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**Ken Berry, JD** • Jul. 19, 2015



On July 15, National Taxpayer Advocate (NTA) Nina E. Olson released a midyear report on the state of affairs at the IRS, as mandated by federal law. The NTA serves at the IRS as a sort of internal watchdog on behalf of the public. There was plenty to complain about during the first half of 2015, but it remains to be seen how much the IRS can improve under its current budgetary restraints.

According to an IRS press release, the four main areas that Olson focused on her

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season was by far the worst in memory,” wrote Olson.

Some of the noteworthy findings are:

- The IRS answered only 37 percent of taxpayer calls routed to customer service representatives. The hold time for taxpayers who got through averaged 23 minutes. This level of service represents a sharp drop-off from the 2014 filing season when the IRS answered 71 percent of its calls, and hold times averaged only about 14 minutes.
- The IRS answered only 39 percent of calls from taxpayers seeking assistance from the Taxpayer Advocate Service (TAS) on its toll-free hotline, and hold times averaged 19 minutes. The TAS serves as a “safety net” for taxpayers who are experiencing a financial or systemic hardship as a result of IRS action or inaction.
- The IRS answered only 17 percent of calls from taxpayers who called after being notified that their tax returns had been blocked by the Taxpayer Protection Program (TPP) on suspicion of identity theft, and the hold times averaged about 28 minutes. In three consecutive weeks during the filing season, the IRS answered fewer than ten percent of the calls blocked by the TPP.
- The IRS answered only 45 percent of calls from practitioners who called the IRS on the Practitioner Priority Service (PPS) line, and hold times averaged 45 minutes.
- The number of “courtesy disconnects” received by taxpayers calling the IRS skyrocketed from about 544,000 in 2014 to about 8.8 million this filing season, an increase of more than 1,500 percent! The term “courtesy disconnect” is used when the IRS essentially hangs up on a taxpayer because its switchboard is overloaded and it can’t handle additional calls.

Olson noted that these declines in taxpayer service impose increased compliance

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concept of operations (CONOPS) that aims to establish a vision for where the IRS should be in five years, albeit with two key concerns.

- The IRS continues to view itself primarily as an enforcement agency with taxpayer service receiving less emphasis. Olson called for a shift in priorities to helping those who comply with the tax laws as opposed to focusing on non-compliance.
- The IRS is contemplating plans that would replace traditional IRS employee-to-taxpayer interaction with online services and expanded use of third parties and software products. Olson explains that taxpayers and their representatives need the ability to talk directly to the IRS.

The report also cites the recent [unauthorized access](#) to tax information through the “Get Transcript” application as an example of the risks of automation.

**3. ID theft-related refund fraud:** In recent years, identity thieves have used stolen information to file fraudulent income tax returns to try to obtain refunds. As the problem has worsened and the IRS understandably implemented more filters to identify questionable returns, an increasing number of taxpayers have been affected and have faced significant delays in receiving their refunds.

In each of calendar years 2013 and 2014, the IRS received about 730,000 identity theft cases with taxpayer impact. Over the last three fiscal years, TAS has received an average of about 52,000 identity theft cases a year. During the 2015 filing season, the IRS’s Taxpayer Protection Program (TPP) filters stopped more than twice as many questionable returns as in the prior year. As a result, more than 600,000 taxpayers who filed legitimate returns had their returns frozen as suspicious and had to take additional steps to receive their refunds.

The report expresses concern that the IRS isn’t doing enough to assist ID theft victims and repeats past recommendations for the IRS to assign a single employee to

coordinate complex identity theft cases. In addition, Olson says that TAS should

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Although there were some significant glitches that occurred during the filing season, most weren't attributable to IRS error. A primary ACA focus for TAS during the upcoming year will be to train its Case Advocates to better assist taxpayers requiring assistance, notably on ACA collection activities and the Employer Shared Responsibility Payment provision. TAS will also continue to participate on internal IRS working groups to present a taxpayer perspective on ACA issues and raise concerns it identifies through its casework and other sources.

The Objectives Report to Congress also identifies nine other areas of focus for the upcoming year, describes TAS efforts to improve its advocacy for and service to taxpayers, summarizes pending TAS research initiatives and provides an update on TAS efforts to implement an integrated technology system. To read the entire report, visit <http://www.taxpayeradvocate.irs.gov/reports/fy-2016-objectives-report-to-congress/full-report>.

Technology

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