

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 performing to protect and further 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



Recent Legislation Has Provided the IRS a Tremendous Opportunity to Improve Its Taxpayer Service

- In July 2019, Congress passed the Taxpayer First Act (TFA), directing the IRS to focus on improving its taxpayer services and requiring the IRS “to submit to Congress a written comprehensive customer service strategy.”² This strategy, the Taxpayer First Act Report to Congress, included 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
- In August 2022, Congress passed the Inflation Reduction Act of 2022 (IRA), appropriating 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for operations support, and nearly \$4.8 billion for business systems modernization.⁴ Though subsequent legislation has rescinded \$1.4 billion from the original IRA funding⁵ and an additional \$20 billion in cuts have been slated to span fiscal years (FYs) 2024 and 2025,⁶ the remaining monies still provide the IRS a unique opportunity to significantly improve its delivery of taxpayer services.

- In April 2023, the IRS presented its IRA Strategic Operating Plan (SOP), communicating how it would use IRA funding to deliver palpable improvements to its mission as a tax administrator, with a strong emphasis on improving its customer service experience.⁷

With TXO dedicated to improving customer experience, two IRS reports road mapping a path to improved customer service, and the addition of sorely needed funding that empowers the IRS to turn that path into a reality, the IRS must now demonstrate to the taxpayers it serves how this funding is worth the investment.

The IRS Race for Improved Customer Service Has Begun, But This is a Marathon, Not a Sprint

Buoyed with IRA funding, the IRS has shown initial progress in improving its customer service delivery. For example, the IRS dramatically reduced call wait times on certain Accounts Management (AM) phone lines during the 2023 filing season; expanded callback and chatbot capabilities to help taxpayers get answers to certain collection notices; increased staffing and reopened a number of Taxpayer Assistance Centers (TACs);⁸ and expanded various online taxpayer service options for individuals, tax professionals, and business entities.⁹ All are welcome advances for taxpayer service, but the IRS must do so much more and do it thoughtfully while keeping an eye on the taxpayer experience picture. The reallocation of IRS resources to improve one service area can lead to diminished service levels elsewhere. The IRS, for example, focused customer service representative (CSR) resources to bolster its phone service during the 2023 filing season, but those same CSRs were no longer processing paper correspondence or amended returns, creating new backlogs and a fresh host of calls from taxpayers and tax professionals looking for answers and issue resolution.¹⁰ The IRS must be adaptable in its approach to implementing service initiatives, balance resources between competing service priorities, be ready for unanticipated outcomes, and be flexible enough to course correct in real time. An important key to identifying and maintaining this level of balanced taxpayer-centric service is to accurately measure, analyze, and react to shifts in taxpayer experience and impact.

As the IRS begins implementation of multiple taxpayer service initiatives, monitoring customer service metrics is more vital than ever. Employing the use of metrics is essential to gauging the success of any large public-facing system, and the Taxpayer Rights and Service Assessment can aid TXO in identifying customer service channels requiring adjustment by comparing fiscal year data as the IRS implements the customer service strategy.¹¹ 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. TAS looks forward to working with the IRS on the implementation of its SOP and the development of measures for gauging the success of its taxpayer service initiatives.

TAXPAYER SERVICE: TAX RETURN PROCESSING

Tax return processing is a fundamental IRS function, and return filing metrics are an important measure of IRS workload. For many taxpayers, preparing and timely filing a tax return comes with some level of cost and effort, but once filed, taxpayers should feel satisfaction that they’ve done their part and that the IRS will follow through on its end of the bargain – by timely processing the return. When taxpayers experience delays in processing, however, their confidence in the system may erode and serious harm may threaten some taxpayers who rely on timely refund issuance to cover rent, meals, and other essential living costs. Large paper processing backlogs experienced due to the pandemic highlight how dramatically taxpayers are impacted when this essential process falters.¹² The IRS’s projected number of individual tax returns to be filed in FY 2023 is up nearly eight million from the number of individual tax returns filed in FY 2022. And as the number of return receipts grows, so grows the potential need for taxpayers to contact the IRS when processing goes awry, further stressing IRS resources. Expanded efforts to employ scanning technology and the promotion of digital filing options are very welcome,¹³ but the IRS must thoughtfully balance its resources between processing strategies to mitigate backlogs and assisting taxpayers and tax professionals with questions when they encounter delays.

