

Taxpayer Rights and Service Assessment: IRS Performance Measures and Data Relating to Taxpayer Rights and Service

INTRODUCTION

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 shifting 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.

FIGURE 1.2.1¹



The Taxpayer First Act (TFA), passed in 2019, required the IRS to submit a written comprehensive customer service strategy that “identified metrics and benchmarks for quantitatively measuring the progress of the Internal Revenue Service in implementing such strategy.”² This strategy includes the 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.”³ 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 customer service strategy is implemented.⁴ Traditionally, IRS metrics have focused on “efficiency” – no-change rates, cycle time, etc. As the IRS evolves in its delivery of customer experience and it gains additional funding to realize its customer service goals, it will require the development of new taxpayer-centric metrics. We look forward to working further with the IRS on its TFA implementation, customer service strategy, and development of measures for gauging successful taxpayer service.

The Inflation Reduction Act of 2022 Has Given the IRS a Rare Opportunity to Transform and Dramatically Improve Its Customer Service – But Funding Alone Does Not Guarantee Success

In recent reports, this assessment has highlighted IRS challenges as its inflation-adjusted budget appropriation and staffing levels have declined in the face of rising workloads. TAS has maintained that without sustained, consistent, and dedicated funding, the IRS would remain challenged to develop and maintain the workforce and administrative tools necessary to deliver a high quality of customer service that all taxpayers are entitled to and should reasonably expect from their federal tax administrator.

In FY 2022, Congress passed the Inflation Reduction Act of 2022, which appropriates nearly \$80 billion in additional IRS funding, including almost \$3.2 billion allotted for taxpayer services, \$45.6 billion for enforcement, \$25.3 billion for operations support, and nearly \$4.8 billion for business systems modernization.⁵ This legislation provides the IRS a critical opportunity to significantly improve its delivery of taxpayer services, but increased funding alone will not guarantee improvement. On August 17, 2022, Secretary of the Treasury Janet Yellen formally requested the IRS provide a strategic plan on how the agency intends to apply this funding.⁶ The plan should clearly communicate its vision and strategy with defined metrics and benchmarks to determine when resource allocations are or are not successfully improving the taxpayer experience. The choices made regarding the use of this historic funding and the level of transparency exhibited while communicating the intent behind these decisions should significantly impact the quality of IRS customer service as well as taxpayers’ perception of the organization as a service-oriented provider.⁷ It should be noted while reviewing this assessment that as the Inflation Reduction Act was enacted on August 16, 2022, it will not effect a change when looking at FY 2022 performance metrics. TAS will continue to pay keen attention, however, to determine how the IRS’s use of this additional funding will improve taxpayer service moving forward.

