

MSP #2 WORLDWIDE TAXPAYER SERVICE: The IRS Has Not Adopted “Best-in-Class” Taxpayer Service Despite Facing Many of the Same Challenges As Other Tax Administrations

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TAXPAYER RIGHT IMPACTED¹

- *The Right to Be Informed*
- *The Right to Quality Service*

DEFINITION OF PROBLEM²

The IRS, like tax administrations elsewhere, has reacted to budgetary constraints in recent years by shifting taxpayer services to online channels.³ “Best practices” in taxpayer service begin with considering taxpayers’, as opposed to the tax administration’s, needs and preferences, but the IRS bases its approach on information and surveys that are not designed to elicit diverse taxpayer perspectives and do not distinguish between simple tasks and highly emotional, complex transactions. The IRS’s vision of how taxpayers will interact with it through their online accounts may be unrealistic, conveying to taxpayers a lack of interest in engaging with them.

ANALYSIS OF PROBLEM

Background

In the light of a budget cut of about 19 percent from fiscal year (FY) 2010 to FY 2016, the IRS, as an integral part of its “Future State” design, plans significant shifts to online channels, particularly online taxpayer accounts, to deliver taxpayer service.⁴ The IRS is not the only tax administration confronted with a shrinking budget in recent years. According to the Organisation for Economic Co-operation and

- 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 Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Division Q, Title IV, § 401(a) (2015) (codified at IRC § 7803(a)(3)).
- 2 Volume 3 of the 2016 Annual Report to Congress contains an extended literature review related to this topic. Literature Review: *Taxpayer Service in Other Countries*, vol. 3, *infra*.
- 3 National Taxpayer Advocate 2015 Annual Report to Congress 3 (Most Serious Problem: *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*); Organisation for Economic Co-operation and Development (OECD), *Managing Service Demand: A Practical Guide to Help Revenue Bodies Better Meet Taxpayers’ Service Expectations* 9 (2013).
- 4 “Future State” refers to the IRS’s description of how it intends to operate in coming years. For a full discussion of the IRS’s “Future State,” see National Taxpayer Advocate 2015 Annual Report to Congress 3 (Most Serious Problem: *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*); Most Serious Problem: *Online Accounts: Research into Taxpayer and Practitioner Needs and Preferences Is Critical As the IRS Develops an Online Taxpayer Account System*, *infra*.

Applying these insights to tax administration, if a taxpayer prefers telephone or in-person communication and that channel is not available, the taxpayer may feel alienated, frustrated, and disengaged from the tax system. He may make an emotional decision that he will regret later, such as ignoring the IRS's messages or agreeing to the IRS's adjustments to his return even though he believes the IRS is wrong.

Development (OECD), out of 56 countries surveyed, 21 reported that specific reductions in their tax administrations had been required.⁵

In response to financial pressures, many tax administrations, like the IRS, adopted the objective of shifting taxpayer service to self-service and online channels.⁶ As of 2011, however, efforts for managing service demand were “immature — fragmented, incomplete, and/or lacking co-ordination” and revenue bodies were not effectively determining the root cause of demand for various services and service channels.⁷

This situation has persisted, with revenue bodies seeking to increase the use of online channels but not collecting enough data to understand what services taxpayers seek via online channels and the reasons taxpayers choose to use online services.⁸ The IRS, for example, has appeared to view online accounts as a substitute for, rather than a complement to, other service channels such as telephone or in-person assistance.⁹ This approach is inconsistent with at least one non-IRS survey showing that people who interacted with various federal government administrations had a slightly higher level of satisfaction with their in-person interactions than with digital interactions through mobile applications, federal websites, and email.¹⁰

Taxpayers Overall Prefer a Mix of Channels, and the Delivery Channel an Individual Taxpayer Prefers May Depend on the Services Being Sought and Whether the Transaction Is Emotionally Charged

Experience elsewhere in the world demonstrates that, as in the United States, when citizens interact with their governments they prefer different service channels depending on the task they hope to accomplish.¹¹ For example, a case study of how 500 job seekers would prefer to use the services of the German Federal Employment Agency showed they usually preferred online services to search for a job, telephone services for making appointments and contacting employers, and in-person contact for signing up for employment, unemployment benefits, or counseling.¹² Even the 215 citizens in the study who were daily internet users did not prefer digital delivery for all services — these users also preferred multiple channels,

5 OECD, *Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies* 171-72, Table 5.1 (2015). These countries are: Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Mexico, Netherlands, New Zealand, Portugal, Slovenia, Spain, United Kingdom, and United States (OECD countries); Cyprus, Romania, and Russia (non-OECD countries).

