxpayer only reported wages on their tax return.

17 Interim Guidance Memorandum (IGM) TAS-13-0419-0004, *Interim Guidance on Exclusion from TAS Case Acceptance Criteria Taxpayers Impacted by Pre-Refund Wage Verification Hold – Filter X* (Apr. 2, 2019). This guidance will not be included into the next revision of Internal Revenue Manual (IRM) 13.1.7, as it is temporary in nature and will be rescinded at the end of the filing season with a separate IGM.

18 IRM 21.4.6.5.11.1 (Nov. 18, 2017).

19 IRM 13.1.19 (May 5, 2016).

taxpayer. TAS has been successful in working with W&I to dedicate resources to this process. Through June 3, TAS used a Bulk OAR on 1,882 RIO cases in FY 2019.<sup>20</sup>

Sometimes, a taxpayer with a PRWVH TAS case will find that he or she has to correct income or credit errors. In these cases, the taxpayer will file a Form 1040X, *Amended U.S. Individual Income Tax Return*. TAS will work with the taxpayer and the IRS until the taxpayer's account is corrected, a process that often requires TAS to issue multiple OARs. TAS and the W&I Accounts Management (AM) function have agreed to use a Bulk OAR to process certain Forms 1040X correcting income or credit reporting errors for an eight-week period to determine if the Bulk OAR will expedite account resolution. At the end of the eight-week period, TAS and W&I AM will determine if this process can be expanded.

### Focus for Fiscal Year 2020

In fiscal year 2020, TAS will:

- Review case data and determine the timeframes for when certain PRWVH cases can come to TAS at the beginning of the FY 2020 filing season;
- Continue to analyze TAS inventory to identify ways to focus TAS's efforts on cases where TAS has an advocacy role in the resolution of the taxpayer's issues; and
- Expand use of the Bulk OAR to expedite issue resolution.

## TAS CONTINUES TO EVALUATE AND EXPAND ITS LOCAL PRESENCE TO MEET TAXPAYER DEMAND

Under the Internal Revenue Code (IRC) § 7803(c)(2)(D), the National Taxpayer Advocate is required to maintain at least one Local Taxpayer Advocate in each state. As discussed in prior year Objectives Reports to Congress, the National Taxpayer Advocate and her staff evaluated the need for additional TAS offices to meet the needs of underserved taxpayers.<sup>21</sup> It is an ongoing, multi-year effort to provide localized service that is critical due to the IRS shrinking its local presence by closing Taxpayer Assistance Centers and reducing the number of its field compliance offices and its field education and outreach personnel. In FY 2018 and in the first half of FY 2019, TAS opened new offices in El Paso, Texas and Charlotte, North Carolina. By the end of FY 2019, TAS plans to expand its existing offices in Columbia, South Carolina and Birmingham, Alabama. TAS continues to evaluate its cases as well as census and related demographic data to identify where there are underserved populations. As a result, TAS has identified San Antonio, Texas; Tallahassee, Florida; Grand Rapids, Michigan; Trenton, New Jersey; Sioux Falls, South Dakota; Spokane, Washington; and Roanoke, Virginia as potential locations for new TAS offices.

In order to support these new offices and ensure the best use of TAS resources, TAS is consolidating the two offices in Philadelphia and two offices located in Atlanta, cities with multiple offices located within the same geographical area. These changes will help ensure resources are best positioned to meet taxpayers' needs.

20 The Bulk OAR is sent to the RIO office. Data obtained from TAMIS (June 3, 2019).

21 National Taxpayer Advocate Fiscal Year 2019 Objectives Report to Congress 145.



## Focus for Fiscal Year 2020

In fiscal year 2020, TAS will:

- Work to open new offices in San Antonio, Texas; Tallahassee, Florida; Grand Rapids, Michigan; Trenton, New Jersey; and Sioux Falls, South Dakota;
- Continue pursuing additional office openings in Savannah, Georgia; Spokane, Washington; Columbus, Ohio; and Roanoke, Virginia; and
- Continue analyzing TAS casework and population data to identify underserved areas of the country in need of TAS assistance.

