



January 2020

# 2019 Tax Filing

## **IRS Successfully Implemented Tax Law Changes but Needs to Improve Service for Taxpayers with Limited-English Proficiency**



# Highlights

Highlights of [GAO-20-55](#), a report to Congressional Committees

## Why GAO Did This Study

During the tax filing season, generally from January to mid-April, IRS processes more than 100 million individual and business tax returns and provides telephone, correspondence, online, and in-person services to tens of millions of taxpayers. The 2019 filing season is the first during which most individuals and businesses filed returns affected by major tax law changes under TCJA.

GAO was asked to review IRS's performance implementing TCJA and managing the 2019 filing season. GAO assessed (1) IRS's performance collaborating with Treasury and OMB to implement TCJA prior to the 2019 filing season and IRS's efforts to communicate tax law changes to the public; (2) IRS's performance providing customer service and processing individual and business income tax returns during the 2019 filing season compared to prior filing seasons; and (3) any opportunities that may exist to improve IRS's ability to provide quality customer service and to facilitate taxpayer compliance. GAO analyzed IRS, Treasury, and OMB documents and data and interviewed cognizant officials.

## What GAO Recommends

GAO made 8 recommendations to IRS, including improving service to taxpayers with LEP by ensuring translated information on its website is updated, and assessing and documenting the appropriate mix of language services it should provide; using employee input to evaluate the impact of customer service training on performance; and implementing a strategy for efficient use of overtime. IRS agreed with 6 recommendations and neither agreed nor disagreed with 2 recommendations, as discussed in the report.

View [GAO-20-55](#). For more information, contact Jessica Lucas-Judy at (202) 512-9110 or [lucasjudj@gao.gov](mailto:lucasjudj@gao.gov)

# 2019 Tax Filing

## IRS Successfully Implemented Tax Law Changes but Needs to Improve Service for Taxpayers with Limited-English Proficiency

### What GAO Found

In advance of the 2019 filing season, the Internal Revenue Service (IRS) collaborated with the Department of the Treasury (Treasury) and the Office of Management and Budget (OMB) to implement significant tax law changes from Public Law 115-97—commonly known as the Tax Cuts and Jobs Act (TCJA). This included publishing guidance, creating tax products (e.g., forms), and reprogramming systems. IRS also took several steps to inform the public of the changes through public media campaigns and outreach.

IRS's performance during the 2019 filing season was initially hindered by significant challenges that IRS largely overcame. As the agency implemented TCJA, a five-week lapse in appropriations furloughed many IRS employees during critical filing season preparations. This led to sharp declines in telephone service early in the filing season along with delays in paper return processing and backlogs of taxpayer correspondence. While IRS improved performance over the course of the filing season, overall performance remained lower than last year.

GAO identified several areas for IRS to improve customer service and facilitate compliance. First, its services to taxpayers with limited-English proficiency (LEP) are very limited, inaccurate in some cases, and difficult to access. For example, weaknesses in IRS procedures for reviewing and updating translated content lead to outdated information on its website (see figure). Also, IRS has not assessed and documented its decisions whether to translate many vital tax products, including Form 1040—one of the most commonly-used forms for individuals—and what oral interpretive services to potentially provide to taxpayers with LEP. Improving services for taxpayers with LEP will help them better understand their tax obligations and could help enhance compliance.

Figure: Outdated Translated Information on IRS.gov for 2019 Filing Season

The screenshot shows the IRS website interface with a search bar and navigation links. Below the navigation, there are tabs for 'File', 'Pay', 'Refunds', 'Credits & Deductions', and 'Forms & Instructions'. Under the 'File' tab, there are links for 'Trang chủ (tiếng Anh)', 'Tiếng Việt', and 'Thuế cơ bản'. The 'Thuế cơ bản' link is selected, leading to a page titled 'Thuế cơ bản'. A yellow highlight is placed over a section titled 'Đòi Hỏi Đệ Nộp đối với Đa Số Người Đóng Thuế (năm 2016) (2016 Filing Requirements for Most Taxpayers)'. Below this title is a table with three columns: 'NEU dien de nop cua quy vi la...', 'VA vao cuoi nam 2016 quy vi...', and 'THI can khai thue neu tong loi tức của quy vi có mức ít nhất là...'. The table contains two rows of data.

NEU dien de nop cua quy vi la...	VA vao cuoi nam 2016 quy vi...	THI can khai thue neu tong loi tức của quy vi có mức ít nhất là...
Độc thân	dưới 65 tuổi 65 tuổi trở lên	\$10,350 \$11,900

Source: IRS.gov. | GAO-20-55

IRS also does not regularly use employee input to evaluate the impact of customer service training on performance to identify improvements. Finally, GAO found that IRS increasingly relies on overtime to meet processing and service goals; however, IRS lacks a strategy for efficiently using overtime. Dependence on overtime can increase costs to IRS and lead to employee burnout.

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## Abbreviations

ACTC	Additional Child Tax Credit
AM	Accounts Management
CBR	Customer Base Report
CSR	customer service representative
EITC	Earned Income Tax Credit
FTE	full-time equivalent
GSA	General Services Administration
IRM	Internal Revenue Manual
IRMF	Information Return Master File
IRS	Internal Revenue Service
IT	Information Technology
ITIN	Individual Taxpayer Identification Number
LEP	limited-English proficiency or limited-English proficient
LOS	level of service
LPTS	Linguistics, Policy, Tools, and Services section
MOA	Memorandum of Agreement
OIRA	Office of Information and Regulatory Affairs
OMB	Office of Management and Budget
SP	Submissions Processing
SSA	Social Security Administration
TAC	Taxpayer Assistance Center
TCJA	Tax Cuts and Jobs Act
TF&P	Tax Forms & Publications division
Treasury	Department of the Treasury
W-2	Form W-2, Wage and Tax Statement

### GAO's Mission

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# Recommendations for Executive Action

## Recommendations for Executive Action

We are making the following eight recommendations to IRS.

- The Commissioner of Internal Revenue should make publicly available, such as on its website, a list of tax topics considered out of scope for CSRs to answer on the telephone, as well as include references for how and where to find information about these topics. (Recommendation 1)
- The Commissioner of Internal Revenue should reconcile authority and implement procedures for routinely reviewing the English versions of IRS's most commonly used vital tax products and web pages to ensure that information is included in commonly encountered languages about where taxpayers with LEP can obtain the translated content. If such content is not translated, the products and web pages should include information about where taxpayers with LEP can obtain language assistance from IRS. (Recommendation 2)
- The Commissioner of Internal Revenue should reconcile authority and implement procedures for routinely reviewing its multilingual web pages to effectively prevent, or detect and correct, errors such as incorrect or outdated information. For example, these procedures could call for the divisions to work with the Linguistics, Policy, Tools, & Services (LPTS) section whenever the English version of translated content is updated. (Recommendation 3)
- The Commissioner of Internal Revenue should conduct the four-factor assessment of its language services to persons with LEP for its most commonly used vital tax products to determine (1) which products should be translated and into what languages, and (2) what interpretation assistance will be provided to arrive at the appropriate mix of translation and interpretation services. IRS should document these assessments, including the determinations it made, and take action as appropriate based on these assessments. (Recommendation 4)
- The Commissioner of Internal Revenue should collect and use employee input on the strengths and weaknesses of its customer service training, including on whether training is effective in improving CSRs' performance, to inform changes to its training program and strategy under the Taxpayer First Act. (Recommendation 5)
- The Commissioner of Internal Revenue should direct the Wage and Investment division to develop and implement a strategy,

- in collaboration with its strategic workforce planning initiative, for the efficient use of overtime. (Recommendation 6)
- The Commissioner of Internal Revenue should further assess the increase in “system downtime” and identify possible solutions to mitigate any problems and reduce system downtime. (Recommendation 7)
  - The Commissioner of Internal Revenue should perform regular monitoring of fluctuations in system downtime charges, such as increases overall or by specific units, to determine what, if any, factors are interrupting CSRs’ work. (Recommendation 8)



# Introduction

January 15, 2020

The Internal Revenue Service’s (IRS) mission is to “provide America’s taxpayers with top-quality service by helping them understand and meet their tax responsibilities as well as enforce the law with integrity and fairness to all.” For fiscal year 2018, IRS reported that it:

- collected almost \$3.5 trillion in gross taxes;
- processed more than 250.3 million federal tax returns and supplemental documents and issued almost 122 million refunds amounting to nearly \$464 billion;
- provided taxpayer assistance through almost 608.8 million visits to IRS.gov;
- assisted more than 64.8 million taxpayers through correspondence, its toll-free telephone helpline, or at Taxpayer Assistance Centers; and
- audited almost 1 million tax returns.<sup>1</sup>

At the same time, IRS faces a number of challenges that pose risks to meeting its mission if not managed effectively. IRS’s fiscal year 2019 budget is its lowest since 2000, after adjusting for inflation. Concurrent with declining resources are increasing responsibilities, including implementing relevant aspects of the Foreign Account Tax Compliance Act; Protecting Americans from Tax Hikes Act of 2015; Patient Protection and Affordable Care Act; and Public Law 115-97—commonly known as the Tax Cuts and Jobs Act (TCJA)—which included significant changes to corporate and individual tax law.<sup>2</sup> In addition to these tax law changes, we have previously reported IRS faces a number of significant and ever-evolving challenges with protecting taxpayer information, preventing identity theft and fraud,

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<sup>1</sup>IRS, *Internal Revenue Service Data Book*, 2018, [Publication 55B](#) (Washington, D.C.: May 2019).

<sup>2</sup>Pub. L. No. 111-147, §§ 501-541, 124 Stat. 71, 97-117 (Mar. 18, 2010); Pub. L. No. 114-113, div. Q, 129 Stat. 2242, 3078, (Dec. 18, 2015); Pub. L. No. 111-148, 124 Stat. 119 (Mar. 23, 2010) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152). To provide for reconciliation pursuant to Titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (Dec. 22, 2017) (hereinafter Tax Cuts and Jobs Act (TCJA)).

and modernizing an aging technology infrastructure. For these reasons, and others, IRS's enforcement of tax laws has been on our High-Risk List since we first established the list in 1990.<sup>3</sup>

High-quality customer service is important for taxpayers to fulfill their tax obligations accurately and in a timely manner. Accordingly, enhancing service is a key element in IRS's strategy for reducing the average gross tax gap—the difference between the amount that taxpayers owe and the amount they pay. In 2016, IRS estimated the average gross tax gap was \$458 billion each year from 2008 to 2010. Of that amount, IRS estimated \$406 billion will never be collected through late payments or enforcement activities—this amount is the net tax gap. We previously found that more could be done to reduce the net tax gap and help taxpayers voluntarily comply with tax requirements.<sup>4</sup> Over the years, we have made numerous recommendations to IRS and suggestions to Congress to address the tax gap. Many of these have been implemented but major opportunities remain.

You asked us to review IRS's efforts to implement relevant aspects of the TCJA, in collaboration with the Department of the Treasury (Treasury) and the Office of Management and Budget (OMB), and its performance during the 2019 filing season. In this report, we assess:

1. IRS's performance collaborating with Treasury and OMB to implement the TCJA prior to the 2019 filing season and IRS's efforts to educate the public on the tax law changes;
2. IRS's performance providing customer service and processing individual and business income tax returns during the 2019 filing season compared to prior filing seasons; and
3. any opportunities to improve IRS's ability to provide quality customer service and facilitate taxpayer compliance.

To address the first objective, we reviewed IRS's efforts to prioritize and finalize regulations, forms, guidance, and other materials

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<sup>3</sup>GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

<sup>4</sup>See GAO, *Tax Gap: IRS Needs Specific Goals and Strategies for Improving Compliance*, [GAO-18-39](#) (Washington, D.C.: Oct. 31, 2017), and *Tax Compliance: Better Compliance Data and Long-term Goals Would Support a More Strategic IRS Approach to Reducing the Tax Gap*, [GAO-05-753](#) (Washington, D.C.: July 18, 2005).

needing to be developed or revised to implement TCJA, comparing results to the agency's project management plan. We interviewed officials from IRS, Treasury, and OMB's Office of Information and Regulatory Affairs (OIRA) about their efforts in coordinating the development and review of regulations for implementing TCJA, against selected leading collaboration practices identified in our prior work.<sup>5</sup> We also interviewed IRS officials, reviewed planning documents to assess IRS's approach to managing risk, and reviewed IRS's internal communication plan for the TCJA. In addition, we interviewed a nongeneralizable selection of seven representatives of the tax industry, including tax preparation businesses and software developers and professional organizations, to obtain their views on the support IRS offered pertaining to the tax law changes prior to the 2019 filing season.

To address the second objective, we analyzed data and documentation pertaining to IRS's processing, telephone, correspondence, website, and in-person services and compared 2019 performance data and goals to prior years (filing seasons 2014 through 2018) to identify trends and anomalies. In addition, we conducted site visits at IRS's return processing and customer service facilities in Atlanta, Georgia; Austin, Texas; and Ogden, Utah, which we selected based upon the different types of returns processed and customer service provided at each location, among other considerations, to observe filing season operations.

We reviewed weekly IRS filing season status reports and interviewed IRS officials to identify changes in performance and identify challenges associated with the 2019 filing season. We also interviewed IRS officials to identify contextual factors contributing to (1) changes in performance and/or performance measures; and (2) effectiveness of efforts to manage imbalances, if any, between taxpayer demand for service and agency resources.

To address the third objective, we interviewed officials from relevant functional units within IRS and conducted discussion groups with customer service representatives (CSR) and their managers about

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<sup>5</sup>See GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005). In particular, we selected the following practices that were the most relevant to these agencies' collaboration on the development and review of regulations: agree on roles and responsibilities; develop mechanisms to monitor, evaluate, and report on results; and establish compatible policies, procedures, and other means to operate across agency boundaries.

challenges they encountered implementing the TCJA and preparing for the 2019 filing season and opportunities to improve service and taxpayer compliance. We interviewed representatives from IRS's divisions and sections that comprise the Language Services Program, such as the Linguistics, Policy, Tools, and Services section, which provides translation services for all IRS offices, to determine their role providing services to taxpayers with limited-English proficiency, defined by the U.S. Census Bureau as a person who speaks English "less than very well." We reviewed IRS's services provided in languages other than English and compared these to IRS policy, government best practices, an executive order, and principles from the *Standards for Internal Control in the Federal Government* for establishing an effective organizational structure, evaluating performance and holding individuals accountable, and effective documentation.<sup>6</sup> In addition, we reviewed IRS customer service training materials and planned time frames and discussed them with IRS officials to understand division level training needs and development.

Before, during, and after the 2019 filing season, we conducted 14 discussion groups with a total of 67 IRS CSRs and their managers, observed CSRs' interactions with taxpayers, and reviewed IRS division-level training evaluations. We reviewed relevant IRS data about the accuracy of responses provided by CSRs. Finally, we reviewed IRS data on overtime hours and system downtime to assess changes over time. We also compared IRS's actions for evaluating and monitoring use of overtime and system downtime against principles for evaluating pressure on personnel to help personnel fulfill their assigned responsibilities in accordance with the entity's standards of conduct and performing ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations from the *Standards for Internal Control in the Federal Government*.<sup>7</sup>

To assess the reliability of data used in this report, we interviewed IRS officials and assessed documentation for any data limitations, which we note, as applicable, within the report. We compared those results to our data reliability standards and determined that the data presented in this report are sufficiently reliable for our purposes. More information on our scope and methodology can be found in appendix I.

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<sup>6</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

<sup>7</sup>[GAO-14-704G](#).

We conducted this performance audit from April 2018 to January 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Background

## Tax Cuts and Jobs Act

The TCJA made a number of significant changes to the tax law affecting both individuals and corporations.<sup>8</sup> For example, for individual taxpayers for tax years 2018 through 2025, tax rates were lowered for nearly all income levels, some deductions from taxable income were changed (personal exemptions were eliminated while the standard deduction was increased), and certain credits, such as the child tax credit, were expanded.<sup>9</sup> For individuals with business income reported on their tax return (pass-through entities), effective tax rates can be reduced with a 20 percent deduction of qualified business income.<sup>10</sup> For corporate filers, the tax rate was changed from a range between 15 and 35 percent to a flat rate of 21 percent, and the corporate alternative minimum tax was eliminated.<sup>11</sup>

To implement the changes in the tax law from the TCJA, IRS: (1) interpreted the law and published guidance; (2) created or revised hundreds of tax forms, publications, and instructions; (3) reprogrammed return processing systems; and (4) hired additional staff and trained its workforce to help taxpayers understand the law. IRS's Human Capital Office estimated that the agency needed to hire and train new staff to fill approximately 1,100 positions requiring a variety of competencies, and provide additional training on tax law changes for current employees.<sup>12</sup>

IRS had to make the necessary changes in 2018 to process tax returns in 2019 and to help taxpayers understand the new law and its effect on their tax obligations. For example, IRS conducted outreach to employees, employers, and industry associations encouraging employees to reassess their withholdings in light of changes the law made to deductions and credits that may have affected tax liability and withholding for a large number of taxpayers.

<sup>8</sup>Pub. L. No. 115-97, 131 Stat. 2054.

<sup>9</sup>Pub. L. No. 115-97, §§ 11001, 11041, 11021(a) (codified at 26 U.S.C. § 63(c)(7)), 11022(a) (codified at 26 U.S.C. § 24(h)).

<sup>10</sup>Pub. L. No. 115-97, § 11011 (codified at 26 U.S.C. § 199A).

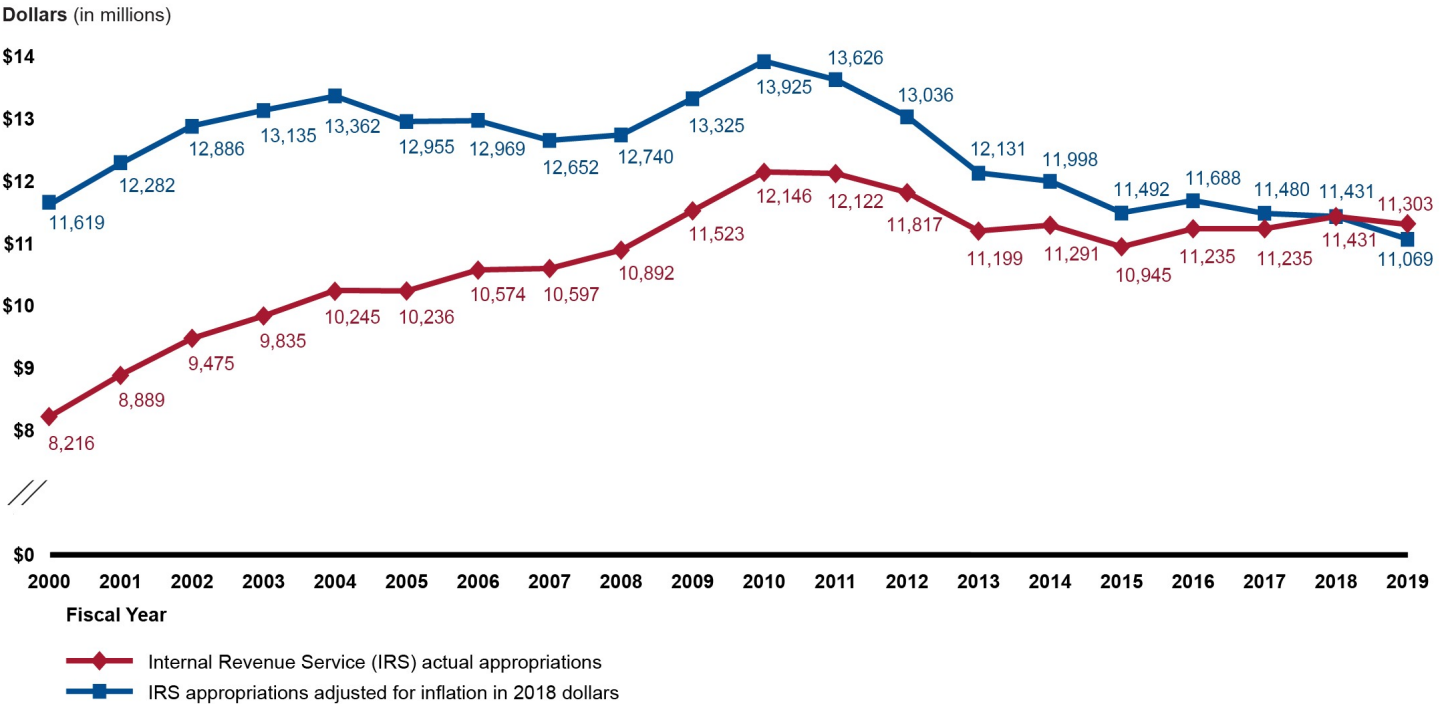
<sup>11</sup>Pub. L. No. 115-97, §§ 13001 (codified at 26 U.S.C. § 11(b)), 12001(a) (codified at 26 U.S.C. 55(a)).

