

Questions for the Record
House Oversight and Reform Subcommittee on Government Operations
“IRS: Is It Ready?”
April 21, 2022

Questions from Chairman Gerald E. Connolly:

Question #1: The Internal Revenue Service (IRS) recently unveiled a new “Taxpayer Experience Office” to improve customer service. What can you tell us about this office regarding its mission, priorities, and goals, and what changes can taxpayers expect from this new office?

Response #1: As outlined in the [IRS’s report to Congress](#), the IRS established the Taxpayer Experience Office to improve customer service and to drive the IRS’s strategic direction for improving the taxpayer experience. The IRS gathered input from both internal and external stakeholders and developed focus areas and a roadmap for the next five years. Below is a summary of the focus areas and goals the IRS has articulated.

1. Expanded Digital Services

The IRS intends to expand access to information and assistance for those who prefer self-service through digital channels. It aims to:

- Enhance the IRS’s Online Account for individual taxpayers and expand this service to Tax Professionals and Businesses.
- Enhance authenticated online self-services to include account updates, full interaction history and issue status, increased electronic receipt of filings and scanning/data capture for paper filings, secure document exchange, and more.

2. Seamless Experience

The IRS intends to offer a personalized online experience for taxpayers and their authorized tax professionals. It aims to:

- Enable taxpayers to seek service and information through the channel of their choice.
- Seamlessly pass on taxpayer information from one interaction to the next employee or channel, streamlining the process and expediting resolution.
- Train liveweb chat and telephone employees to provide IRS navigation support.

3. Proactive Outreach and Education

The IRS intends to educate the taxpayer community by proactively providing information in the language, timing, and method taxpayers need or prefer. It aims to:

- Leverage multiple means, including social media, trusted partnerships, customized digital options, and new technology, to deliver information and personalized messages.
- Educate taxpayers to increase their confidence in meeting their tax obligations.

4. Focused Strategies for Reaching Underserved Communities

The IRS intends to establish a consolidated program to engage with historically underserved communities to address issues of communication, education, transparency, trust, and limited access to quality products and services. It aims to:

- Develop custom strategies for each underserved segment based on focused research, best practices, and learning from partners about ways to better interact within these communities.
- Provide personalized education and outreach to ensure taxpayers are engaged, heard, informed, and clearly understand what is expected of them.

5. Community of Partners

The IRS intends to establish, shepherd, and facilitate a collaborative and interactive network of partnerships across the entire tax ecosystem and bring together existing efforts. It aims to:

- Bring innovative ideas and approaches to our stakeholder and trusted partner collaborations.
- Collaboratively explore new ways to better serve the needs of different taxpayer segments and provide appropriate assistance.
- Seek new partnerships to better reach and interact with our taxpayers.

6. Enterprise Data Management and Advanced Analytics Capabilities

The IRS intends to develop an Enterprise Data Management strategy that includes a cross-enterprise understanding of the customer experience, emerging needs and expectations, and operational data. It aims to:

- Assist in understanding customer profile, behavioral and transactional data, and the services that support the customer.
- Improve compliance efforts, resolve cases faster, and focus on impactful issues.

Although the IRS has created a vision and roadmap for the Taxpayer Experience Office, it is still staffing the office and it appears to be still in its infancy stage for execution of its vision. As explained in the following response, I expect to work collaboratively with the IRS on this important initiative, and I expect to provide my assessment of the IRS's progress toward the goals described above in my annual reports, congressional testimony, and other communications.

Question #2: How is the new “Taxpayer Experience Office” engaging with you at the Taxpayer Advocate Service to ensure they are hearing from taxpayers about the processes most in need of improvement?

Response #2: The Taxpayer Experience Office is still standing up its operations and hiring staff. My organization, the Taxpayer Advocate Service, is establishing a working group with the Taxpayer Experience Office to leverage our resources to help identify challenges, discuss changing IRS employee and taxpayer expectations and industry trends, focus on customer service best practices to better promote the IRS's (and TAS's) mission, and generally improve the experience of taxpayers and tax professionals. However, it is at the infancy stage.

Question #3: What actions has the IRS taken in the last 12 months to improve the overall digital experience for taxpayers?

Response #3: Although the IRS has made some improvements in this area, I have expressed concern about the pace of change and made several specific recommendations. Digital services continue to be a cost-effective and taxpayer-preferred method of interacting with the IRS. In my [2021 Annual Report to Congress](#), I stated that calendar year 2021 was “the most challenging year taxpayers and tax professionals have ever experienced.” The report says tens of millions of taxpayers experienced delays in the processing of their returns, and with 77 percent of individual taxpayers receiving refunds, “processing delays translated directly into refund delays.” Much of the frustration involved the inability to reach the IRS. Improving the digital experience is key to improving future service for taxpayers. The IRS should prioritize these efforts.