6 See Most Serious Problem: *Online Accounts: Research into Taxpayer and Practitioner Needs and Preferences Is Critical as the IRS Develops an Online Taxpayer Account System*, *infra*.

7 OECD, *Managing Service Demand: A Practical Guide to Help Revenue Bodies Better Meet Taxpayers' Service Expectations* 9 (2013).

8 OECD, *Increasing Taxpayers' Use of Self-Service Channels* 28-32, 65 (2014).

9 National Taxpayer Advocate 2015 Annual Report to Congress 7 (Most Serious Problem: *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*) (noting that “[b]ased on our internal discussions with IRS officials, TAS has been left with the distinct impression that the IRS's ultimate goal is ‘to get out of the business of talking with taxpayers.’”).

10 See Rick Parrish, Forrester Research, *The Public is Still Skeptical of Federal Digital Customer Experience* 2 (Feb. 18, 2016).

11 National Taxpayer Advocate 2015 Annual Report to Congress 7-8 (Most Serious Problem: *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*) (noting that “[o]nline accounts work well for ‘cookie cutter’ transactions. ... When dealing with the IRS, little is ‘cookie cutter’ and much is case-specific.”).

12 Julia Klier, Regina Pflieger, & Lea Thiel, *Just Digital or Multi-Channel? The Preferences of E-Government Service Adoption by Citizens and Business Users*, *Wirtschaftsinformatik Proceedings Paper* 13, 186-7 (2015).

which varied depending on the service they needed.¹³ Moreover, a mix of channels for each service was usually needed to accommodate all preferences.¹⁴

Analysis of customer preference in the banking sector yields similar insights. Some transactions, such as opening or closing an account, applying for a loan, or seeking financial advice, lie at one end of the human-to-digital continuum.¹⁵ For these complex or emotionally charged transactions, most customers prefer in-person interaction at a branch. At the other end of the continuum, most customers preferred to receive statements by mail or online.¹⁶ Customers' satisfaction and engagement with the bank declined when they could not or did not use their preferred delivery channel, and the decline was greater when they did not use the channel they preferred for the highly emotional, complex transactions.¹⁷

Even investment banks offering “robo-advisor” services (in which computer programs provide investment advice online, typically for less than half the fees of traditional brokerages) report similar experiences.¹⁸ Customers may not seek advice from an actual person when markets are rising, but as markets fluctuate, customers want the option to speak with someone. As one professional noted, “[t]here are times when people just want to talk — even if it’s just to reinforce that they’re doing the right thing. Without access to a professional when the market gets choppy, there’s a risk that some investors might make emotional decisions that they’ll regret later.”¹⁹

Applying these insights to tax administration, if a taxpayer prefers telephone or in-person communication and that channel is not available, the taxpayer may feel alienated, frustrated, and disengaged from the tax system. He may make an emotional decision that he will regret later, such as ignoring the IRS’s messages or agreeing to the IRS’s adjustments to his return even though he believes the IRS is wrong.

The Information and Surveys the IRS Has Relied on in Developing the “Future State” Have Important Limitations

The IRS has used various methodologies to conduct surveys relating to taxpayer services:

- Contacting taxpayers on their landline telephones or cellphones;
- Delivering a paper survey to taxpayers in person and collecting the completed survey; and
- Using “online panels” — groups of participants who, in response to an invitation, take part in a survey by completing it online.²⁰

13 Julia Klier, Regina Pflieger, & Lea Thiel, *Just Digital or Multi-Channel? The Preferences of E-Government Service Adoption by Citizens and Business Users*, *Wirtschaftsinformatik Proceedings Paper 13*, 187 (2015).

14 *Id.*

15 Daniela Yu & John H. Fleming, *How Customers Interact With Their Banks*, *GALLUP BUSINESS JOURNAL* (May 2013), <http://www.gallup.com/businessjournal/162107/customers-interact-banks.aspx?version=print>.

16 *Id.*

17 *Id.*

18 Hugh Son & Margaret Collins, *The Rich Are Already Using Robo-Advisers, and That Scares Banks*, *BLOOMBERG BUSINESS* (Feb. 5, 2016).

