



## U.S. Department of the Treasury

### How A Transformed IRS Will Deliver For Taxpayers

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 Inflation Reduction Act Resources to provide taxpayers with world class customer service and reduce our deficits by hundreds of billions by pursuing high dollar noncompliance.

For the first time, the IRS will help taxpayers get it right—filing accurate returns that ensure timely refunds and claiming the credits and deductions for which they are eligible. The IRS will reimagine the taxpayer experience to ensure workers and families are able to seamlessly interact with the IRS in the ways that work best for them: on the phone, in-person, and online. Integral to delivering on its promise to better support the American public, the IRS will build relationships with communities that have often felt disconnected and underserved by building a physical presence, establishing relationships with trusted local partners, providing educational materials and events, and incorporating community feedback into system upgrades. **These improvements will enable the IRS to serve all taxpayers fairly and in the way they want to be served.**

#### Delivering For Rural Taxpayers

**Appropriate and personalized issue resolution:** Nearly 20 percent of Americans live in rural areas. To provide equitable access to IRS services and opportunities for taxpayers, the IRS recognizes that many populations, especially in rural communities, have different needs in meeting their tax obligations.

- Many qualified individuals and families who live in rural areas don’t claim the EITC and other credits. The IRS will address taxpayer issues with personalized treatments and streamlined procedures to minimize burden and unnecessary delays that prevent taxpayers from claiming credits and deductions for which they are eligible.

**New ability to respond to notices online:** Services are less accessible in rural communities than in urban areas, so information about available tax credit and tax assistance may be difficult to find. The IRS launched a new tool to respond to nine notices online, making it easier for rural

taxpayers to get it right and get their refunds in a timely manner. In the past, when taxpayers received notices for things like document verification they had to respond through the mail.

- Taxpayers in rural communities 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.
- Within the first five years of the 10-year plan, taxpayers will be able to securely file all documents and respond to all notices online.

**Expanded service options nationwide:** IRS will expand its service and outreach presence into rural and suburban locations, underrepresented and underserved communities, and tribal lands.

- While IRS will improve communications to taxpayers and invest in technology to provide them added digital options, some taxpayers will not or cannot access those tools. Therefore, the IRS will continue to offer and expand nondigital options for taxpayers including on the phone and through our Taxpayer Assistance Centers to reach more rural communities.
- The IRS has hosted more than 100 monthly Taxpayer Experience Days to provide Saturday in-person help. The IRS reopened TACs that have been closed, such as the recent opening of the Binghamton, NY TAC and Charlottesville, Virginia TAC, and the anticipated opening of 15 TACs across the country this filing season.

### **Delivering For Seniors**

**Help seniors understand and claim credits and deductions for which they are eligible:**

Seniors have special tax situations and benefits. The IRS will improve the taxpayer experience with expanded in-person assistance and phone service to get seniors the help they need.

- As expected, call volume is down from pandemic highs, but remains higher than pre-pandemic. Thanks to the 5,000 new hires made possible, in part, by IRA resources this year, IRS customer service have answered over 5.5 million taxpayer calls this filling season, 2 million more calls with live assistance since the start of the year through March 25, compared to the same period in 2022.
- IRS has consistently achieved an 80-90% level of service with live assistance since the start of Filing Season 2023.
- The IRS will expand the availability and services offered and raise awareness of existing forums, including refundable credit summits, IRS education and outreach, Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE), Low-Income Taxpayer Clinics (LITCs), and webinars to help seniors get it right the first time in meeting their obligations and claiming the credits and deductions to which they are eligible.
- The IRS will expand its partnerships with public and private institutions, including tax preparation service providers, software companies, VITA, LITCs, faith-based organizations, non-profits, and libraries to distribute educational materials on available credits and deductions.

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**Improved 21st century customer service experience:** The IRS will create a filer experience that is user-friendly, seamless, and efficient, with modern processes that allows seniors to correct errors and receive timely status information.

- The IRS also recognizes that many populations, including seniors, have different needs in meeting their tax obligations and receiving information. Seniors will be able to use IRS data and tools to access the information necessary to file returns easily, such as developing user-friendly, easily navigable website that increases accessibility and clearer guidance on how to correctly file taxes.
- This year, IRS will improve robust online accounts and expanded digital options for seniors to take care of business quickly and independently, bringing the customer service experience into the 21st century.

