

**Written Statement of
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Before the

Subcommittee on Financial Services and General Government

**Committee on Appropriations
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Hearing on

Internal Revenue Service FY 2008 Budget Request

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Mr. Chairman, Ranking Member Brownback, and distinguished Members of the Subcommittee:

Thank you for inviting me to submit this written statement regarding the proposed budget of the Internal Revenue Service for Fiscal Year (FY) 2008.¹ I will address the mission of the IRS, the overall level of funding I believe the agency should receive, the allocation of that funding between enforcement and taxpayer service, and then a number of important issues in tax administration in which I believe this Committee may have an interest. I approach these issues from my perspective as the National Taxpayer Advocate, the voice for taxpayers and taxpayer rights inside the IRS.

I. The Overriding Mission of the IRS Should Be to Increase Voluntary Compliance

In developing the IRS budget, the logical starting point is to consider the IRS's fundamental mission. The IRS is the nation's tax collector, and its overriding objective should be to maximize voluntary compliance with the tax laws. In general, the IRS seeks to achieve compliance through two main types of activity. First, it seeks to enable taxpayers to comply with their tax obligations voluntarily. In most cases, outreach, education, and taxpayer assistance are sufficient to produce complete or substantial compliance. Second, it targets its enforcement resources at taxpayers who are unwilling to comply with the tax laws.

Voluntary compliance . as opposed to enforced compliance . must be our goal for two overriding reasons.

- First, it is far preferable for our civic culture when taxpayers pay voluntarily rather than pursuant to enforcement action. We should strive to make sure taxpayers understand how the tax dollars they pay are used to protect and benefit them, and we should make compliance as easy as possible.
- Second, enforced compliance is extremely expensive and therefore must be targeted narrowly. For FY 2006, the IRS reported that its face-to-face audit rate was 0.23 percent, meaning that only one out of every 435

¹ The views expressed herein are solely those of the National Taxpayer Advocate. The National Taxpayer Advocate is appointed by the Secretary of the Treasury and reports to the Commissioner of Internal Revenue. The statute establishing the position directs the National Taxpayer Advocate to present an independent taxpayer perspective that does not necessarily reflect the position of the IRS, the Treasury Department, or the Office of Management and Budget. Accordingly, congressional testimony requested from the National Taxpayer Advocate is not submitted to the IRS, the Treasury Department, or the Office of Management and Budget for prior approval. However, we have provided courtesy copies of this statement to both the IRS and the Treasury Department in advance of this hearing.

taxpayers was audited in person.² Even taking into account less comprehensive correspondence audits, the audit rate was less than one percent.³ Notably, IRS enforcement actions brought in only about two percent (\$48.7 billion)⁴ of total IRS collections (\$2.24 trillion).⁵ As the IRS has acknowledged, it is simply not realistic to close the tax gap one taxpayer at a time.

In my view, the IRS should go about maximizing voluntary compliance in four ways:

1. By improving its outreach and education efforts to minimize inadvertent errors attributable to tax law or procedural complexity or confusion;
2. By conducting compliance-oriented audits to reinforce the perception that taxpayers may be audited;
3. By utilizing all IRS collection alternatives while collecting tax debts to bring taxpayers into future compliance; and
4. By reserving targeted enforcement actions to combat clear abuses.

In addition, the IRS should launch a public information campaign that reminds taxpayers of what taxes really are about -- the price we pay for a civilized society.

II. Congress Should Provide Increases in IRS Personnel Funding at a Steady but Gradual Pace, Perhaps Two Percent to Three Percent a Year Above Inflation

I strongly encourage the Committee to fund the IRS at approximately the level requested by the Administration for FY 2008. In the National Taxpayer Advocate's 2006 Annual Report to Congress, we recommended that Congress provide the IRS with after-inflation increases of about two percent to three percent a year for the foreseeable future. Assuming the funds are wisely spent, I

² Internal Revenue Service, *Fiscal Year 2006 Enforcement and Service Results* (Nov. 20, 2006). The actual face-to-face audit rate is apparently lower than the IRS reported. According to a study by the Treasury Inspector General for Tax Administration, the IRS classifies its audits based on which IRS function handled a case. Some cases referred to the IRS function responsible for conducting face-to-face audits are resolved without a face-to-face meeting. By analyzing data from IRS Audit Technique Codes, TIGTA concluded that the face-to-face audit rate was 0.18 percent for FY 2006, about 22 percent less than the IRS reported. See Treasury Inspector General for Tax Administration, Ref. No. 2007-30-056, *Trends in Compliance Activities Through Fiscal Year 2006* at 2 (March 27, 2007); Allen Kenney, *TIGTA Finds Audit-by-Mail Process More Common Than IRS Says*, Tax Notes Today (April 6, 2007).

³ Internal Revenue Service, *Fiscal Year 2006 Enforcement and Service Results* (Nov. 20, 2006).

⁴ *Id.*

⁵ Government Accountability Office, GAO-07-136, *Financial Audit: IRS's Fiscal Years 2006 and 2005 Financial Statements* at 95 (Nov. 2006). The IRS actually collected \$2.51 trillion on a gross basis in FY 2006, but issued \$277 billion in tax refunds.

believe that increasing the IRS budget at this rate is an excellent financial investment.

The IRS collects about 96 percent of all federal revenue.⁶ The more revenue the IRS collects, the more revenue Congress may spend on other programs or use to cut taxes or reduce the deficit. The less revenue the IRS collects, the less revenue Congress has available for these other purposes.

If the federal government were a private company, its management clearly would fund the Accounts Receivable Department at whatever level it believed would maximize the company's bottom line. Since the IRS is not a private company, maximizing the bottom line is not in and of itself an appropriate goal. But the public sector analogue should be to maximize tax compliance, especially voluntary compliance, with due regard for protecting taxpayer rights and minimizing taxpayer burden. Studies show that if the IRS were given more resources, it could collect substantially more revenue.

In his final report to the IRS Oversight Board in 2002, former Commissioner Charles Rossotti presented a discussion titled "Winning the Battle but Losing the War" that detailed the consequences of the lack of adequate funding for the IRS. He identified 11 specific areas in which the IRS lacked resources to do its job, including taxpayer service, collection of known tax debts, identification and collection of tax from non-filers, identification and collection of tax from underreported income, and noncompliance in the tax-exempt sector.