FIGURE 1.2.2⁸

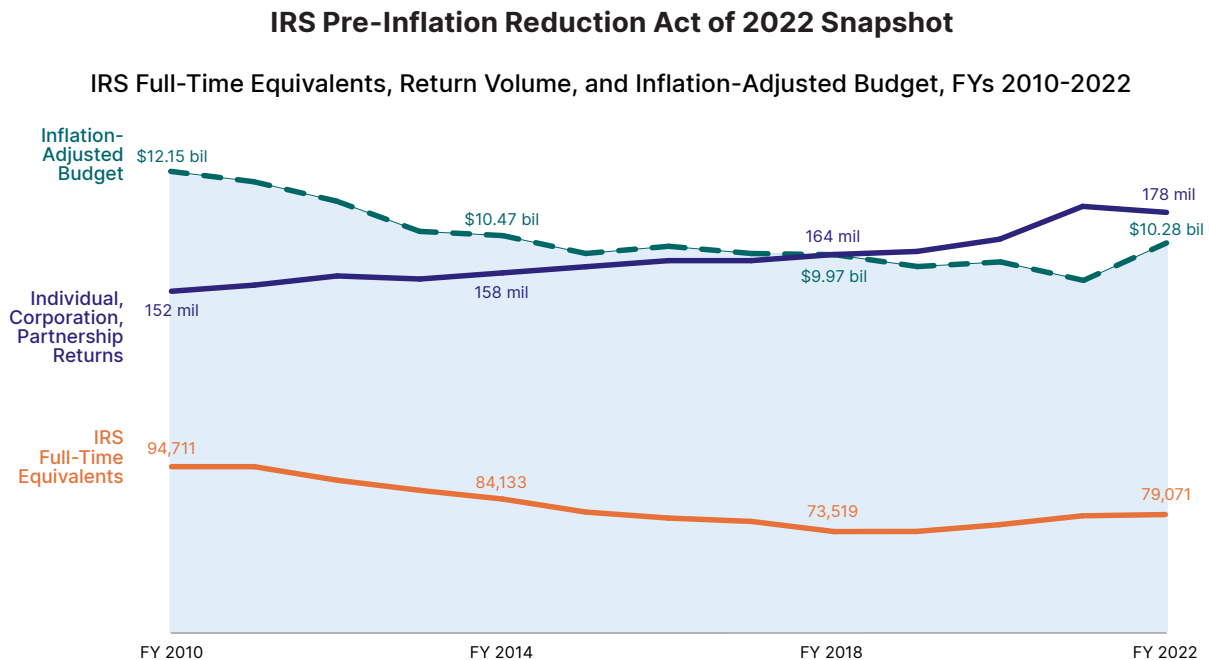
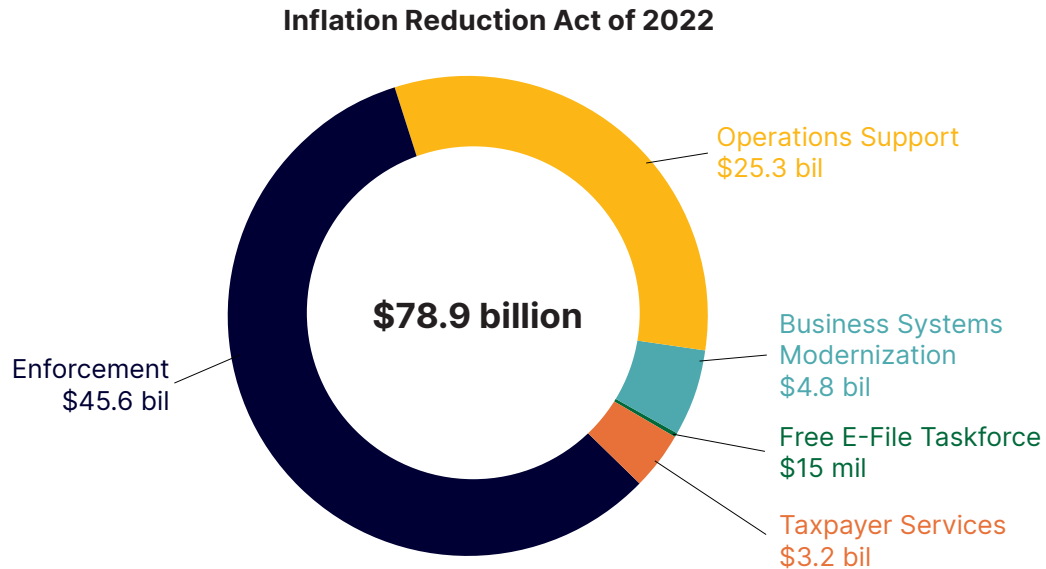


FIGURE 1.2.3⁹



TAXPAYER SERVICE: TAX RETURN PROCESSING¹⁰

Processing Center Closures, the Impact of COVID-19, Rising Return Inventories, and Diminishing Resources Have Negatively Influenced 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 paper processing backlogs experienced due to COVID-19 highlight how dramatically taxpayers are impacted when this essential process falters.¹² The number of individual, business, and other returns filed each year is on the rise, growing from 255,249,983 returns filed in FY 2019 to 271,612,000 projected returns filed for FY 2022.¹³ 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 access; low-income or elderly taxpayers; or taxpayers who are required to file using forms that are not currently available in an electronically submittable format. The IRS must devote staffing and resources to processing these paper submissions and continue to invest in the maintenance and modernization of its systems to successfully manage paper *and* electronically filed returns. As noted by the National Taxpayer Advocate in her 2022 Taxpayer Advocate Directive (TAD) to the IRS, this effort should include an expanded use of scanning technology to efficiently speed the processing of paper-filed tax returns.¹⁴