FIGURE 1.2.2, Income Tax Returns Filed, FYs 2021-2023

Measure/Indicator	FY 2021	FY 2022	FY 2023
Number of Returns Filed (Projected, All Types) ¹⁴	269,032,799	260,325,402	276,967,900
Total Individual Income Tax Returns ¹⁵	167,915,264	160,577,401	168,483,100
Total Individual Income Tax Returns Filed on Paper ¹⁶	16,463,292	12,080,017	13,936,900
Total Individual Income Tax Returns Filed Electronically ¹⁷	151,451,972	148,497,384	154,546,100
Free File Consortium (Tax Year) ¹⁸	4,997,000	2,449,458	2,607,800
Fillable Forms (Tax Year) ¹⁹	795,000	645,049	5,659,293
Total Corporation Income Tax Returns ²⁰	7,464,790	7,783,235	7,917,400
Total Corporation Income Tax Returns Filed on Paper ²¹	1,062,200	1,155,810	1,116,200
Total Corporation Income Tax Returns Filed Electronically ²²	6,402,590	6,627,425	6,801,200

Observation: The total amount of individual and corporation income tax returns filed electronically remains high. Electronically filed returns now account for nearly 92 percent of individual filings and approximately 86 percent of corporation filings in FY 2023 (please note FY 2023 return counts are projected numbers). FY 2023 showed a considerable increase in fillable forms submissions over prior years.

TAXPAYER SERVICE: EXAMINATION AND COLLECTION

IRS examination and collection action can lead to taxpayer anxiety, which may increase if taxpayers perceive the process as prolonged or inequitable. Perceptions of equity in IRS audit selection, for instance, were challenged this year when a Stanford University report identified racial disparities linked to aspects of the IRS’s examination selection algorithm and Earned Income Tax Credit (EITC) audits.²³ The IRS, to its credit, reviewed and concurred with the report’s findings, announcing it was working to “restore fairness in tax compliance by shifting more attention onto high-income earners, partnerships, large corporations and promoters abusing the nation’s tax laws.”²⁴ The IRS has also indicated for FY 2024 it would “substantially reduce the number of correspondence audits focused specifically on certain refundable credits, including the EITC, American Opportunity Tax Credit, Health Insurance Premium Tax Credit, and Additional Child Tax Credit.”²⁵ Acknowledging issues with an open commitment to course correction is an important step in maintaining taxpayer faith in its tax system, especially as it works to update and reposition enforcement resources and priorities. Exhibiting a commitment to equitable enforcement practices is not just a favorable administrative decision – it’s a basic taxpayer right, the *right to a fair and just tax system*.

The strategic allocation of limited workforce resources, however, will remain challenging but vital to ensuring equitable treatment across all taxpayer populations. 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 audit²⁶ closures in the lower-income taxpayer category, for example, warrants consideration for adjustments in approach. Rising no-change audit²⁷ closures might suggest resources would be better directed toward areas of greater non-compliance. Existing IRS employees, together with the newly hired employees, are the IRS managers and leaders of tomorrow. As the IRS hires new employees to support proposed enforcement initiatives, it must adequately train them to perform their duties, upgrade its training for existing employees, and ensure that training includes guidance on recognizing, understanding, and integrating a respect for taxpayer rights into the essential work they perform. Implicit in a taxpayer’s *right to quality service* is that examination and collection activities respect all provisions of TBOR.²⁸

FIGURE 1.2.3, Type of Audit, Outcomes, and Time to Complete by Income, FYs 2021-2023