### **Delivering For Immigrant Families**

**Help taxpayers understand and claim credits and deductions for which they are eligible:**

Robust and scaled outreach and education that is personalized and timely will help immigrant communities access and use IRS data to remove barriers to getting the information necessary to file returns and claim the credits and deductions for which they are eligible.

- The IRS will engage with taxpayers in underserved communities to deliver education and technical tools that directly address issues or opportunities identified on filed returns and help taxpayers access appropriate tax credits and incentives.
- By next year, individual tax transcripts and notices will be updated to be more user-friendly and available in more languages based on taxpayer needs.
- The IRS will use data to proactively deliver clear, informative, and personalized alerts to help immigrant families claim the credits and deductions for which they are eligible.

**Expanded digitization:** Leveraging digitalization will help deliver drastically improved service, faster refunds, enhanced taxpayer interaction in in languages other than English, and significantly lower levels of paper returns this filing season and, in the years to come.

- The accuracy of translation of return data would increase as IRS expands digitization. Digital tools would be available in taxpayers' preferred languages.
- By FY 2025, IRS will become fully digital and modernize processes to improve the taxpayer experience and organizational efficiency, which may include modernizing the

Individual Tax Identification Number (ITIN) process and fully digitalizing the amended return processing in the next five years.

**Streamlined multichannel communication:** Immigrant families will be able to get the help quickly, securely, and accessibly they need, resolve more issues in a single contact, and experience minimal delays during interactions with us.

- The IRS will expand several credentialing service providers for identity proofing, providing more services available to authenticated taxpayers, and expanding access for certain types of taxpayers, such as ITIN holders and international taxpayers.

### **Delivering For Non-filers**

**Help taxpayers understand and claim credits and deductions for which they are eligible:** IRS will approach compliance with a holistic approach by looking at each taxpayer's individual situation and make sure non-filers are aware of the credits and deductions for which they are eligible.

- The IRS will utilize enhanced and personalized data and additional personalized alerts and notifications to proactively help taxpayers receive the credits and incentives that they might have missed.
- The IRS will incorporate a “credits and deductions” search function in Online Accounts and improve relevant content on IRS.gov.

**Analysis on gaps in tax credit and incentive participation:** Improve the understanding of the credits and incentives gap, especially in underserved communities, and put in place leading advanced analytics techniques to enable improved measures for voluntary compliance and taxpayer experience and behavior to foster benefit uptake.

- The IRS will use analytics to analyze gaps in tax credits and deductions participation in FY 2024, especially those intended to benefit underserved communities. These findings would be incorporated into IRS statistical reporting.

**Expanded outreach and engagement in many communities:** Robust and scaled outreach and education that is personalized and timely will help educate non-filers about the tax provisions and their requirements.

- The IRS will engage with both filers and non-filers in underserved communities to deliver education and technical tools that help them access appropriate tax credits and incentives.

### **Delivering For State, Local, and Tribal Governments**

**New monetization and transferability mechanisms:** The new mechanisms for taxpayers and other entities to monetize clean energy incentives are another important focus area for IRA implementation.

- The IRS will develop a digital intake process to facilitate claiming tax credits by state and local governments, tribal governments, and other tax-exempt entities. These new incentive monetization mechanisms will significantly expand the range of actors

undertaking clean energy investments and receiving associated benefits through the tax code.

- The IRS will ensure that state, local, and tribal governments have the tools, data, and information they need to be aware of and claim clean energy credits and deductions.

**Expanded engagement with state administrators:** The IRS will partner with state administrators to support systems and processes being developed.

- By FY 2024, IRS will establish federal and state partnerships to support personalized alerts.
- Through continued partnership with state tax administrators, the IRS will address issues and optimize progress for other data driven projects.

**Expanded outreach and engagement in many communities:** IRS will expand its outreach and engagement into rural and suburban locations, underrepresented and underserved communities, and tribal land to reach all taxpayers.

- The IRS will share data and information with federal, state, local government institutions, and Tribal governments, as appropriate and legally permissible, so they can serve as effective partners in helping underserved tax filers claim available credits and receive IRS services.

Along with IRS's annual discretionary budget, the IRA investment over 10 years will transform the IRS so that it provides world class service to taxpayers, delivers refunds quickly, enforces tax laws with a focus among high earners and corporations, supports the IRA's clean energy investments, and ensures that all Americans gain 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](#)