

9. CONTINUE TO PROPOSE SIMPLIFICATION OF THE TAX CODE AND IRS PROCEDURES TO REDUCE TAXPAYER COMPLIANCE BURDEN

The complexity of the U.S. tax laws and IRS procedures burdens taxpayers and negatively impacts voluntary compliance. Due to such complexity, preparing and filing tax returns is time-consuming and often involves costly tax return preparation fees. Individual taxpayers who claim social benefits through the tax system and small businesses face significant burdens trying to follow the rules. The Internal Revenue Code (the Code) has many antiquated provisions that do not reflect modern life with changing family structures and evolving business models. Simplifying the Code and eliminating complexities in the IRS's procedures would reduce taxpayer compliance burdens by making it easier for taxpayers to understand their filing and payment obligations, and it would also make it easier for the IRS to administer the tax laws. Thus, simplification is essential to the integrity of the U.S. tax system and will enhance voluntary compliance.

Objective 9 for FY 2024 – TAS will continue to propose legislative and administrative changes to reduce taxpayer compliance burdens by making the process of preparing and filing tax returns less complicated.

- Activity 1: Through public-facing communications, such as discussions in the Annual Report to Congress, Objectives Report to Congress, National Taxpayer Advocate blogs, and congressional testimony and speeches, if applicable, recommend that the IRS enhance the online account system to provide taxpayers broader access and the ability to download their wage and income transcript information in time to prepare their tax returns.
- Activity 2: Provide training to Local Taxpayer Advocates on simplification-related legislative proposals in the Purple Book and encourage them to discuss these proposals with congressional members and staff during their outreach events.
- Activity 3: Explore ways to simplify the Earned Income Tax Credit to increase taxpayer compliance and reduce burden and make any necessary administrative and legislative recommendations.
- Activity 4: Monitor the IRS rollout of taxpayer guidance, education, and compliance efforts for Forms 1099-K, Payment Card and Third Party Network Transactions, provided to small businesses for the payment of income received through third-party payment systems, with particular focus on the resulting level of taxpayer confusion, math error notices, and audit notices.

10. IMPROVE IRS HIRING, RECRUITMENT, AND TRAINING STRATEGIES

On April 6, 2023, the IRS unveiled its SOP⁵⁵ in response to the additional funding provided in the IRA signed into law in August 2022. In this plan, the IRS stated in broad terms that it plans to “implement fast, streamlined hiring processes that address challenges known today” and “use data to match candidates to the right jobs.”⁵⁶ It also stated that the IRS seeks to “create hiring and training programs to build a data-savvy workforce... to serve taxpayers and meet mission goals more effectively.”⁵⁷ TAS welcomes these efforts and hopes that they will come to fruition soon.

Until it implements this plan, the IRS will continue to experience significant challenges with timely recruiting, hiring, and training employees to effectively carry out its mission. As illustrated in the National Taxpayer Advocate 2022 Annual Report to Congress, Direct-Hire Authority (DHA) has improved the time

⁵⁵ IRS, Pub. 3744, IRS Inflation Reduction Act Strategic Operating Plan (Apr. 2023).

⁵⁶ *Id.* at 106.

⁵⁷ *Id.* at 114.

it takes to hire new employees, but the timeframes have not improved much for non-DHA position hires.⁵⁸ TAS encourages the IRS to continue to request that Congress and the Office of Personnel Management provide the IRS DHA and additional hiring flexibilities. To reduce delays in the hiring process attributable to personnel security and background checks, the IRS has brought on contractors to assist with this effort and has procured WebABIS, which will automate some of the Personnel Security work. They are working with IRS Information Technology on developing a timeline for implementation.⁵⁹ Automation should streamline the process and reduce manual workload. Additionally, the IRS needs to reduce employee turnover rates to better improve employee retention rates, especially among younger age employees. Finally, the IRS should invest in IRS University (IRSU) by providing a dedicated operational budget for implementation and operationalization of the program.

Objective 10 for FY 2024 – TAS will continue to advocate for improvements in IRS hiring, recruitment, employee retention, and employee training processes.

- Activity 1: Recommend strategies to improve the efficiency and proficiency of hiring actions and recruitment efforts by human resources personnel, including virtual recruitment events.
- Activity 2: Request that the IRSU implementation team better communicate with all operating divisions and functions.
- Activity 3: Explore potential improvements to IRS employee retention strategies to recommend to the IRS.

11. IMPROVE TAXPAYER ACCESS TO TELEPHONE AND FACE-TO-FACE ASSISTANCE

Taxpayers and tax professionals rely on the ability to reach an IRS employee for account actions and answers to their inquiries. During 2022, prior and current year processing backlogs caused the demand for telephone and in-person service to remain high while customer service levels remained unacceptably low.⁶⁰ Despite its efforts to increase staffing and implement technology to improve the customer experience, the IRS did not staff TACs to meet taxpayers' needs, and only 13 percent of the calls to IRS telephone lines reached live assistance.⁶¹

TAS has historically recommended the IRS increase TAC office staffing and improve telephone customer service, a goal the IRS sought to achieve during the 2023 filing season.⁶² Though the IRS increased staffing and made progress on its commitment to increase telephone service, it must also devote adequate resources

58 National Taxpayer Advocate 2022 Annual Report to Congress 59, 64 (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*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22_MSP_03_Recruitment.pdf.

59 Conversation with Human Capital Office (Apr. 11, 2023) (on file with TAS).

60 National Taxpayer Advocate 2022 Annual Report to Congress 74-87 (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*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22_MSP_04_Telephone.pdf.

61 IRS, JOC, Snapshot Reports: Enterprise Snapshot, Enterprise Total (week ending Sept. 30, 2022). "Enterprise total" refers to all calls across all IRS phone lines; National Taxpayer Advocate 2022 Annual Report to Congress 74-87 (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*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22_MSP_04_Telephone.pdf.

62 National Taxpayer Advocate 2021 Annual Report to Congress 66-75 (Most Serious Problem: *Telephone and In-Person Service: Taxpayers Face Significant Challenges Reaching IRS Representatives Due to Longstanding Deficiencies and Pandemic Complications*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_MSP_03_Telephone.pdf; Erin M. Collins, Update on IRS Progress in Working Through Its Backlog of Paper-Filed Tax Returns and Correspondence, NATIONAL TAXPAYER ADVOCATE BLOG (Nov. 10, 2022), <https://www.taxpayeradvocate.irs.gov/news/nta-blog-update-on-irs-progress-in-working-through-its-backlog-of-paper-filed-tax-returns-and-correspondence-part-3/>; see IRS, Pub. 5530, Budget in Brief Fiscal Year 2023, at 11-12 (Mar. 2022). The budget requests additional resources for Taxpayer Services to increase the FY 2023 LOS target to 85 percent.