FIGURE 1.2.4, Income Tax Returns Filed

Measure/Indicator	FY 2019	FY 2020	FY 2021	FY 2022
Number of Returns Filed (Projected, All Types) ¹⁵	255,249,983	242,093,670	269,032,799	271,612,000
Total Individual Income Tax Returns ¹⁶	154,094,555	157,195,302	167,915,264	166,076,400
Total Individual Income Tax Returns Filed on Paper ¹⁷	16,578,426	8,749,558	16,463,292	12,918,800
Total Individual Income Tax Returns Filed Electronically ¹⁸	137,516,129	148,445,744	151,451,972	153,157,600
Free File Consortium (Tax Year) ¹⁹	2,528,639	4,018,163	4,997,000	2,449,458

Measure/Indicator	FY 2019	FY 2020	FY 2021	FY 2022
Fillable Forms (Tax Year) ²⁰	283,244	519,133	795,000	645,049
Total Corporation Income Tax Returns ²¹	7,288,019	6,841,771	7,464,790	7,523,400
Total Corporation Income Tax Returns Filed on Paper ²²	1,325,429	697,421	1,062,200	963,600
Total Corporation Income Tax Returns Filed Electronically ²³	5,962,590	6,144,350	6,402,590	6,559,800

Observation: The total amount of individual and corporate income tax returns filed electronically remains high. Electronically filed returns now account for over 92 percent of individual filings and approximately 87 percent of corporate filings in FY 2022 (please note FY 2022 return counts are projected numbers).

TAXPAYER SERVICE: EXAMINATION AND COLLECTION²⁴

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

IRS 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 have posed challenges to maintaining acceptable levels of taxpayer customer service. 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 audit²⁵ closures in the lower-income taxpayer category, for example, warrants consideration for adjustments in approach. Rising no-change audit²⁶ closures might suggest resources would be better targeted toward areas of greater non-compliance. The Inflation Reduction Act has allotted \$45.6 billion in additional IRS enforcement funding through the end of FY 2031, giving the IRS’s collection function a tremendous boost in its ability to hire.²⁷ Additional hiring addresses a critical IRS need, but hiring alone will not guarantee an improved taxpayer experience. New IRS employees must be adequately trained to perform their duties, and that training must include guidance on recognizing, understanding, and integrating a respect for taxpayer rights into the essential work they do.²⁸ The quality of customer service provided must always respect the taxpayers’ *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.*²⁹

FIGURE 1.2.5, Type of Audit, Outcomes, and Time to Complete by Income, FYs 2019-2022

Measure/Indicator	FY 2019	FY 2020	FY 2021	FY 2022
Examination				
Total Number of Open Audits Pending in Exam ³⁰	525,525	614,359	527,353	425,704
Total Number of Closed Examinations – Individual Tax Returns ³¹	680,463	452,510	658,998	625,947
Total Positive Income (Under \$50,000)				
No-Change Rate	10.1%	11.4%	8.6%	12.8%
Agreed Rate ³²	23.3%	20.6%	19.8%	17.1%
Taxpayer Failed to Respond Rate ³³	39.8%	44.7%	46.4%	44.2%
Average Days to Audit Completion	278.7	263.2	339.5	269.6
Average Total Exam Time (Hours) Correspondence Audits	1.4	1.4	1.4	1.4
Average Total Exam Time (Hours) Field Exams	20.4	25.1	28.8	28.8

Measure/Indicator	FY 2019	FY 2020	FY 2021	FY 2022
Percent of Correspondence Audit ³⁴	88.1%	90.0%	92.4%	91.3%
Total Positive Income (Greater than \$50,000 and under \$10,000,000)				
No-Change Rate	12.4%	16.0%	11.6%	13.1%
Agreed Rate	42.8%	44.6%	39.6%	40.3%
Taxpayer Failed to Respond Rate	20.0%	17.5%	22.7%	21.3%
Average Days to Audit Completion	288.2	301.2	385	317.6
Average Total Exam Time (Hours) Correspondence Audits	2.1	2.2	2.4	2.3
Average Total Exam Time (Hours) Field Exams	28.7	28.5	37.1	38.2
Percent of Correspondence Audit ³⁵	67.7%	62.0%	71.4%	72.2%
Total Positive Income (Greater than \$10,000,000)				
No-Change Rate	21.3%	19.7%	30.3%	31.1%
Agreed Rate	50.5%	52.2%	52.1%	51.5%
Taxpayer Failed to Respond Rate	1.8%	0.8%	0.2%	0.2%
Average Days to Audit Completion	703.8	994.7	682.9	982.0
Average Total Exam Time (Hours) Correspondence Audits	11.2	9.1	8.9	7.7
Average Total Exam Time (Hours) Field Exams	117.1	94.3	91.4	110.6
Percent of Correspondence Audit ³⁶	37.0%	43.3%	24.3%	32.2%

Observation: Taxpayers with incomes below \$50,000 had about 90 percent of their audits conducted by correspondence, nearly 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 failure-to-respond rates decrease, whereas the agreed rates rise.

