

## 2012 Taxpayer Advocacy Panel Recommendations

**Total Elevated Issues 130**

<b>TAP Issue ID: 24207</b> <b>Elevated Date: 06/12/2012</b>	<b>Committee Name: Ad Hoc Committee</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: TAC Survey</b>	
Issue or Project Statement	Brick and mortar TACs are not the only way to bring face-to-face service to taxpayers. The IRS should consider alternatives to providing customer service.

<b>TAP Issue ID: 26088</b> <b>Elevated Date: 11/27/2012</b>	<b>Committee Name: Ad Hoc Committee</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: SBHCC calculator</b>	
Issue Statement	The Deputy EDSA asked TAP to review the Small Business Health Care Credit calculator on the W&I website and provide feedback for improvement.

<b>TAP Issue ID: 23185</b> <b>Elevated Date: 10/19/2012</b>	<b>Committee Name: Bankruptcy Compliance</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Bankruptcy Compliance</b>	
Issue or Project Statement	If we can devise a uniform method and publicize the requirement for debtors to validate that they are in return filing compliance prior to or directly upon filing bankruptcy, we could streamline a cumbersome process of filing estimated claims and having to revisit those claims once returns are filed. Creating this efficiency would reduce the amount of rework that IRS has to do to perfect their Proof of Claim, reduce the length of time a debtor has to wait for confirmation, and decrease the workload for the US Trustees.
Project Goal Statement	<p>Inform debtors as early as possible in the Chapter 13 bankruptcy process of the four year tax filing requirement and assist them in verification of their compliance in order to:</p> <ul style="list-style-type: none"> <li>• Reduce confirmation delays</li> <li>• Avoid dismissals</li> <li>• Reduce the administrative burden for the IRS</li> <li>• Reduce costs for the debtor and the IRS.</li> </ul>

The Committee's research and analysis has identified two groups of recommendations to better inform debtors and assist them in verification of compliance.

Tier 1 solutions can be accomplished within the domain of the IRS and Tier 2 solutions require actions by stakeholders and entities outside of the IRS.

Tier 1 – Solutions within the IRS's domain

Objective 1: To better inform debtors:

Solution 1 - Change IRS Publication 908, Bankruptcy Tax Guide.

Publication 908 is the most comprehensive document currently available to the debtor, free of charge, that explains tax considerations in filing for Chapter 13

bankruptcy. Making the information about the four year requirement more prominent and adding new options to assist in verification of filing will better inform debtors. The Committee recommends the following proposed changes:

- Break out and create another bullet point for the text on page 1 indicating the debtor must file all required tax returns for tax periods ending within four years of the bankruptcy petition. (See Exhibit 1)
- Emphasize, by bolding or highlighting, similar text repeated on page 2. (See Exhibit 2).
- Add a bullet point for the “Order a Transcript” link on [www.irs.gov](http://www.irs.gov) under the Internet section on page 28, “How To Get Tax Help”. (See Exhibit 3).
- Add a bullet point for the phone number to obtain a transcript under the Phone section on page 28, “How To Get Tax Help”. (See Exhibit 3).
- Add a reference to, and instructions for use of, Form 4506-T, Request for Transcript of Tax Return, and a copy of the form as an exhibit in the booklet.

Note: The above recommendation was the subject of a separate referral made in advance of the Committee’s final project referral as the publication was already in the process of revision. It is included here for information only.

Solution 2 - Create a brochure and fact sheet .

Prepare a concise document that explains what a debtor needs to know about taxes for a Chapter 13 bankruptcy filing.

Offer the document as a printed brochure and an electronic fact sheet available to: (1) Debtors at stakeholder venues such as attorneys’ and trustees’ offices; (2) IRS Taxpayer Assistance Centers (TACs); (3) Libraries; (4) IRS outreach events; (5) IRS Marketing Express, the marketing site that allows IRS partners and tax preparers to customize their IRS communications products; and (6) [www.irs.gov](http://www.irs.gov) with links to Publication 908 and the “Order a Return or Account Transcript” online tool.

A sample print brochure, What You Should Know About Chapter 13 Bankruptcies and Taxes, is attached as Exhibit 4.

Solution 3 - Enhance [www.irs.gov](http://www.irs.gov) by creating a “landing page” for bankruptcy.

When [www.irs.gov](http://www.irs.gov) is searched for bankruptcy, the top result should be a landing page dedicated to Chapter 13 bankruptcy containing:

- Links to relevant publications (e.g., Publication 908), forms, and applications.
- A link to the fact sheet, What You Should Know About Chapter 13 Bankruptcies and Taxes, proposed above.
- Contact phone numbers for those considering bankruptcy and those who have already filed a Chapter 13 petition. If different numbers are used, they should be indicated as such.
- The following statement (taken from Publication 908): “For Chapter 13 cases, the debtor must file all required tax returns for the tax periods ending within 4 years of the filing of the bankruptcy petition.” This statement should be prominently displayed.
- A link to the U.S. Bankruptcy Court’s Chapter 13 page

-<http://www.uscourts.gov/federalcourts/bankruptcy/bankruptcybasics/Chapter13>

- A webinar or video explaining the filing requirements and the options for verifying compliance.

Solution 4 - Create a tax tip for Chapter 13 bankruptcy tax requirements.

Tax tips provide useful and concise advice on topics that affect large numbers of taxpayers and are available by subscription.

They can also be accessed by selecting the Newsroom link under the "IRS Resources" menu on [www.irs.gov](http://www.irs.gov) and then clicking on the current year's Tax Tips link under "The Newsroom Topics" menu on the resulting page. The Chapter 13 bankruptcy tax tip should be issued every year. The current year's Fact Sheets link, also under "The Newsroom Topics", should provide access to the What You Should Know About Chapter 13 Bankruptcies and Taxes fact sheet proposed above. The fact sheet should be available each year.

Solution 5 - Expand use of social media.

Expand the IRS's use of social media to explain filing requirements, describe methods for verifying compliance, and provide relevant links and contact numbers:

- YouTube IRS videos - Short, informative clips on various tax-related topics. The videos could be available in English, American Sign Language and Spanish.
- Audio files for Podcasts - Short audio recordings providing information on a single tax-related topic per podcast. The audio files (along with transcripts) are available on iTunes or through the Multimedia Center on [www.irs.gov](http://www.irs.gov).
- Facebook - IRS pages that post tax information for individuals, tax professionals, and those needing help resolving long-standing tax issues with the IRS.
- Twitter - IRS tax-related announcements. Debtors can follow the IRS @IRSnews.
- Widgets - Portable onscreen tools placed on websites, blogs or social media networks directing people to visit [www.irs.gov](http://www.irs.gov) for information. The widgets can be found on Marketing Express

Additional social media that could be considered, for example:

- Google+ - A social network similar to Facebook
- LinkedIn - A social network for professionals
- Tumblr - A micro-blogging platform and social network

Solution 6 - Include the information on filing requirements in IRS employee continuing professional education (CPE) and add it to e-guides.

This will enable phone assistants on the general IRS 800 number to properly direct debtors seeking information about the compliance requirements and verification methods.

Objective 2 - To assist in compliance verification:

Based on its research and analysis, the Committee has determined that, instead of a uniform method, a variety of methods should be pursued. They are as follows:

Solution 1 - Leverage the "Where's My Refund Tool?"

The Refund Processing Communications Committee's Joint Committee Project Referral recommends changes to the "Where's My Refund?" (WMR) tool:

- Rename the site "Where's My Return?" to reduce the

Proposed Solution or Task

focus on speedy refund receipt and better manage expectations by concentrating on return processing and the occasional delay involved.

- Adopt a system of tracking and communicating processing status similar to that used by the United Parcel Service.
- Indicate how frequently WMR information is updated.
- Indicate when the taxpayer's information was last updated.
- Include a "date stamp" showing the last time the taxpayer visited the page
- Advertise WMR as the main "voice of the IRS" regarding return processing and refund management.
- Instruct toll-free service representatives to refer to WMR as the only source of information (e.g., "Let me see what WMR says..."), thereby channeling callers back to WMR in the future
- Encourage tax practitioners to direct and, if feasible, assist their clients to use WMR.
- Request taxpayers contact the IRS by phone only when the IRS requires new information from the taxpayer or an unusual situation requires additional taxpayer support.

The Bankruptcy Compliance Committee proposes that the taxpayer also be able to request verification of filing status for one to four years using the redesigned WMR tool. Because WMR, as proposed, would be the primary online interface for obtaining return related information, and would be marketed internally and externally by the IRS, it is the ideal option for obtaining verification of compliance.

Solution 2 - Create a dedicated 800 number with an automated voice menu system to verify compliance. The menu would solicit taxpayer identification and years for which compliance needs to be ascertained and then provide taxpayer with the information. It would also have an option to request wage and income information for the year(s) when there is no taxpayer return on file.

Solution 3 - Encourage use of the on-line "Order a Transcript" tool and enhance it to allow taxpayers to order wage and income information.

Using the IRS's on-line "Order a Transcript" application, a debtor can obtain a tax return transcript which shows most line items from the tax return (Forms 1040, 1040A or 1040EZ) as originally filed, including any accompanying forms and schedules. The transcript should be sufficient to show proof of filing as needed in Chapter 13 bankruptcies.

The debtor may select from the last tax year and the three prior years. If more than one year's tax return transcript is needed, the debtor has the ability to select another year.

The tool may also be used to request a tax account transcript. The tax account transcript shows basic data from the tax return, including marital status, type of return filed, adjusted gross income, and taxable income. It also includes any adjustments made after the return was filed.

The Committee proposes that if the tool indicates there is no return on file, the debtor be given an option to order wage and income information to enable filing for

the missing year(s).

Solution 4 - Expand the current support within the Centralized Insolvency Operations group to include the verification to taxpayers for compliance in filed returns. Currently the IRS's Centralized Insolvency Operations group will only answer questions regarding a filed bankruptcy case. The contact number for Centralized Insolvency Operations is (800) 973-0424. Its hours are 7:00 A.M. to 10:00 P.M. Eastern Standard Time. To get assistance, the debtor must be prepared to provide the bankruptcy case number. The Centralized Insolvency Operations group will not address compliance issues before a bankruptcy case number is assigned. The IRS may only disclose information on returns as permitted by the Internal Revenue Code (IRC) Section 6103, Confidentiality and disclosure of returns and return information.

The Committee proposes that the Centralized Insolvency Operations group be authorized to assist debtors who have not yet had a case number assigned.

Solution 5 - Create an offshoot web site using the e-Services technical platform that will allow debtors to verify their tax filings for the past 4 years.

The IRS e-Services system now gives access to taxpayer's information only to IRS business partners and tax professionals. The proposed solution is to piggyback on this technology and create a website where taxpayers (the general public) can verify tax filings for the past four years. The e-Services platform is available via the internet 24 hours a day, 7 days a week and the IRS provides on-line assistance and help desk support.

Solution 6 - Enhance Letter 1714 and make wage and income information available to the debtor.

IRS Letter 1714 advises a bankruptcy petitioner that he or she has not filed one or more federal tax returns and that the failure to file a return without an explanation as to why the return(s) was not required could prevent confirmation of the taxpayer's bankruptcy petition. (See Exhibit 5)

The Committee recommends that Letter 1714 be enhanced to provide further guidance. There are three options to consider, each of which would add a third paragraph to the letter and refer to the What You Should Know About Chapter 13 Bankruptcies and Taxes brochure proposed above. It is also proposed that a copy of the brochure be enclosed with the revised Letter 1714. The options are:

- Provide wage and income information for the years in question and add the following paragraph -  
The enclosed brochure explains the Bankruptcy Code's requirement for filing past tax returns. To assist you in preparing the tax returns that are due, wage and income for the affected years are also enclosed.
- Provide an 800 number for obtaining wage and income information and add the following paragraph -  
The enclosed brochure explains the Bankruptcy Code's requirement for filing past tax returns. Wage and income information that is needed to complete tax returns may be obtained by calling 1-800-\_\_\_\_-\_\_\_\_.
- Explain how to use Form 4506T to obtain wage and income information in the following new paragraph  
The enclosed brochure explains the Bankruptcy Code's

requirement for filing past tax returns. Also enclosed is Form 4506T, Request for Transcript of Tax Return. Mark check box 8 for wage and income data that was reported on Form W-2, Form 1099 series, Form 1098 series, or Form 5498 to help in filing past returns. To have the information faxed to you, call 1 800 829 1040 and speak with a representative.

Solution 7- Enhance IRS2Go 2.0.

This IRS smartphone application currently allows taxpayers to check refund status, get tax updates, and follow the IRS via Twitter. It could be expanded to include verification of filing.

Tier 2 – Solutions Involving External Stakeholder and Related Entities

Objective 1 - To better inform debtors:

Solution 1 - Work with stakeholders to better publicize the four year filing requirement and methods to verify compliance.

The Committee proposes that the IRS through its Stakeholder and Government Liaison Units work towards:

Updating the Chapter 13 content on U.S. Bankruptcy Court's website to include the four year tax filing requirement.

Including a copy of the proposed electronic fact sheet in the email transmittal of the credit counseling certificate that must be obtained by the debtor in order to file the Chapter 13 petition. Also, providing printed copies of the proposed brochure to credit counseling agencies for clients who do not have computers. The Credit Counseling Unit of the U.S. Bankruptcy Court issues the uniquely numbered certificates from a central location.

Adding a link to the IRS fact sheet proposed above to the bankruptcy court's website and to the websites of the National Association of Consumer Bankruptcy Attorneys, The National Association of Chapter 13 Trustees (NACTT), the United States Trustee Association, Federal and State Bar Associations, and major credit counseling agencies.

Persuading Bar Associations, continuing legal education providers, and other attorney associations to encourage practitioners to adopt as a best practice a check for four years of tax filing compliance on the bankruptcy client intake sheets.

Objective 2 -To assist in compliance verification:

Solution 1 - Give Trustees limited electronic access to IRS systems.

The Liaison Committee of NACTT in its position paper on Chapter 13 IRS issues (see Exhibit 6) has proposed that the Chapter 13 Trustees have electronic access to a debtor's transcripts and indicated that the Trustees would comply with any IRS disclosure requirements.

The Bankruptcy Committee was advised that this issue was previously rejected by the IRS but we are recommending it again as this would be the best way to obtain timely and seamless verification of compliance by alerting the Trustee to a compliance issue well in advance of the creditor's meeting.

The IRS had recommended use of Form 4506-T instead but Form 4506-T is a labor-intensive method that requires manual submission and follow-up by the

	<p>Trustees. It is also subject to a 4-6 week delay for processing and delivery.</p> <p><b>Solution 2 – Link IRS Centralized Insolvency Operations to the Bankruptcy Court’s electronic filing system</b></p> <p>An automatic link that enables the IRS to know when Chapter 13 petitions are filed would permit the IRS to better process claims and timely inform debtors that they are not in compliance with Section 1308. There are two electronic systems that could be used. The first is the Case Management/Electronic Court Filing (CM/ECF) system. This is the system used by the clerks’ offices to receive and docket cases. With limited exceptions, all cases in the federal system must be electronically filed and this is done through CM/ECF. Access to CM/ECF is limited to practitioners. In addition, PACER (Public Access to Court Electronic Records) is an internet-based public access service maintained by the Administrative Office of the U.S. Courts. This allows users to locate cases and to obtain case and docket information from Federal appellate, district and bankruptcy courts. Users must subscribe to PACER and may view documents filed with the court; there is a per page charge of \$0.10 up to a maximum charge of \$3.00 per document. Because PACER documents are public records, there is no privacy issue raised by permitting the IRS to access PACER. Creating an automatic link between PACER or CM/ECF and the IRS would allow the IRS to be informed whenever a Chapter 13 petition is filed. This would permit the IRS to match the debtor’s information against tax filing information and produce an automatic notification (e.g., Letter 1714) if the debtor has not filed the requisite returns.</p>
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<p><b>TAP Issue ID: 24449</b>  <b>Elevated Date: 10/19/2012</b></p>	<p><b>Committee Name: Return Processing Delays</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: Return Processing Delays</b></p>	
<p>Issue or Project Statement</p>	<p>The Return Processing Delays Committee was tasked with addressing significant delays and incorrect processing that cause an undue burden on taxpayers to respond to Internal Revenue Service inquiries. The Temporary Credit Subcommittee identified the adoption credit as a contributor to significant delays and incorrect processing.</p>
<p>Project Goal Statement</p>	<p>The goal of this project referral is to alleviate the disproportionate burden experienced by taxpayers when claiming the adoption credit.</p>



Proposed Solution or Task	<p>The committee proposes that the Service:</p> <ol style="list-style-type: none"> <li>1. Allow taxpayers claiming the adoption credit to e-file.</li> <li>2. Until e-filing is implemented, augment Form 8839 Qualified Adoption Expenses to explicitly state that paper filing is required.</li> <li>3. Caution taxpayers (in a manner similar to cautions on EITC forms) of the documentation requirements and advise taxpayers of the consequences of audit selection and credit denial for failure to attach required documentation. The committee's proposed addition is attached as APPENDIX 2.</li> <li>4. Conduct more and different outreach that is better targeted toward the specific population of taxpayers claiming the adoption credit. Given the discrete population, more targeted and thorough outreach related to filing and documentation requirements could dramatically reduce the number of taxpayers subject to audit and/or experiencing processing delays.</li> <li>5. Reduce significantly the number of taxpayers claiming the adoption credit who are automatically selected for audit. An audit rate of 80% for this population is unwarranted. Over 70% of the audited taxpayers were granted the credit post-audit. The Government Accountability Office (GAO-12-98) concluded that funds expended on these audits, "would allow IRS to do more correspondence audits of other returns where the chance of assessing additional tax would be greater."</li> <li>6. Allow taxpayers claiming the adoption credit to e-file returns and submit supporting documentation separately. Existing Form 8453 U.S. Individual Income Tax Transmittal for an IRS e-file Return, allows taxpayers to e-file returns and separately submit supporting documentation. The Committee recommends that the Service include the adoption credit on Form 8453 to facilitate e-filing for the taxpayers claiming the adoption credit.</li> </ol>
IRS Initial Response	<p>Recommendation 1: The adoption credit is non-refundable for all types of adoptions for tax year 2012. For tax year 2013 the credit will revert to being non-refundable for special needs adoptions only. Due to these changes, IRS made the decision that taxpayers may file electronically in tax year 2012 and beyond and are not required to attach documentation to their returns. The taxpayers should keep their documentation to support their claim for their own records as they would with other items on their return. This process will remain in place unless future legislation is passed to reinstate the refundability of the credit.</p> <p>Recommendation 2: For tax year 2011, we revised Form 8839 Instructions by adding a paragraph titled "Important Information". This paragraph includes a statement regarding the requirement to file paper returns in bold print. The Form 8839 refers the taxpayers to the separate instructions.</p> <p>Since the adoption credit is non-refundable for tax year 2012 and beyond, IRS will no longer require paper filing with documentation attached in order to claim the credit. If legislation is passed to reinstate the refundability of the credit, we will consider revising the</p>

IRS Initial Response

Form 8839 to include a statement regarding the paper filing requirement, if applicable. Electronic filing capabilities will be in place and available for use for filing tax year 2012 returns and beyond.

Recommendation 3: We reviewed lessons learned from the first year we administered the refundable adoption credit. As a result, we implemented several changes in an effort to educate taxpayers on the requirements for claiming the credit and to reduce taxpayer burden.

We revised Form 8839 for tax year 2011 to provide bolded statements at the top of the form and at the bottom of the form, on line 12, to remind taxpayers to attach the required documentation.

We revised the Form 8839 Instructions for tax year 2011 to include a table that provides a list of documents, for each type of adoption, that need to be attached to the return when claiming the adoption credit.

We released a new Publication 4903, Adoption Credit, which explains how to claim the credit, including the fact that documentation needs to be attached to the return along with the Form 8839.

We issued several Tax Tips.

We provided targeted communication via WebPages on irs.gov, specifically an article entitled Adoptive Parents: Don't Delay Your Adoption Credit Refund, which informs taxpayers of the requirements to attach the required documentation to their paper returns, and advises them that failing to do so will delay their refunds and subject their return to further review and possible audit.

We held two telephone forums with private and state adoption agencies, to solicit their assistance in informing adoptive parents on the requirements for claiming the adoption credit, which included information on required documentation and the audit process.

We also posted adoption FAQs on irs.gov.

We expanded our social media outreach through Tweets and a YouTube video.

Examples of our communication may be found using the following links (not all inclusive):

<http://www.irs.gov/newsroom/article/0,,id=236883,00.html>

<http://www.irs.gov/individuals/article/0,,id=252106,00.html>

<http://www.irs.gov/individuals/article/0,,id=231663,00.html>

<http://www.irs.gov/taxtopics/tc607.html>

For 2012 tax year, the adoption credit is nonrefundable, and there will no longer be a requirement to attach documentation when the taxpayers file their returns.

Recommendation 4: IRS's FY 2012 Adoption Credit Communication plan expanded targeted outreach and education efforts to taxpayers, tax professionals, state adoption officials and adoption organizations. The outreach and education strategy, implemented in FY 2012, highlighted adoption documentation requirements, paper return filing, and included specific

messages relating to documenting adoptions with special needs children. The relationships we established with external stakeholders who provided insights into the adoption community allowed us to identify and resolve issues quickly and communicate changes to those involved.

For the 2012 filing season we expanded our list of adoption organizations that we sent an email blast highlighting filing and documentation requirements. We also held two telephone forums with private and state adoption agencies to solicit their assistance in informing adoptive parents of the availability of the refundable adoption credit, the requirements for claiming the adoption credit, the types of documentation required for each type of adoption when claiming the credit, and the steps of the audit process. We expanded information available to taxpayers and other interested parties significantly on [irs.gov](http://irs.gov).

As a result of our outreach, the number of taxpayers who did not include documentation with their returns significantly decreased for the 2012 filing season.

Our outreach efforts for the upcoming filing season, when the credit becomes nonrefundable, will highlight changes to filing requirements that no longer require paper returns and attached documentation.

Recommendation 5: In preparation for implementation for the 2011 tax year, IRS took steps to minimize burden on taxpayers and to avoid undue delays in issuing refunds. IRS compiled lessons learned from the first year of our strategy and analyzed the data collected for the 2010 tax year. As a result, we made changes to our examination filtering and selection processes and outreach strategy based on an analysis of associated risk, opportunity to reduce taxpayer burden, and responsibility to protect public funds.

A large number of the adoption credit claims were selected for audit since returns did not include the required documentation. In response, IRS issued targeted communications to remind taxpayers, tax preparers, and advocacy groups of the requirement. We worked with tax preparation software developers to improve the guidance provided by their products and we leveraged our relationships with large tax preparation firms to communicate the documentation issue to their preparers.

The changes made improved and reduced our audit selections and lessened taxpayer burden.

For the 2012 tax year the adoption credit will revert to non-refundable and examination selection will be based on associated risk criteria.

Recommendation 6: IRS investigated electronic filing and possible attachment of documentation to electronic returns for tax year 2011. However, based on the expected significant decrease in the volume of adoption credit returns in 2011 (which occurred) and upcoming tax change for the 2012 tax year when the credit reverted to nonrefundable, a business decision was

made not to pursue an electronic option.

At the time of consideration, IRS looked at the option of using Form 8453 to transmit documentation separately, however, IRS concluded that this would have significantly delayed return processing and caused taxpayer burden.

We will reconsider if there is future legislation that would change the facts. At this time, electronic filing will be available for tax year 2012 and beyond, as the IRS is not requiring documentation to be attached to the return in 2012 nor paper filing.

<b>TAP Issue ID: 25823</b> <b>Elevated Date: 12/17/2012</b>	<b>Committee Name: Return Processing Delays</b>
<b>Status: Monitoring IRS Action</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Age 65 - Standard Deduction</b>	
Issue or Project Statement	The Return Processing Delays Committee was tasked with addressing return processing procedures that cause an undue burden on taxpayers. The Return Processing Delays Committee identified Service procedures that may not grant taxpayers who are at least 65 the increased standard deduction to which they are entitled, despite the fact that the Service possesses the necessary information to ensure that the increased deduction is included on an eligible return.
Project Goal Statement	The goal of this project referral is to encourage the Service to adopt procedures that ensure taxpayers who are at least 65 claim the increased standard deduction to which they are entitled.
Proposed Solution or Task	The Committee proposes that the Service adopt programming that checks for increased standard deduction eligibility for all taxpayers who are at least 65 who claim the standard deduction and have taxable income.
IRS Initial Response	Submission Processing agrees with the intention of the proposal but must make its commitment to carry out the proposal contingent on approval by its Counsel and evaluation by its application developer.  Under Consideration—Follow-up Date: 2/15/2013
IRS Final Response	IRS agrees with this proposal. A Unified Work Request (UWR) will be submitted for a math error check for increased standard deduction eligibility for all taxpayers who are at least 65 who claim the standard deduction and have taxable income for Tax Year 2013, Processing Year 2014. This is dependent on Information Technology (IT) prioritization and resources.  IRS Closing: Accepted-Proposed Implementation Date: 01/01/2014

<b>TAP Issue ID: 23763</b> <b>Elevated Date: 10/18/2012</b>	<b>Committee Name: SBSE Decreasing Non-Filer</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: SBSE Decreasing Non-Filers</b>	

Issue or Project Statement	<p>The Internal Revenue Service (IRS) has developed several non-filer initiatives to address the individual and business non-filer issue. These initiatives have included legislative proposals, information matching with state agencies, non-filer communications outreach and enhanced internal performance measures. Each program enhancement has had varying degrees of success. There may be a potential to improve the outcome of these cases by combining enforcement programs into a harmonious treatment (i.e., lock in withholding which could prevent an additional balance due for the taxpayer) and also address non-filed years via Automated Substitute for Return (ASFR).</p>
Project Goal Statement	<p>The IRS desires strategic, systemic and case selection recommendations to the current individual ASFR program and the business 6020b program to decrease the overall non-filer rate. This could include communication vehicles. Additional focus should include any benefits to the non-filing taxpayer and the service of connecting the Withholding Compliance and the Substitute for Return (SFR) programs.</p> <p>The expectation of the committee was to provide feedback to ensure that the recommendations in this program area generate limited additional burden for the taxpayer while adding maximum benefit to IRS.</p>
	<ul style="list-style-type: none"> <li>• New Outreach Efforts</li> </ul> <p>Proposal 1 - Move “Need to File Past Due Return?” link and information to a more prominent place on the IRS.gov website.</p> <p>The IRS has a dual obligation; to collect taxes and to assist taxpayers in their obligation to file tax returns. Currently the IRS has an excellent link on its website which admirably fulfills the second part of its obligation: “Need to file a Past Due Return?”</p> <p>The only problem is that this link is not readily available. It can only be reached on both the Individual and Business tabs by inserting the following in the search box: “Need to file a past due return?”</p> <p>The Committee recommends that this very useful link be placed in a prominent position on both the Individual and Business opening pages on its website, www.irs.gov, as is the “Where is My Refund?” link.</p> <p>Proposal 2 - Include “Need to File Past Due Return?” link and Information with letters and notices requesting past due filing.</p> <p>Based on research conducted by a member of our committee , we believe that a large number of non-filers do not file a return because they know they will owe taxes, of which they are unable to pay and are therefore afraid of filing the return.</p> <p>Our committee believes that the best way to reach out to these non-filers and help them get on track with their filing is to include helpful resources along with the letters and notices sent to them requesting past due returns. If assistance resources are included along with</p>

Project Goal Statement

otherwise scary or overwhelming notices, the taxpayer might be more comfortable contacting the IRS for help with their filing.

For example, when the IRS sends out Notice CP59, First Notice – Return Delinquency, requesting that the taxpayer file a past due return, the notice should be accompanied by the “Need to File a Past Due Return?” information discussed above, as well as “Next Steps for Filing Your Past Due Returns,” and also a page that lists available Low Income Tax Clinics (LITC), Volunteer Income Tax Assistance (VITA) sites and Taxpayer Assistance Centers (TAC) located in the taxpayer’s area of residence. The sites could be helpful to the taxpayer since they might be able to seek out assistance in filing their past due returns.  
Proposal 3 - Create a friendly postcard mailer prompting non-filers to file.

Because many non-filers probably feel that they owe taxes and are afraid of the consequences of not filing, they simply choose to do nothing.

However, they receive notices from the IRS outlining the consequences of not filing. On the other hand, a friendly offer of help may be just the nudge they need to become compliant. Realizing the possibility that an open postcard may finger the recipient as a non-filer, the Committee suggests that the postcard be changed to a sealed colorful fold-over flier with the Taxpayer Advocate logo placed in the return address section rather than the official IRS logo.

While budget constraints might present a challenge to the production and distribution of these postcards, they are an incredibly cost-effective way to reach out to a large number of potential non-filers, especially when compared to the traditional methods of in-person outreach and other forms of communication (letters, notices, phone calls, etc.). The IRS already has numerous friendly pamphlets and cards that it uses for outreach, so producing one more additional resource should not present too great a challenge.

See Appendix 1 for postcard prototype.  
Proposal 4 - Make postcards available for display and pickup at public locations/community groups.

Considering that the IRS does not have contact information for all non-filers, these friendly postcards should also be distributed in as many public places and to as many community groups as possible. The most logical places where these postcards should be readily available and would be easy and low cost to provide a supply would be:

Local IRS offices, such as Local Taxpayer Advocate (LTA) offices and TACs  
VITA locations  
Tax Counseling for the Elderly (TCE) locations

Civic/Government locations could include:

Local libraries where IRS forms are located now

Senior Citizen Centers

Free Medical Clinics that receive federal/state funds

Schools (state, community, and private colleges, as well as trade schools)

Shopping Mall information centers

State, County and City information desks

Certified Professional Accountants (CPA) and

Enrolled Agents Continuing Professional Education (CPE) Seminars

Churches

Departments of Motor Vehicles

Local Chambers of Commerce

State Business Licensing Agencies

State/Local Departments of Human Services

Utility Bills

Check cashing and payday loan companies.

Free File - at least 8 companies participate in the IRS

free e-file program and are listed on [www.irs.gov](http://www.irs.gov).

These companies have a vested interest in helping the

IRS get the word out to non-filers. The IRS promotes

them as participants in Free File processing and they

get business referred to them by the IRS. TaxACT,

Turbo Tax and TaxSlayer, to name a few, are nationally

known tax preparation software companies that

participate in Free File. The Free File option does

however have a threshold for income that varies from

\$32,000 - \$57,000.

The postcards will encourage voluntary compliance for

non-filers and can be a community initiative because

the non-filer affects us all.

All major cities have city websites and we request/

encourage that at the minimum, a non-filer invitation to

file be included on these city websites. Plano, TX, has

allowed TAP to be on its city website in the library

section. IRS local offices, VITA centers and TCE

locations are a natural location for non-filer information

and postcards.

Proposal 5 - Wage & Income information availability.

Many taxpayers who need to file past due returns

experience difficulty finding the documents they need in

order to complete a return for a prior year. While the

IRS is able to provide past year wage and income

transcripts to taxpayers via the mail, the IRS's e-

services tools only provide wage and income

information to tax preparers and professionals for the

past three years.

To make things easier for those non-filers who seek out

a tax professional to assist them in filing their past due

returns, we propose that the IRS make available on e-

services all wage and income information the taxpayer

would be able to request from the IRS directly. In other

words, the wage and income information available to

tax professionals using e-services should match the

availability of wage and income information that the IRS

stores and is able to mail directly to taxpayers.

Proposal 6 - Consolidate "Understanding Taxes" into a



manageable and condensed lesson plan that can be implemented by almost anyone.

Given the number of non-filers, attempting to determine who they are after-the-fact is a never-ending battle that requires huge effort to merely keep the problem from growing.

Prevention may be a much better long-term approach to reducing the number of non-filers by reducing their increasing numbers each year. The IRS needs to be much more creative and aggressive about educating high school, community college and university students as to their federal income tax filing obligations.

Currently, the IRS has a program called "Understanding Taxes." which offers 38 lesson plans. Detailed lesson plans guide the instructor from the introduction of a given tax concept, through its development, to the lesson conclusion. Each lesson plan serves as an instructional guide on how to incorporate tax theory, history and application into the classroom.

The lessons take between one and two hours each, which amount to between 38 and 76 hours of instruction. Although this may be necessary for the purpose of class credit or hours for a limited number of students, we wonder how many classes are actually being taught using this system. The materials and subject matter being presented are excellent but our question is how large is the audience?

We suggest that the IRS explore creating a condensed version of "Understanding Taxes" that can be taught in one day or several hours. The fact sheets used in the current modules are very informative and could be used in the condensed version. As a suggestion, the material should concentrate on "What is taxed and why" (including self-employment income), "Your role as a taxpayer," and "How to file." It might also be helpful to include a very brief section that outlines all of the different resources the IRS provides to help taxpayers, such as LTAs, VITA, LITCs, etc. That way, as students learn about the IRS and tax filing, they learn that the IRS itself can be a helpful resource.

We think that the IRS's Understanding Taxes program could reach many additional potential new filers with a shorter version that has a wider audience.

Proposal 7 - Push newly consolidated "Understanding Taxes" program in Schools and Colleges. Engage partnerships with school groups and encourage volunteers to teach the program .

The IRS would be precluded from establishing a program that would allow regular in-person presentations at the more than 20,000 educational institutions nationwide. But, other organizations do have that capacity. There are organizations with which the IRS could form partnerships for the very limited purpose of presenting information about the need to avoid being a non-filer.

For example, Alpha Kappa Psi, honorary business fraternity, has over 200 chapters (at least one in every state), and they are constantly searching for public service projects. Retired IRS agents might volunteer to give a presentation or two each month; or AARP might sponsor an effort to enlist the volunteer effort of some of its members. These and other volunteers could teach a version of the "Understanding Taxes" program or other outreach presentations in our high schools and colleges.

We need to educate our students before they enter the workforce and prevent them from becoming non-filers in the future.

Proposal 8 - Expand the community Outreach work being done by SPEC and W&I, and have SB/SE join their collective efforts.