## TAS CONTINUES CENTRALIZED CASE INTAKE EXPANSION

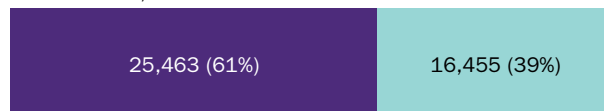
The TAS Intake Function serves as the first contact for most taxpayers coming to TAS for assistance. Intake Advocates (IAs) are responsible for answering calls and conducting in-depth interviews with taxpayers to determine the correct disposition of their issue(s). IAs take actions where possible to resolve the issue upfront, create cases after validating the taxpayer meets TAS criteria, and offer taxpayers information and assistance with self-help options.

TAS also has IAs in the Centralized Case Intake function (CCI). Taxpayers who call the IRS National Taxpayer Advocate Toll-Free line—which is staffed by IRS employees—are transferred to the TAS CCI unit if the IRS assistors have been unable to assist the taxpayer and they have determined that the taxpayer issue meets TAS criteria. CCI assistors perform the same function as IAs in local TAS offices and conduct in-depth interviews with taxpayers and assist in resolving their issue or creating a case; however, their work is focused on answering those calls transferred from the National Taxpayer Advocate Toll-Free line. In FY 2019 through May, CCI IAs were able to resolve 39 percent of calls by providing other assistance without creating a new case.<sup>22</sup>

**FIGURE 5.3**<sup>23</sup>

### Centralized Case Intake Calls Answered and Resulting TAS Cases Created (Cumulative Through May)

**FY 2019: 41,918 Total CCI Calls Answered**



**FY 2018: 58,736 Total CCI Calls Answered**



■ TAS Cases Created From CCI Transferred Calls

■ TAS Provided Assistance Without Creating a New Case

<sup>22</sup> Data obtained from TAMIS (June 1, 2019).

<sup>23</sup> Data obtained from TAMIS (June 1, 2018; June 1, 2019). IRS Joint Operations Center (JOC), *Executive Level Summary Report* (May 31, 2018; May 31, 2019).



TAS received funding in FY 2019 to expand its CCI operation and assume the direct transfer of taxpayer calls from additional IRS toll-free lines. TAS identified the need to hire four new teams of IAs. CCI began the hiring process, fully staffing two new groups and partially staffing a third. However, due to the continuing resolutions and shutdown, training classes were cancelled for newly hired staff and the hiring process stopped. As a result, CCI was unable to hire and train the number of employees needed to expand its program as planned. Attrition and competitive selections in other areas also delayed TAS's ability to meet current demands and take direct transfer calls from other IRS toll-free lines. Since the shutdown, TAS is nearing completion of the training of the newly hired IAs and hiring has resumed. In FY 2019, TAS hired 32 IAs and expects to hire an additional 60. CCI expects to add at least one IRS toll-free call site transferring calls from the IRS's 1040 line by the end of the fiscal year and the remaining 24 lines over the next two fiscal years.

### Focus for Fiscal Year 2020

In fiscal year 2020, TAS will:

- Continue to expand the direct transfer of the 1040 toll-free call to CCI;
- Expand CCI staffing in Seattle and Puerto Rico; and
- Continue to plan for long-term expansion of CCI over the next two years to ensure adequate staffing is available to meet taxpayer demand.

## TAS CONTINUES ITS EFFORTS TO RESOLVE HIRING BACKLOGS DESPITE HUMAN CAPITAL OFFICE DELAYS

Hiring remains one of TAS's biggest challenges. All IRS and TAS hiring is centralized under the Human Capital Office (HCO). With the decline in IRS budgets over recent years, HCO's Employment Office staffing to support BODs has declined; moreover, new hiring and the "learning curve" within Employment has slowed hiring activities. To further exacerbate the problem, HCO continues to prioritize hiring for more visible projects such as filing season and the Tax Cuts & Jobs Act, which overshadows hiring for smaller organizations such as TAS. As a result, TAS was unable to fill critical vacant positions for an extended period of time.

