

TAXPAYER RIGHTS AND SERVICE ASSESSMENT: IRS Performance Measures and Data Relating to Taxpayer Rights and Service

The Taxpayer Rights and Service Assessment provides the IRS, Congress, and other stakeholders with a “report card” to measure how the agency is doing in protecting and furthering taxpayer rights and service while driving voluntary compliance. This report card can be integral to the IRS’s ongoing implementation of the Taxpayer Bill of Rights (TBOR) and may be used to indicate areas where decreasing resources impact the IRS’s ability to maintain a robust adherence to TBOR in practice and provide a high level of customer service. Taxpayer rights and taxpayer customer service are discrete but closely linked considerations.

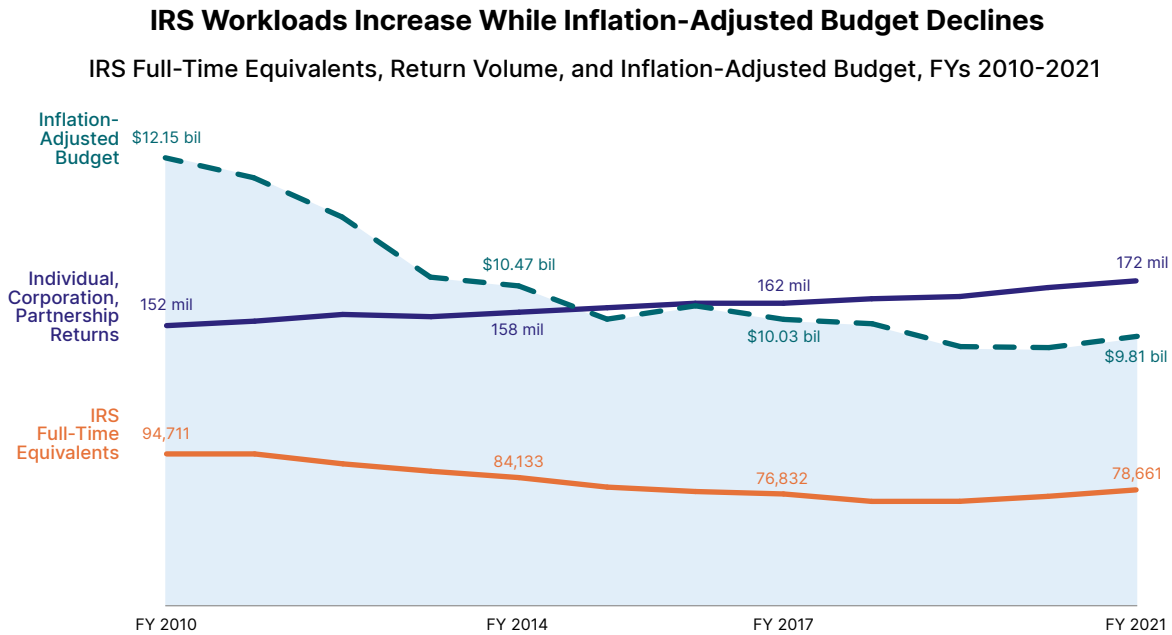
The Taxpayer First Act (TFA), passed in 2019, requires the IRS to submit a written comprehensive customer service strategy and “identified metrics and benchmarks for quantitatively measuring the progress of the Internal Revenue Service in implementing such strategy.”¹ This strategy includes the recent establishment of the IRS’s Taxpayer Experience Office (TXO), charged with, “focus[ing] on continuously improving the taxpayer experience across all interactions with the IRS.”² Employing the use of metrics is vital to gauging the success of any large public-facing system, and the Taxpayer Rights and Service Assessment can be an aid to the TXO in identifying customer service channels requiring adjustment by comparing fiscal year (FY) data as the new customer service strategy is implemented.³ Traditionally, IRS metrics have focused on “efficiency” – no-change rates, cycle time, etc. As the IRS evolves in its delivery of customer experience, it will require the development of new taxpayer-centric metrics. We look forward to further working with the IRS on its TFA implementation, customer service strategy, and development of measures for gauging successful taxpayer service.