Currently, [www.IRS.gov](http://www.IRS.gov) has a section on their website called "Become an IRS Partner to Help in Your Community." There it is explained that Stakeholder Partnership Education and Communication (SPEC) (within Wage and Investment [W&I]) "has built a network of national and local partners' to assist with outreach and free tax preparation.

This committee proposes that the IRS's Small Business/Self Employed (SB/SE) Division join W&I and SPEC in this outreach endeavor. Most all of the current outreach efforts and free tax preparation services target individual and W&I taxpayers. By participating in the networking and outreach currently being conducted by SPEC, SB/SE will be able to monopolize on existing partnerships with community organizations in order to connect with businesses and self-employed non-filers.

Once SPEC, W&I and SB/SE are working together, their community outreach should focus on:

- Expanding the availability of free tax preparation services which are currently non-existent for business filers for the most part,
- Marketing the "Understanding Taxes" program,
- Promote the availability of resources in the IRS's "Outreach Corner."
- Identification of New Data Sources

Proposal 1 - Retail store activity via the 1099K, Merchant Card and third-party network payments information reporting from retail stores

The 1099-K Merchant Card and Third-Party Network Payments reporting began on January 1, 2011 and should be a very successful way to enhance the ability of the IRS to gather income information on tax returns. The basic Visa, MasterCard, American Express and Discover cards, as well as PayPal, Amazon and Google have served as wake-up calls for many eBay store owners when their deposits have hit the required minimum.

To further the effectiveness of this tool, we would recommend the following:

Proposed Solution or Task

1. Add to the number and types of merchant services that are required to submit information. Contractors and various other businesses are known for using check cashing and “non-bank” institutions, credit unions and even the postal money order system, and  
2. Lower the required minimum parameters to capture \$10,000 or less and 100 transactions. The 100 transactions would serve as a warning flag to the IRS; i.e., if anyone is involved in 100 transactions in a given period, that entity is likely to be a business.  
Proposal 2 - Utility companies

Utility companies such as electric and gas have a huge footprint due to their provided services which also allows them to have a pulse on local business activities. These utilities gather information on each commercial property tenant; for example business names, Employer Identification Number (EIN), address, type of location, corporate owner or contact, contact numbers and most useful, utility use. A simple annual report to the IRS could be compared by address or EIN for income activity. How can a designated business property have utility use but no reportable deduction?  
Proposal 3 - Cash Transaction Reports (CTR)

The current use of Cash Transaction Reports (CTR) is limited to simply reporting \$10,000 transactions; but the CTR are not used to track non-filers. Two changes in their use are recommended:

1. Track the CTR by Federal Employer Identification Number (FEIN), Individual Taxpayer Identification Number (ITIN) or social security number (SSN) to determine if the holder has filed a tax return, and
2. Reduce the reporting threshold to a much lower level, perhaps \$3,000. This reduced threshold would likely result in a significant company/business burden, one that could be mitigated by requiring companies to report the \$3,000 to \$10,000 transmissions every four or six months, rather than maintain the current \$10,000 CTR frequency.

Proposal 4 - Highway use taxes and new vehicle registrations

Federal Form 2290, Heavy Highway Vehicle Use Tax Return, is used by the IRS within the trucking industry to report and pay highway use tax on trucks used throughout the United States. Any taxable motor vehicle required to be registered in a state, the District of Columbia, Canada or Mexico, during the period starting July 1 of the year, is required to file Form 2290 by the last calendar day of the month following the month it is first used on roads within the United States. The IRS also requires an EIN for reporting activity on Form 2290. An individual not otherwise required to acquire an EIN is obligated to do so solely for this reporting purpose.

The database acquired through the Federal Form 2290 is a cost effective tool that could be used to compare against the income reporting database to reveal non-filers. Furthermore, with the IRS requirement to obtain an EIN on all truckers, the IRS essentially has both the EIN and SSN available for review.

Since the trucker must have verification of filing Form 2290 in order to get license tags or cab cards for their vehicle, it stands to reason that most if not all truckers should be registered with IRS.

#### Proposal 5 - Mortgage loan initiation and payoffs

a. Initiation: Mortgage lenders could report quarterly to the IRS mortgages that were funded during the quarter. Lenders could supply the borrower's name, address, social security number, and mortgage amount.

b. Payoffs: Each time a mortgage is satisfied a form is produced by an attorney to declare that the mortgage has been satisfied. This form is then recorded in the appropriate county clerk's office. The procedure is common to virtually all of the states. If a simple cover form could be created that asks a few key questions as to the source of the mortgage satisfaction funds, and that form is completed at the time of mortgage closing, it could be transmitted to the IRS solely for the purpose of isolating non-filers who have paid off mortgages but have not filed tax returns. To significantly reduce the paperwork burden that must accompany this type of effort, refinancing could be exempted from any such filing.

#### Proposal 6 - Offshore activities

Currently, the IRS has reciprocal transaction reporting agreements with almost 70 countries. Two recent country additions, Norway and Switzerland, particularly the latter, increased the ability of the IRS to track non-filers and tax evasion account holders. Several very significant political jurisdictions are absent from the list of information exchange countries. Most notable are Vanuatu, Bermuda and the Cayman Islands. These jurisdictions will strongly resist such agreements for a number of well documented reasons. These jurisdictions should be pursued with greater vigor and be the subject of greater resource allocation.

#### Proposal 7 - Professional licensing

Most states require professional licensing with yearly renewal to be able to practice within such professions. Examples of these professions include Certified Public Accountants (CPA), doctors, lawyers, real estate agents, insurance agents, nurses, beauty salon operators, engineers, contractors, etc.. An Internet search shows most states have an online license verification service that is available to the public which usually shows both active and inactive licensees.

The use of the state database of professional licensing is a source that could be used to compare those who are not filing income tax returns. Most professional licenses allow for retirement, etc., so if a license is active, the person should be reporting income for the period. Most license verification services provide names, addresses, company names and other relevant information that should help link the licensee to an individual taxpayer. Furthermore, most licenses require a SSN that should make comparing the data cost effective for the IRS.

#### Proposal 8 - Sales tax registration

Sales tax registration is required for any business that sells products within a state and also requires a company to have multi-state tax registrations, nexus. An Internet search shows most states have online sales tax registration verification for use by businesses to ensure their customers are registered within that state.

The use of sales tax registration from individual states could be used for a comparison of businesses reporting income. The IRS now uses sales tax reporting for a review of income reported, but does not use the registration to determine if a company is filing. Since a registration is used not only by sellers of products to end users, but by wholesalers, manufacturers, farmers, etc., who are not required to file sales tax reports, use of this registration data could be an avenue to find non-filers.

#### Proposal 9 - Franchisers and franchisees

Franchisers monitor their franchisees very closely and most know exactly the revenues and costs of each of their franchisees because of their re-supply orders, weekly reports, coop advertising and audited financial data. A tool such as Form 1099-K can be used to aggregate the incomes reported to the franchisers and can be matched to all the franchisees tax returns.

#### Proposal 10 - Non-profits

Non-profits, particularly churches, schools and charitable organizations are notoriously lax in their production and distribution of Form 1099. Contrary to some expression of concern that small businesses incur a substantial burden when faced with the need to produce 1099s, bookkeeping requirements are not onerous when done on a current basis.

#### Proposal 11 - Indoor tanning service providers

Federal Form 720, Quarterly Federal Excise Tax Return, must be filed by indoor tanning service providers to report and pay excise tax on gross receipts from tanning services. Even those individuals who are not indoor tanning service providers are required to file and pay a 10 percent excise tax. They are required to apply for an EIN for this purpose, giving the IRS knowledge of SSNs to review against income reporting. Although there are no consistent state regulations regarding tanning salons that would curtail noncompliance with this excise tax, a use of this database already available to the IRS would give another avenue for finding non-filers.

#### Proposal 12 - Insurance

There is a high degree of likelihood that the 100-plus million non-filers include a significant number of businesses and individuals that have some form/type of insurance coverage.

A business, for example, is often required to carry workers compensation, disability insurance, surety bonds and general liability to name a few required types of insurance when contracting certain jobs. The

information gathered by the insurance companies is quite specific in that they gather business names, EINs, owners, SSNs, business and personal addresses, bank accounts and contact information. In short, the insurance database already has numerous collectors who could be tapped to provide that information to the IRS.

Insurance carriers are registered and monitored by state departments of insurance. If these state departments could be harnessed as data providers to the IRS the result would be that fifty forwarders of information will cut down on the traffic of gathering information from many small insurance companies.

Proposal 13 - Internet technology data mining

Information on the internet may be more current than what is available to the IRS from its own data pools (if for no other reason than it is long out of date before it is available for use). The number of public records, "bizfinding" and various websites gathering information on the Internet is growing at an increasing rate. For example, Google represents only 10 percent of the Internet even though it is ubiquitous. It has been joined by a huge number of search engines in the past five years.

Data mining can be tedious and expensive to perform, but there is no reason why it should be performed by full-time dedicated IRS employees. Perhaps the IRS could exercise a bit of creativity in overcoming the data mining tediousness and costs by hiring students for a small amount of money during summer breaks to perform this menial task which has the potential to yield big paydays for the tax coffers.

One could ask about data mining activities with what specific targets in mind? Here are just a few examples; however there are certainly hundreds of potential types of information sources.

- Rentals: By gathering addresses and phone numbers with reverse directories, unreported rentals can be ascertained. The number of two family houses and apartments replacing owned residences is growing dramatically. Cash rentals are now a normal course of doing business;
- License holders: Gathering information about holders of state licenses such as psychologists, CPAs, beauty salon operators, barbers, auto repair shops, et al.; and
- Suppliers: Tracking lumberyards, stone and concrete suppliers, paint suppliers, nurseries and other home and business materials suppliers could be a significant source of non-filer information, given the cash activity at these types of businesses. These suppliers could be a conduit for gathering information about businesses that purchase from these suppliers.

Proposal 14 - Check cashing and payday loan companies

Check cashing operations are licensed and regulated by the states. As an example, the New York check

cashing industry is licensed and regulated by the New York State Department of Financial Services (formerly known as the New York State Banking Department). As a regulated industry, licensed check cashers are subject to comprehensive periodic examinations by the Department. The industry is also subject to federal regulation, including examination by the IRS. Financial Service Centers of New York is the professional trade association representing New York's licensed check cashing industry since 1957. To provide some perspective as to the size of the industry, in New York the industry is comprised of approximately 200 companies operating more than 700 storefront check cashing locations throughout the State. It would not be difficult to assume that the number of check cashing locations in the U. S. would exceed 20,000.

Payday loan companies are often combined with check cashing companies but those that stand alone could significantly increase the number of locations throughout the country.

Given the types of information gathered (from their clients), check cashing and payday loan companies could be a source of leads to determine which of the clients are non-filers. While the overwhelming number of users of the services provided by these companies are likely to have levels of income that do not justify extensive tracking, it might be unwise to assume that the examination of the data would not yield a relevant pool of non-filers. A sampling technique might resolve that issue fairly quickly.

Proposal 15 – Finders fees

The IRS should consider paying a finder's fee to individuals who supply information to the IRS that leads to the identification of, and collection of, revenue from newly identified non-filers.

<b>TAP Issue ID: 23910</b> <b>Elevated Date: 03/21/2012</b>	<b>Committee Name: Screening</b>
<b>Status: Closed</b>	<b>Outcome: SAMS - Rejected</b>
<b>Title: Return Processing/SB Health Insur Credit for AMT</b>	
Issue or Project Statement	Our firm has had three cases where IRS letters were sent out disallowing the Small Business Health Insurance Credit for AMT. (the letters refer to disallowance for AMT only, but allow the credit for regular income taxes).
Project Goal Statement	Ensure IRS properly allows the Small Business Health Insurance Credit for AMT.

Proposed Solution or Task	Notify submission processing to allow the Small Business Health Insurance Credit for AMT.
IRS Initial Response	Received call from SA Laura Lindstrom advising DEDSA reached out to SBSE and received SBSE reply that problem was caused by human error and not widespread. As result, issue to be closed as non-systemic.



<b>TAP Issue ID: 24321</b> <b>Elevated Date: 04/30/2012</b>	<b>Committee Name: Screening</b>
<b>Status: Closed</b>	<b>Outcome: SAMS - Accepted</b>
<b>Title: Notice: 2010 Traditional IRA converted to Roth IRA</b>	
Issue Statement	Appear to have transcription issues with the data from Form 8606. AUR CP2000 notices are advising of no data even though taxpayer and/or representatives have completed the Form correctly.
Goal Statement	Find the reason for the problem and determine if corrections can be made or avenue to be able to correct.
Proposed Solution	Determine the extent of this issue and whether or not can be corrected through IRS or whether AUR CP2000 must correct with data from taxpayer.

<b>TAP Issue ID: 23237</b> <b>Elevated Date: 11/09/2012</b>	<b>Committee Name: TAC</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Face to Face Service Methods</b>	
Issue or Project Statement	<p>According to a 2012 NTA Objectives Report to Congress , in recent years, the IRS has been given more and more tasks, but it is not receiving the resources it needs to fulfill these tasks without cutting corners. Furthermore, when the Internal Revenue Service (IRS) cuts corners, taxpayers can be harmed and revenue collection may suffer. The United States tax system depends on voluntary compliance, that is, taxpayers calculating their tax liability, filing their tax return, and paying what they owe on time. Voluntary compliance depends on a number of factors, including the quality of IRS's assistance to taxpayers.</p> <p>For this report, the Taxpayer Advocacy Panel (TAP) was asked to identify opportunities to improve the taxpayer experience and voluntary compliance. This report is based primarily on the results of a survey conducted by TAP along with the Taxpayer Advocacy Service Research and Systemic Advocacy to give IRS a better understanding of customers' reasons for visiting a Taxpayer Assistance Center (TAC). Additionally, the TAP Face to Face Service Methods Committee members analyzed reports from the National Taxpayer Advocate Service (NTA), Treasury Inspector General for Tax Administration (TIGTA), and Government Accountability Office (GAO).</p>

Project Goal Statement	<p>According to a 2012 NTA Objectives Report to Congress, the IRS has been given more tasks, but not the resources it needs to fulfill them without cutting current programs and services. Since the United States tax system depends on voluntary compliance, the quality of the IRS's assistance to taxpayers can materially affect taxpayer compliance and cause revenue collection to suffer.</p> <p>The Taxpayer Advocacy Panel (TAP) was asked to identify opportunities to improve the taxpayer experience and voluntary compliance in this resource constrained environment</p> <p>The goal of this project is to identify procedures and tools that the IRS can implement or expand to give taxpayers greater access to assistance at Taxpayer Assistance Centers (TAC), at community sites such as libraries, post offices, banks and learning institutions in remote areas not served by a TAC.</p>
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<p>Proposed Solution or Task</p>	<p>Conclusions</p> <ol style="list-style-type: none"> <li>1. IRS will need to explore expanding service avenues beyond traditional TACs due to budget cuts, increasing complexity of the tax code and lack of access to a TAC for many taxpayers.</li> <li>2. While no single approach is likely to fully and cost-effectively address the assistance gap, several strategies could improve the increased need for taxpayer support. These include technology based solutions such as Virtual Service Delivery (VSD's), Facilitated Self Assistance kiosks (FSA's), payment kiosks, and expanded assistance via email, as well as mobile vans.</li> </ol> <p>Recommendations</p> <ol style="list-style-type: none"> <li>1. Continue funding the expansion of VSDs to additional TACs and SPEC sites. Consider expanding VSDs to locations outside the TACs. The Committee recommends expansion of the pilot program in testing the VSDs especially in remote areas where there is minimal support from the TACs due to distance constraints. We additionally recommend that standard video conferencing equipment could be used to allow video conferencing equipment already in use. In addition to dedicated equipment, IRS should also consider teleconferencing by personal computers using programs such as Skype.</li> <li>2. Provide FSA's at all TAC locations, particularly at small TACs that are only staffed a few hours a week. Consider placing FSA's in locations outside of the TACs provided security challenges can be overcome.</li> <li>3. Conduct a pilot project to determine the feasibility of placing payment kiosks in the TACs. If these prove to be successful, and the kiosks do not require interaction by IRS employees, expand the project to locations outside the TACs provided security challenge can be overcome.</li> <li>4. Expand the e-mail communications site on <a href="http://www.IRS.gov">www.IRS.gov</a> where taxpayers can ask technical questions and receive answers by e-mail. Increase the complexity of e-mail questions that can be supported at this site. Make the location of that e-mail site on <a href="http://irs.gov">irs.gov</a> more prominent so it is easier to find.</li> <li>5. Pilot a program to use mobile vans and also to partner with state and local agencies to make available office space to increase the IRS's face-to-face presence in underserved areas. Ensure that taxpayers are aware of services being provided at these locations.</li> <li>6. The IRS should implement an appointment system. An appointment system would permit the IRS to balance their staff workload more efficiently and provide a level of confidence to the taxpayer that they would have their issue addressed when they arrive at an IRS location.</li> </ol>
<p>IRS Initial Response</p>	<p>Recommendation: Continue Funding the Expansion of</p>

VSD. PARTIALLY ACCEPTED

Field Assistance partially accepts this recommendation. VSD is determined to be a viable service option.

Planning is underway to deploy virtual service in 14 new sites to include nine FA TACs and five partner sites for 2013. Field Assistance (FA) will be providing service in locations that are not staffed or are unable to meet taxpayer demand, thus using VSD as an alternative to "live" face-to-face service and maximizing IRS resources by providing services in locations where there was minimal support from TACs due to distance.

The Service is already exploring locations where we may pursue testing a co-location with another government agency. Agencies to consider could include USPS, SSA, HHS and the VA.

In addition, VSD presents a solution for providing taxpayers secured access to tax and accounts services. The Service anticipates the using technology, where taxpayers will have the ability to seek and receive assistance using their personal computers from their home and/or business in the future.

FA is unable to consider teleconferencing by personal computers using programs such as Skype at this time due to security constraints.

RECOMMENDATION # 2 - Provide FSA's at all TAC locations, particularly at small TACs that are only staffed a few hours a week. Consider placing FSA's in locations outside of the TACs provided security challenges can be overcome.

PARTIALLY ACCEPTED - Field Assistance (FA) partially agrees with this recommendation. FA is taking steps to expand services in TAC locations, including FSA terminals and has submitted funding requests for the past several years to expand this technology to additional TAC locations. FSA terminals are currently located in 37 TACs throughout the country. The terminals allow the IRS to educate taxpayers on different service channels, however, IRS employees must be on hand to assist taxpayers and determine if they can resolve their issues using the system. While FSA may allow taxpayers with simpler issues to avoid lines, and free employees to work more complex issues, it does not alleviate the need to provide IRS employees as guides. Therefore placing FSA terminals in locations outside of the TACs is not feasible.

RECOMMENDATION # 3 - Conduct a pilot project to determine the feasibility of placing payment kiosks in the TACs. If these prove to be successful, and the kiosks do not require interaction by IRS employees, expand the project to locations outside the TACs provided security challenge can be overcome. Field Assistance will test a credit card kiosk in the Nashville, TN TAC that will allow taxpayers to make tax payments with credit or debit cards. The purpose of this test is to determine if the kiosk will provide a viable alternative to taxpayers who would otherwise need assistance in the TAC to make tax payments. It will also provide a measurement for how taxpayers respond to the electronic payment option and how it affects the traffic

IRS Initial Response

in the TAC. The credit card kiosk will be limited to accepting only credit/debit cards. The taxpayer will continue to incur a service charge for this convenience. The kiosk will have the ability to authenticate the TP by allowing entry/verification of their information. The kiosk will offer an electronic receipt and confirmation number that the taxpayer can use to track their payments. The vendor will use wireless technology to automatically post transactions to the taxpayer's account through the Electronic Federal Tax Payment System (EFTPS). The vendor will own and maintain the kiosk, which will be placed inside the TAC. The vendor will provide their hardware and software at no cost. The credit card kiosk will provide an entry point for moving toward the Field Assistance ultimate goal of a payment kiosk that accepts all types of payments. The payment kiosk would benefit the service by increasing available resources for more complex work, increase employees time assisting taxpayers, reduce mailing and processing costs for payments and provide greater control of remittances.

ACCEPTED -

RECOMMENDATION # 4 - Expand the e-mail communications site on [www.IRS.gov](http://www.IRS.gov) where taxpayers can ask technical questions and receive answers by e-mail. Increase the complexity of e-mail questions that can be supported at this site. Make the location of that e-mail site on [irs.gov](http://irs.gov) more prominent so it is easier to find.

REJECTED - Field Assistance (FA) does not agree with this recommendation. FA continuously seek ways to a balance providing service with the efficient use of resources. However, experience has shown that complex tax law inquiries are not easily responded to via e-mail due to the differing circumstances that taxpayers may encounter.

Providing alternative technology based service options such as Facilitated Self Assistance (FSA) and Virtual Service Delivery (VSD), as well as on-line interactive tax assistor, provide consistent and accurate responses to taxpayers questions and are more feasible and effective uses of existing resources.

RECOMMENDATION #5. Pilot a program to use mobile vans and also to partner with state and local agencies to make available office space to increase the IRS's face-to-face presence in underserved areas. Ensure that taxpayers are aware of services being provided at these locations.

REJECTED -Field Assistance (FA) does not agree with this recommendation. FA continuously seeks ways to a balance providing service with the efficient use of resources. However, experience has shown that mobile vans do not provide this balance due to the costs associated and its inability to meet the needs of the taxpayers.

Providing alternative technology based service options such as Facilitated Self Assistance (FSA) and Virtual

	<p>Service Delivery (VSD), as well as on-line interactive tax assistant, provide consistent and accurate responses to taxpayers questions and are more feasible and effective uses of existing resources</p> <p>RECOMMENDATION #6. The IRS should implement an appointment system. An appointment system would permit the IRS to balance their staff workload more efficiently and provide a level of confidence to the taxpayer that they would have their issue addressed when they arrive at an IRS location.</p> <p>REJECTED - Field Assistance (FA) does not agree with this recommendation. FA is committed to providing excellent customer service and therefore attempts to offer the best mix of services for all taxpayers. TAC services are generally offered on a first-come, first-served basis. Scheduling appointments reduces resources available to provide services to our walk-in customers who may have traveled long distances to seek assistance. However, appointments are available when a taxpayer has special needs, such as those with disabilities and managers have discretion to make exceptions on a case-by-case basis.</p>
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<p><b>TAP Issue ID: 19866</b> <b>Elevated Date: 08/03/2012</b></p>	<p><b>Committee Name: Tax Forms and Pubs</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: Forms &amp; Pubs Put the mailing address on 8379</b></p>	
<p>Issue Statement</p>	<p>The instructions to the Form 8379, Injured Spouse Allocation, instruct users to either mail the completed Form to the address of the Service Center where they filed the original return or to the Service Center where they live (depending on whether you are filing this Form with the tax return or not). It then instructs the taxpayer to their tax return instructions for the mailing address. This can be confusing and inconvenient, especially for taxpayers who e-file.</p>
<p>Goal Statement</p>	<p>Add the recommended mailing address (or list of addresses) directly to Form 8379 on the bottom of page 2.</p>
<p>Proposed Solution</p>	<p>Form 8379 is formatted in a way that the text on page 2 does not fill the entire page. Printing the recommended mailing address (or list of mailing addresses) would avoid confusion for the taxpayer and could be done without adding additional pages to the form.</p>

IRS Initial Response

We cannot implement the proposed solution for several reasons. Form 8379 is revised as needed and is not updated yearly. If the addresses to where this form should be filed are added to the form or its instructions, we would be obligated to revise it every year because the filing addresses change so frequently. We would also have to keep addresses for several different years on the form (or in the instructions) because there is no limit on the time taxpayers have to file Form 8379. The requirement to provide the addresses for different years would require an area much larger than that available on page 2 of the form.

Currently we have a chart in the instructions listing several situations and where to file, in general. We refer them to the tax return instructions for specific addresses. By referring the taxpayer to their tax return instructions, we can be sure that they will have current addresses.

<b>TAP Issue ID: 22271</b> <b>Elevated Date: 01/09/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review lines 1a-1e, F1120 and F1120S</b>	
Issue or Project Statement	Review Form 1120 and 1120S lines 1a to 1e and provide IRS program owners with feedback.
Project Goal Statement	Review Form 1120 and 1120S lines 1a to 1e to ensure that their content is clear to form users.
Proposed Solution or Task	Line 1a currently states: "Merchant card and third-party payments (see instructions)" The instructions should clearly explain what a "merchant card" is and what "third-party payments" are in this context and provide at least one example of each.
IRS Initial Response	To the only comment made, the Program Owner responded: "The line 1a comment is moot because IRS changed the instructions to leave line 1a blank/enter zero. That also renders the other comment moot. The plan for 2012 is to return to 2010 format, without any memo entries."



<b>TAP Issue ID: 22409</b> <b>Elevated Date: 08/06/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Inserting notice in Package 1023</b>	
Issue Statement	Insert IRS notice "Automatic Revocation of Tax-Exempt Status" in all Packages 1023, Application for Recognition of Exemption, advising tax-exempt organizations and applicants for tax-exempt status to file their annual information return and avoid the risk of losing their tax-exempt status.
Goal Statement	Inclusion of Notice "Automatic Revocation of Tax-Exempt Status" in all Packages 1023, Application for Recognition of Exemption, distributed by the IRS to instruct applicants in the guidelines for tax-exempt organizations and on what to do should their organization's status be revoked.
Proposed Solution	Insert Notice "Automatic Revocation of Tax-Exempt Status" in Package 1023, Application for Recognition of Exemption
IRS Initial Response	We have taken action to add an insert called "Notice 1382" which includes information for "automatic revocation of tax-exempt status". This information will be under the title "Application for Reinstatement and Retroactive Reinstatement". We plan on issuing this information to the public during 2012. See notice 2011-44, 2011-25 I.R.B. 883 at <a href="http://irs.gov/irb/2011-25_irb/ar10.html">http://irs.gov/irb/2011-25_irb/ar10.html</a> , for details

<b>TAP Issue ID: 23056</b> <b>Elevated Date: 02/22/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review of Publication 535, Business Expenses</b>	
Issue or Project Statement	Review 2011 revision of Publication 535, Business Expenses, to ensure that is clear to readers.
Project Goal Statement	Ensure clarity of Publication 535, Business Expenses, by reviewing the entire publication.
Proposed Solution or Task	Ensure clarity of Publication 535, Business Expenses, by reviewing the entire publication. All 78 detailed recommendations can be found in Files # 19964, 19988, 20239, 20240
IRS Initial Response	Many of the recommendations made during the review of this long Publication will be adopted for tax year 2012. Please refer to Response Files 22067, 22068 and 22069 attached for more details of each recommendation.

<b>TAP Issue ID: 23327</b> <b>Elevated Date: 03/29/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review of Form 8949 (rev 2012)</b>	
Issue or Project Statement	Review of Form 8949 (rev 2012), Sales and Other Dispositions of Assets, to ensure clarity of content
Project Goal Statement	Review each line of Form 8949 (rev 2012), Sales and Other Dispositions of Assets, to ensure its content is clear to users of the Form
Proposed Solution or Task	Ten recommendations were made on the lines of Form 8949 that would make the Form easier to understand by those who use it.
IRS Initial Response	The Program Owner responded that five out of ten recommendations have been accepted, one considered and the rest rejected. Refer to File 22923 for details of their response.

<b>TAP Issue ID: 23328</b> <b>Elevated Date: 03/29/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review of Form 1097-BTC, Bond Tax Credit</b>	
Issue or Project Statement	Review of Form 1097-BTC, Bond Tax Credit , for clarity of content
Project Goal Statement	To ensure users can understand how to complete this Form
Proposed Solution or Task	A recommendation was made relevant to Box 21 and its instructions. Also, they made two recommendations on the instructions; one on the instructions to the recipient and one on the instructions to the payer.
IRS Initial Response	Out of a total of 3 recommendations, two were partially adopted while one will be adopted as presented. File 21883 shows the details of the response.

<b>TAP Issue ID: 23329</b> <b>Elevated Date: 03/28/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review Form 8912, Credit to Holders of Tax Credit</b>	
Issue or Project Statement	Review Form 8912 to ensure clarity of content
Project Goal Statement	Review Form 8912, Credit to Holders of Tax Credit Bonds, for clarity of content
Proposed Solution or Task	Review Form 8912 for clarity of content.
IRS Initial Response	The Committee made seven recommendations and only one of these will be adopted. Refer to File 21687 for details of the response.

<b>TAP Issue ID: 23331</b> <b>Elevated Date: 03/29/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review of Schedule C (rev. 2012)</b>	
Issue or Project Statement	Review Tax year 2012's , Schedule C, Profit or Loss From Business, to ensure clarity of content
Project Goal Statement	Review 2012 Schedule C, Profit or Loss from Business, and provide IRS program owners with suggestions.
Proposed Solution or Task	To ensure clarity of the Schedule C to all who use it.
IRS Initial Response	Of the 14 recommendations or comments made on this Sch C revision, two will be adopted and several were found to be not applicable by the IRS. File 22519 shows details of this response.

<b>TAP Issue ID: 23332</b> <b>Elevated Date: 03/29/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review of Publication 509, Tax Calendar</b>	
Issue or Project Statement	Review of Publication 509, Tax Calendar, for concise and clear information
Project Goal Statement	To ensure clarity of the Tax Calendar
Proposed Solution or Task	Review the complete Publication 509, Tax Calendar, to ensure accuracy, proper grammar and clarity.
IRS Initial Response	The Program Owners have decided to adopt five out of the six recommendations the Committee made on 2012 Publication 509, Tax Calendar. Please refer to File 21801 attached for details on the response.

<b>TAP Issue ID: 24038</b> <b>Elevated Date: 11/21/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Forms/Publications Request Postcard</b>	
Issue or Project Statement	<p>When an order is placed with the Internal Revenue Service (IRS) distribution center for forms and/or publications, online or by phone, a postcard (Attachment) is sent when the product(s) ordered is (are) not available. It states that “we are holding your order pending availability. There is no need to reorder.” However, if multiple items were ordered – a common occurrence - there is no mention of which part(s) of the order is (are) unavailable. Customers must then wait until each product is received; check it off a list if they kept one; and then wait to see what was missing from their total order. The unavailable items might even arrive before the ones that were available because they became available at the same time the postcard was sent.</p>
Project Goal Statement	<p>To improve the quality of customer service by letting the customer know on the postcard specifically which product(s) is (are) out of stock or backordered.</p>
Proposed Solution or Task	<p>List the title(s) of the unavailable product(s) on the postcard. This will immediately tell the recipient what part(s) of their order is (are) delayed. Having this information will be also be a timesaver for the customer by giving them the opportunity, if the document is needed immediately, to go online sooner to view or download it.</p>
IRS Initial Response	<p>The backorder postcard was a pre-printed product that was fed into a printer to add a customer name and address. Use of that product did not provide us the ability to add the products to the reverse side at the same time. However, the postcard process has changed and it is now generated within our distribution system, which may now allow us to add additional information.</p> <p>At this time of the year our main focus is on the delivery of the filing season. We will start to evaluate the feasibility of this suggestion, the abilities and limitations of what we can do within our system, and any costs associated with this change. We anticipate being able to make a business decisions by the end of July, which will allow time for implementation (if applicable) before the next filing season.</p>



IRS Final Response

Since the text on a postcard is visible to others, we consulted with our Privacy, Governmental Liaison and Disclosure (PGLD) Office about this suggestion. PGLD responded that by listing products on our postcard, we would introduce privacy implications and increase the risk of an adverse effect on the taxpayer. Examples of increased risk include products involving: bankruptcy, foreclosure, ID theft, divorce, injured spouse, installment agreements, liens and informants.

Since we do not see that the potential benefit outweighs the privacy implication or potential adverse effect to a taxpayer, we are not adopting this recommendation.

<b>TAP Issue ID: 24530</b> <b>Elevated Date: 08/03/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Focus Group on Form 8863, Education Credits, and i</b>	
Issue or Project Statement	The Committee took part in a focus group to review the 2012 Form 8863, Education Credits. The intent of the focus group was to review this Form's revision and its Instructions and insure it is clear to all its users.
Project Goal Statement	To insure 2012 Form 8863, Education Credits, and its Instructions are clear to all its users.
Proposed Solution or Task	Here are the suggestions provided during the focus group on the Instructions and the Form: <p>Instructions:</p> <ul style="list-style-type: none"> <li>• Part II <ul style="list-style-type: none"> <li>o Name of Worksheet referenced in Line 9 should match name of worksheet. Change to either Credit Limit Worksheet or Nonrefundable Credit Worksheet. Make sure you change Line 9 on form if name of worksheet changed.</li> <li>o Line 9. Change line reference in second sentence. Enter here and on line 8....</li> <li>o Nonrefundable Credit Worksheet – Remove dash in line 10</li> <li>o Change title of Qualified Education Expense Worksheet B for Part II to Part III. Does not match line 4 of worksheet.</li> </ul> </li> </ul> <p>Form 8863:</p> <ul style="list-style-type: none"> <li>• First Caution: Consider bolding Part I and II or reword and change layout as follows: <ul style="list-style-type: none"> <li>o Complete Part III on page 2 first</li> <li>o Complete a separate Part III on page 2 for each individual for whom are claiming either credit</li> </ul> </li> <li>• Part III Question 22 Line 4. Add dash line in Box 21 so taxpayers will know IRS is looking for an EIN.</li> <li>• Part III Question 24 is not clear. What is an “academic period”? Is that a “semester”? Also, “...towards a postsecondary degree, certificate, or other recognized postsecondary credit” needs to be defined (not defined in Instructions)</li> <li>• Remove last caution. Would not read the last one as it is stated in form already. Overkill to repeat it.</li> <li>• Part III Line 26 is confusing - How do you know which one to choose or which one is more advantageous to use? Suggest adding something in Instructions to assist taxpayers in selecting best choice.</li> <li>• Part I Line 6: Why 1.000? Why not 1.0 or 1.00? Can it be changed?</li> </ul>

Instructions:  
Part II  
Recommendation: Name of Worksheet referenced in Line 9 should match name of worksheet. Change to either Credit Limit Worksheet or Nonrefundable Credit Worksheet. Make sure you change Line 9 on form if name of worksheet changed.  
Adopted: Above the worksheet we inserted a title Credit Limit Worksheet  
Complete the credit limit worksheet to figure your nonrefundable education credit. We deleted "Nonrefundable Credit Worksheet" within the worksheet itself.