FIGURE 1.2.6, Offers in Compromise, Installment Agreements, and the Queue, FYs 2019-2022

Measure/Indicator	FY 2019	FY 2020	FY 2021	FY 2022
Collection				
Offer in Compromise: Number of Offers Submitted ³⁷	54,225	44,809	49,285	36,022
Offer in Compromise: Percentage of Offers Accepted ³⁸	35.3%	34.3%	30.9%	28.7%
Installment Agreements (IAs): Number of Individual & Business IAs ³⁹	2,821,134	1,825,378	2,361,646	2,383,849
Number of IAs With Bots ⁴⁰	0	0	0	8,505
Rejected Taxpayer Requests for IAs ⁴¹	32,281	15,483	14,164	8,800
Percentage of Cases Pending Assignment (in the Queue) (Taxpayers) ⁴²	24.1%	28.1%	20.9%	17.5%
Percentage of Cases Pending Assignment (in the Queue) (Modules) ⁴³	33.6%	39.3%	28.5%	24.0%
Age of Individual Delinquencies Pending Assignment (in the Queue) ⁴⁴	4.8 years	4.6 years	4.3 years	4.9 years

Observation: Offers in compromise decreased by nearly 27 percent from FY 2021 to FY 2022 while IA submissions increased by less than one percent during this same period. Fewer taxpayers remained in the queue, but the average age of individual unassigned delinquencies increased by about one-half year.

TAXPAYER SERVICE: TAXPAYER-FACING COMMUNICATION CHANNELS⁴⁵

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 COVID-19, but the IRS is challenged to efficiently and timely address taxpayer contacts when budget and workforce resources are down⁴⁶ or have been temporarily redirected to address the processing of paper return backlogs.⁴⁷ Individual correspondence processing cycle times, for instance, have risen considerably since FY 2019, while percentages of calls answered by IRS employees have dropped from 28.7 percent in FY 2019 to only 12.5 percent in FY 2022.⁴⁸ Increases in virtual service contacts are also important, but taxpayers’ continued preference and need for face-to-face assistance must always be considered and supported. It’s worth noting that while the IRS has maintained at least 358 Taxpayer Assistance Centers since FY 2018, COVID-19 protocols and limited staffing have meant that not all TACs have remained open or staffed throughout each year.⁴⁹

Additional funding provided under the Inflation Reduction Act of 2022 will supplement and enhance IRS efforts to improve its customer service across all service channels, and the IRS announced in October that it had already successfully hired 4,000 new customer service representatives (CSRs) to help answer phones and provide other services for the next filing season.⁵⁰ A portion of these new hires will be filling positions opened though CSR attrition and turnover, so efforts to maintain a bolstered customer service workforce remain an ongoing challenge. The IRS will need to be strategic and monitor customer service measures to be sure its application of resources is generating the improvements in taxpayer service it seeks and that it maintains a balance across all service areas. 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 1.2.7, In-Person Service, Correspondence, Telephone, and Online Service, FYs 2019-2022

Measure/Indicator	FY 2019	FY 2020	FY 2021	FY 2022
In-Person Service				
Number of Taxpayer Assistance (“Walk-In”) Centers (TACs) ⁵¹	358	358	358	360
Number of Face-to-Face TAC Contacts ⁵²	2.3 million	1.0 million	940,000	1.3 million
Number of Calls to the TAC Appointment Line That Did Not Result in a Scheduled Appointment ⁵³	1.4 million	694,000	922,000	501,000
Correspondence⁵⁴				
Individual Correspondence ⁵⁵	4,134,753	2,765,003	6,306,488	6,950,094
Average Cycle Time to Work Individual Correspondence ⁵⁶ (Master File (IMF))	74 days	96 days	201 days	207 days
Inventory Overage ⁵⁷	41.8%	41.6%	59.6%	44.6%
Business Correspondence ⁵⁸	2,717,819	2,038,291	4,197,132	4,599,806
Average Cycle Time to Work Business Correspondence ⁵⁹ (Master File (BMF))	101 days	149 days	145 days	163 days
Inventory Overage ⁶⁰	57.8 %	71.9%	51.5%	60.4%