My report made numerous digital recommendations to address taxpayer problems, including the following:

- **Utilize scanning technology and reduce barriers to e-filing.** The IRS could reduce its backlog of paper tax returns by using scanning technology to machine-read returns, as many state tax agencies have been doing for more than two decades. In addition, some taxpayers who wish to e-file their returns cannot do so for several reasons, including when they need to file certain tax forms that the IRS has not programmed its systems to receive electronically. These TAS recommendations would reduce the need for IRS employees to manually transcribe the data from paper returns – the primary cause of the backlog. The IRS is considering options, but it currently does not have a plan in place to automate processing for next year’s filing season.
- **Deploy “customer callback” technology on all telephone lines so taxpayers and tax professionals don’t have to wait on hold and can receive a return call when the next customer service representative (CSR) is available.** Customer callback technology is not a cure-all for IRS telephone operations because if the IRS workforce only has the capacity to answer 32 million telephone calls, as it did last year, customer callback will not enable the IRS to answer the 250 million calls that went unanswered. However, many taxpayers call the IRS multiple times before they get through, and if effectively used, customer callback technology could substantially reduce the need for repeat calls.

During the past year, the IRS has implemented some online live assistance, voice bots, and chat bots (in English and Spanish), and it has begun hiring additional CSRs to improve telephone service. Voice bots are software-powered by artificial intelligence (AI) and allow callers to navigate an interactive voice response system with their voices, generally using natural language. Chat bots simulate human conversation through web-based text interaction, also using AI-powered software to respond to natural language prompts. Taxpayers who request to speak with a CSR are placed in queue for English or Spanish telephone assistance.

- The IRS’s Advance Child Tax Credit Voice Bot was launched in February 2022. It handles the top 27 Advance Child Tax Credit questions and topics to assist callers who need help reconciling the credits on their 2021 tax returns.

- The IRS recently deployed voice and chat bots in English and Spanish for phone lines that assist taxpayers with tax payment issues or understanding IRS notices they may have received.

Voice bots helped people calling the Economic Impact Payment toll-free line, providing general procedural responses to the most frequently asked questions.

- **Improve online taxpayer accounts and allow taxpayers to communicate with the IRS routinely by secure email.** My report pointed out that online taxpayer accounts are plagued by limited functionality. For example, taxpayers generally cannot view images of past tax returns, most IRS notices, or proposed assessments; file documents; or update their addresses or the names of authorized representatives. Similarly, the IRS generally will not communicate with taxpayers by email. Limitations on communicating with the IRS electronically frustrate taxpayers who have been conducting comparable transactions with financial institutions for more than two decades. This leads to more paper processing delays and increases the number of telephone calls and pieces of correspondence the IRS receives. The IRS is focused on improving its online accounts, but it indicates that limited resources are slowing its efforts.
- **Create and update a weekly “dashboard” on IRS.gov to provide the public with specific information about delays.** The IRS has created a webpage, [IRS Operations During COVID-19: Mission-critical functions continue](#), that provides certain high-level information. However, it does not provide detailed information on processing backlogs, saying for amended returns only that “[t]he current timeframe can be more than 20 weeks.” It does not provide detailed information on correspondence backlogs, saying only that processing mail “is taking longer than usual” and “[t]he exact timeframe varies depending on the type of issue.” It does not provide information on recent telephone delays, even though doing so would give taxpayers a better sense of whether they should devote the time to calling.
- TAS recommends that the IRS post a filing season dashboard, updated at least weekly, that lists each category of work and the length of time it is taking to complete it. This should include the number of weeks to process original paper tax returns and amended paper tax returns, the number of weeks to process math error and other taxpayer correspondence by category, and the percentage of taxpayers who called the IRS the previous week and reached an employee. Although the IRS agreed in December 2020 to provide more specific information on its webpage, it has not done so to the extent necessary to provide taxpayers and practitioners with much-needed filing season updates and information about the processing delays.

Question # 4: What is the success rate for individual who seek assistance from the Taxpayer Advocate Service? For example, out of every 100 people you assist, how many have their issues with the IRS resolved, and what is the average length of time for individuals to achieve resolution?

Response #4: In FY 2021, TAS was able to provide relief in about 80 percent of the cases we received. Another 9 percent received relief directly from the IRS after a case had been established in TAS but before TAS became involved, and most of the remaining taxpayers did not move forward with their inquiries and their cases were closed. The FY 2021 mean closed-case cycle time was 96 days, and the median closed-case cycle time was 64 days.