Recommendation: Line 9. Change line reference I second sentence. Enter here and on line 8....  
Adopted: Line 9. Enter the amount from line 9 on line 8 of the Credit Limit Worksheet.

Recommendation: Nonrefundable Credit Worksheet – Remove dash in line 10  
Adopted: Dash deleted.

Recommendation: Change title of Qualified Education Expense Worksheet B for Part II to Part III. Does not match line 4 of worksheet.  
Adopted: Worksheet A and Worksheet B have been deleted from the instructions. The taxable year approach followed within the worksheets for scholarships received in the same taxable year as the payment of qualified education expenses is incorrect. You cannot combine qualified education expenses and tax free educational assistance over different academic periods. Reg. 1.25A-5(c)(1) and 25A(g)(2). We are presently working on language that will mirror the correct interpretation of the relevant Regulation sections: 1.25A-5 (c)(1)(2) and 1.25A-5 (f)(1),(2),(3), and (5).

Form 8863:  
Recommendation: First Caution: Consider bolding Part I and II or reword and change layout as follows:  
Complete Part III on page 2 first  
Complete a separate Part III on page 2 for each individual for whom are claiming either credit  
Adopted: First Caution language previously changed to: "Complete a separate Part III on page 2 for each student for whom you are claiming either credit before you complete Parts I and II.

Recommendation: Part III Question 22 Line 4. Add dash line in Box 21 so taxpayers will now IRS is looking for an EIN.  
Adopted: Dash lines have been added at line 4 for the first and second (if any) educational institution.

Recommendation: Part III Question 24 is not clear. What is an "academic period"? Is that a "semester"? Also, "...towards a postsecondary degree, certificate, or other recognized postsecondary credit" needs to be defined (not defined in Instructions)  
Adopted: The language on the Form will remain the same. The Line 24 instructions will read as follows:

Check "yes" if the student enrolled at least half-time for at least one academic period that began (or is treated as having begun) in 2012 at an eligible educational institution in a program leading towards a postsecondary degree, certificate, or other recognized postsecondary educational credential.

Otherwise, check "no."

If any qualified education expenses for the student were paid in 2012 for an academic period beginning in the first 3 months of 2013, treat that academic period as if it began in 2012. See Student qualifications and Prepaid Expenses, earlier.

If you checked "yes," go to line 25. If you checked "no," the student is not eligible for the American opportunity credit, skip lines 25 through 30 and go to line 31.

An academic period includes a semester, trimester, quarter, or other period of study (such as a summer school session) as determined by an educational institution. In the case of an educational institution that uses credit hours or clock hours and does not have academic terms, each payment period can be treated as an academic period.

An eligible educational institution is any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the U.S. Department of Education. It includes accredited public, nonprofit, and proprietary (privately owned profit-making) postsecondary institutions. The educational institution should be able to tell you if it is an eligible educational institution.

Recommendation: Remove last caution. Would not read the last one as it is stated in form already. Overkill to repeat it.

Adopted: Previously removed

Recommendation: Part III Line 26 is confusing - How do you know which one to choose or which one is more advantageous to use? Suggest adding something in instructions to assist taxpayers in selecting best choice.

Adopted: Line 26 at Box "No" language added "See TIP below and complete either lines 27-30 or line 31 for this student. Also added a TIP icon with the following language "When you figure your taxes, you may want to compare the American opportunity credit and lifetime learning credits, and choose the credit for each student that gives you the lower tax liability. You cannot take the American opportunity credit and the lifetime learning credit for the same student in the same year. If you complete lines 27 through 30 for this student, do not complete line 31."

Recommendation: Part I Line 6: Why 1.000 why not 1.0 or 1.00? Can it be changed?

Not Adopted: This is a formatting issue can not be changed.

<b>TAP Issue ID: 24531</b> <b>Elevated Date: 08/03/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Focus Group on Form W-4, Employee's Withholding</b>	
Issue or Project Statement	The Committee took part in a focus group to review the 2013, Form W-4, Employee's Withholding Allowance Certificate. The intent of the focus group was to review this Form's new revision and its Instructions and insure it is clear to all its users.
Project Goal Statement	To insure users of Form W-4, Employee's Withholding Allowance Certificate, is clear to those who are trying to calculate their appropriate withholding.
Proposed Solution or Task	<p>Here are the suggestions provided during the focus group on the Instructions and the Form:</p> <p>In general participants liked the rewording and format of Form W-4. They liked the bulleted format. Comments were as follows:</p> <ul style="list-style-type: none"> <li>• Instructions need title. Add "General Instructions" to page 1. Instructions do not tell you how to complete the form, but they should.</li> <li>• Instruction need some type of basic lead in or introduction.</li> <li>• Instructions should specifically state you may need to complete the worksheets on Page 3</li> <li>• Non-wage Income needs to be clearer – Expand examples to gambling and other types of gains</li> <li>• Pub 505 is mentioned 5 times in the instructions. Is there a way it can be referenced in only one place or state that you may need to consult Pub 505 to complete this form?</li> </ul> <ul style="list-style-type: none"> <li>• Line E - Change word 'above' to See General Instructions on Page 1 or See Instructions.</li> <li>• Line G – Should 'less' be changed to subtract? Some people may not understand 'less'. Line 6 Add other income to end of statement. Additional amount, if any, you want withheld from each paycheck.</li> <li>• Line 1 - Deduction and Adjustment Worksheet – Percentage needs to be changed.</li> <li>• Line 8 – Deduction and Adjustment Worksheet – Can Drop any fraction be changed to Round to whole number?</li> </ul>
IRS Initial Response	The above recommendations will be included in the 2014 revision of Form W-4. The recommendations were originally received by Tax Forms and Publications on May 7, 2012 as a result of a TAP meeting held on May 4, 2012. Changes resulting from these recommendations were originally included in the 2013 Form W-4 as part of a larger revision of the form due to the Plain Writing Act, but will be deferred for one year due to request by the U.S. Department of the Treasury.

<b>TAP Issue ID: 24532</b> <b>Elevated Date: 08/03/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Focus group on Form 4562, Depreciation and Amortize</b>	
Issue Statement	The Committee took part in a focus group to review tax year 2011 Form 4562, Depreciation and Amortization. The intent of the focus group was to review this Form's new revision and its Instructions and insure it is clear to all its users
Goal Statement	To insure 2011 Form 4562, Depreciation and Amortization and its Instructions are clear to all its users.
Proposed Solution	Here are the suggestions provided during the focus group on the Instructions and the Form: Comments on the format: Busy form layout, although it may not be feasible to change. Part I Line 2 – not explained properly Line 6 – not enough lines under “Description of Property” Line 7- Add instructions to “Listed Property”. Part II Line 14- Define “qualified property” in instructions Worksheet 1 on page 5 of Instructions, line 4 – reword: “Enter total cost of section 179 eligible property” (add “eligible”) Part IV Line 23 is not clear No problems found with the MACRS tables

IRS Initial Response

1. Adopt. We will revise the first line of the instructions to clarify that you should enter the total cost of all section 179 property you placed in service during the tax year on line 2. The implementation date for this suggestion is 12/31/2012.

2. Not adopt. We cannot adopt this suggestion at this time, but may consider making this or a similar change for 2013. If we adopt, the implementation date for this suggestion would be no earlier than 12/31/2013.

3. Adopt. We will add language to the listed property section to clarify for taxpayers what to enter on line 7. The implementation date for this suggestion is 12/31/2012.

4. Not adopt. The instructions currently list which types are qualified property for purposes of the special depreciation allowance in the instructions for line 14 on page 6. We also provide a detailed discussion of the property and any additional requirements or exceptions regarding each.

5. Adopt. The worksheet is designed to calculate the section 179 limitations. The text reflected in the worksheet is consistent with the text used on Form 4562 and the related instructions. The addition of the word "eligible" may not be enough to clarify the understanding of what should be entered on this line. However, we can revise the text to clarify for taxpayers what to enter on line 4 of the worksheet in a manner similar to the suggested change. The implementation date for this suggestion is 12/31/2012.

6. Not adopt. We currently describe section 263A costs in the instructions for line 23 on page 13.

<b>TAP Issue ID: 24533</b> <b>Elevated Date: 08/03/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Focus Group on Schedule A, Itemized Deductions</b>	
Issue or Project Statement	The Committee took part in a focus group to review the "Medical and Dental Expenses" section of the 2013 Schedule A, Itemized Deductions, proposed draft.
Project Goal Statement	To insure clarity of the "Medical and Dental Expenses" section of the proposed draft for the 2013 Schedule A.
Proposed Solution or Task	<ul style="list-style-type: none"> <li>• The Committee was asked if line 2 which copies the AGI from the Form 1040 should remain. The Committee said it should remain as it makes the computation that follows easier to do.</li> <li>• Line 3 instructs the user to "Multiply line 2 by 10% (.10). If either you or your spouse was born before January 2, 1949, multiply line 2 by 7.5% (.075). "</li> </ul> <p style="margin-left: 40px;">It was read by more than one person that it was saying both to multiply by 10% and then to multiply by 7.5%. The Committee suggested rewording it as: "Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1949, multiply line 2 by 7.5% (.075) ".</p>
IRS Initial Response	We plan to adopt this suggestion in 2013, pending approval by the ACA implementation team within IRS.



<b>TAP Issue ID: 24534</b> <b>Elevated Date: 08/06/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Focus Group on Publications 17, Your Federal Income</b>	
Issue or Project Statement	The Committee took part in a focus group to review the current 2011 Publication 17, Your Federal Income Tax.
Project Goal Statement	To obtain input on the usage of the current Publication 17, suggest improvements and to consider whether or not an electronic version would be more valuable than a printed version.
Proposed Solution or Task	<p>There were 8 TAP members that participated in the focus group. Several other TAS employees also offered comments.</p> <p>All participants used printed publications</p> <p>Pubs they use in printed format: 519, 596, LLC Pub, 583, 334, 590, 946</p> <p>They used paper products:</p> <ul style="list-style-type: none"> <li>• because it is easier to read,</li> <li>• for training purposes,</li> <li>• to study for the Enrolled Agent exam</li> <li>• to copy pages, i.e., tax tables worksheets</li> <li>• to look for information not in Pub 17</li> </ul> <p>All use publications online. They have used the tax calendars online. Half of them use Pub 17 online the other use paper.</p> <p>Reasons for getting publications in online format are as follows:</p> <ul style="list-style-type: none"> <li>• faster to get online</li> <li>• to do research while preparing returns</li> <li>• to copy paragraphs to respond to taxpayers</li> <li>• for training purposes – online blackboard, students can access the publications from home</li> </ul> <p>Some reasons publications are not downloaded:</p> <ul style="list-style-type: none"> <li>• do not own a good printer</li> <li>• Ink is expensive</li> <li>• slow to download large publications</li> <li>• easier to order the publications online</li> </ul> <p>Comments on shifting from printed and online to online versions only:</p> <ul style="list-style-type: none"> <li>• horrible, some people like to read paper</li> <li>• older people not computer savvy</li> <li>• since people are required to file and pay taxes, they should be able to access information in a way that works for them</li> <li>• made someone feel that government is in collusion with HP</li> <li>• one person stated that it should all be online</li> <li>• some VITA sites do not have internet access so an online only pubs would not work for them</li> </ul>

Proposed Solution or Task

To compensate for online products only participants would:

- increase their fees, since it would be more time consuming to complete forms

Of the 8 TAP Committee members 3 would download to electronic devices, 5 would not. Some members would like to be able to download Pub 17 in formats to fit IPAD Kindle, etc. (A suggestion also received in TAS' Systemic Advocacy)

How to make transition from paper to online easier

- allow Worksheets to be filled in online would make transition to electronic easier.
- make large publications, such as Pub 17, available in CD form.
- make it available in numerous electronic ways

How to communicate change

- Public Service Announcements should be used to communicate to people that Pub 17 is going electronic.
- add a blurb in the 1040 instructions.
- communicate the benefits of going "green" and the savings of tax dollars in printing expenses saves tax dollars.
- put an ad online
- communicate message at TAC sites
- make the communication sound like it is a benefit to the taxpayers, find a catch if go online
- confer with state agencies as to how they went online
- charge for the printed publication
- research how IRS transitioned with the Package X delivery and do the same.

What chapters of Publication 17 are used the most? – EIC Instructions, Filing Statuses, IRA pensions, 401Ks, Child Tax Credit, Additional Tax Credits, and Social Security Worksheet.

How many do use the online version of Publication 17? – 2 members did, 5 did not

Reference guide online? – having an automatic hyperlink would be a good idea and make it easier

How would you feel about having all 23 publications in one document?:

- too thick, not practical
- put it on a CD
- Publication 17 answers a large percentage of questions if all the pubs were include in Publication 17 it would be harder to find answers, why dilute the common information with details?

How about if it is done in print? - 3 members liked the idea

Removing Publication 17 will hurt VITA sites and impact negatively on VITA Program.

Some would like hyperlinks throughout Publication 17,

	<p>but others indicated this would more time consumed in research.</p> <p>Other notes:</p> <ul style="list-style-type: none"> <li>• People print parts of Publication 17, not the entire publication.</li> <li>• Electronic access would be difficult in rural areas with no high speed connectivity.</li> </ul> <p>Suggestions:</p> <ul style="list-style-type: none"> <li>• Survey VITA/SPEC coordinators to get their opinion of an online Publication 17</li> <li>• Consult with AARP Tax Aid Program Coordinators</li> </ul>
<p>IRS Initial Response</p>	<p>IRS Response Detail:</p> <p>The External Customer Satisfaction Survey which is conducted yearly by Media &amp; Publications surveyed SPEC partners to determine if they would be able to continue to prepare returns if only an online version of Pub 17 were available.</p> <p>Approximately two-fifths (38%) of partners surveyed reported that they would not be able to continue to prepare returns if Publication 17 was available only in an online version. Partners reported that having only the online version of Publication 17 would hinder their ability to prepare tax returns for some of the reasons listed below.</p> <ul style="list-style-type: none"> <li>• Easier to reference paper copy and tax software at the same time rather than using multiple windows on the computer.</li> <li>• Many of our volunteers rely on the convenience that a physical book provides. They are able to mark pages, highlight, and take notes.</li> <li>• Many of our volunteer counselors are not too computer-literate and would have difficulty using an online version.</li> <li>• A few of my sites work off of deployed ships with limited internet access</li> </ul> <p>M&amp;P met with the SPEC AARP Program representative to determine the impact of an online Publication 17. The SPEC analyst has been addressing the issue of transitioning paper documents into online documents with the AARP partners. AARP stated that IRS can discontinue paper documents with the exception of Publication 17 and Pub 4012 (Volunteer Resource Guide). Some reasons cited for retaining the paper version was because it is easier to work with, they can tab and highlight useful the most used information and they can show taxpayers information in print if they question their work.</p> <p>TFP will continue to explore this issue. Currently we are conducting focus groups with individuals, tax practitioners and Service Center employees. The draft report is due November 15, 2012. TFP will share the final report with TAP as soon as it is available.</p>

<b>TAP Issue ID: 24559</b> <b>Elevated Date: 08/03/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Toll-free number on website for Non-Profit Org</b>	
Issue or Project Statement	<p>The Charities and Non-Profits link on the Internal Revenue Service (IRS) website (www.irs.gov) does not display its toll-free phone number on their home page/ front page. This link is well used, especially at the present time for those exempt organizations seeking reinstatement of their tax-exempt status. In order to find a phone number, of which the user may not be aware, multiple sub links within the site must be opened. For example, by scrolling down fourteen places under the sub link "More Topics...", a bullet titled "How to Contact the Tax-Exempt and Government Entities Division," does have the toll-free number listed within, which is 877-829-5500. (Exhibit) However, one would have to know that the number is contained within this bullet without having to click on myriad other choices.</p>
Project Goal Statement	<p>To make the toll-free number more accessible - and available - by placing it prominently on the opening page, or home page, of the Charities and Non-Profits section of the IRS website.</p>
Proposed Solution or Task	<p>Add a line on the opening page of Charities and Non-Profits to provide the toll-free number 877-829-5500.</p>
IRS Initial Response	<p>EO has found that the most convenient way for EO stakeholders to access needed information about 'Charities' is to use the web pages available on IRS.gov. EO manages the content for the Charities and Non-Profits pages, and our recent reorganization of EO's homepage aligned the content and organization of these pages with the most commonly asked questions received by the call center. Additionally, the "About Us" tab which is featured prominently on the 'Charities' homepage already includes the link to the toll-free number 877-829-5500.</p> <p>We believe that the current approach does provide appropriate access to the toll-free number and do not plan to adopt the recommendation.</p>

TAP Counter Response

Although our comments were based on the alignment of content on the Charities and Non-Profits website pages before the reorganization of the IRS website, we still feel that the unwieldiness in navigating to the toll-free number remains an issue. For example, it is now even harder to find Charities and Non-Profits information since it is no longer a home page hyperlink on irs.gov. Instead, the user has to go to "Information for" (in very small print and not easily noticed by users) to then get a drop-down list in order to proceed further. In other words, users must now "search for the search tool" in order to find what they are looking for. It would make it a lot easier if a second row of hyperlinks having straight text titles, followed by the seven drop-down items, were added to the page. It would look something like this:

Information for: Individuals Businesses Charities &  
Non-Profits Government  
Entities Tax  
Professionals Retirement  
Plans Tax Exempt  
Bonds

At least there would be one less click, and a more visible way, to get to the appropriate section of irs.gov.

Returning to the issue of a more prominent presence of the toll-free number, it was my experience in working a revocation of tax-exempt status case that occasional calls were necessary to get answers to questions not addressed on the website. As an experienced enrolled agent, I must assume that a non-professional would also find the need to ask a question not addressed under Frequently Asked Questions (FAQs). Previously, before the redesign, and as was the primary reason for the write up for this issue, the toll-free number could be located under the sub link "More Topics...." by scrolling down fourteen places to a bullet titled "How to Contact the Tax-Exempt and Government Entities (TE/GE) Division" - if the user tried the right bullet. Now, with the new obstacle of where to even begin the search for the phone number, there are still - besides finding the search link - nine links to click on before the user arrives at "About Us." After clicking on that link, "How to Contact Us" is the third choice down on another list; and after clicking on it, finally, the toll-free number is revealed.

The points being made here are that: 1) there is a definite need by many to make a phone call to Exempt Organizations, especially with the variety of issues and questions arising from revocation and reinstatement of tax-exempt status; 2) the volume of calls answered by the toll-free number (615,000 in FY 2009) emphasizes the need for accommodating the public; and 3) decrease the number of keystrokes/clicks and there will be increased customer satisfaction instead of growing apprehension when trying to easily locate the phone number.

IRS Final Response	We believe that it is actually easy to find our toll-free number using both the IRS website and simple search techniques commonly employed by online users. We therefore do not plan to reconsider our original response to this recommendation
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<b>TAP Issue ID: 24932</b> <b>Elevated Date: 08/22/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review Publication 225, Farmers' Tax Guide</b>	
Issue or Project Statement	Review Publication 225, Farmer's Tax Guide, and provide IRS program owners with feedback.
Project Goal Statement	Review the 2011 Farmers' Guide to ensure clarity of content to its users.
Proposed Solution or Task	42 recommendations were provided in the review of this Publications. Please refer to file 24330 to see details.
IRS Initial Response	Out of 42 recommendations made, 20 will not be adopted, and 22 recommendations will be. Please see details of the IRS' response under Files.

<b>TAP Issue ID: 24943</b> <b>Elevated Date: 11/27/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review Publication 596SP, EIC</b>	
Issue or Project Statement	Read two versions of Publicacion 596SP, Credito por ingresos del trabajo (EIC), select the preferred version, and review the selected one.
Project Goal Statement	Select the best of two different versions provided on the Publicacion 596 SP, Credito por ingreso del trabajo (EIC), review it and make recommendations to make it clearer to readers.
Proposed Solution or Task	We reviewed both versions of Publicacion 596SP, Credito por ingreso del trabajo (EIC), and selected the second version (version 2) for its syntax and format. We have reviewed this version in detail and made some recommendations to improve clarity. See attachment.
IRS Initial Response	Publication 596SP is a direct translation of Publication 596. As we revise both of these publications for 2013 we will work to use as much of the suggested language as possible while still maintaining the highest level of technical accuracy with current US Tax Law.

<b>TAP Issue ID: 25636</b> <b>Elevated Date: 11/19/2012</b>	<b>Committee Name: Taxpayer Burden Reduction</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: IRS E-File/Freefile review and recommendations</b>	
Issue or Project Statement	<p>The Internal Revenue Service (IRS) has set a goal of receiving 80% of tax and information returns electronically and the IRS has created various avenues for this goal to be achieved.</p> <p>The Taxpayer Advocacy Panel (TAP) received user reported issues related to e-file and Free File. When reviewing these issues, the Taxpayer Burden Reduction Committee (TBR) Technology subcommittee identified and focused on three themes related to taxpayer burden when using the IRS E-File/Free File sites:</p> <ul style="list-style-type: none"> <li>• Trust and security concerns about third-party sites</li> <li>• Unclear error codes and electronic reject statements from E-File</li> <li>• Inadequate instructions/language on IRS site</li> </ul>

Project Goal Statement	The Taxpayer Burden Reduction Committee's goal is to provide feedback and recommend changes based on taxpayer issues that will reduce the burden associated with the e-file/ Free File web sites hosted by the IRS.
Proposed Solution or Task	<p>The Taxpayer Burden Reduction Committee recommends that the IRS:</p> <ol style="list-style-type: none"> <li>1. Provide easily accessible information regarding selection and certification of the third party sites, background checks of the third party employees, validation and incorporations of data encryption techniques, and other relevant items on the IRS.gov site;</li> <li>2. Identify e-file lost participation by collecting data on the number and percentage of users who stop the process at the point where the next click takes them off the IRS site to a third party site;</li> <li>3. Provide a complete list on the Free File landing page of necessary information to avoid error codes 679 – “Missing or incorrect prior year AGI” and 680 – “Missing or incorrect prior year PIN” to users on the Free File landing page;</li> <li>4. Change the language on the landing page to make it clear that more than a “quick estimate” of AGI is needed to proceed;</li> <li>5. Ensure that precise “next steps” and timing are provided in error messages to allow users to resolve errors;</li> <li>6. Ensure that error messages are specific and eliminate any “General Reject” codes;</li> <li>7. Modify instructions and FAQs on freefillableforms.com forms to more accurately reflect ability to use multiple forms.</li> </ol>
IRS Initial Response	<p>We have read your report carefully and given your recommendations full consideration. We appreciate your recommendations to enhance e-file/free filer processes and procedures.</p> <p>Currently, we do not collect data on the number or percentage of users who stop the process at the point where the next click takes them off the IRS site to a third party site.</p> <p>Our budget lacks the flexibility to request that specific type of data. In order to request research for the drop rate, our office would need to provide a justification for the expenditure. At this time, 80% of individual Americans efile. We believe if the taxpayers are dropping off, it does not mean that they didn't file electronically. Other issues may prevent taxpayers from using the e-file/free-file program. For example, the taxpayer's return may be too complex and/or other offers and products in the market place may service the taxpayer's needs better.</p> <p>Although the Service is operating in a restrictive budget environment, IRS still manages to fund modernized e-file, providing faster acknowledgements and addressing errors. Our efforts in the e-file area greatly reduces burden internally and externally.</p> <p>IRS e-file Application and Participation, Publication 3112 provides information for participation in IRS e-file,</p>



IRS Initial Response

including the selection and certification of third party sites, suitability checks and other pertinent information for safeguarding and protecting taxpayer information: <http://www.irs.gov/pub/irs-pdf/p3112.pdf>

In January 2010, the IRS mandated six new security, privacy and business standards for online providers. See the standards: <http://www.irs.gov/uac/IRS-e-file-Security,-Privacy-and-Business-Standards-Mandated-as-of-January-1,-2010>. Violations of IRS e-file rules may result in a warning or sanctioning including suspension or expulsion from IRS e-file.

Free File providers must comply with these six security standards and the e-file rules as set forth in Publication 3112. Free File Alliance members must meet the same requirements as all other authorized e-file providers. The IRS makes its publications and e-file requirements readily available to third party providers through IRS.gov. Failure to meet these standards may result in sanctioning and removal from the IRS Free File program.

We appreciate your suggestion to reduce errors 679 and 680. IRS has already included a statement on the Free File landing page advising taxpayers to plan ahead, by getting a copy of their last year's tax return. With last year's tax return, taxpayers may easily look up their AGI or prior year PIN they will need for e-file authentication. If taxpayers can't locate their return or can't recall their prior year AGI or PIN, taxpayers may use IRS Electronic Filing PIN, The Electronic Filing PIN is a temporary PIN used by the IRS to verify a taxpayer's identity when they e-file. The Electronic Filing PIN is prominently displayed on the Free File FAQ page. In addition, Free File software companies include information for taxpayers about verifying their identity for e-filing and include a link to the Electronic filing PIN at the point in their software where taxpayers need to verify their identity for e-filing.

The IRS has taken other steps to reduce error codes 679 and 680. For the 2012 filing season. IRS made a programming change to allow for interchangeable acceptance of the two types of PIN during the e-file signature authentication process. This change made a positive difference. While online filing increased by 10% in 2012, taxpayers with 679 and 680 errors decreased by 25%.

We review feedback left by taxpayers and stakeholders on our website and address issues accordingly. Our satisfaction survey rate from 2009 shows a 95% satisfaction rate. The complaints and issues associated with the E-File/Free-file websites hosted by the IRS continues to decline.

We agree with the recommendation. The implementation of Modernized e-file (MeF) and its use of business rules to identify return errors have largely addressed this issue.

	<p>Beginning with TY 2012, all Free File returns were transmitted thru MeF. MeF business rules provide an explanation of errors and identify causes, including forms and line numbers. The IRS expansion of MeF business rules will further enhance the taxpayer's ability to self-correct errors and successfully prepare and e-file returns using Free File.</p> <p>Free File Fillable Forms supports the multiple use of the same form on a tax return. Taxpayers may add multiple forms and schedules such as the forms W2, 2206, 2439, 3903 and 4684 and schedules C, E, F, and SE. Throughout the filing season, IRS monitors the feedback we receive from taxpayers to update our frequently asked questions and request software updates from the program provider.</p> <p>We disclose limitations in the Free File Fillable Forms FAQs. We are aware of two situations where taxpayers are limited in their use of multiple forms. Both limitations will be prominently disclosed in the searchable FAQ pdf document for the 2013 filing season:</p> <ol style="list-style-type: none"> <li>1. Form 8283, Non-Cash Charitable Contributions - Taxpayers may add up to four Form 8283s:</li> <li>2. Schedule E, Supplemental Income and Loss, page 2 – Taxpayers may file multiple copies of Schedule E; however, the program limits the taxpayer to a single page 2, which includes Parts II, III and IV.</li> </ol> <p>We will continue to monitor taxpayer issues with the program and work with the software provider to improve the taxpayer experience.</p>
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<b>TAP Issue ID: 23667</b>	<b>Committee Name: Taxpayer Communications</b>
<b>Elevated Date: 08/06/2012</b>	
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Refund Processing Communications</b>	
Issue or Project Statement	<p>The Refund Processing Communication Project Committee was tasked with determining ways to improve communicating the reasons for delays in refund issuance beyond the "normal" processing timeframes to impacted taxpayers.</p> <p>The committee focused on two aspects:</p> <ol style="list-style-type: none"> <li>1. Information available to taxpayers on Where's My Refund (WMR), the Internal Revenue Service (IRS) website, and publications; and</li> <li>2. Taxpayer expectations.</li> </ol>

Project Goal Statement	<ol style="list-style-type: none"> <li>1. Make changes to IRS communications for consistency and clarity to: <ul style="list-style-type: none"> <li>o Reduce taxpayer frustration regarding delay of refunds (both perceived and actual); and</li> <li>o Reduce the number of phone calls to the IRS regarding refund issues (both perceived and actual).</li> </ul> </li> <li>2. Reset taxpayer expectations about refunds to reduce the “refund frenzy” through consistent and harmonized information from the IRS, practitioners, and tax software providers.</li> </ol>
Proposed Solution or Task	<p>The proposed solutions include tactical steps to improve the current refund experience and strategic steps that would enhance the experience for all taxpayers and the IRS in the future.</p> <p>WMR Changes:</p> <p>Specific changes for WMR:</p> <p>Attachment 1 provides specific comments and suggested revisions to certain messages and pages appearing as part of WMR. Some of the recommendations concern a rewording of a message, which may be included on several WMR pages. Other recommendations concern a particular page.</p> <p>General changes for WMR and its marketing:</p> <ol style="list-style-type: none"> <li>1. Rename the site “Where’s My Return” instead of “Where’s my Refund,” to reduce the intense focus on speedy receipt of a refund and to better manage expectations by focusing on return processing and the occasional delay involved.</li> <li>2. Adopt a system of communicating processing status similar to that used by the United Parcel Service to track packages. For example, on the WMR landing page, include a simple, visual representation of the processing status of the return. Use wording such as “Return Received,” “Return Processing,” “Processing Complete,” “Refund Scheduled,” “Direct Deposit Refund Issued,” and “Refund Check Issued.”</li> <li>3. Include an indication of how frequently WMR information is updated, reducing the likelihood that users will call the IRS to see if more up-to-date information is available.</li> <li>4. Include an indication of when the taxpayer’s information was last updated, again, to reduce the likelihood that the taxpayer will call the IRS seeking more up-to-date information.</li> <li>5. Include a “date stamp” showing the last time the taxpayer visited the page.</li> <li>6. Make no promises. To lower unrealistic expectations, allow for more flexibility in the timing of refunds, and err on the side of lengthier processing times. For example, on the WMR landing page, instead of saying, “If you e-file, you can generally expect your</li> </ol>

Proposed Solution or Task

refund within 10 – 21 days,” say “If you e-file, you can generally expect your refund within approximately 21 days.”

7. The “When to check” bullet points on the WMR landing page tell the taxpayer to begin checking WMR 72 hours after e-filing. This raises expectations. Instead, give a timeframe of, for example, five working days.

8. Known delays or processing issues requiring Quick Alerts or other information shared with practitioners must also be reflected on the IRS website, specifically WMR, so taxpayers are informed, as well.

9. On WMR, request a taxpayer to contact the IRS by phone only when the IRS requires new information from the taxpayer or an unusual situation requires additional taxpayer support or understanding.

10. Advertise WMR as the main and only “voice of the IRS” regarding return processing and refund management, so that taxpayers are less likely to call the IRS hoping to obtain different information.

11. Instruct toll-free service representatives to refer to WMR as the only source of information (e.g., “Let me see what WMR says”), thereby channeling callers back to WMR in the future.

12. Encourage Tax Practitioners to direct clients to use WMR.

Resetting Taxpayer Expectations About Refunds:

1. Decouple “return processing” from “refund management” on WMR and in publications and alerts to practitioners and taxpayers.

2. Stress processing time and accuracy, not just the speedy receipt of refunds, as benefits of e-Filing. Also publicize the incremental costs of processing paper returns, such as the manpower required to “perfect” them.

3. Encourage third-party service providers to better explain to clients that the transmitter’s responsibility ends after successful return transmission, and that the actual processing of the return and refund management is the responsibility of the IRS.

4. Harmonize all publications, alerts, and messages to provide the same information about refunds.

5. Utilize social media to keep taxpayers updated on general processing.

6. Use FaceBook and Twitter to advertize processing delays or other information of general and immediate interest.

7. Share processing volume data with taxpayers on

	<p>social media, as taxpayers typically have no idea of the size of the task that the IRS performs. Example: "As of this week, 20 million new returns have been processed; 15 million refunds have been issued totaling \$XX billion. Five million returns were processed within two weeks from start of processing (SOP), 8 million within 4 weeks from SOP, 1.8 million within 6 weeks from SOP, while only 0.2 million were delayed more that 8 weeks."</p> <p>8. Encourage software providers to use on the generated form the same language suggested above for WMR time frames:</p> <ol style="list-style-type: none"> <li>a. When to expect a refund – "within approximately 21 days."</li> <li>b. When to check WMR – "five working days after e-filing."</li> </ol>
<p>IRS Initial Response</p>	<p>Specific changes for WMR shown on attachment 1  Response: The Where's My Refund? tool is being significantly improved for filing season 2013. We cannot respond to each specific comment in the recommendation attachment because so much has been changed, but messages for 93% of Where's My Refund? users have been improved and simplified to make it easier for taxpayers to understand and to enhance the user experience. The IRS has been working on these changes since early 2012 and took discussions with the TAP panel into consideration throughout the process. We appreciate that the TAP panel recommendation validates our direction.</p> <p>General changes for WMR and its marketing responses:</p> <ol style="list-style-type: none"> <li>1. The IRS will analyze the impact of all of the changes made to Where's My Refund? and refund messaging this year and determine whether taking such an approach is necessary or feasible for 2014.</li> <li>2. The IRS plans for the Where's My Refund? Web tool to display results visually as a tracker with accompanying explanatory messaging in filing season 2013. An estimated refund date will not be provided to users. Instead a personalized refund date that won't change will be provided once the return is processed and the refund date is confirmed. The IRS has been working on these changes since early 2012 and took discussions with the TAP panel into consideration throughout the process. We appreciate that the TAP panel recommendation validates our direction.</li> <li>3. The IRS plans for this information to be provided under certain circumstances by Where's My Refund? (no more than once a day), we will also consider communicating that on the landing page or within general communications. It will also be clearly communicated that callers will receive the same information as would be provided by Where's My Refund?</li> <li>4. While the IRS agrees that there is benefit in providing taxpayers with ongoing updates about their account, providing this kind of progress reporting as</li> </ol>

IRS Initial Response

part of the Where's My Refund? improvements for the 2013 filing season was not feasible without creating undue risk to filing season processing. The IRS will reconsider this in planning for the 2014 filing season.