TAS reached a critical point where it could no longer wait to hire. In FY 2019, TAS proactively took control of its hiring by detailing four staff members to HCO to work TAS-specific hiring packages full time and trained two additional staff members to work management hiring announcements to address the backlog.<sup>24</sup> As a result of these efforts, in FY 2019 TAS was able to select and onboard 186 employees through May 11, 2019. The ability to fill behind vacancies is critical to TAS's ability to continue providing timely quality service to taxpayers.

TAS is working to assume permanent responsibility for processing its own internal and external hiring actions. This is in line with the National Taxpayer Advocate's statutory authority in IRC § 7803(c)(2)(C)(i) & (D)(i), which gives the National Taxpayer Advocate the authority to take personnel actions with respect to any employee in any local office. This approach also aligns with HCO's new initiative, HCO 2022, which will allow business units to have greater engagement on certain high-touch components, such as hiring, classification, and training.

<sup>24</sup> For additional discussion of the impact of the government shutdown on TAS's hiring efforts, see *Shutdown Negatively Impacted TAS's Ability to Advocate for Taxpayer Rights in IRS Guidance and Assess Potential Systemic Issues*, *supra*.

## Focus for Fiscal Year 2020

In fiscal year 2020, TAS will:

- Continue working its hiring packages full time;
- Expand our CCI function by adding an additional three groups to begin to take over calls from a portion of the IRS 1040 call sites;<sup>25</sup> and
- Negotiate with HCO leadership to assume permanent responsibility for processing its own internal and external hiring actions.

## TRAINING AND EMPLOYEE DEVELOPMENT INITIATIVES FOCUS ON IMPROVING ADVOCACY, PROTECTING TAXPAYER RIGHTS, AND PROVIDING BETTER SERVICE TO TAXPAYERS

TAS is focused on training and educating our employees to ensure we have the technical knowledge about tax law and procedures to advocate effectively for taxpayers and to protect their rights. In FY 2019, we focused our training on tax reform and new Taxpayer Advocate Management Information System enhancements, including a congressional lookup table, a quick closure screen, an initial contacts record, a TAO screen, a scheduler screen, an OAR Screen, a closing action Screen, a referral screen; and document attachments.

TAS also delivered a refresher training course, “Advocating for Taxpayers Facing Passport Certification/Denial,” advising how to advocate for taxpayers with serious delinquent tax liabilities facing passport denial and highlighting key advocacy techniques. For the remainder of FY 2019, TAS is focused on delivering a week-long virtual symposium of courses for all employees on a variety of technical and administrative topics to help employees build existing skills and develop new ones in areas of their choosing. TAS will also deliver new hire training to our 100 new case advocates and intake advocates. This new hire training will likely carryover into FY 2020.

### TAS Creates Pilot Program for Case Advocate Specialists to Help Employees Continue Their Development

TAS created a GS-12 position for Case Advocate Specialists (CASs) to bridge casework, Intake and Technical Support (ITS), and Systemic Advocacy (SA). CASs will spend half their time working cases with a focus on their specialization and the other half doing ITS- or SA-sponsored work. The GS-12 CAS position benefits the organization by allowing the specialists the benefit of seeing systemic and technical issues in case work that they could more fully develop into focused, detailed SA submissions, and case policy and procedural guidance. We anticipate hiring eight CASs throughout the country by the end of FY 2019.