19 Ben McLannahan, *‘Robo-advisers’ Try to Calm Investor Nerves*, *FINANCIAL TIMES* (Feb. 1, 2016) (quoting Tobin McDaniel, San Francisco-based president of Schwab Wealth Investment Advisory).

20 For a summary of various IRS surveys relating to taxpayer services, see *Special Focus: IRS Future State: The National Taxpayer Advocate’s Vision for a Taxpayer-Centric 21st Century Tax Administration*, *supra*.

In developing online taxpayer accounts, the IRS has placed particular reliance on an online panel survey, the *W&I Web-First Conjoint Study* (Conjoint Study).²¹

As an online panel survey, the Conjoint Study may provide insights about the needs and preferences of taxpayers who are already online. However, a sizeable portion of U.S. households, 33 percent, do not have access to broadband internet at home.²² Their needs and preferences are not reflected in the Conjoint Study, and they may not be able to rely on an online account. Moreover, according to Pew Research, a drawback of panel surveys is that panelists who are members of racial and ethnic minority groups may not be representative of these groups more broadly.²³

Significantly, the survey instrument used in the Conjoint Study is not designed to elicit taxpayers' preferences, but requires respondents to select from among a limited number of specified alternatives. For example, one survey question is:

Question: People need help with many issues related to taxes. For each of the service needs listed, indicate if you have ever needed to complete the task:

1. Make a payment;
2. Obtain a copy of a tax transcript;
3. Obtain tax account information;
4. Have identity authenticated for tax-related purposes.²⁴

The respondent cannot indicate that he or she needed another type of service or needed to complete a different task, such as responding to an IRS adjustment to a return or entering into an installment agreement.²⁵ The survey then explores taxpayers' preferred delivery channels, but only with respect to those four services.

In contrast, the ongoing TAS Service Priorities Survey, conducted by calls to land lines and cellphones, includes open-ended questions. For example, one question is:

Question: You mentioned that you have contacted the IRS in the past 12 months. Did you contact the IRS for any of the following reasons? Please say yes or no to each one.

The taxpayer can indicate whether he or she used any of ten specified services, such as “Get a form or publication,” or “Get answers to your tax law question.” The 11th option is “Or did you contact the IRS for some other reason — specify.”

21 IRS, *Facilitating Access to Convenient & Efficient IRS Service: W&I Web-First Conjoint Study* (Sept. 30, 2016). A conjoint study, often used to evaluate tangible products, uses a tradeoff approach that provides a series of different scenarios and asks participants which option they prefer for each. Participants must choose from among the offered options. This approach assumes participants have complete knowledge, preferably based on experience, of the topic that is the subject of the survey — in this instance, all different IRS service tasks and delivery options.

22 John B. Horrigan & Maeve Duggan, Pew Research Center, *Home Broadband 2015*, 2 (Dec. 21, 2015).

23 Courtney Kennedy, Andrew Mercer, Scott Keeter, Nick Hatley, Kiley McGeeney, & Alejandra Gimenez, Pew Research Center, *Evaluating Online Nonprobability Surveys; Vendor Choice Matters; Widespread Errors Found for Estimates Based on Blacks and Hispanics* (May 2, 2016).

24 Question 6, IRS, *Web-First Conjoint Study Survey Instrument*.

25 For a discussion of the TAS Service Priorities Survey, see Special Focus: *IRS Future State: The National Taxpayer Advocate's Vision for a Taxpayer-Centric 21st Century Tax Administration*, *supra*.

In another survey, the IRS asked taxpayers seeking face-to-face assistance at Taxpayer Assistance Centers (TACs) to complete a paper questionnaire.²⁶ The questionnaires were distributed to taxpayers already at the doors of the TACs.²⁷ Taxpayers who were turned away after waiting outside the TAC in hopes of being seen by an assistor were never surveyed.²⁸ For many TACs during filing season, the number of taxpayers needing assistance and waiting outside the TAC was far greater than the number granted appointments and admitted to the TAC. Thus, the IRS has no information about the services and assistance needed by taxpayers who were unserved by the TAC or who did not make an appointment.