Commissioner Rossotti provided estimates of the revenue cost in each of the 11 areas based on IRS research data. In the aggregate, the data indicated that the IRS lacked the resources to handle cases worth about \$29.9 billion each year. It placed the additional funding the agency would have needed to handle those cases at about \$2.2 billion.⁷

Significantly, this estimate reflects only the potential *direct* revenue gains. Economists have estimated that the indirect effects of an examination on voluntary compliance provide further revenue gains. While the indirect revenue effects cannot be precisely quantified, two of the more prominent studies in the area suggest the indirect revenue gains are between six and 12 times the amount of a proposed adjustment.⁸

⁶ Government Accountability Office, GAO-07-136, *Financial Audit: IRS's Fiscal Years 2006 and 2005 Financial Statements* 68 (Nov. 2006).

⁷ Commissioner Charles O. Rossotti, *Report to the IRS Oversight Board: Assessment of the IRS and the Tax System* 16 (Sept. 2002).

⁸ Alan H. Plumley, Pub. 1916, *The Determinants of Individual Income Tax Compliance: Estimating The Impacts of Tax Policy, Enforcement, and IRS Responsiveness* 35-36 (Oct. 1996); Jeffrey A. Dubin, Michael J. Graetz & Louis L. Wilde, *The Effect of Audit Rates on the Federal Individual Income Tax, 1977-1986*, 43 Nat. Tax J. 395, 396, 405 (1990).

I want to emphasize that the existing modeling in this area is not especially accurate, and estimates of both the direct and indirect effects of IRS programs vary considerably. As I will discuss below, the IRS needs to develop better modeling to produce more accurate return-on-investment estimates. But I also want to emphasize that almost all studies show that, within reasonable limits, each additional dollar appropriated to the IRS should generate substantially more than an additional dollar in federal revenue assuming the funding is wisely spent.

III. IRS Funding Increases Should Be Balanced Between Taxpayer Service and Enforcement

One of the most critical choices facing tax administration is how to allocate resources between taxpayer service and tax-law enforcement. While I believe that both categories would benefit from additional funding, I am concerned that the IRS has been emphasizing enforcement at the expense of taxpayer service.

Since FY 2004, funding for enforcement has increased substantially while funding for taxpayer service has been reduced. For FY 2008, the Administration has requested a funding increase of 6.5 percent for enforcement (to \$7.2 billion) and 3.8 percent for taxpayer service (to \$3.6 billion).⁹ *If the Administration's proposal is enacted, funding for enforcement will have been increased by 19.4 percent and funding for taxpayer service will have been reduced by 3.8 percent over the five-year period, FY 2004-FY 2008.*¹⁰

I am deeply concerned about this fundamental shift in the balance between taxpayer service and enforcement. Under this proposal, the IRS would be spending literally twice as much on enforcement as it spends on taxpayer service. There is no reliable data showing that more enforcement will do more than taxpayer service to increase compliance. I believe the IRS can produce a positive return on investment from more funding in both areas. But given limited resources, I think it is misguided to ramp up enforcement at the expense of taxpayer service.

I discuss some of the specific consequences of this shortchanging of taxpayer service in the Appendix to this testimony. However, I want to emphasize that the concerns I am expressing about the relative shift in emphasis from taxpayer service to enforcement do not reflect simply the misgivings of a zealous taxpayer advocate. My concerns are shared by former IRS Commissioner Rossotti. In a memoir about his experience running the IRS from 1997 to 2002, Mr. Rossotti wrote:

⁹ Government Accountability Office, GAO-07-673, *Internal Revenue Service: Interim Results of the 2007 Tax Filing Season and the Fiscal Year 2008 Budget Request* 26 (April 2007).

¹⁰ *Id.* at 27. These numbers are apparently not adjusted for inflation. GAO reports that overall IRS funding would increase, on an inflation-adjusted basis, by a mere 0.5 percent from FY 2004 to FY 2008 under the Administration's proposal. *Id.* at 26.

Some critics argue that the IRS should solve its budget problem by reallocating resources from customer support to enforcement. In the IRS, customer support means answering letters, phone calls, and visits from taxpayers who are trying to pay the taxes they owe. Apart from the justifiable outrage it causes among honest taxpayers, I have never understood why anyone would think it is good business to fail to answer a phone call from someone who owed you money.¹¹

Why is the IRS today putting greater emphasis on enforcement? My sense is that there are two factors at play.

In the aftermath of the IRS Restructuring and Reform Act of 1998, the IRS focused on improving taxpayer service, and its enforcement presence declined. Some observers believe that the IRS's response to the 1998 Act went too far and that the current emphasis on enforcement is needed to restore the balance that existed previously. Significantly, this reasoning rests on the premise that the relative balance between service and enforcement that existed prior to 1998 . when IRS answered taxpayers' phone calls only 51 percent of the time¹² . was the correct one.

That may or may not be the case. The IRS's current strategic formula, Service + Enforcement = Compliance,¹³ does not contain any coefficients. Did the improvements in service more than balance out the reductions in enforcement, or did compliance suffer? There is no hard data either way, so we are all left to make educated guesses.

In the absence of hard data, I do not believe it is sound public policy to make a shift from helping taxpayers comply on the front end toward clamping down on taxpayers on the back end. The government should prefer to treat its taxpayers courteously and with respect. While enforcement actions are clearly necessary, I think it is unwise to make a significant shift in the relative emphasis on taxpayer service and enforcement in the absence of data showing it would produce a significant boost in overall tax compliance.

The second factor supporting more enforcement funding are the congressional scoring rules. Direct enforcement revenue is scorable, while current modeling does not permit economists to measure the return-on-investment of funds spent

¹¹ Charles O. Rossotti, *Many Unhappy Returns: One Man's Quest to Turn Around the Most Unpopular Organization in America* 285 (2005).

¹² Annual IRS Restructuring and Reform Act of 1998 Joint Congressional Review, Testimony of Mark W. Everson, Commissioner, Internal Revenue Service (May 20, 2003) (indicating level of service on the telephones for fiscal year 1998).

¹³ IRS Strategic Plan 2005-2009.

on taxpayer service or on the ~~indirect~~ (i.e., deterrent) effect of enforcement spending. While this is understandable, it may be leading to bad results. As I noted above, direct enforcement revenue (\$48.7 billion in FY 2006) comes to only about two percent of overall IRS collections. To make budgeting decisions by striving to maximize two percent of collections without grappling adequately with what is required to maximize the remaining 98 percent of collections is a bit like letting the tail wag the dog.