<sup>12</sup>GAO, *2018 Tax Filing: IRS Managed Processing Challenges and Enhanced Its Management of Tax Law Changes*, [GAO-18-471](#) (Washington, D.C.: Sept. 10, 2018).

# IRS Budget

IRS’s budget declined by about \$929 million (7.7 percent) between fiscal years 2014 and 2019, and is the lowest since 2000, after adjusting for inflation (see figure 1).<sup>13</sup> Furthermore, full-time equivalents funded with annual appropriations declined by 9,283 (11.2 percent) in that same period. The president’s fiscal year 2020 budget request for IRS was \$11.472 billion, which is more than the prior 2 years’ appropriations, after adjusting for inflation. In fiscal year 2018, IRS received \$320 million to cover implementation expenses for TCJA over 2 years. We previously reported IRS would direct the majority of the money toward technological updates.<sup>14</sup>

**Figure 1: IRS Appropriations for Fiscal Years 2000 to 2019**



Sources: GAO analysis of Congressional Research Service reports for fiscal years 2000 through 2004, Internal Revenue Service Congressional Justifications for fiscal years 2005 through 2018, and Consolidated Appropriations Act, 2019, Pub. L. No. 116-6, div. D, Title I, 133 Stat. 13. | GAO-20-55

Note: Inflation adjustments were made using Bureau of Economic Analysis data and Congressional Budget Office projections of the fiscal year chain weighted gross domestic product price index.

<sup>13</sup>All budget amounts are presented in 2018 dollars.

<sup>14</sup>[GAO-18-471](#).

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## The Partial Government Shutdown and IRS

From December 22, 2018 to January 25, 2019, much of the federal workforce was furloughed because of a lapse in appropriations for fiscal year 2019. IRS was one of the affected agencies that did not receive appropriations and was required to cease most operations, such as filing season preparation and enforcement activities. During the first 4 weeks of the shutdown, IRS employees could only process a limited number of taxpayer correspondence and were unable to answer taxpayer questions over the phone. On January 15, 2019, in advance of the start of the filing season but before the end of the furlough, IRS announced that it would be recalling 46,052 employees.<sup>15</sup>

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## IRS Customer Service

IRS uses multiple channels to provide customer service to taxpayers, including in languages other than English:

**Telephone service.** Taxpayers can contact IRS CSRs via telephone to obtain information about their accounts throughout the year or to ask basic tax law questions during the filing season. Taxpayers can also listen to recorded tax information or use automated services to obtain information on the status of refund processing, as well as account information, such as balances due. IRS provides live assistance over the phone and has automated lines in English and Spanish, and provides over-the-phone interpretation in more than 350 languages on two of its lines through a contract service. From fiscal years 2014 through 2018, IRS received an average of about 98 million calls from taxpayers each year, according to IRS data.

**Correspondence.** Taxpayers may also use paper correspondence to communicate with IRS, which includes responding to IRS requests for new or additional information or to dispute a notice. IRS CSRs are

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<sup>15</sup>In October 2019, we issued a legal opinion finding that certain IRS activities during the 5-week lapse in appropriations violated the Antideficiency Act. The Antideficiency Act, codified at 31 U.S.C. § 1341, prohibits federal agencies from entering into obligations or expending federal funds in advance or in excess of an appropriation, and from accepting voluntary services, unless specifically authorized by law. We found that IRS lacked available budget authority to support activities to process tax remittances (payments submitted by individuals) and issue tax refunds, and that no exception to the Antideficiency Act permitted IRS to incur these obligations. See GAO, *U.S. Department of the Treasury—Tax Return Activities during the Fiscal Year 2019 Lapse in Appropriations*, [B#331093](#) (Washington, D.C.: Oct. 22, 2019).



responsible for responding to taxpayer inquiries on a variety of tax law procedural questions and can handle account adjustments, such as amended returns and duplicate filings. IRS's policy is to respond to paper correspondence within 45 days of receipt; otherwise, such correspondence is late, which IRS calls "overage." At the end of fiscal year 2018, about 34.1 percent of the approximately 1.2 million pieces of correspondence remaining was overage, down from approximately 48.5 percent of approximately 2.2 million remaining pieces of correspondence at the end of fiscal year 2014.<sup>16</sup> Minimizing overage correspondence is important because, according to IRS, delayed responses may prompt taxpayers to write again, call, or visit IRS Taxpayer Assistance Centers (TAC), each of which lead to additional costs. Additionally, IRS may be required to pay interest on refunds owed to taxpayers who file amended returns, so delayed processing can result in higher interest paid.

**Online services.** IRS's website provides taxpayers with basic interactive tools to check their refund status or balance due, make payments, and apply for plans to pay taxes due in scheduled payments (installment agreements). Taxpayers can use the website to print forms, publications, and instructions and can use IRS's interactive tools to get answers to tax law questions. IRS provides some of its content online via web pages translated into Chinese (Traditional and Simplified), Haitian Creole, Korean, Russian, Spanish, and Vietnamese. IRS data show that it received more than 600 million website visits in fiscal year 2018.

In 2011, IRS launched *IRS2Go*, a smartphone application that gives taxpayers mobile access to certain online services, such as to make payments or check the status of their refund. In 2013, IRS made the service available in Spanish.

**In-person services.** Taxpayers can receive face-to-face assistance at one of 358 IRS TACs or at thousands of sites staffed by volunteers during the filing season. At TACs, IRS representatives provide services including answering basic tax law questions, reviewing and adjusting taxpayer accounts, taking payments, authenticating Individual Taxpayer Identification Number (ITIN) applicants, and assisting

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<sup>16</sup>Overage rates are based upon inventory during the last week of the fiscal year. These rates may fluctuate each week depending on receipt volume and staff availability to respond, but are relatively consistent throughout the year. For fiscal year 2018, IRS received nearly 17.2 million pieces of correspondence compared to 20.5 million for fiscal year 2014.

identity theft victims.<sup>17</sup> Based on IRS data, nearly 3 million taxpayers visited an IRS TAC in fiscal year 2018. At sites staffed by volunteers, taxpayers can receive free return preparation assistance as well as financial literacy information. In fiscal year 2018, nearly 3.6 million taxpayers had their returns prepared at volunteer sites, according to IRS data.

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## Tax Return Processing and Fraud Detection

Every year since 2014, IRS has processed about 240 million paper and electronically-filed individual and business tax returns and more than \$370 billion in refunds.<sup>18</sup> When IRS processes returns, it checks for errors and corrects those that it can, i.e., using math error authority.<sup>19</sup> If needed, IRS corresponds by mail with the taxpayer to request additional information, such as a missing form or other documentation. This process can affect how long it takes IRS to issue refunds.

Systemic verification is one element of IRS's Return Review Program, its primary system to detect fraud and noncompliance. The Return Review Program is a platform that runs individual tax returns through a set of rules and models to detect potential taxpayer fraud and other noncompliance. During systemic verification, IRS checks information that taxpayers report on their returns against Form W-2, *Wage and Tax Statement* (W-2) data to verify wage and withholding information and identify discrepancies.

We previously reported that the wage information that employers report on the W-2s had not been available to IRS until after it issued most refunds.<sup>20</sup> To address issues such as refund fraud and improper Earned Income Tax Credit (EITC) payments, Congress enacted the

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<sup>17</sup>ITINs are processing numbers assigned by IRS to taxpayers who do not have, and are ineligible to obtain, a Social Security number, and are used to process and account for their returns and payments.

<sup>18</sup>Most individual taxpayers file their tax returns between mid-January and April 15, which is the deadline for filing individual income tax returns. However, millions of taxpayers receive extensions from IRS, which allows them to delay filing (but not payment) until as late as October 15.

<sup>19</sup>26 U.S.C. §§ 6213(b), (g).

<sup>20</sup>GAO, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017), and *Identity Theft: Additional Actions Could Help IRS Combat the Large, Evolving Threat of Refund Fraud*, [GAO-14-633](#) (Washington, D.C.: Aug. 20, 2014).

Protecting Americans from Tax Hikes Act of 2015, which included provisions that took effect in 2017.<sup>21</sup> The act required employers to submit W-2s to the Social Security Administration (SSA) by January 31, which is about 1 to 2 months earlier than in prior years.<sup>22</sup> SSA then provides W-2 data to IRS for verifying employee wage and withholding data on tax returns. The act also required IRS to hold refunds for all taxpayers claiming the EITC or Additional Child Tax Credit (ACTC) until February 15.<sup>23</sup> As we reported in 2017, now that IRS has earlier access to W-2 information, IRS is using it to conduct additional verification checks before issuing billions of dollars in potentially fraudulent refunds.<sup>24</sup>

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<sup>21</sup>Pub. L. No. 114-113, div. Q, § 304.

<sup>22</sup>Pub. L. No. 114-113, div. Q, § 201, (*codified at* 26 U.S.C. §§ 6071 and 6402). Prior to enactment of the amending provisions of the act, paper W-2s were due on or before the last day of February and electronically-filed W-2s were due March 31.

<sup>23</sup>Pub. L. No. 114-113, div. Q, § 201(b) (*codified at* 26 U.S.C. § 6402(m)).

<sup>24</sup>GAO, 2017 *Filing Season: New Wage Verification Process Holds Promise but IRS Faced Implementation Challenges*, [GAO-17-525T](#) (Washington, D.C.: Apr. 26, 2017).

# Major Findings

## IRS Collaborated with Treasury and OMB to Implement Tax Law Changes in Advance of the 2019 Filing Season and Educated Taxpayers

As we have previously reported, to address the changes included in the TCJA prior to launching the filing season in January 2019, IRS officials said the agency had to begin implementing the following tasks concurrently:

- interpret the law and publish guidance;
- create or revise hundreds of tax products (e.g., forms, publications, and instructions);
- reprogram IRS systems to accept the new and revised forms and the information reported on them; and
- educate taxpayers.<sup>25</sup>

To help ensure necessary tasks would be completed in time for the filing season, in January 2018, IRS established the Tax Reform Implementation Office, a central office that coordinated implementation efforts before disbanding in March 2019 as intended. Each of the 119 provisions in TCJA that fall under the IRS's responsibility was assigned to one of IRS's four business divisions—Wage and Investment, Large Business and International, Small Business/Self-Employed, and Tax-Exempt and Government Entities—each of which have been and will continue to be responsible for planning and executing the assigned provisions.<sup>26</sup>

Beginning in 2018 and continuing into 2019, these business divisions worked with functional units within the agency—including Media and Publications, the Office of Chief Counsel, Information Technology, and Communications and Liaison—as well as with Treasury and the Office of Information and Regulatory Affairs (OIRA) within OMB to

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<sup>25</sup>[GAO-18-471](#).

<sup>26</sup>For purposes of implementation, IRS counted each section of TCJA as a single provision.

accomplish essential tasks before taxpayers began filing their 2018 tax returns on January 28, 2019.

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## **IRS Collaborated with Treasury and OMB to Develop and Issue Guidance Prior to the Filing Season**

IRS uses a variety of guidance documents to communicate its interpretation of tax laws to the public, including regulations, revenue rulings, revenue procedures, notices, and announcements. Regulations provide Treasury's and IRS's official interpretation of tax law and are authoritative and legally binding on taxpayers and IRS since they have the effect of law. Revenue rulings, revenue procedures, notices, and announcements do not have the same force and effect as regulations, but can still be relied on by taxpayers because IRS is also bound by these materials that are published in the Internal Revenue Manual (IRM).

To make progress implementing the provisions of TCJA in advance of the 2019 filing season, IRS, Treasury, and OIRA, part of OMB, coordinated to interpret the law and to prioritize, develop, approve, and issue regulations and other forms of guidance. We found these entities engaged in a number of best practices we have previously identified to enhance and sustain collaborative efforts.<sup>27</sup> For example, by forming the Tax Reform Implementation Office to oversee coordination, IRS helped ensure that its internal units and Treasury agreed on roles and responsibilities as implementation activities progressed. Frequent working group meetings and weekly information sharing sessions also helped ensure involved units in IRS and Treasury were aware of and in agreement concerning the responsibilities and progress of various priorities, according to officials from IRS and Treasury. In addition, IRS developed mechanisms to monitor, evaluate, and report on results by creating a project management plan and holding or facilitating regular meetings between units working on interrelated elements of implementation.

The normal process IRS follows to coordinate guidance development is documented in the IRM and involves working with internal and external stakeholders, including Treasury's Office of Tax Policy and the public. Given the scale and timeline of TCJA implementation efforts, officials from IRS Office of Chief Counsel said they modified this standard process to be able to implement the law as quickly as possible. Officials from the Office of Chief Counsel told us they coordinated more with IRS operating divisions and Treasury than is typical when developing guidance. For high-priority provisions, IRS's

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<sup>27</sup>[GAO-06-15](#).

Office of Chief Counsel met weekly with at least one representative from each affected division to discuss progress in guidance development and remaining issues the Office of Chief Counsel would need to address.

Treasury officials said that IRS and Treasury worked together more formally than usual when developing TCJA Guidance, establishing formal working groups with more participants than in past guidance development efforts. The officials said Treasury's Office of Tax Policy and IRS held a series of initial meetings to agree on the guidance needed and the priorities for developing that guidance. They established bi-weekly working groups consisting of staff from the IRS's Office of Chief Counsel, IRS's Tax Reform Implementation Office, and Treasury, with each group focusing on specific TCJA provisions. Treasury reviews and approves IRS guidance documents before their release, and continued to do so for TCJA.

In addition to review by Treasury, many regulations and other guidance items associated with TCJA were, and continue to be, subject to review by OIRA. While OIRA review has been standard for regulations produced by other federal agencies, tax regulations have largely been exempt from OIRA review as the result of a previous Memorandum of Agreement (MOA) between Treasury and OIRA signed in 1983. In April 2018, Treasury and OIRA signed a new MOA that—along with Executive Order 12866—outlines the processes and requirements for OIRA review and analysis of tax regulatory actions if OIRA determines the regulatory action meets certain criteria explained in the MOA.<sup>28</sup> By signing the MOA, Treasury and OIRA demonstrated another previously identified leading practice for interagency collaboration by establishing compatible policies, procedures, and other means to operate across agency boundaries for review of tax regulations.<sup>29</sup>

After TCJA passed, IRS's Office of Chief Counsel reviewed the law and initially determined that IRS would need to develop more than 160 pieces of guidance to implement the law. This initial estimate increased as implementation proceeded, based on stakeholder and taxpayer input. As of September 2019, IRS's Office of Chief Counsel was tracking the status of 230 TCJA related guidance items.

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<sup>28</sup>Exec. Order No. 12866, *Regulatory Planning and Review*, 58 Fed. Reg. 51735 (Oct. 4, 1993) and GAO, *Regulatory Guidance Processes: Treasury and OMB Need to Reevaluate Long-standing Exemptions of Tax Regulations and Guidance*, [GAO-16-720](#) (Washington, DC: Sept. 6, 2016).

<sup>29</sup>[GAO-06-15](#).

By the start of the filing season, IRS had released 85 guidance items, including:

- 43 Notices
- 21 Revenue Procedures
- Two Revenue Rulings
- 17 Notices of Proposed Rulemaking
- Two Treasury Decisions, or final rules

IRS continued to release guidance throughout the filing season, including additional Treasury Decisions.<sup>30</sup> OIRA has primarily reviewed proposed and final rules related to TCJA, but also reviewed one notice.

While IRS met its goal of launching the filing season at the same time as it did last year, the agency will need to release more guidance to fully implement the law. For example, IRS has yet to develop some guidance related to a number of provisions largely affecting business filers and has set many target release dates in 2020 and has some target dates in 2021 and 2022. As of September, 103 guidance items were still in progress. We are conducting a separate review of IRS efforts to implement business provisions beyond the launch and completion of the 2019 filing season.<sup>31</sup> In September 2019, IRS told us it had no data indicating preparation of returns was hindered by outstanding guidance items.

The rulemaking process can be time consuming. We have previously conducted case studies of the rulemaking process that indicated the average time required to complete a rulemaking is approximately 4 years, ranging from approximately 1 year to almost 14 years.<sup>32</sup> Tax professionals we interviewed generally spoke favorably about IRS's pace in developing TCJA guidance and the quality of the guidance

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<sup>30</sup>One of these Treasury Decisions, T.D. 9855, concerning certain excise taxes, was released on April 9, 2019, the week before the filing season ended on April 15, 2019. See T.D.9855, *Regulations to Prescribe Return and Time for Filing for Payment of Section 4960, 4966, 4967, and 4968 Taxes and to Update the Abatement Rules for Section 4966 and 4967 Taxes*, IRB 2019-17, Apr. 22, 2019.

<sup>31</sup>We are conducting this work and expect to issue a report in winter 2020.

<sup>32</sup>*Federal Rulemaking: Improvements Needed to Monitoring and Evaluation of Rules Development as Well as to the Transparency of OMB Regulatory Reviews*, [GAO-09-205](#) (Washington, D.C.: Apr. 20, 2009).

developed. For example, in February 2019, a tax professional told us he thought IRS had wisely pursued a strategy of releasing other official guidance materials—such as revenue rulings, revenue procedures, notices, and announcements—that provided some early insight into its interpretations of TCJA while continuing to develop regulations. However, several of the tax professionals we spoke to indicated that more guidance would be needed to provide taxpayers clarity. As noted above, IRS is continuing to develop guidance.

In addition to coordinating its development of regulations with Treasury, IRS internally tracked and monitored risk throughout the first year of TCJA implementation using a variety of methods. Officials from the Tax Reform and Implementation Office—the group IRS established to coordinate implementation across the agency—said that tracking risks and developing and implementing risk mitigation activities ensured that the agency avoided the potential risks identified, and successfully launched the 2019 filing season within the same time frame as it has in recent years.

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## **IRS Revised the Majority of Relevant Tax Products in Time for Use during the 2019 Filing Season**

Forms, instructions, and publications—materials IRS classifies as tax products—can be used by taxpayers in preparing their returns and are a tool IRS uses to help taxpayers understand tax laws, improve voluntary compliance, and control IRS’s administrative costs. To reflect changes made by TCJA, IRS revised 479 existing tax products releasing 394 of them before the start of the 2019 filing season, and 461 of the 479 by the end of February 2019. On April 3, 2019, IRS released the last revised product, the Spanish version of Publication 17, which explains the general rules for filing a federal income tax return. In addition to revising existing products, IRS developed 33 new tax products and retired 12 to implement TCJA. IRS officials told us that while IRS has to make changes to its tax products every year, many of the changes needed to implement TCJA were more extensive than usual and affected some of the forms with which taxpayers are the most familiar.