Measure/Indicator	FY 2019	FY 2020	FY 2021	FY 2022
Telephone Service				
Total Calls to IRS ⁶¹	99,373,456	100,514,299	281,708,009	173,265,572
Number of Calls Answered by IRS Employees ⁶²	28,558,862	24,192,386	32,039,550	21,740,474
Percentage of Calls Answered by IRS Employees ⁶³	28.7%	24.1%	11.4%	12.5%
IRS Level of Service (LOS) ⁶⁴	56.2%	51.2%	21.3%	21.3%
IRS Average Speed of Answer ⁶⁵	16.2 minutes	18.3 minutes	22.8 minutes	28.6 minutes
Practitioner Priority: Percentage of Calls Answered (LOS) ⁶⁶	78.3%	56.3%	28.0%	16.9%
Practitioner Priority: Average Speed of Answer ⁶⁷	8.8 minutes	12.7 minutes	16.1 minutes	25.4 minutes
Online Service				
Number of Visits to IRS.gov ⁶⁸	650,989,560	1,603,938,876	1,999,988,189	1,087,210,500
Number of Page Views ⁶⁹	3,350,072,964	9,225,312,072	11,452,583,281	5,310,673,611
Online Installment Agreements ⁷⁰	786,505	719,752	1,051,708	1,184,711
Where's My Refund? Inquiries ⁷¹	368,848,775	505,611,474	632,361,686	447,729,355

Observation: In-person visitations remain limited due to closed or virtual TACs as FYs 2020, 2021, and 2022 numbers all remain significantly less than FY 2019 levels; FYs 2021 and 2022 correspondence volumes remained significantly higher than prior years, contributing to longer processing delays; the percentage of FY 2022 calls answered by an IRS employee remained below 50 percent of FY 2019 pre-pandemic levels; and taxpayers continued to use online tools and the IRS website in dramatically greater numbers than they did prior to COVID-19.

TAXPAYER SERVICE: INFORMATION TECHNOLOGY

Taxpayers have continued to experience 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,⁷² and modernization efforts are challenged when a large portion of available funding is required to maintain current operations and legacy systems. The Inflation Reduction Act budgets the IRS an additional \$4.8 billion in funding for business modernization, which is key for the IRS to successfully update its systems.⁷³ TAS looks forward to seeing the IRS use this opportunity to advance its modernization initiatives and establish more effective systems to serve taxpayers quickly and comprehensively. 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*.

Endnotes

- 1 See TBOR, www.TaxpayerAdvocate.irs.gov/taxpayer-rights. The rights contained in TBOR are also codified in the IRC. See IRC § 7803(a)(3).
- 2 Taxpayer First Act, Pub. L. No. 116-25, § 1101(a)(5), 133 Stat. 985-986 (2019).
- 3 IRS, Taxpayer First Act Report to Congress 99 (Jan. 2021).
- 4 These measures are presented as a sample of indicators and are not intended to be read as a comprehensive listing of performance benchmarks.
- 5 An Act to Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14, Pub. L. No. 117-169, 136 Stat. 1831-32 (2022) [hereinafter referred to as the "Inflation Reduction Act"].
- 6 Memorandum from Janet L. Yellen, Sec'y of the Treasury, to Charles P. Rettig, Comm'r. Internal Revenue (Aug. 17, 2022), (on file with TAS).
- 7 For a further discussion of IRS transparency, see *Most Serious Problem: IRS Transparency: Lack of Transparency About Processing Delays and Other Key Data Frustrates Taxpayers and May Undermine Voluntary Compliance, infra*.