<sup>25</sup> When a taxpayer calls the main “1040” line and the telephone assistor (a Wage & Investment employee) determines the taxpayer is likely to meet TAS’s case-acceptance criteria, the telephone assistor generally records key taxpayer information and loads it into a database for transmission to TAS. There is then typically a delay of several days until the case is transmitted to TAS, entered into TAS’s case management system, and assigned to a TAS Case Advocate. To enable taxpayers to reach TAS more easily, TAS has developed plans to accept calls transferred directly from the IRS’s 1040 line. Direct transfers would allow taxpayers to talk to a TAS assistor at the earliest possible time and allow TAS assistants to quickly resolve calls that do not need to become full TAS cases. It would also reduce work for telephone assistants who staff the 1040 line, as they would not have to collect information and load it onto the database.

### TAS Offers Third Announcement of Operations Specialist Positions

In 2012, TAS developed a program to create a new, career-ladder position providing opportunities for outstanding secretaries and support staff to transition into the analyst field. Employees in the Operations Specialist program spend three to four years in rotations every six months through various TAS functions (including SA; Employee Support and Development; Technical Analysis and Guidance; the Low Income Taxpayer Clinic Program Office; and Communications, Stakeholder Liaison and Online Services) to gain a broad understanding of the organization and participate in a series of progressively-challenging developmental experiences. Upon successful completion of the program, participants are placed in an analyst position within TAS. Final placement is based on the employee's career development goals and skills as well as TAS's current organizational needs.

The program has operated twice since 2012 and resulted in five former secretaries and one Intake Advocate completing the program and being permanently assigned as GS-0343-12, non-bargaining unit analysts. TAS will announce the third offering of the program in 2019 and is scheduled to begin with the new selections by the end of FY 2019.

### Focus for Fiscal Year 2020

In fiscal year 2020, TAS will:

- Focus on transfer of knowledge to enable us to be prepared as we continue to experience attrition of fully-trained staff due to an aging workforce;
- Continue training delivery to the more than 100 case and intake advocates hired in FY 2019;
- Generate training opportunities from the wealth of technical knowledge contained in our Annual Reports to Congress, program letter, and operational plan, and use this technical and legal expertise to advance advocacy for our taxpayers;
- Continue to explore innovative low-cost virtual and local face-to-face training methods to maximize student interaction while minimizing costs;
- Contribute to the IRS's Servicewide Virtual Library to provide IRS employees with the knowledge, tools, and resources needed to fulfill their role of assisting taxpayers, providing top-quality service, and protecting taxpayer rights;
- Incorporate ways to promote the protection of taxpayers' rights into all of our training and development efforts;
- Begin the third round of the TAS Operations Specialist Program to create career opportunities for TAS support staff; and
- Pilot the GS-12 Case Advocate Specialist position to provide developmental experience to case advocates who wish to specialize in a specific area and help bridge the gap between Case Advocacy and Systemic Advocacy.

## TAS EXPLORES INNOVATIVE WAYS TO COMMUNICATE WITH TAXPAYERS

### TAS Completes Second Phase in Taxpayer Digital Communication Pilot

TAS partnered with the IRS in the Taxpayer Digital Communications (TDC) pilot Phase 1 started in April 2017 and paused September 30, 2017, due to an IRS Secure Access (e-authentication) vendor change. The TDC pilot was designed to test a taxpayer secure messaging portal to be used by taxpayers and TAS employees working specific types of taxpayer cases and issues in four LTA offices across the

country. TAS carefully chose the issues for both phases of the pilot to gather data on how underserved communities, especially EITC taxpayers, could utilize the digital communication tool to resolve their issues. The data seen in the first six months of this pilot confirmed TAS's hypothesis regarding the ability of the unrepresented low income taxpayer to utilize digital systems such as TDC. *While hundreds of TAS taxpayers were offered the option of using the TDC system, fewer than a dozen set up or used an account.* Phase 2 of the pilot started June 18, 2018 and ended November 30, 2018 just prior to the installation of a new version of the system software. Combined, Phase 1 and Phase 2 covered approximately one year.