Measure/Indicator	FY 2021	FY 2022	FY 2023
Examination			
Total Number of Open Audits Pending in Exam ²⁹	527,353	425,704	323,401
Total Number of Closed Audits – Individual Tax Returns ³⁰	658,998	625,947	518,811
Total Positive Income (Under \$50,000)			
No-Change Rate	8.6%	12.8%	11.6%
Agreed Rate ³¹	19.8%	17.1%	16.2%
Taxpayer Failed to Respond Rate ³²	46.4%	44.2%	47.2%
Average Days to Audit Completion	339.5	269.6	259.9
Average Total Exam Time (Hours) Correspondence Audits	1.4	1.4	1.5
Average Total Exam Time (Hours) Field Exams	28.8	28.8	31.3
Percent of Correspondence Audits ³³	92.4%	91.3%	91.6%
Total Positive Income (Greater than or equal to \$50,000 and under \$10,000,000)			
No-Change Rate	11.6%	13.1%	13.1%
Agreed Rate	39.6%	40.3%	41.0%
Taxpayer Failed to Respond Rate	22.7%	21.3%	18.7%
Average Days to Audit Completion	385.0	317.6	295.2
Average Total Exam Time (Hours) Correspondence Audits	2.4	2.3	2.7
Average Total Exam Time (Hours) Field Exams	37.1	38.2	37.4
Percent of Correspondence Audits ³⁴	71.4%	72.2%	68.0%
Total Positive Income (Greater than or equal to \$10,000,000)			
No-Change Rate	30.3%	31.1%	36.3%
Agreed Rate	52.1%	51.5%	46.0%
Taxpayer Failed to Respond Rate	0.2%	0.2%	0.7%
Average Days to Audit Completion	682.9	982.0	679.3
Average Total Exam Time (Hours) Correspondence Audits	8.9	7.7	8.6
Average Total Exam Time (Hours) Field Exams	91.4	110.6	115.4
Percent of Correspondence Audits ³⁵	24.3%	32.2%	18.3%

Observation: Taxpayers with incomes below \$50,000 had about 90 percent of their audits conducted by correspondence, 44 percent or more failed to respond to the IRS, and fewer than 20 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 1.2.4, Offers in Compromise (OICs), Installment Agreements (IAs), and the Queue, FYs 2021-2023

Measure/Indicator	FY 2021	FY 2022	FY 2023
Collection			
Number of OICs Submitted ³⁶	49,285	36,022	30,163
Percentage of OICs Accepted ³⁷	30.9%	28.7%	28.5%
Number of Individual and Business IAs ³⁸	2,361,646	2,383,849	2,696,963
Number of IAs With Bots ³⁹	0	8,505	16,379
Rejected Taxpayer Requests for IAs ⁴⁰	14,164	8,800	8,625
Percentage of Cases Pending Assignment (in the Queue) (Taxpayers) ⁴¹	20.9%	17.5%	22.6%
Percentage of Cases Pending Assignment (in the Queue) (Modules) ⁴²	28.5%	24.0%	29.5%
Age of Individual Delinquencies Pending Assignment (in the Queue) ⁴³	4.3 years	4.9 years	4.9 years

Observation: The number of submitted OICs has dropped nearly 39 percent from FY 2021 to FY 2023 while IA submissions have increased by roughly 14 percent during the same period. The number of taxpayers in the collection queue are on the rise over the last fiscal year while the average age of individual unassigned delinquencies appears to have steadied. The number of IAs with bots has nearly doubled since FY 2022.

TAXPAYER SERVICE: TAXPAYER-FACING COMMUNICATION CHANNELS

Supplemented with IRA funding, the IRS is set to exhibit service improvements in its taxpayer communication channels. The IRS, for example, increased its number of TACs as well as its TAC face-to-face taxpayer service contacts over FY 2022. However, as noted in a September 2023 Treasury Inspector General for Tax Administration (TIGTA) report, efforts to increase hiring and fully staff its TAC operations fell short as employee attrition diminished the breadth of new-hire gains.⁴⁴ The cycle time to process taxpayer correspondence is down since the last fiscal year, a welcome change, but the level of *average* correspondence left for the IRS to work is significantly higher. Phone service has shown the greatest improvement with a general rise in the number of calls answered by an IRS employee and a quicker average speed of answer, but the shuffling of phone assistor resources may have led to increased processing times in other service areas.⁴⁵ One year after enactment of the IRA, the IRS is working very hard to improve its taxpayer service. While it will inevitably encounter obstacles as it implements further change, the IRS must strategically monitor and develop customer service measures to ensure its application of resources is generating the improvements in taxpayer service it seeks and that it maintains a balance across all service areas. Using TBOR as the core of this development process is important as these rights are essential to the standard of service a taxpayer receives when working with the IRS, no matter the service area or communication channel.

