



U.S. Department of the Treasury

How A Transformed IRS Will Benefit Small Businesses

President Biden in August 2022 signed the Inflation Reduction Act (“IRA”), providing critical resources to modernize the IRS after decades of underfunding. The Strategic Operating Plan shows how the IRS will use IRA resources to provide taxpayers with world class customer service and reduce our deficits by hundreds of billions by pursuing high dollar noncompliance. Thanks to IRA resources, the IRS will transform the taxpayer experience. The IRS will help taxpayers get it right, and small business owners will be able to seamlessly interact with the agency in the ways that work best for them: on the phone, in-person, and online. Improved technology and new online tools will save small businesses time and money. **These are some of the improvements that will enhance service and upfront assistance for small businesses in the next 10 years.**

Expanded online service tools: The IRS will improve and develop new online service tools that save small business owners time and money.

- IRS in 2023 will launch Business Online Accounts.
- The IRS will also provide small businesses with new tools to identify available credits and deductions. The IRS will incorporate a “credits and deductions” search function in Online Accounts and improve relevant content on IRS.gov.
- In 2024, small businesses will be able to access their data, schedule payments, track the status of payments and refunds, and more with the launch of Business Online Accounts and expanded Individual Online Accounts.
- Business tax transcripts will be made available online in easy-to-read format through the Business Online Account by 2024.
- In 2024, small business owners will be prompted to correct simple processing errors at the time of filing, ensuring refunds are delivered quickly.

New ability to respond to notices and file online: Small business owners are now able to respond to notices online, and have new online filing options. These will continue to be improved and expanded.

- In the first five years of the 10-year plan, small business owners will be able to securely file all documents and respond to all notices online.

- The IRS launched a new tool to respond to nine notices online, making it easier for taxpayers to get it right and get their refunds in a timely manner. Until this year, when taxpayers received notices for things like document verification they had to respond through the mail. Taxpayers are now able to respond to the most common notices for credits like the Earned Income and Health Insurance Tax Credits online, saving them time and money.
- The ability to respond to the correction of self-employment income or employment related identity theft notifications, among dozens of other new online notices, will be added by 2024. The IRS will simplify the language in the notices sent to taxpayers, giving them clear instructions on what action they need to take to respond to them.
- The IRS launched an online portal to allow businesses to file Form 1099 series information returns electronically. These forms previously needed to be submitted through the mail.

Simplified, mobile-friendly forms: Small business owners often prepare their own taxes, rather than hire professional preparers, and simplified forms will save millions of small business owners time and money.

- The IRS will modernize the tax forms most frequently used by small businesses, including Forms 940, 941, and 944, so they are streamlined, mobile-friendly, and available in multiple languages.

Expanded digitization to eliminate paper-based processes and expand service options:

Automating paper-based processes and making more forms available online will deliver significant service improvements for taxpayers, including faster processing and refunds.

- In the first five years of the 10-year plan, the IRS will eliminate paper backlogs that have delayed taxpayer refunds by digitizing all forms and returns when they are received and transitioning to fully digital correspondence processes.
- The IRS is expanding scanning of paper forms to the most used forms, 1040 and 941. The IRS is on track to scan millions of returns in 2023 saving small businesses time and money with faster processing and benefit delivery.

Help small businesses understand and claim credits and deductions: For the first time, the IRS will help taxpayers claim the credits and deductions for which they are eligible, strengthening the financial security of small businesses.

- The IRS will incorporate a “credits and deductions” search function in online accounts and improve relevant content on IRS.gov.
- The IRS will make it easier for taxpayers to help themselves and work to reach taxpayers in new ways, including through personalized alerts and with outreach through partnerships with community and nonprofit partners. This will help small business owners learn about credits and deductions for which they are eligible.

Along with IRS’s annual discretionary budget, the IRA investment over 10 years will transform the IRS so that it provides world class service, delivers refunds quickly, enforces tax laws among high earners and corporations that evade taxes, supports the IRA’s clean energy investments, and ensures that all Americans receive tax benefits for which they are eligible. These additional resources will not be used to increase the audit rates for small businesses and households making

less than \$400,000, relative to historical levels. The IRS is focused on pursuing high-income and high-wealth individuals, complex partnerships, and large corporations that are not paying the taxes they owe. Put together, the IRA is a historic investment in building an economy that works for everyone.

For Further Information:

- [Strategic Operating Plan](#)
- [IRS.gov Tools](#)
- [Taxpayer Experience Days](#)
- [Taxpayer Online Account](#)
- [Tax Information in Non-English Languages](#)