Even with the different phase focuses, procedures, and expanded case topics in Phase 2, the overall data showed very similar results in both phases and revealed the following:

- In Phase 2, *TAS offered TDC to about 1,100 taxpayers and only 13 accepted and passed authentication.*<sup>26</sup> A similar percentage of taxpayers, in both phases, were able pass IRS Secure Access and use the system: six in Phase 1 and 13 in Phase 2.
- A majority of taxpayers offered TDC preferred other communication methods, *e.g.*, phone, fax, and letters, to communicate with TAS. A barrier to using TDC was the ability to pass IRS Secure Access and the system's availability. Twenty percent of taxpayers passing IRS Secure Access in Phase 1 and ten percent in Phase 2 highlighted the issue taxpayers have in trying to even use the system.<sup>27</sup>
- TAS employee pilot participants found the Secure Messaging system cumbersome, not user-friendly or intuitive, and more complex than it needed to be.

TAS will continue to monitor IRS progress on its future TDC pilots but will not be participating further at this time based on the unpromising results.

### TAS Virtual Face-to-Face Pilot (WebEx)

TAS is continuously exploring ways to improve the customer experience, communications, engagement, and advocacy opportunities for taxpayers. TAS intends to initiate a pilot for virtual face-to-face meetings using WebEx. WebEx is a software that serves as a communication tool with individuals internal and external to the IRS network. WebEx allows taxpayers access from their phones, tablets, or computers while the TAS employee can access from his or her desk. The Office of Appeals is currently using WebEx as a virtual face-to-face option during appeals conferences. Appeals has developed policy and procedures for its pilot, which TAS will consider in the planning stages for the implementation of the TAS pilot.

The TAS pilot will start on a small scale at specific offices, providing TAS the ability to identify the best uses of this technology and the challenges taxpayers and employees experience when using the virtual tool.

### Focus for Fiscal Year 2020

In fiscal year 2020, TAS will:

- Consider results from the Appeals WebEx Pilot to identify or refine the best process to apply use for the TAS pilot;
- Determine feasibility of and what methods are best to pursue for the implementation of TAS's pilot;
- Develop policies and procedures for the use of Web-Ex within TAS; and

<sup>26</sup> Data obtained from the TAS Taxpayer Digital Communications (TDC) Portal (Dec. 31, 2018).

<sup>27</sup> Data obtained from TAS TDC Portal (Nov. 1, 2017).

- Negotiate with the National Treasury Employees Union, where appropriate, to roll out the WebEx pilot.

## THE OFFICE OF SYSTEMIC ADVOCACY ADVOCATES FOR SYSTEMIC AND PROCEDURAL CHANGE

Systemic Advocacy supports TAS's mission of helping taxpayers resolve problems and recommending changes that will prevent the problems. SA is continuously assessing the impact of IRS policy and procedural changes on large groups or segments of taxpayers and advocating for systemic and procedural changes both before and after implementation.

### Advocating for Taxpayers Impacted by the IRS Fraud Detection Process

To combat refund fraud, the IRS's RIO utilizes two programs to detect and prevent IDT and non-IDT refund fraud using filters and models.<sup>28</sup> The National Taxpayer Advocate has written extensively on the burden these programs cause to legitimate taxpayers.<sup>29</sup> SA refund fraud analysts who serve as subject matter experts (SMEs) work collaboratively with RIO to proactively advocate on issues identified as causing taxpayer burden to legitimate return filers or impacting taxpayer rights.

SA SMEs identified taxpayer rights omissions while performing an Internal Revenue Manual review where RIO removed the instruction for IRS telephone assistants to read the contents of the letter sent to taxpayers who call the IRS concerning their refund and state they have not received any correspondence.<sup>30</sup> Normally, IRS issues this letter to taxpayers upon return selection into the PRWVH process advising of delayed refund issuance. Without this letter, the taxpayer would be unaware of the potential contact between RIO and a third party to verify the taxpayer's income and withholding information. RIO issued a procedural update to telephone assistants to verbally provide the taxpayer with this guidance, thereby protecting the taxpayer's *rights to confidentiality* and *to be informed*.<sup>31</sup> Notifying taxpayers about the IRS contacting third parties is a statutory requirement (IRC § 7602(c)) that supports the *right to confidentiality*.