FIGURE 1.2.5, In-Person Service, Correspondence, Telephone Service, and Online Service, FYs 2021-2023

Measure/Indicator	FY 2021	FY 2022	FY 2023
In-Person Service			
Number of TACs ⁴⁶	358	360	363
Number of Face-to-Face TAC Contacts ⁴⁷	940,000	1.3 million	1.6 million
Number of Calls to the TAC Appointment Line That Did Not Result in a Scheduled Appointment ⁴⁸	922,000	501,000	913,000
Correspondence⁴⁹			
Individual Correspondence ⁵⁰	6,306,488	6,950,094	6,690,427
Average Cycle Time to Work Individual Correspondence ⁵¹ (Master File (IMF))	201 days	207 days	138 days
Inventory Overage ⁵²	59.6%	44.6%	63.2%
Business Correspondence ⁵³	4,197,132	4,599,806	5,750,123
Average Cycle Time to Work Business Correspondence ⁵⁴ (Master File (BMF))	144 days	163 days	148 days
Inventory Overage ⁵⁵	51.5%	60.4%	74.5%
Telephone Service			
Total Calls to IRS ⁵⁶	281,708,009	173,265,572	92,875,396
Number of Calls Answered by IRS Employees ⁵⁷	32,039,550	21,740,474	27,257,751
Percentage of Calls Answered by IRS Employees ⁵⁸	11.4%	12.5%	29.3%
IRS Level of Service (LOS) ⁵⁹	21.3%	21.3%	51.30%
IRS Average Speed of Answer ⁶⁰	22.8 minutes	28.6 minutes	13.3 minutes
Practitioner Priority: Percentage of Calls Answered (LOS) ⁶¹	28.0%	16.9%	34.0%
Practitioner Priority: Average Speed of Answer ⁶²	16.1 minutes	25.4 minutes	16.2 minutes
Online Service			
Number of Visits to IRS.gov ⁶³	1,999,988,189	1,087,210,500	880,940,703
Number of Page Views ⁶⁴	11,452,583,281	5,310,673,611	3,761,006,353
Online IAs ⁶⁵	1,491,083	1,858,004	2,020,102
Where's My Refund? Inquiries ⁶⁶	632,361,686	447,729,355	303,132,000

Observation: In-person TAC visitations have steadily increased between FY 2021 and FY 2023. Individual correspondence inventories have fallen slightly between FY 2022 and FY 2023, while business correspondence inventories and overage inventories for both individual and business categories are on the rise. The IRS saw a drop in total calls in FY 2023 with an increase in the percentage of calls answered by IRS employees and a significant drop in the average speed of answer.