THE IRS’S WORKLOAD IS INCREASING WHILE THE INFLATION-ADJUSTED BUDGET AND STAFFING LEVELS CONTINUE TO DECLINE

- The IRS’s inflation-adjusted budget appropriation has declined by about 20 percent since FY 2010;⁴
- IRS staffing levels have fallen by nearly 17 percent over the same period;⁵ and
- The number of individual and business tax returns has increased by 13 percent over the same period.⁶

In this assessment, we highlight IRS challenges as its inflation-adjusted budget appropriation and staffing levels have declined even as its workload has increased. It’s worth noting the IRS experienced a 2011-2018 hiring freeze,⁷ and it faces an increasing number of retirement-eligible employees. As a result, the IRS continues to fight an uphill battle to improve the quality of its taxpayer customer service while the number of employees available to assist taxpayers has fallen dramatically.⁸ Without sustained, consistent, and dedicated funding, the IRS will be challenged to develop and maintain the workforce needed to achieve its customer service goals. Taxpayers cannot receive the quality of service all Americans are entitled to if the IRS continues to face tough choices reallocating staffing and resources among the tax administrative requirements in the face of rising workloads.

FIGURE 1.2.1⁹



TAXPAYER SERVICE: TAX RETURN PROCESSING¹⁰

Rising Return Inventories and Diminishing Resources Negatively Influence the Quality of Customer Service

Tax return processing is a fundamental IRS function, and return filing metrics are an important measure of IRS workload. Rising return inventories coupled with diminishing resources influence the quality of customer service taxpayers receive, and disruptions to this essential function negatively impact taxpayer rights.¹¹ Large return processing backlogs experienced due to COVID-19 highlight how dramatically taxpayers were impacted when this essential process faltered.¹² The number of returns filed each year is on the rise.¹³ While the majority of taxpayers opt to file electronically, millions of tax returns are still filed on paper, as a percentage of our population lacks the ability or desire to file electronically, such as those without internet or low-income or elderly taxpayers. The IRS must devote staffing and resources to processing these paper submissions and continue to invest in the maintenance and upgrade of its systems to successfully manage electronically filed returns.

FIGURE 1.2.2, Income Tax Returns Filed

| Measure/Indicator | FY 2019 | FY 2020 | FY 2021 |
|---|-------------|-------------|-------------|
| Number of Returns Filed (Projected, All Types) ¹⁴ | 255,249,983 | 242,093,672 | 263,977,600 |
| Total Individual Income Tax Returns ¹⁵ | 154,094,555 | 157,195,302 | 160,331,100 |
| Total Individual Income Tax Returns Filed on Paper ¹⁶ | 16,578,426 | 8,749,558 | 17,679,700 |
| Total Individual Income Tax Returns Filed Electronically ¹⁷ | 137,516,129 | 148,445,744 | 142,651,400 |
| Free File Consortium (Tax Year) ¹⁸ | 2,528,639 | 4,018,163 | 4,997,000 |
| Fillable Forms (Tax Year) ¹⁹ | 283,244 | 519,133 | 795,000 |
| Total Corporation Income Tax Returns ²⁰ | 7,288,019 | 6,841,771 | 7,296,300 |
| Total Corporation Income Tax Returns Filed on Paper ²¹ | 1,325,429 | 697,421 | 944,400 |
| Total Corporation Income Tax Returns Filed Electronically ²² | 5,962,590 | 6,144,350 | 6,352,000 |

Observation: The total number of returns filed continues to increase, and electronically filed returns accounted for nearly 90 percent of individual filings and at least 80 percent of corporate filings in FYs 2019-2021.

TAXPAYER SERVICE: EXAMINATION AND COLLECTION²³

Without Adequate Staffing, the IRS Must Make Tough Decisions on Where to Focus Compliance Resources

Examination and collection action can lead to taxpayer anxiety, which may be exacerbated if the process is perceived as prolonged or inequitable. Declining IRS staffing levels and high case inventory volumes pose challenges to maintaining acceptable levels of taxpayer customer service. In particular, the strategic allocation of limited workforce resources is challenging yet vital to ensuring equitable treatment across all taxpayer populations, while attention to closed case resolutions can indicate whether the IRS is applying resources appropriately and/or promoting a sense of parity. A higher rate of no-response audit²⁴ closures in the lower income taxpayer category, for example, may warrant consideration for adjustment in approach. Rising no-change audit²⁵ closures might suggest resources may be better targeted toward areas of greater non-compliance. The quality of customer service provided must always respect the taxpayer's *rights to be informed, to quality service, to pay no more than the correct amount of tax, and to a fair and just tax system.*²⁶