5. While the IRS agrees that there is benefit in providing taxpayers with ongoing updates about their account, providing this kind of progress reporting as part of the Where's My Refund? improvements for the 2013 filing season was not feasible without creating undue risk to filing season processing. The IRS will reconsider this in planning for the 2014 filing season.

6. It is our goal to minimize confusion and manage expectation by avoiding the use of a range and setting general expectations for refund delivery. In addition we will direct taxpayers to the improved Where's My Refund? Web or phone tool for personalized refund information. The IRS took discussions with the TAP panel into consideration as messaging was drafted. We appreciate that the TAP panel recommendation validates our direction.

7. IRS plans to tell taxpayers who file electronically that they will be able to track their refund on Where's My Refund? sooner – generally within 24 hours after the IRS acknowledges acceptance of an e-filed return, or about 4 weeks after a taxpayer mails a paper return. Messaging will be adjusted accordingly and significantly fewer taxpayers should experience a "no information" Where's My Refund? response.

8. Each year the IRS evaluates the prior filing season, including stakeholder feedback, and applies lessons learned to the following year. The IRS will use appropriate communication vehicles to inform practitioners and taxpayers about known delays or processing issues when appropriate. We will take discussions with the TAP panel into consideration as we make communications decisions throughout filing season.

9. Planned improvements for Where's My Refund? in 2013 include removal of instructions to call the IRS unless there is a need to provide or request specific information from the taxpayer. The IRS has been working on these changes since early 2012 and took discussions with the TAP panel into consideration throughout the process. We appreciate that the TAP panel recommendation validates our direction.

10. The changes being made to improve taxpayers' ability to see and understand their personal refund status in 2013 will consistently direct taxpayers to Where's My Refund? as the best and most accurate source of information about their refund – especially during the 21 days after the IRS accepts an electronic return or about 4 weeks after the IRS receives a paper return. It will also be clearly communicated that callers will receive the same information as would be provided by Where's My Refund?

11. The changes being made to improve taxpayers' ability to see and understand their personal refund status in 2013 will consistently direct taxpayers to Where's My Refund? as the best and most accurate source of information about their refund – especially during the 21 days after the IRS accepts an electronic return or about 4 weeks after the IRS receives a paper return. It will also be clearly communicated that callers will receive the same information as would be provided by Where's My Refund?

12. The changes being made to improve taxpayers' ability to see and understand their personal refund status in 2013 will consistently direct taxpayers to Where's My Refund? as the best and most accurate source of information about their refund – especially during the 21 days after the IRS accepts an electronic return or about 4 weeks after the IRS receives a paper return. The IRS has solicited support from the Industry to do the same. The IRS took discussions with the TAP panel into consideration throughout the process. We appreciate that the TAP panel recommendation validates our direction.

#### Resetting Taxpayer Expectations About Refunds:

1. The IRS will analyze the impact of all of the changes made to Where's My Refund? and refund messaging this year and determine whether taking such an approach is necessary or feasible for 2014.
2. Each year the IRS emphasizes that efile is the best way to ensure an accurate return and the fastest way to get a refund. The cost to process a paper as compared to an electronically filed return has also been shared but the IRS will consider opportunities to highlight this information in 2013. We've found that the minority who file paper returns are not motivated by the savings they can help the IRS realize by filing electronically.
3. While in many circumstances taxpayers do not need to interact with their tax professional or software provider once they successfully file their return electronically or on paper, each taxpayer and tax return presents a different set of circumstances. In some cases the circumstances result in post filing issues that the taxpayer must manage. Whether they solicit the assistance of their tax professional is up to each taxpayer.
4. It is the IRS's goal to implement the changes being made to improve taxpayers' ability to see and understand their personal refund status in 2013 together and consistently, and to coordinate within the IRS and with the software and tax preparer industry well before filing season to have the greatest positive impact on the taxpayer refund experience. This includes simplifying and bringing all related messaging into harmony.
5. The IRS will continue to employ social media as appropriate to share information about the filing season

	<p>including refund processing.</p> <p>6. The IRS will employ social media as appropriate to share information about the filing season including refund processing.</p> <p>7. The IRS is embracing social media including Facebook, Twitter, Tumblr and YouTube and will consider options for presenting this kind of data to the public during the filing season.</p> <p>8. The IRS will coordinate planned changes to improve taxpayers' ability to see and understand their personal refund status in 2013 with the software and tax preparer industry to have the greatest positive impact on the taxpayer refund experience.</p>
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<b>TAP Issue ID: 23277</b>	<b>Committee Name: Toll-Free</b>
<b>Elevated Date: 12/17/2012</b>	
<b>Status: Closed</b>	<b>Outcome: SAMS - Rejected</b>
<b>Title: Menu Options</b>	
Issue or Project Statement	<p>In the National Taxpayer Advocate's (NTA) 2009 Annual Report to Congress, the NTA identified the toll-free customer service system as one of the "Most Serious Problems" that reflects poorly on the overall taxpayer opinion of the Internal Revenue Service (IRS).</p> <p>In line with the IRS' goal of improving customer service, the Taxpayer Advocacy Panel (TAP) identified a variety of issues within the Toll-Free Service Line System (System). In general terms, Taxpayers expressed frustration with their inability to resolve their personal tax matters quickly and efficiently. Overall, the comments received by the IRS reflect Taxpayers' unhappiness with the System which is used every day by thousands of Taxpayers.</p> <p>Once compiled, the System issues were broken down by a focus group of selected TAP members into various topics and bucket groups. Within this referral the Taxpayer Advocacy Panel (TAP) is addressing issues related to menu options.</p> <p>Additionally, the TAP's scope of review included only the IRS System line of 800-829-1040, or the Telephone Assistance for Individuals Toll-Free line.</p> <p>Specifically, the System issues addressed in this referral document are:  Issue A - Ability to reach a live IRS Customer Service Representative (CSR) and/or IRS Operator,  Issue B - International Callers attempting to reach an IRS CSR,</p>



Issue or Project Statement

Issue C - System referrals to local Face-to-Face assistance,  
Issue D - Additional Toll-Free Service Line language options,  
Issue E - Multiple System and CSR transfers and long "On-Hold" wait times.

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Issue A

Callers to the System would benefit by having the ability to reach a live IRS Operator or Customer Service Representative (CSR). The issue is that there is no stated instruction in the introductory set of menu options on the toll-free customer service line that explains to the Caller how to directly proceed to a live CSR.

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Issue B

International Callers trying to reach the IRS

The TAP has received complaints from individuals who attempt and fail to connect to the System from international locations. Additionally, when calls are connected via landline from these international locations there have been instances of charges from the telephone utility company to the Caller for international connectivity, thus rendering the service label "Toll-Free" inaccurate.

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Issue C

Callers to the IRS Toll-Free Lines would benefit from having the ability to obtain a referral to local Face-to-Face assistance. TAP members discovered that taxpayers who wanted to obtain local office information through the Toll-Free Line had to wait on hold to speak with a CSR, as opposed to getting information regarding Face-to-Face assistance through interacting with the menu options system.

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Issue D

Automated language menu options on the System currently include English and Spanish. This referral proposal addresses the question of whether the IRS should create and maintain a separate dedicated phone number and system for additional languages similar to the English and Spanish Systems.

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Issue E

There were approximately 15 calls identified with concerns related to multiple transfers. For these 15 our next steps were to analyze these calls to determine if any common themes are occurring that can be addressed by the IRS.

<p>Project Goal Statement</p>	<p>The IRS operates several toll-free telephone systems, including the practitioner's hotline and other lines related to special focus areas such as small businesses. The goal of the System issues review is for the TAP, working with the IRS Program Owners, to identify the steps needed to be taken by the IRS to improve taxpayer customer service on the calls which come into the IRS on these Toll-Free Phone Lines.</p> <p>Since this Project referral document addresses multiple System issues as noted above, and for ease of review, the goals for each issue are outlined within its specific issue section below.</p> <p>-----</p> <p>Issue A</p> <p>The goal is to have the IRS provide a verbal explanation at the end of the first set of menu options on the Toll-Free Line as to how the Caller can directly proceed to a live Operator or CSR.</p> <p>This IRS option will allow a Caller to directly reach an Operator or CSR as opposed to navigating through the entire System's voice prompt menus.</p> <p>-----</p> <p>Issue B</p> <p>Allow for multiple call options from any international location without undue burden or cost to the Caller.</p> <p>-----</p> <p>Issue C</p> <p>The goal of the TAP proposed solution is to have the IRS add system information to the System menu options that enable Taxpayers to obtain location information about their local TAC office via the Toll-Free Line.</p> <p>-----</p> <p>Issue D</p> <p>Ultimately the IRS should have a separate dedicated phone number and System for additional languages as they do for English and Spanish Callers.</p> <p>-----</p> <p>Issue E</p> <p>The goal of this project referral is to reduce the volume of Callers experiencing multiple transfers to CSRs that can assist them. Additionally, if transfers are needed, the wait time Callers experience in getting to the correct CSR will be reduced as a result of proper System and manual routing.</p>
	<p>Issue A</p> <p>The proposed solution is to have the IRS add language regarding a new menu option at the end of the introduction segment script on the Toll-Free Line. The new script language would explain how a Caller can proceed directly to a live Operator or CSR and would provide clarity on the procedure that the IRS already has set in place. The noted procedure is to remain on the line without pressing any keys until the introductory</p>

segment is completed, at which point the caller will automatically be connected with a live Operator or CSR who will appropriately route their call.

The recommendation is to place this additional script language directly after the last option in the introductory portion of the Toll-Free Line. Currently the last option is #9: repeat menu options.

See System flow diagram below:  
Refer to the word document in the files tab for the diagram.

Currently there is no option in the introductory menu on the Toll-Free Line that explains that there is a way to proceed directly to a live Operator or CSR from this first menu.

The menu script is programmed to repeat twice, which takes a few minutes; however, the Caller is not told that they should simply stay on the line without pressing any keys in order to be transferred to a live Operator or CSR who will assist with routing their call.

Also, after the current introductory options are repeated twice, a message immediately states, "Your call cannot be processed." This language could confuse the Caller and lead them to think their call is about to be terminated. Therefore, this phrase should be removed from the System introductory script.

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#### Issue B

There are several possible solutions to this issue for consideration by the IRS. Please note that each of the suggested Solutions below could be accepted and implemented independent of the remaining Solutions. Alternatively, the IRS could accept and implement more than a single Solution. In essence, implementation of the following Solutions is not contingent upon one another.

#### Solution I - Voice over Internet Protocol:

The IRS could add multiple links on their IRS websites to allow Callers to use technical applications such as Google phone, Skype or other internet phone applications. Many of these applications are free to users and would allow International Callers the ability to connect to the IRS System via internet phone services, thus keeping calls from international locations free of charge.

#### Solution II – IRS staff supported International Caller telephone line:

Establish an International Caller line that has no electronic System routing but rather is managed by IRS staff-level individuals who will either answer calls to obtain Caller contact information or who will manage voicemail services that will allow Callers to leave their contact information. In addition to this Caller

Proposed Solution or Task

information, the IRS staff will obtain from the Caller blocks of time within a three-day window of the call that will be used by the IRS to make a return call to the Taxpayer/Caller.

Using the current System configuration, and without implementation of Solution I above, this option would require the International Caller to pay for the initial contact to the IRS in order to establish a call back date and time block as mentioned above.

Solution III – IRS staff supported Call scheduling application:

Establish an International Caller e-mail system and calendar application that is managed by the IRS staff. Similar to Solution II, International Taxpayers could access this system and determine open blocks of time on the calendar for which they can sign up to have an IRS Agent call them.

This option would completely eliminate the need for an initial call and would require IRS Agents to initiate calls to the Taxpayer/Caller based upon the most convenient times as designated by the Taxpayer/Caller.

Rules to manage this system could include such restrictions as:

- The inability to schedule multiple time blocks in a single day,
- Limits on the number of calls that can be scheduled within a single calendar block,
- Denying individuals from scheduling a time block without providing an International call-back phone number, etc.

Similar to Solution II, this approach could significantly reduce the Taxpayer/Caller's cost to make international calls to the IRS and the service to the Taxpayer/Caller would be much more palatable as individuals would have more control over the timing of calls rather than being directed to an "On Hold" queue for an unknown length of time.

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#### Issue C

The proposed solution is to have the IRS add another option on the introductory Toll-Free menu that would provide information to Callers as to which TAC office is located nearest to them. Although this information can be accessed using the internet, there are individuals that have very limited or no internet access.

Ideally, this particular menu option would be placed directly after the fourth option, Business Taxes, on the introductory Toll-Free menu, as noted below:  
Refer to the word document in the files tab for the diagram.

The proposed option would route Callers to another application which would request that the Caller enter or say a zip code. The information in response to the entered zip code would include the address and phone number of the TAC office located closest to the zip

code data provided.

There should then be two follow up sentences. The first will explain in general what types of issues TAC offices handle and any generalized details the Caller may need to be aware of before visiting the office; for example, security requirements, ID information needed, etc.

The next sentence should explain that if the Taxpayer is uncertain whether their local TAC office can handle their issue they can call that office, leave a message and request a call back.

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#### Issue D

##### Solution I – Script edit:

Within the initial Menu Option the script could be modified to include a third option statement such as, “To continue in a language other than English or Spanish press three.” If the Caller responds with a selection of three the call could be transferred to the appropriate CSR to handle these “Over-the-Phone Interpreter” (OPI) calls.

##### Solution II – Call tracking:

Additionally, to the TAP’s knowledge, the IRS does not track call volumes related to OPI service requests. In light of this missing data it is suggested that the IRS develop and implement the use of Aspect Application tracking codes that could be used to gather insight into OPI call volumes.

##### Solution III - CSR training:

On a final note, IRS CSR’s should be informed and educated on the availability and use of the OPI Service that is currently available to Callers.

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#### Issue E

Based on the above Project and Goal Statements, the following are suggestions the IRS should consider to reduce multiple transfers or improve the transfer process.

##### Solution I - Improved Associate Segmentation:

The IRS should evaluate how IRS CSR’s are set up in the System to ensure that calls are properly routed to CSR’s who are trained to handle specific tax subjects and as selected by the individual Caller. This has the potential to greatly reduce the need for multiple transfers as long as the Caller listens carefully to all System options and provides specific information regarding their issue when connected to an IRS Agent.

Also, based on the current transfer reasons, the IRS should evaluate whether the skills used to classify CSRs and route calls in the System need revised and updated to minimize the need for future transfers.

##### Solution II - Improve Transfer Call Priority compared to Normal Calls:

In many of the TAP issues analyzed, most taxpayers

	<p>did not have a problem with the transfer taking place. However, Callers did take issue with the additional wait/hold time required once transferred.</p> <p>To alleviate this problem, the IRS should consider implementing technology that places transferred Callers at a higher priority than other Callers. This will ensure these Callers get the proper attention and minimize the impact</p>
<p>IRS Initial Response</p>	<p>The IRS has not looked at it recently, but every time the subject of high cost international calls come up the internet phone is discussed.</p> <p>We disagree with this recommendation. The IRS has looked at the internet phone service previously, Each of these services, and others allows the caller to connect via IP from one subscriber to another. We are not a subscriber, and cannot endorse the use of one service over another, at least without a competitive procurement action. Even if that were done, we do not know if it is possible to take such a call and queue it. This would only work if the service had a connection to the Public Switched Telephone Network, or PSTN, so a subscriber could call one of our numbers and then be queued.</p>
<p>IRS Final Response</p>	<p>Accounts Management does not utilize the Over the Phone Interpreter system. Therefore, we cannot implement this suggestion.</p>

<b>TAP Issue ID: 23282</b> <b>Elevated Date: 12/17/2012</b>	<b>Committee Name: Toll-Free</b>
<b>Status: Closed</b>	<b>Outcome: Issue Partially Implemented</b>
<b>Title: Training on Interconnecting Forms and Schedules</b>	
Issue or Project Statement	When contacting an Internal Revenue Service (IRS) Call Center regarding a specific form or schedule, Callers have expressed that on many occasions the group of IRS Customer Service Representatives (CSRs) fielding tax law inquiries are not properly trained to know which forms/schedules interconnect with the form/schedule in question. It has also been determined that CSRs supporting IRS form 1040 inquiries are sometimes unaware of how information placed on one IRS form moves to a second and possibly a third form.
Project Goal Statement	The IRS should review all tax forms in an effort to identify all interconnecting forms and schedules. Once all interconnecting forms and schedules are identified, all associated IRS training modules should be updated to incorporate instruction of these interconnecting forms. This way each interconnecting form will be addressed within the corresponding training module.
Proposed Solution or Task	<p>The IRS should train all tax law CSRs in the use of interconnecting forms and schedules, and the IRS should develop a database of interconnecting forms. More specifically, the TAP is proposing the following solutions to this issue:</p> <p>Solution I – CSR Training:  Training of tax law CSRs should include educational topics related to IRS forms and schedules that interconnect, for example:</p> <ol style="list-style-type: none"> <li>a. CSRs trained in the Form 1040 Schedule D, Capital Gains and Losses, should also be trained in: <ol style="list-style-type: none"> <li>i. Form 8949, Sales and Other Disposition of Capital,</li> <li>ii. Form 4797, Supplemental Schedule of Gains and Losses, and</li> <li>iii. Form 6252, Installment Sale Income.</li> </ol> </li> <li>b. Form 8824, Tax free exchanges training may also include <ol style="list-style-type: none"> <li>i. Form 4797, Sales of Business Property, and</li> <li>ii. Possibly Schedule D, Capital Gains and Losses</li> </ol> </li> <li>c. Contributions of appreciated property which may flow from Form 8283 <ol style="list-style-type: none"> <li>i. to Schedule A, Itemized Deductions of Form 1040</li> </ol> </li> <li>d. Passive loss limitations reported on Form 8582, Passive Activity Loss Limitations and Form 6198, At Risk Limitations may flow to: <ol style="list-style-type: none"> <li>i. Schedule E, Supplemental Income of Form 1040</li> </ol> </li> <li>e. Employee business expenses from Form 2106 may flow to: <ol style="list-style-type: none"> <li>i. Schedule A, Itemized Deductions of Form 1040, and</li> </ol> </li> <li>f. Investment interest expense from Form 4952, Investment Interest Expense Deduction which may flow to:</li> </ol>

i. Schedule A, Itemized Deductions of Form 1040

Please keep in mind that this outline is not a complete list of interconnected forms, but is simply an example of several of the IRS forms and schedules that could share data elements.

Our review of tax law CSR training modules indicated that CSRs are required, as a part of the education session, to complete some forms related to the subject matters. However, the TAP is proposing that as the CSRs conclude each of these training modules, they should be required to perform an actual example carrying a transaction from one form to another until it is at its final destination.

Solution II – Training materials:

As part of Continuing Professional Education (CPE), course material for tax law CSRs should also include the pertaining interconnecting form(s).

Solution III – IRS forms and schedules database: The IRS should develop and maintain a database of information that identifies all forms and schedules that have connections to additional IRS forms/schedules. This database should be made available not only to IRS employees and CSRs, but should also be available to the general public as a tax forms, reporting and management tool.

Response #511

Application 115, Schedule D/Sale of a Home, worked by Grade 8 CSRs is assigned basis of assets and capital gains and losses. The training provided for this application allows processing of the vast majority of all the Form 1040, Schedule D calls. It does not include most of the forms listed here as they are classified as higher graded (Grade 9) work.

Application 135, Complex Individual Issues, worked by Grade 9 Tax Law Specialists, contains training on the forms listed in course 12223, Complex Individual Issues. Customer Accuracy for Application 135 is currently 94%. A review of the quality data does not indicate a training issue or a lack of knowledge of these forms. The course was updated for FY2012 usage and will be considered for updating during FY2014. Subject Matter Experts select topics for exercises based on the most common issues received and those reflective of quality results. Consideration will be given to these 6 exercises when the course is updated.

Response #512

These forms are covered thoroughly in formal training for newly hired employees working tax law inquiries and when skilling employees up to the next level. Employees complete exercises that require them to analyze the issues and complete the appropriate forms as part of this training.

AM's annual CPE is designed to covers new tax laws and changes to existing tax law. Any changes to these forms are covered in CPE to ensure that employees



IRS Initial Response

possess the necessary skills to correctly complete the forms or to assist taxpayers in completing them correctly.

Refresher training for AP135, Complex Individual Issues, was not budgeted for FY2013 due to funding and its priority among more pressing other AM training needs based on current quality trends. We have identified no recent or current quality trends to support this request. However, should our quality data reflect a need to deliver additional training on any of these forms, we will certainly take prompt action to update and deliver training to employees who handle these inquiries from taxpayers.

Response #513

Tax Forms and Publications (TFP) recently created pages on IRS.gov for each of its forms and publications which should provide IRS employees and taxpayers access to the information you are recommending be compiled in a database. Each page gives a brief overview of the form and its instructions and includes a link to the current form and instructions. The page also has a section titled 'Other items you may find useful', which includes a list of related forms, publications and prior year products. There is also a section for taxpayers to provide comments.

The web address for the Product Page is listed on the top of each form under the form's title. The generic web address is [www.irs.gov.formXXXX](http://www.irs.gov.formXXXX). The pages are accessed simply by typing "IRS.gov", a slash, and "form1040" or "pub17". So typing [www.irs.gov/form1040](http://www.irs.gov/form1040) into your browser's address bar takes you to the page for Form 1040.

Taxpayers and IRS employees can access these pages to find products that are related to another product. TFP therefore feels that these pages provide the benefits you are looking for in your recommendation. As we improve upon these pages, we will use your information from this suggestion when we look at ways to improve the pages.

Because we already provide the bulk of the information you recommend and to make it easily accessible to IRS employees and taxpayers, we do not plan to adopt the specific recommendation to create a database, but believe we are already addressing the bulk of the issues.

IRS Final Response

Tax Forms and Publications (TFP) recently created pages on IRS.gov for each of its forms and publications which should provide IRS employees and taxpayers access to the information you are recommending be compiled in a database. Each page gives a brief overview of the form and its instructions and includes a link to the current form and instructions. The page also has a section titled 'Other items you may find useful', which includes a list of related forms, publications and prior year products. There is also a section for taxpayers to provide comments.

The web address for the Product Page is listed on the top of each form under the form's title. The generic web address is [www.irs.gov.formXXXX](http://www.irs.gov/formXXXX). The pages are accessed simply by typing "IRS.gov", a slash, and "form1040" or "pub17". So typing [www.irs.gov/form1040](http://www.irs.gov/form1040) into your browser's address bar takes you to the page for Form 1040.

Taxpayers and IRS employees can access these pages to find products that are related to another product. TFP therefore feels that these pages provide the benefits you are looking for in your recommendation. As we improve upon these pages, we will use your information from this suggestion when we look at ways to improve the pages.

Because we already provide the bulk of the information you recommend and to make it easily accessible to IRS employees and taxpayers, we do not plan to adopt the specific recommendation to create a database, but believe we are already addressing the bulk of the issues.

<b>TAP Issue ID: 24351</b> <b>Elevated Date: 12/17/2012</b>	<b>Committee Name: Toll-Free</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Call Termination</b>	
<b>Issue or Project Statement</b>	<p>This referral addresses the subject of length of time taxpayers/Callers to the Internal Revenue Service (IRS) via the Toll Free lines wait for a call back from an IRS representative. In other words, when a taxpayer/Caller has made initial contact with an IRS Customer Service Representative (CSR), by way of an IRS Toll Free line, and their issue was not resolved during the initial call, they will require a call back from the IRS.</p> <p>There are various reasons why issues may not be resolved on an initial call, e.g. more research by the CSR is needed, end of a CSR's shift, lack of subject matter knowledge, etc. However, taxpayers have reported being unsatisfied with the extent of time it took, thirty days or longer, to receive a call back in this instance. In addition, TAP members agreed that when a taxpayer has an account issue to resolve the current length of wait time is too excessive.</p>
<b>Project Goal Statement</b>	<p>The IRS should establish consistency among the Accounts Management Call Centers and develop and implement procedures for the timely handling of call backs regarding taxpayer account issues. Also, members of the Taxpayer Advocacy Panel (TAP) would like to see a system of prioritization for call backs implemented.</p>
	<p>The members of TAP are proposing that implementation of the following recommendations will improve the customer service experience of taxpayers/ Callers who have their initial call terminated because their issue cannot be resolved during the initial call. As noted above, this condition may be the result of a CSR's shift ending; the issue needs further research or other related call outcome.</p> <p><b>Solution I – Implement consistent procedures for handling call backs:</b>  The TAP's recommendation is that a consistent policy or mandating that IRM 21.3.8.8 is used for any procedure intended for call backs. This would also include consistent and mandatory use of IRS Form 4442, Inquiry Referral (Referral), designation and accountability of a CSR who will be responsible to call the taxpayer back, and to develop and set standards as to when a call back must occur. By doing this there will be a consistent manner in which a taxpayer will experience a return call from the IRS.</p> <p><b>Solution II – Timely "Call Backs"</b>  The TAP recommends that designated Referrals requiring a "Call Back", due to an "Employee's End of Shift" or from a lack of CSR knowledge, have a "Call Back" time frame that is no more than three business</p>

<p>Proposed Solution or Task</p>	<p>days from the initial call for all unresolved account issues. This standard should apply across all IRS Call Center locations to carry out consistency of service to all taxpayers/Callers,</p> <p>Additionally, the referenced IRM 21.3.8.8 policy and all other relevant IRMs that relate to CSR "Call Backs" should be updated to reflect this 3 business day call back standard.</p> <p>Solution C – Improved referral prioritization: As referenced above, the existing process of "Call Back" prioritization is driven by whether the referral relates to a Tax Law (15 days), System Issue (30 days) or Account/General item (30 days). This prioritization queuing typically focuses on a First-In/First-Out (FIFO) methodology and does not account for the fact that within each category there will be higher priority items which should supersede the FIFO method.</p> <p>The TAP recommends that a more detailed prioritization process be identified and implemented that would allow for the identification and flagging of higher priority items, such as individual account issues, that require resolution sooner than others within the "Call Back" queue.</p> <p>Solution IV – Ability to speak with a specific IRS CSR / employee: Currently when a taxpayer/Caller is on hold on the Toll Free System and waiting for the next available CSR, a series of informative messages are provided to the Taxpayer/Caller. The TAP recommends that a message be added to the System recorded scripts which advises the taxpayer/Caller to note the CSR's name, identification number, IRS Call Center where employed and the date of the call. With this data the next CSR contacted may direct the taxpayer/Caller's referral and future calls to the correct IRS employee, if needed.</p>
<p>IRS Final Response</p>	<p>At the beginning of each call, assistors are required to provide both their name and identification number. If requested, the information can be repeated. Requiring the assistor to give their location is not necessary and would increase average handle time.</p> <p>Toll Free assistors in like applications receive the same training. Procedures required for all CSRs to respond to a telephone inquiry during the contact. Where appropriate, information from any prior inquiries is noted on our system(s). Calls cannot be directed or transferred to a specific employee as the system does not allow calls to be placed in queue for an individual assistor. Transferred calls are returned to the Enterprise Queue and are then sent to the longest available trained employee at any location.</p> <p>Queue announcements are only effective when the caller is in queue long enough to listen to the entire message. This is not always the case. Based on the current routing, we do not feel this announcement is needed.</p>

<b>TAP Issue ID: 24440</b> <b>Elevated Date: 12/17/2012</b>	<b>Committee Name: Toll-Free</b>
<b>Status: Closed</b>	<b>Outcome: SAMS - Accepted</b>
<b>Title: Average Handling Time</b>	
Issue or Project Statement	<p>Currently, as a form of local Internal Revenue Service (IRS) employee improvement initiative, some IRS Call Centers give non-monetary recognition to teams with the lowest call handling times. These same Call Centers also recognize Quality Assurance, but it is rated in a separate competition. While the Taxpayer Advocacy Panel (TAP) heartily encourages this type of employee improvement initiative, TAP feels that rating "handling time" separately from "quality assurance" could encourage IRS employees to focus only on the lowest handling time at the expense of the quality assurance provided to the taxpayer/Caller.</p>
Project Goal Statement	<p>The IRS Call Center's local employee improvement initiatives should reward IRS employees based upon a blended rating that includes "both" lowest handling time and quality assurance provided to the taxpayer/Caller. This combined scoring model should improve the overall quality of calls since it will equally account for both call time and quality assurance outcomes.</p>
Proposed Solution or Task	<p>The TAP recommends that IRS Call Centers, participating in this incentive program, reward teams with both the lowest call handling times and the highest quality assurance scores. All Call Center employee improvement initiatives that only rate on "lowest handling time" should be eliminated. This could be achieved by utilizing the Call Center's statistical information.</p> <p>For example:  According to the IRS' Seattle Call Center's Centralized Quality Review System (CQRS) report for the month of May (through the week ending on May 26, 2012), the following teams had 100% in Team Accuracy for call quality:</p> <ul style="list-style-type: none"> <li>• Teams 101, 103, 107, 108, 204, 205, 206, 207, 208, 301, and 303</li> </ul> <p>Using the TAP's proposed incentive plan, these teams should be the only teams considered for the incentive. Through results based measurement and elimination, the winning team of this population will be the team having the "lowest handling time".</p> <p>By using this approach the incentive program will place more emphasis on the quality assurance aspect of calls before giving any consideration to call length.</p>

IRS Initial Response	We agree any incentive program should be balanced between efficiency and quality. Accounts Management Leadership will provide guidance to all sites to combine quality along with any handle time initiatives. We will continue to encourage sites to focus on the “right handle time” for each call based on the questions being addressed; not the lowest handle time.
IRS Final Response	We agree any incentive program should be balanced between efficiency and quality. Accounts Management Leadership will provide guidance to all sites to combine quality along with any handle time initiatives. We will continue to encourage sites to focus on the “right handle time” for each call based on the questions being addressed; not the lowest handle time.

<b>TAP Issue ID: 24969</b> <b>Elevated Date: 12/17/2012</b>	<b>Committee Name: Toll-Free</b>
<b>Status: Closed</b>	<b>Outcome: SAMS - Rejected</b>
<b>Title: History of Calls</b>	
Issue or Project Statement	<p>The Internal Revenue Service (IRS) does not have a “required” protocol to maintain continuity of communication with the taxpayer/Caller to record the purpose of calls to the Toll Free line, the advice given and taxpayer/Caller contact information. Although, Account Management System (AMS) is the application that the IRS has in place for documenting phone calls, it is not a requirement of Customer Service Representatives (CSRs) to use this system for all account related calls. With this said a CSR may access the Integrated Data Retrieval System (IDRS) (without the use of AMS) and is not required to leave a call history. In other words, the Internal Revenue Manual (IRM) does not require “all” IDRS inquiries to be documented as a history item.</p>
Project Goal Statement	<p>The Taxpayer Advocacy Panel’s (TAP’s) objective is to require IRS CSRs to document a summary of every call, content as to the purpose of the call and advice given to the taxpayer/Caller. This approach should apply to all account related inquiries.</p> <p>In addition, IRS CSRs should be trained to gather taxpayer contact information in an effort to save time on behalf of the taxpayer and the IRS CSRs if/when additional conversations regarding the taxpayer’s issue are needed. By doing so, this would help to decrease frustration for all parties.</p> <p>This change in CSR requirements could be accomplished by updating the IRM 21.2.2.4.5(8) Account Management Services (AMS). In addition to account information, the IRS CSR should “always” gather and update the taxpayer’s contact information; unless the taxpayer declines.</p>
Proposed Solution or Task	<p>As referenced above, the IRM 21.2.2.4.5(8) states that if a CSR uses AMS, a narrative must be added to the AMS record to describe the inquiry of the Caller. However, the IRM does not require CSRs to use AMS. We recommend that the IRM be updated to mandate the use of AMS by CSRs for all account related calls in order to document all account related inquiries and to consistently gather taxpayer contact information.</p> <p>Additionally, the TAP is recommending that the IRS develop and implement a CSR training program regarding the proper use of the AMS application. Specific emphasis should be placed on the documentation of calls and the benefits of completing this task for not only the taxpayer/Caller, but also for the IRS and fellow CSRs.</p>

<p>IRS Initial Response</p>	<p>IRM 21.2.2.4.5(8) is an IRM that describes the functionality and general uses of AMS.</p> <p>While the direct action of opening AMS is not mandated in IRM 21.2.2.4.5, the IRM 21 has many direct procedures that require (mandate) the use of AMS. For example, accessing Reasonable Cause Assistant (RCA), creating a Form 4442 inquiry referral, or leaving an issue or history.</p> <p>Currently, all Accounts Management (AM) training is centered on the use of AMS as an integral part of account research.</p> <p>Additionally, all AM toll free calls begin with the use of the mandated IAT disclosure tool. Once a user selects the authorized option, the tool will copy and paste the TIN into AMS and open the account in AMS to begin research.</p> <p>Since the actual mandate of the system is specifically addressed by work issue, it is not necessary to make the recommended change.</p>
<p>IRS Final Response</p>	<p>All newly hired employees in Accounts Management (AM) are required to complete Course 15820T, AMS Basic Technical Functionality, which was produced by AMS. Screens 15-30 in this online course contain excellent examples of AMS history documentation. In addition to the classroom training, employees receive additional guidance on how to read and interpret and how to properly annotate history in the AMS application.</p> <p>The application of documenting AMS history is also contained within specific technical accounts/adjustment courses when each technical topic (Refunds, Balance Due, Adjustments, and ID Theft, etc.) is presented. There are a multitude of courses that address application as technical topics are broken down according to the variety of accounts/adjustment jobs within Accounts Management. Direction in the technical courses follows the IRM as to when to input IDRS or AMS history.</p>



<b>TAP Issue ID: 19866</b> <b>Elevated Date: 08/03/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Forms &amp; Pubs Put the mailing address on 8379</b>	
Issue Statement	The instructions to the Form 8379, Injured Spouse Allocation, instruct users to either mail the completed Form to the address of the Service Center where they filed the original return or to the Service Center where they live (depending on whether you are filing this Form with the tax return or not). It then instructs the taxpayer to their tax return instructions for the mailing address. This can be confusing and inconvenient, especially for taxpayers who e-file.
Goal Statement	Add the recommended mailing address (or list of addresses) directly to Form 8379 on the bottom of page 2.
Proposed Solution	Form 8379 is formatted in a way that the text on page 2 does not fill the entire page. Printing the recommended mailing address (or list of mailing addresses) would avoid confusion for the taxpayer and could be done without adding additional pages to the form.
IRS Initial Response	<p>We cannot implement the proposed solution for several reasons. Form 8379 is revised as needed and is not updated yearly. If the addresses to where this form should be filed are added to the form or it's instructions, we would be obligated to revise it every year because the filing addresses change so frequently. We would also have to keep addresses for several different years on the form (or in the instructions) because there is no limit on the time taxpayers have to file Form 8379. The requirement to provide the addresses for different years would require an area much larger than that available on page 2 of the form.</p> <p>Currently we have a chart in the instructions listing several situations and where to file, in general. We refer them to the tax return instructions for specific addresses. By referring the taxpayer to their tax return instructions, we can be sure that they will have current addresses.</p>

<b>TAP Issue ID: 22271</b> <b>Elevated Date: 01/09/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review lines 1a-1e, F1120 and F1120S</b>	
Issue or Project Statement	Review Form 1120 and 1120S lines 1a to 1e and provide IRS program owners with feedback.
Project Goal Statement	Review Form 1120 and 1120S lines 1a to 1e to ensure that their content is clear to form users.
Proposed Solution or Task	Line 1a currently states: "Merchant card and third-party payments (see instructions)" The instructions should clearly explain what a "merchant card" is and what "third-party payments" are in this context and provide at least one example of each.
IRS Initial Response	To the only comment made, the Program Owner responded: "The line 1a comment is moot because IRS changed the instructions to leave line 1a blank/enter zero. That also renders the other comment moot. The plan for 2012 is to return to 2010 format, without any memo entries."