TAXPAYER SERVICE: INFORMATION TECHNOLOGY

The IRS is expanding options for taxpayers to interact with the agency digitally, but taxpayers continue to experience frustration and difficulty resolving their IRS issues, receiving timely notices, or accessing detailed information on their online account or IRS tools. The continued implementation of new and substantive digital options for taxpayer service is essential and eagerly anticipated.⁶⁷ IRS modernization efforts, however, are challenged when a large portion of available funding is required to maintain current operations and legacy systems, and while the IRA budgeted the IRS an additional \$4.8 billion in funding for business systems modernization, a key element to the updating of IRS systems,⁶⁸ IRS budgeting remains a current source of much debate. TAS continues to maintain that without sustained, consistent, and dedicated funding, the IRS will 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. 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, <https://www.taxpayeradvocate.irs.gov/taxpayer-rights> (last visited Nov. 22, 2023). The rights contained in TBOR are also codified in IRC § 7803(a)(3).
- 2 TFA, Pub. L. No. 116-25, § 1101(a)(1)-(5), 133 Stat. 981, 985-86 (2019).
- 3 IRS, Pub. 5426, Taxpayer First Act Report to Congress 99 (Jan. 2021), <https://www.irs.gov/pub/irs-pdf/p5426.pdf>.
- 4 An Act to Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14, Pub. L. No. 117-169, 136 Stat. 1818 (2022) [hereinafter referred to as the "Inflation Reduction Act"].
- 5 Fiscal Responsibility Act of 2023, Pub. L. No. 118-5, 137 Stat. 10 (2023). The Fiscal Responsibility Act of 2023 rescinded almost \$1.4 billion from the nearly \$80 billion in additional funding granted to the IRS as part of the IRA.
- 6 The \$20 billion in IRA rescission is currently understood per an informal agreement at time of publication. White House Press Briefing, *Background Press Call on the Bipartisan Budget Agreement* (May 28, 2023), <https://www.whitehouse.gov/briefing-room/press-briefings/2023/05/28/background-press-call-on-the-bipartisan-budget-agreement/>.
- 7 IRS, Pub. 3744, IRS Inflation Reduction Act Strategic Operating Plan (Apr. 2023), <https://www.irs.gov/pub/irs-pdf/p3744.pdf>.
- 8 IRS News Release, IR-2023-148, Inflation Reduction Act 1-Year Report Card: IRS Delivers Dramatically Improved 2023 Filing Season Service, Modernizes Technology, Pursues High-Income Individuals Evading Taxes (Aug. 16, 2023), <https://www.irs.gov/newsroom/inflation-reduction-act-1-year-report-card-irs-delivers-dramatically-improved-2023-filing-season-service-modernizes-technology-pursues-high-income-individuals-evading-taxes>; IRS News Release, IR-2023-178, IRS Expands Use of Chatbots to Help Answer Questions on Key Notices; Expands on Technology That's Served 13 Million Taxpayers (Sept. 26, 2023), <https://www.irs.gov/newsroom/irs-expands-use-of-chatbots-to-help-answer-questions-on-key-notices-expands-on-technology-thats-served-13-million-taxpayers>. For a further discussion of IRS phone service, see Most Serious Problem: *Telephone and In-Person Service: Despite Improvements in Its Service Levels, the IRS Still Does Not Provide Taxpayers and Tax Professionals With Adequate, Timely Telephone and In-Person Service*, *infra*.