FIGURE 1.2.3, Type of Audit, Outcomes, and Time to Complete by Income, FYs 2019-2021

| Measure/Indicator | FY 2019 | FY 2020 | FY 2021 |
|---|---------|---------|---------|
| Examination | | | |
| Total Number of Open Audits Pending in Exam ²⁷ | 525,525 | 614,359 | 527,353 |
| Total Number of Closed Examinations – Individual Tax Returns ²⁸ | 680,463 | 452,510 | 658,998 |
| Total Positive Income (Under \$50,000) | | | |
| No-Change Rate | 10.1% | 11.4% | 8.6% |
| Agreed Rate ²⁹ | 23.3% | 20.6% | 19.8% |
| Taxpayer Failed to Respond Rate ³⁰ | 39.8% | 44.7% | 46.4% |
| Average Days to Audit Completion | 278.7 | 263.2 | 339.5 |
| Average Total Exam Time (Hours) Correspondence Audits | 1.4 | 1.4 | 1.4 |
| Average Total Exam Time (Hours) Field Exams | 20.4 | 25.1 | 28.8 |
| Percent of Correspondence Audit ³¹ | 88.1% | 90.0% | 92.4% |
| Total Positive Income (Greater Than \$50,000 and Under \$10,000,000) | | | |
| No-Change Rate | 12.4% | 16.0% | 11.6% |
| Agreed Rate | 42.8% | 44.6% | 39.6% |
| Taxpayer Failed to Respond Rate | 20.0% | 17.5% | 22.7% |
| Average Days to Audit Completion | 288.2 | 301.2 | 385 |
| Average Total Exam Time (Hours) Correspondence Audits | 2.1 | 2.2 | 2.4 |
| Average Total Exam Time (Hours) Field Exams | 28.7 | 28.5 | 37.1 |
| Percent of Correspondence Audit ³² | 67.7% | 62.0% | 71.4% |

| Measure/Indicator | FY 2019 | FY 2020 | FY 2021 |
|--|---------|---------|---------|
| Total Positive Income (Greater Than \$10,000,000) | | | |
| No-Change Rate | 21.3% | 19.7% | 30.3% |
| Agreed Rate | 50.5% | 52.2% | 52.1% |
| Taxpayer Failed to Respond Rate | 1.8% | 0.8% | 0.2% |
| Average Days to Audit Completion | 703.8 | 994.7 | 682.9 |
| Average Total Exam Time (Hours) Correspondence Audits | 11.2 | 9.1 | 8.9 |
| Average Total Exam Time (Hours) Field Exams | 117.1 | 94.3 | 91.4 |
| Percent of Correspondence Audit ³³ | 37.0% | 43.3% | 24.3% |

Observation: Taxpayers with incomes below \$50,000 had about 90 percent of their audits conducted by correspondence, 40 percent or more failed to respond to the IRS, and less than 25 percent agreed to the proposed adjustments. As income levels increase, the relative number of correspondence audits and fail-to-respond rates decrease, whereas the agreed rates rise.

FIGURE 1.2.4, Offers in Compromise, Installment Agreements, and the Queue, FYs 2019-2021

| Measure/Indicator | FY 2019 | FY 2020 | FY 2021 |
|---|-----------|-----------|-----------|
| Collection | | | |
| Offer in Compromise: Number of Offers Submitted ³⁴ | 54,225 | 44,809 | 49,285 |
| Offer in Compromise: Percentage of Offers Accepted ³⁵ | 36.6% | 35.4% | 30.9% |
| Installment Agreements (IAs): Number of Individual & Business IAs ³⁶ | 2,821,134 | 1,825,378 | 2,361,646 |
| Rejected Taxpayer Requests for Installment Agreements ³⁷ | 32,281 | 15,483 | 14,164 |
| Percentage of Cases Pending Assignment (in the Queue) (Taxpayers) ³⁸ | 24.1% | 28.1% | 20.9% |
| Percentage of Cases Pending Assignment (in the Queue) (Modules) ³⁹ | 33.6% | 39.3% | 28.5% |
| Age of Individual Delinquencies Pending Assignment (in the Queue) ⁴⁰ | 4.8 years | 4.6 years | 4.3 years |

Observation: Offers in compromise and installment agreement submissions declined from FY 2019 levels but rebounded from FY 2020. Fewer taxpayers remained in the queue, and the average age of individual unassigned delinquencies decreased.