While IRS made critical information taxpayers needed to meet their tax obligation available, the agency is planning to release additional forms related to TCJA. For example, IRS included worksheets to help taxpayers compute their proper qualified business income deduction



in the instructions for the Form 1040 and Publication 535 in 2019.<sup>33</sup> In 2020, IRS intends to replace these with new forms developed for this purpose.<sup>34</sup>

For 2019, IRS did not revise the Form W-4—which taxpayers complete so their employers know how much they should withhold from their employees’ paychecks—to reflect the suspension of deductions for personal exemptions through 2025 as a result of TCJA.<sup>35</sup> Treasury officials told us IRS and Treasury decided to defer fundamental changes to the Form W-4 until 2020 to allow more stakeholder input on proposed changes. IRS released revised withholding tables reflecting the increase in the standard deduction, suspension of personal exemptions, and changes in tax rates in January 2018. To guide taxpayers on these changes, IRS used the “Paycheck Checkup” campaign to urge taxpayers to check that the proper amount of money to meet their tax obligations would be withheld from their paychecks. IRS also developed a web-based calculator taxpayers could use to make this determination. In December 2019, IRS issued a new Form W-4 reflecting the changes in the personal exemption for use in 2020.

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## IRS Implemented Critical Information Technology Systems for Processing Tax Returns Prior to the 2019 Filing Season

The redesign of the Form 1040 and other changes to forms necessitated by TCJA required IRS to make extensive changes to its computer systems so it could accept and properly process returns during the 2019 filing season, according to IRS. IRS Information Technology (IT) officials told us IT identified approximately 17,000 system change requirements in 174 submitted work requests related to TCJA and the new Form 1040. They also said that IT completed and conducted testing on all of these work requests by the start of filing season on January 28, 2019.

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<sup>33</sup>Pub. L. No. 115-97, § 11011 (*codified at* 26 U.S.C. § 199A). TCJA created the qualified business income deduction, which provides some owners of sole proprietorships, partnerships, S corporations, and some trusts and estates a deduction of income from a qualified trade or business, subject to limitations.

<sup>34</sup>IRS reported it will introduce Forms 8995 and 8995-A for the 2020 filing season. See <https://www.irs.gov/newsroom/tax-cuts-and-jobs-act-provision-11011-section-199a-qualified-business-income-deduction-faq>, last accessed on October 24, 2019.

<sup>35</sup>Pub. L. No. 115-97, § 11041. Personal exemptions are, generally, the amount of money taxpayers can deduct for themselves, their spouses, and their dependents on their tax returns.

IRS IT implemented some temporary solutions to complete the work necessary to launch the filing season at the end of January. For example, IRS officials told us that following the redesign of the Form 1040, IT implemented a solution that would accept information reported on the new 1040 and its schedules in the format of the previous 1040. They explained that this solution did not impact IRS's ability to receive and process returns, but was not their preferred long-term solution. As of August 2019, IRS IT reported it was on track to implement a long-term solution based on the format of the new Form 1040.

IRS IT continues to implement changes for TCJA. For example, IRS IT initially estimated in 2018 that 140 return processing systems would need to be reprogrammed to implement TCJA. In April 2019, IRS officials stated that 54 IRS systems critical to return intake and processing had been updated by the start of the 2019 filing season. The officials said remaining systems are involved in other tax activities, such as compliance monitoring, and will require reprogramming in 2019. These computer systems that the agency uses to monitor and enforce compliance with the tax code will be IT's primary focus in 2020, according to IRS officials. We are conducting a separate review of IRS efforts to implement business provisions of TCJA beyond the 2019 filing season, including the status of remaining IT work, and plan to report in winter 2020.

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## **IRS Educated the Public about Tax Law Changes through a Variety of Media and Partnerships**

IRS met key milestone dates to communicate tax law changes to the public, using a variety of media to disseminate those communications, including digital media, various outreach campaigns, and partnerships with stakeholders.

We previously reported that IRS employed a multi-faceted communications plan to educate taxpayers on the changes to withholdings brought about by the TCJA.<sup>36</sup> To conduct outreach to taxpayers about the other TCJA-related changes, IRS developed a communications plan that guided key messaging, content, and downstream education activities. The plan divided communications efforts by key audiences, to whom relevant topics and provision-specific materials were directed and disseminated.

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<sup>36</sup>See GAO, *Federal Tax Withholding: Treasury and IRS Should Document the Roles and Responsibilities for Updating Annual Withholding Tables*, [GAO-18-548](#) (Washington, D.C.: July 31, 2018).

IRS's strategies included (1) enlisting the help of the tax professional community, employer groups, and membership associations; (2) tailoring the message to different types of taxpayers (including individuals and families, different sized businesses, and tax exempt organizations); and (3) tying TCJA-related material to other campaigns and communications, such as the Paycheck Checkup Campaign.

IRS focused on educating the public about tax law changes by leveraging its relationships with private partners and stakeholder organizations. For example, IRS partnered with large membership associations—such as the American Association of Retired Persons and the American Payroll Association—to disseminate information to their members on IRS's behalf through various media, such as their social media networks. IRS also aligned and updated web pages and content to reflect tax law changes on its pre-existing web pages. For example, to provide information to taxpayers about reassessing their withholdings, IRS updated and created pages on its website with the new withholding tables, withholding calculator, and frequently asked questions.

Officials in IRS's Communication and Liaison Office reported that they ultimately measure the success of the agency's communications against the overall success of the filing season. During the filing season, IRS measures its communication efforts' success by monitoring online social media discussion topics; agency telephone call volume and inquiries; IRS and stakeholder events held and attendance; and potential reach of messaging.

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## **IRS Largely Overcame Significant Challenges That Affected Customer Service and Return Processing during the 2019 Filing Season**

## IRS Managed the 2019 Filing Season Facing Significant Challenges from Tax Law Changes and a Partial Government Shutdown

IRS faced two significant challenges in managing the 2019 filing season: (1) delivering division level training to its employees on major tax law changes from the TCJA, and (2) a lapse in appropriations that left IRS unfunded during 5 weeks leading up to the opening of the 2019 filing season. As discussed above, IRS took steps during 2018 to implement the changes under TCJA and prepare for the 2019 filing season. Much work had been completed prior to the lapse in appropriations beginning in December 2018 and IRS was able to continue some implementation efforts for TCJA during the lapse in appropriations because the agency received a separate appropriation for TCJA implementation that allowed related work to continue.<sup>37</sup> For example, IRS continued developing guidance and forms and modifying and testing IT systems during the 5-week lapse. However, according to IRS officials, training IRS employees on the extensive changes made to existing policies and procedures in the short time frame between when the law passed and the start of the filing season was a significant challenge. This included the Accounts Management (AM) employees who are responsible for answering taxpayer calls and responding to correspondence.

IRS officials told us they expected a decline in the accuracy of responses provided by CSRs as a result of the changes made by TCJA, and lowered their accuracy goals for both calls related to taxpayer accounts and tax law. As of April 2019, calls on general topics related to taxpayer accounts had a 93.85 percent accuracy rate, down from approximately 96 percent on the same date in all of the last 5 years, but nearly meeting the revised goal of 94 percent. Also in April, the accuracy rate for calls concerning tax law dropped from approximately 95 percent in 2018 to 90.98 percent in 2019, missing the lowered goal of 92 percent. This decline in the accuracy of CSRs' responses during the filing season was statistically significant for both accounts and tax law related calls.<sup>38</sup>

IRS had planned to train many of these employees on critical filing season readiness and the new tax law during that time. IRS officials explained AM had to cease all training activities during the lapse in appropriations, which resulted in a 5-week delay in training for many CSRs. Because of this delay, IRS officials told us that they could

<sup>37</sup>Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, div. E., tit. I, § 113 (Mar. 23, 2018). The law provided IRS with additional appropriations, available until September 30, 2019, to implement TCJA.

<sup>38</sup>The declines in accuracy for both general account and tax law calls were statistically significant at the 95 percent confidence level.

not make 2,522 untrained new hires and 453 more experienced CSRs—serving as training instructors—available to answer the phones during the week of President’s Day, the busiest week of the filing season. In addition, 200 existing employees were unable to complete trainings on new skills prior to that peak week. Finally, IRS officials told us 4,300 employees had not completed their annual Critical Filing Season Refresher Training before the shutdown. To move these employees onto the phones as soon as possible, IRS officials explained that the agency trained them only on the most critical topics—including TCJA and the new Form 1040—delaying training on other topics until after the filing season.

In contrast with AM, IRS determined that some of the Submissions Processing (SP) employees who process tax returns were excepted from the furlough due to the nature of their work and that they could be trained during that time.<sup>39</sup> While some training proceeded during the lapse in appropriations, training for these employees was delayed overall. Officials estimated that, in general, training in SP was delayed by approximately 2 weeks. In addition to these delays in training, SP did not make as much progress toward its hiring targets this year as it did in prior years. SP officials said they aimed to hire 8,401 employees by May 23, 2019, but only hired 4,064 employees by that date, representing 48 percent of the goal. At the same time last year, SP had hired 65 percent of its goal, which was similar to the prior year at 63 percent. SP has acknowledged that hiring is a challenge for the unit, and attributes this to an improved economy, lack of competitive pay, and decreased unemployment rates. SP officials told us that the lapse in appropriations also affected staffing levels this year because the furlough began just as they were onboarding new hires. They indicated that many of these people pursued other options before SP was able to resume operations.

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<sup>39</sup>In October 2019, we issued a legal opinion finding that certain IRS activities during the 5-week lapse in appropriations violated the Antideficiency Act. The Antideficiency Act, codified at 31 U.S.C. § 1341, prohibits federal agencies from entering into obligations or expending federal funds in advance or in excess of an appropriation, and from accepting voluntary services, unless specifically authorized by law. We found that IRS lacked available budget authority to support activities to process tax remittances (payments submitted by individuals) and issue tax refunds, and that no exception to the Antideficiency Act permitted IRS to incur these obligations. See GAO, *U.S. Department of the Treasury—Tax Return Activities during the Fiscal Year 2019 Lapse in Appropriations*, [B#331093](#) (Washington, D.C.: Oct. 22, 2019).

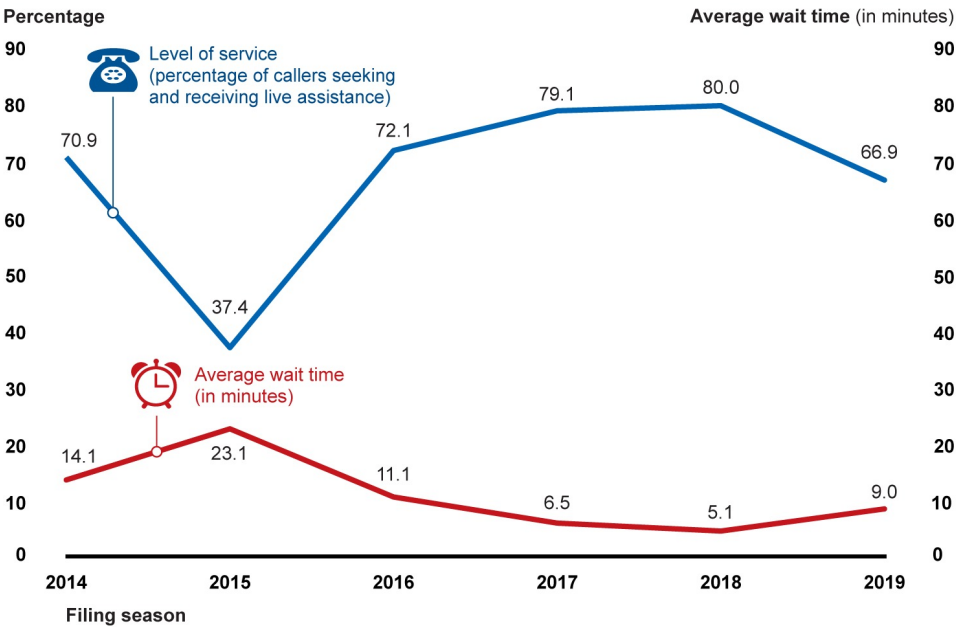
# Customer Service Generally Declined during the 2019 Filing Season

IRS’s telephone, correspondence, and in-person services generally declined during the 2019 filing season compared to prior years. However, taxpayers continue to visit IRS.gov more than in prior years.

## Telephone

According to IRS officials, as a result of the challenges discussed above, IRS revised its filing season level of service (LOS) goals—the percentage of callers seeking and receiving live assistance—from 80 percent to 65 percent during the filing season and from 75 percent to 63 percent for the entire fiscal year. IRS’s initial telephone performance was poor due to the lapse in appropriations and training delays noted above. For example, as of February 2, 2019, average LOS was 44.6 percent compared to 76.5 percent in 2018, and average wait time was 21 minutes compared to 8 minutes in 2018. However, IRS achieved an average LOS of 66.9 percent during the filing season, a decline from 80 percent in 2018. The average wait time for calls rose from approximately 5 to 9 minutes compared to the 2018 filing season (see figure 2).

**Figure 2: IRS Telephone Level of Service and Wait Times during the 2019 Filing Season**



Source: GAO analysis of IRS data. | GAO-20-55

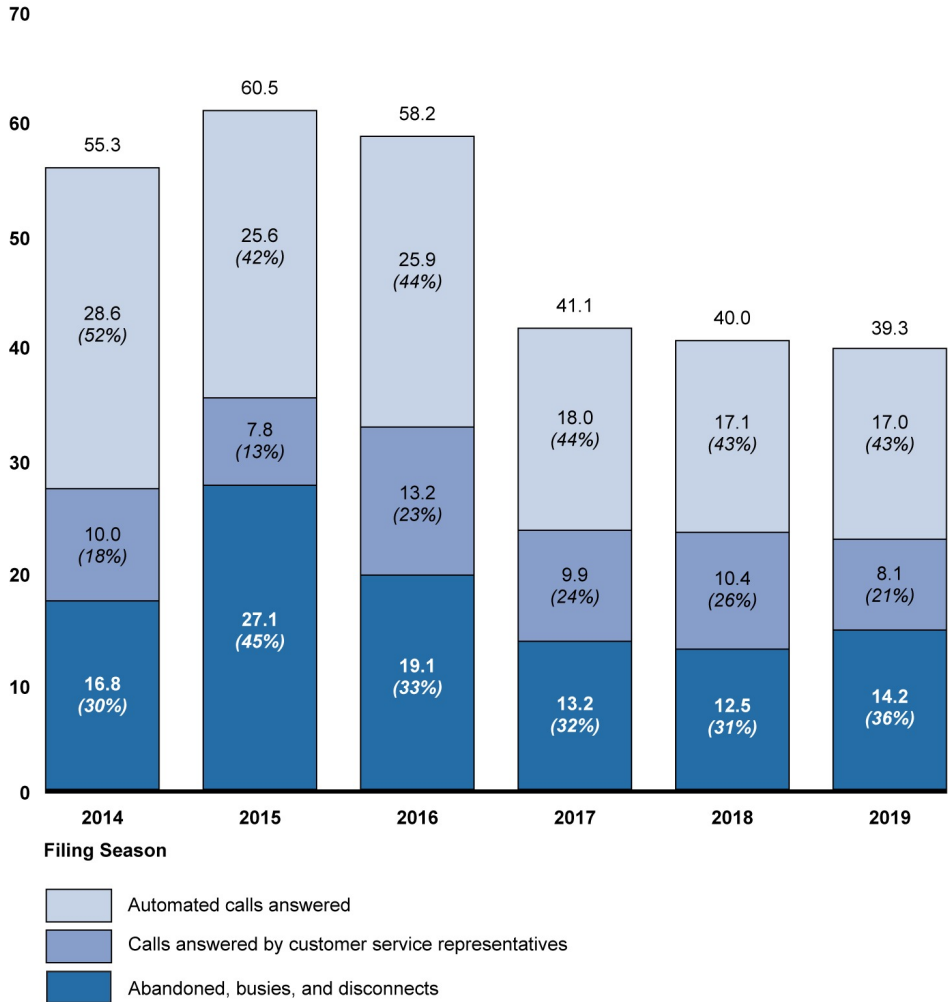
Notes: Telephone level of service (LOS) and average wait time data for the filing season are cumulative from January 1 of each year to April 19, 2014; April 25, 2015; April 23, 2016;

April 22, 2017; April 21, 2018; and April 20, 2019, respectively. According to IRS officials, LOS and wait time can be affected by multiple factors including the number of customer service representatives available to answer telephone calls and total calls received, both of which vary each year. Since fiscal year 2017, IRS's performance measures for taxpayer service no longer included calls for balance due or installment agreement inquiries and IRS is unable to provide equivalent statistics for 2017, 2018, and 2019 to allow comparison with prior years. However, our analysis of the potential effect of including balance due and installment agreement inquiries in 2017 and 2018 found that while the amount of change from levels in prior years would have been reduced, the overall pattern of increasing level of service and decreasing wait times present in the figure above would remain. However, in 2019, IRS's enterprise-wide LOS declined and wait times increased relative to 2018. Our analysis of the potential effect of including balance due and level of service inquiries in IRS's 2019 LOS and wait time measures found that the decline in the overall level of service and increase in wait times would be further pronounced if these calls were included.

Call volume in 2019 was similar to that in 2018. Calls answered by CSRs declined by more than 2 million, or about a 22.1 percent decline from 2018 (see figure 3). Further, there were nearly 2 million more calls in 2019 that were abandoned, received busy signals, or were disconnected, a 13.6 percent increase from the prior year.

**Figure 3: Total Taxpayer Service Call Volume, 2014 through 2019 Filing Seasons**

Call volume (in millions)



Source: GAO analysis of IRS data. | GAO-20-55

Notes: Telephone call data for the filing season are cumulative from January 1 of each year to April 19, 2014; April 25, 2015; April 23, 2016; April 22, 2017; April 21, 2018; and April 20, 2019, respectively. Numbers may not sum to totals due to rounding. For 2019, data between January 1 and 21 do not include busies, disconnects, or calls answered by customer service representatives (CSR) because IRS was not answering calls during this time due to the lapse in appropriations. Effective fiscal year 2017, IRS routes all calls for balance due or installment agreement inquiries to its compliance division instead of to CSRs. For the 2017 filing season, a total of 2.7 million calls were answered by IRS's compliance division, disconnected, or abandoned. For the 2018 and 2019 filing season, this accounted for totals of 1.9 million and 2.2 million respectively.



## Correspondence

As we have reported in prior years, IRS has struggled to balance competing demands for maintaining quality telephone level of service with timely responses to written correspondence because many IRS CSRs balance the dual responsibilities of answering taxpayer phone calls and addressing taxpayer correspondence.<sup>40</sup> According to IRS officials, during the filing season, CSRs are typically answering the phones due to the higher phone demand at that time of year. Correspondence is processed during night or weekend hours by CSRs assigned to those shifts or CSRs working overtime during those hours, or during other periods as phone demand allows.

Correspondence inventory related to business filers reached a “critical level” during the 2019 filing season—the point at which, according to IRS, wait times for responses from IRS become long enough that taxpayers begin calling or writing again to check on the status of earlier correspondence, which officials note compounds demand for IRS assistance. IRS assigns a critical level for both individual and business-related correspondence, which can differ. IRS officials told us that CSRs who are responsible for responding to correspondence and telephone calls were unable to respond to approximately 350,000 pieces of correspondence during the lapse in appropriations that furloughed them. They said that the inventory of correspondence from individual taxpayers was at a manageable level before the furlough, but the inventory of correspondence from business filers was already close to its critical level.