- 9 IRS News Release, IR-2023-194, IRS Launches New Initiatives Using Inflation Reduction Act Funding to Ensure Large Corporations Pay Taxes Owed; Continues to Improve Service and Modernize Technology With Launch of Business Tax Account (Oct. 20, 2023), <https://www.irs.gov/newsroom/irs-launches-new-initiatives-using-inflation-reduction-act-funding-to-ensure-large-corporations-pay-taxes-owed-continues-to-improve-service-and-modernize-technology-with-launch-of-business-tax-account>. For a deeper discussion of online accounts, see Most Serious Problem: *Online Account Access for Taxpayers and Tax Professionals: Digital Services Remain Inadequate, Impeding Efficient Case Resolution and Forcing Millions of Taxpayers to Call or Send Correspondence to the IRS*, *infra*.
- 10 For further backlog discussion, see Most Serious Problem: *Processing: Ongoing Processing Delays Burden and Frustrate Taxpayers Awaiting Refunds and Other Account Actions*, *infra*.
- 11 These measures are presented as a sample of indicators and are not intended to be read as a comprehensive listing of performance benchmarks.
- 12 For further discussion of backlogs, see Most Serious Problem: *Processing: Ongoing Processing Delays Burden and Frustrate Taxpayers Awaiting Refunds and Other Account Actions*, *infra*. See also National Taxpayer Advocate 2022 Annual Report to Congress 34 (Most Serious Problem: *Processing Delays: Paper Backlogs Caused Refund Delays for Millions of Taxpayers*), https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22_MSP_01_Processing-Delays.pdf; 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 IRS News Release, IR-2023-194, IRS Launches New Initiatives Using Inflation Reduction Act Funding to Ensure Large Corporations Pay Taxes Owed; Continues to Improve Service and Modernize Technology With Launch of Business Tax Account (Oct. 20, 2023), <https://www.irs.gov/newsroom/irs-launches-new-initiatives-using-inflation-reduction-act-funding-to-ensure-large-corporations-pay-taxes-owed-continues-to-improve-service-and-modernize-technology-with-launch-of-business-tax-account>. See also Janet L. Yellen, Sec'y of the Treasury, Remarks at IRS Headquarters in Washington, D.C. (Nov. 7, 2023), <https://home.treasury.gov/news/press-releases/jy1888>.
- 14 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2022-2029, at 4 (Sept. 2022). IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2023-2030, at 4 (June 2023), <https://www.irs.gov/pub/irs-pdf/p6292.pdf>. The FY 2022 figure has been updated from what was reported in the 2022 Annual Report to Congress to report actual return counts. The FY 2023 figure is a projected number. Data for FY 2021 and FY 2022 for each table was accurate as of the close of each fiscal year; however, the IRS often refines the data as additional information becomes available. Therefore, this data may differ slightly from other data sources with a later publication date. 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 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2022-2029, at 4 (Sept. 2022). IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2023-2030, at 4 (June 2023). The FY 2022 figure has been updated from what was reported in the 2022 Annual Report to Congress to report actual return counts. The FY 2023 figure is a projected number.
- 16 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2022-2029, at 4 (Sept. 2022). IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2023-2030, at 4 (June 2023). The FY 2022 figure has been updated from what was reported in the 2022 Annual Report to Congress to report actual return counts. The FY 2023 figure is a projected number.
- 17 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2022-2029, at 4 (Sept. 2022). IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2023-2030, at 4 (June 2023). The FY 2022 figure has been updated from what was reported in the 2022 Annual Report to Congress to report actual return counts. The FY 2023 figure is a projected number.