- 8 IRS responses to TAS fact checks (Dec. 14, 2020; Dec. 23, 2020; Dec. 8, 2022). IRS email response to TAS (Oct. 20, 2022). IRS Full-Time Equivalents (FTE) 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 of the Number of Returns To Be Filed with IRS, 2022-2029, at 4 (Rev. 9-2022). The return volume reported for FY 2022 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 Gross Domestic Product Price Index from the President's Budget FY 2022, Historical Tables, Table 10.1.
- 9 An Act to Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14, Pub. L. No. 117-169, 136 Stat. 1831-32 (2022).
- 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 For example, 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 Delays: Paper Backlogs Caused Refund Delays for Millions of Taxpayers*, *infra*. See also National Taxpayer Advocate 2021 Annual Report to Congress 37 (Most Serious Problem: *Processing and Refund Delays: Excessive Processing and Refund Delays Harm Taxpayers*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_MSP_01_Processing-Delays.pdf; National Taxpayer Advocate 2021 Annual Report to Congress 95 (Most Serious Problem: *Filing Season Delays: Millions of Taxpayers Experienced Difficulties and Challenges in the 2021 Filing Season*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_MSP_05_FilingDelays.pdf.
- 13 The sudden rise in FY 2021 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: 2022-2029, at 4 (Rev. 9-2022).
- 14 In March 2022 the National Taxpayer Advocate issued a TAD directing the IRS "to implement 2-D barcoding or other scanning technology to automate the transcription of paper tax returns." Despite a non-committal IRS response, Secretary of the Treasury Janet Yellen subsequently pledged that "[i]n this coming filing season, the IRS will automate the scanning of millions of individual paper returns into a native digital copy." See Department of the Treasury, *Remarks by Secretary of the Treasury Janet L. Yellen at the IRS facility in New Carrollton, Maryland* (Sept. 15, 2022), <https://home.treasury.gov/news/press-releases/jy0952>.
- 15 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2020-2027, at 4 (Rev. 9-2020); IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2021-2028, at 4 (Rev. 9-2021); IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2022-2029, at 4 (Rev. 9-2022). The FY 2020 figure has been updated from what was reported in the 2021 Annual Report to Congress. The FY 2021 figure has been updated from what was reported in the 2021 Annual Report to Congress to report actual return counts. The FY 2022 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.
- 16 *Id.* The FY 2021 figure has been updated from what we reported in the 2021 Annual Report to Congress to report actual return counts. The FY 2022 figures are projected numbers.
- 17 *Id.*
- 18 *Id.*
- 19 FY 2019 and 2021 numbers updated from IRS response to TAS fact check (Dec. 17, 2021) including returns filed solely to claim the Advance Child Tax Credit (AdvCTC). FY 2020 and FY 2022 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 Impact Payments in FY 2020. The FY 2019 figures represent TY 2018 tax returns. The FY 2020 figures represent TY 2019 tax returns. The FY 2021 figures represent TY 2020 tax returns. The FY 2022 figures represent TY 2021 tax returns.
- 20 FY 2021 numbers updated from IRS response to TAS fact check (Dec. 17, 2021), including some returns filed solely to claim the AdvCTC. FY 2020 and FY 2022 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 Impact Payments. The FY 2020 figures represent TY 2019 tax returns. The FY 2021 figures represent TY 2020 tax returns. The FY 2022 figures represent TY 2021 tax returns.
- 21 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2020-2027, at 4 (Rev. 9-2020); IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2020-2027, at 4 (Rev. 9-2021); IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2022-2029, at 4 (Rev. 9-2022). The FY 2021 figure has been updated from what was reported in the 2021 Annual Report to Congress to report actual return counts. The FY 2022 figures are projected numbers.
- 22 *Id.* The FY 2021 figure has been updated from what was reported in the 2021 Annual Report to Congress to report actual return counts. The FY 2022 figures are projected numbers.
- 23 *Id.*
- 24 When considering FY 2020 data, note that core IRS services were suspended or reduced for a portion of FY 2020 due to COVID-19.
- 25 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.