Similarly, in the Conjoint Study, the IRS asked respondents whether they had visited a local IRS office in the last two years. If so, the respondent was asked “For the most recent interaction, did you:”

- Walk in for face-to-face service with a representative;
- Make an appointment for face-to-face service with a representative; or
- Serve yourself with no live assistance provided by a representative.²⁹

There is no menu option for the respondent to report that he or she visited a TAC but did not receive *any* assistance. Thus, the IRS does not know what these taxpayers’ needs were or if they were ever met.

The IRS’s Vision of How Taxpayers Will Perceive or Use Online Accounts May Not Reflect Taxpayers’ View of Reality

The IRS uses detailed scenarios, or “vignettes,” as the most detailed illustrations of how it perceives the IRS “Future State” will operate. The vignettes, now posted to the IRS website, describe how various types of taxpayers might interact with the agency through online accounts, which became available on November 16, 2016.³⁰ One vignette describes Jane, an individual taxpayer who electronically files a return on which she claims the Earned Income Tax Credit (EITC).³¹ When the IRS proposes to disallow the claimed EITC, Jane ultimately (and seamlessly) uses her online account to “resubmit” her return.³²

26 IRS, *Taxpayer Assistance Center Customer Expectations Survey* (2013). The survey is carried out every three years; the survey for 2016 has been completed and the results are being compiled. At most TACs, taxpayers are required to make appointments for assistance, although managers have discretion to provide service to taxpayers without appointments. Internal Revenue Manual 21.3.4.2.4.2, *TAC Appointment Exception Procedures* (Oct. 21, 2016).

27 According to the IRS, “[t]he survey administrators position themselves at the door of the TAC and everyone who comes to the TAC is invited to take the survey.” IRS response to TAS fact check (Dec. 19, 2016).

28 There were long lines at some TACS and some TACs had to advise taxpayers as early as 9:30 in the morning that the office would not be able to serve additional taxpayers that day. See Treasury Inspector General for Tax Administration (TIGTA), Rep. No. 2016-IE-R010, *Selected Taxpayer Assistance Centers Were Professional and Organized, and Sensitive Information and Equipment Were Properly Secured* (Sept. 13, 2016), which includes photographs of long lines of taxpayers waiting outside TACs.

29 Question 5, IRS, *Web-First Conjoint Study Survey Instrument*.

30 *Future State and IRS Activities*, <https://www.irs.gov/uac/newsroom/future-state-and-irs-activities>. There are vignettes featuring an accountant employed by a state government (<https://www.irs.gov/pub/newsroom/irs-government-entity-vignette-version-a.pdf>); an individual taxpayer (<https://www.irs.gov/pub/newsroom/irs-individual-vignette-version-a.pdf>); a small business taxpayer (<https://www.irs.gov/pub/newsroom/irs-small-business-vignette-version-a.pdf>); and a large business taxpayer (<https://www.irs.gov/pub/newsroom/irs-large-business-vignette-version-a.pdf>). Features of the first release of the online account technology are described below.

31 *Individual Taxpayer Experience of the Future*, <https://www.irs.gov/pub/newsroom/irs-individual-vignette-version-a.pdf>. The EITC is an anti-poverty program consisting of a refundable tax credit available to certain low income working taxpayers and their families. See IRC § 32. For a full discussion of this vignette, see Most Serious Problem: *Earned Income Tax Credit (EITC): The Future State’s Reliance on Online Tools Will Harm EITC Taxpayers*, *infra*.

32 This type of self-correction raises additional concerns. See National Taxpayer Advocate 2015 Annual Report to Congress 56, 62 (Most Serious Problem: *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*).

The online account in its present form does not give Jane this option. Currently, Jane could only view her balance due and make a payment.³³ When the first release of the technology is complete, Jane would still be able to do only four things via her online account:

- View her balance due;
- Make a payment;
- See payments that have been made; and
- Obtain a transcript of her account.³⁴

There is no option for Jane to indicate she doesn't believe she owes the tax. There are no buttons she could click to learn, for example, how to file a protest, how to seek audit reconsideration or penalty abatement, how to file a refund claim, or how to file for "innocent spouse" relief. The National Taxpayer Advocate has urged the IRS to add these features to the online account pages.