The Administration's FY 2008 budget request acknowledges this problem. It states: ~~The IRS cannot currently measure either the impact of deterrence or service, but they are positive.~~¹⁴ Then, having acknowledged that the effects of spending that brings in 98 percent of Federal revenue cannot be measured, the budget goes on to recommend the use of a ~~program integrity cap.~~ Under this concept, additional funding can be provided that does not count against the budget caps if certain conditions are satisfied, notably that the Congressional Budget Office can certify the spending will produce a positive return on investment and thus will not increase the budget deficit. *Since the return on taxpayer service spending cannot be quantified, the "program integrity cap" approach leads inexorably toward greater funding for enforcement.*

For the reasons I have described, I urge the Committee to consider carefully the appropriate balance between taxpayer service and enforcement in making funding decisions for the FY 2008 IRS budget. Many aspects of taxpayer service are akin to a wholesale operation that reaches groups of taxpayers (e.g., outreach and education), while IRS audits constitute a far more costly retail operation that requires individual taxpayer contact. The IRS should pursue a balanced approach to tax compliance that puts priority emphasis on improving IRS outreach and education efforts, while reserving targeted enforcement actions to combat clear abuses and send a message to all taxpayers that noncompliance has consequences.¹⁵

IV. The IRS Should Devote More Resources to Obtaining Better Research to Improve its Strategic Planning and Resource Allocation Decisions

As described above, the IRS currently does not know whether its next dollar is better spent on taxpayer service or enforcement. It does not know within either category where its funds can be most efficiently deployed. The IRS will be much better off if it has better information to guide its resource allocation decisions.

¹⁴ Department of the Treasury, FY 2008 Budget-in-Brief at 56.

¹⁵ For research purposes, we believe it is important to study inadvertent errors as well as deliberate misreporting. Knowledge about inadvertent errors can be used to clarify ambiguous laws or administrative guidance both to help increase future compliance and to better apply IRS outreach, education, and other voluntary compliance initiatives.

Congress should consider directing the IRS to undertake additional research studies, perhaps utilizing the expertise of outside experts, to improve the accuracy of its return on investment (ROI) estimates for various categories of work, especially taxpayer service and the indirect effect of enforcement actions, including the downstream costs of such work. Improved methods should also be developed to verify, retrospectively, the *marginal* ROI that the IRS has achieved for each category of work.

Among other things, the IRS should measure and report to Congress on its progress in handling all significant categories of work, including the known workload, the percentage of the known workload the IRS is able to handle and the percentage of the known workload the IRS is not able to handle, the additional resources the IRS would require to perform the additional work, and the likely return-on-investment of performing that work.¹⁶

A. The IRS Can and Should Do a Better Job of Measuring the Impact of Taxpayer Service on Compliance

The Taxpayer Assistance Blueprint (TAB) notes that it is difficult to measure the impact of taxpayer service on compliance. Of the private sector and government entities that the TAB team surveyed, all had concluded that customer service at least indirectly impacts their organizations, but only one had attempted to empirically measure that impact.

Although little work has been done in this area, I believe the IRS does have the capability to develop useful estimates, and I am suggesting a general framework for conducting this research. Measuring the compliance impact of customer service would entail identifying a group of taxpayers who received a particular service (the ~~percentage~~ treatment group) and an otherwise comparable group that did not receive that service (the control group). Compliance of both groups could then be measured on returns filed subsequent to the receipt of service by the treatment group. The three measures used to estimate the tax gap could be applied . payment compliance, filing compliance, and reporting compliance.

We can determine the payment compliance of survey respondents by simply observing whether the full tax liability was paid at the time of filing. We can estimate their filing compliance by determining whether non-filers appeared to have a filing requirement. To determine reporting compliance, by far the biggest component of the tax gap, we could use IRS-developed algorithms for estimating reporting compliance. These algorithms have been updated based on results from the recently completed National Research Program (NRP) and should provide good preliminary estimates. The estimates could subsequently be

¹⁶ Much of this information was published in former Commissioner Rossotti's final report to the IRS Oversight Board. Commissioner Charles O. Rossotti, *Report to the IRS Oversight Board: Assessment of the IRS and the Tax System* 16 (Sept. 2002). However, we have not seen updated statistics published in this format since that time.

validated during the next NRP by comparing actual reporting compliance against predicted reporting compliance based on the IRS algorithms.

1. Measuring the Direct Effect

If we accept the above proposed framework as a valid means of estimating compliance, surveys could then be designed and administered to identify groups of taxpayers who did or did not receive certain services, such as telephone or Internet assistance with tax law questions, Internet or walk-in site (also known as Taxpayer Assistance Center or TAC) assistance obtaining forms, etc. Subsequent compliance of those who receive the service could then be compared to compliance for a comparable group who do not. Taxpayer satisfaction with services received might also be an interesting variable to examine.

2. Measuring Indirect Effects

It is possible that taxpayer compliance behavior may be influenced by knowledge and attitudes about IRS customer service offerings, even if the affected taxpayers have not used those services. The same basic proposed framework could be used to measure these indirect effects. We would have to determine a set of relevant attributes to identify taxpayer groups indirectly affected by IRS customer service offerings. It seems to me that such attributes would probably include use, awareness, access and general satisfaction level:

- Use . To be indirectly affected, a taxpayer could not have used the service in question (at least during the year being studied).
- Awareness . A taxpayer would have to be aware of the existence of a service to be influenced by it.
- Access . It seems likely that taxpayers who could access the service if they chose to are more likely to be influenced (e.g., those living close to a TAC).
- Satisfaction Level . It seems likely that taxpayers having a generally favorable level of satisfaction with our services are more likely to be positively influenced (and vice versa).

Surveys could be administered to determine whether compliance was impacted based on the values for the above attributes (or others suspected of indirectly affecting compliance).