- 18 FY 2021 number updated from IRS response to TAS fact check (Dec. 17, 2021), including returns filed solely to claim the Advance Child Tax Credit (AdvCTC). The FY 2022 number is from IRS, Compliance Data Warehouse (CDW), Electronic Tax Administration Research and Analysis System Modernized e-File for Individuals, and excludes about 8.5 million returns filed for the purpose of claiming Economic Impact Payments in FY 2020. The FY 2021 figures represent tax year (TY) 2020 tax returns. The FY 2022 figures represent TY 2021 tax returns. The FY 2023 figures represent TY 2022 tax returns through September 28, 2023.
- 19 FY 2021 number updated from IRS response to TAS fact check (Dec. 17, 2021), including some returns filed solely to claim the AdvCTC. FY 2022 and FY 2023 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 2021 figures represent TY 2020 tax returns. The FY 2022 figures represent TY 2021 tax returns. The FY 2023 figures represent TY 2022 tax returns through September 28, 2023.
- 20 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2022-2029, at 4 (Sept. 2022). IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2023-2030, at 4 (June 2023). The FY 2022 figure has been updated from what was reported in the 2022 Annual Report to Congress to report actual return counts. The FY 2023 figure is a projected number.
- 21 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2022-2029, at 4 (Sept. 2022). IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2023-2030, at 4 (June 2023). The FY 2022 figure has been updated from what was reported in the 2022 Annual Report to Congress to report actual return counts. The FY 2023 figure is a projected number.
- 22 IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2022-2029, at 4 (Sept. 2022). IRS, Pub. 6292, Fiscal Year Return Projections for the United States: 2023-2030, at 4 (June 2023). The FY 2022 figure has been updated from what was reported in the 2022 Annual Report to Congress to report actual return counts. The FY 2023 figure is a projected number.
- 23 Hadi Elzayn et al., *Measuring and Mitigating Racial Disparities in Tax Audits* (Stanford Inst. For Econ. Pol'y Rsch., Working Paper, 2023), <https://siepr.stanford.edu/publications/working-paper/measuring-and-mitigating-racial-disparities-tax-audits>.
- 24 IRS News Release, IR-2023-166, IRS Announces Sweeping Effort to Restore Fairness to Tax System With Inflation Reduction Act Funding; New Compliance Efforts Focused on Increasing Scrutiny on High-Income, Partnerships, Corporations and Promoters Abusing Tax Rules on the Books (Sept. 8, 2023), <https://www.irs.gov/newsroom/irs-announces-sweeping-effort-to-restore-fairness-to-tax-system-with-inflation-reduction-act-funding-new-compliance-efforts>.
- 25 *Hearing on IRS Operations Before the Subcomms. on Government Operations and the Federal Workforce and Health Care and Financial Services of the H. Oversight and Accountability Comm.*, 118th Cong. (Oct. 24, 2023) (written statement of Danny Werfel, Comm'r, Internal Revenue).
- 26 A no-response audit occurs when a taxpayer under examination does not respond to IRS communication attempts, and the proposed tax adjustments are subsequently input as if the taxpayer had agreed to the examination 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.
- 27 A no-change audit occurs when a taxpayer substantiates all items being reviewed by the audit, resulting in no change to the reported tax.
- 28 See IRC § 7803(a)(3). See also TBOR, <https://www.taxpayeradvocate.irs.gov/get-help/taxpayer-rights/> (last visited Nov. 16, 2023).
- 29 IRS responses to TAS fact checks (Dec. 17, 2021; Dec. 9, 2022); IRS response to TAS information request (Oct. 16, 2023).
- 30 IRS responses to TAS fact checks (Dec. 17, 2021; Dec. 9, 2022); IRS response to TAS information request (Oct. 16, 2023). These numbers reflect examination cases closed by the IRS and do not account for subsequent appeals or litigation.
- 31 An audit is closed as agreed when the IRS proposes changes and the taxpayer understands and agrees with the changes.
- 32 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.
- 33 This represents the percentage of correspondence audits for taxpayers with total positive income under \$50,000.
- 34 This represents the percentage of correspondence audits for taxpayers with total positive income greater than or equal to \$50,000 and under \$10,000,000.
- 35 This represents the percentage of correspondence audits for taxpayers with total positive income greater than or equal to \$10,000,000.
- 36 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 2021 (Oct. 4, 2021); FY 2022 (Oct. 3, 2022); FY 2023 (Oct. 2, 2023).
- 37 *Id.* The figure is calculated using all dispositions, including not-processable dispositions.
- 38 IRS, SB/SE, CAR No. 5000-6, FY 2021 (Oct. 3, 2021); FY 2022 (Oct. 2, 2022); FY 2023 (Oct. 1, 2023). This number includes short-term payment agreements and continuous wage levies.
- 39 Weekly Automated Collection System Conversational Interactive Voice Response (ACI) and Voice Bot Reports (week ending Sept. 30, 2022) (Cumulative); Weekly ACI and Voice Bot Reports (week ending Sept. 30, 2023) (Cumulative). This service was not offered until July 2022.
- 40 IRS, CDW, FY 2021 (Oct. 2021); FY 2022 (Oct. 2022); FY 2023 (Oct. 2023). The IRS accepts about 99 percent of requests for IAs that meet the processable criteria.
- 41 IRS, SB/SE, CAR No. 5000-2, Taxpayer Delinquent Account Cumulative Report, FY 2021 (Oct. 3, 2021); FY 2022 (Oct. 2, 2022); FY 2023 (Oct. 1, 2023). 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 other collection status, 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.
- 42 IRS, SB/SE, CAR No. 5000-2, Taxpayer Delinquent Account Cumulative Report, FY 2021 (Oct. 3, 2021); FY 2022 (Oct. 2, 2022); FY 2023 (Oct. 1, 2023). 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.