- 26 A no-change audit occurs when a taxpayer substantiates all items being reviewed by the audit, resulting in no change to the reported tax.
- 27 An Act to Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14, Pub. L. No. 117-169, 136 Stat. 1832 (2022).
- 28 The National Taxpayer Advocate recently partnered with the IRS in developing a mandatory IRS-wide TBOR training course and will continue to advance training opportunities that promote taxpayer rights awareness.
- 29 See IRC § 7803(a)(3); see also www.taxpayeradvocate.irs.gov/taxpayer-rights.
- 30 IRS response to TAS fact checks (Dec. 17, 2021; Dec. 9, 2022).
- 31 IRS response to TAS fact checks (Dec. 14, 2020; Dec. 17, 2021; Dec. 9, 2022). These numbers reflect examination cases closed by the IRS and do not account for subsequent appeal or litigation.
- 32 An audit is closed as agreed when the IRS proposes changes and the taxpayer understands and agrees with the changes.
- 33 The non-response rate includes taxpayers with undelivered IRS audit notices or statutory notices of deficiencies and taxpayers who did not respond to the IRS audit notices.
- 34 Represents percentage of correspondence audits for taxpayers with total positive income under \$50,000.
- 35 Represents percentage of correspondence audits for taxpayers with total positive income greater than \$50,000 and under \$10,000,000.
- 36 Represents percentage of correspondence audits for taxpayers with total positive income greater than \$10,000,000.
- 37 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); FY 2021 (Oct. 4, 2021); FY 2022 (Oct. 3, 2022).
- 38 *Id.*
- 39 IRS, SB/SE, CAR No. 5000-6, Installment Agreement Cumulative Report, FY 2019 (Sept. 29, 2019); FY 2020 (Sept. 27, 2020); FY 2021 (Oct. 4, 2021); FY 2022 (Oct. 2, 2022). Number includes short-term payment agreements and continuous wage levies.
- 40 Weekly ACI and Voice Bot Reports for Week Ending 9/30/2022 (Cumulative). This service was not offered until July 2022.
- 41 IRS, CDW, FY 2019 (Oct. 2021); FY 2020 (Oct. 2021); FY 2021 (Oct. 2021); FY 2022 (Oct. 2022). The IRS accepts about 99 percent of requests for IAs that meet the processable criteria.
- 42 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); FY 2022 (Oct. 2, 2022). 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.
- 43 *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.
- 44 Query by TAS Research of tax delinquent accounts with queue status in IRS, CDW, Accounts Receivable Dollar Inventory, Individual Master File (IMF), Modules. Age of balance due cases in the collection queue as of cycle 37 of FY 2019, cycle 38 of FY 2020, cycle 37 of FY 2021, and cycle 37 of FY 2022. The age of Taxpayer Delinquency Investigations is not considered.
- 45 When considering FY 2020 data, note that core IRS services were suspended or reduced for a portion of FY 2020 due to COVID-19.
- 46 See Most Serious Problem: *Inadequate Digital Services Impede Efficient Case Resolution and Force Millions of Taxpayers to Call or Send Correspondence to the IRS*, *infra*; Most Serious Problem: *Telephone and In-Person Service: Taxpayers Continue to Experience Difficulties and Frustration Obtaining Telephone and Face-to-Face Assistance to Resolve Their Tax Issues and Questions*, *infra*; Most Serious Problem: *IRS Hiring and Training: Weaknesses in the Human Capital Office’s Hiring, Recruitment, and Training Programs Are Undermining the IRS’s Efforts to Achieve Appropriate Staffing to Meet Taxpayer Needs*, *infra*.
- 47 See Oversight Subcomm. Hearing With IRS Commissioner Rettig on the 2022 Filing Season 5, 117th Congress (written testimony of Charles P. Rettig, Commissioner, Internal Revenue), “We are temporarily moving approximately 900 employees with previous relevant experience back into key areas from other organizations. In addition to this accounts management surge team, we are working to assemble a similar surge team for our submission processing area with 700 employees,” <https://www.irs.gov/newsroom/written-testimony-of-charles-p-rettig-commissioner-internal-revenue-service-before-the-house-ways-and-means-committee-subcommittee-on-oversight-on-the-filing-season-and-irs-operations> (Mar. 17, 2022).
- 48 One aspect of this drop in service may be attributable to the sharp rise in volume of calls made to the IRS in FYs 2021 and 2022.
- 49 Secretary of the Treasury Janet Yellen has pledged that “[b]y next year, every single [Taxpayer Assistance] center will be fully staffed.” See Department of the Treasury, *Remarks by Secretary of the Treasury Janet L. Yellen at the IRS facility in New Carrollton, Maryland* (Sept. 15, 2022), <https://home.treasury.gov/news/press-releases/jy0952>.
- 50 IR-2022-191, IRS quickly moves forward with taxpayer service improvements; 4,000 hired to provide more help to people during 2023 tax season on phones (Oct. 27, 2022), <https://www.irs.gov/newsroom/irs-quickly-moves-forward-with-taxpayer-service-improvements-4000-hired-to-provide-more-help-to-people-during-2023-tax-season-on-phones>.
- 51 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. FY 2022 figure from IRS response to TAS fact check (Dec. 12, 2022). As of October 31, 2022, 326 of the 360 TACs were open, and 34 were closed or unstaffed. IRS, Status of Unopened Mail and Backlog Inventory Report (Nov. 4, 2022).
- 52 Wage and Investment Division, Business Performance Review, 4th Quarter, FY 2021 (Nov. 2021); FY 2021 and FY 2022 figures from IRS response to TAS fact check (Dec. 12, 2022).
- 53 IRS response to TAS information request (Oct. 2022); IRS response to TAS fact check (Dec. 12, 2022). Please note these numbers include both calls resolved by the CSR (thus negating the need for a TAC appointment) and calls where the taxpayer could not schedule an appointment at the available times.