3. Return Preparation

The IRS has data that enable us to estimate compliance for the entire population of returns by type of preparation: IRS prepared, volunteer, commercial, and

taxpayer prepared. It would be instructive to compare estimated reporting compliance for IRS prepared returns against comparable returns (*i.e.*, low income, especially Earned Income Tax Credit) prepared by the other methods. If the data show that IRS-prepared returns are substantially more compliant, the IRS might decide to expand return preparation in the TACs.¹⁷

B. The IRS Should Include the Cost of the Downstream Consequences of Its Actions in Its Return on Investment (ROI) Calculations

The IRS needs to conduct more thorough and accurate analyses when measuring return on investment (ROI) in order to allocate future dollars appropriately. For example, although in the short run it may cost more to process and review an Offer in Compromise and it may appear that the government is writing off revenue, the taxpayer in the long run may pay more tax dollars into the system as a result of his promise to be fully compliant for the five succeeding years.¹⁸ Five years is a long enough period to enable the taxpayer to learn a new norm of behavior . . . namely, compliance. And when you compare the 16 cents on the dollar that IRS receives from offers¹⁹ to the virtually no cents it collects after year 3 of the 10-year collection period,²⁰ the Offer in Compromise suddenly looks like a very efficient and productive program.

When computing ROI, the IRS should include the costs of the downstream consequences of its enforcement actions, which include the costs associated with cases handled by Appeals or the Taxpayer Advocate Service. Downstream consequences analysis tells us not only true ROI (*i.e.*, the true cost to the IRS) but also gives us clues as to how to improve our processes from an IRS *and* a taxpayer perspective. That is, downstream consequences analysis is a form of taxpayer service.

¹⁷ As I discuss in the Appendix, existing data suggest that EITC returns prepared in the TACs are more compliant than other returns.

¹⁸ If a taxpayer fails to comply with all his tax obligations over the five-year period following IRS acceptance of an offer, the IRS may rescind the offer and reinstate the tax debt. See IRS Form 656, Offer in Compromise.

¹⁹ IRS Small Business/Self Employed Division, Offer In Compromise Program, *Executive Summary Report* (Jan. 2006).

²⁰ IRS Automated Collection System Operating Model Team, *Collectibility Curve* (August 5, 2002).

C. The IRS Should Conduct Research, Organized by Taxpayer Segment, to Better Understand Taxpayer Behavior and Taxpayer Response to IRS's Various Service and Enforcement "Touches".

The absence of research about taxpayer needs often leads the IRS to place its immediate resource needs over taxpayers' immediate and long-term needs.²¹ This approach may cause more taxpayers to become noncompliant, thereby requiring more expensive enforcement actions. Concern over the lack of research and taxpayer-centric strategic planning led Congress to enact Section 205 of the FY 2006 Appropriations Act funding the IRS and to direct the IRS to develop a five-year strategic plan for taxpayer service.²²

I have written at length elsewhere on the need to understand the causes of noncompliance so that the IRS doesn't adopt a one-size-fits-all enforcement approach.²³ Each year, academics and other scholars propose many ideas that

²¹ The declining number of Taxpayer Assistance Center (TAC) visits is an example of IRS placing its resource needs over taxpayer needs. For FY 2006, IRS established a goal of preparing 20 percent fewer tax returns in TACs than in FY 2005. Not surprisingly, TAC visits for year-to-date FY 2006 have declined 14 percent compared with this time last year. Even though the decline in TAC usage appears to result from IRS-imposed limitations on service, the IRS is nonetheless citing this decline as a justification for making further reductions in service at the TACs. Wage & Investment, *2006 Filing Season Data: Cumulative Statistics Report* (Feb. 25, 2006).

²² Pub. L. No. 109-115, § 205, 119 Stat. 2396 (2005). Specifically, the statute provides:

None of the funds appropriated or otherwise made available in this or any other Act or source to the Internal Revenue Service may be used to reduce taxpayer services as proposed in fiscal year 2006 until the Treasury Inspector General for Tax Administration completes a study detailing the impact of such proposed reductions on taxpayer compliance and taxpayer services, and the Internal Revenue Service's plans for providing adequate alternative services, and submits such study and plans to the Committees on Appropriations of the House of Representatives and the Senate for approval: . . . *Provided further*, That the Internal Revenue Service shall consult with stakeholder organizations, including but not limited to, the National Taxpayer Advocate, the Internal Revenue Service Oversight Board, the Treasury Inspector General for Tax Administration, and Internal Revenue Service employees with respect to any proposed or planned efforts by the Internal Revenue Service to terminate or reduce significantly any taxpayer service activity.

The accompanying Joint Explanatory Statement of the Committee of Conference stated: "The conferees direct the IRS, the IRS Oversight Board and the National Taxpayer Advocate to develop a 5-year plan for taxpayer service activities. . . . The plan should include long-term goals that are strategic and quantitative and that balance enforcement and service." H. Rep. No. 109-307, 209 (2005).

²³ See National Taxpayer Advocate 2004 Annual Report to Congress 211 (Most Serious Problem: IRS Examination Strategy) and 226 (Most Serious Problem: IRS Collection Strategy); National Taxpayer Advocate 2005 Annual Report to Congress 55 (Most Serious Problem: The Cash Economy); Written Statement of Nina E. Olson, National Taxpayer Advocate, Before the Subcommittee on Federal Financial Management, Government Information, and International Security, Committee on Homeland Security and Governmental Affairs, United States Senate, on *The Tax Gap* (Oct. 26, 2005); Written Statement of Nina E. Olson, National Taxpayer Advocate,

a 21st century tax administrator should be examining and testing. In fact, the IRS has such a vehicle for partnering with academics in the Intergovernmental Personnel Act (IPA) program. Unfortunately, this program is underutilized. The IRS must conduct and underwrite such applied research.

Because taxpayer service and enforcement are the drivers of overall compliance, we need to measure taxpayer service needs concurrently with our efforts to measure the tax gap. Thus, the National Research Program should update its analysis of taxpayer service needs at the same time it is measuring taxpayer noncompliance for the particular taxpayer population it is studying. The IRS can make informed resource allocation decisions only if it is armed with both types of information.

V. The IRS Should Address the Impact of IRS Business Systems Modernization Limitations on Both Taxpayer Service and Enforcement Initiatives

When I was in private practice as an attorney representing clients before the IRS, I did not have a full appreciation of how significant a role Business Systems Modernization (BSM) plays in both creating and solving problems for taxpayers and the IRS. As the National Taxpayer Advocate, I know that on a regular basis my office identifies systemic problems for which the complete solution requires some sort of BSM fix.

When former Commissioner Everson began his tenure, he ordered three separate reviews . two external, one internal . of the state of IRS BSM projects. Based on these reviews, the Commissioner quickly . and, I believe, correctly . concluded that the IRS was spreading its internal BSM resources too thin. Project managers and experts charged with overseeing our key initiatives . such as the Integrated Financial System (IFS) and the Customer Account Data Engine (CADE) . were also managing scores of smaller projects, all more or less important but all detracting from our central progress on IFS and CADE.