Throughout the 2019 filing season, the inventory of correspondence related to individual taxpayers remained below its critical level of 900,000; however, for business filers, the correspondence inventory exceeded its critical level of 600,000 beginning mid-March. IRS officials told us that this business inventory had remained above the critical level, and as of April 26 had exceeded it by 99,000. The officials said that when furloughed employees returned to work, staffing the phone lines for business filers was a priority. As a result, they said that IRS did not respond in a timely manner to correspondence it planned to address at the beginning of the filing season.

In addition, the percent of correspondence considered to be overage—cases generally not processed within 45 days of receipt

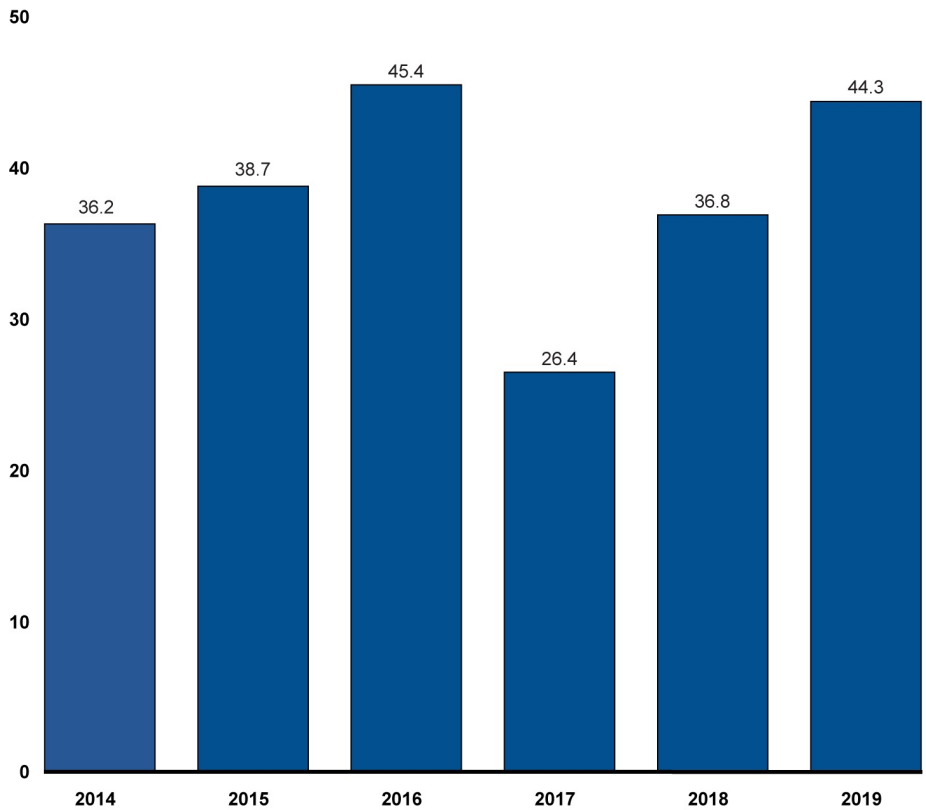
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<sup>40</sup>[GAO-18-471](#) and GAO, *2016 Filing Season: IRS Improved Telephone Service but Needs to Better Assist Identity Theft Victims and Prevent Release of Fraudulent Refunds*, [GAO-17-186](#) (Washington, D.C.: Jan. 31, 2017).

by IRS—increased by 7.5 percentage points as of April 20, 2019 compared to the same time in 2018 (see figure 4). Most notably, for the same time period, overage of “carryback” claims—refund claims for overpayments of income tax due to, among other things, net operating losses from prior tax years—increased 481 percent over the prior year. IRS must process carryback claims within 45 days or it owes the taxpayer interest on the payment.

**Figure 4: IRS Correspondence Overage Rates (Late Responses), Fiscal Years 2014-2019 through Mid-April**

Percentage of taxpayer correspondence classified as “overage” at the end of the filing season



Source: GAO analysis of IRS data. | GAO-20-55

Note: Correspondence that IRS identifies as “overage” ranges from 30 to 180 days depending on the type of work it represents. Data cover fiscal year through April 19, 2014; April 25, 2015; April 23, 2016; April 22, 2017; April 21, 2018; and April 20, 2019, respectively, and reflect all correspondence cases received from taxpayers and scanned into IRS’s Correspondence Imaging System.

To address these issues, in April, IRS officials told us they hoped that the lower telephone LOS levels IRS is targeting for the rest of the year will free up CSRs to focus on responding to correspondence.

They explained the agency is also applying overtime hours to working correspondence and planning to devote a number of days exclusively to correspondence processing. Further, IRS revised its correspondence goals from an ending inventory of 1.1 million pieces of correspondence waiting to be addressed at the end of the fiscal year to 1.5 million.

To improve the management of taxpayer services, in 2015 we recommended that the Secretary of the Treasury update the department's performance plan to include overage rates for handling taxpayer correspondence as a part of its performance goals.<sup>41</sup> Treasury neither agreed nor disagreed with the recommendation and, as of September 2019, it had not included correspondence overage rates as a performance goal in its performance plan. We continue to believe that this recommendation is valid.

## Online

Website usage increased during the 2019 filing season compared to the prior year. For example, between January 1 and April 20, 2019:

- IRS.gov received more than 2 billion page views, an increase of 6.5 percent compared to the same period in 2018; and
- IRS.gov received more than 421 million visits, an increase of 9.3 percent compared to the same period in 2018.<sup>42</sup>

To assist taxpayers in understanding their tax obligations under TCJA, IRS added a web page dedicated to the TCJA-related tax law changes that affected most taxpayers. This web page had nearly 1.4 million page views in fiscal year 2019 through July 20, 2019.

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<sup>41</sup>GAO, *2015 Tax Filing Season: Deteriorating Taxpayer Service Underscores Need for a Comprehensive Strategy and Process Efficiencies*, [GAO-16-151](#) (Washington, D.C.: Dec. 16, 2015).

<sup>42</sup>A visit is a series of actions that begins when a visitor views the first page from the server and ends when the visitor leaves the site. Visitors are not unique. Page views are the total number of web pages viewed on IRS.gov.

## In-Person

Visits to IRS's Taxpayer Assistance Centers (TAC) have continued to decline since IRS began requiring appointments for in-person visits in 2016. During the 2019 filing season, between January 1, 2019 and April 19, 2019, 799,000 taxpayers visited TACs.<sup>43</sup> This represents a 23.8 percent decline compared to the 2018 filing season. IRS officials explained that this decline is because about half of the time, CSRs are able to resolve taxpayers' questions on the phone without needing to schedule an appointment. While IRS has required taxpayers seeking in-person assistance to make appointments before visiting a TAC since 2016, IRS allows some exceptions if staff are available. During the 2019 filing season, through April 19, the number of appointments decreased by about 13.5 percent (about 619,000 in 2018 compared to about 536,000 in 2019). However, during that same time period, walk-ins increased by 44.9 percent, from about 60,000 in 2018 to about 87,000 in 2019.

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### **IRS Does Not Inform Taxpayers That Some Questions Cannot Be Answered by CSRs**

In 2014, IRS limited the range of topics about which its CSRs would answer questions because the agency did not have sufficient resources to train the necessary number of tax law CSRs on the highly detailed and complex changes made by the Patient Protection and Affordable Care Act.<sup>44</sup> IRS has continued this practice in subsequent years. The topics CSRs are instructed not to address are considered "out of scope," while topics they can discuss with callers are considered "in scope." Topics that are highly complex are often determined to be out of scope. IRS officials also told us that the same determination is often made for topics that cannot be explained by referring to a specific procedure or resource. When callers have questions about these topics, CSRs refer the caller to the IRS website or to a tax professional. IRS officials said the agency used the out-of-scope list it developed in 2015, and has maintained since then, to determine whether CSRs would answer questions about various provisions of TCJA.

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<sup>43</sup>Due to the lapse in appropriations, in 2019, IRS TACs did not reopen until January 30, about 2 days after the filing season began. In 2018, TACs were open between January 1 and April 20.

<sup>44</sup>Pub. L. No. 111-148, 124 Stat. 119 (Mar. 23, 2010) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152).

In 2019, topics related to 34 out of 119 sections of TCJA were considered to be in scope for IRS AM CSRs, leaving 85 provisions out of scope. For the IRS field assistance staff at IRS TACs, 88 of the 119 provisions are out of scope. Some complex aspects of TCJA, including qualified business income deductions, were considered out of scope for both CSRs on the phone and field assistance staff at TACs. In recent years, many topics related to tax law have been out of scope for IRS CSRs outside of filing season; however IRS officials told us the agency made exceptions for topics related to the Patient Protection and Affordable Care Act in 2014 and for some topics related to TCJA in 2018.

Before the start of the 2019 filing season, we listened to 10 recorded calls from taxpayers, some of them concerning out-of-scope topics. As instructed, the CSRs told these callers to consult the website. We also discussed out-of-scope calls with CSRs during a series of discussion groups conducted between October 2018 and April 2019. Fifty-four of the CSRs we spoke to described receiving out-of-scope calls. Twenty-five of them expressed dissatisfaction that they were unable to assist these callers or said the callers were often frustrated at waiting on hold for long periods of time before being told the CSR could not answer their questions.

IRS officials agreed that the agency does not feature a list of topics considered in or out of scope on its website, its automated telephone message system, or on any of its printed materials. As a result, callers do not know whether CSRs will be able to answer their questions until they speak with one. Executive orders, presidential memorandums, and OMB guidance call for agencies to take steps to strengthen customer service and describe a number of actions agencies can take to improve their customer service,<sup>45</sup> including informing customers what they have a right to expect when they request services.<sup>46</sup>

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<sup>45</sup>Exec. Order No. 12862, *Setting Customer Service Standards* (Sept. 11, 1993), 58 Fed. Reg. 48257 (Sept. 14, 1993); Exec. Order No. 13571, *Streamlining Service Delivery and Improving Customer Service* (Apr. 27, 2011), 76 Fed. Reg. 24339 (May 2, 2011); Memorandum on Customer Service, 31 Weekly Comp. Pres. Doc. 456 (Mar. 22, 1995) (released by Office of the Press Secretary on Mar. 23, 1995); Memorandum on Conducting “Conversations with America” to Further Improve Customer Service, 34 Weekly Comp. Pres. Doc. 368 (Mar. 3, 1998); Office of Management and Budget, *Implementing Executive Order 13571 on Streamlining Service Delivery and Improving Customer Service*, Memorandum M-11-24 (June 13, 2011); Office of Management and Budget, *New Fast Track Process for Collecting Service Delivery Feedback Under the Paperwork Reduction Act*, Memorandum M-11-26 (June 15, 2011); Office of Management and Budget, *Information Collection under the Paperwork Reduction Act*, Memorandum (Apr. 7, 2010); Office of Management and Budget, *Social Media*,

Knowing in advance whether certain questions can be answered by IRS's CSRs would save taxpayers time they might spend waiting on hold. Lowering the number of calls on out-of-scope topics would also allow CSRs to spend more time assisting taxpayers with topics that are considered in scope. Reducing the volume of calls and visits related to out-of-scope questions could also save resources.

IRS officials recognized that making a publicly available list of topics about which CSRs cannot provide assistance, as well as details about how and where to find information concerning these topics online, could be beneficial.

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## Paper Return Processing Was Delayed but Fraud Detection Improved

### Return Processing

During the 2019 filing season, IRS was largely able to overcome significant delays in processing of both individual and business returns that resulted from delays in hiring and training during the lapse in appropriations.

While electronic processing totals remained close to scheduled totals over the course of the filing season, paper processing totals did not. For example, as of February 8, 2019, IRS had processed 21 percent of the anticipated number of paper individual returns. Similarly, as of February 6, 2019, IRS had processed 33 percent of the anticipated number of paper business returns. By the end of the filing season, paper processing performance had improved. As of April 19, IRS had processed 83 percent of the scheduled number of paper individual returns and, as of April 17, was ahead of schedule in processing paper business returns.

IRS attributed many of these early delays in processing to staff the agency planned to have available at the start of filing season still being in training due to the lapse in appropriations. SP officials explained that they had employed a variety of strategies to improve processing, most notably use of extensive overtime. As of July 20, 2019, SP had

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*Web-Based Interactive Technologies, and the Paperwork Reduction Act*, Memorandum (Apr. 7, 2010); Office of Management and Budget, *Paperwork Reduction Act—Generic Clearances*, Memorandum (May 28, 2010).

<sup>46</sup>GAO, *Managing for Results: Selected Agencies Need to Take Additional Efforts to Improve Customer Service*, [GAO-15-84](#) (Washington, D.C.: Oct. 24, 2014), 3-4.

used 729,631 overtime hours, nearly twice the 381,264 overtime hours SP used through the entirety of the previous fiscal year. SP officials said that they also moved work strategically between sites based on staffing levels for specific functions involved in processing and postponed some work they usually complete during the filing season to focus exclusively on the highest priority work.

IRS missed a number of internal deadlines for completion of processing activities in the months immediately following the shutdown, but was able to improve its performance over the course of the filing season. The agency met six out of seven target dates for individual returns processing and 70 out of 91 target dates for business returns processing. The missed dates were all in January or February and IRS officials noted that they met all of the most critical deadlines.

## Detecting Fraud and Noncompliance

IRS also continued to expand its efforts to prevent fraud and improper payments through systemic verification. In 2017, IRS began receiving W-2 data from employers earlier than in prior years allowing it to verify information reported by employers against that reported by taxpayers on their returns before issuing refunds. However, in April 2017, we found that IRS was unable to verify about 20 million returns processed by February 15, 2017, before issuing billions of dollars in refunds.<sup>47</sup> IRS's success was limited, in part, because it received W-2s from the Social Security Administration (SSA) daily but its information technology systems processed them weekly. In July 2018, we recommended that IRS process W-2s more frequently to increase the number of W-2s available prior to issuing refunds.<sup>48</sup> In response, in 2019, IRS began processing W-2s received from SSA and uploading them to the Information Returns Master File (IRMF) daily between January and April, rather than weekly as it did previously.<sup>49</sup> This allowed IRS's Return Review Program, its primary system to detect fraud and noncompliance, to receive new W-2 information each day to compare against taxpayer returns.

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<sup>47</sup> [GAO-17-525T](#).

<sup>48</sup> GAO, *Tax Fraud and Noncompliance: IRS Could Further Leverage the Return Review Program to Strengthen Tax Enforcement*, [GAO-18-544](#) (Washington, D.C.: July 24, 2018).

<sup>49</sup> IRMF is a master file of current tax year information returns that also maintains access to the five prior years.

In addition, IRS adjusted its filters to hold more returns on which the taxpayer claims the Earned Income Tax Credit (EITC) or the Additional Child Tax Credit (ACTC) beyond the February 15 refund hold until they are matched against the associated W-2s. The Protecting Americans from Tax Hikes Act of 2015 required IRS to hold refunds for all taxpayers claiming these credits until February 15.<sup>50</sup>

According to IRS officials, as a result of the daily processing of W-2s and earlier processing by SSA, IRS received more W-2s earlier in the 2019 filing season to match against tax returns. For example, before the opening of the filing season, IRS increased the number of W-2s on the IRMF from 21 million in 2018 to 68 million in 2019. Through the early weeks of the 2019 filing season, IRS increased the number of W-2s uploaded to the IRMF in comparison with 2018, increasing the number of W-2s available for matching against returns earlier in the season than in prior years. By February 15, the point at which IRS begins issuing refunds associated with returns on which the taxpayer claims the EITC or ACTC, IRS had increased the number of W-2s on the IRMF from 221 million in 2018 to 226 million in 2019.

Paper W-2s—which must be transcribed at SSA before they are transmitted to IRS—take longer for SSA to process and transmit to IRS. As we reported in 2017 and 2018, in contrast to electronically-filed W-2s, IRS did not receive any paper W-2s prior to issuing refunds on February 15, so any returns filed before the associated paper W-2s were received could not be matched before releasing the refunds.<sup>51</sup> Consistent with our suggestion, Congress changed the requirement for electronic filing of W-2s—by 2022, employers who file 10 or more W-2s will be required to do so electronically, while those who file fewer than 10 W-2s may opt to file on paper.<sup>52</sup> Prior to this change, employers who filed 250 or more W-2s had to file electronically. As we previously reported, making this change would have the benefit of increasing the number of W-2s IRS receives before February 15 while also reducing SSA’s W-2 paper processing costs by \$9.7 to \$11.3 million per year.<sup>53</sup>

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<sup>50</sup>Pub. L. No. 114-113, div. Q, § 201(b) (codified at 26 U.S.C. § 6402(m)).

<sup>51</sup>GAO, *Tax Fraud and Noncompliance: IRS Can Strengthen Pre-refund Verification and Explore More Uses*, [GAO-18-224](#) (Washington, D.C.: Jan. 30, 2018), and [GAO-17-525T](#).

<sup>52</sup>[GAO-14-633](#). The Taxpayer First Act reduces the minimum threshold for electronic filing from 250 to 10 over 2 years. Effective 2021, employers filing 100 or more W-2s must do so electronically. After 2021, the threshold is reduced to 10 or more W-2s. Pub. L. No. 116-25, § 2301.

<sup>53</sup>[GAO-18-224](#).



IRS saw improved results in 2019. This year, the agency decreased the percentage of returns claiming the EITC or ACTC that it was unable to verify due to missing W-2 data before releasing refunds on February 15 from 13 to 9 percent, representing \$7.98 billion and \$5.84 billion in refunds, respectively. Through February 14, 2019, among those returns claiming EITC or ACTC, IRS's filters selected about 129,000 suspicious returns based in part on either missing W-2 data or false or incorrect income reported on the tax return. In addition, IRS held about 346,000 high-risk returns beyond the February 15 refund hold date until W-2 data were available to reprocess the returns. Among those reprocessed, about 26,000 were selected for review, accounting for approximately \$112.5 million in refunds.

This year, IRS also decreased the percentage of returns without EITC or ACTC submitted prior to January 23 that it was unable to verify to 86 percent—representing \$1.98 billion in refunds—from 91 percent, representing \$4.27 billion in refunds submitted at the same time last year. Similarly, IRS reduced the percentage of returns without EITC or ACTC submitted through February 13 that it was unable to verify to 32 percent—representing \$12.96 billion in refunds—from 60 percent, representing \$29.27 billion in refunds.

Systemic verification has helped IRS save hundreds of millions in taxpayer dollars. In fiscal year 2017, the first year for which IRS began using systemic verification using earlier W-2 information, we determined that IRS saved about \$900.19 million in fiscal year 2019 dollars from using W-2 information to prevent the issuance of invalid refunds and, in some cases, reducing taxpayer burden. In addition to the recent steps IRS has taken, we previously recommended that Congress and IRS take actions to improve the agency's ability to detect and prevent refund fraud and other noncompliance prior to issuing tax refunds, which could protect hundreds of millions of dollars annually. In 2010, we suggested that Congress grant IRS broader authority to correct errors on taxpayer returns, with appropriate safeguards against misuse of that authority, to correct taxpayer errors during tax return processing.<sup>54</sup> Such authority would help IRS and taxpayers prevent costly and lengthy audits. As of October 2019, Congress has not provided IRS with this authority.