The vignette also does not capture taxpayers' actual experience when the IRS audits their EITC return. According to a 2007 TAS survey of taxpayers whose EITC returns were audited:

- More than one-quarter of taxpayers receiving an EITC audit notice did not understand that the IRS was auditing their return;
- Almost 40 percent of the survey respondents did not understand what the IRS was questioning about their EITC claim;
- Only about half of the survey respondents felt that they knew what they needed to do in response to the audit letter;
- Even though slightly over half of the respondents indicated that they understood what was being questioned and knew what they needed to do, overall, more than 90 percent contacted the IRS;
- Seventy-two percent of the respondents said that they either called or visited the IRS in response to the letter;
- More than 75 percent of those taxpayers contacting the IRS about their audit letter did so by telephone; and
- Overall, 46 percent of respondents would have *preferred* to communicate about their audit with the IRS by telephone, and another 23 percent would have *preferred* to communicate in person.³⁵

It is difficult to see how an online account, even one that allowed taxpayers to "interact" through drop down menus, could encompass the complexity of the American family unit.³⁶ As the "Future State" vignette illustrates, the IRS expects online accounts to be used by a large population (for Tax Year 2014, over 28 million taxpayers claimed the EITC) and with respect to issues for which online accounts may

33 The online account is accessed from the payments page on [irs.gov](https://www.irs.gov/payments/finding-out-how-much-you-owe). See *Finding How Much You Owe*, <https://www.irs.gov/payments/finding-out-how-much-you-owe>.

34 IRS, *View Your Tax Account Online* (Nov. 21, 2016), <http://win.web.irs.gov/articles/2016/View-your-tax-account-online.htm>.

35 See National Taxpayer Advocate 2007 Annual Report to Congress vol. 2, 93-116 (*IRS Earned Income Credit Audits — A Challenge to Taxpayers*) (describing surveys returned by 754 different taxpayers whose 2004 return claimed EITC and had been audited).

36 See Most Serious Problem: *Earned Income Tax Credit (EITC): The Future State's Reliance on Online Tools Will Harm EITC Taxpayers*, *infra* (noting that the facts in an EITC case are often complex and fluid, since they involve the personal lives of taxpayers and thus are not suitable for resolution via a one-stop online experience); Legislative Recommendation: *Tax Reform: Restructure the Earned Income Tax Credit and Related Family Status Provisions to Improve Compliance and Minimize Taxpayer Burden*, *infra*.

be singularly inappropriate.³⁷ The IRS has actual knowledge and data (from TAS studies) about what “audited” taxpayers prefer — and need — and yet its sole illustration shows it ignores that knowledge and imposes its own worldview.³⁸ Thus, the online account is not designed as a vehicle for engaging and educating taxpayers. On the contrary, it may communicate to taxpayers the IRS’s lack of interest in engaging with them.

Best Practices Start With Looking at Taxpayers’, As Opposed to the Tax Administration’s, View of Reality

The OECD, having identified shortcomings in the way in which tax administrations measured and managed demand for taxpayer services, provided practical advice on how to address those shortcomings.³⁹ The first step is simply to know the tax administration’s “clients” — taxpayers.⁴⁰

The Swedish Tax Agency’s guiding principle is that “[w]hat we think is efficient, may turn out not to be, and what we think is good service is not necessarily so from the taxpayer’s perspective. We have understood the importance of not building our service based on our own internal view of reality.”

The Swedish tax agency, lacking any agenda to “force taxpayers to certain channels,” exemplifies success in providing taxpayer service.⁴¹ The agency surveys taxpayers about their experiences with various service channels, usually four times a year, and follows up with more qualitative surveys to understand the underlying reason for the quality of the experience. Its guiding principle is that “[w]hat we think is efficient, may turn out not to be, and what we think is good service is not necessarily so from the taxpayer’s perspective. We have understood the importance of not building our service based on our own internal view of reality.”⁴² Put another way, “best-in-class tax administrations are taking a different approach to digitization. Going digital is no longer about making digital channel usage mandatory for 100 percent of citizens — it is about improving the taxpayer experience one segment or service at a time.”⁴³

37 IRS, *EITC — A Big Tax Break for Working People Who Qualify*, http://win.web.irs.gov/articles/2015/EITC_Spread_the_word.htm (Jan. 26, 2015).

38 For a description of the TAS Service Priorities Survey, which uses an online panel and telephone contact to explore taxpayers’ service delivery preferences, behavior patterns, and knowledge of Affordable Care Act requirements, see Special Focus: *IRS Future State: The National Taxpayer Advocate’s Vision for a Taxpayer-Centric 21st Century Tax Administration*, *supra*.