For the past several years, the IRS has focused on its primary projects and strictly controlled the number of other BSM projects. This approach makes sense because it is critical to both effective service and enforcement that the IRS move forward with its primary initiatives. On the other hand, many projects cannot be deferred too much longer without significantly impacting taxpayer rights, accuracy of taxpayer data, and effective examination and collection initiatives. Thus, Congress should ensure that the IRS has the funding to address and is addressing current taxpayer needs while the IRS moves its primary initiatives forward.

VI. Funding for the Private Debt Collection Initiative Should Be Redirected to Fund Collection Activity by IRS Employees

In my view, the Private Debt Collection (PDC) initiative is a bad idea and should be terminated. The premise of the PDC initiative was essentially this: There is a significant amount of tax debt that the IRS can't go after because it doesn't have the resources. If we simply turn those cases over to private collection agencies, they'll collect the debt for us and the government will get to keep 75 to 80 cent of every dollar the debt collectors are able to collect.

The problem with that simple approach is that it fails to take into account the enormous amount of IRS resources that need to be devoted to creating and supporting the program. Because tax collection is considered to be an inherently governmental function, private collection agencies (PCAs) cannot negotiate or compromise tax liabilities, interest, or penalties. Unless a taxpayer contacted by a PCA agrees to pay the tax debt in full, the case must be sent back to the IRS referral unit for additional work that only the IRS can constitutionally take on the account. Keep in mind that these are cases the IRS currently considers too unproductive to devote resources to. Yet ironically, under the PDC initiative, the IRS will end up pulling employees off high-priority, high-return cases to work on these low-priority, low-return cases.

As the IRS's PDC initiative moves forward, PCAs will be given more complex cases in order to compensate for the smaller number of easy cases. This change of course began as early as phase 1.2 of the PDC initiative, when the IRS developed case selection criteria that allowed certain nonfiler cases to be sent to the PCAs. The determination that a taxpayer is a nonfiler is a discretionary decision that can be made only by the IRS, not a private collection agency. Therefore, many of these nonfilers will raise issues only the IRS can address. The IRS intends to continue this trend of allowing PCAs to work cases that are complex and difficult to collect, such as innocent spouse cases, trust fund recovery penalty cases and business taxes.²⁴

Working on these complex cases increases the likelihood that the PCAs will make mistakes and decreases the likelihood that the PCAs will be able to collect any payment from the taxpayer. Moreover, in these more complex cases, taxpayers are more likely to have questions that the PCA employees are unable to answer because their knowledge regarding tax issues is limited, at best, or because PCAs cannot exercise discretion in either answering a question or working a case. Faced with having to send the case back to the IRS referral unit, the PCAs may attempt to pressure the taxpayer into an unreasonable payment plan. As the expanded case selection increases the likelihood of IRS referral unit involvement, the underlying business case for the PCA initiative evaporates.

²⁴ Internal Revenue Service, *F&PC Advisory Council Deck* (Mar. 7 2007).

This approach makes little business sense, and on top of that, the program raises significant concerns about the adequacy of taxpayer rights protections and confidentiality of tax return information. In fact, to make the program profitable, the IRS will be under pressure to expand the authorized actions that private collection agencies can take on a case so they can work higher dollar, more complex cases. This expansion would clearly raise constitutional concerns.²⁵

VII. Trends in Taxpayer Advocate Service (TAS) Case Inventory

I close with a reflection on the Taxpayer Advocate Service and its role in identifying and mitigating the downstream consequences of IRS actions and programs, and improving taxpayers' attitudes toward the tax system. This recent March 1st marked my six-year anniversary as the National Taxpayer Advocate. They have been quite remarkable years. I have watched my talented and dedicated employees achieve a quality rating of 89.7 percent for FY 2006, up from 71.6 percent in 2001. The performance of TAS employees over the past two years has been particularly commendable. TAS case receipts rose an overwhelming 43 percent from FY 2004 to FY 2006,²⁶ while the number of case advocacy employees working those cases declined seven percent from 1,908 to 1,766 over the same period. Yet we have managed to handle this increased workload to date without much decline in our case quality.

The increase in TAS cases is not surprising. The IRS has substantially increased the number of its compliance actions in recent years, and about 70 percent of TAS cases are classified as compliance-related. Increasing the number of compliance cases inevitably produces a corresponding increase in TAS cases. Thus, the greater IRS emphasis on enforcement has resulted in a greater need for TAS services. Notably, TAS was able to obtain relief for the taxpayer in 70 percent of the cases we closed in FY 2006.

TAS Customer Satisfaction surveys provide some evidence that the quality and nature of taxpayer service has an impact on taxpayer attitudes toward the tax system. When a taxpayer brings an eligible case to TAS, he is assigned a case advocate who works with him throughout the pendency of the case. Taxpayers have a toll-free number direct to that case advocate, and each TAS office has a toll-free fax number. TAS employees are required to spot and address all related issues and to educate the taxpayer about how to avoid the problem from occurring again, if possible. This level and quality of service drives TAS' high

²⁵ For a detailed discussion of the IRS Private Debt Collection initiative and its constitutional and taxpayer rights implications, see *Use of Private Agencies to Improve IRS Debt Collection*, Subcommittee on Oversight, House Committee on Ways and Means, 108th Cong., 1st Sess. (statement of Nina E. Olson, National Taxpayer Advocate, May 13, 2003); see also National Taxpayer Advocate 2005 Annual Report to Congress 76-93.

²⁶ In FY 2006, TAS received a total of 242,173 cases. In FY 2004, TAS received a total of 168,856 cases.

taxpayer satisfaction scores,²⁷ which averaged about 4.35 on a scale of 5.0 in FY 2004 and FY 2005.²⁸ Most importantly, 57 percent of taxpayers stated that they felt better about the IRS as a whole after coming to TAS. Even among taxpayers who did not obtain the result they sought, an impressive 41 percent reported that they had a more positive opinion of the IRS because of their experience with TAS.

I am concerned that with the increasing volume, complexity, and urgency of TAS's caseload, the cycle time for our cases has begun to increase. If the balance between our staffing and the number of cases we handle continues to deteriorate, TAS is in jeopardy of becoming part of the IRS problem rather than the advocate for the solution, as Congress intended.