Additionally, in January 2018 we recommended that IRS develop an evaluation plan to fully assess the benefits and costs, including

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<sup>54</sup>GAO, *Recovery Act: IRS Quickly Implemented Tax Provisions, but Reporting and Enforcement Improvements Are Needed*, [GAO-10-349](#) (Washington, D.C.: Feb. 10, 2010).

taxpayer burden, of modifying the February 15 refund hold, and determine how this effort informs IRS’s overall compliance strategy for refundable tax credits and fraud risk management.<sup>55</sup> We further recommended that based on this assessment of benefits and costs, IRS use its existing authority to modify the refund hold such that it minimizes the risk of releasing fraudulent or noncompliant refunds. As noted above, IRS has taken actions consistent with our recommendations by modifying its filters to hold more returns claiming EITC or ACTC beyond the February 15 refund hold date based on a risk-based selection method. In addition, in May 2019, IRS officials told us they are making similar changes for the 2020 filing season to hold more high-risk returns not claiming EITC or ACTC until W-2 data are available. This action, if taken, would also be consistent with our recommendations.

In 2018, IRS assessed the benefits of modifying the refund hold, however, it did not assess or document the costs, including taxpayer burden, or determine how the February 15 refund hold informs IRS's overall compliance strategy for refundable tax credits and its fraud risk management strategy. Completing these actions, along with the planned modifications, would fully address our recommendations.

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## **Significantly Improving Service for Taxpayers with Limited-English Proficiency and Overcoming Management Difficulties Could Enhance Taxpayer Compliance and IRS Performance**

We identified several challenges that hinder IRS’s ability to provide quality customer service and facilitate taxpayer compliance. First, significant improvements are needed in IRS’s translation and interpretation services for taxpayers with limited-English proficiency (LEP), which could enhance those taxpayers’ ability to understand and properly comply with their tax liabilities. Second, challenges with IRS’s employee training programs can lead to poor customer service and can hinder taxpayer compliance if taxpayers receive incorrect information or inconsistent levels of service. Third, IRS’s reliance on overtime can increase costs and lead to employee burnout and low morale that can negatively affect performance. Finally, IRS has not fully assessed the reasons behind employee downtime due to issues

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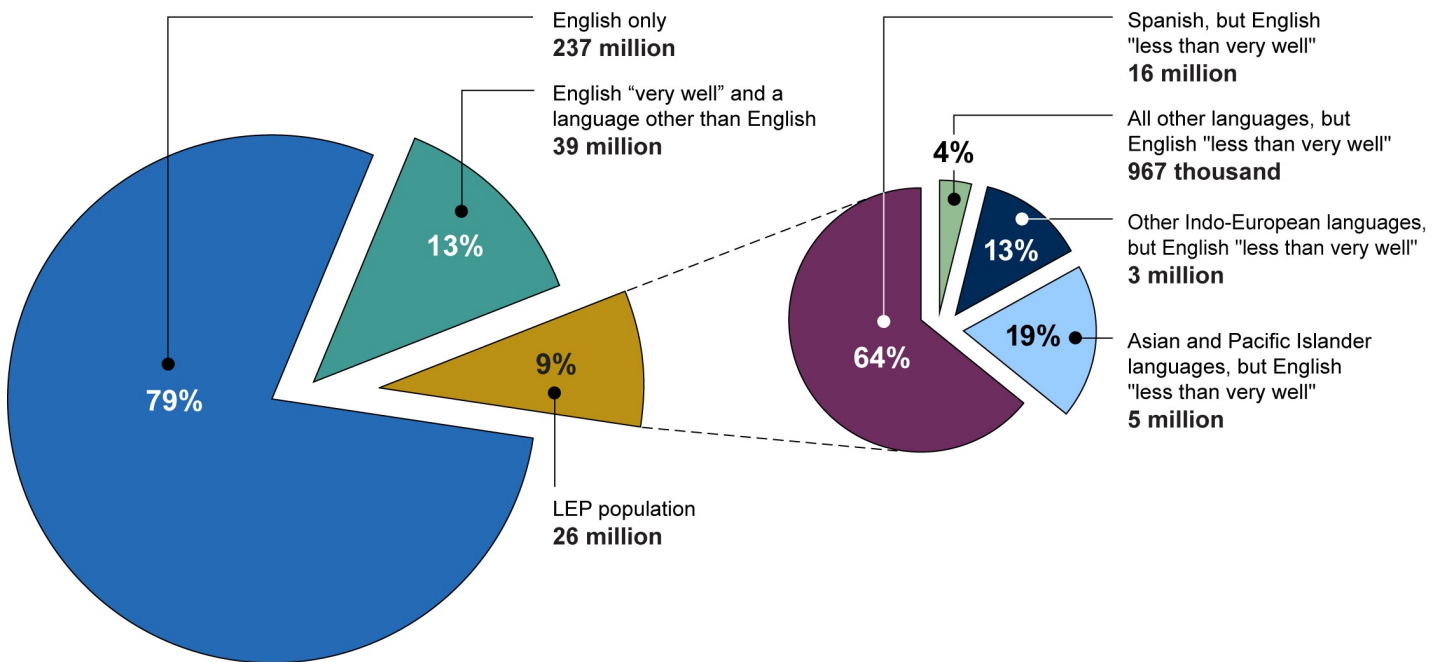
<sup>55</sup>[GAO-18-224](#).

such as CSRs' computers freezing when assisting taxpayers. Further, IRS does not perform monitoring of downtime to better identify issues and possible solutions.

## Significant Improvements Needed in Services for Taxpayers with LEP

The U.S. Census Bureau defines a person who speaks English “less than very well” as having LEP. According to the Bureau’s American Community Survey, in 2017, there were approximately 26 million people with LEP living in the United States, or nearly one-tenth of the total population, and there were 5.3 million households, representing about 4 percent of total U.S. households (see figure 5). IRS research found that taxpayers with LEP have a variety of individual and business-related tax liabilities.

**Figure 5: U.S. Population by Language Use and English Proficiency, 2017**



Source: GAO analysis of U.S. Census Bureau data. | GAO-20-55

Note: Totals may not sum due to rounding.

IRS provides multilingual services to taxpayers with LEP through a variety of media, including in-person and over-the-phone assistance; web pages and internet applications; and documents, such as tax forms and publications. These tools are intended to enhance taxpayers' voluntary compliance with their tax obligations. However,

we found that access to IRS’s language services was difficult to obtain—vital tax forms were not translated, and translated content online contained errors and outdated tax information. Moreover, IRS has not fully complied with an executive order and related guidance to assess its language services.

### **Access to Language Services for Tax Products and Web Content**

IRS has translated some tax products and online content into Spanish and other languages, including Chinese (Simplified and Traditional), Haitian Creole, Korean, Russian, and Vietnamese. However, many of IRS’s hundreds of tax products, including the most commonly filed forms, and related online content are available only in English. Moreover, these untranslated tax products and web pages do not direct taxpayers with LEP to where they can obtain assistance in their language.

The Internal Revenue Manual (IRM)—IRS’s primary, official policy and source of instructions for its staff—defines documents “vital” for translation as those that contain critical information for accessing tax services, rights, and/or benefits; or are required by law; and have no “alternative means” for obtaining the information provided in the document in the language of the person with LEP. Additionally, the IRM states that all tax products that originate in the Tax Forms and Publications (TF&P) branch—which develops and revises IRS’s tax products, such as the Form 1040—are considered vital as well as other documents, such as outreach and education material for accessing benefits and services and content for the multilingual web pages.

However, many of IRS’s tax products and web pages are available only in English. For example, of IRS’s top-10 most commonly filed forms in 2017 and 2018, none were available in any other language.<sup>56</sup> The Form 1040—which individuals use to determine their tax liabilities and benefits and to receive refunds—is among IRS’s most frequently filed forms, with more than 140 million filed annually over the last several years. To access and print the Form 1040 and other tax products, IRS encourages taxpayers to use its website, IRS.gov. Taxpayers can also use IRS.gov to check their refund status or balance due, make

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<sup>56</sup>Certain forms within the 1040 family series, that are relevant to filers in Puerto Rico, were available in Spanish (1040 PR, 1040-ES PR, and the 1040 Schedule H PR).

payments, and get answers to tax law questions without having to call or write to the agency. However, the Form 1040, hundreds of other forms, and much of IRS.gov are only available in English. For example, IRS's online account portal—where taxpayers can check and pay their balances—is only available in English. IRS has translated some information about refunds and payments online, but that information does not provide taxpayers with complete access to their account in their language.

The Form 1040's 117-page instructions has two references to language assistance; however, they are in English and do not appear until pages 65 and 84. The first reference provides a Spanish hotline number for the Electronic Federal Tax Payment System, not language assistance related to the form. The second reference is on page 84 where IRS includes a list of hyperlinks to its five multilingual web pages indicating, in English, that taxpayers can get tax information in other languages using the online resources.

Similar to IRS's tax products, we found that much of IRS.gov is not translated. Moreover, we found that for untranslated web content, IRS did not provide information about where taxpayers could find the information in their language. For example, when directed from a translated web page to one that was not, several had a text box at the top of the page that read, "This page is not translated... because translation is not available..." but did not include a statement about where the taxpayer could otherwise find the information in their language. Further, several links on translated pages in Chinese, Korean, Russian, and Vietnamese led to the English versions of the pages and did not tell the taxpayer where they could obtain such information in their preferred language.

IRS policy states that if an alternative to translation of a document is available, such as telephone assistance or web content, then a statement "in the LEP language should be added to the English-language version of the document" or web page referring taxpayers to information or assistance in their language.<sup>57</sup> However, our review of IRS's top-10 most commonly filed forms, including Form 1040 and its instructions, found that none included any such statements.

IRS's policy is in line with the General Services Administration's (GSA) best practices for government multilingual web pages,

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<sup>57</sup>IRM § 22.31.1.5.2.3 *Adding a Statement to the English Version*. The policy includes a preapproved Spanish statement that the business operating divisions can use.

which recommend that agencies' multilingual web pages provide comparable user experiences to their English versions. If an agency cannot provide for all of its content to be translated, GSA recommends that the agency manage users' expectations by providing notice when a user is going to navigate to an English-only area.

We also found that IRS's policy for updating content on its printed tax forms, instructions, and publications and multilingual web pages was ineffective within its current organizational structure. According to IRS policy, the agency's Linguistics, Policy, Tools, and Services (LPTS) section owns IRS's multilingual web pages and TF&P creates the agency's tax products. While both of those organizational units are responsible for producing outward facing materials for the agency, neither own all of the content on all of the materials they produce. As such, LPTS and TF&P may not have the authority to include on their products a statement about where to receive translation assistance without permission from the IRS business operating division that owns that product's content.

The *Standards for Internal Control in the Federal Government* calls for management to establish an organizational structure in which responsibilities are assigned to discrete units to enable the agency to operate in an effective and efficient manner. As part of establishing that structure, it further calls for management to consider how units interact to fulfill their overall responsibilities. The structure should also facilitate the units' ability to communicate and receive quality information with one another, and to communicate quality information to external parties. Finally, the standards call for management to evaluate (a) the organizational structure periodically so that it meets the agency's objectives, and (b) individuals' performance and hold those individuals accountable for their internal control responsibilities.<sup>58</sup>

Without reconciling authority and implementing procedures to allow for LPTS and TF&P to routinely review the English version of IRS's most commonly used vital tax products and web pages and include information on them to inform taxpayers with LEP where they can find assistance in their language, IRS hinders its ability to provide high-quality services consistent with its mission. This could have a negative effect on taxpayers with LEP, such as not being able to understand

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<sup>58</sup>[GAO-14-704G](#).

and comply with their tax responsibilities or access federal benefits and services.

### **Incorrect and Outdated Information for Taxpayers with LEP Online**

As previously mentioned, IRS encourages taxpayers to use its website to find information, but much of it is not translated for taxpayers with LEP. Of the web pages that are, we found at least six translated versions of an English web page included content in the wrong language (see figure 6).

Figure 6: Example of Misplaced Translated Content on One of IRS’s Multilingual Web Pages

The screenshot shows the IRS website interface. At the top, there is a navigation bar with a search bar and buttons for 'Charities & Nonprofits' and 'Tax Pros'. Below this is a secondary navigation bar with tabs for 'File', 'Pay', 'Refunds', 'Credits & Deductions', and 'Forms & Instructions'. The main content area is titled '個人納稅識別號碼 (ITIN)'. On the left, there is a sidebar with a '個人' (Individual) section containing links for '如何申報 (英文)', '確定報稅身分 (英文)', '免費申報', '電子申報選項', '郵寄地址', '何時申報 (英文)', '何地申報', '更新我的資料 (英文)', '學生 (英文)', '員工 (英文)', '家長 (英文)', '軍人; 軍隊 (英文)', and '老人與退休者 (英文)'. Below this is an '國際納稅人 (英文)' section with links for '企業和自雇經營 (英文)' and '政府機構 (英文)'. The main text area has a '重要提醒' (Important Notice) section with several bullet points regarding ITIN expiration and renewal. Below this is a section titled '什麼是個人納稅識別號碼?' (What is an Individual Taxpayer Identification Number?) and another titled '個人納稅識別號碼的用途為何?' (What is the purpose of an Individual Taxpayer Identification Number?). On the right, there are three boxes: '表格和刊物' (Forms and Publications) with links to '0916 W-7表 (英文) (PDF)' and '1114 1915號刊物 (英文) (PDF)'; '驗收代理人' (Authorized Accepting Agent) with links to '申請前訓練 (英文)', '13551表 (英文) (PDF)', and 'W-7表 (COA) (2013年3月修訂) (英文) (PDF)'; and '個人納稅識別號碼 (ITIN) 宣傳產品' (ITIN Promotional Products) with links to 'More than 2 million ITINs to expire this year; renew soon to avoid refund delays', '個人納稅識別號碼資料單 (PDF)', '個人納稅識別號碼全頁傳單 (PDF)', and '個人納稅識別號碼可列印海報 (PDF)'.

Source: IRS.gov. | GAO-20-55

Note: IRS.gov’s multilingual web pages with information about Individual Taxpayer Identification Numbers (ITIN) are translated in Chinese, Haitian Creole, Korean, Russian, and Vietnamese. All of them featured links in Spanish to a Spanish web page. ITINs are nine-digit processing numbers assigned by the IRS to taxpayers who do not have, and are ineligible to obtain, a Social Security number, and are used to process and account for their returns and payments. We captured this screenshot from <https://www.irs.gov/zh-hant/>



[individuals/individual-taxpayer-identification-number](#) on January 15, 2019. We verified that the site remained active throughout the 2019 filing season.

Further, during the 2019 filing season, at least four translated versions of an English web page describing the basics of the U.S. tax system featured outdated information on tax filing requirements, as shown in figure 7 below.<sup>59</sup>

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<sup>59</sup>IRS's Customer Base Report (CBR), IRS's research report on populations with LEP, found that many taxpayers with LEP are unfamiliar with the U.S. tax system or the need to pay taxes generally. Moreover, the CBR reported that some taxpayers might fear IRS because they may perceive it to be associated with immigration services. The report recommended that IRS provide more education to taxpayers with LEP about the U.S. tax system and their compliance responsibilities, where they can receive help, and that they should not be fearful of consequences for filing their taxes.

Figure 7: Example of IRS Multilingual Web Page Containing Outdated Information

**Đòi Hỏi Đệ Nộp đối với Đa Số Người Đóng Thuế (năm 2016)  
(2016 Filing Requirements for Most Taxpayers)**

NẾU diện đệ nộp của quý vị là...	VÀ vào cuối năm 2016 quý vị...	THÌ cần khai thuế nếu tổng lợi tức của quý vị có mức ít nhất là...
Độc thân	dưới 65 tuổi 65 tuổi trở lên	\$10,350 \$11,900
Đã kết hôn và khai chung	dưới 65 tuổi (cả hai vợ chồng) 65 tuổi trở lên (một trong hai người) 65 tuổi trở lên (cả hai vợ chồng)	\$20,700 \$21,950 \$23,200
Đã kết hôn nhưng khai riêng	bất cứ độ tuổi nào	\$4,050
Chủ hộ	dưới 65 tuổi 65 tuổi trở lên	\$13,350 \$14,900
Góa bụa hợp lệ, đang nuôi con	dưới 65 tuổi 65 tuổi trở lên	\$16,650 \$17,900

[Lùi về đầu](#)

Source: IRS.gov. | GAO-20-55

Note: This web page in Vietnamese provided information for tax year 2016 instead of 2018. We also found this outdated table on the Chinese, Russian, and Korean web pages. We captured this screenshot from <https://www.irs.gov/vi/vietnamese/thue-co-ban> on April 8, 2019. The Vietnamese web page shown above remained active through the 2019 filing season, but has since been taken down.

LPTS is the office within the agency that posts translated content from the multilingual web pages, among other agency content, such as brochures and press releases. As previously mentioned, while LPTS owns the web pages, IRS policy states that IRS's business operating divisions own the content on those pages. As such, IRS officials told us that LPTS does not have the authority to translate content on the website without permission of the responsible business operating division that owns the content. Moreover, they said LPTS cannot update or remove outdated content without permission from that division. Further, the divisions are responsible for notifying LPTS of content updates, which they do by asking it to translate the updates. If a division does not tell LPTS to update a web page, LPTS may not know that any content needs to be updated and out-of-date content could remain available to taxpayers.

As stated above, the *Standards for Internal Control in the Federal Government* calls for management to establish an organizational structure in which responsibilities are assigned to discrete units to enable the agency to operate in an effective and efficient manner. As part of establishing that structure, it further calls for management to consider how units interact to fulfill their overall responsibilities. The structure should also facilitate the units' ability to communicate and receive quality information with one another, and to communicate quality information to external parties. Finally, the standards call for management to evaluate (a) the organizational structure periodically so that it meets the agency's objectives, and (b) individuals' performance and hold those individuals accountable for their internal control responsibilities.<sup>60</sup>

IRS officials were unaware that content was out-of-date or in the wrong language, but told us that the business operating divisions might not have been aware that they should be updating multilingual content along with their English versions. They further suggested that some translations might not have been prioritized this year because of the number of changes the agency had to make on its website this year due to the changes in the tax law.

Without reconciling authority and implementing procedures to routinely monitor and update multilingual web content and ensure it is accurate and timely, the divisions will be hindered in their ability to ensure that taxpayers with LEP receive accurate and up-to-date information so they can fulfill their tax obligations.

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<sup>60</sup>[GAO-14-704G](#).

## Meaningful Access to IRS Services for Taxpayers with LEP

In addition, we found that IRS has not assessed whether its language services holistically meet the needs of taxpayers with LEP. To improve access to federally-conducted and federally-assisted programs and activities for people with LEP, the President issued Executive Order 13166.<sup>61</sup> Under the order, agencies are to take steps to ensure meaningful access to federally-conducted programs and services without unduly burdening the fundamental mission of the agency.

The Department of the Treasury, of which IRS is a part, developed guidance that assists the agency in fulfilling its responsibilities to provide meaningful access to persons with LEP.<sup>62</sup> The guidance states that, while the requirement to take reasonable steps to ensure meaningful access is designed to be a “flexible and fact-dependent standard,” the starting point is an individualized assessment that balances the following four factors:

- **Demographics.** The number or proportion of persons with LEP eligible to be served or likely to be encountered.
- **Frequency of Interactions.** The frequency with which persons with LEP come into contact with the program.
- **Nature.** The nature and importance of the program, activity, service provided by the program to people’s lives.
- **Cost and Resources.** The resources available and costs.<sup>63</sup>

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<sup>61</sup>Exec. Order No. 13166, *Improving Access to Services for Persons with Limited English Proficiency*, 65 Fed. Reg. 50121 (Aug. 16, 2000).

<sup>62</sup>*Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons*, 70 Fed. Reg. 6067 (Feb. 4, 2005). The Treasury guidance is consistent with LEP guidance published earlier by the Department of Justice (DOJ). See 67 Fed. Reg. 41455 (June 18, 2002). The DOJ guidance was drafted and organized to function as a model for similar guidance by other federal agencies. 70 Fed. Reg. at 6067.

