



## U.S. Department of the Treasury

### How A Transformed IRS Will Deliver For Workers and Families

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. **These improvements will enable the IRS to serve all workers and families fairly and in the way they want to be served.**

**Increased take-up of tax credits and deductions by eligible taxpayer:** The IRS will improve service for workers and families by looking holistically at each taxpayer’s individual situation and providing appropriate and comprehensive solutions. By quickly resolving taxpayer issues at the front end and removing barriers to claiming tax credits, such as the Earned Income Tax Credit, IRS will reduce the gap between incentives owed and claimed, while maintaining robust measures to prevent fraud and abuse.

- The IRS will expand outreach, education, and partnerships to increase awareness of tax certainty programs and their benefits to families with complex issues, and coordinate credit and deduction delivery across the IRS.
- Within the next five years, workers and families will be notified of potential filing issues, including tax incentives related to children and other dependents, other missed or erroneous credits and deductions at the point of filing.
- Improved self-service pathways and a multichannel outreach approach, such as personalized alerts and partnership programs, will allow workers and families to learn about credits and deductions for which they might be eligible, such as the Earned Income Tax Credit and the Child Tax Credit.

**Improved 21<sup>st</sup> century customer service experience:** The IRS will create a filer experience that is user-friendly, seamless, and efficient, with modern processes that allow workers and families to access their account data, get immediate assistance, correct errors, and receive timely status information.

- The IRS will improve the taxpayer experience with expanded phone and online service options.
- Workers and families will be able to use IRS data and tools to access the information necessary to file returns easily, such as interactive and navigational tools and clearer guidance on how to correctly file taxes.

**Data, analytics, and tools to ensure compliance and fairness in the tax system:** The agency recognizes that many populations have different needs in meeting their tax obligations and that many factors drive unintentional noncompliance and prevent workers and families from claiming credits and deductions for which they are eligible.

- The IRS will address taxpayer issues with tailored treatments and streamlined procedures to minimize burden and unnecessary delays.
- The IRS will significantly improve the services we provide and tailor our compliance work in new ways so that workers and families have the tools, information, and assistance needed to get their tax filings right and resolve issues to ensure compliance and fairness in the tax system.
- The IRS will hire experienced accountants, attorneys, engineers, economist, and data scientists needed to pursue high-income and high-wealth individuals, and complex partnerships that are not paying the taxes they owe, while not raising audit rates for small businesses and households making less than \$400,000 above historical levels.

**New ability to respond to notices online, expanded self-service options:** In the past, when taxpayers received notices for things like document verification they had to respond through the mail. Workers and families 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 IRS will improve and develop online service tools for individual and Tax Pro accounts and launch new business online accounts in 2023.

- 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. The ability to respond electronically additional notices will be added in the coming years.
- The IRS enabled a direct-deposit refund option for 1040X amended returns. These refunds were previously only available by paper check, delaying taxpayers' receipt of their refunds.

Along with IRS' 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 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](#)