VIII. Conclusion

Compared to the IRS of ten years ago, the IRS of today is a more responsive and effective organization. On the customer service side, the IRS Restructuring and Reform Act of 1998 and the IRS response has brought about fairly dramatic improvements. On the enforcement side, the IRS has been stepping up its enforcement of the tax laws over the past five years, particularly with regard to corporate tax shelters and high-income individuals.

But the IRS can, and should, do better. To increase voluntary compliance, it should incorporate an ongoing taxpayer-centric assessment of taxpayer service needs into its strategic plans. It should conduct research into the causes of noncompliance and apply the resulting knowledge to IRS enforcement strategies, including those pertaining to the cash economy. Finally, it must have sufficient resources to move forward with its technological improvements, on both a short-term and a long-term basis.

²⁷ Taxpayer Advocate Service customer satisfaction survey data for the period from October 2003 through September 2005, as collected by The Gallup Organization.

²⁸ Last year, TAS began using a new vendor to conduct its customer satisfaction surveys. We have not yet refined our new measure to make its results comparable to those achieved for years covered by the prior vendor.

APPENDIX: TAXPAYER SERVICE ISSUES

I. The IRS Needs Additional Funding to Allow for the Implementation of New Initiatives Designed to Improve Taxpayer Service

Over the past two years, in response to a directive from this Committee, the IRS . through its Taxpayer Assistance Blueprint (TAB) team . has engaged in extensive research into the needs, preferences, and willingness of taxpayers to use taxpayer services.¹ The TAB is a strategic document that contains a number of recommendations that, if implemented, will improve taxpayer service for many taxpayers. Many of the TAB recommendations focus on strengthening electronic service delivery options, with a focus on the irs.gov website. The goal is to provide increased service capabilities through the least costly electronic delivery channel, thereby reserving the more costly telephone and walk-in services for those taxpayers in need of additional assistance. As the IRS restructures the delivery of services and recognizes savings from increased efficiency, the IRS should reinvest these savings back into taxpayer service programs and initiatives to further improve on service delivery, including person-to-person and face-to-face assistance.

Moreover, the TAB report contains a number of recommendations that can have an immediate impact on the quality of taxpayer service. While the IRS will begin implementing these and other initiatives during FY 2007, additional funding is needed in order to implement the proposed changes fully.

Online Taxpayer Tools. During FY 2008, the IRS is scheduled to launch the Internet Customer Account Services (I-CAS) platform. I-CAS will provide taxpayers with direct access to account information and services.² The first phase of the I-CAS rollout will provide taxpayers online access to account and return transcripts. The second phase will allow taxpayers to submit electronic versions of forms for change of address, disclosure authorization, and extension to file forms. With additional funding, future I-CAS capabilities could include explanation of account issues, movement of payments, and issue diagnosis and resolution.³ Spanish versions of I-CAS and ~~Where~~ My Refund+are also planned for FY 2008.⁴ With additional funding, the IRS could expand to other languages.

Improvements in TAC Services. During FY 2007, the IRS is testing a Facilitated Self-Assistance Model (FSM) in 15 Taxpayer Assistance Centers (TACs) locations. FSM is designed to help taxpayers who have indicated a willingness

¹ Internal Revenue Service, *The 2007 Taxpayer Assistance Blueprint Phase 2* (April 2007).

² *Id.* at 82.

³ *Id.*

⁴ *Id.*

to use alternative service channels, such as telephone or computer assistance, to learn how to effectively use those channels . thereby allowing TAC employees to focus on services taxpayers have indicated they want to receive in person. The FSM will provide taxpayers coming into a TAC with the option of using a self-assisted service to resolve a tax-related question. The TACs will be outfitted with workstations containing computers and telephones. This will allow taxpayers to access the irs.gov website or use the toll-free telephone line to receive assistance. TAC employees will be available to answer questions and provide assistance to taxpayers willing to use the workstations.⁵ At any point during the process, the taxpayer will be able to request assistance from a TAC employee.

After completing their transaction using the workstation, taxpayers will be asked to complete a brief survey designed to assess the effectiveness of the FSM and satisfaction with the experience. The survey will also collect demographic user information to enhance the IRS's understanding of taxpayer needs, preferences, and behaviors. The goal of FSM will be to help some taxpayers become more comfortable using online and telephone alternatives to answer their questions or to obtain information through forms, publications, and other guidance. TAC employees can focus on those taxpayers who require face-to-face assistance or those services (such as payments or account resolution) that taxpayers cannot or are unwilling to address through alternate channels.

The IRS is also piloting a test to install payment kiosks in TACs. Currently, most TACs will accept cash payments from taxpayers who do not have, or are unable to obtain, a check or money order.⁶ TAC employees must then convert the cash payment to a bank draft or money order.⁷ This is particularly burdensome in smaller TAC offices where there are only one or two employees and one must leave the office in order to convert the cash payment. The IRS is testing the use of a kiosk located in the TAC that would allow a taxpayer to convert a cash payment into a money order without having to leave the TAC. The IRS will test these kiosks in two locations this year.

FSM and the kiosks have the potential to save both the taxpayer and the IRS time. If FSM and the kiosks prove to be effective, the IRS will likely need additional funding to install these features in all TACs.

⁵ The IRS designed the FSM model to ensure that taxpayer information is protected from unauthorized access and all taxpayers using the self-assistance options are provided with proper notification and information to make them aware that their computer usage is being monitored and recorded for research purposes.

⁶ IRM 21.3.4.7.2, Cash Payments (Jan. 10, 2007).

⁷ IRM 21.3.4.7.2.3, Converting Cash Payments (Jan. 10, 2007).

II. The IRS Should Not Reduce Critical Taxpayer Services

The TAB report puts forth a number of recommendations designed to improve taxpayer service. Although the report provides the IRS with valuable information regarding the needs, preferences, and willingness of taxpayers to use certain services, it is only a starting point. The IRS must continue its research efforts to determine how best to strengthen taxpayer services.

For example, the Taxpayer Advocacy Panel (TAP) has just conducted a survey that will shed light on the needs and preferences of those who visit a TAC. The methodology of the TAP survey differs from prior surveys in that it will attempt to survey taxpayers who attempted to visit a TAC but were unable to obtain assistance for such reasons as the line was too long or the TAC office was closed. The TAP survey gathered some basic demographic information, and it inquired about why the taxpayer was visiting the TAC and whether the taxpayer was satisfied with the service received. If the taxpayer did not receive any service, the survey will ask why none was provided. In addition, the TAP survey asked specifically why the taxpayer chose to visit the TAC instead of using a different IRS service and whether there were any services that were unavailable to them during their visit. The TAP survey results will provide the IRS with information useful not only in improving TAC services but in improving other taxpayer services as well.