<sup>63</sup>70 Fed. Reg. at 6069.

According to the guidance, language assistance services mainly take two forms: oral interpretation and written translation services.<sup>64</sup> An individualized assessment balancing the four factors determines the appropriate mix of interpretation and translation services to be provided based on what is both necessary and reasonable.

Pursuant to Executive Order 13166, IRS must provide taxpayers with LEP meaningful access to its services; however, agencies are not required to provide certain language assistance if doing so would unduly burden the fundamental mission of the agency. IRS provides this access to taxpayers through its Language Services Program, which provides translation and interpretation for a variety of tax-related written and oral services, such as:

- over-the-phone interpretation,
- bilingual CSRs,
- IRS.gov content,
- and translated forms and publications.<sup>65</sup>

IRS officials told us that, given the mix of language services it provides for taxpayers with LEP, it is in full compliance with that order. However, as detailed below, we found a number of shortcomings with IRS's language services that were supported by its own needs assessment in its Customer Base Report (CBR).<sup>66</sup>

- **Over-the-Phone Interpretation.** IRS told us that Accounts Management (AM) provides over-the-phone interpretation services to taxpayers with LEP in more than 350 languages,

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<sup>64</sup>70 Fed. Reg. at 6071. Interpretation can be either in person or via telephone service (hereinafter "interpretation"). Translation can range from translation of an entire document to translation of a short description of the document (hereinafter "translation").

<sup>65</sup>IRM Part 22, Chap.31, *Multilingual Initiatives*. The policy does not apply to Braille or American Sign Language.

<sup>66</sup>The CBR is IRS's triannual research report that provides the demographic assessment of the four factors previously outlined. In addition, it provides an assessment of current services and an evaluation of current program effectiveness. However, the CBR does not assess the cost and resources, nature, or frequency of interactions factors under the four-factor assessment. See IRM § 22.31.1.1.2, *Authority*; Pacific Consulting Group, *IRS Limited-English Proficient (LEP) Customer Base Report, FY 2012-2015*, IRS (Washington, D.C.: January 2018) and IRM § 22.31.1.1.4, *Program Reports*.

but just on two lines: the identity theft and international lines.<sup>67</sup> Further, accessing an interpreter can be challenging for callers with LEP because callers have to navigate an automated phone tree in either English or Spanish before they can request an interpreter from a CSR.

Taxpayers with LEP can access interpreters on any phone line when they visit a Taxpayer Assistance Center (TAC) because TAC CSRs call the interpreter and work directly with the taxpayer. Accessing these services may be challenging because taxpayers are required to call IRS in advance to make an appointment, and the appointment line is not one of the two phone lines that provide interpretation services.

IRS's CBR found that five populations with LEP were underserved by (or underutilized, relative to need) the agency's over-the-phone interpretation services, including taxpayers that sought assistance in a TAC.<sup>68</sup> By not making over-the-phone interpretation services easily accessible to non-Spanish speakers, taxpayers with LEP are at greater risk of not meeting their tax obligations.

- **Bilingual CSRs.** In response to its finding that 85 percent of IRS's callers requesting language assistance spoke Spanish, IRS provides permanent Spanish bilingual CSRs on 27 of AM's 32 phone lines.<sup>69</sup> This leaves 16 percent of IRS's phone lines without bilingual Spanish assistance. The remaining 15 percent of IRS's non-Spanish speaking callers with LEP do not have access to bilingual CSRs at all. IRS's CBR found that all of the top non-Spanish language populations with LEP in the United States were underserved with respect to having access to bilingual IRS staff who speak their languages.
- **IRS.gov Content.** As previously stated, we found that IRS has not translated much of IRS.gov. Additionally, IRS's CBR found that Arabic and Haitian Creole speaking communities with LEP were especially underserved by IRS with respect to content available in their languages on the agency's website. As IRS encourages more taxpayers to use the website—which does not consistently have

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<sup>67</sup>Together, those lines answered less than half a million calls during the 2019 filing season—approximately 2 percent of the total volume of calls answered.

<sup>68</sup>The five populations with LEP were those speaking Vietnamese, Korean, Cantonese, Russian, and Arabic.

<sup>69</sup>Some of IRS's AM phone lines are dedicated to one specific topic, while others are able to handle multiple.

updated, complete, or accurate translated content—taxpayers with LEP are at a disadvantage.

- **Translated Forms and Publications.** We found that none of IRS’s top-10 forms and publications were available in languages other than English, nor did they provide taxpayers with LEP with information about where they could access language services. IRS’s CBR found that the Spanish, Chinese, Vietnamese, Arabic, and Haitian Creole populations with LEP were underserved with respect to having access to translated materials from the agency. IRS research found that 95 percent of Spanish-speaking taxpayers with LEP surveyed said they used someone else to prepare their taxes, such as a paid preparer, friend, or family member. According to IRS, this rate is significantly higher than for the tax base as a whole.<sup>70</sup> IRS further found that Spanish-speaking taxpayers with LEP use preparers to assist them with their taxes in part because IRS has not translated the forms and instructions necessary for them to file.<sup>71</sup> In addition, professional tax preparers who work with communities with LEP told us that taxpayers in those communities are reliant on others—such as tax preparers or their English-speaking children—to translate forms, notices, and other material from IRS for them. The National Taxpayer Advocate has reported for several years on the need for more translated material, saying that the lack of translated tax products can lead to taxpayers with LEP going to preparers where they can incur additional costs to comply with their tax obligations.<sup>72</sup>

In response to its findings, the CBR made several recommendations for IRS, including that it increase agency resources for translation and other services for specific languages; translate the most commonly-used forms and publications into other languages; and hire more bilingual staff who speak languages other than Spanish.

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<sup>70</sup>Practitioners represented 51.9 percent in 2018 of all returns filed.

<sup>71</sup>Pacific Consulting Group, *IRS Limited-English Proficient (LEP) Customer Base Report, FY 2012-2015*, IRS (Washington, D.C.: January 2018).

<sup>72</sup>See National Taxpayer Advocate, *Annual Report to Congress: 2018* (Washington, D.C.: February 2019), 74; see also, *2011 Annual Report to Congress: Volume One* (Washington, D.C.: Dec. 31, 2011) 277-9; and *2006 Annual Report to Congress* (Washington, D.C.: 2006).

Agency officials told us that the CBR data have been helpful in guiding their decisions on which products should be developed or translated into other languages, and that they have acted on some of the recommendations. For example, IRS provided Haitian Creole translations for some web pages. However, IRS has not acted on all of the CBR's recommendations. For instance, while the CBR found that Spanish-speaking taxpayers with LEP were underserved by IRS's translation services, IRS officials told us the agency has not developed a form in Spanish in several years and that it does not have plans for developing or translating any forms.

When asked about whether IRS planned to address these shortcomings, such as why it had not translated the Form 1040 and its instructions or improved access for taxpayers with LEP online or over the phone, IRS officials said that doing so would place an undue burden on the agency because, among other things, the cost would be onerous. The officials explained that providing language services is costly. For example, they said that developing a tax product in another language is a resource-intensive and time-consuming process, and translating the forms, such as the Form 1040, would have an adverse downstream impact on IRS processing. IRS officials reiterated that the current availability of translated materials, multilingual web pages, and over-the-phone interpretation was sufficient to support taxpayers with LEP. IRS officials further told us that IRS was limited in its ability to provide over-the-phone interpretation services and to translate its website because of resource constraints.

Cost and resource considerations are just one of the four factors to balance when determining the appropriate mix of language assistance. Additionally, Treasury guidance states "well-substantiated claims of lack of resources do not necessarily relieve" large organizations of their obligation to provide certain language services.<sup>73</sup> IRS agreed that the CBR did not satisfy the four factors, saying it was only a guide to, for example, understand population demographics. However, IRS could not provide us with any documentation that it had conducted an assessment balancing the four factors and how IRS concluded it could not provide certain language assistance without unduly burdening IRS's mission.

Further, officials involved with the IRS Language Services Program were unaware of IRS's process for determining which services to provide, such as the policy for how IRS decides which form to develop

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<sup>73</sup>70 Fed. Reg. at 6073.



or translate into another language. These officials told us that there were no formal criteria for determining if a tax product should be developed or translated into another language. IRS officials said IRS did not use a case-by-case determination to make those decisions. IRS was unable to provide us with documentation related to the decisions it had already made on whether to provide language assistance services. As such, we were unable to determine whether IRS had conducted the four-factor assessment as the guidance intends, nor could we determine if IRS's efforts provide an appropriate mix of interpretation and translation services based on its assessment of what is both necessary and reasonable.

The *Standards for Internal Control in the Federal Government* calls for clear and complete documentation of key decisions, which would help management ensure that the appropriate mix of language services was being provided. Further, such documentation would help IRS in justifying those decisions to external parties, such as auditors.<sup>74</sup> Without any documentation of IRS's decision-making with regard to translation, IRS cannot support its assertion it is ensuring meaningful access as required under Executive Order 13166. Further, without documenting assessments determining whether to translate forms and publications and which interpretation services to offer, IRS is not fully complying with the Treasury guidance on the Executive Order. Limited access to translation or interpretation for taxpayers with LEP makes it more difficult for them to access important services they may need to understand and fulfill their tax obligations.

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## **IRS Does Not Consistently Incorporate Employee Feedback into Training Improvement Efforts**

Every year, IRS conducts training prior to the start of the filing season to prepare its employees who respond to taxpayer inquiries on the phone, in person, or through correspondence. As we have previously reported, providing high-quality services to taxpayers can help them understand their tax obligations and promote voluntary compliance with tax laws.<sup>75</sup> Annual division level training efforts for the employees who provide these services include intensive training for new hires, Critical Filing Season Refresher Training for returning employees, and "skill-up" trainings, which develop new skills in CSRs already trained in other topics. This year, IRS revised its training materials to incorporate

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<sup>74</sup>[GAO-14-704G](#).

<sup>75</sup>[GAO-18-39](#).

information on TCJA and the new Form 1040. IRS officials who are involved in developing training for CSRs told us that developing training materials for CSRs was particularly challenging because these employees needed information to share with taxpayers shortly after TCJA passed and before training on the new law was needed for many other IRS employees, including those in the business operating divisions responsible for implementing particular provisions.

During a series of 14 discussion groups we conducted between October 2018 and April 2019, 55 of the 67 CSRs and managers we spoke to identified opportunities for improvement of, or expressed dissatisfaction with, elements of these trainings. Some of the concerns we heard in our discussion groups were specific to the training that was offered this year, such as the limited availability of space and computers to train on and large class sizes, and may have resulted from the compressed training timeline necessitated by the lapse in appropriations. However, some of the concerns and suggestions for improvement referred to training in general, and were expressed by CSRs prior to the lapse in appropriations. Many of the participants in these groups provided constructive input on the training they receive that prepares them to provide customer service to taxpayers. Examples include the following:

- **Timing.** Twenty-three of 67 members of discussion groups specifically identified the timing of training as a weakness. They reported receiving training on critical skills long before having the opportunity to apply them on the job. As a result, 20 of the CSRs and managers said they or their staff did not remember what they had learned and felt like they needed refresher training before taking any live work on these topics. Three CSRs specifically said that they made errors when beginning this work as a result of the gap between their training and their on-the-job application of it. These concerns about timing of the training were expressed both before and after the lapse in appropriations and applied to trainings on topics aside from TCJA. In addition, two CSRs said the timing of training was problematic because of changes to forms and regulations that occurred after the earliest people were trained, meaning they did not receive the most complete and up-to-date information. These comments were specifically related to changes associated with TCJA, but IRS has faced late changes to requirements in previous tax years. For example, two CSRs said the timing of training had been a challenge in other

years when tax legislation passed after some employees were trained, leaving those employees at a disadvantage.

- **In-person and on-the-job training.** Forty-six participants in our discussion groups expressed a preference for in person and on-the-job training, as opposed to training offered online. They said classroom training provides an opportunity to ask questions and receive feedback and helps keep participants focused. Several people also mentioned that in-person instruction could be more relatable than e-learning. On-the-job training allows CSRs to perform live work with an instructor who is available to assist them, which 27 of the participants in our groups highlighted as a useful training tool.
- **Instruction quality and preparation.** Twenty-seven of our discussion group participants identified concerns in this area, with some indicating that the quality of preparation could vary substantially depending on the quality of the instructor. Others noted that it could be a challenge to identify volunteers willing and available to teach the material, and suggested that the incentives to teach are not strong.

IRS considers employee reactions to the trainings it provides to its CSRs, using evaluations measuring participant reaction to and satisfaction with courses to determine how best to revise or update them.<sup>76</sup> For example, IRS used such evaluations of the Critical Filing Season Refresher Training classes on tax law changes for individual and business returns to identify a number of suggested

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<sup>76</sup>IRS uses a commonly accepted model for assessing training and development programs known as the Kirkpatrick Model, with New World Kirkpatrick Model enhancements, conceived of by Donald L. Kirkpatrick (co-author of Donald L. Kirkpatrick and James D. Kirkpatrick, *Evaluating Training Programs: The Four Levels*, 3rd ed. (San Francisco, CA: Berrett-Koehler, 2008)). Under this model, evaluations measuring the training participants' reaction to, and satisfaction with, the training program or planned actions to use new or enhanced competencies are known as level one evaluations. Level two measures the extent to which learning has occurred because of the training effort. Level three measures the application of this learning to the work environment through changes in behavior that employees exhibit on the job because of the training or development program. The fourth level measures the impact of the training program on the agency's program or organizational results. The fourth level is sometimes split into two levels, with the fifth and final level representing a comparison of the costs of the training and development program with the benefits quantified in dollars. This fifth level is often referred to as return on investment. See GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, [GAO-04-546G](#) (Washington, D.C.: Mar. 1, 2004).

improvements, including changing the delivery method from online only to online within a classroom setting and with an instructor present. IRS also administers tests as part of some classes, and considers these to be level two evaluations that demonstrate learning has occurred as a result of training.

However, the concerns we highlighted above from discussion groups with CSRs would not be apparent to CSRs immediately after taking a particular course and would likely not be captured by surveys designed to gauge participant reactions to the course or tests administered at the end of a course as part of a certification process. For example, a CSR trained in a new skill who is not assigned to perform that work until months later might have tested well on the knowledge immediately following the course, but not retain the information.

IRS officials told us that the last time they conducted an in-depth review of training was in 2014. At that time, IRS formed the Training Improvement Team to respond to concerns about training raised in internal focus groups. IRS also indicated that in internal meetings and level three evaluations—which attempt to gauge how much training has affected employee behavior—employees expressed that they were not being adequately trained to perform their jobs. IRS officials said that employees expressed a desire to use live-work examples in training. As a result, IRS began using live work as part of training in 2015.

Twenty-nine of the CSRs and managers we spoke to said reviewing live work and engaging in activities that involve applying skills taught in courses are the most effective forms of training and said they valued the incorporation of live work in classes. As a result of the same initiative, AM increased the permitted instructor preparation time and made changes to the curriculum for both individual and business CSRs based on employee feedback. IRS indicated that it has not done similar analysis since 2014.

We have previously reported that agencies should view their training and development efforts not as a static, after-the-fact requirement, but as continual, ongoing efforts throughout the planning, design, and implementation components of the process.<sup>77</sup> When undertaking planning and front-end analysis, we reported that an agency should make a concerted effort to identify and use focused and relevant data

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<sup>77</sup>[GAO-04-546G](#).

and measures that will aid in guiding future training and development efforts. These considerations may highlight the need for the agency to reassess what types of data it currently collects, how such data might be improved for future assessments, and how to build in agreed-upon measures up front to continually measure results.

For design and development of training, we further reported that agencies should rely on evaluations and benchmarking to determine what approaches work best given all of the related elements, such as the proposed audience for the training program, the material to be covered, and possible delivery mechanisms that could be employed.<sup>78</sup> Building in such evaluation feedback can help to identify and remove obstacles to successful implementation. Reviewing staff and instructor feedback regularly is also important to improving the overall process and thus increasing the likelihood of success. Catching potential problems at the early stages of the process can save valuable time and resources that a major redesign of training would likely entail. Agencies can use evaluation feedback to identify problems and improve training and development programs as needed, either by making incremental changes or redesigning the entire training effort to incorporate major changes.

We have also previously identified continuous performance improvement as a core characteristic of a strategic training and development process.<sup>79</sup> This occurs when stakeholders rely on and use program performance information and other data to assess and refine ongoing training and development efforts; target new initiatives to improve performance; and design, develop, and implement new approaches to train and develop employees.

Training the employees who assist taxpayers every day is a critical aspect of the customer service IRS provides. In the Taxpayer First Act, enacted on July 1, 2019, Congress requires IRS to:

- include a plan to update guidance and training materials for its customer service employees as part of the comprehensive customer service strategy the agency must develop;
- write these updated materials to be easily understood and provide clear instructions to employees; and

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<sup>78</sup>[GAO-04-546G](#).

<sup>79</sup>[GAO-04-546G](#).

- develop a comprehensive training strategy to streamline current training processes and improve technology-based training, among other things.<sup>80</sup>

In response to employee feedback, IRS made changes in 2015 by incorporating some live work into training, something many of the CSRs we spoke to cited as one of the most useful elements of trainings. However, IRS has not conducted a more recent evaluation of all CSR training based on level two or three assessments, including employee focus groups. If IRS does not periodically consider feedback that demonstrates the strengths and weaknesses of its CSR trainings, beyond level one assessments, it may not be fully aware of the current value of its training program. Furthermore, IRS might not be aware of practical improvements it could make to improve employee performance. This is particularly important for IRS as it responds to the training-related requirements of the Taxpayer First Act.

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## **IRS Lacks a Strategy for the Ongoing Use of Overtime, Which Can Affect Employee Morale and Filing Season Performance**

IRS's Strategic Plan highlights a number of reasons why processing returns, answering telephone calls and responding to correspondence from taxpayers are important services the agency provides.<sup>81</sup> For example, efficiently responding to taxpayer inquiries and providing timely responses to taxpayer correspondence supports IRS's mission to provide top-quality service. Responding to taxpayer inquiries has long been demonstrated to improve and encourage compliance with the tax code, which can reduce the tax gap, as we have previously reported.<sup>82</sup> In addition, IRS is required to pay interest to taxpayers on refunds it does not pay in a specified amount of time—generally, within 45 days of the filing deadline.<sup>83</sup> This also applies to amended returns, which are processed as correspondence. For example, as of September 20, 2019, IRS had paid about \$13.7 million in interest to individual taxpayers compared to about \$11.1 million at the same time last year.

IRS has consistently used overtime to meet processing milestones and respond to taxpayer calls and correspondence. IRS officials told

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<sup>80</sup>Pub. L. No. 116-25, §§ 1101, 2402.

<sup>81</sup>IRS, Strategic Plan FY 2018 – 2022.