TAXPAYER SERVICE: TAXPAYER-FACING COMMUNICATION CHANNELS⁴¹

Taxpayers Attempt to Reach the IRS Via Various Channels, But the IRS Faces Challenges in Timely Responding

Taxpayers are increasingly reaching out to the IRS through a variety of communication channels, particularly since the onset of the pandemic, but the IRS is challenged to efficiently and timely address taxpayer contacts when budget and workforce resources are down.⁴² Individual correspondence processing cycle times are up as are average correspondence percentages.⁴³ Telephone Level of Service (LOS)⁴⁴ measurements are falling. Increases in virtual service contacts are important to note,⁴⁵ but taxpayers’ continued preference and need for face-to-face assistance must always be considered and supported. The IRS needs to be supportive in reaching Americans in underserved communities that may not have access to Zoom or other virtual options. Taxpayers have the *rights to quality service, to be informed, to pay no more than the correct amount of tax, and to a fair and just tax system.* These rights are essential to the standard of service a taxpayer receives when working with the IRS, no matter the communication channel.

FIGURE 1.2.5, In-Person Service, Correspondence, Telephone, and Online Service, FYs 2019-2021

| Measure/Indicator | FY 2019 | FY 2020 | FY 2021 |
|---|---------------|---------------|----------------|
| In-Person Service | | | |
| Number of Taxpayer Assistance (“Walk-In”) Centers (TACs) ⁴⁶ | 358 | 358 | 358 |
| Number of Face-to-Face TAC Contacts ⁴⁷ | 2.3 million | 1.0 million | 940,000 |
| Correspondence⁴⁸ | | | |
| Individual Correspondence ⁴⁹ | 4,134,753 | 2,765,003 | 6,222,428 |
| Average Cycle Time to Work Individual Correspondence ⁵⁰ (Master File (IMF)) | 74 days | 96 days | 199 days |
| Inventory Overage ⁵¹ | 41.8% | 41.6% | 59.6% |
| Business Correspondence ⁵² | 2,717,819 | 2,038,291 | 4,117,705 |
| Average Cycle Time to Work Business Correspondence ⁵³ (Master File (BMF)) | 101 days | 149 days | 144 days |
| Inventory Overage ⁵⁴ | 57.8% | 71.9% | 51.5% |
| Telephone Service | | | |
| Total Calls to IRS ⁵⁵ | 99,373,456 | 100,514,299 | 281,708,009 |
| Number of Calls Answered by IRS Employees ⁵⁶ | 28,558,862 | 24,192,386 | 32,039,550 |
| Percentage of Calls Answered by IRS Employees ⁵⁷ | 28.7% | 24.1% | 11.4% |
| IRS LOS ⁵⁸ | 56.2% | 51.2% | 21.3% |
| IRS Average Speed of Answer ⁵⁹ | 16.2 minutes | 18.3 minutes | 22.8 minutes |
| Practitioner Priority: Percentage of Calls Answered (LOS) ⁶⁰ | 78.3% | 56.3% | 28.0% |
| Practitioner Priority: Average Speed of Answer ⁶¹ | 8.8 minutes | 12.7 minutes | 16.1 minutes |
| Online Service | | | |
| Number of Visits to IRS.gov ⁶² | 650,989,560 | 1,603,938,876 | 1,999,988,189 |
| Number of Page Views ⁶³ | 3,350,072,964 | 9,225,312,072 | 11,452,583,281 |
| Online Installment Agreements ⁶⁴ | 786,505 | 719,752 | 1,051,708 |
| Where’s My Refund? Inquiries ⁶⁵ | 368,848,775 | 505,611,474 | 632,361,686 |

Observation: In-person visitations were limited the past two years due to closed or virtual TACs. Correspondence volume increased significantly from FY 2020 to FY 2021, resulting in longer processing delays; the Level of Service for telephones hit an all-time low due to increased volume; and taxpayers used online tools and the IRS website in record numbers.