<b>TAP Issue ID: 22409</b> <b>Elevated Date: 08/06/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Inserting notice in Package 1023</b>	
Issue Statement	Insert IRS notice "Automatic Revocation of Tax-Exempt Status" in all Packages 1023, Application for Recognition of Exemption, advising tax-exempt organizations and applicants for tax-exempt status to file their annual information return and avoid the risk of losing their tax-exempt status.
Goal Statement	Inclusion of Notice "Automatic Revocation of Tax-Exempt Status" in all Packages 1023, Application for Recognition of Exemption, distributed by the IRS to instruct applicants in the guidelines for tax-exempt organizations and on what to do should their organization's status be revoked.
Proposed Solution	Insert Notice "Automatic Revocation of Tax-Exempt Status" in Package 1023, Application for Recognition of Exemption

IRS Initial Response	We have taken action to add an insert called "Notice 1382" which includes information for "automatic revocation of tax-exempt status". This information will be under the title "Application for Reinstatement and Retroactive Reinstatement". We plan on issuing this information to the public during 2012. See notice 2011-44, 2011-25 I.R.B. 883 at <a href="http://irs.gov/irb/2011-25_irb/ar10.html">http://irs.gov/irb/2011-25_irb/ar10.html</a> , for details
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<b>TAP Issue ID: 23056</b> <b>Elevated Date: 02/22/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review of Publication 535, Business Expenses</b>	
Issue or Project Statement	Review 2011 revision of Publication 535, Business Expenses, to ensure that is clear to readers.
Project Goal Statement	Ensure clarity of Publication 535, Business Expenses, by reviewing the entire publication.
Proposed Solution or Task	Ensure clarity of Publication 535, Business Expenses, by reviewing the entire publication. All 78 detailed recommendations can be found in Files # 19964, 19988, 20239, 20240
IRS Initial Response	Many of the recommendations made during the review of this long Publication will be adopted for tax year 2012. Please refer to Response Files 22067, 22068 and 22069 attached for more details of each recommendation.

<b>TAP Issue ID: 23185</b> <b>Elevated Date: 10/19/2012</b>	<b>Committee Name: Bankruptcy Compliance</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Bankruptcy Compliance</b>	

Issue or Project Statement	<p>If we can devise a uniform method and publicize the requirement for debtors to validate that they are in return filing compliance prior to or directly upon filing bankruptcy, we could streamline a cumbersome process of filing estimated claims and having to revisit those claims once returns are filed. Creating this efficiency would reduce the amount of rework that IRS has to do to perfect their Proof of Claim, reduce the length of time a debtor has to wait for confirmation, and decrease the workload for the US Trustees.</p>
Project Goal Statement	<p>Inform debtors as early as possible in the Chapter 13 bankruptcy process of the four year tax filing requirement and assist them in verification of their compliance in order to:</p> <ul style="list-style-type: none"> <li>• Reduce confirmation delays</li> <li>• Avoid dismissals</li> <li>• Reduce the administrative burden for the IRS</li> <li>• Reduce costs for the debtor and the IRS.</li> </ul>
	<p>The Committee's research and analysis has identified two groups of recommendations to better inform debtors and assist them in verification of compliance. Tier 1 solutions can be accomplished within the domain of the IRS and Tier 2 solutions require actions by stakeholders and entities outside of the IRS.</p> <p>Tier 1 – Solutions within the IRS's domain</p> <p>Objective 1: To better inform debtors:</p> <p>Solution 1 - Change IRS Publication 908, Bankruptcy Tax Guide. Publication 908 is the most comprehensive document currently available to the debtor, free of charge, that explains tax considerations in filing for Chapter 13 bankruptcy. Making the information about the four year requirement more prominent and adding new options to assist in verification of filing will better inform debtors.</p> <p>The Committee recommends the following proposed changes:</p> <ul style="list-style-type: none"> <li>• Break out and create another bullet point for the text on page 1 indicating the debtor must file all required tax returns for tax periods ending within four years of the bankruptcy petition. (See Exhibit 1)</li> <li>• Emphasize, by bolding or highlighting, similar text repeated on page 2. (See Exhibit 2).</li> <li>• Add a bullet point for the "Order a Transcript" link on www.irs.gov under the Internet section on page 28, "How To Get Tax Help". (See Exhibit 3).</li> <li>• Add a bullet point for the phone number to obtain a transcript under the Phone section on page 28, "How To Get Tax Help". (See Exhibit 3).</li> <li>• Add a reference to, and instructions for use of, Form 4506-T, Request for Transcript of Tax Return, and a copy of the form as an exhibit in the booklet.</li> </ul> <p>Note: The above recommendation was the subject of a separate referral made in advance of the Committee's final project referral as the publication was already in the process of revision. It is included here for information only.</p> <p>Solution 2 - Create a brochure and fact sheet .  Prepare a concise document that explains what a debtor needs to know about taxes for a Chapter 13 bankruptcy filing.  Offer the document as a printed brochure and an electronic fact sheet available to: (1) Debtors at stakeholder venues such as attorneys' and trustees' offices; (2) IRS Taxpayer Assistance Centers (TACs); (3) Libraries; (4) IRS outreach events; (5) IRS Marketing Express, the marketing site that allows IRS partners and tax preparers to customize their IRS communications products; and (6) www.irs.gov with links to Publication 908 and the "Order a</p>

Return or Account Transcript" online tool.

A sample print brochure, What You Should Know About Chapter 13 Bankruptcies and Taxes, is attached as Exhibit 4.

Solution 3 - Enhance www.irs.gov by creating a "landing page" for bankruptcy.

When www.irs.gov is searched for bankruptcy, the top result should be a landing page dedicated to Chapter 13 bankruptcy containing:

- Links to relevant publications (e.g., Publication 908), forms, and applications.
- A link to the fact sheet, What You Should Know About Chapter 13 Bankruptcies and Taxes, proposed above.
- Contact phone numbers for those considering bankruptcy and those who have already filed a Chapter 13 petition. If different numbers are used, they should be indicated as such.
- The following statement (taken from Publication 908): "For Chapter 13 cases, the debtor must file all required tax returns for the tax periods ending within 4 years of the filing of the bankruptcy petition." This statement should be prominently displayed.
- A link to the U.S. Bankruptcy Court's Chapter 13 page -<http://www.uscourts.gov/federalcourts/bankruptcy/bankruptcybasics/Chapter13>
- A webinar or video explaining the filing requirements and the options for verifying compliance.

Solution 4 - Create a tax tip for Chapter 13 bankruptcy tax requirements.

Tax tips provide useful and concise advice on topics that affect large numbers of taxpayers and are available by subscription. They can also be accessed by selecting the Newsroom link under the "IRS Resources" menu on www.irs.gov and then clicking on the current year's Tax Tips link under "The Newsroom Topics" menu on the resulting page. The Chapter 13 bankruptcy tax tip should be issued every year. The current year's Fact Sheets link, also under "The Newsroom Topics", should provide access to the What You Should Know About Chapter 13 Bankruptcies and Taxes fact sheet proposed above. The fact sheet should be available each year.

Solution 5 - Expand use of social media.

Expand the IRS's use of social media to explain filing requirements, describe methods for verifying compliance, and provide relevant links and contact numbers:

- YouTube IRS videos - Short, informative clips on various tax-related topics. The videos could be available in English, American Sign Language and Spanish.
  - Audio files for Podcasts - Short audio recordings providing information on a single tax-related topic per podcast. The audio files (along with transcripts) are available on iTunes or through the Multimedia Center on www.irs.gov.
  - Facebook - IRS pages that post tax information for individuals, tax professionals, and those needing help resolving long-standing tax issues with the IRS.
  - Twitter - IRS tax-related announcements. Debtors can follow the IRS @IRSnews.
  - Widgets - Portable onscreen tools placed on websites, blogs or social media networks directing people to visit www.irs.gov for information. The widgets can be found on Marketing Express
- Additional social media that could be considered, for example:
- Google+ - A social network similar to Facebook
  - LinkedIn - A social network for professionals
  - Tumblr - A micro-blogging platform and social network

Solution 6 - Include the information on filing requirements in IRS employee continuing professional education (CPE) and add it to e-guides.

This will enable phone assistors on the general IRS 800 number to properly direct debtors seeking information about the compliance requirements and verification methods.

Objective 2 - To assist in compliance verification:

Based on its research and analysis, the Committee has determined that, instead of a uniform method, a variety of methods should be pursued. They are as follows:

Solution 1 - Leverage the "Where's My Refund Tool?"

The Refund Processing Communications Committee's Joint Committee Project Referral recommends changes to the "Where's My Refund?" (WMR) tool:

- Rename the site "Where's My Return?" to reduce the focus on speedy refund receipt and better manage expectations by concentrating on return processing and the occasional delay involved.
- Adopt a system of tracking and communicating processing status similar to that used by the United Parcel Service.
- Indicate how frequently WMR information is updated.
- Indicate when the taxpayer's information was last updated.
- Include a "date stamp" showing the last time the taxpayer visited the page
- Advertise WMR as the main "voice of the IRS" regarding return processing and refund management.
- Instruct toll-free service representatives to refer to WMR as the only source of information (e.g., "Let me see what WMR says..."), thereby channeling callers back to WMR in the future
- Encourage tax practitioners to direct and, if feasible, assist their clients to use WMR.
- Request taxpayers contact the IRS by phone only when the IRS requires new information from the taxpayer or an unusual situation requires additional taxpayer support.

The Bankruptcy Compliance Committee proposes that the taxpayer also be able to request verification of filing status for one to four years using the redesigned WMR tool. Because WMR, as proposed, would be the primary online interface for obtaining return related information, and would be marketed internally and externally by the IRS, it is the ideal option for obtaining verification of compliance.

Solution 2 - Create a dedicated 800 number with an automated voice menu system to verify compliance.

The menu would solicit taxpayer identification and years for which compliance needs to be ascertained and then provide taxpayer with the information. It would also have an option to request wage and income information for the year(s) when there is no taxpayer return on file.

Solution 3 - Encourage use of the on-line "Order a Transcript" tool and enhance it to allow taxpayers to order wage and income information.

Using the IRS's on-line "Order a Transcript" application, a debtor can obtain a tax return transcript which shows most line items from the tax return (Forms 1040, 1040A or 1040EZ) as originally filed, including any accompanying forms and schedules. The transcript should be sufficient to show proof of filing as needed in Chapter 13 bankruptcies.

The debtor may select from the last tax year and the three prior years. If more than one year's tax return transcript is needed, the debtor has the ability to select another year.

The tool may also be used to request a tax account transcript. The tax account transcript shows basic data from the tax return, including marital status, type of return filed, adjusted gross income, and taxable income. It also includes any adjustments made after the return was filed.

The Committee proposes that if the tool indicates there is no return

on file, the debtor be given an option to order wage and income information to enable filing for the missing year(s).

Solution 4 - Expand the current support within the Centralized Insolvency Operations group to include the verification to taxpayers for compliance in filed returns.

Currently the IRS's Centralized Insolvency Operations group will only answer questions regarding a filed bankruptcy case. The contact number for Centralized Insolvency Operations is (800) 973-0424. Its hours are 7:00 A.M. to 10:00 P.M. Eastern Standard Time.

To get assistance, the debtor must be prepared to provide the bankruptcy case number. The Centralized Insolvency Operations group will not address compliance issues before a bankruptcy case number is assigned. The IRS may only disclose information on returns as permitted by the Internal Revenue Code (IRC) Section 6103, Confidentiality and disclosure of returns and return information.

The Committee proposes that the Centralized Insolvency Operations group be authorized to assist debtors who have not yet had a case number assigned.

Solution 5 - Create an offshoot web site using the e-Services technical platform that will allow debtors to verify their tax filings for the past 4 years.

The IRS e-Services system now gives access to taxpayer's information only to IRS business partners and tax professionals. The proposed solution is to piggyback on this technology and create a website where taxpayers (the general public) can verify tax filings for the past four years. The e-Services platform is available via the internet 24 hours a day, 7 days a week and the IRS provides on-line assistance and help desk support.

Solution 6 - Enhance Letter 1714 and make wage and income information available to the debtor.

IRS Letter 1714 advises a bankruptcy petitioner that he or she has not filed one or more federal tax returns and that the failure to file a return without an explanation as to why the return(s) was not required could prevent confirmation of the taxpayer's bankruptcy petition. (See Exhibit 5)

The Committee recommends that Letter 1714 be enhanced to provide further guidance. There are three options to consider, each of which would add a third paragraph to the letter and refer to the What You Should Know About Chapter 13 Bankruptcies and Taxes brochure proposed above. It is also proposed that a copy of the brochure be enclosed with the revised Letter 1714. The options are:

- Provide wage and income information for the years in question and add the following paragraph -

The enclosed brochure explains the Bankruptcy Code's requirement for filing past tax returns. To assist you in preparing the tax returns that are due, wage and income for the affected years are also enclosed.

- Provide an 800 number for obtaining wage and income information and add the following paragraph -

The enclosed brochure explains the Bankruptcy Code's requirement for filing past tax returns. Wage and income information that is needed to complete tax returns may be obtained by calling 1-800-\_\_\_\_-\_\_\_\_\_.

- Explain how to use Form 4506T to obtain wage and income information in the following new paragraph

The enclosed brochure explains the Bankruptcy Code's requirement for filing past tax returns. Also enclosed is Form 4506T, Request for Transcript of Tax Return. Mark check box 8 for wage and income data that was reported on Form W-2, Form 1099

series, Form 1098 series, or Form 5498 to help in filing past returns. To have the information faxed to you, call 1 800 829 1040 and speak with a representative.

Solution 7- Enhance IRS2Go 2.0.

This IRS smartphone application currently allows taxpayers to check refund status, get tax updates, and follow the IRS via Twitter. It could be expanded to include verification of filing.

Tier 2 – Solutions Involving External Stakeholder and Related Entities

Objective 1 - To better inform debtors:

Solution 1 - Work with stakeholders to better publicize the four year filing requirement and methods to verify compliance.

The Committee proposes that the IRS through its Stakeholder and Government Liaison Units work towards:

Updating the Chapter 13 content on U.S. Bankruptcy Court's website to include the four year tax filing requirement.

Including a copy of the proposed electronic fact sheet in the email transmittal of the credit counseling certificate that must be obtained by the debtor in order to file the Chapter 13 petition. Also, providing printed copies of the proposed brochure to credit counseling agencies for clients who do not have computers. The Credit Counseling Unit of the U.S. Bankruptcy Court issues the uniquely numbered certificates from a central location.

Adding a link to the IRS fact sheet proposed above to the bankruptcy court's website and to the websites of the National Association of Consumer Bankruptcy Attorneys, The National Association of Chapter 13 Trustees (NACTT), the United States Trustee Association, Federal and State Bar Associations, and major credit counseling agencies.

Persuading Bar Associations, continuing legal education providers, and other attorney associations to encourage practitioners to adopt as a best practice a check for four years of tax filing compliance on the bankruptcy client intake sheets.

Objective 2 -To assist in compliance verification:

Solution 1 - Give Trustees limited electronic access to IRS systems.

The Liaison Committee of NACTT in its position paper on Chapter 13 IRS issues (see Exhibit 6) has proposed that the Chapter 13 Trustees have electronic access to a debtor's transcripts and indicated that the Trustees would comply with any IRS disclosure requirements.

The Bankruptcy Committee was advised that this issue was previously rejected by the IRS but we are recommending it again as this would be the best way to obtain timely and seamless verification of compliance by alerting the Trustee to a compliance issue well in advance of the creditor's meeting.

The IRS had recommended use of Form 4506-T instead but Form 4506-T is a labor-intensive method that requires manual submission and follow-up by the Trustees. It is also subject to a 4-6 week delay for processing and delivery.

Solution 2 – Link IRS Centralized Insolvency Operations to the Bankruptcy Court's electronic filing system

An automatic link that enables the IRS to know when Chapter 13 petitions are filed would permit the IRS to better process claims and timely inform debtors that they are not in compliance with Section 1308.

There are two electronic systems that could be used. The first is the Case Management/Electronic Court Filing (CM/ECF) system. This is the system used by the clerks' offices to receive and docket cases. With limited exceptions, all cases in the federal system must be electronically filed and this is done through CM/ECF.



Proposed Solution or Task	<p>Access to CM/ECF is limited to practitioners. In addition, PACER (Public Access to Court Electronic Records) is an internet-based public access service maintained by the Administrative Office of the U.S. Courts. This allows users to locate cases and to obtain case and docket information from Federal appellate, district and bankruptcy courts. Users must subscribe to PACER and may view documents filed with the court; there is a per page charge of \$0.10 up to a maximum charge of \$3.00 per document. Because PACER documents are public records, there is no privacy issue raised by permitting the IRS to access PACER. Creating an automatic link between PACER or CM/ECF and the IRS would allow the IRS to be informed whenever a Chapter 13 petition is filed. This would permit the IRS to match the debtor's information against tax filing information and produce an automatic notification (e.g., Letter 1714) if the debtor has not filed the requisite returns.</p>
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<b>TAP Issue ID: 23237</b> <b>Elevated Date: 11/09/2012</b>	<b>Committee Name: TAC</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Face to Face Service Methods</b>	
Issue or Project Statement	<p>According to a 2012 NTA Objectives Report to Congress , in recent years, the IRS has been given more and more tasks, but it is not receiving the resources it needs to fulfill these tasks without cutting corners. Furthermore, when the Internal Revenue Service (IRS) cuts corners, taxpayers can be harmed and revenue collection may suffer. The United States tax system depends on voluntary compliance, that is, taxpayers calculating their tax liability, filing their tax return, and paying what they owe on time. Voluntary compliance depends on a number of factors, including the quality of IRS's assistance to taxpayers.</p> <p>For this report, the Taxpayer Advocacy Panel (TAP) was asked to identify opportunities to improve the taxpayer experience and voluntary compliance. This report is based primarily on the results of a survey conducted by TAP along with the Taxpayer Advocacy Service Research and Systemic Advocacy to give IRS a better understanding of customers' reasons for visiting a Taxpayer Assistance Center (TAC). Additionally, the TAP Face to Face Service Methods Committee members analyzed reports from the National Taxpayer Advocate Service (NTA), Treasury Inspector General for Tax Administration (TIGTA), and Government Accountability Office (GAO).</p>

Project Goal Statement

According to a 2012 NTA Objectives Report to Congress, the IRS has been given more tasks, but not the resources it needs to fulfill them without cutting current programs and services. Since the United States tax system depends on voluntary compliance, the quality of the IRS's assistance to taxpayers can materially affect taxpayer compliance and cause revenue collection to suffer.

The Taxpayer Advocacy Panel (TAP) was asked to identify opportunities to improve the taxpayer experience and voluntary compliance in this resource constrained environment  
The goal of this project is to identify procedures and tools that the IRS can implement or expand to give taxpayers greater access to assistance at Taxpayer Assistance Centers (TAC), at community sites such as libraries, post offices, banks and learning institutions in remote areas not served by a TAC.

<p>Proposed Solution or Task</p>	<p>Conclusions</p> <p>1. IRS will need to explore expanding service avenues beyond traditional TACs due to budget cuts, increasing complexity of the tax code and lack of access to a TAC for many taxpayers.</p> <p>2. While no single approach is likely to fully and cost-effectively address the assistance gap, several strategies could improve the increased need for taxpayer support. These include technology based solutions such as Virtual Service Delivery (VSD's), Facilitated Self Assistance kiosks (FSA's), payment kiosks, and expanded assistance via email, as well as mobile vans.</p> <p>Recommendations</p> <p>1. Continue funding the expansion of VSDs to additional TACs and SPEC sites. Consider expanding VSDs to locations outside the TACs. The Committee recommends expansion of the pilot program in testing the VSDs especially in remote areas where there is minimal support from the TACs due to distance constraints. We additionally recommend that standard video conferencing equipment could be used to allow video conferencing equipment already in use. In addition to dedicated equipment, IRS should also consider teleconferencing by personal computers using programs such as Skype.</p> <p>2. Provide FSA's at all TAC locations, particularly at small TACs that are only staffed a few hours a week. Consider placing FSA's in locations outside of the TACs provided security challenges can be overcome.</p> <p>3. Conduct a pilot project to determine the feasibility of placing payment kiosks in the TACs. If these prove to be successful, and the kiosks do not require interaction by IRS employees, expand the project to locations outside the TACs provided security challenge can be overcome.</p> <p>4. Expand the e-mail communications site on www.IRS.gov where taxpayers can ask technical questions and receive answers by e-mail. Increase the complexity of e-mail questions that can be supported at this site. Make the location of that e-mail site on irs.gov more prominent so it is easier to find.</p> <p>5. Pilot a program to use mobile vans and also to partner with state and local agencies to make available office space to increase the IRS's face-to-face presence in underserved areas. Ensure that taxpayers are aware of services being provided at these locations.</p> <p>6. The IRS should implement an appointment system. An appointment system would permit the IRS to balance their staff workload more efficiently and provide a level of confidence to the taxpayer that they would have their issue addressed when they arrive at an IRS location.</p>
	<p>Recommendation: Continue Funding the Expansion of VSD. PARTIALLY ACCEPTED</p> <p>Field Assistance partially accepts this recommendation. VSD is determined to be a viable service option. Planning is underway to deploy virtual service in 14 new sites to include nine FA TACs and five partner sites for 2013. Field Assistance (FA) will be providing service in locations that are not staffed or are unable to meet taxpayer demand, thus using VSD as an alternative to "live" face-to-face service and maximizing IRS resources by providing services in locations where there was minimal support from TACs</p>

due to distance.

The Service is already exploring locations where we may pursue testing a co-location with another government agency. Agencies to consider could include USPS, SSA, HHS and the VA.

In addition, VSD presents a solution for providing taxpayers secured access to tax and accounts services. The Service anticipates the using technology, where taxpayers will have the ability to seek and receive assistance using their personal computers from their home and/or business in the future. FA is unable to consider teleconferencing by personal computers using programs such as Skype at this time due to security constraints.

**RECOMMENDATION # 2** - Provide FSA's at all TAC locations, particularly at small TACs that are only staffed a few hours a week. Consider placing FSA's in locations outside of the TACs provided security challenges can be overcome.

**PARTIALLY ACCEPTED** - Field Assistance (FA) partially agrees with this recommendation. FA is taking steps to expand services in TAC locations, including FSA terminals and has submitted funding requests for the past several years to expand this technology to additional TAC locations. FSA terminals are currently located in 37 TACs throughout the country. The terminals allow the IRS to educate taxpayers on different service channels, however, IRS employees must be on hand to assist taxpayers and determine if they can resolve their issues using the system. While FSA may allow taxpayers with simpler issues to avoid lines, and free employees to work more complex issues, it does not alleviate the need to provide IRS employees as guides. Therefore placing FSA terminals in locations outside of the TACs is not feasible.

**RECOMMENDATION # 3** - Conduct a pilot project to determine the feasibility of placing payment kiosks in the TACs. If these prove to be successful, and the kiosks do not require interaction by IRS employees, expand the project to locations outside the TACs provided security challenge can be overcome. Field Assistance will test a credit card kiosk in the Nashville, TN TAC that will allow taxpayers to make tax payments with credit or debit cards. The purpose of this test is to determine if the kiosk will provide a viable alternative to taxpayers who would otherwise need assistance in the TAC to make tax payments. It will also provide a measurement for how taxpayers respond to the electronic payment option and how it affects the traffic in the TAC. The credit card kiosk will be limited to accepting only credit/debit cards. The taxpayer will continue to incur a service charge for this convenience. The kiosk will have the ability to authenticate the TP by allowing entry/verification of their information. The kiosk will offer an electronic receipt and confirmation number that the taxpayer can use to track their payments. The vendor will use wireless technology to automatically post transactions to the taxpayer's account through the Electronic Federal Tax Payment System (EFTPS). The vendor will own and maintain the kiosk, which will be placed inside the TAC. The vendor will provide their hardware and software at no cost. The credit card kiosk will provide an entry point for moving toward the Field Assistance ultimate goal of a payment kiosk that accepts all types of payments. The payment kiosk would benefit the service by increasing available resources for more complex work, increase employees time assisting taxpayers, reduce mailing and processing costs for payments and provide greater control of remittances.

IRS Initial Response

ACCEPTED -  
RECOMMENDATION # 4 - Expand the e-mail communications site on www.IRS.gov where taxpayers can ask technical questions and receive answers by e-mail. Increase the complexity of e-mail questions that can be supported at this site. Make the location of that e-mail site on irs.gov more prominent so it is easier to find.

REJECTED - Field Assistance (FA) does not agree with this recommendation. FA continuously seek ways to a balance providing service with the efficient use of resources. However, experience has shown that complex tax law inquiries are not easily responded to via e-mail due to the differing circumstances that taxpayers may encounter.

Providing alternative technology based service options such as Facilitated Self Assistance (FSA) and Virtual Service Delivery (VSD), as well as on-line interactive tax assistor, provide consistent and accurate responses to taxpayers questions and are more feasible and effective uses of existing resources.

RECOMMENDATION #5. Pilot a program to use mobile vans and also to partner with state and local agencies to make available office space to increase the IRS's face-to-face presence in underserved areas. Ensure that taxpayers are aware of services being provided at these locations.

REJECTED -Field Assistance (FA) does not agree with this recommendation. FA continuously seeks ways to a balance providing service with the efficient use of resources. However, experience has shown that mobile vans do not provide this balance due to the costs associated and its inability to meet the needs of the taxpayers.

Providing alternative technology based service options such as Facilitated Self Assistance (FSA) and Virtual Service Delivery (VSD), as well as on-line interactive tax assistor, provide consistent and accurate responses to taxpayers questions and are more feasible and effective uses of existing resources

RECOMMENDATION #6. The IRS should implement an appointment system. An appointment system would permit the IRS to balance their staff workload more efficiently and provide a level of confidence to the taxpayer that they would have their issue addressed when they arrive at an IRS location.

REJECTED - Field Assistance (FA) does not agree with this recommendation. FA is committed to providing excellent customer service and therefore attempts to offer the best mix of services for all taxpayers. TAC services are generally offered on a first-come, first-served basis. Scheduling appointments reduces resources available to provide services to our walk-in customers who may have traveled long distances to seek assistance. However, appointments are available when a taxpayer has special needs, such as those with disabilities and managers have discretion to make exceptions on a case-by-case basis.

<p><b>TAP Issue ID: 23277</b> <b>Elevated Date: 12/17/2012</b></p>	<p><b>Committee Name: Toll-Free</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: SAMS - Rejected</b></p>
<p><b>Title: Menu Options</b></p>	
<p>Issue or Project Statement</p>	<p>In the National Taxpayer Advocate's (NTA) 2009 Annual Report to Congress, the NTA identified the toll-free customer service system as one of the "Most Serious Problems" that reflects poorly on the overall taxpayer opinion of the Internal Revenue Service (IRS).</p> <p>In line with the IRS' goal of improving customer service, the Taxpayer Advocacy Panel (TAP) identified a variety of issues within the Toll-Free Service Line System (System). In general terms, Taxpayers expressed frustration with their inability to resolve their personal tax matters quickly and efficiently. Overall, the comments received by the IRS reflect Taxpayers' unhappiness with the System which is used every day by thousands of Taxpayers.</p> <p>Once compiled, the System issues were broken down by a focus group of selected TAP members into various topics and bucket groups. Within this referral the Taxpayer Advocacy Panel (TAP) is addressing issues related to menu options.</p> <p>Additionally, the TAP's scope of review included only the IRS System line of 800-829-1040, or the Telephone Assistance for Individuals Toll-Free line.</p> <p>Specifically, the System issues addressed in this referral document are:</p> <p>Issue A - Ability to reach a live IRS Customer Service Representative (CSR) and/or IRS Operator, Issue B - International Callers attempting to reach an IRS CSR, Issue C - System referrals to local Face-to-Face assistance, Issue D - Additional Toll-Free Service Line language options, Issue E - Multiple System and CSR transfers and long "On-Hold" wait times.</p> <p>----- Issue A</p> <p>Callers to the System would benefit by having the ability to reach a live IRS Operator or Customer Service Representative (CSR). The issue is that there is no stated instruction in the introductory set of menu options on the toll-free customer service line that explains to the Caller how to directly proceed to a live CSR.</p> <p>----- Issue B</p> <p>International Callers trying to reach the IRS</p> <p>The TAP has received complaints from individuals who attempt and fail to connect to the System from international locations. Additionally, when calls are connected via landline from these international locations there have been instances of charges from the telephone utility company to the Caller for international connectivity, thus rendering the service label "Toll-Free" inaccurate.</p> <p>----- Issue C</p> <p>Callers to the IRS Toll-Free Lines would benefit from having the</p>

Issue or Project Statement	<p>ability to obtain a referral to local Face-to-Face assistance. TAP members discovered that taxpayers who wanted to obtain local office information through the Toll-Free Line had to wait on hold to speak with a CSR, as opposed to getting information regarding Face-to-Face assistance through interacting with the menu options system.</p> <p>-----</p> <p>Issue D</p> <p>Automated language menu options on the System currently include English and Spanish. This referral proposal addresses the question of whether the IRS should create and maintain a separate dedicated phone number and system for additional languages similar to the English and Spanish Systems.</p> <p>-----</p> <p>Issue E</p> <p>There were approximately 15 calls identified with concerns related to multiple transfers. For these 15 our next steps were to analyze these calls to determine if any common themes are occurring that can be addressed by the IRS.</p>
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<p>Project Goal Statement</p>	<p>The IRS operates several toll-free telephone systems, including the practitioner's hotline and other lines related to special focus areas such as small businesses. The goal of the System issues review is for the TAP, working with the IRS Program Owners, to identify the steps needed to be taken by the IRS to improve taxpayer customer service on the calls which come into the IRS on these Toll-Free Phone Lines.</p> <p>Since this Project referral document addresses multiple System issues as noted above, and for ease of review, the goals for each issue are outlined within its specific issue section below.</p> <p>-----</p> <p>Issue A</p> <p>The goal is to have the IRS provide a verbal explanation at the end of the first set of menu options on the Toll-Free Line as to how the Caller can directly proceed to a live Operator or CSR.</p> <p>This IRS option will allow a Caller to directly reach an Operator or CSR as opposed to navigating through the entire System's voice prompt menus.</p> <p>-----</p> <p>Issue B</p> <p>Allow for multiple call options from any international location without undue burden or cost to the Caller.</p> <p>-----</p> <p>Issue C</p> <p>The goal of the TAP proposed solution is to have the IRS add system information to the System menu options that enable Taxpayers to obtain location information about their local TAC office via the Toll-Free Line.</p> <p>-----</p> <p>Issue D</p> <p>Ultimately the IRS should have a separate dedicated phone number and System for additional languages as they do for English and Spanish Callers.</p> <p>-----</p> <p>Issue E</p> <p>The goal of this project referral is to reduce the volume of Callers experiencing multiple transfers to CSRs that can assist them. Additionally, if transfers are needed, the wait time Callers experience in getting to the correct CSR will be reduced as a result of proper System and manual routing.</p>
	<p>Issue A</p> <p>The proposed solution is to have the IRS add language regarding a new menu option at the end of the introductory segment script on the Toll-Free Line. The new script language would explain how a Caller can proceed directly to a live Operator or CSR and would provide clarity on the procedure that the IRS already has set in place. The noted procedure is to remain on the line without pressing any keys until the introductory segment is completed, at which point the caller will automatically be connected with a live Operator or CSR who will appropriately route their call.</p> <p>The recommendation is to place this additional script language directly after the last option in the introductory portion of the Toll-Free Line. Currently the last option is #9: repeat menu options.</p>



See System flow diagram below:  
Refer to the word document in the files tab for the diagram.

Currently there is no option in the introductory menu on the Toll-Free Line that explains that there is a way to proceed directly to a live Operator or CSR from this first menu.

The menu script is programmed to repeat twice, which takes a few minutes; however, the Caller is not told that they should simply stay on the line without pressing any keys in order to be transferred to a live Operator or CSR who will assist with routing their call.

Also, after the current introductory options are repeated twice, a message immediately states, "Your call cannot be processed." This language could confuse the Caller and lead them to think their call is about to be terminated. Therefore, this phrase should be removed from the System introductory script.