- 43 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 2021, cycle 37 of FY 2022, and cycle 37 of FY 2023. The age of Taxpayer Delinquency Investigations is not considered.
- 44 See TIGTA, Ref. No. 2023-IE-R010, *Inflation Reduction Act: Assessment of the IRS's Efforts to Deliver Expected Improvements for the 2023 Filing Season* (2023), <https://www.tigta.gov/sites/default/files/reports/2023-09/2023ier010fr.pdf>. For a further discussion of TACs, see *Most Serious Problem: Telephone and In-Person Service: Despite Improvements in Its Service Levels, the IRS Still Does Not Provide Taxpayers and Tax Professionals With Adequate, Timely Telephone and In-Person Service*, *infra*.
- 45 See *Most Serious Problem: Identity Theft: Lengthy Issue Resolution Delays and Inadequate Notices Burden Taxpayers Who Are Victims of Identity Theft or Whose Returns the IRS Has Flagged for Possible Identity Theft*, *infra*.
- 46 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 August 1, 2022, 317 of the 358 TACs were open, and 41 were closed or unstaffed. As of September 2023, 266 of the 363 TACS (73 percent) were less than fully staffed, limiting service appointments available to taxpayers. Janet L. Yellen, Sec'y of the Treasury, Remarks at the IRS Facility in New Carrollton, Maryland (Sept. 15, 2022), <https://home.treasury.gov/news/press-releases/jy0952>; IRS response to TAS information request (Dec. 4, 2023).
- 47 FY 2021 and FY 2022 figures from IRS response to TAS fact check (Dec. 12, 2022); FY 2023 figure from IRS response to TAS fact check (Dec. 4, 2023).
- 48 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. IRS response to TAS fact check (Dec. 4, 2023).
- 49 Correspondence represents AM inquiries and responses received from taxpayers who do not belong specifically to another area.
- 50 IRS, Joint Operations Center (JOC), Adjustments Inventory Reports: July-September FY Comparison (FY 2021, FY 2023). The FY 2021 figure has been updated from what was reported in the 2021 Annual Report to Congress. These are Individual Master File cumulative fiscal year receipts for Correspondence, Amended, Carryback, Injured Spouse, and Individual Taxpayer Identification Number. This metric measures taxpayer correspondence requesting account adjustment.
- 51 IRS, Research Analysis and Data (RAD), AM Reports: Correspondence Imaging System (CIS) Closed Case Cycle Time (FY 2022, FY 2023). The FY 2021 figure has been updated from what was reported in the 2021 Annual Report to Congress. IRS response to TAS fact check (Dec. 4, 2023).
- 52 IRS, Weekly Enterprise Adjustments Inventory Report (weeks ending Sept. 25, 2021; Sept. 24, 2022; Sept. 30, 2023). 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."
- 53 IRS, JOC, Adjustments Inventory Reports: July-September Fiscal Year Comparison (FY 2021, FY 2023). 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.
- 54 IRS, RAD, AM Reports: CIS Closed Case Cycle Time (FY 2022, FY 2023). The FY 2021 figure has been updated from what was reported in the 2022 Annual Report to Congress per IRS response to TAS fact check (Dec. 4, 2023).
- 55 IRS, Weekly Enterprise Adjustments Inventory Report (weeks ending Sept. 25, 2021; Sept. 24, 2022; Sept. 30, 2023).
- 56 IRS, JOC, Snapshot Reports: Enterprise Snapshot (weeks ending Sept. 30, 2022; Sept. 30, 2023; reports generated Oct. 5, 2023).
- 57 *Id.*
- 58 *Id.*
- 59 *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).
- 60 IRS, JOC, Snapshot Reports: Product Line Detail (weeks ending Sept. 30, 2022; Sept. 30, 2023; reports generated Oct. 5, 2023).
- 61 *Id.*
- 62 *Id.*
- 63 IRS.gov Site Traffic Calculator (FYs 2021-2023).
- 64 *Id.*
- 65 IRS, SB/SE, CAR No. 5000-6, Installment Agreement Cumulative Report, FY 2021 (Oct. 3, 2021); FY 2022 (Oct. 2, 2022); FY 2023 (Oct. 1, 2023). This number includes short-term payment plans. The online IA numbers were updated from what was reported in prior year reports. IRS response to TAS fact check (Dec. 4, 2023).
- 66 IRS Databook for FY 2021 (table 10), <https://www.irs.gov/pub/irs-soi/21dbs02t10ap.xlsx>; IRS Databook for FY 2022 (table 10), <https://www.irs.gov/pub/irs-soi/22dbs02t10ap.xlsx>; the FY 2022 figure has been updated from what was reported in the 2022 Annual Report to Congress; IRS Wage and Investment Division Filing & Services Report (FY 2023).
- 67 For a deeper discussion of online accounts, see *Most Serious Problem: Online Account Access for Taxpayers and Tax Professionals: Digital Services Remain Inadequate, Impeding Efficient Case Resolution and Forcing Millions of Taxpayers to Call or Send Correspondence to the IRS*, *infra*.
- 68 IRA, Pub. L. No. 117-169, 136 Stat. 1818 (2022).