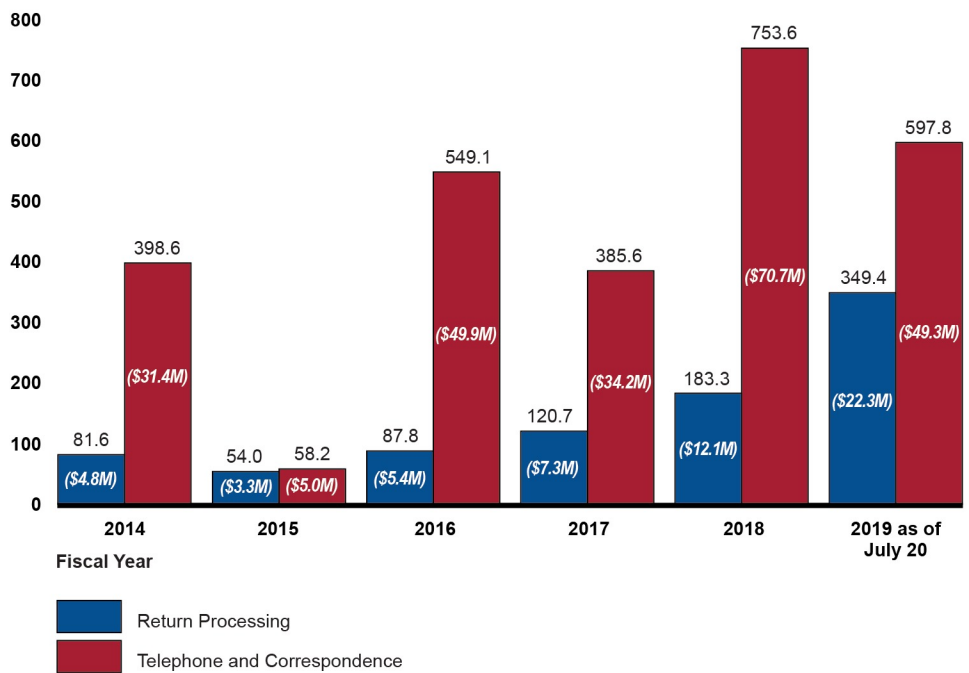
<sup>82</sup>[GAO-18-39](#).

<sup>83</sup>26 U.S.C. § 6611.

us that overtime is one of the primary methods they use to meet their goals. For return processing, IRS has sharply increased its use of overtime. For example, in terms of full-time equivalents (FTE)—the total number of hours worked based on IRS payroll data divided by the number of compensable hours applicable to each fiscal year—IRS increased overtime use from about 82 FTEs in fiscal year 2014, to 349 FTEs through mid-July of fiscal year 2019, a 328 percent increase (see figure 8). IRS estimated the cost of overtime used through mid-July of fiscal year 2019 at about \$22.3 million. IRS officials told us that some of the hiring difficulties it has faced have contributed to the rise of overtime use.

Similarly, for telephone and written correspondence services, IRS has consistently used overtime, though the amount has varied considerably. In fiscal year 2014, IRS used nearly 400 FTEs in overtime, reaching a high of more than 750 FTEs in fiscal year 2018. As of mid-July 2019, IRS had used nearly 600 FTEs in overtime, which IRS estimated costing \$49.3 million.

**Figure 8: IRS Overtime for Return Processing, Telephone, and Correspondence**  
Overtime Used in Full-Time Equivalents (related cost in millions)



Source: GAO analysis of IRS data. | GAO-20-55

IRS allocates a certain amount of overtime for both Submissions Processing (SP) and AM each fiscal year, based in part on prior year

usage and budget limitations. However, IRS does not have a strategy to help guide the use of overtime. SP has exceeded the allocated overtime amount each year since fiscal year 2016 and has not met its target for number of employees hired in any of those years. Similarly, AM exceeded its initial allocations of overtime in fiscal years 2016 and 2018, and had already used its initial allocation of overtime for fiscal year 2019 by mid-July.

Use of overtime, among other things, can contribute to low morale and employee dissatisfaction. In 2018, IRS ranked 287 out of 415 agency subcomponents, falling below the median on employee engagement in a study that measures best places to work in the federal government based on federal employee survey data.<sup>84</sup> Discussion groups we conducted with IRS employees also indicated concerns related to morale. While we did not specifically inquire about overtime or morale during all of the discussion groups conducted with AM employees, 22 of the 67 CSRs and managers we spoke to expressed that morale was low, and nine of these specifically attributed this to extensive overtime.<sup>85</sup> One group of six CSRs told us that there seemed to be willingness to work overtime, for financial reasons, while another group of six managers told us while some employees welcome overtime, others do not. While IRS employees can volunteer to work overtime, the agency can also use overtime on a mandatory basis according to a 2019 agreement with the National Treasury Employee Union.<sup>86</sup>

IRS officials concurred that relying heavily on overtime contributes to declines in employee morale and possible staff burnout, but stated that overtime is necessary because half the annual volume of work done by AM and SP is received within 4 months during the filing season. Moreover, officials explained that they often do not know what IRS's budget will be until after the agency must plan and

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<sup>84</sup>The overall rankings are determined by the Best Places to Work employee engagement score, calculated by the Partnership for Public Service and Boston Consulting Group. The index score is not a combined average of an agency's category scores. It is calculated using a proprietary weighted formula that looks at responses to three different questions in the U.S. Office of Personnel Management's *Federal Employee Viewpoint Survey*: (1) "I recommend my organization as a good place to work"; (2) "Considering everything, how satisfied are you with your job?"; and (3) "Considering everything, how satisfied are you with your organization?" The more the question predicts intent to remain, the higher the weighting.

<sup>85</sup>We did not hold discussion groups with SP employees.

<sup>86</sup>IRS uses overtime on both a voluntary and mandatory basis per the 2019 agreement with the National Treasury Employee Union.



hire seasonal staff for the upcoming filing season. If IRS hires too many employees, it could be in a position of spending more than appropriated, therefore violating federal law.<sup>87</sup>

According to *Standards for Internal Control in the Federal Government*, management is responsible for evaluating pressure on personnel to help personnel fulfill their assigned responsibilities in accordance with the entity's standards of conduct.<sup>88</sup> Pressure can appear in an entity because of goals established by management to meet objectives or cyclical demands of various processes performed by the entity. Excessive pressure can result in personnel "cutting corners" to meet the established goals, which senior IRS officials acknowledged is a risk with greater use of overtime. According to *Standards for Internal Control in the Federal Government*, management can adjust excessive pressures using many different tools, such as rebalancing workloads or increasing resource levels, which can include hiring more permanent staff. When a particular individual or group is working an inordinate amount of overtime, it may indicate that the staff is either not large enough or is not performing efficiently.

In March 2019, we reported on IRS's strategic workforce plan, which can help IRS better manage its critical skills gaps and staffing needs.<sup>89</sup> We reported that IRS had stalled its workforce planning initiative due in part to resource redirection toward implementing TCJA and a shortage of staff skilled in workforce planning. In that report, we recommended that IRS fully implement its workforce planning initiative. IRS agreed and, as of September 2019, is working on implementing this recommendation.

As IRS works to complete this workforce plan, it can use the information from this effort to develop and implement a strategy for the efficient use of overtime. If not well managed, overtime can be expensive, inefficient, contribute to skills gaps, and negatively affect employee morale.

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<sup>87</sup>The Antideficiency Act, codified at 31 U.S.C. § 1341, prohibits federal agencies from entering into obligations or expending federal funds in advance or in excess of an appropriation, and from accepting voluntary services, unless specifically authorized by law.

<sup>88</sup>[GAO-14-704G](#).

<sup>89</sup>GAO, *Internal Revenue Service: Strategic Human Capital Management Is Needed to Address Serious Risks to IRS's Mission*, [GAO-19-176](#) (Washington, D.C.: Mar. 26, 2019).

## **IRS Has Not Fully Assessed or Monitored Increased Time Charges for System Downtime**

As we reported in 2018, IRS continues to struggle with effectively managing and modernizing its information technology systems affecting tax processing and customer service.<sup>90</sup> In discussions with CSRs and frontline managers, these employees told us that they frequently experienced issues with their computers that affected their ability to serve taxpayers. Specifically, 60 of 67 CSRs and managers told us that they had experienced computer problems frequently, such as freezing or taking excessive time to reboot, or that they experienced difficulty logging on.<sup>91</sup> We observed these technical difficulties during our visits to IRS service centers. The CSRs and managers noted that these problems have worsened with the installation of their new telephone system, which is connected to their computers and through the internet. These computer problems can cause phone calls to disconnect before the taxpayer's issues are resolved, meaning that the taxpayer must call back and wait in the queue again.

When asked what they did when experiencing these problems, 19 CSRs in our discussion groups informed us that they are advised to work on other tasks, as possible, move to a different work station, and, as a last resort, to charge their unproductive time to a job code on their time sheets called "system downtime." Twenty-five CSRs specifically noted that they have limited technical support onsite and would ask their managers or others for support, if possible, or attempt to resolve problems on their own. Nine managers said their teams had needed to charge to system downtime more often in recent years.

While IRS officials acknowledged the frequent computer freezes and limited on-site IT support, which the officials said they are working to address, they were not aware of the increasing use of system downtime charges that CSRs we spoke to attributed to difficulties with the new telephone system. IRS officials provided us the total time charged to system downtime in AM. The amount increased from 55 FTEs in fiscal year 2016 to 103.7 FTEs in fiscal year 2018, or 88 percent. For CSRs, between January and June 2017 compared to the same time in 2018, the amount increased 160 percent, from 23.3 FTEs to 60.5

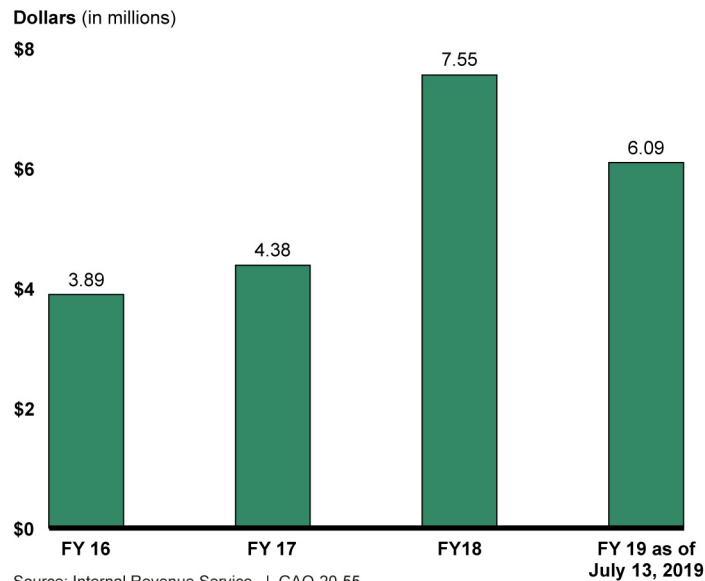
<sup>90</sup>GAO, *Information Technology: IRS Needs to Take Additional Actions to Address Significant Risks to Tax Processing*, [GAO-18-298](#) (Washington, D.C.: June 28, 2018).

<sup>91</sup>We did not ask about this issue in one discussion group, but one individual in that group independently told us that computer issues are a common topic of discussion among CSRs.

FTEs, respectively. IRS officials estimated the cost of the downtime in fiscal year 2018 to be more than \$7.5 million (see figure 9). As of mid-July 2019, IRS had expended 83.6 FTEs on system downtime, or nearly \$6.1 million.

Based on our inquiry, IRS officials also analyzed whether the increase in system downtime charges was associated with known IT issues or network outages, but were unable to attribute the increase to these or any other reasons. The officials said they were unable to determine the cause of the increased use of downtime charges without further assessing the reasons why or circumstances in which CSRs charged more system downtime, which they had not yet done.

**Figure 9: Cost of Unproductive IRS Employee Time Resulting From System Downtime, Fiscal Years 2016 through July 13, 2019**



Source: Internal Revenue Service. | GAO-20-55

The *Standards for Internal Control in the Federal Government* requires management to perform ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations.<sup>92</sup> Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Monitoring may include the use of automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

<sup>92</sup>[GAO-14-704G](#).

IRS's initial analysis of system downtime did not determine the cause behind the increase in charges that we identified. Conducting a further assessment of these charges, for example by obtaining feedback and having discussions with CSRs and their managers, could help identify the reasons for the increased system downtime charges to best determine the appropriate solution.

More broadly, IRS does not perform regular monitoring of fluctuations of these time charges over time. Rather, IRS relies on its employees and managers to report these issues. However, regular monitoring could help IRS identify systems issues that CSRs or others do not necessarily report, or other related concerns such as incorrect time and attendance reporting. Conducting monitoring of changes over time would better position IRS to identify and resolve any issues that could lead to increased costs and service delays to taxpayers.

# Conclusions

Faced with declining resources, increasing responsibilities, and a lapse in appropriations resulting in the furlough of thousands of IRS employees in the month before the start of the 2019 filing season, IRS successfully implemented significant changes to the tax code while largely overcoming declines in performance during the filing season. However, IRS management could make improvements in several areas related to providing top-quality service by helping taxpayers understand and meet their tax responsibilities.

First, IRS does not inform taxpayers of which topics CSRs can and cannot answer before taxpayers call for assistance. IRS could save taxpayers time and frustration, while potentially decreasing call volume to the tax law line and maximizing the amount of time CSRs can devote to taxpayers whose questions they can answer, by making the list of tax topics CSRs are not able to answer publicly available.

Second, IRS has a number of services intended to support taxpayers with LEP. However, IRS could significantly improve upon its services for taxpayers with LEP in several ways. Including information on untranslated content, such as on forms or web pages, would help taxpayers find assistance about that content in their language. Implementing procedures to prevent, or detect and correct, outdated or incorrect information on its multilingual web pages would help ensure taxpayers with LEP receive accurate and updated tax information. Conducting and documenting assessments of whether to translate forms and publications—such as one of the most commonly-used products, the Form 1040 and its instructions—and which interpretation services to offer would better position IRS to provide more meaningful access, and potentially lower risks for these taxpayers and encourage voluntary compliance with their tax responsibilities.

Third, high-quality customer service begins with IRS CSRs having the necessary knowledge and skills to address the unique needs of individual taxpayers. If a CSR does not have the skills to fully assist callers, it can have negative downstream effects for both IRS and the individual taxpayer. Collecting and using employee input on the strengths and weaknesses of training would help IRS make any improvements needed to help ensure trainings are well developed and timely, and meet the requirements of the Taxpayer First Act.

Fourth, while overtime can be an important tool to provide agencies with capacity and flexibility to meet their missions, IRS's increasing reliance on overtime to achieve its filing season goals may result in inefficient use of financial resources and is contributing to low employee morale and possible burnout. Developing a strategy for the efficient use of overtime would better position IRS to manage this option to meet workload demands.

Finally, CSRs and their managers reported increasing computer system failures, reducing their time spent serving taxpayers' needs, and increased the use of the time and attendance system downtime charge code. IRS officials were unaware of the increased amount of time and their initial analysis did not identify the cause so that they can develop solutions to address the problem. IRS also does not perform regular monitoring of these time charges. By further assessing the reasons for increased use of the system downtime code and monitoring fluctuations, IRS can be better positioned to improve its ability to provide timely service to taxpayers by identifying and resolving issues.

# Agency Comments and Our Evaluation

We provided a draft of this report to IRS, Treasury, and OMB for review and comment. IRS provided written comments, which are summarized below and reproduced in appendix II. Treasury and IRS provided technical comments, which we incorporated as appropriate. In an email, OMB staff indicated OMB had no comments on the draft report.

In its written comments, IRS agreed with 6 recommendations and neither agreed nor disagreed with the remaining 2 recommendations. Specifically, IRS agreed with the recommendations to publicize a list of tax topics considered out of scope (recommendation 1), implement procedures for routinely reviewing its multilingual webpages (recommendation 3), collect and use employee input on the strengths and weaknesses of its customer service training (recommendation 5), implement a strategy for efficient use of overtime (recommendation 6), assess and address system downtime (recommendation 7), and perform regular monitoring of fluctuations in system downtime charges (recommendation 8). IRS indicated general steps it plans to take to address these recommendations.

IRS neither agreed nor disagreed with recommendations 2 and 4—related to directing taxpayers with LEP to where they can obtain translated content and conducting and documenting the four factor assessment of IRS’s language services—and stated in its comments that it is evaluating actions to implement these recommendations because they affect multiple stakeholders. IRS said it will provide details at a later date, pending its evaluation.

In addition, IRS stated that it disagreed with statements in the draft report that “IRS does not regularly use employee input to identify improvements to its training.” IRS said that it collects evaluations and analyzes feedback from participants and their managers after they attend training. IRS also stated that it uses the Kirkpatrick Model—a commonly accepted model for assessing training and development programs—to evaluate training.

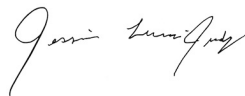
In the draft report, we acknowledged that IRS considers employee reactions to the trainings it provides and described IRS’s training evaluation methods, including its use of the Kirkpatrick Model. Our findings showed that IRS did not regularly conduct in-depth evaluations of training for customer service representatives to determine how the training affects employee performance—referred

to as level three evaluations under the Kirkpatrick Model—and use the results to make improvements to its training program. IRS agreed with recommendation 5 to collect and use employee input on the strengths and weaknesses of its training, including on whether training is effective in improving CSRs’ performance, to inform changes to its training program and strategy under the Taxpayer First Act. To address IRS’s concerns about statements in the draft related to training, we revised the report and recommendation 5 to specify that we were referring to customer service training and evaluations related to assessing employee performance.

Finally, we clarified two recommendations in response to additional IRS comments. Specifically, we removed one example of how to implement the recommended action from recommendation 3 and modified recommendation 6 to include the responsible division within IRS.

We are sending copies of this report to the appropriate congressional committees, the Commissioner of Internal Revenue, the Secretary of the Treasury, the Director of the Office of Management and Budget, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-9110 or [lucasjudyj@gao.gov](mailto:lucasjudyj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix III.



Jessica Lucas-Judy  
Director, Tax Issues  
Strategic Issues



# Congressional Addressees

The Honorable Chuck Grassley  
Chairman  
The Honorable Ron Wyden  
Ranking Member  
Committee on Finance  
United States Senate

The Honorable Richard E. Neal  
Chairman  
The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
House of Representatives

# Appendixes

## Appendix I: Objectives, Scope, and Methodology

Our objectives in this report were to assess:

1. The Internal Revenue Service's (IRS) performance collaborating with the Department of the Treasury (Treasury) and the Office of Management and Budget (OMB) to implement the Tax Cuts and Jobs Act of 2017 (TCJA) prior to the 2019 filing season and IRS's efforts to educate the public on the tax law changes;
2. IRS's performance providing customer service and processing individual and business income tax returns during the 2019 filing season compared to prior filing seasons; and
3. any opportunities to improve IRS's ability to provide quality customer service and facilitate taxpayer compliance.

To assess IRS's, Treasury's, and OMB's performance collaborating to implement the TCJA prior to the start of the 2019 filing season, we interviewed officials from IRS, Treasury, and OMB's Office of Information and Regulatory Affairs (OIRA) about their roles in implementing the law and their joint efforts to coordinate, develop, and finalize guidance. We assessed the coordination efforts between IRS and Treasury from 2018 through the 2019 filing season by comparing them against the guidance development and review process described in the Internal Revenue Manual. We assessed the coordination activities between Treasury and OIRA from 2018 through the 2019 filing season against the process and time frames in a new memorandum of agreement (MOA) between Treasury and OIRA requiring OIRA review of tax regulations. Finally we compared the coordination activities of these three agencies against selected leading collaboration practices identified in our prior work.<sup>93</sup>

To assess the status of key implementation activities, we obtained and analyzed IRS documents describing agency implementation plans and priorities, including the agency's project management plan and the individual plans of various offices and units within IRS, including the Office of Chief Counsel and Tax Forms and Publications and monitored the accomplishment of goals. We also reviewed risk registers—tools used by IRS and other agencies to identify and

<sup>93</sup>GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: October 21, 2005).

describe risks as well as mitigation activities and status—and other IRS documents showing risks and mitigation activities. In addition, we reviewed and analyzed IRS’s TCJA communication plan, which includes dates and milestones for communicating the new tax law changes with the public. We also examined documents provided by these various units within IRS to track completion of a variety of tasks required to successfully receive and process returns during the 2019 filing season.