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#### Issue B

There are several possible solutions to this issue for consideration by the IRS. Please note that each of the suggested Solutions below could be accepted and implemented independent of the remaining Solutions. Alternatively, the IRS could accept and implement more than a single Solution. In essence, implementation of the following Solutions is not contingent upon one another.

#### Solution I - Voice over Internet Protocol:

The IRS could add multiple links on their IRS websites to allow Callers to use technical applications such as Google phone, Skype or other internet phone applications. Many of these applications are free to users and would allow International Callers the ability to connect to the IRS System via internet phone services, thus keeping calls from international locations free of charge.

#### Solution II – IRS staff supported International Caller telephone line:

Establish an International Caller line that has no electronic System routing but rather is managed by IRS staff-level individuals who will either answer calls to obtain Caller contact information or who will manage voicemail services that will allow Callers to leave their contact information. In addition to this Caller information, the IRS staff will obtain from the Caller blocks of time within a three-day window of the call that will be used by the IRS to make a return call to the Taxpayer/Caller.

Using the current System configuration, and without implementation of Solution I above, this option would require the International Caller to pay for the initial contact to the IRS in order to establish a call back date and time block as mentioned above.

**Solution III – IRS staff supported Call scheduling application:**  
Establish an International Caller e-mail system and calendar application that is managed by the IRS staff. Similar to Solution II, International Taxpayers could access this system and determine open blocks of time on the calendar for which they can sign up to have an IRS Agent call them.

This option would completely eliminate the need for an initial call

and would require IRS Agents to initiate calls to the Taxpayer/ Caller based upon the most convenient times as designated by the Taxpayer/Caller.

Rules to manage this system could include such restrictions as:

- The inability to schedule multiple time blocks in a single day,
- Limits on the number of calls that can be scheduled within a single calendar block,
- Denying individuals from scheduling a time block without providing an International call-back phone number, etc.

Similar to Solution II, this approach could significantly reduce the Taxpayer/Caller's cost to make international calls to the IRS and the service to the Taxpayer/Caller would be much more palatable as individuals would have more control over the timing of calls rather than being directed to an "On Hold" queue for an unknown length of time.

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#### Issue C

The proposed solution is to have the IRS add another option on the introductory Toll-Free menu that would provide information to Callers as to which TAC office is located nearest to them. Although this information can be accessed using the internet, there are individuals that have very limited or no internet access.

Ideally, this particular menu option would be placed directly after the fourth option, Business Taxes, on the introductory Toll-Free menu, as noted below:

Refer to the word document in the files tab for the diagram.

The proposed option would route Callers to another application which would request that the Caller enter or say a zip code. The information in response to the entered zip code would include the address and phone number of the TAC office located closest to the zip code data provided.

There should then be two follow up sentences. The first will explain in general what types of issues TAC offices handle and any generalized details the Caller may need to be aware of before visiting the office; for example, security requirements, ID information needed, etc.

The next sentence should explain that if the Taxpayer is uncertain whether their local TAC office can handle their issue they can call that office, leave a message and request a call back.

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#### Issue D

Solution I – Script edit:

Within the initial Menu Option the script could be modified to include a third option statement such as, "To continue in a language other than English or Spanish press three." If the Caller responds with a selection of three the call could be transferred to the appropriate CSR to handle these "Over-the-Phone Interpreter" (OPI) calls.

Solution II – Call tracking:

Additionally, to the TAP's knowledge, the IRS does not track call volumes related to OPI service requests. In light of this missing data it is suggested that the IRS develop and implement the use of Aspect Application tracking codes that could be used to gather insight into OPI call volumes.

<p>Proposed Solution or Task</p>	<p>Solution III - CSR training:  On a final note, IRS CSR's should be informed and educated on the availability and use of the OPI Service that is currently available to Callers.</p> <p>-----  Issue E</p> <p>Based on the above Project and Goal Statements, the following are suggestions the IRS should consider to reduce multiple transfers or improve the transfer process.</p> <p>Solution I - Improved Associate Segmentation:  The IRS should evaluate how IRS CSR's are set up in the System to ensure that calls are properly routed to CSR's who are trained to handle specific tax subjects and as selected by the individual Caller. This has the potential to greatly reduce the need for multiple transfers as long as the Caller listens carefully to all System options and provides specific information regarding their issue when connected to an IRS Agent.</p> <p>Also, based on the current transfer reasons, the IRS should evaluate whether the skills used to classify CSRs and route calls in the System need revised and updated to minimize the need for future transfers.</p> <p>Solution II - Improve Transfer Call Priority compared to Normal Calls:  In many of the TAP issues analyzed, most taxpayers did not have a problem with the transfer taking place. However, Callers did take issue with the additional wait/hold time required once transferred.</p> <p>To alleviate this problem, the IRS should consider implementing technology that places transferred Callers at a higher priority than other Callers. This will ensure these Callers get the proper attention and minimize the impact additional wait/hold time has on their question.</p>
<p>IRS Initial Response</p>	<p>The IRS has not looked at it recently, but every time the subject of high cost international calls come up the internet phone is discussed.</p> <p>We disagree with this recommendation. The IRS has looked at the internet phone service previously, Each of these services, and others allows the caller to connect via IP from one subscriber to another. We are not a subscriber, and cannot endorse the use of one service over another, at least without a competitive procurement action. Even if that were done, we do not know if it is possible to take such a call and queue it. This would only work if the service had a connection to the Public Switched Telephone Network, or PSTN, so a subscriber could call one of our numbers and then be queued.</p>
<p>IRS Final Response</p>	<p>Accounts Management does not utilize the Over the Phone Interpreter system. Therefore, we cannot implement this suggestion.</p>

<b>TAP Issue ID: 23282</b> <b>Elevated Date: 12/17/2012</b>	<b>Committee Name: Toll-Free</b>
<b>Status: Closed</b>	<b>Outcome: Issue Partially Implemented</b>
<b>Title: Training on Interconnecting Forms and Schedules</b>	
Issue or Project Statement	When contacting an Internal Revenue Service (IRS) Call Center regarding a specific form or schedule, Callers have expressed that on many occasions the group of IRS Customer Service Representatives (CSRs) fielding tax law inquiries are not properly trained to know which forms/schedules interconnect with the form/schedule in question. It has also been determined that CSRs supporting IRS form 1040 inquiries are sometimes unaware of how information placed on one IRS form moves to a second and possibly a third form.
Project Goal Statement	The IRS should review all tax forms in an effort to identify all interconnecting forms and schedules. Once all interconnecting forms and schedules are identified, all associated IRS training modules should be updated to incorporate instruction of these interconnecting forms. This way each interconnecting form will be addressed within the corresponding training module.

<p>Proposed Solution or Task</p>	<p>The IRS should train all tax law CSRs in the use of interconnecting forms and schedules, and the IRS should develop a database of interconnecting forms. More specifically, the TAP is proposing the following solutions to this issue:</p> <p><b>Solution I – CSR Training:</b>  Training of tax law CSRs should include educational topics related to IRS forms and schedules that interconnect, for example:</p> <ul style="list-style-type: none"> <li>a. CSRs trained in the Form 1040 Schedule D, Capital Gains and Losses, should also be trained in: <ul style="list-style-type: none"> <li>i. Form 8949, Sales and Other Disposition of Capital,</li> <li>ii. Form 4797, Supplemental Schedule of Gains and Losses, and</li> <li>iii. Form 6252, Installment Sale Income.</li> </ul> </li> <li>b. Form 8824, Tax free exchanges training may also include <ul style="list-style-type: none"> <li>i. Form 4797, Sales of Business Property, and</li> <li>ii. Possibly Schedule D, Capital Gains and Losses</li> </ul> </li> <li>c. Contributions of appreciated property which may flow from Form 8283 <ul style="list-style-type: none"> <li>i. to Schedule A, Itemized Deductions of Form 1040</li> </ul> </li> <li>d. Passive loss limitations reported on Form 8582, Passive Activity Loss Limitations and Form 6198, At Risk Limitations may flow to: <ul style="list-style-type: none"> <li>i. Schedule E, Supplemental Income of Form 1040</li> </ul> </li> <li>e. Employee business expenses from Form 2106 may flow to: <ul style="list-style-type: none"> <li>i. Schedule A, Itemized Deductions of Form 1040, and</li> </ul> </li> <li>f. Investment interest expense from Form 4952, Investment Interest Expense Deduction which may flow to: <ul style="list-style-type: none"> <li>i. Schedule A, Itemized Deductions of Form 1040</li> </ul> </li> </ul> <p>Please keep in mind that this outline is not a complete list of interconnected forms, but is simply an example of several of the IRS forms and schedules that could share data elements.</p> <p>Our review of tax law CSR training modules indicated that CSRs are required, as a part of the education session, to complete some forms related to the subject matters. However, the TAP is proposing that as the CRSs conclude each of these training modules, they should be required to perform an actual example carrying a transaction from one form to another until it is at its final destination.</p> <p><b>Solution II – Training materials:</b>  As part of Continuing Professional Education (CPE), course material for tax law CSRs should also include the pertaining interconnecting form(s).</p> <p><b>Solution III – IRS forms and schedules database:</b>  The IRS should develop and maintain a database of information that identifies all forms and schedules that have connections to additional IRS forms/schedules. This database should be made available not only to IRS employees and CSRs, but should also be available to the general public as a tax forms, reporting and management tool.</p>
	<p>Response #511  Application 115, Schedule D/Sale of a Home, worked by Grade 8 CSRs is assigned basis of assets and capital gains and losses. The training provided for this application allows processing of the vast majority of all the Form 1040, Schedule D calls. It does not include most of the forms listed here as they are classified as higher graded (Grade 9) work.</p> <p>Application 135, Complex Individual Issues, worked by Grade 9 Tax Law Specialists, contains training on the forms listed in course</p>

12223, Complex Individual Issues. Customer Accuracy for Application 135 is currently 94%. A review of the quality data does not indicate a training issue or a lack of knowledge of these forms. The course was updated for FY2012 usage and will be considered for updating during FY2014. Subject Matter Experts select topics for exercises based on the most common issues received and those reflective of quality results. Consideration will be given to these 6 exercises when the course is updated.

Response #512

These forms are covered thoroughly in formal training for newly hired employees working tax law inquiries and when skilling employees up to the next level. Employees complete exercises that require them to analyze the issues and complete the appropriate forms as part of this training.

AM's annual CPE is designed to covers new tax laws and changes to existing tax law. Any changes to these forms are covered in CPE to ensure that employees possess the necessary skills to correctly complete the forms or to assist taxpayers in completing them correctly.

Refresher training for AP135, Complex Individual Issues, was not budgeted for FY2013 due to funding and its priority among more pressing other AM training needs based on current quality trends. We have identified no recent or current quality trends to support this request. However, should our quality data reflect a need to deliver additional training on any of these forms, we will certainly take prompt action to update and deliver training to employees who handle these inquiries from taxpayers.

Response #513

Tax Forms and Publications (TFP) recently created pages on IRS.gov for each of its forms and publications which should provide IRS employees and taxpayers access to the information you are recommending be compiled in a database. Each page gives a brief overview of the form and its instructions and includes a link to the current form and instructions. The page also has a section titled 'Other items you may find useful', which includes a list of related forms, publications and prior year products. There is also a section for taxpayers to provide comments.

The web address for the Product Page is listed on the top of each form under the form's title. The generic web address is [www.irs.gov.formXXXX](http://www.irs.gov.formXXXX). The pages are accessed simply by typing "IRS.gov", a slash, and "form1040" or "pub17". So typing [www.irs.gov/form1040](http://www.irs.gov/form1040) into your browser's address bar takes you to the page for Form 1040.

Taxpayers and IRS employees can access these pages to find products that are related to another product. TFP therefore feels that these pages provide the benefits you are looking for in your recommendation. As we improve upon these pages, we will use your information from this suggestion when we look at ways to improve the pages.

Because we already provide the bulk of the information you recommend and to make it easily accessible to IRS employees and taxpayers, we do not plan to adopt the specific recommendation to create a database, but believe we are already addressing the bulk of the issues.

<p>IRS Final Response</p>	<p>Tax Forms and Publications (TFP) recently created pages on IRS.gov for each of its forms and publications which should provide IRS employees and taxpayers access to the information you are recommending be compiled in a database. Each page gives a brief overview of the form and its instructions and includes a link to the current form and instructions. The page also has a section titled 'Other items you may find useful', which includes a list of related forms, publications and prior year products. There is also a section for taxpayers to provide comments.</p> <p>The web address for the Product Page is listed on the top of each form under the form's title. The generic web address is www.irs.gov.formXXXX. The pages are accessed simply by typing "IRS.gov", a slash, and "form1040" or "pub17". So typing www.irs.gov/form1040 into your browser's address bar takes you to the page for Form 1040.</p> <p>Taxpayers and IRS employees can access these pages to find products that are related to another product. TFP therefore feels that these pages provide the benefits you are looking for in your recommendation. As we improve upon these pages, we will use your information from this suggestion when we look at ways to improve the pages.</p> <p>Because we already provide the bulk of the information you recommend and to make it easily accessible to IRS employees and taxpayers, we do not plan to adopt the specific recommendation to create a database, but believe we are already addressing the bulk of the issues.</p>
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<p><b>TAP Issue ID: 23327</b> <b>Elevated Date: 03/29/2012</b></p>	<p><b>Committee Name: Tax Forms and Pubs</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: Review of Form 8949 (rev 2012)</b></p>	
<p>Issue or Project Statement</p>	<p>Review of Form 8949 (rev 2012), Sales and Other Dispositions of Assets, to ensure clarity of content</p>
<p>Project Goal Statement</p>	<p>Review each line of Form 8949 (rev 2012), Sales and Other Dispositions of Assets, to ensure its content is clear to users of the Form</p>
<p>Proposed Solution or Task</p>	<p>Ten recommendations were made on the lines of Form 8949 that would make the Form easier to understand by those who use it.</p>
<p>IRS Initial Response</p>	<p>The Program Owner responded that five out of ten recommendations have been accepted, one considered and the rest rejected. Refer to File 22923 for details of their response.</p>

<b>TAP Issue ID: 23328</b> <b>Elevated Date: 03/29/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review of Form 1097-BTC, Bond Tax Credit</b>	
Issue or Project Statement	Review of Form 1097-BTC, Bond Tax Credit , for clarity of content
Project Goal Statement	To ensure users can understand how to complete this Form
Proposed Solution or Task	A recommendation was made relevant to Box 21 and its instructions. Also, they made two recommendations on the instructions; one on the instructions to the recipient and one on the instructions to the payer.
IRS Initial Response	Out of a total of 3 recommendations, two were partially adopted while one will be adopted as presented. File 21883 shows the details of the response.

<b>TAP Issue ID: 23329</b> <b>Elevated Date: 03/28/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review Form 8912, Credit to Holders of Tax Credit</b>	
Issue or Project Statement	Review Form 8912 to ensure clarity of content
Project Goal Statement	Review Form 8912, Credit to Holders of Tax Credit Bonds, for clarity of content
Proposed Solution or Task	Review Form 8912 for clarity of content.
IRS Initial Response	The Committee made seven recommendations and only one of these will be adopted. Refer to File 21687 for details of the response.



<b>TAP Issue ID: 23331</b> <b>Elevated Date: 03/29/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review of Schedule C (rev. 2012)</b>	
Issue or Project Statement	Review Tax year 2012's , Schedule C, Profit or Loss From Business, to ensure clarity of content
Project Goal Statement	Review 2012 Schedule C, Profit or Loss from Business, and provide IRS program owners with suggestions.
Proposed Solution or Task	To ensure clarity of the Schedule C to all who use it.
IRS Initial Response	Of the 14 recommendations or comments made on this Sch C revision, two will be adopted and several were found to be not applicable by the IRS.File 22519 shows details of this response.

<b>TAP Issue ID: 23332</b> <b>Elevated Date: 03/29/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review of Publication 509, Tax Calendar</b>	
Issue or Project Statement	Review of Publication 509, Tax Calendar, for concise and clear information
Project Goal Statement	To ensure clarity of the Tax Calendar
Proposed Solution or Task	Review the complete Publication 509, Tax Calendar, to ensure accuracy, proper grammar and clarity.
IRS Initial Response	The Program Owners have decided to adopt five out of the six recommendations the Committee made on 2012 Publication 509, Tax Calendar.Please refer to File 21801 attached for details on the response.

<b>TAP Issue ID: 23667</b> <b>Elevated Date: 08/06/2012</b>	<b>Committee Name: Taxpayer Communications</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Refund Processing Communications</b>	
Issue or Project Statement	<p>The Refund Processing Communication Project Committee was tasked with determining ways to improve communicating the reasons for delays in refund issuance beyond the “normal” processing timeframes to impacted taxpayers.</p> <p>The committee focused on two aspects:</p> <ol style="list-style-type: none"> <li>1. Information available to taxpayers on Where’s My Refund (WMR), the Internal Revenue Service (IRS) website, and publications; and</li> <li>2. Taxpayer expectations.</li> </ol>
Project Goal Statement	<ol style="list-style-type: none"> <li>1. Make changes to IRS communications for consistency and clarity to: <ul style="list-style-type: none"> <li>o Reduce taxpayer frustration regarding delay of refunds (both perceived and actual); and</li> <li>o Reduce the number of phone calls to the IRS regarding refund issues (both perceived and actual).</li> </ul> </li> <li>2. Reset taxpayer expectations about refunds to reduce the “refund frenzy” through consistent and harmonized information from the IRS, practitioners, and tax software providers.</li> </ol>

The proposed solutions include tactical steps to improve the current refund experience and strategic steps that would enhance the experience for all taxpayers and the IRS in the future.

#### WMR Changes:

##### Specific changes for WMR:

Attachment 1 provides specific comments and suggested revisions to certain messages and pages appearing as part of WMR. Some of the recommendations concern a rewording of a message, which may be included on several WMR pages. Other recommendations concern a particular page.

##### General changes for WMR and its marketing:

1. Rename the site "Where's My Return" instead of "Where's my Refund," to reduce the intense focus on speedy receipt of a refund and to better manage expectations by focusing on return processing and the occasional delay involved.
2. Adopt a system of communicating processing status similar to that used by the United Parcel Service to track packages. For example, on the WMR landing page, include a simple, visual representation of the processing status of the return. Use wording such as "Return Received," "Return Processing," "Processing Complete," "Refund Scheduled," "Direct Deposit Refund Issued," and "Refund Check Issued."
3. Include an indication of how frequently WMR information is updated, reducing the likelihood that users will call the IRS to see if more up-to-date information is available.
4. Include an indication of when the taxpayer's information was last updated, again, to reduce the likelihood that the taxpayer will call the IRS seeking more up-to-date information.
5. Include a "date stamp" showing the last time the taxpayer visited the page.
6. Make no promises. To lower unrealistic expectations, allow for more flexibility in the timing of refunds, and err on the side of

lengthier processing times. For example, on the WMR landing page, instead of saying, "If you e-file, you can generally expect your refund within 10 – 21 days," say "If you e-file, you can generally expect your refund within approximately 21 days."

7. The "When to check" bullet points on the WMR landing page tell the taxpayer to begin checking WMR 72 hours after e-filing. This raises expectations. Instead, give a timeframe of, for example, five working days.

8. Known delays or processing issues requiring Quick Alerts or other information shared with practitioners must also be reflected on the IRS website, specifically WMR, so taxpayers are informed, as well.

9. On WMR, request a taxpayer to contact the IRS by phone only when the IRS requires new information from the taxpayer or an unusual situation requires additional taxpayer support or understanding.

10. Advertise WMR as the main and only "voice of the IRS" regarding return processing and refund management, so that taxpayers are less likely to call the IRS hoping to obtain different information.

11. Instruct toll-free service representatives to refer to WMR as the only source of information (e.g., "Let me see what WMR says"), thereby channeling callers back to WMR in the future.

12. Encourage Tax Practitioners to direct clients to use WMR.

#### Resetting Taxpayer Expectations About Refunds:

1. Decouple "return processing" from "refund management" on WMR and in publications and alerts to practitioners and taxpayers.

2. Stress processing time and accuracy, not just the speedy receipt of refunds, as benefits of e-Filing. Also publicize the incremental costs of processing paper returns, such as the manpower required to "perfect" them.

3. Encourage third-party service providers to better explain to clients that the transmitter's responsibility ends after successful return transmission, and that the actual processing of the return and refund management is the responsibility of the IRS.

4. Harmonize all publications, alerts, and messages to provide the same information about refunds.

5. Utilize social media to keep taxpayers updated on general processing.

6. Use FaceBook and Twitter to advertize processing delays or other information of general and immediate interest.

7. Share processing volume data with taxpayers on social media, as taxpayers typically have no idea of the size of the task that the IRS performs. Example: "As of this week, 20 million new returns have been processed; 15 million refunds have been issued totaling \$XX billion. Five million returns were processed within two weeks from start of processing (SOP), 8 million within 4 weeks from SOP, 1.8 million within 6 weeks from SOP, while only 0.2 million were

Proposed Solution or Task	<p>delayed more than 8 weeks.”</p> <p>8. Encourage software providers to use on the generated form the same language suggested above for WMR time frames:  a. When to expect a refund – “within approximately 21 days.”  b. When to check WMR – “five working days after e-filing.”</p>
IRS Initial Response	<p>Specific changes for WMR shown on attachment 1 Response: The Where’s My Refund? tool is being significantly improved for filing season 2013. We cannot respond to each specific comment in the recommendation attachment because so much has been changed, but messages for 93% of Where’s My Refund? users have been improved and simplified to make it easier for taxpayers to understand and to enhance the user experience. The IRS has been working on these changes since early 2012 and took discussions with the TAP panel into consideration throughout the process. We appreciate that the TAP panel recommendation validates our direction.</p> <p>General changes for WMR and its marketing responses:</p> <ol style="list-style-type: none"> <li>1. The IRS will analyze the impact of all of the changes made to Where’s My Refund? and refund messaging this year and determine whether taking such an approach is necessary or feasible for 2014.</li> <li>2. The IRS plans for the Where’s My Refund? Web tool to display results visually as a tracker with accompanying explanatory messaging in filing season 2013. An estimated refund date will not be provided to users. Instead a personalized refund date that won’t change will be provided once the return is processed and the refund date is confirmed. The IRS has been working on these changes since early 2012 and took discussions with the TAP panel into consideration throughout the process. We appreciate that the TAP panel recommendation validates our direction.</li> <li>3. The IRS plans for this information to be provided under certain circumstances by Where’s My Refund? (no more than once a day), we will also consider communicating that on the landing page or within general communications. It will also be clearly communicated that callers will receive the same information as would be provided by Where’s My Refund?</li> <li>4. While the IRS agrees that there is benefit in providing taxpayers with ongoing updates about their account, providing this kind of progress reporting as part of the Where’s My Refund? improvements for the 2013 filing season was not feasible without creating undue risk to filing season processing. The IRS will reconsider this in planning for the 2014 filing season.</li> <li>5. While the IRS agrees that there is benefit in providing taxpayers with ongoing updates about their account, providing this kind of progress reporting as part of the Where’s My Refund? improvements for the 2013 filing season was not feasible without creating undue risk to filing season processing. The IRS will reconsider this in planning for the 2014 filing season.</li> <li>6. It is our goal to minimize confusion and manage expectation by avoiding the use of a range and setting general expectations for refund delivery. In addition we will direct taxpayers to the improved Where’s My Refund? Web or phone tool for personalized refund information. The IRS took discussions with the TAP panel into</li> </ol>

IRS Initial Response

consideration as messaging was drafted. We appreciate that the TAP panel recommendation validates our direction.

7. IRS plans to tell taxpayers who file electronically that they will be able to track their refund on Where's My Refund? sooner – generally within 24 hours after the IRS acknowledges acceptance of an e-filed return, or about 4 weeks after a taxpayer mails a paper return. Messaging will be adjusted accordingly and significantly fewer taxpayers should experience a “no information” Where's My Refund? response.

8. Each year the IRS evaluates the prior filing season, including stakeholder feedback, and applies lessons learned to the following year. The IRS will use appropriate communication vehicles to inform practitioners and taxpayers about known delays or processing issues when appropriate. We will take discussions with the TAP panel into consideration as we make communications decisions throughout filing season.

9. Planned improvements for Where's My Refund? in 2013 include removal of instructions to call the IRS unless there is a need to provide or request specific information from the taxpayer. The IRS has been working on these changes since early 2012 and took discussions with the TAP panel into consideration throughout the process. We appreciate that the TAP panel recommendation validates our direction.

10. The changes being made to improve taxpayers' ability to see and understand their personal refund status in 2013 will consistently direct taxpayers to Where's My Refund? as the best and most accurate source of information about their refund – especially during the 21 days after the IRS accepts an electronic return or about 4 weeks after the IRS receives a paper return. It will also be clearly communicated that callers will receive the same information as would be provided by Where's My Refund?

11. The changes being made to improve taxpayers' ability to see and understand their personal refund status in 2013 will consistently direct taxpayers to Where's My Refund? as the best and most accurate source of information about their refund – especially during the 21 days after the IRS accepts an electronic return or about 4 weeks after the IRS receives a paper return. It will also be clearly communicated that callers will receive the same information as would be provided by Where's My Refund?

12. The changes being made to improve taxpayers' ability to see and understand their personal refund status in 2013 will consistently direct taxpayers to Where's My Refund? as the best and most accurate source of information about their refund – especially during the 21 days after the IRS accepts an electronic return or about 4 weeks after the IRS receives a paper return. The IRS has solicited support from the Industry to do the same. The IRS took discussions with the TAP panel into consideration throughout the process. We appreciate that the TAP panel recommendation validates our direction.

Resetting Taxpayer Expectations About Refunds:

1. The IRS will analyze the impact of all of the changes made to Where's My Refund? and refund messaging this year and determine whether taking such an approach is necessary or feasible for 2014.

<p>IRS Initial Response</p>	<p>2. Each year the IRS emphasizes that efile is the best way to ensure an accurate return and the fastest way to get a refund. The cost to process a paper as compared to an electronically filed return has also been shared but the IRS will consider opportunities to highlight this information in 2013. We've found that the minority who file paper returns are not motivated by the savings they can help the IRS realize by filing electronically.</p> <p>3. While in many circumstances taxpayers do not need to interact with their tax professional or software provider once they successfully file their return electronically or on paper, each taxpayer and tax return presents a different set of circumstances. In some cases the circumstances result in post filing issues that the taxpayer must manage. Whether they solicit the assistance of their tax professional is up to each taxpayer.</p> <p>4. It is the IRS's goal to implement the changes being made to improve taxpayers' ability to see and understand their personal refund status in 2013 together and consistently, and to coordinate within the IRS and with the software and tax preparer industry well before filing season to have the greatest positive impact on the taxpayer refund experience. This includes simplifying and bringing all related messaging into harmony.</p> <p>5. The IRS will continue to employ social media as appropriate to share information about the filing season including refund processing.</p> <p>6. The IRS will employ social media as appropriate to share information about the filing season including refund processing.</p> <p>7. The IRS is embracing social media including Facebook, Twitter, Tumblr and YouTube and will consider options for presenting this kind of data to the public during the filing season.</p> <p>8. The IRS will coordinate planned changes to improve taxpayers' ability to see and understand their personal refund status in 2013 with the software and tax preparer industry to have the greatest positive impact on the taxpayer refund experience.</p>
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<p><b>TAP Issue ID: 23763</b> <b>Elevated Date: 10/18/2012</b></p>	<p><b>Committee Name: SBSE Decreasing Non-Filer</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: SBSE Decreasing Non-Filers</b></p>	

Issue or Project Statement	<p>The Internal Revenue Service (IRS) has developed several non-filer initiatives to address the individual and business non-filer issue. These initiatives have included legislative proposals, information matching with state agencies, non-filer communications outreach and enhanced internal performance measures. Each program enhancement has had varying degrees of success. There may be a potential to improve the outcome of these cases by combining enforcement programs into a harmonious treatment (i.e., lock in withholding which could prevent an additional balance due for the taxpayer) and also address non-filed years via Automated Substitute for Return (ASFR).</p>
Project Goal Statement	<p>The IRS desires strategic, systemic and case selection recommendations to the current individual ASFR program and the business 6020b program to decrease the overall non-filer rate. This could include communication vehicles. Additional focus should include any benefits to the non-filing taxpayer and the service of connecting the Withholding Compliance and the Substitute for Return (SFR) programs.</p> <p>The expectation of the committee was to provide feedback to ensure that the recommendations in this program area generate limited additional burden for the taxpayer while adding maximum benefit to IRS.</p>
	<ul style="list-style-type: none"> <li>• New Outreach Efforts</li> </ul> <p>Proposal 1 - Move “Need to File Past Due Return?” link and information to a more prominent place on the IRS.gov website.</p> <p>The IRS has a dual obligation; to collect taxes and to assist taxpayers in their obligation to file tax returns. Currently the IRS has an excellent link on its website which admirably fulfills the second part of its obligation: “Need to file a Past Due Return?”</p> <p>The only problem is that this link is not readily available. It can only be reached on both the Individual and Business tabs by inserting the following in the search box: “Need to file a past due return?”</p> <p>The Committee recommends that this very useful link be placed in a prominent position on both the Individual and Business opening pages on its website, www.irs.gov, as is the “Where is My Refund?” link.</p> <p>Proposal 2 - Include “Need to File Past Due Return?” link and Information with letters and notices requesting past due filing.</p> <p>Based on research conducted by a member of our committee , we believe that a large number of non-filers do not file a return because they know they will owe taxes, of which they are unable to pay and are therefore afraid of filing the return.</p> <p>Our committee believes that the best way to reach out to these non-filers and help them get on track with their filing is to include helpful resources along with the letters and notices sent to them requesting past due returns. If assistance resources are included along with otherwise scary or overwhelming notices, the taxpayer might be more comfortable contacting the IRS for help with their filing.</p> <p>For example, when the IRS sends out Notice CP59, First Notice – Return Delinquency, requesting that the taxpayer file a past due return, the notice should be accompanied by the “Need to File a Past Due Return?” information discussed above, as well as “Next Steps for Filing Your Past Due Returns.” and also a page that lists</p>



available Low Income Tax Clinics (LITC), Volunteer Income Tax Assistance (VITA) sites and Taxpayer Assistance Centers (TAC) located in the taxpayer's area of residence. The sites could be helpful to the taxpayer since they might be able to seek out assistance in filing their past due returns.

Proposal 3 - Create a friendly postcard mailer prompting non-filers to file.

Because many non-filers probably feel that they owe taxes and are afraid of the consequences of not filing, they simply choose to do nothing.

However, they receive notices from the IRS outlining the consequences of not filing. On the other hand, a friendly offer of help may be just the nudge they need to become compliant. Realizing the possibility that an open postcard may finger the recipient as a non-filer, the Committee suggests that the postcard be changed to a sealed colorful fold-over flier with the Taxpayer Advocate logo placed in the return address section rather than the official IRS logo.

While budget constraints might present a challenge to the production and distribution of these postcards, they are an incredibly cost-effective way to reach out to a large number of potential non-filers, especially when compared to the traditional methods of in-person outreach and other forms of communication (letters, notices, phone calls, etc.). The IRS already has numerous friendly pamphlets and cards that it uses for outreach, so producing one more additional resource should not present too great a challenge.

See Appendix 1 for postcard prototype.

Proposal 4 - Make postcards available for display and pickup at public locations/community groups.

Considering that the IRS does not have contact information for all non-filers, these friendly postcards should also be distributed in as many public places and to as many community groups as possible. The most logical places where these postcards should be readily available and would be easy and low cost to provide a supply would be:

Local IRS offices, such as Local Taxpayer Advocate (LTA) offices and TACs  
VITA locations  
Tax Counseling for the Elderly (TCE) locations

Civic/Government locations could include:

ocal libraries where IRS forms are located now  
Senior Citizen Centers  
Free Medical Clinics that receive federal/state funds  
Schools (state, community, and private colleges, as well as trade schools)  
Shopping Mall information centers  
State, County and City information desks  
Certified Professional Accountants (CPA) and Enrolled Agents  
Continuing Professional Education (CPE) Seminars  
Churches  
Departments of Motor Vehicles  
Local Chambers of Commerce

State Business Licensing Agencies  
State/Local Departments of Human Services  
Utility Bills

Check cashing and payday loan companies.

Free File - at least 8 companies participate in the IRS free e-file program and are listed on [www.irs.gov](http://www.irs.gov). These companies have a vested interest in helping the IRS get the word out to non-filers.

The IRS promotes them as participants in Free File processing and they get business referred to them by the IRS. TaxACT, Turbo Tax and TaxSlayer, to name a few, are nationally known tax preparation software companies that participate in Free File. The Free File option does however have a threshold for income that varies from \$32,000 - \$57,000.

The postcards will encourage voluntary compliance for non-filers and can be a community initiative because the non-filer affects us all.

All major cities have city websites and we request/encourage that at the minimum, a non-filer invitation to file be included on these city websites. Plano, TX, has allowed TAP to be on its city website in the library section. IRS local offices, VITA centers and TCE locations are a natural location for non-filer information and postcards.

Proposal 5 - Wage & Income information availability.

Many taxpayers who need to file past due returns experience difficulty finding the documents they need in order to complete a return for a prior year. While the IRS is able to provide past year wage and income transcripts to taxpayers via the mail, the IRS's e-services tools only provide wage and income information to tax preparers and professionals for the past three years.

To make things easier for those non-filers who seek out a tax professional to assist them in filing their past due returns, we propose that the IRS make available on e-services all wage and income information the taxpayer would be able to request from the IRS directly. In other words, the wage and income information available to tax professionals using e-services should match the availability of wage and income information that the IRS stores and is able to mail directly to taxpayers.

Proposal 6 - Consolidate "Understanding Taxes" into a manageable and condensed lesson plan that can be implemented by almost anyone.

Given the number of non-filers, attempting to determine who they are after-the-fact is a never-ending battle that requires huge effort to merely keep the problem from growing.

Prevention may be a much better long-term approach to reducing the number of non-filers by reducing their increasing numbers each year. The IRS needs to be much more creative and aggressive about educating high school, community college and university students as to their federal income tax filing obligations.