Additionally, SA SMEs advocated for RIO to consider the impact of employers' non-compliance with timely submissions of employees Forms W-2, *Wage and Tax Statement*, on PRWVH return selections. Based on their analysis of delinquent 2018 Forms W-2 information, RIO developed a process to release refunds from impacted legitimate taxpayers' returns when all other return items are verifiable. This process has resulted in 210,583 refunds released through May 18, 2019.<sup>32</sup>

28 See Review of the 2019 Filing Season (*Special Topics, Refund Fraud*), *supra*.

29 See, e.g., National Taxpayer Advocate 2018 Annual Report to Congress 79-90; National Taxpayer Advocate 2016 Annual Report to Congress 151-160; National Taxpayer Advocate 2015 Annual Report to Congress 45-55, 180-87; National Taxpayer Advocate 2014 Annual Report to Congress vol. 2 44-90; National Taxpayer Advocate 2013 Annual Report to Congress 75-83; National Taxpayer Advocate 2012 Annual Report to Congress 42-67, 95-110; National Taxpayer Advocate 2011 Annual Report to Congress 48-73; National Taxpayer Advocate 2009 Annual Report to Congress 307-317; National Taxpayer Advocate 2008 Annual Report to Congress 79-94; National Taxpayer Advocate 2007 Annual Report to Congress 96-115; National Taxpayer Advocate 2005 Annual Report to Congress 25-54, 180-191; National Taxpayer Advocate 2004 Annual Report to Congress 133-136; National Taxpayer Advocate 2003 Annual Report to Congress 175-181.

30 Letter 4464C, *Questionable Refund 3rd Party Notification* (Mar. 4, 2019).

31 Interim Procedural Update (IPU) 18U0944 (June 15, 2018); IRM 21.5.6.4.35.3.1, *-R Freeze Phone Procedures for Accounts With Integrity and Verification Operations (IVO) Involvement* (June 15, 2018).

32 IRS, Identity Theft (IDT) and *Integrity Verification Operations (IVO) Modeling Analysis Performance Report 5* (May 22, 2019).

### Focus for Fiscal Year 2020

In fiscal year 2020, TAS will:

- Continue to advocate on issues impacting taxpayer rights as RIO modifies its refund fraud IDT and non-IDT procedures;
- Continue to work with RIO on PRWVH, recommending improvements and alternative approaches, with an emphasis on decreasing time to refund on legitimate tax returns; and
- Continue to analyze RIO filter and model results to protect taxpayer rights and identify efficiencies in detecting potential refund fraud.

### TAS PARTNERS WITH THE OFFICE OF TAXPAYER CORRESPONDENCE TO IMPROVE TAXPAYER CORRESPONDENCE

TAS is partnering with the Office of Taxpayer Correspondence (OTC) to review and revise various IRS correspondence. OTC is hosting a “summit” this year to bring all stakeholders together who are involved in generating, creating, reviewing, and publishing correspondence to taxpayers. The stakeholders will attend the summit and discuss their role in the correspondence process. The goal is to better understand each stakeholder’s purpose and identify ways to work more collaboratively and efficiently. At the summit, TAS will advocate for a rights-based approach to all notices as well as a focus on plain language and visual learning.

W&I Operations Support (Modernization) plans to introduce a discussion at the summit covering the new Correspondex (CRX) letter generating system. TAS’s focus at the summit will be to encourage a broader discussion on how IRS systems must be updated to be more flexible and responsive to better serve taxpayers (*e.g.*, accommodate changes due to legislation, support research studies into taxpayer understanding and behavioral responses). TAS’s focus is to ensure any new systems are developed with the goal of serving the taxpayer and also having the flexibility to meet diverse business unit needs. Thus, any new system, like the update to the CRX system, must be compatible with Enterprise Case Management, IRS’s modernization of case management.