TAXPAYER SERVICE: INFORMATION TECHNOLOGY

To Provide First-Class Customer Service, the IRS Requires Adequate Funding to Support Information Technology Modernization

This past year, taxpayers have experienced increased frustration and difficulty resolving their IRS issues, receiving timely notices, accessing detailed information on their Online Account or IRS tools, or reaching an IRS employee. Congress must provide an increased funding effort to upgrade the IRS’s severely outdated information technology (IT) systems.⁶⁶ Modernization efforts are challenged when a large portion of available funding is required to maintain current operations and legacy systems. The modernization of aging IRS

information systems and the requisite application of staffing to maintain that effort is integral to improving IRS customer service and respecting taxpayers' *right to quality service*.

FIGURE 1.2.6, IT Funding, FYs 2019-2021

| Measure/Indicator | FY 2019 | FY 2020 | FY 2021 |
|---|---------|---------|---------|
| Percentage of IT Funding Available for Operations and Maintenance ⁶⁷ | 87.5% | 89.3% | 90.0% |
| Percentage of IT Funding Available for Business Systems Modernization ⁶⁸ | 12.5% | 10.7% | 10.0% |

Observation: The overwhelming and consistently increasing majority of IT funding continues to be applied to maintenance rather than IT modernization.

Endnotes

- 1 Taxpayer First Act, Pub. L. No. 116-25, § 1101(a)(5), 133 Stat. 981 (2019).
- 2 IRS, Taxpayer First Act Report to Congress 99 (Jan. 2021).
- 3 These measures are presented as a sample of indicators and are not intended to be read as a comprehensive listing of performance benchmarks.
- 4 IRS response to TAS fact check (Dec. 14, 2020); U.S. Department of the Treasury FY 2022 Budget in Brief.
- 5 IRS response to TAS fact check (Dec. 14, 2020); IRS CFO email response to TAS (Nov. 16, 2021). Staffing comparison was prepared on an FTE basis.
- 6 IRS, Pub. 6292, Table 1, Fiscal Year Return Projections for the United States: 2011-2018, Fall 2011 Update 6 (showing that taxpayers filed 151.5 million individual, corporation, and partnership returns in FY 2010) (Rev. 8-2011); IRS, Pub. 6292, Table 1, Fiscal Year Return Projections for the United States: 2021-2028, Spring 2021, at 4 (projecting that taxpayers will file 172.2 million individual, corporation, and partnership returns in FY 2021) (Rev. 6-2021).
- 7 *Hearing Before the H. Subcomm. on Oversight of the H. Comm on Ways and Means*, 116th Cong. (Nov. 20, 2020) (statement of Charles Rettig, IRS Commissioner).
- 8 For a discussion of IRS hiring challenges, see *Most Serious Problem: IRS Recruitment, Hiring, and Training: The Lack of Sufficient and Highly Trained Employees Impedes Effective Tax Administration*, *infra*. See also *Most Serious Problem: Telephone and In-Person Service: Taxpayers Face Significant Challenges Reaching IRS Representatives Due to Longstanding Deficiencies and Pandemic Complications*, *infra*.
- 9 IRS responses to TAS fact checks (Dec. 14, 2020; Dec. 23, 2020). IRS email response to TAS (Nov. 16, 2021). IRS Full-Time Equivalents line: This figure represents the average number of FTE positions actually used to conduct IRS operations, which excludes FTEs attributable to overtime, terminal leave, and those funded by reimbursable agreements from other federal agencies and private companies for services performed for these external parties. It also excludes positions funded by private debt collection funds. Individual, Corporate, Partnership Returns line: IRS, Pub. 6292, Table 1, Fiscal Year Return Projections for the United States: 2011-2018, Fall 2011 Update 6 (Rev. 8-2011), and subsequent annual Fall Pub. 6292 updates through IRS, Pub. 6292, Table 1, Fiscal Year Return Projections for the United States: 2021-2028, Spring 2021, at 4 (Rev. 6-2021). The return volume reported for FY 2021 is a projected number. Inflation-Adjusted Budget line: The budget figures include rescissions and funds provided in the administrative provisions of appropriations bills but exclude supplemental funds passed outside of the normal appropriations bills. The inflation adjustment is computed using the GDP Price Index from the President's Budget FY 2021, Historical Tables, Table 10.1.
- 10 When considering FY 2020 data, note that core IRS services were suspended or reduced for a portion of FY 2020 due to COVID-19.
- 11 The IRS encountered a system outage on April 17, 2018 (the 2017 tax return filing deadline), and had to provide taxpayers an additional day to file and pay their taxes. See IRS, IR-2018-100, IRS Provides Additional Day to File and Pay for Taxpayers Through Wednesday, April 18; IRS Processing Systems Back Online (Apr. 17, 2018); 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.
- 12 For a discussion of IRS processing issues, see *Most Serious Problem: Processing and Refund Delays: Excessive Processing and Refund Delays Harm Taxpayers*, *infra*. See also *Most Serious Problem: Filing Season Delays: Millions of Taxpayers Experienced Difficulties and Challenges in the 2021 Filing Season*, *infra*.
- 13 The rise in FY 2020 filed individual returns can in part be attributed to returns filed by taxpayers who traditionally are not required to file a return but who filed solely to receive the Recovery Rebate Credit in advance. IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2021-2028, at 4 (June 2021).
- 14 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2020-2027, at 4 (Sept. 2020); IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2021-2028, at 4 (June 2021). The FY 2020 figure has been updated from what we reported in the 2020 Annual Report to Congress to report actual return counts. The FY 2021 figures are projected numbers. The number of returns and related metrics are proxies for IRS workload and provide context for the environment in which taxpayers seek quality service and other rights from TBOR.
- 15 *Id.* The FY 2020 figure has been updated from what we reported in the 2020 Annual Report to Congress to report actual return counts. The FY 2021 figures are projected numbers.
- 16 *Id.* The FY 2019 and FY 2020 figures were updated to include Form 1040-NR. The FY 2021 figure is a projected number.
- 17 *Id.*