Currently, the IRS has a program called "Understanding Taxes." which offers 38 lesson plans. Detailed lesson plans guide the instructor from the introduction of a given tax concept, through its development, to the lesson conclusion. Each lesson plan serves as an instructional guide on how to incorporate tax theory, history and application into the classroom.

The lessons take between one and two hours each, which amount

to between 38 and 76 hours of instruction. Although this may be necessary for the purpose of class credit or hours for a limited number of students, we wonder how many classes are actually being taught using this system. The materials and subject matter being presented are excellent but our question is how large is the audience?

We suggest that the IRS explore creating a condensed version of "Understanding Taxes" that can be taught in one day or several hours. The fact sheets used in the current modules are very informative and could be used in the condensed version. As a suggestion, the material should concentrate on "What is taxed and why" (including self-employment income), "Your role as a taxpayer," and "How to file." It might also be helpful to include a very brief section that outlines all of the different resources the IRS provides to help taxpayers, such as LTAs, VITA, LITCs, etc. That way, as students learn about the IRS and tax filing, they learn that the IRS itself can be a helpful resource.

We think that the IRS's Understanding Taxes program could reach many additional potential new filers with a shorter version that has a wider audience.

Proposal 7 - Push newly consolidated "Understanding Taxes" program in Schools and Colleges. Engage partnerships with school groups and encourage volunteers to teach the program .

The IRS would be precluded from establishing a program that would allow regular in-person presentations at the more than 20,000 educational institutions nationwide. But, other organizations do have that capacity. There are organizations with which the IRS could form partnerships for the very limited purpose of presenting information about the need to avoid being a non-filer.

For example, Alpha Kappa Psi, honorary business fraternity, has over 200 chapters (at least one in every state), and they are constantly searching for public service projects. Retired IRS agents might volunteer to give a presentation or two each month; or AARP might sponsor an effort to enlist the volunteer effort of some of its members. These and other volunteers could teach a version of the "Understanding Taxes" program or other outreach presentations in our high schools and colleges.

We need to educate our students before they enter the workforce and prevent them from becoming non-filers in the future.

Proposal 8 - Expand the community Outreach work being done by SPEC and W&I, and have SB/SE join their collective efforts.

Currently, [www.irs.gov](http://www.irs.gov) has a section on their website called "Become an IRS Partner to Help in Your Community." There it is explained that Stakeholder Partnership Education and Communication (SPEC) (within Wage and Investment [W&I]) "has built a network of national and local partners' to assist with outreach and free tax preparation.

This committee proposes that the IRS's Small Business/Self Employed (SB/SE) Division join W&I and SPEC in this outreach endeavor. Most all of the current outreach efforts and free tax preparation services target individual and W&I taxpayers. By participating in the networking and outreach currently being conducted by SPEC, SB/SE will be able to monopolize on existing partnerships with community organizations in order to connect with businesses and self-employed non-filers.

Once SPEC, W&I and SB/SE are working together, their community outreach should focus on:

- Expanding the availability of free tax preparation services which are currently non-existent for business filers for the most part,
- Marketing the “Understanding Taxes” program,
- Promote the availability of resources in the IRS’s “Outreach Corner.”

• Identification of New Data Sources

Proposal 1 - Retail store activity via the 1099K, Merchant Card and third-party network payments information reporting from retail stores

The 1099-K Merchant Card and Third-Party Network Payments reporting began on January 1, 2011 and should be a very successful way to enhance the ability of the IRS to gather income information on tax returns. The basic Visa, MasterCard, American Express and Discover cards, as well as PayPal, Amazon and Google have served as wake-up calls for many eBay store owners when their deposits have hit the required minimum.

To further the effectiveness of this tool, we would recommend the following:

1. Add to the number and types of merchant services that are required to submit information. Contractors and various other businesses are known for using check cashing and “non-bank” institutions, credit unions and even the postal money order system, and
2. Lower the required minimum parameters to capture \$10,000 or less and 100 transactions. The 100 transactions would serve as a warning flag to the IRS; i.e., if anyone is involved in 100 transactions in a given period, that entity is likely to be a business.

Proposal 2 - Utility companies

Utility companies such as electric and gas have a huge footprint due to their provided services which also allows them to have a pulse on local business activities. These utilities gather information on each commercial property tenant; for example business names, Employer Identification Number (EIN), address, type of location, corporate owner or contact, contact numbers and most useful, utility use. A simple annual report to the IRS could be compared by address or EIN for income activity. How can a designated business property have utility use but no reportable deduction?

Proposal 3 - Cash Transaction Reports (CTR)

The current use of Cash Transaction Reports (CTR) is limited to simply reporting \$10,000 transactions; but the CTR are not used to track non-filers. Two changes in their use are recommended:

1. Track the CTR by Federal Employer Identification Number (FEIN), Individual Taxpayer Identification Number (ITIN) or social security number (SSN) to determine if the holder has filed a tax return, and
2. Reduce the reporting threshold to a much lower level, perhaps \$3,000. This reduced threshold would likely result in a significant company/business burden, one that could be mitigated by requiring companies to report the \$3,000 to \$10,000 transmissions every four or six months, rather than maintain the current \$10,000 CTR frequency.

Proposal 4 - Highway use taxes and new vehicle registrations

Federal Form 2290, Heavy Highway Vehicle Use Tax Return, is used by the IRS within the trucking industry to report and pay

highway use tax on trucks used throughout the United States. Any taxable motor vehicle required to be registered in a state, the District of Columbia, Canada or Mexico, during the period starting July 1 of the year, is required to file Form 2290 by the last calendar day of the month following the month it is first used on roads within the United States. The IRS also requires an EIN for reporting activity on Form 2290. An individual not otherwise required to acquire an EIN is obligated to do so solely for this reporting purpose.

The database acquired through the Federal Form 2290 is a cost effective tool that could be used to compare against the income reporting database to reveal non-filers. Furthermore, with the IRS requirement to obtain an EIN on all truckers, the IRS essentially has both the EIN and SSN available for review.

Since the trucker must have verification of filing Form 2290 in order to get license tags or cab cards for their vehicle, it stands to reason that most if not all truckers should be registered with IRS.

Proposal 5 - Mortgage loan initiation and payoffs

a. Initiation: Mortgage lenders could report quarterly to the IRS mortgages that were funded during the quarter. Lenders could supply the borrower's name, address, social security number, and mortgage amount.

b. Payoffs: Each time a mortgage is satisfied a form is produced by an attorney to declare that the mortgage has been satisfied. This form is then recorded in the appropriate county clerk's office. The procedure is common to virtually all of the states. If a simple cover form could be created that asks a few key questions as to the source of the mortgage satisfaction funds, and that form is completed at the time of mortgage closing, it could be transmitted to the IRS solely for the purpose of isolating non-filers who have paid off mortgages but have not filed tax returns. To significantly reduce the paperwork burden that must accompany this type of effort, refinancing could be exempted from any such filing.

Proposal 6 - Offshore activities

Currently, the IRS has reciprocal transaction reporting agreements with almost 70 countries. Two recent country additions, Norway and Switzerland, particularly the latter, increased the ability of the IRS to track non-filers and tax evasion account holders. Several very significant political jurisdictions are absent from the list of information exchange countries. Most notable are Vanuatu, Bermuda and the Cayman Islands. These jurisdictions will strongly resist such agreements for a number of well documented reasons. These jurisdictions should be pursued with greater vigor and be the subject of greater resource allocation.

Proposal 7 - Professional licensing

Most states require professional licensing with yearly renewal to be able to practice within such professions. Examples of these professions include Certified Public Accountants (CPA), doctors, lawyers, real estate agents, insurance agents, nurses, beauty salon operators, engineers, contractors, etc.. An Internet search shows most states have an online license verification service that is available to the public which usually shows both active and inactive licensees.

The use of the state database of professional licensing is a source that could be used to compare those who are not filing income tax returns. Most professional licenses allow for retirement, etc., so if a license is active, the person should be reporting income for the

period. Most license verification services provide names, addresses, company names and other relevant information that should help link the licensee to an individual taxpayer. Furthermore, most licenses require a SSN that should make comparing the data cost effective for the IRS.  
Proposal 8 - Sales tax registration

Sales tax registration is required for any business that sells products within a state and also requires a company to have multi-state tax registrations, nexus. An Internet search shows most states have online sales tax registration verification for use by businesses to ensure their customers are registered within that state.

The use of sales tax registration from individual states could be used for a comparison of businesses reporting income. The IRS now uses sales tax reporting for a review of income reported, but does not use the registration to determine if a company is filing. Since a registration is used not only by sellers of products to end users, but by wholesalers, manufacturers, farmers, etc., who are not required to file sales tax reports, use of this registration data could be an avenue to find non-filers.  
Proposal 9 - Franchisers and franchisees

Franchisers monitor their franchisees very closely and most know exactly the revenues and costs of each of their franchisees because of their re-supply orders, weekly reports, coop advertising and audited financial data. A tool such as Form 1099-K can be used to aggregate the incomes reported to the franchisers and can be matched to all the franchisees tax returns.  
Proposal 10 - Non-profits

Non-profits, particularly churches, schools and charitable organizations are notoriously lax in their production and distribution of Form 1099. Contrary to some expression of concern that small businesses incur a substantial burden when faced with the need to produce 1099s, bookkeeping requirements are not onerous when done on a current basis.  
Proposal 11 - Indoor tanning service providers

Federal Form 720, Quarterly Federal Excise Tax Return, must be filed by indoor tanning service providers to report and pay excise tax on gross receipts from tanning services. Even those individuals who are not indoor tanning service providers are required to file and pay a 10 percent excise tax. They are required to apply for an EIN for this purpose, giving the IRS knowledge of SSNs to review against income reporting. Although there are no consistent state regulations regarding tanning salons that would curtail noncompliance with this excise tax, a use of this database already available to the IRS would give another avenue for finding non-filers.  
Proposal 12 - Insurance

There is a high degree of likelihood that the 100-plus million non-filers include a significant number of businesses and individuals that have some form/type of insurance coverage.

A business, for example, is often required to carry workers compensation, disability insurance, surety bonds and general liability to name a few required types of insurance when contracting certain jobs. The information gathered by the insurance companies is quite specific in that they gather business names, EINs, owners,

SSNs, business and personal addresses, bank accounts and contact information. In short, the insurance database already has numerous collectors who could be tapped to provide that information to the IRS.

Insurance carriers are registered and monitored by state departments of insurance. If these state departments could be harnessed as data providers to the IRS the result would be that fifty forwarders of information will cut down on the traffic of gathering information from many small insurance companies.  
Proposal 13 - Internet technology data mining

Information on the internet may be more current than what is available to the IRS from its own data pools (if for no other reason than it is long out of date before it is available for use). The number of public records, "bizfinding" and various websites gathering information on the Internet is growing at an increasing rate. For example, Google represents only 10 percent of the Internet even though it is ubiquitous. It has been joined by a huge number of search engines in the past five years.

Data mining can be tedious and expensive to perform, but there is no reason why it should be performed by full-time dedicated IRS employees. Perhaps the IRS could exercise a bit of creativity in overcoming the data mining tediousness and costs by hiring students for a small amount of money during summer breaks to perform this menial task which has the potential to yield big paydays for the tax coffers.

One could ask about data mining activities with what specific targets in mind? Here are just a few examples; however there are certainly hundreds of potential types of information sources.

- Rentals: By gathering addresses and phone numbers with reverse directories, unreported rentals can be ascertained. The number of two family houses and apartments replacing owned residences is growing dramatically. Cash rentals are now a normal course of doing business;
- License holders: Gathering information about holders of state licenses such as psychologists, CPAs, beauty salon operators, barbers, auto repair shops, et al.; and
- Suppliers: Tracking lumberyards, stone and concrete suppliers, paint suppliers, nurseries and other home and business materials suppliers could be a significant source of non-filer information, given the cash activity at these types of businesses. These suppliers could be a conduit for gathering information about businesses that purchase from these suppliers.

Proposal 14 - Check cashing and payday loan companies

Check cashing operations are licensed and regulated by the states. As an example, the New York check cashing industry is licensed and regulated by the New York State Department of Financial Services (formerly known as the New York State Banking Department). As a regulated industry, licensed check cashers are subject to comprehensive periodic examinations by the Department. The industry is also subject to federal regulation, including examination by the IRS. Financial Service Centers of New York is the professional trade association representing New York's licensed check cashing industry since 1957. To provide some perspective as to the size of the industry, in New York the industry is comprised of approximately 200 companies operating more than 700 storefront check cashing locations throughout the State. It would not be difficult to assume that the number of check

Proposed Solution or Task	<p>cashing locations in the U. S. would exceed 20,000.</p> <p>Payday loan companies are often combined with check cashing companies but those that stand alone could significantly increase the number of locations throughout the country.</p> <p>Given the types of information gathered (from their clients), check cashing and payday loan companies could be a source of leads to determine which of the clients are non-filers. While the overwhelming number of users of the services provided by these companies are likely to have levels of income that do not justify extensive tracking, it might be unwise to assume that the examination of the data would not yield a relevant pool of non-filers. A sampling technique might resolve that issue fairly quickly.</p> <p>Proposal 15 – Finders fees</p> <p>The IRS should consider paying a finder’s fee to individuals who supply information to the IRS that leads to the identification of, and collection of, revenue from newly identified non-filers.</p>
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<b>TAP Issue ID: 23910</b> <b>Elevated Date: 03/21/2012</b>	<b>Committee Name: Screening</b>
<b>Status: Closed</b>	<b>Outcome: SAMS - Rejected</b>
<b>Title: Return Processing/SB Health Insurance Credit for AMT</b>	
Issue or Project Statement	Our firm has had three cases where IRS letters were sent out disallowing the Small Business Health Insurance Credit for AMT. (the letters refer to disallowance for AMT only, but allow the credit for regular income taxes).
Project Goal Statement	Ensure IRS properly allows the Small Business Health Insurance Credit for AMT.
Proposed Solution or Task	Notify submission processing to allow the Small Business Health Insurance Credit for AMT.
IRS Initial Response	Received call from SA Laura Lindstrom advising DEDSA reached out to SBSE and received SBSE reply that problem was caused by human error and not widespread. As result, issue to be closed as non-systemic.



<b>TAP Issue ID: 24038</b> <b>Elevated Date: 11/21/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Forms/Publications Request Postcard</b>	
Issue or Project Statement	<p>When an order is placed with the Internal Revenue Service (IRS) distribution center for forms and/or publications, online or by phone, a postcard (Attachment) is sent when the product(s) ordered is (are) not available. It states that “we are holding your order pending availability. There is no need to reorder.” However, if multiple items were ordered – a common occurrence - there is no mention of which part(s) of the order is (are) unavailable. Customers must then wait until each product is received; check it off a list if they kept one; and then wait to see what was missing from their total order. The unavailable items might even arrive before the ones that were available because they became available at the same time the postcard was sent.</p>
Project Goal Statement	<p>To improve the quality of customer service by letting the customer know on the postcard specifically which product(s) is (are) out of stock or backordered.</p>
Proposed Solution or Task	<p>List the title(s) of the unavailable product(s) on the postcard. This will immediately tell the recipient what part(s) of their order is (are) delayed. Having this information will be also be a timesaver for the customer by giving them the opportunity, if the document is needed immediately, to go online sooner to view or download it.</p>
IRS Initial Response	<p>The backorder postcard was a pre-printed product that was fed into a printer to add a customer name and address. Use of that product did not provide us the ability to add the products to the reverse side at the same time. However, the postcard process has changed and it is now generated within our distribution system, which may now allow us to add additional information.</p> <p>At this time of the year our main focus is on the delivery of the filing season. We will start to evaluate the feasibility of this suggestion, the abilities and limitations of what we can do within our system, and any costs associated with this change. We anticipate being able to make a business decisions by the end of July, which will allow time for implementation (if applicable) before the next filing season.</p>
IRS Final Response	<p>Since the text on a postcard is visible to others, we consulted with our Privacy, Governmental Liaison and Disclosure (PGLD) Office about this suggestion. PGLD responded that by listing products on our postcard, we would introduce privacy implications and increase the risk of an adverse effect on the taxpayer. Examples of increased risk include products involving: bankruptcy, foreclosure, ID theft, divorce, injured spouse, installment agreements, liens and informants.</p> <p>Since we do not see that the potential benefit outweighs the privacy implication or potential adverse effect to a taxpayer, we are not adopting this recommendation.</p>

<b>TAP Issue ID 24207 Elevated Date: 6/12/2012</b>	<b>Committee Name: Ad Hoc Committee</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: TAC Survey</b>	
Issue or Project Statement	Brick and mortar TACs are not the only way to bring face-to-face service to taxpayers. The IRS should consider alternatives to providing customer service.

<b>TAP Issue ID: 24321 Elevated Date: 04/30/2012</b>	<b>Committee Name: Screening</b>
<b>Status: Closed</b>	<b>Outcome: SAMS - Accepted</b>
<b>Title: Notice: 2010 Traditional IRA converted to Roth IRA</b>	
Issue Statement	Appear to have transcription issues with the data from Form 8606. AUR CP2000 notices are advising of no data even though taxpayer and/or representatives have completed the Form correctly.
Goal Statement	Find the reason for the problem and determine if corrections can be made or avenue to be able to correct.
Proposed Solution	Determine the extent of this issue and whether or not can be corrected through IRS or whether AUR CP2000 must correct with data from taxpayer.

<b>TAP Issue ID: 24351</b> <b>Elevated Date: 12/17/2012</b>	<b>Committee Name: Toll-Free</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Call Termination</b>	
Issue or Project Statement	<p>This referral addresses the subject of length of time taxpayers/ Callers to the Internal Revenue Service (IRS) via the Toll Free lines wait for a call back from an IRS representative. In other words, when a taxpayer/Caller has made initial contact with an IRS Customer Service Representative (CSR), by way of an IRS Toll Free line, and their issue was not resolved during the initial call, they will require a call back from the IRS.</p> <p>There are various reasons why issues may not be resolved on an initial call, e.g. more research by the CSR is needed, end of a CSR's shift, lack of subject matter knowledge, etc. However, taxpayers have reported being unsatisfied with the extent of time it took, thirty days or longer, to receive a call back in this instance. In addition, TAP members agreed that when a taxpayer has an account issue to resolve the current length of wait time is too excessive.</p>
Project Goal Statement	The IRS should establish consistency among the Accounts Management Call Centers and develop and implement procedures for the timely handling of call backs regarding taxpayer account issues. Also, members of the Taxpayer Advocacy Panel (TAP) would like to see a system of prioritization for call backs implemented.

The members of TAP are proposing that implementation of the following recommendations will improve the customer service experience of taxpayers/Callers who have their initial call terminated because their issue cannot be resolved during the initial call. As noted above, this condition may be the result of a CSR's shift ending; the issue needs further research or other related call outcome.

**Solution I – Implement consistent procedures for handling call backs:**

The TAP's recommendation is that a consistent policy or mandating that IRM 21.3.8.8 is used for any procedure intended for call backs. This would also include consistent and mandatory use of IRS Form 4442, Inquiry Referral (Referral), designation and accountability of a CSR who will be responsible to call the taxpayer back, and to develop and set standards as to when a call back must occur. By doing this there will be a consistent manner in which a taxpayer will experience a return call from the IRS.

**Solution II – Timely "Call Backs"**

The TAP recommends that designated Referrals requiring a "Call Back", due to an "Employee's End of Shift" or from a lack of CSR knowledge, have a "Call Back" time frame that is no more than three business days from the initial call for all unresolved account issues. This standard should apply across all IRS Call Center locations to carry out consistency of service to all taxpayers/Callers,

Additionally, the referenced IRM 21.3.8.8 policy and all other relevant IRMs that relate to CSR "Call Backs" should be updated to reflect this 3 business day call back standard.

**Solution C – Improved referral prioritization:**

As referenced above, the existing process of "Call Back" prioritization is driven by whether the referral relates to a Tax Law (15 days), System Issue (30 days) or Account/General item (30 days). This prioritization queuing typically focuses on a First-In/First-Out (FIFO) methodology and does not account for the fact that within each category there will be higher priority items which should supersede the FIFO method.

The TAP recommends that a more detailed prioritization process be identified and implemented that would allow for the identification and flagging of higher priority items, such as individual account issues, that require resolution sooner than others within the "Call Back" queue.

**Solution IV – Ability to speak with a specific IRS CSR / employee:**

Currently when a taxpayer/Caller is on hold on the Toll Free System and waiting for the next available CSR, a series of informative messages are provided to the Taxpayer/Caller. The TAP recommends that a message be added to the System recorded scripts which advises the taxpayer/Caller to note the CSR's name, identification number, IRS Call Center where employed and the date of the call. With this data the next CSR contacted may direct the taxpayer/Caller's referral and future calls to the correct IRS employee, if needed.

Proposed Solution or Task

<p>IRS Final Response</p>	<p>At the beginning of each call, assistors are required to provide both their name and identification number. If requested, the information can be repeated. Requiring the assistor to give their location is not necessary and would increase average handle time.</p> <p>Toll Free assistors in like applications receive the same training. Procedures required for all CSRs to respond to a telephone inquiry during the contact. Where appropriate, information from any prior inquiries is noted on our system(s). Calls cannot be directed or transferred to a specific employee as the system does not allow calls to be placed in queue for an individual assistor. Transferred calls are returned to the Enterprise Queue and are then sent to the longest available trained employee at any location.</p> <p>Queue announcements are only effective when the caller is in queue long enough to listen to the entire message. This is not always the case. Based on the current routing, we do not feel this announcement is needed.</p>
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<p><b>TAP Issue ID: 24440</b> <b>Elevated Date: 12/17/2012</b></p>	<p><b>Committee Name: Toll-Free</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: SAMS - Accepted</b></p>
<p><b>Title: Average Handling Time</b></p>	
<p>Issue or Project Statement</p>	<p>Currently, as a form of local Internal Revenue Service (IRS) employee improvement initiative, some IRS Call Centers give non-monetary recognition to teams with the lowest call handling times. These same Call Centers also recognize Quality Assurance, but it is rated in a separate competition. While the Taxpayer Advocacy Panel (TAP) heartily encourages this type of employee improvement initiative, TAP feels that rating "handling time" separately from "quality assurance" could encourage IRS employees to focus only on the lowest handling time at the expense of the quality assurance provided to the taxpayer/Caller.</p>
<p>Project Goal Statement</p>	<p>The IRS Call Center's local employee improvement initiatives should reward IRS employees based upon a blended rating that includes "both" lowest handling time and quality assurance provided to the taxpayer/Caller. This combined scoring model should improve the overall quality of calls since it will equally account for both call time and quality assurance outcomes.</p>

Proposed Solution or Task	<p>The TAP recommends that IRS Call Centers, participating in this incentive program, reward teams with both the lowest call handling times and the highest quality assurance scores. All Call Center employee improvement initiatives that only rate on “lowest handling time” should be eliminated. This could be achieved by utilizing the Call Center’s statistical information.</p> <p>For example: According to the IRS’ Seattle Call Center’s Centralized Quality Review System (CQRS) report for the month of May (through the week ending on May 26, 2012), the following teams had 100% in Team Accuracy for call quality:</p> <ul style="list-style-type: none"> <li>• Teams 101, 103, 107, 108, 204, 205, 206, 207, 208, 301, and 303</li> </ul> <p>Using the TAP’s proposed incentive plan, these teams should be the only teams considered for the incentive. Through results based measurement and elimination, the winning team of this population will be the team having the “lowest handling time”.</p> <p>By using this approach the incentive program will place more emphasis on the quality assurance aspect of calls before giving any consideration to call length.</p>
IRS Initial Response	<p>We agree any incentive program should be balanced between efficiency and quality. Accounts Management Leadership will provide guidance to all sites to combine quality along with any handle time initiatives. We will continue to encourage sites to focus on the “right handle time” for each call based on the questions being addressed; not the lowest handle time.</p>
IRS Final Response	<p>We agree any incentive program should be balanced between efficiency and quality. Accounts Management Leadership will provide guidance to all sites to combine quality along with any handle time initiatives. We will continue to encourage sites to focus on the “right handle time” for each call based on the questions being addressed; not the lowest handle time.</p>

<p><b>TAP Issue ID: 24449</b> <b>Elevated Date: 10/19/2012</b></p>	<p><b>Committee Name: Return Processing Delays</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: Return Processing Delays</b></p>	
<p>Issue or Project Statement</p>	<p>The Return Processing Delays Committee was tasked with addressing significant delays and incorrect processing that cause an undue burden on taxpayers to respond to Internal Revenue Service inquiries. The Temporary Credit Subcommittee identified the adoption credit as a contributor to significant delays and incorrect processing.</p>
<p>Project Goal Statement</p>	<p>The goal of this project referral is to alleviate the disproportionate burden experienced by taxpayers when claiming the adoption credit.</p>

Proposed Solution or Task	<p>The committee proposes that the Service:</p> <ol style="list-style-type: none"> <li>1. Allow taxpayers claiming the adoption credit to e-file.</li> <li>2. Until e-filing is implemented, augment Form 8839 Qualified Adoption Expenses to explicitly state that paper filing is required.</li> <li>3. Caution taxpayers (in a manner similar to cautions on EITC forms) of the documentation requirements and advise taxpayers of the consequences of audit selection and credit denial for failure to attach required documentation. The committee's proposed addition is attached as APPENDIX 2.</li> <li>4. Conduct more and different outreach that is better targeted toward the specific population of taxpayers claiming the adoption credit. Given the discrete population, more targeted and thorough outreach related to filing and documentation requirements could dramatically reduce the number of taxpayers subject to audit and/or experiencing processing delays.</li> <li>5. Reduce significantly the number of taxpayers claiming the adoption credit who are automatically selected for audit. An audit rate of 80% for this population is unwarranted. Over 70% of the audited taxpayers were granted the credit post-audit. The Government Accountability Office (GAO-12-98) concluded that funds expended on these audits, "would allow IRS to do more correspondence audits of other returns where the chance of assessing additional tax would be greater."</li> <li>6. Allow taxpayers claiming the adoption credit to e-file returns and submit supporting documentation separately. Existing Form 8453 U.S. Individual Income Tax Transmittal for an IRS e-file Return, allows taxpayers to e-file returns and separately submit supporting documentation. The Committee recommends that the Service include the adoption credit on Form 8453 to facilitate e-filing for the taxpayers claiming the adoption credit.</li> </ol>
	<p>Recommendation 1: The adoption credit is non-refundable for all types of adoptions for tax year 2012. For tax year 2013 the credit will revert to being non-refundable for special needs adoptions only. Due to these changes, IRS made the decision that taxpayers may file electronically in tax year 2012 and beyond and are not required to attach documentation to their returns. The taxpayers should keep their own documentation to support their claim for their own records as they would with other items on their return. This process will remain in place unless future legislation is passed to reinstate the refundability of the credit.</p> <p>Recommendation 2: For tax year 2011, we revised Form 8839 Instructions by adding a paragraph titled "Important Information". This paragraph includes a statement regarding the requirement to file paper returns in bold print. The Form 8839 refers the taxpayers to the separate instructions.</p> <p>Since the adoption credit is non-refundable for tax year 2012 and beyond, IRS will no longer require paper filing with documentation attached in order to claim the credit. If legislation is passed to reinstate the refundability of the credit, we will consider revising the Form 8839 to include a statement regarding the paper filing requirement, if applicable. Electronic filing capabilities will be in place and available for use for filing tax year 2012 returns and beyond.</p> <p>Recommendation 3: We reviewed lessons learned from the first year we administered the refundable adoption credit. As a result, we implemented several changes in an effort to educate taxpayers on the requirements for claiming the credit and to reduce taxpayer burden.</p> <p>? We revised Form 8839 for tax year 2011 to provide bolded statements at the top of the form and at the bottom of the form, on</p>

line 12, to remind taxpayers to attach the required documentation.  
? We revised the Form 8839 Instructions for tax year 2011 to include a table that provides a list of documents, for each type of adoption, that need to be attached to the return when claiming the adoption credit.

? We released a new Publication 4903, Adoption Credit, which explains how to claim the credit, including the fact that documentation needs to be attached to the return along with the Form 8839.

? We issued several Tax Tips.

? We provided targeted communication via WebPages on irs.gov, specifically an article entitled Adoptive Parents: Don't Delay Your Adoption Credit Refund, which informs taxpayers of the requirements to attach the required documentation to their paper returns, and advises them that failing to do so will delay their refunds and subject their return to further review and possible audit.

? We held two telephone forums with private and state adoption agencies, to solicit their assistance in informing adoptive parents on the requirements for claiming the adoption credit, which included information on required documentation and the audit process.

? We also posted adoption FAQs on irs.gov.

? We expanded our social media outreach through Tweets and a YouTube video.

Examples of our communication may be found using the following links (not all inclusive):

<http://www.irs.gov/newsroom/article/0,,id=236883,00.html>

<http://www.irs.gov/individuals/article/0,,id=252106,00.html>

<http://www.irs.gov/individuals/article/0,,id=231663,00.html>

<http://www.irs.gov/taxtopics/tc607.html>

For 2012 tax year, the adoption credit is nonrefundable, and there will no longer be a requirement to attach documentation when the taxpayers file their returns.

Recommendation 4: IRS's FY 2012 Adoption Credit Communication plan expanded targeted outreach and education efforts to taxpayers, tax professionals, state adoption officials and adoption organizations. The outreach and education strategy, implemented in FY 2012, highlighted adoption documentation requirements, paper return filing, and included specific messages relating to documenting adoptions with special needs children. The relationships we established with external stakeholders who provided insights into the adoption community allowed us to identify and resolve issues quickly and communicate changes to those involved.

For the 2012 filing season we expanded our list of adoption organizations that we sent an email blast highlighting filing and documentation requirements. We also held two telephone forums with private and state adoption agencies to solicit their assistance in informing adoptive parents of the availability of the refundable adoption credit, the requirements for claiming the adoption credit, the types of documentation required for each type of adoption when claiming the credit, and the steps of the audit process. We expanded information available to taxpayers and other interested parties significantly on irs.gov.

As a result of our outreach, the number of taxpayers who did not include documentation with their returns significantly decreased for the 2012 filing season.



<p>IRS Initial Response</p>	<p>Our outreach efforts for the upcoming filing season, when the credit becomes nonrefundable, will highlight changes to filing requirements that no longer require paper returns and attached documentation.</p> <p>Recommendation 5:In preparation for implementation for the 2011 tax year, IRS took steps to minimize burden on taxpayers and to avoid undue delays in issuing refunds. IRS compiled lessons learned from the first year of our strategy and analyzed the data collected for the 2010 tax year. As a result, we made changes to our examination filtering and selection processes and outreach strategy based on an analysis of associated risk, opportunity to reduce taxpayer burden, and responsibility to protect public funds.</p> <p>A large number of the adoption credit claims were selected for audit since returns did not include the required documentation. In response, IRS issued targeted communications to remind taxpayers, tax preparers, and advocacy groups of the requirement. We worked with tax preparation software developers to improve the guidance provided by their products and we leveraged our relationships with large tax preparation firms to communicate the documentation issue to their preparers.</p> <p>The changes made improved and reduced our audit selections and lessened taxpayer burden.</p> <p>For the 2012 tax year the adoption credit will revert to non-refundable and examination selection will be based on associated risk criteria.</p> <p>Recommendation 6:IRS investigated electronic filing and possible attachment of documentation to electronic returns for tax year 2011. However, based on the expected significant decrease in the volume of adoption credit returns in 2011 (which occurred) and upcoming tax change for the 2012 tax year when the credit reverted to nonrefundable, a business decision was made not to pursue an electronic option.</p> <p>At the time of consideration, IRS looked at the option of using Form 8453 to transmit documentation separately, however, IRS concluded that this would have significantly delayed return processing and caused taxpayer burden.</p> <p>We will reconsider if there is future legislation that would change the facts. At this time, electronic filing will be available for tax year 2012 and beyond, as the IRS is not requiring documentation to be attached to the return in 2012 nor paper filing.</p>
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<p><b>TAP Issue ID: 24530</b> <b>Elevated Date: 08/03/2012</b></p>	<p><b>Committee Name: Tax Forms and Pubs</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: Focus Group on Form 8863, Education Credits, and i</b></p>	

Issue or Project Statement	The Committee took part in a focus group to review the 2012 Form 8863, Education Credits. The intent of the focus group was to review this Form's revision and its Instructions and insure it is clear to all its users.
Project Goal Statement	To insure 2012 Form 8863, Education Credits, and its Instructions are clear to all its users.
Proposed Solution or Task	<p>Here are the suggestions provided during the focus group on the Instructions and the Form:</p> <p>Instructions:</p> <ul style="list-style-type: none"> <li>• Part II <ul style="list-style-type: none"> <li>o Name of Worksheet referenced in Line 9 should match name of worksheet. Change to either Credit Limit Worksheet or Nonrefundable Credit Worksheet. Make sure you change Line 9 on form if name of worksheet changed.</li> <li>o Line 9. Change line reference in second sentence. Enter here and on line 8....</li> <li>o Nonrefundable Credit Worksheet – Remove dash in line 10</li> <li>o Change title of Qualified Education Expense Worksheet B for Part II to Part III. Does not match line 4 of worksheet.</li> </ul> </li> </ul> <p>Form 8863:</p> <ul style="list-style-type: none"> <li>• First Caution: Consider bolding Part I and II or reword and change layout as follows: <ul style="list-style-type: none"> <li>o Complete Part III on page 2 first</li> <li>o Complete a separate Part III on page 2 for each individual for whom are claiming either credit</li> </ul> </li> <li>• Part III Question 22 Line 4. Add dash line in Box 21 so taxpayers will know IRS is looking for an EIN.</li> <li>• Part III Question 24 is not clear. What is an “academic period”? Is that a “semester”? Also, “...towards a postsecondary degree, certificate, or other recognized postsecondary credit” needs to be defined (not defined in Instructions)</li> <li>• Remove last caution. Would not read the last one as it is stated in form already. Overkill to repeat it.</li> <li>• Part III Line 26 is confusing - How do you know which one to choose or which one is more advantageous to use? Suggest adding something in Instructions to assist taxpayers in selecting best choice.</li> <li>• Part I Line 6: Why 1.000? Why not 1.0 or 1.00? Can it be changed?</li> </ul>
	<p>Instructions:</p> <p>Part II</p> <p>Recommendation: Name of Worksheet referenced in Line 9 should match name of worksheet. Change to either Credit Limit Worksheet or Nonrefundable Credit Worksheet. Make sure you change Line 9 on form if name of worksheet changed.</p> <p>Adopted: Above the worksheet we inserted a title Credit Limit Worksheet</p> <p>Complete the credit limit worksheet to figure your nonrefundable education credit. We deleted “Nonrefundable Credit Worksheet” within the worksheet itself.</p> <p>Recommendation: Line 9. Change line reference I second sentence. Enter here and on line 8....</p>

Adopted: Line 9. Enter the amount from line 9 on line 8 of the Credit Limit Worksheet.