As the IRS implements the TAB recommendations and conducts additional research, the IRS needs to maintain its current services until it is proven that the new service offerings are adequately meeting taxpayer needs. One of the effects of the IRS's focus on enforcement at the expense of compliance has been a reduction in taxpayer services that can have a dramatic impact on taxpayers.

A. IRS Has Substantially Reduced the Number of Returns It Prepares at the TACs.

The IRS historically has prepared tax returns for low income taxpayers at its TACs. Low income taxpayers generally qualify for the earned income tax credit (EITC), which is a refundable credit that caps out at \$4,536 in 2006. Studies show that the average overclaim rate for EITC benefits is between 27 percent and 32 percent.⁸ IRS personnel who prepare tax returns are trained to ask questions that minimize the likelihood of EITC overclaims and thus can save the government hundreds of dollars per return. Yet to free up resources for other program initiatives, the IRS has reduced the number of tax returns it helps low income taxpayers prepare in its walk-in sites by almost 40 percent over the past

⁸ Internal Revenue Service, *Compliance Estimates for Earned Income Tax Credit Claimed on 1999 Returns* 3 (Feb. 28, 2002).

four years. The number of returns prepared dropped from 665,868 in FY 2003 to 406,612 in FY 2006.⁹

IRS data for tax years 2002 through 2004 suggest that EITC returns prepared by IRS TACs may be significantly more compliant than self-prepared and commercially prepared returns. As compared with TAC-prepared returns, Discriminant Function (DIF) scores were between 21 and 26 percent higher for self-prepared returns and between 25 and 31 percent higher for returns prepared by commercial preparers.¹⁰ The DIF score is an estimate of the likelihood of non-compliance on a return. A higher score indicates a higher likelihood of non-compliance.

These findings are corroborated by examination results for EITC returns for these tax years. As compared with TAC-prepared returns, average audit assessments among EITC returns for tax years 2002 - 2004 ranged from about \$640 to \$1,300 higher for self-prepared returns and from about \$820 to \$1,300 higher for commercially prepared returns.¹¹ Similarly, a study conducted in 1996 that examined the relationship between IRS return preparation and compliance over a ten-year period showed that an increase in the number of returns prepared by the IRS correlates with substantial improvements in compliance among filers of individual returns. Indeed, taking into account the indirect effects of IRS return preparation, the study estimated the return on investment for each dollar the IRS spent on return preparation was 396:1.¹²

B. The IRS Is Declaring Increasing Numbers of Issues “Out-of-Scope”.

In my 2004 Annual Report, I raised concerns about the increasing number of issues declared out-of-scope in TACs, because limiting the issues TAC employees are able to address reduces the level of service available to taxpayers.¹³ For example, despite the number of taxpayers in certain states with taxable income from farming activities, I received a complaint at a town hall meeting in Fargo, North Dakota last year that questions about Schedule F, the form used to report farming income and expenses, are considered out-of-scope

⁹ Wage and Investment Operating Division, *Business Performance Review FY 2006*.

¹⁰ IRS Compliance Data Warehouse, Individual Returns Transaction File data for tax years 2002-2004.

¹¹ IRS Compliance Data Warehouse, Audit Inventory Management System data for tax years 2002-2004.

¹² See Alan H. Plumley, Pub. 1916, *The Determinants of Individual Income Tax Compliance: Estimating The Impacts of Tax Policy, Enforcement, and IRS Responsiveness* 41 (Oct. 1996).

¹³ National Taxpayer Advocate 2004 Annual Report to Congress 12 (Most Serious Problem: Taxpayer Access . Face-to-Face Interaction).

at IRS walk-in sites. I was astounded, but my staff has since confirmed that is the case.¹⁴

One of the reasons the IRS maintains a geographic presence is to allow taxpayers to obtain assistance with needs that may be different from the needs of taxpayers in other regions. Therefore, TAC out-of-scope questions could differ according to taxpayer needs by geographic region. Questions about farming may be appropriately considered out-of-scope in New York City . an area where complex financial reporting questions may be routine. In Fargo, North Dakota, it is fair to expect that farming questions are ripe for consideration.

C. TACs Are Not Adequately Responding to Emergency Transcript Requests.

Under current IRS policies, taxpayers who request a copy of a return transcript should have the transcript mailed to their address within 10 days.¹⁵ If a taxpayer is requesting a hardship exception, she must provide verification to show why she is unable to wait the normal processing time to obtain her transcript. While these exceptions should be rare and require managerial approval,¹⁶ the procedures for obtaining an exception are not operating as intended. One example comes from our Omaha office, where a taxpayer went to a TAC requesting a return transcript. The taxpayer was scheduled for surgery the next day and needed a copy of a transcript to prove he was financially eligible to receive assistance. The TAC employee indicated that this was not an emergency and the taxpayer would receive his transcript in two weeks. Luckily, the Omaha TAS office was able to immediately provide the requested transcript. The current IRS procedures for hardships are clearly not working. Taxpayers who are in need of transcripts for court proceedings, medical procedures, or student loans are being turned away and instead are coming to TAS for assistance. This reduction in taxpayer service is negatively impacting taxpayers and forcing them to turn to TAS for assistance that the IRS should be providing.

D. Small Business Outreach Has Declined.

IRS data show that self-employed taxpayers account for the largest chunk of the tax gap and indicate that the tax compliance rate for self-employed taxpayers runs at about 43 percent.¹⁷ Much of the underreporting is deliberate, but some is not. For example, many small businesses are started by individuals who lack detailed knowledge of the tax laws and do not have the resources to hire tax attorneys or accountants. When they hire a few workers, they often do not

¹⁴ IRM 21.3.4-1, Scope of Services (Feb. 16, 2007).

¹⁵ IRM 21.3.4.14.4, Tax Return and Tax Account Transcript Requests (Jan. 16, 2007).

¹⁶ *Id.*

¹⁷ See IRS News Release, IRS Updates Tax Gap Estimates, (Feb. 14, 2006) (accompanying charts).

realize that they are assuming tax reporting, tax withholding, and tax payment obligations, and they often do not understand enough about the details of complying with the requirements to do so with reasonable effort.