- 18 FY 2019 and 2021 numbers updated from IRS fact check (Dec. 17, 2021) including returns filed solely to claim Advance Child Tax Credit. FY 2020 numbers are from IRS, Compliance Data Warehouse (CDW), Electronic Tax Administration Research and Analysis System Modernized e-File for Individuals and exclude about 8.5 million returns filed for the purpose of claiming economic incentive payments. The FY 2019 figures represent tax year 2018 tax returns. The FY 2020 figures represent TY 2019 tax returns. The FY 2021 figures represent TY 2020 tax returns.
- 19 FY 2019 and 2021 numbers updated from IRS fact check (Dec. 17, 2021) including some returns filed solely to claim Advance Child Tax Credit. FY 2020 numbers are from IRS, CDW, Electronic Tax Administration Research and Analysis System Modernized e-File for Individuals and exclude returns filed for the purpose of claiming economic incentive payments. The FY 2019 figures represent tax year 2018 tax returns. The FY 2020 figures represent TY 2019 tax returns. The FY 2021 figures represent TY 2020 tax returns.
- 20 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2020-2027, at 4 (Sept. 2020); IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2021-2028, at 4 (June 2021). The FY 2020 figure has been updated from what we reported in the 2020 Annual Report to Congress to report actual return counts. The FY 2021 figures are projected numbers.
- 21 *Id.* The FY 2020 figure has been updated from what we reported in the 2020 Annual Report to Congress to report actual return counts. The FY 2021 figures are projected numbers.
- 22 *Id.*
- 23 When considering FY 2020 data, note that core IRS services were suspended or reduced for a portion of FY 2020 due to COVID-19.
- 24 A no-response audit occurs when a taxpayer under exam does not respond to IRS communication attempts, and the proposed tax adjustments are subsequently input as if the taxpayer had agreed to the exam determination. This metric includes cases where the audit notice was deemed undeliverable (e.g., a taxpayer may have moved without giving an updated address, and the notice was returned), and there was no response from the taxpayer.
- 25 A no-change audit occurs when a taxpayer substantiates all items being reviewed by the audit, resulting in no change to the reported tax.
- 26 See IRC § 7803(a)(3); see also <https://www.irs.gov/taxpayer-bill-of-rights>.
- 27 IRS response to TAS fact check (Dec. 17, 2021).
- 28 IRS, CDW Audit Information Management System Closed Case Database for FYs 2019 to 2020 (Nov. 2021); IRS responses to TAS fact checks (Dec. 14, 2020; Dec. 17, 2021). These numbers reflect examination cases closed by the IRS and do not account for subsequent appeal or litigation.
- 29 An audit is closed as agreed when the IRS proposes changes and the taxpayer understands and agrees with the changes.
- 30 The non-response rate includes taxpayers with undelivered IRS audit notices or notices of deficiencies and taxpayers who did not respond to the IRS audit notices.
- 31 Represents percentage of correspondence audits for taxpayers with total positive income under \$50,000.
- 32 Represents percentage of correspondence audits for taxpayers with total positive income greater than \$50,000 and under \$10,000,000.
- 33 Represents percentage of correspondence audits for taxpayers with total positive income greater than \$10,000,000.
- 34 IRS, Small Business/Self-Employed (SB/SE), Collection Activity Report (CAR) No. 5000-108, Monthly Report of Offer in Compromise Activity, cumulative through September, FY 2019 (Sept. 30, 2019); FY 2020 (Sept. 28, 2020); and FY 2021 (Oct. 4, 2021).
- 35 *Id.*