39 OECD *Managing Service Demand: A Practical Guide to Help Revenue Bodies Better Meet Taxpayers’ Service Expectations*, 3 (2013). The guide, prepared by the Australian Taxation Office, was supported by a task group of 12 countries: Canada, Chile, Finland, Ireland, Japan, Korea, Mexico, New Zealand, Norway, Switzerland, Turkey, and the United Kingdom.

40 *Id.* at 24. The report includes concrete, detailed suggestions of how this might be done, such as seeking direct feedback, using online communities, and mining external social media sites. *Id.* at 24-25, Table 4.1.

41 According to one study of Swedish government agencies, “the Tax Administration was in an absolute top position and won convincingly over the other agencies. In fact, the service score for the agency was so high that they ended up in the summary clearly ahead of most public companies regardless of line of business.” Vilhelm Andersson, *Mechanisms for Measuring the Quality of Service Provided to the Taxpayer and Results Achieved*, Inter-American Center of Tax Administrations – CIAT, 46th CIAT General Assembly, *Improving the Performance of the Tax Administration: Evasion Control and Taxpayer Assistance*, 171 (Apr. 2012).

42 *Id.* at 169.

43 Aurélie Barnay, Thomas Dohrmann, Wopke Hoekstra, Jose Nogueira, Fiyifolu Oladiran, & Kristine Romano, *Tax Myths-Dispelling Myths About Tax Transformation in Rapidly Growing Economies* McKinsey & Company, 5 (Sept. 2015).

Some Tax Administrations and Local Governments Reap Benefits From Providing In-Person Service That Digital Channels Do Not Provide

Tax administrations generally recognize the need to accommodate taxpayer preferences for in-person assistance where the taxpayer is remote. For example, New Zealand’s Inland Revenue sends an employee each year to the Chatham Islands (located more than 800 kilometers from New Zealand) to assist the 609 residents with tax matters.⁴⁴ Inland Revenue’s regular presence in this close and private community “has had a huge impact, not only for reducing debt but also in terms of their acceptance of Inland Revenue.”

Just as important is recognizing that the category of “remote” users of a government service may include not only those in rural areas but also those in an urban environment who are nevertheless isolated because of personal circumstances or due to other causes such as a natural disaster.⁴⁵

CONCLUSION

As other tax administrations and the private sectors in other parts of the world have found, taxpayers and other customers usually prefer a mix of service channels. Moreover, a user’s preferred service channel depends on the service being sought and whether it involves an emotionally charged transaction. Thus, research into taxpayers’ preferences — what they prefer and why — is essential before planning any initiatives that affect taxpayer service. World-class tax administrations consider taxpayer service from the taxpayers’ perspective and commit to honoring taxpayers’ preferences, not just because it is the right thing to do but because it makes good business sense and promotes compliance. The IRS, by relying on information and surveys that are not designed to elicit *taxpayers’* preferences, is falling short of that standard and may be impeding taxpayers from engaging with it.

RECOMMENDATIONS

The National Taxpayer Advocate recommends that the IRS:

1. Conduct any taxpayer service surveys by calling taxpayers’ land line telephones or cellphones, or by sending taxpayers the survey by mail.
2. In surveys of TACs, include taxpayers who attempted to use TAC services but were turned away.
3. In taxpayer service surveys, include menu options (such as “other”) that allow respondents to indicate that the given alternatives do not describe their experience or preference.
4. In developing taxpayer service surveys, use focus groups and pre-testing with real taxpayers to ensure the surveys reflect all the potential preferences of taxpayers.
5. In implementing taxpayer service programs, place highest priority on meeting the preferences of taxpayers and stakeholders.
6. Implement procedures to safeguard against adopting service methods that have as their implicit or explicit objective forcing taxpayers to online channels.

44 *Mechanism Implemented for Assisting Taxpayers in Remote Geographical Areas*, Inter-American Center of Tax Administrations – CIAT, 46th CIAT General Assembly, Tax Administration New Zealand 186 (Apr. 2012).

45 For a discussion of the benefits of having a local presence, see Most Serious Problem: *Geographic Focus: The IRS Lacks an Adequate Local Presence in Communities, Thereby Limiting Its Ability to Meet the Needs of Specific Taxpayer Populations and Improve Voluntary Compliance*, *infra*.