Recommendation: Nonrefundable Credit Worksheet – Remove dash in line 10

Adopted: Dash deleted.

Recommendation: Change title of Qualified Education Expense Worksheet B for Part II to Part III. Does not match line 4 of worksheet.

Adopted: Worksheet A and Worksheet B have been deleted from the instructions. The taxable year approach followed within the worksheets for scholarships received in the same taxable year as the payment of qualified education expenses is incorrect. You cannot combine qualified education expenses and tax free educational assistance over different academic periods. Reg. 1.25A-5(c)(1) and 25A(g)(2).

We are presently working on language that will mirror the correct interpretation of the relevant Regulation sections: 1.25A-5 (c)(1)(2) and 1.25A-5 (f)(1),(2),(3), and (5).

Form 8863:

Recommendation: First Caution: Consider bolding Part I and II or reword and change layout as follows:

Complete Part III on page 2 first

Complete a separate Part III on page 2 for each individual for whom are claiming either credit

Adopted: First Caution language previously changed to: "Complete a separate Part III on page 2 for each student for whom you are claiming either credit before you complete Parts I and II.

Recommendation: Part III Question 22 Line 4. Add dash line in Box 21 so taxpayers will now IRS is looking for an EIN.

Adopted: Dash lines have been added at line 4 for the first and second (if any) educational institution.

Recommendation: Part III Question 24 is not clear. What is an "academic period"? Is that a "semester"? Also, "...towards a postsecondary degree, certificate, or other recognized postsecondary credit" needs to be defined (not defined in Instructions)

Adopted: The language on the Form will remain the same. The Line 24 instructions will read as follows:

Check "yes" if the student enrolled at least half-time for at least one academic period that began (or is treated as having begun) in 2012 at an eligible educational institution in a program leading towards a postsecondary degree, certificate, or other recognized postsecondary educational credential.

Otherwise, check "no."

If any qualified education expenses for the student were paid in 2012 for an academic period beginning in the first 3 months of 2013, treat that academic period as if it began in 2012. See Student qualifications and Prepaid Expenses, earlier.

If you checked "yes," go to line 25. If you checked "no," the student is not eligible for the American opportunity credit, skip lines 25 through 30 and go to line 31.

An academic period includes a semester, trimester, quarter, or other period of study (such as a summer school session) as determined by an educational institution. In the case of an educational institution that uses credit hours or clock hours and does not have academic terms, each payment period can be treated as an academic period.

<p>IRS Initial Response</p>	<p>An eligible educational institution is any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the U.S. Department of Education. It includes accredited public, nonprofit, and proprietary (privately owned profit-making) postsecondary institutions. The educational institution should be able to tell you if it is and eligible educational institution.</p> <p>Recommendation: Remove last caution. Would not read the last one as it is stated in form already. Overkill to repeat it. Adopted: Previously removed</p> <p>Recommendation: Part III Line 26 is confusing - How do you know which one to choose or which one is more advantageous to use? Suggest adding something in instructions to assist taxpayers in selecting best choice. Adopted: Line 26 at Box "No" language added "See TIP below and complete either lines 27-30 or line 31 for this student. Also added a TIP icon with the following language "When you figure your taxes, you may want to compare the American opportunity credit and lifetime learning credits, and choose the credit for each student that gives you the lower tax liability. You cannot take the American opportunity credit and the lifetime learning credit for the same student in the same year. If you complete lines 27 through 30 for this student, do not complete line 31.</p> <p>Recommendation: Part I Line 6: Why 1.000 why not 1.0 or 1.00? Can it be changed? Not Adopted: This is a formatting issue cannot be changed.</p>
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<p><b>TAP Issue ID: 24531</b> <b>Elevated Date: 08/03/2012</b></p>	<p><b>Committee Name: Tax Forms and Pubs</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: Focus Group on Form W-4, Employee's Withholding</b></p>	
<p>Issue or Project Statement</p>	<p>The Committee took part in a focus group to review the 2013, Form W-4, Employee's Withholding Allowance Certificate. The intent of the focus group was to review this Form's new revision and its Instructions and insure it is clear to all its users.</p>
<p>Project Goal Statement</p>	<p>To insure users of Form W-4, Employee's Withholding Allowance Certificate, is clear to those who are trying to calculate their appropriate withholding.</p>

Proposed Solution or Task	<p>Here are the suggestions provided during the focus group on the Instructions and the Form:</p> <p>In general participants liked the rewording and format of Form W-4. They liked the bulleted format. Comments were as follows:</p> <ul style="list-style-type: none"> <li>• Instructions need title. Add “General Instructions” to page 1. Instructions do not tell you how to complete the form, but they should.</li> <li>• Instruction need some type of basic lead in or introduction.</li> <li>• Instructions should specifically state you may need to complete the worksheets on Page 3</li> <li>• Non-wage Income needs to be clearer – Expand examples to gambling and other types of gains</li> <li>• Pub 505 is mentioned 5 times in the instructions. Is there a way it can be referenced in only one place or state that you may need to consult Pub 505 to complete this form?</li> </ul> <ul style="list-style-type: none"> <li>• Line E - Change word ‘above’ to See General Instructions on Page 1 or See Instructions.</li> <li>• Line G – Should ‘less’ be changed to subtract? Some people may not understand ‘less’. Line 6 Add other income to end of statement. Additional amount, if any, you want withheld from each paycheck.</li> <li>• Line 1 - Deduction and Adjustment Worksheet –Percentage needs to be changed.</li> <li>• Line 8 – Deduction and Adjustment Worksheet – Can Drop any fraction be changed to Round to whole number?</li> </ul>
IRS Initial Response	<p>The above recommendations will be included in the 2014 revision of Form W-4. The recommendations were originally received by Tax Forms and Publications on May 7, 2012 as a result of a TAP meeting held on May 4, 2012. Changes resulting from these recommendations were originally included in the 2013 Form W-4 as part of a larger revision of the form due to the Plain Writing Act, but will be deferred for one year due to request by the U.S. Department of the Treasury.</p>

<b>TAP Issue ID: 24532</b> <b>Elevated Date: 08/03/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Focus group on Form 4562, Depreciation and Amortize</b>	
Issue Statement	<p>The Committee took part in a focus group to review tax year 2011 Form 4562, Depreciation and Amortization. The intent of the focus group was to review this Form’s new revision and its Instructions and insure it is clear to all its users</p>
Goal Statement	<p>To insure 2011 Form 4562, Depreciation and Amortization and its Instructions are clear to all its users.</p>

Proposed Solution	<p>Here are the suggestions provided during the focus group on the Instructions and the Form:  Comments on the format: Busy form layout, although it may not be feasible to change.</p> <p>Part I  Line 2 – not explained properly  Line 6 – not enough lines under “Description of Property”  Line 7- Add instructions to “Listed Property”.</p> <p>Part II  Line 14- Define “qualified property” in instructions  Worksheet 1 on page 5 of Instructions, line 4 – reword: “Enter total cost of section 179 eligible property” (add “eligible”)</p> <p>Part IV  Line 23 is not clear</p> <p>No problems found with the MACRS tables</p>
IRS Initial Response	<ol style="list-style-type: none"> <li>1. Adopt. We will revise the first line of the instructions to clarify that you should enter the total cost of all section 179 property you placed in service during the tax year on line 2. The implementation date for this suggestion is 12/31/2012.</li> <li>2. Not adopt. We cannot adopt this suggestion at this time, but may consider making this or a similar change for 2013. If we adopt, the implementation date for this suggestion would be no earlier than 12/31/2013.</li> <li>3. Adopt. We will add language to the listed property section to clarify for taxpayers what to enter on line 7. The implementation date for this suggestion is 12/31/2012.</li> <li>4. Not adopt. The instructions currently list which types are qualified property for purposes of the special depreciation allowance in the instructions for line 14 on page 6. We also provide a detailed discussion of the property and any additional requirements or exceptions regarding each.</li> <li>5. Adopt. The worksheet is designed to calculate the section 179 limitations. The text reflected in the worksheet is consistent with the text used on Form 4562 and the related instructions. The addition of the word “eligible” may not be enough to clarify the understanding of what should be entered on this line. However, we can revise the text to clarify for taxpayers what to enter on line 4 of the worksheet in a manner similar to the suggested change. The implementation date for this suggestion is 12/31/2012.</li> <li>6. Not adopt. We currently describe section 263A costs in the instructions for line 23 on page 13.</li> </ol>

<b>TAP Issue ID: 24533</b> <b>Elevated Date: 08/03/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Focus Group on Schedule A, Itemized Deductions</b>	
Issue or Project Statement	The Committee took part in a focus group to review the "Medical and Dental Expenses" section of the 2013 Schedule A, Itemized Deductions, proposed draft.
Project Goal Statement	To insure clarity of the "Medical and Dental Expenses" section of the proposed draft for the 2013 Schedule A.
Proposed Solution or Task	<ul style="list-style-type: none"> <li>• The Committee was asked if line 2 which copies the AGI from the Form 1040 should remain. The Committee said it should remain as it makes the computation that follows easier to do.</li> <li>• Line 3 instructs the user to "Multiply line 2 by 10% (.10). If either you or your spouse was born before January 2, 1949, multiply line 2 by 7.5% (.075)."</li> </ul> <p>It was read by more than one person that it was saying both to multiply by 10% and then to multiply by 7.5%. The Committee suggested rewording it as: "Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1949, multiply line 2 by 7.5% (.075) ."</p>
IRS Initial Response	We plan to adopt this suggestion in 2013, pending approval by the ACA implementation team within IRS.

<b>TAP Issue ID: 24534</b> <b>Elevated Date: 08/06/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Focus Group on Publications 17, Your Federal Income</b>	
Issue or Project Statement	The Committee took part in a focus group to review the current 2011 Publication 17, Your Federal Income Tax.
Project Goal Statement	To obtain input on the usage of the current Publication 17, suggest improvements and to consider whether or not an electronic version would be more valuable than a printed version.
	<p>There were 8 TAP members that participated in the focus group. Several other TAS employees also offered comments.</p> <p>All participants used printed publications</p> <p>Pubs they use in printed format: 519, 596, LLC Pub, 583, 334, 590, 946</p> <p>They used paper products:</p> <ul style="list-style-type: none"> <li>• because it is easier to read,</li> <li>• for training purposes,</li> <li>• to study for the Enrolled Agent exam</li> <li>• to copy pages, i.e., tax tables worksheets</li> <li>• to look for information not in Pub 17</li> </ul>

All use publications online. They have used the tax calendars online. Half of them use Pub 17 online the other use paper.

Reasons for getting publications in online format are as follows:

- faster to get online
- to do research while preparing returns
- to copy paragraphs to respond to taxpayers
- for training purposes – online blackboard, students can access the publications from home

Some reasons publications are not downloaded:

- do not own a good printer
- Ink is expensive
- slow to download large publications
- easier to order the publications online

Comments on shifting from printed and online to online versions only:

- horrible, some people like to read paper
- older people not computer savvy
- since people are required to file and pay taxes, they should be able to access information in a way that works for them
- made someone feel that government is in collusion with HP
- one person stated that it should all be online
- some VITA sites do not have internet access so an online only pubs would not work for them

To compensate for online products only participants would:

- increase their fees, since it would be more time consuming to complete forms

Of the 8 TAP Committee members 3 would download to electronic devices, 5 would not. Some members would like to be able to download Pub 17 in formats to fit IPAD Kindle, etc. (A suggestion also received in TAS' Systemic Advocacy)

How to make transition from paper to online easier

- allow Worksheets to be filled in online would make transition to electronic easier.
- make large publications, such as Pub 17, available in CD form.
- make it available in numerous electronic ways

How to communicate change

- Public Service Announcements should be used to communicate to people that Pub 17 is going electronic.
- add a blurb in the 1040 instructions.
- communicate the benefits of going "green" and the savings of tax dollars in printing expenses saves tax dollars.
- put an ad online
- communicate message at TAC sites
- make the communication sound like it is a benefit to the taxpayers, find a catch if go online
- confer with state agencies as to how they went online
- charge for the printed publication
- research how IRS transitioned with the Package X delivery and do the same.

What chapters of Publication 17 are used the most? – EIC Instructions, Filing Statuses, IRA pensions, 401Ks, Child Tax Credit, Additional Tax Credits, and Social Security Worksheet.

How many do use the online version of Publication 17? – 2



<p>Proposed Solution or Task</p>	<p>members did, 5 did not</p> <p>Reference guide online? – having an automatic hyperlink would be a good idea and make it easier</p> <p>How would you feel about having all 23 publications in one document?:</p> <ul style="list-style-type: none"> <li>• too thick, not practical</li> <li>• put it on a CD</li> <li>• Publication 17 answers a large percentage of questions if all the pubs were include in Publication 17 it would be harder to find answers, why dilute the common information with details?</li> </ul> <p>How about if it is done in print? - 3 members liked the idea</p> <p>Removing Publication 17 will hurt VITA sites and impact negatively on VITA Program.</p> <p>Some would like hyperlinks throughout Publication 17, but others indicated this would more time consumed in research.</p> <p>Other notes:</p> <ul style="list-style-type: none"> <li>• People print parts of Publication 17, not the entire publication.</li> <li>• Electronic access would be difficult in rural areas with no high speed connectivity.</li> </ul> <p>Suggestions:</p> <ul style="list-style-type: none"> <li>• Survey VITA/SPEC coordinators to get their opinion of an online Publication 17</li> <li>• Consult with AARP Tax Aid Program Coordinators</li> </ul>
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<p>IRS Initial Response</p>	<p>IRS Response Detail:</p> <p>The External Customer Satisfaction Survey which is conducted yearly by Media &amp; Publications surveyed SPEC partners to determine if they would be able to continue to prepare returns if only an online version of Pub 17 were available. Approximately two-fifths (38%) of partners surveyed reported that they would not be able to continue to prepare returns if Publication 17 was available only in an online version. Partners reported that having only the online version of Publication 17 would hinder their ability to prepare tax returns for some of the reasons listed below.</p> <ul style="list-style-type: none"> <li>• Easier to reference paper copy and tax software at the same time rather than using multiple windows on the computer.</li> <li>• Many of our volunteers rely on the convenience that a physical book provides. They are able to mark pages, highlight, and take notes.</li> <li>• Many of our volunteer counselors are not too computer-literate and would have difficulty using an online version.</li> <li>• A few of my sites work off of deployed ships with limited internet access</li> </ul> <p>M&amp;P met with the SPEC AARP Program representative to determine the impact of an online Publication 17. The SPEC analyst has been addressing the issue of transitioning paper documents into online documents with the AARP partners. AARP stated that IRS can discontinue paper documents with the exception of Publication 17 and Pub 4012 (Volunteer Resource Guide). Some reasons cited for retaining the paper version was because it is easier to work with, they can tab and highlight useful the most used information and they can show taxpayers information in print if they question their work.</p> <p>TFP will continue to explore this issue. Currently we are conducting focus groups with individuals, tax practitioners and Service Center employees. The draft report is due November 15, 2012. TFP will share the final report with TAP as soon as it is available.</p>
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<p><b>TAP Issue ID: 24559</b> <b>Elevated Date: 08/03/2012</b></p>	<p><b>Committee Name: Tax Forms and Pubs</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: Toll-free number on website for Non-Profit Org</b></p>	

Issue or Project Statement	<p>The Charities and Non-Profits link on the Internal Revenue Service (IRS) website (<a href="http://www.irs.gov">www.irs.gov</a>) does not display its toll-free phone number on their home page/front page. This link is well used, especially at the present time for those exempt organizations seeking reinstatement of their tax-exempt status. In order to find a phone number, of which the user may not be aware, multiple sub links within the site must be opened. For example, by scrolling down fourteen places under the sub link "More Topics...", a bullet titled "How to Contact the Tax-Exempt and Government Entities Division," does have the toll-free number listed within, which is 877-829-5500. (Exhibit) However, one would have to know that the number is contained within this bullet without having to click on myriad other choices.</p>
Project Goal Statement	<p>To make the toll-free number more accessible - and available - by placing it prominently on the opening page, or home page, of the Charities and Non-Profits section of the IRS website.</p>
Proposed Solution or Task	<p>Add a line on the opening page of Charities and Non-Profits to provide the toll-free number 877-829-5500.</p>
IRS Initial Response	<p>EO has found that the most convenient way for EO stakeholders to access needed information about 'Charities' is to use the web pages available on IRS.gov. EO manages the content for the Charities and Non-Profits pages, and our recent reorganization of EO's homepage aligned the content and organization of these pages with the most commonly asked questions received by the call center. Additionally, the "About Us" tab which is featured prominently on the 'Charities' homepage already includes the link to the toll-free number 877-829-5500.</p> <p>We believe that the current approach does provide appropriate access to the toll-free number and do not plan to adopt the recommendation.</p>

<p>TAP Counter Response</p>	<p>Although our comments were based on the alignment of content on the Charities and Non-Profits website pages before the reorganization of the IRS website, we still feel that the unwieldiness in navigating to the toll-free number remains an issue. For example, it is now even harder to find Charities and Non-Profits information since it is no longer a home page hyperlink on irs.gov. Instead, the user has to go to "Information for" (in very small print and not easily noticed by users) to then get a drop-down list in order to proceed further. In other words, users must now "search for the search tool" in order to find what they are looking for. It would make it a lot easier if a second row of hyperlinks having straight text titles, followed by the seven drop-down items, were added to the page. It would look something like this:</p> <p>Information for: Individuals Businesses Charities &amp; Non-Profits Government Entities Tax Professionals Retirement Plans Tax Exempt Bonds</p> <p>At least there would be one less click, and a more visible way, to get to the appropriate section of irs.gov.</p> <p>Returning to the issue of a more prominent presence of the toll-free number, it was my experience in working a revocation of tax-exempt status case that occasional calls were necessary to get answers to questions not addressed on the website. As an experienced enrolled agent, I must assume that a non-professional would also find the need to ask a question not addressed under Frequently Asked Questions (FAQs). Previously, before the redesign, and as was the primary reason for the write up for this issue, the toll-free number could be located under the sub link "More Topics..." by scrolling down fourteen places to a bullet titled "How to Contact the Tax-Exempt and Government Entities (TE/GE) Division" - if the user tried the right bullet. Now, with the new obstacle of where to even begin the search for the phone number, there are still - besides finding the search link - nine links to click on before the user arrives at "About Us." After clicking on that link, "How to Contact Us" is the third choice down on another list; and after clicking on it, finally, the toll-free number is revealed.</p> <p>The points being made here are that: 1) there is a definite need by many to make a phone call to Exempt Organizations, especially with the variety of issues and questions arising from revocation and reinstatement of tax-exempt status; 2) the volume of calls answered by the toll-free number (615,000 in FY 2009) emphasizes the need for accommodating the public; and 3) decrease the number of keystrokes/clicks and there will be increased customer satisfaction instead of growing apprehension when trying to easily locate the phone number.</p>
<p>IRS Final Response</p>	<p>We believe that it is actually easy to find our toll-free number using both the IRS website and simple search techniques commonly employed by online users. We therefore do not plan to reconsider our original response to this recommendation.</p>

<b>TAP Issue ID: 24932</b> <b>Elevated Date: 08/22/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review Publication 225, Farmers' Tax Guide</b>	
Issue or Project Statement	Review Publication 225, Farmer's Tax Guide, and provide IRS program owners with feedback.
Project Goal Statement	Review the 2011 Farmers' Guide to ensure clarity of content to its users.
Proposed Solution or Task	42 recommendations were provided in the review of this Publications. Please refer to file 24330 to see details.
IRS Initial Response	Out of 42 recommendations made, 20 will not be adopted, and 22 recommendations will be. Please see details of the IRS' response under Files.

<b>TAP Issue ID: 24943</b> <b>Elevated Date: 11/27/2012</b>	<b>Committee Name: Tax Forms and Pubs</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Review Publication 596SP, EIC</b>	
Issue or Project Statement	Read two versions of Publicacion 596SP, Credito por ingresos del trabajo (EIC), select the preferred version, and review the selected one.
Project Goal Statement	Select the best of two different versions provided on the Publicacion 596 SP, Credito por ingreso del trabajo (EIC), review it and make recommendations to make it clearer to readers.
Proposed Solution or Task	We reviewed both versions of Publicacion 596SP, Credito por ingreso del trabajo (EIC), and selected the second version (version 2) for its syntax and format. We have reviewed this version in detail and made some recommendations to improve clarity. See attachment.
IRS Initial Response	Publication 596SP is a direct translation of Publication 596. As we revise both of these publications for 2013 we will work to use as much of the suggested language as possible while still maintaining the highest level of technical accuracy with current US Tax Law.

<b>TAP Issue ID: 24969</b> <b>Elevated Date: 12/17/2012</b>	<b>Committee Name: Toll-Free</b>
<b>Status: Closed</b>	<b>Outcome: SAMS - Rejected</b>
<b>Title: History of Calls</b>	
Issue or Project Statement	<p>The Internal Revenue Service (IRS) does not have a “required” protocol to maintain continuity of communication with the taxpayer/ Caller to record the purpose of calls to the Toll Free line, the advice given and taxpayer/Caller contact information. Although, Account Management System (AMS) is the application that the IRS has in place for documenting phone calls, it is not a requirement of Customer Service Representatives (CSRs) to use this system for all account related calls. With this said a CSR may access the Integrated Data Retrieval System (IDRS) (without the use of AMS) and is not required to leave a call history. In other words, the Internal Revenue Manual (IRM) does not require “all” IDRS inquiries to be documented as a history item.</p>
Project Goal Statement	<p>The Taxpayer Advocacy Panel’s (TAP’s) objective is to require IRS CSRs to document a summary of every call, content as to the purpose of the call and advice given to the taxpayer/Caller. This approach should apply to all account related inquiries.</p> <p>In addition, IRS CSRs should be trained to gather taxpayer contact information in an effort to save time on behalf of the taxpayer and the IRS CSRs if/when additional conversations regarding the taxpayer’s issue are needed. By doing so, this would help to decrease frustration for all parties.</p> <p>This change in CSR requirements could be accomplished by updating the IRM 21.2.2.4.5(8) Account Management Services (AMS). In addition to account information, the IRS CSR should “always” gather and update the taxpayer’s contact information; unless the taxpayer declines.</p>
Proposed Solution or Task	<p>As referenced above, the IRM 21.2.2.4.5(8) states that if a CSR uses AMS, a narrative must be added to the AMS record to describe the inquiry of the Caller. However, the IRM does not require CSRs to use AMS. We recommend that the IRM be updated to mandate the use of AMS by CSRs for all account related calls in order to document all account related inquiries and to consistently gather taxpayer contact information.</p> <p>Additionally, the TAP is recommending that the IRS develop and implement a CSR training program regarding the proper use of the AMS application. Specific emphasis should be placed on the documentation of calls and the benefits of completing this task for not only the taxpayer/Caller, but also for the IRS and fellow CSRs.</p>

IRS Initial Response	<p>IRM 21.2.2.4.5(8) is an IRM that describes the functionality and general uses of AMS.</p> <p>While the direct action of opening AMS is not mandated in IRM 21.2.2.4.5, the IRM 21 has many direct procedures that require (mandate) the use of AMS. For example, accessing Reasonable Cause Assistant (RCA), creating a Form 4442 inquiry referral, or leaving an issue or history.</p> <p>Currently, all Accounts Management (AM) training is centered on the use of AMS as an integral part of account research.</p> <p>Additionally, all AM toll free calls begin with the use of the mandated IAT disclosure tool. Once a user selects the authorized option, the tool will copy and paste the TIN into AMS and open the account in AMS to begin research.</p> <p>Since the actual mandate of the system is specifically addressed by work issue, it is not necessary to make the recommended change.</p>
IRS Final Response	<p>All newly hired employees in Accounts Management (AM) are required to complete Course 15820T, AMS Basic Technical Functionality, which was produced by AMS. Screens 15-30 in this online course contain excellent examples of AMS history documentation. In addition to the classroom training, employees receive additional guidance on how to read and interpret and how to properly annotate history in the AMS application.</p> <p>The application of documenting AMS history is also contained within specific technical accounts/adjustment courses when each technical topic (Refunds, Balance Due, Adjustments, and ID Theft, etc.) is presented. There are a multitude of courses that address application as technical topics are broken down according to the variety of accounts/adjustment jobs within Accounts Management. Direction in the technical courses follows the IRM as to when to input IDRS or AMS history.</p>

<b>TAP Issue ID: 25636</b> <b>Elevated Date: 11/19/2012</b>	<b>Committee Name: Taxpayer Burden Reduction</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: IRS E-File/Free-file review and recommendations</b>	

Issue or Project Statement	<p>The Internal Revenue Service (IRS) has set a goal of receiving 80% of tax and information returns electronically and the IRS has created various avenues for this goal to be achieved.</p> <p>The Taxpayer Advocacy Panel (TAP) received user reported issues related to e-file and Free File. When reviewing these issues, the Taxpayer Burden Reduction Committee (TBR) Technology subcommittee identified and focused on three themes related to taxpayer burden when using the IRS E-File/Free File sites:</p> <ul style="list-style-type: none"> <li>• Trust and security concerns about third-party sites</li> <li>• Unclear error codes and electronic reject statements from E-File</li> <li>• Inadequate instructions/language on IRS site</li> </ul>
Project Goal Statement	<p>The Taxpayer Burden Reduction Committee's goal is to provide feedback and recommend changes based on taxpayer issues that will reduce the burden associated with the e-file/ Free File web sites hosted by the IRS.</p>
Proposed Solution or Task	<p>The Taxpayer Burden Reduction Committee recommends that the IRS:</p> <ol style="list-style-type: none"> <li>1. Provide easily accessible information regarding selection and certification of the third party sites, background checks of the third party employees, validation and incorporations of data encryption techniques, and other relevant items on the IRS.gov site;</li> <li>2. Identify e-file lost participation by collecting data on the number and percentage of users who stop the process at the point where the next click takes them off the IRS site to a third party site;</li> <li>3. Provide a complete list on the Free File landing page of necessary information to avoid error codes 679 – “Missing or incorrect prior year AGI” and 680 – “Missing or incorrect prior year PIN” to users on the Free File landing page;</li> <li>4. Change the language on the landing page to make it clear that more than a “quick estimate” of AGI is needed to proceed;</li> <li>5. Ensure that precise “next steps” and timing are provided in error messages to allow users to resolve errors;</li> <li>6. Ensure that error messages are specific and eliminate any “General Reject” codes;</li> <li>7. Modify instructions and FAQs on freefillableforms.com forms to more accurately reflect ability to use multiple forms.</li> </ol>
	<p>We have read your report carefully and given your recommendations full consideration. We appreciate your recommendations to enhance e-file/free filer processes and procedures.</p> <p>Currently, we do not collect data on the number or percentage of users who stop the process at the point where the next click takes them off the IRS site to a third party site.</p> <p>Our budget lacks the flexibility to request that specific type of data. In order to request research for the drop rate, our office would need to provide a justification for the expenditure. At this time, 80% of individual Americans efile. We believe if the taxpayers are dropping off, it does not mean that they didn't file electronically. Other issues may prevent taxpayers from using the e-file/free-file program. For example, the taxpayer's return may be too complex and/or other offers and products in the market place may service the taxpayer's needs better.</p> <p>Although the Service is operating in a restrictive budget environment, IRS still manages to fund modernized e-file, providing faster acknowledgements and addressing errors. Our efforts in the e-file area greatly reduces burden internally and externally.</p>



IRS e-file Application and Participation, Publication 3112, provides information for participation in IRS e-file, including the selection and certification of third party sites, suitability checks and other pertinent information for safeguarding and protecting taxpayer information:

<http://www.irs.gov/pub/irs-pdf/p3112.pdf>

In January 2010, the IRS mandated six new security, privacy and business standards for online providers. See the standards: <http://www.irs.gov/uac/IRS-e-file-Security,-Privacy-and-Business-Standards-Mandated-as-of-January-1,-2010>. Violations of IRS e-file rules may result in a warning or sanctioning including suspension or expulsion from IRS e-file.

Free File providers must comply with these six security standards and the e-file rules as set forth in Publication 3112. Free File Alliance members must meet the same requirements as all other authorized e-file providers. The IRS makes its publications and e-file requirements readily available to third party providers through IRS.gov. Failure to meet these standards may result in sanctioning and removal from the IRS Free File program.

We appreciate your suggestion to reduce errors 679 and 680. IRS has already included a statement on the Free File landing page advising taxpayers to plan ahead, by getting a copy of their last year's tax return. With last year's tax return, taxpayers may easily look up their AGI or prior year PIN they will need for e-file authentication. If taxpayers can't locate their return or can't recall their prior year AGI or PIN, taxpayers may use IRS Electronic Filing PIN, The Electronic Filing PIN is a temporary PIN used by the IRS to verify a taxpayer's identity when they e-file. The Electronic Filing PIN is prominently displayed on the Free File FAQ page. In addition, Free File software companies include information for taxpayers about verifying their identity for e-filing and include a link to the Electronic filing PIN at the point in their software where taxpayers need to verify their identity for e-filing.

The IRS has taken other steps to reduce error codes 679 and 680. For the 2012 filing season. IRS made a programming change to allow for interchangeable acceptance of the two types of PIN during the e-file signature authentication process. This change made a positive difference. While online filing increased by 10% in 2012, taxpayers with 679 and 680 errors decreased by 25%.

We review feedback left by taxpayers and stakeholders on our website and address issues accordingly. Our satisfaction survey rate from 2009 shows a 95% satisfaction rate. The complaints and issues associated with the E-File/Free-file websites hosted by the IRS continues to decline.

We agree with the recommendation. The implementation of Modernized e-file (MeF) and its use of business rules to identify return errors have largely addressed this issue.

Beginning with TY 2012, all Free File returns were transmitted thru MeF. MeF business rules provide an explanation of errors and identify causes, including forms and line numbers. The IRS expansion of MeF business rules will further enhance the taxpayer's ability to self-correct errors and successfully prepare and e-file returns using Free File.

Free File Fillable Forms supports the multiple use of the same form on a tax return. Taxpayers may add multiple forms and

<p>IRS Initial Response</p>	<p>schedules such as the forms W2, 2206, 2439, 3903 and 4684 and schedules C, E, F, and SE. Throughout the filing season, IRS monitors the feedback we receive from taxpayers to update our frequently asked questions and request software updates from the program provider.</p> <p>We disclose limitations in the Free File Fillable Forms FAQs. We are aware of two situations where taxpayers are limited in their use of multiple forms. Both limitations will be prominently disclosed in the searchable FAQ pdf document for the 2013 filing season:</p> <ol style="list-style-type: none"> <li>1. Form 8283, Non-Cash Charitable Contributions - Taxpayers may add up to four Form 8283s:</li> <li>2. Schedule E, Supplemental Income and Loss, page 2 – Taxpayers may file multiple copies of Schedule E; however, the program limits the taxpayer to a single page 2, which includes Parts II, III and IV. We will continue to monitor taxpayer issues with the program and work with the software provider to improve the taxpayer experience.</li> </ol>
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<p><b>TAP Issue ID: 25823</b> <b>Elevated Date: 12/17/2012</b></p>	<p><b>Committee Name: Return Processing Delays</b></p>
<p><b>Status: Monitoring IRS Action</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: Age 65 - Standard Deduction</b></p>	
<p>Issue or Project Statement</p>	<p>The Return Processing Delays Committee was tasked with addressing return processing procedures that cause an undue burden on taxpayers. The Return Processing Delays Committee identified Service procedures that may not grant taxpayers who are at least 65 the increased standard deduction to which they are entitled, despite the fact that the Service possesses the necessary information to ensure that the increased deduction is included on an eligible return.</p>
<p>Project Goal Statement</p>	<p>The goal of this project referral is to encourage the Service to adopt procedures that ensure taxpayers who are at least 65 claim the increased standard deduction to which they are entitled.</p>
<p>Proposed Solution or Task</p>	<p>The Committee proposes that the Service adopt programming that checks for increased standard deduction eligibility for all taxpayers who are at least 65 who claim the standard deduction and have taxable income.</p>
<p>IRS Initial Response</p>	<p>Submission Processing agrees with the intention of the proposal but must make its commitment to carry out the proposal contingent on approval by its Counsel and evaluation by its application developer.</p> <p>Under Consideration—Follow-up Date: 2/15/2013</p>

IRS Final Response	<p>IRS agrees with this proposal. A Unified Work Request (UWR) will be submitted for a math error check for increased standard deduction eligibility for all taxpayers who are at least 65 who claim the standard deduction and have taxable income for Tax Year 2013, Processing Year 2014. This is dependent on Information Technology (IT) prioritization and resources.</p> <p>IRS Closing: Accepted-Proposed Implementation Date: 01/01/2014</p>
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<p><b>TAP Issue ID: 26088</b> <b>Elevated Date: 11/27/2012</b></p>	<p><b>Committee Name: Ad Hoc Committee</b></p>
<p><b>Status: Closed</b></p>	<p><b>Outcome: Project/Assignment Completed</b></p>
<p><b>Title: SBHCC calculator</b></p>	
Issue Statement	<p>The Deputy EDSA asked TAP to review the Small Business Health Care Credit calculator on the W&amp;I website and provide feedback for improvement.</p>