- 36 IRS, SB/SE, CAR No. 5000-6, Installment Agreement Cumulative Report, FY 2019 (Sept. 29, 2019); FY 2020 (Sept. 27, 2020); and FY 2021 (Oct. 4, 2021). Number includes short term payment agreements and continuous wage levies.
- 37 IRS, CDW, FY 2019, FY 2020, and FY 2021 (Oct. 2021). The IRS accepts about 99 percent of requests for IAs that meet the processable criteria.
- 38 IRS, SB/SE, CAR No. 5000-2, Taxpayer Delinquent Account Cumulative Report, FY 2019 (Sept. 29, 2019); FY 2020 (Sept. 27, 2020); FY 2021 (Oct. 4, 2021). When taxpayers incur delinquent tax liabilities, the IRS sends them a series of notices during an approximately six-month period in which the taxpayers are in "notice status." If the taxpayer does not resolve his or her liability during the notice status, the account enters into taxpayer delinquent account status. The IRS then determines whether the case will be referred to the Automated Collection System (ACS), assigned directly for in-person contact by a revenue officer, assigned to the collection queue to await assignment to a revenue officer, or shelved. ACS may also assign cases to the collection queue. The IRS shelves cases prior to assigning the case to a private collection agency.
- 39 *Id.* Modules are the number of accounts attributable to a taxpayer. For example, an individual taxpayer may owe unpaid taxes on the 2017 and 2018 Forms 1040 – this would be one taxpayer with two modules.
- 40 Query by TAS Research of tax delinquent accounts with queue status in IRS, CDW, Accounts Receivable Dollar Inventory, Individual Master File, Modules. Age of balance due cases in the collection queue as of cycle 37 of FY 2019, cycle 38 of FY 2020, and cycle 37 of FY 2021. The age of Taxpayer Delinquency Investigations is not considered.
- 41 When considering FY 2020 data, note that core IRS services were suspended or reduced for a portion of FY 2020 due to COVID-19.
- 42 See Most Serious Problem: *Online Accounts: IRS Online Accounts Do Not Have Sufficient Functionality and Integration With Existing Tools to Meet the Needs of Taxpayers and Practitioners, infra*; Most Serious Problem: *Telephone and In-Person Service: Taxpayers Face Significant Challenges Reaching IRS Representatives Due to Longstanding Deficiencies and Pandemic Complications, infra*; Most Serious Problem: *IRS Recruitment, Hiring, and Training: The Lack of Sufficient and Highly Trained Employees Impedes Effective Tax Administration, infra*.
- 43 Certain IRS inventories must be worked within a specific timeframe to be considered timely. If not closed in that timeframe, the inventory item will be classified as "overaged."
- 44 The IRS generally defines its LOS measure as Numerator = Assistor Calls Answered + Info Messages and Denominator = Assistor Calls Answered + Info Messages + Emergency Closed + Secondary Abandons + (Add either Calculated Busy Signals OR Network Incompletes) + (Add either Calculated Network Disconnects OR Total Disconnects). For a discussion of how the IRS calculates telephone LOS, see Most Serious Problem: *Telephone and In-Person Service: Taxpayers Face Significant Challenges Reaching IRS Representatives Due to Longstanding Deficiencies and Pandemic Complications, infra*.
- 45 The IRS shut down due to COVID-19, and its subsequent directing of taxpayers to IRS.gov should be considered when noting the dramatically elevated rise in FY 2020 virtual visits.
- 46 FY 2019 figure from IRS response to TAS fact check (Nov. 15, 2019). FY 2020 figure from IRS response to TAS information request (Sept. 30, 2020). FY 2021 figure from IRS response to TAS information request (Sept. 2021). Due to COVID-19, a total of 49 TACs were unstaffed at some point during FY 2021.