As discussed elsewhere in this report, TAS is undertaking several studies that are putting our research about notice clarity and rights-based focus into practice.<sup>33</sup> TAS will examine the effectiveness of Automated Collection System Letter 11 prototypes that IRS is preparing to test, which afford taxpayers Collection Due Process rights.<sup>34</sup> While the IRS intends to measure the number of taxpayers who do avail themselves of appeal rights, most of the measures are based on the effectiveness in securing delinquent payments. TAS plans to test two of the redesigned Letter 11 prototypes as part of the IRS study focusing on taxpayer rights.

Additionally, TAS will examine long-term EITC compliance of taxpayers who received educational letters from TAS after appearing to have erroneously claimed EITC.<sup>35</sup> The National Taxpayer Advocate

33 See Area of Focus: *The Taxpayer Advocate Service Plans to Design Sample Notices to Improve Taxpayer Rights and Reduce Taxpayer Burden*, *supra*, for a discussion of the National Taxpayer Advocate concerns with the current design of IRS notices.

34 See TAS Research Initiatives, *infra*.

35 *Id.*

has expressed concerns about IRS notices failing to adequately inform taxpayers about their rights, responsibilities, and procedural requirements and continues to advocate for change.<sup>36</sup>

### Focus for Fiscal Year 2020

In fiscal year 2020, TAS will:

- Continue to work with OTC and other IRS divisions to revise and improve taxpayer correspondence;
- Continue to actively participate on the development teams for new taxpayer correspondence systems with a focus on reducing taxpayer burden and protecting taxpayer rights;
- Examine the effectiveness of IRS Automated Collection System Letter 11 prototypes; and
- Examine long-term compliance of taxpayers who received TAS EITC educational letters.

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<sup>36</sup> See National Taxpayer Advocate 2018 Annual Report to Congress 170-173 (Most Serious Problem: *Introduction to Notices: Notices Are Necessary to Inform Taxpayers of Their Rights and Obligations, Yet Many IRS Notices Fail to Adequately Inform Taxpayers, Leading to the Loss of Taxpayer Rights*); National Taxpayer Advocate 2018 Annual Report to Congress 174-197 (Most Serious Problem: *Math Error Notices: Although the IRS Has Made Some Improvements, Math Error Notices Continue to Be Unclear and Confusing, Thereby Undermining Taxpayer Rights and Increasing Taxpayer Burden*); National Taxpayer Advocate 2018 Annual Report to Congress 198-211 (Most Serious Problem: *Statutory Notices of Deficiency: The IRS Fails to Clearly Convey Critical Information in Statutory Notices of Deficiency, Making it Difficult for Taxpayers to Understand and Exercise Their Rights, Thereby Diminishing Customer Service Quality, Eroding Voluntary Compliance, and Impeding Case Resolution*); National Taxpayer Advocate 2018 Annual Report to Congress 212-222 (Most Serious Problem: *Collection Due Process Notices: Despite Recent Changes to Collection Due Process Notices, Taxpayers Are Still at Risk for Not Understanding Important Procedures and Deadlines, Thereby Missing Their Right to an Independent Hearing and Tax Court Review*); National Taxpayer Advocate 2018 Annual Report to Congress vol. 2 159-192 (*Further Analyses of "Federal Tax Liens and Letters: Effectiveness of the Notice of Federal Tax Liens and Alternative IRS Letters on Individual Tax Debt Resolution"*); Nina E. Olson, NTA BLOG, *Although the IRS Has Made Some Improvements, Math Error Notices Continue to Be Unclear and Confusing, Thereby Undermining Taxpayer rights and Increasing Taxpayer Burden* (May 2, 2019), <https://taxpayeradvocate.irs.gov/news/nta-blog-Math-Error-Notices-Continue-to-Be-Unclear-and-Confusing?category=TaxNews>.