We supplemented our review and analysis of these documents by interviewing officials from: IRS’s Tax Reform Implementation Office, the central office IRS established to coordinate implementation efforts; the Office of Chief Counsel, responsible for interpreting the law and developing rules and regulations; Media and Publications, responsible for updating, revising, and developing tax forms, instructions, and publications; IRS Information Technology, responsible for making necessary changes to IRS systems; and the Office of Communications and Liaison, responsible for communicating tax law changes to the public, to understand how these offices coordinated with one another and IRS business operating divisions to implement the law’s provisions prior to the beginning of the filing season and communicate necessary information to the public.

In addition, we conducted semistructured interviews, using a standardized set of questions, with a non-generalizable selection of seven representatives of the tax industry, including tax preparation businesses and software developers and professional organizations, to obtain their perspectives on tax law change support offered by IRS. The external stakeholders we selected are major companies that prepare millions of tax returns and organizations in the tax preparation industry that frequently interact with IRS on key aspects of the filing season. We also conducted semistructured interviews with a selection of 15 tax professionals, including tax practitioners and people with knowledge of tax policy, to obtain their views on IRS’s implementation of certain provisions of the TCJA.

To assess IRS’s performance providing customer service and processing individual and business income tax returns during the 2019 filing season compared to prior filing seasons, we:

- obtained and analyzed IRS documents and data, including performance, budget, and workload data for taxpayer services and return processing, and used this information to compare IRS’s performance in 2019 to its performance in the prior 5 years (2014

through 2018), which allowed us to identify trends and anomalies over a 6-year period;

- visited IRS facilities in Austin, Texas and Ogden, Utah to observe return processing and customer service representatives (CSR) answering taxpayer calls and handling correspondence, and the Joint Operations Center (which manages IRS’s telephone operations) in Atlanta, Georgia to observe CSRs answering taxpayer calls and to listen to recorded calls of CSRs answering tax law questions. We selected Austin and Ogden because both process individual returns and answer taxpayer telephone calls. In addition, Ogden recently began processing individual returns and also provides customer service to businesses and individuals;
- interviewed IRS officials to identify contextual factors contributing to (1) changes in performance and/or performance measures, and (2) effectiveness of efforts to manage imbalances, if any, between taxpayer demand for service and agency resources;
- interviewed officials from IRS’s Wage and Investment division (which is responsible for managing filing season operations) and external stakeholders to obtain contextual information about IRS’s performance, including its implementation of the TCJA, and the impact of the 5-week lapse in federal appropriations that occurred shortly before the start of the filing season;
- reviewed our prior reports, including filing season reports;
- identified federal standards for evaluating customer service, such as the Government Performance and Results Act Modernization Act and executive orders, presidential memorandums and OMB guidance to strengthen customer service, and compared IRS actions to those standards;<sup>94</sup> and

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<sup>94</sup>Exec. Order No. 12862, Setting Customer Service Standards (Sept. 11, 1993), 58 Fed. Reg. 48257 (Sept. 14, 1993); Exec. Order No. 13571, *Streamlining Service Delivery and Improving Customer Service* (Apr. 27, 2011), 76 Fed. Reg. 24339 (May 2, 2011); Memorandum on Customer Service, 31 Weekly Comp. Pres. Doc. 456 (Mar. 22, 1995) (released by Office of the Press Secretary on Mar. 23, 1995); Memorandum on Conducting “Conversations with America” to Further Improve Customer Service, 34 Weekly Comp. Pres. Doc. 368 (Mar. 3, 1998); Office of Management and Budget, *Implementing Executive Order 13571 on Streamlining Service Delivery and Improving Customer Service*, Memorandum M-11-24 (June 13, 2011); Office of Management and Budget, *New Fast Track Process for Collecting Service Delivery Feedback Under the Paperwork Reduction Act*, Memorandum M-11-26 (June 15, 2011); Office of Management and Budget, *Information*

- reviewed a variety of IRS reports providing weekly data on filing season processing and customer service, including various IRS telephone reports (e.g., the telephone product line snapshot, enterprise snapshot, interactive performance template, busy signals and disconnects, and tax law and phone accuracy) to analyze and report on key elements of IRS's telephone service, such as the level of service, wait time, and call volume. We also reviewed IRS reports on correspondence inventory to analyze and report on IRS's performance responding to written communications within prescribed time frames. In addition, we reviewed IRS data on its services provided on its website and in-person. Similarly, we reviewed IRS's processing reports to analyze and report key aspects, including the number of returns processed and refund data.

To identify any possibilities to improve IRS's ability to provide quality customer service and to facilitate taxpayer compliance, we interviewed officials from various functional units within IRS about challenges they encountered implementing the TCJA and preparing for the 2019 filing season and resulting from the 5-week lapse in appropriations that resulted in many IRS employees being furloughed until a week before the filing season began. We also reviewed a variety of data provided to us by IRS to identify areas of concern in areas including overtime hours and hours charged to certain job codes.

To obtain the perspectives of IRS CSRs and managers who are responsible for providing customer service on challenges faced by IRS, we conducted 14 discussion groups with 67 IRS frontline staff and managers located at seven IRS campuses. Ten of the groups were with Accounts Management (AM) CSRs who answer calls and respond to correspondence and four were with frontline managers who oversee the CSRs' work. The findings from these groups cannot be generalized to the perspectives of all AM CSRs and managers. The CSRs and managers we spoke to are all responsible for answering taxpayer calls and correspondence and employed at IRS facilities in Atlanta, Austin, Ogden, Pittsburgh, Denver, St. Louis, and San Juan, Puerto Rico. Eight of these groups, with staff in Atlanta, Austin, and Ogden, were conducted in person, while the others were conducted

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*Collection under the Paperwork Reduction Act, Memorandum (Apr. 7, 2010); Office of Management and Budget, Social Media, Web-Based Interactive Technologies, and the Paperwork Reduction Act, Memorandum (Apr. 7, 2010); Office of Management and Budget, Paperwork Reduction Act—Generic Clearances, Memorandum (May 28, 2010).*

via conference call or online conferencing. The call centers in Atlanta and Austin were not assigned by IRS management to accept tax law questions during the 2019 filing season, and provided assistance to taxpayers on other topics. Employees at the other sites we spoke to did accept tax law questions during the 2019 filing season. The Ogden site assists businesses and individuals, while the other sites we reviewed assist individual taxpayers.

To identify participants for the in-person groups and three of the telephone and web groups, we asked IRS officials to identify available CSRs meeting the criteria above and reflecting a range of tenure with IRS. For the other three groups, we asked IRS officials for the contact information of AM staff answering tax law questions. We then contacted CSRs and managers directly to schedule meetings. The groups ranged in size from two to seven participants. To encourage participants to speak openly, we ensured that no senior IRS management officials would be present during the discussions and separated staff and managers into different groups.

Before any of the groups began, we developed and administered a standardized discussion guide to improve the quality of the information gathered, which we altered slightly over the course of the review based on issues identified in earlier groups and other aspects of our review, and to address time constraints. At the beginning of each group, we explained to the participants that we would report any comments and opinions provided in summary form. Our questions for CSRs focused on their experiences answering calls from taxpayers, the training they received prior to filing season and on the TCJA, and issues related to their morale and equipment, such as computers and phones.

We examined IRS's efforts to provide taxpayers with limited-English proficiency (LEP) with IRS services and materials intended to help them comply with their tax obligations, such as current versions of the tax forms, instructions, and publications and other materials, such as information provided on IRS.gov. We also considered whether these products and services were available in languages other than English. Our review included an assessment of multilingual material posted on the agency's website, IRS social media accounts, and mobile phone applications developed for Spanish-speaking taxpayers. In addition, we made a number of test calls to IRS customer service lines to understand the experience of taxpayers seeking assistance in their language or the services of an interpreter.

We supplemented our review of the availability of these resources by interviewing IRS officials involved in the development and translation of non-English language content across various media for taxpayers with LEP, including Media and Publications, Tax Forms and Publications, and Linguistics, Policy, Tools, and Services, which provides translation services for all IRS offices, to determine their role in providing services to taxpayers with LEP. We also reviewed IRS's Customer Base Report, which presents the agency's research findings from (a) demographic assessment of the persons eligible to be served or encountered by IRS; (b) a current service assessment; and (c) an evaluation of current program effectiveness. These assessments help to inform IRS on the needs of taxpayers with LEP. We compared the services IRS provides to taxpayers with LEP to principles from the *Standards for Internal Control in the Federal Government* for establishing an effective organizational structure, evaluating performance and holding individuals accountable, and effective documentation, requirements from an executive order, the General Services Administration's best practices for government multilingual webpages related guidance from Treasury, and IRS policy.<sup>95</sup>

To assess IRS's training of its CSRs, we reviewed Wage and Investment division's training plan, assessments and evaluations of the training, and CSR comments on the training they received. We also interviewed IRS officials about the development, delivery, and evaluation of training. In addition, we performed a statistical analysis of the accuracy rates achieved by IRS employees in answering both general accounts inquiries and tax law inquiries to determine if the declines in accuracy scores we observed this year in comparison with previous years were statistically significant. IRS calculated the margin of error using a 90 percent confidence interval. We converted this to a 95 percent confidence interval—in line with our standards—and compared the scores against it, from which we determined that this year's declines were statistically significant from last year's levels. We consulted officials in IRS's Submission Processing office about their efforts to address various workload-related challenges including hiring shortages in paper processing centers, which we have observed and reported on in our previous filing season reports, as well as critical levels of correspondence inventory identified by our review of

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<sup>95</sup>[GAO-14-704G](#); Exec. Order No. 13166, *Improving Access to Services for Persons with Limited English Proficiency*, 65 Fed. Reg. 50121 (Aug. 16, 2000); Department of the Treasury, *Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons*, 70 Fed. Reg. 6067 (Feb. 4, 2005); and IRM, Part 22, Chap. 31.

IRS correspondence reports. Senior IRS officials identified overtime as one of the primary methods IRS uses to achieve its processing, correspondence, and level-of-service goals. We examined data from IRS on overtime hours devoted to return processing and telephone and correspondence to understand how many full-time equivalents (FTE) IRS had devoted to overtime to achieve filing season goals for fiscal years 2014-2019. We compared IRS's actions to principles from the *Standards of Internal Control in the Federal Government* relevant to enforcing accountability, particularly attributes related to excessive pressures.<sup>96</sup>

We also reviewed and analyzed data IRS provided showing the amount of time charged to the "system downtime" code, expressed in hours and FTEs, from fiscal years 2016-2018. This is the code CSRs charge their time to when they are unable to accomplish tasks due to technological reasons, such as a computer system crashing. In addition, we reviewed and analyzed a subsequent study of use of the system downtime code that IRS conducted. We compared this information to principles from the *Standards for Internal Control in the Federal Government* related to performing ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations.<sup>97</sup>

To assess the reliability of data used in this report, we interviewed IRS officials, and assessed documentation for any data limitations, which we note, as applicable, within the report. We compared those results to our data reliability standards and determined that the data presented in this report are sufficiently reliable for our purposes.

We conducted this performance audit from April 2018 to January 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>96</sup>[GAO-14-704G.](#)

<sup>97</sup>[GAO-14-704G.](#)



## Appendix II: Comments from the Internal Revenue Service



DEPUTY COMMISSIONER

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

December 9, 2019

Ms. Jessica Lucas-Judy  
Director, Tax Issues  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, DC 20548

Dear Ms. Lucas-Judy:

I have reviewed the draft report entitled *2019 Tax Filing: IRS Successfully Implemented Tax Law Changes but Needs to Improve Service for Taxpayers with Limited-English Proficiency* (GAO-20-55), and appreciate the opportunity to provide comments. The most visible taxpayer service the IRS provides each year is the delivery of a smooth, reliable tax filing season. We provided services through 69 million customer contacts by correspondence, the toll-free telephone helpline, and in-person at Taxpayer Assistance Centers. Through September 30, 2019, we processed over 155 million individual income tax returns and issued almost 111 million refunds totaling over \$312 billion. We provided taxpayer assistance through 650 million visits to IRS.gov, including 369 million visits to the "Where's My Refund?" application. Overall, IRS.gov usage showed a slight increase in fiscal year 2019 compared to fiscal year 2018, due to high use of mobile devices.

In addition to normal filing season preparation activities, we collaborated with the Department of Treasury (Treasury) and the Office of Management and Budget (OMB), to implement the Tax Cuts and Jobs Act (TCJA),<sup>1</sup> and we redesigned the Form 1040, U.S. Individual Income Tax Return. As we were in the final stages of preparation for the filing season, there was a partial government shutdown. Despite the shutdown, the filing season began, on schedule, on January 28, 2019. We implemented new programing for TCJA provisions and strengthened our fraud detection systems, created and revised more than 500 IRS forms and publications, trained IRS employees so they could assist the public in understanding how the tax law changes applied to them, provided education and outreach to taxpayers and tax professionals, and developed legal guidance that taxpayers and tax professionals needed to understand and navigate the

<sup>1</sup> AN ACT to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 0218, Pub. Law No. 115-97, 131 Stat. 2054 (Dec. 22, 2017).

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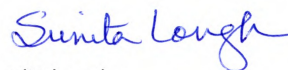
new law. We appreciate the report acknowledges that tax professionals generally spoke favorably about our pace in developing TCJA guidance and the quality of the guidance provided.

Outreach activities to taxpayers included communication initiatives to inform them of the impact the TCJA had on the amount of federal income tax withheld from wages. Our fall "Get Ready" campaign, dedicated "Paycheck Checkup" campaigns, and a refreshed Tax Withholding Estimator calculator on IRS.gov aimed to encourage taxpayers to check their withholding. We also leveraged the communication and outreach channels of our partners and external stakeholders to maximize messaging effectiveness.

We do not agree with statements in the report that the IRS does not regularly use employee input to identify improvements to its training. We collect evaluations and analyze feedback from participants and their managers after attending training. Employees are given an opportunity to provide feedback on their overall satisfaction with the training and their ability to apply what they've learned on the job. We use an approach to training evaluation based on one of the leading industry standards in the field of training called the Kirkpatrick Model. This model is a four-level blended approach to training evaluation that focuses on transferring learning to behavior and aligning training with organizational goals. It assesses students' immediate reaction to training; measures the degree to which participants acquire the intended knowledge, skills, and attitudes based on their participation in the training program; determines the extent to which trainees, as a result of training, are fully proficient in performing their job tasks; and assesses organizational impact to determine if outcomes were influenced by training. This method provides data that measures the effectiveness of training. It enables course owners to identify course improvement opportunities, and it effectively demonstrates the strategic value that IRS training programs add to business results and our mission. This process is used to make continuous improvements to the quality of the training delivered at the IRS and to report on the overall health of training at the IRS.

Our responses to your specific recommendations are enclosed. If you have any questions, please contact Kevin Morehead, Director, Operations Support, Wage and Investment Division, at (470) 639-2701.

Sincerely,



Sunita Lough  
Deputy Commissioner for  
Services and Enforcement

Enclosure

Enclosure

### Recommendations for Executive Action

#### **RECOMMENDATION 1**

The Commissioner of Internal Revenue should make publicly available, such as on its website, a list of tax topics considered out of scope for CSRs to answer on the telephone, as well as include references for how and where to find information about these topics.

#### **COMMENT**

We agree with this recommendation. We will make out-of-scope topics more readily available for taxpayers. The current listing of out-of-scope topics is located in Internal Revenue Manual 21.1.1-1, Out-of-Scope Topics and Forms, which is available on IRS.gov, but requires existing awareness to locate.

#### **RECOMMENDATION 2**

The Commissioner of Internal Revenue should reconcile authority and implement procedures for routinely reviewing the English versions of IRS's most commonly used vital tax products and webpages to ensure that information is included in commonly encountered languages about where taxpayers with LEP can obtain the translated content. If such content is not translated, the products and webpages should include information about where taxpayers with LEP can obtain language assistance from IRS.

#### **COMMENT**

This recommendation affects multiple stakeholders and we are evaluating the recommendation and actions for implementation. We will provide additional details with our response to the final draft of the report.

#### **RECOMMENDATION 3**

The Commissioner of Internal Revenue should reconcile authority and implement procedures for routinely reviewing its multilingual webpages to effectively prevent, or detect and correct, errors such as incorrect or outdated information. For example, these procedures could involve giving LPTS authority to translate updated content as appropriate without prior consent of the business operating divisions, or could call for the divisions to work with LPTS whenever the English version of translated content is updated.

#### **COMMENT**

We agree with this recommendation. Each business unit will be required to work with the Linguistic Policy, Tools and Services Section whenever the English version of translated content is updated. We agree that improving services for taxpayers with limited English proficiency (LEP) will help them better understand their tax obligations and could help enhance compliance, but with competing priorities, limited resources, and a stretched workforce, providing this service may not be something we can

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undertake under these circumstances. Interpreting the Form 1040 into different languages would be a major accomplishment, one we wish to achieve in the near future.

**RECOMMENDATION 4**

The Commissioner of Internal Revenue should conduct the four factor assessment of its language services to persons with LEP for its most commonly used vital tax products to determine (1) which products should be translated and into what languages and (2) what interpretation assistance will be provided, to arrive at the appropriate mix of translation and interpretation services. IRS should document these assessments, including the determinations it made, and take action as appropriate based on these assessments.

**COMMENT**

This recommendation affects multiple stakeholders and we are evaluating the recommendation and actions for implementation. We will provide additional details with our response to the final draft of the report.

**RECOMMENDATION 5**

The Commissioner of Internal Revenue should collect and use employee input on the strengths and weaknesses of its training, including on whether training is effective in improving CSRs' performance, to inform changes to its training program and strategy under the Taxpayer First Act.

**COMMENT**

We agree with this recommendation and will review the current employee training evaluation process to determine what steps can be taken to improve training, such as making certain evaluations mandatory for employees and updating the surveys with more focused questions in order to get more substantial feedback.

**RECOMMENDATION 6**

The Commissioner of Internal Revenue should develop and implement a strategy for the efficient use of overtime that leverages information from its ongoing strategic workforce planning initiative.

**COMMENT**

We agree with this recommendation. We already have an overtime strategy in place to assess program needs and use overtime accordingly. Overtime can vary from year to year, depending on the budget, and is used in various ways, such as focusing on specific programs for telephones or inventory, extending the seasonal commitment, and addressing any unexpected spikes in demand or unplanned workload.

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**RECOMMENDATION 7**

The Commissioner of Internal Revenue should further assess the increase in "system downtime" and identify possible solutions to mitigate any problems and reduce system downtime.

**COMMENT**

We agree with this recommendation. Following the audit, we completed a further assessment of the finding and identified potential contributing factors. We have implemented changes to the call center environment, and we are updating the Customer Service Representative technology platform to further improve system availability.

**RECOMMENDATION 8**

The Commissioner of Internal Revenue should perform regular monitoring of fluctuations in system downtime charges, such as increases overall or by specific units, to determine what, if any, factors are interrupting CSR's work.

**COMMENT**

We agree with this recommendation and will monitor the system downtime reported by the Customer Service Representatives (CSRs) in Customer Account Services. We have implemented changes to the call center environment, and we are updating the CSR technology platform to further improve system availability.

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## Appendix III: GAO Contact and Staff Acknowledgments

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### GAO Contact

Jessica Lucas-Judy (202) 512-9110, [lucasjudyj@gao.gov](mailto:lucasjudyj@gao.gov)

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### Staff Acknowledgments

In addition to the contact named above, Tom Gilbert, Assistant Director; Erin Saunders Rath, Analyst-in-Charge; Michael Bechetti; Jacqueline Chapin; Jehan Chase; Karin Fangman; Kirsten B. Lauber; Regina Morrison; Benjamin L. Moser; Peter Verchinski; and Sarah Wilson made significant contributions to this report.

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