- 47 IRS response to TAS fact check (Dec. 14, 2020). IRS response to TAS information request (Sept. 30, 2020). The FY 2020 number is calculated through September 12, 2020. IRS response to TAS information request (Sept. 16, 2021).
- 48 Correspondence represents Accounts Management inquiries and responses received from taxpayers who do not belong specifically to another area.
- 49 IRS, Joint Operations Center (JOC), Adjustments Inventory Reports: July-September FY Comparison (FY 2020 and FY 2021). This metric measures taxpayer correspondence requesting account adjustment.
- 50 IRS, Research Analysis and Data (RAD), Accounts Management Reports: Collection Information System (CIS) Closed Case Cycle Time (FY 2020 and FY 2021).
- 51 IRS, Weekly Enterprise Adjustments Inventory Report, FY 2020 and FY 2021 (weeks ending Sept. 26, 2020, and Sept. 25, 2021). Certain IRS inventories must be worked within a specific timeframe to be considered timely. If not closed in that timeframe, the inventory item will be classified as “overaged.”
- 52 IRS, JOC, Adjustments Inventory Reports: July-September Fiscal Year Comparison (FY 2020 and FY 2021). This metric measures taxpayer correspondence requesting account adjustment.
- 53 IRS, RAD, Accounts Management Reports: CIS Closed Case Cycle Time (FY 2020 and FY 2021).
- 54 IRS, Weekly Enterprise Adjustments Inventory Report, FY 2020 and FY 2021 (weeks ending Sept. 26, 2020, and Sept. 25, 2021).
- 55 IRS, JOC, Snapshot Reports: Enterprise Snapshot (weeks ending Sept. 30, 2020, and Sept. 30, 2021; reports generated Oct. 13, 2021).
- 56 *Id.*
- 57 *Id.*
- 58 *Id.* The IRS generally defines its LOS measure as Numerator = Assistor Calls Answered + Info Messages and Denominator = Assistor Calls Answered + Info Messages + Emergency Closed + Secondary Abandons + (Add either Calculated Busy Signals OR Network Incompletes) + (Add either Calculated Network Disconnects OR Total Disconnects).
- 59 *Id.*
- 60 IRS, JOC, Snapshot Reports: Product Line Detail (weeks ending Sept. 30, 2020, and Sept. 20, 2021).
- 61 *Id.*
- 62 IRS.gov Site Traffic Calculator (FY 2019, FY 2020, and FY 2021).
- 63 *Id.*
- 64 IRS, SB/SE, CAR No. 5000-6, Installment Agreement Cumulative Report, FY 2019 (Sept. 29, 2019), FY 2020 (Sept. 27, 2020), and FY 2021 (Oct. 4, 2021). Number includes short-term payment plans.
- 65 IRS response to TAS fact check for FY 2019 and FY 2021 (Dec. 17, 2021) and IRS Databook for FY 2020.
- 66 For a discussion of IRS IT modernization, see National Taxpayer Advocate 2020 Annual Report to Congress 84 (Most Serious Problem: *Information Technology Modernization: Antiquated Technology Jeopardizes Current and Future Tax Administration, Impairing Both Taxpayer Service and Enforcement Efforts*).
- 67 Treasury Inspector General for Tax Administration (TIGTA), Ref. No. 2019-20-083, *Annual Assessment of the Internal Revenue Service’s Information Technology Program for Fiscal Year 2019*, at 1-2 (Sept. 27, 2019); TIGTA, Ref. No. 2021-20-001, *Annual Assessment of the Internal Revenue Service’s Information Technology Program for Fiscal Year 2020*, at 1-2 (Oct. 30, 2020), TIGTA, Ref. No. 2022-20-5, *Annual Assessment of the Internal Revenue Service’s Information Technology Program for Fiscal Year 2021*, at 2 (Dec. 14, 2021). The Operations and Maintenance percentage represents the sum of funding designated as Applications Development, Cybersecurity, Sustaining Infrastructure/Infrastructure Currency, Other Funds, Enterprise Operations, Enterprise-Program Management Office, Enterprise Services, Office of the Chief Information Officer, Strategy and Planning, and User and Network Services. The FY 2020 percentage additionally includes Operations Support COVID-19 and Taxpayer First Act (User Fees) funding.
- 68 *Id.*