After enactment of the IRS Restructuring and Reform Act of 1998, the IRS developed a function known as Taxpayer Education and Communications, or TEC. TEC was the IRS's outreach arm to small businesses to try to educate them about the complexity of their tax obligations. For 2002, TEC was named the Small Business Administration's agency of the year for what the SBA called its outstanding progress in creating an effective education and compliance assistance program for small business and self-employed taxpayers.¹⁸ Yet in the name of achieving efficiencies, TEC was realigned in February 2005 through a merger with other outreach functions and redesignated as Stakeholder Liaison. Prior to the realignment, TEC had 536 employees. After the realignment, Stakeholder Liaison staffing included 219 employees.¹⁹

In my view, the reduction in TEC staffing will reduce tax compliance on the part of small businesses, result in more IRS audits of small businesses, and make more small businessmen and women feel like the government is playing catch with them by enacting complex requirements and then failing to help them understand how to comply.

E. IRS Telephone Assistors Are Answering a Reduced Percentage of Calls and Taking Longer to Do It.

In 2003, the IRS answered 87 percent of all calls. This percentage dropped to 84 percent in 2006 and to 82 percent through March of this year's filing season. The average time it took the IRS to answer calls increased from 3.1 minutes in 2006 to 4.4 minutes so far this filing season.²⁰ While the level of service on IRS phone lines is substantially better today than it was in the 1990s, we are moving in the wrong direction.

¹⁸ See *Closing the Tax Gap and the Impact on Small Business*, Hearing Before the House Comm. on Small Business, 109th Cong. (Apr. 27, 2005) (testimony of John Satagaj, President and General Counsel, Small Business Legislative Council).

¹⁹ IRS Small Business/Self Employed Division response to Taxpayer Advocate Service Information Request (Sept. 5, 2006).

²⁰ Government Accountability Office, GAO-07-673, *Internal Revenue Service: Interim Results of the 2007 Tax Filing Season and the Fiscal Year 2008 Budget Request* 20 (April 2007).

III. The IRS Should Make It Possible for Taxpayers to Prepare and File Their Tax Returns Electronically Without Paying a Fee

Electronic filing of tax returns brings benefits to both taxpayers and the IRS.²¹ From a taxpayer perspective, e-filing eliminates the risk of IRS transcription errors, pre-screens returns to ensure that certain common errors are fixed before the return is accepted, and speeds the delivery of refunds. From an IRS perspective, e-filing eliminates the need for data transcribers to input return data manually (which could allow the IRS to shift resources to other high priority areas), allows the IRS to easily capture return data electronically, and enables the IRS to process and review returns more quickly.²²

In my view, the IRS should place a basic, fill-in template on its website and allow any taxpayer who wants to self-prepare his or her return to do so and file it directly with the IRS for free.²³

Some representatives of the software industry have taken the position that such a template would place the IRS in the position of improperly competing with private industry or, worse, create a conflict of interest between the IRS's role of tax preparer and tax auditor.

This is nonsense. Since the inception of the tax system, there have always been two categories of taxpayers . those who are comfortable enough with the rules to self-prepare their returns and those who turn to paid professionals for assistance. In the paper-filing world, the IRS has always made its forms and instructions universally available without charge to all taxpayers, and those taxpayers who require help have always been free to seek the assistance of paid preparers.

Imagine that, shortly after the income tax was enacted, a large group of bricks-and-mortar tax preparers had launched a lobbying campaign to try to persuade Congress to prohibit the IRS from making forms and instructions available to the public on the ground that the availability of these materials improperly placed the government in the position of competing with private industry. Or on the ground that it created a conflict between the government's role as preparer and auditor. Congress almost certainly would have rejected such arguments as ludicrous. Yet those are exactly the same conceptual arguments being raised today by those who contend that the government's provision of a basic web-based, fill-in form to all taxpayers would undercut the private sector.

²¹ See S. Rep. No. 105-174, at 39-40 (1998).

²² The IRS Restructuring and Reform Act of 1998 directed the IRS to set a goal of having 80 percent of all returns filed electronically by 2007. See Internal Revenue Service Restructuring and Reform Act, Pub. L. No. 105-206, § 2001(a)(2), 112 Stat. 685 (1998). Although the IRS was not able to achieve this goal, we believe Congress should reiterate its commitment to seeing the IRS increase the e-filing rate as quickly as possible.

²³ See National Taxpayer Advocate 2004 Annual Report to Congress 471-477 (Key Legislative Recommendation: Free Electronic Filing for All Taxpayers).

The answer to these arguments in today's electronic environment should be the same answer that Congress would have provided 80 years ago in a paper environment. For those taxpayers who are comfortable preparing their returns without assistance, the government will provide the means to do so without charge. For those taxpayers who do not find a basic template sufficient and would prefer to avail themselves of the additional benefits of a sophisticated software program, they are free to purchase one.

A brief personal anecdote. Although I prepared tax returns professionally for 27 years before I became the National Taxpayer Advocate and don't need assistance from others to prepare my return, my government salary places me above the income cap to qualify to use Free File products. To prepare my return electronically last month, I therefore purchased tax preparation software. When I completed preparing my return, the software program informed me that, to file electronically, I would have to pay an additional fee. Although I deeply believe that e-filing is best for both taxpayers and the IRS for a host of reasons, I resented the notion that I would have to pay separate fees to prepare my return and to file it, so I printed out my return and mailed it in.

I am hardly alone. IRS data shows that about 40 million returns are prepared using software yet are mailed in rather than submitted electronically.²⁴ This is a shame, because the practice delays the length of time for processing refunds, it requires the IRS to devote additional resources to entering the data manually when it receives the return, and it creates a risk of transcription error.

There is no reason why taxpayers should be required to pay transaction fees in order to file their returns electronically. A free template and free direct filing mechanism would go a long way toward addressing this problem and would result in a greater number of taxpayers filing their returns electronically. When taxpayers elect to use commercial software but print out their returns for mailing, the IRS should require software developers to convert data to 2D bar codes, so that all tax information can be scanned into IRS systems.²⁵ Both taxpayers and the government would stand to benefit from these improvements.

²⁴ IRS Tax Year 2004 Taxpayer Usage Study (Aug. 26, 2005).

²⁵ More than 20 states currently use 2D bar-coding for personal income tax forms. See Federation of Tax Administrators compiled data <http://www.taxadmin.org/fta/edi/ecsnap.html>.