- 54 Correspondence represents Accounts Management inquiries and responses received from taxpayers who do not belong specifically to another area.
- 55 IRS, Joint Operations Center (JOC), Adjustments Inventory Reports: July-September FY Comparison (FY 2020, FY 2021, FY 2022). The FY 2021 figure have been updated from what was reported in the 2021 Annual Report to Congress. These are IMF cumulative fiscal year receipts for Correspondence, Amended, Carryback, Injured Spouse and Individual Taxpayer Identification Number (ITIN). This metric measures taxpayer correspondence requesting account adjustment.
- 56 IRS, Research Analysis and Data (RAD), Accounts Management Reports: Collection Imaging System (CIS) Closed Case Cycle Time (FY 2020, FY 2021, and FY 2022). The FY 2021 figure has been updated from what was reported in the 2021 Annual Report to Congress.
- 57 IRS, Weekly Enterprise Adjustments Inventory Report, FYs 2019-2022 (weeks ending Sept. 28, 2019; Sept. 26, 2020; Sept. 25, 2021; Sept. 24, 2022). 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.”
- 58 IRS, JOC, Adjustments Inventory Reports: July-September Fiscal Year Comparison (FY 2020, FY 2021, FY 2022). This metric measures taxpayer correspondence requesting account adjustment. The FY 2021 figures have been updated from what was reported in the 2021 Annual Report to Congress.
- 59 IRS, RAD, Accounts Management Reports: CIS Closed Case Cycle Time (FY 2020, FY 2021, and FY 2022). The FY 2021 figure has been updated from what was reported in the 2021 Annual Report to Congress.
- 60 IRS, Weekly Enterprise Adjustments Inventory Report, FYs 2019-2022 (weeks ending Sept. 28, 2019; Sept. 26, 2020; Sept. 25, 2021; Sept. 24, 2022).
- 61 IRS, JOC, Snapshot Reports: Enterprise Snapshot (weeks ending Sept. 30, 2020; Sept. 30, 2021; Sept. 30, 2022; reports generated Oct. 18, 2022, and Nov. 27, 2022).
- 62 *Id.*
- 63 *Id.*
- 64 *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).
- 65 *Id.*
- 66 IRS, JOC, Snapshot Reports: Product Line Detail (weeks ending Sept. 30, 2020; Sept. 20, 2021; Sept. 30, 2022; reports generated Oct. 18, 2022, and Nov. 27, 2022).
- 67 *Id.*
- 68 IRS.gov Site Traffic Calculator (FYs 2019-2022).
- 69 *Id.*
- 70 IRS, SB/SE, CAR No. 5000-6, Installment Agreement Cumulative Report, FY 2020 (Sept. 27, 2020); FY 2021 (Oct. 4, 2021); FY 2022 (Oct. 2, 2022). Number includes short-term payment plans.
- 71 IRS response to TAS fact check for FY 2019 (Dec. 17, 2021); IRS Databook for FY 2020 and 2021; IRS response to TAS fact check for FY 2022 (Dec. 14, 2022). This metric measures the number of successful Where's My Refund? queries (as opposed to the total number of Where's My Refund? query attempts).
- 72 For a discussion of IRS information technology 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*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2021/01/ARC20_MSP_06_ITmod.pdf. See also Most Serious Problem: *Inadequate Digital Services Impede Efficient Case Resolution and Force Millions of Taxpayers to Call or Send Correspondence to the IRS*, *infra*.
- 73 An Act to Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14, Pub. L. No. 117-169, 136 Stat. 1832 (2022).