

## TAXPAYER RIGHTS ASSESSMENT: IRS Performance Measures and Data Relating to Taxpayer Rights

In the 2013 Annual Report to Congress, the National Taxpayer Advocate proposed a “report card” of measures that would “...provide a good indication whether the IRS is treating U.S. taxpayers well and furthering voluntary compliance.”<sup>1</sup>

On June 10, 2014, the IRS adopted a Taxpayer Bill of Rights (TBOR), a list of ten rights that the National Taxpayer Advocate recommended to help taxpayers and IRS employees alike gain a better understanding of the dozens of discrete taxpayer rights spread throughout the multi-million word Internal Revenue Code.<sup>2</sup> While this was a significant achievement for increasing taxpayers’ awareness of their rights, and an important first step in integrating taxpayer rights into all aspects of tax administration, more can be done. The *Taxpayer Rights Assessment* contains selected performance measures and data organized by the ten taxpayer rights and is another important step toward integrating taxpayer rights into tax administration.

This *Taxpayer Rights Assessment* is a work in progress. The following measures provide insights into IRS performance; but they are by no means comprehensive. In some instances, data is not readily available. In other instances, we may not yet have sufficient measures in place to evaluate adherence to specific taxpayer rights. And, despite what the numbers may show, we must pay particular attention to the needs of taxpayers who lack access to quality service even if overall performance metrics are improving. This *Taxpayer Rights Assessment* will grow and evolve over time as data becomes available and new concerns emerge.

- 1. THE RIGHT TO BE INFORMED** – Taxpayers have the right to know what they need to do to comply with the tax laws. They are entitled to clear explanations of the laws and IRS procedures in all tax forms, instructions, publications, notices, and correspondence. They have the right to be informed of IRS decisions about their tax accounts and to receive clear explanations of the outcomes.

Measure/Indicator	FY 2014
Individual Correspondence Volume (adjustments) <sup>a</sup>	5,700,132
Average Days in Inventory <sup>b</sup>	57.6 days
Inventory Overage <sup>c</sup>	63.6%
Business Correspondence Volume (adjustments) <sup>d</sup>	3,471,571
Average Days in Inventory <sup>e</sup>	39 days
Inventory Overage <sup>f</sup>	17.5%
Total Correspondence (all types)	TBD
Quality of IRS Forms & Publications	TBD
IRS.gov Web Page Ease of Use	TBD
IRS Outreach	TBD

a IRS, Joint Operations Center, Adjustments Inventory Reports: July-September Fiscal Year Comparison (FY 2008 through FY 2014).

b IRS, Joint Operations Center, Weekly Enterprise Adjustments Inventory Report, FY 2014, week ending Sept. 27, 2014.

c *Id.*

d IRS, Joint Operations Center, Adjustments Inventory Reports: July-September Fiscal Year Comparison (FY 2008 through FY 2014).

e IRS, Joint Operations Center, Weekly Enterprise Adjustments Inventory Report, FY 2014, week ending Sept. 27, 2014

f *Id.*

- 1 See National Taxpayer Advocate 2013 Annual Report to Congress, Preface, xvii-xviii (*Taxpayer Service Is Not an Isolated Function but Must Be Incorporated throughout All IRS Activities, Including Enforcement*).
- 2 IRS Press Release IR-2014-72, June 10, 2014 (*IRS Adopts “Taxpayer Bill of Rights;” 10 Provisions to be highlighted on IRS.gov, in Publication 1*).

- 2. THE RIGHT TO QUALITY SERVICE** – Taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS, to be spoken to in a way they can easily understand, to receive clear and easily understandable communications from the IRS, and to speak to a supervisor about inadequate service.

Measure/Indicator	FY 2014
Number of Returns Filed (projected, all types) <sup>a</sup>	243,077,800
Total Individual Income Tax Returns <sup>b</sup>	147,812,000
E-file Receipts (Received by 11/21/14) <sup>c</sup>	125,821,000
E-file: Tax Professional <sup>d</sup>	62%
E-file: Self Prepared <sup>e</sup>	38%
<b>Returns Prepared by:</b>	
VITA/TCE/AARP <sup>f</sup>	3,322,582
Free File Consortium <sup>g</sup>	2,406,465
Fillable Forms <sup>h</sup>	478,501
IRS Taxpayer Assistance Centers (TACs) <sup>i</sup>	376
Number of Taxpayer Assistance (“Walk-In”) Centers <sup>j</sup>	382
Number of TAC Contacts <sup>k</sup>	5,477,279
Total Calls to IRS (Enterprise) <sup>l</sup>	100,667,411
Number of Attempted Calls to IRS Accounts Management (AM – formerly Customer Service) Lines <sup>m</sup>	86,171,857
Toll Free: Percentage of calls answered <sup>n</sup> (LOS)	64.4%
Toll Free: Average Speed of Answer <sup>o</sup>	19.6 minutes
NTA Toll Free: Percentage of calls answered (LOS)	68.9%
NTA Toll Free: Average Speed of Answer <sup>p</sup>	7.0 minutes
Practitioner Priority: Percentage of calls answered (LOS)	70.4%
Practitioner Priority: Average Speed of Answer <sup>q</sup>	27.4 minutes
Tax Exempt/Government Entities Percentage of calls answered <sup>r</sup> (LOS)	67.6%
Tax Exempt/Government Entities: Average Speed of Answer <sup>s</sup>	18.7 minutes
Awareness of Service (or utilization)	TBD
IRS Issue Resolution – Percentage of taxpayers who had their issue resolved as a result of the service they received	TBD
Taxpayer Issue Resolution – Percentage of taxpayers who reported their issue was resolved after receiving service	TBD

a IRS Pub. 6292, *Fiscal Year Return Projections for the United States 2014-2021*, at 4 (Fall 2014).

b *Id.*

c IRS, Filing Season Statistics, IRS Newsroom <http://www.irs.gov/uac/Newsroom/Nov-21-2014> (last viewed Nov. 26, 2014).

d *Id.*

e *Id.*

f *Id.* Free, in-person return preparation is offered to low income and older taxpayers by non-IRS organizations through the Volunteer Income Tax Assistance (VITA), Tax Counseling for the Elderly (TCE), and AARP Tax-Aide programs.

g IRS Compliance Data Warehouse (CDW), Electronic Tax Administration Marketing Database (ETA MDB), frequency table.

h *Id.*

i IRS, E-File Reports, Field Assistance Report, Current Year Accepted, Jan – Sept. 30, 2014.

j Information received from Senior Advisor, Wage and Investment (Dec. 23, 2104). Three hundred eighty-nine Taxpayer Assistance Centers were open during the filing season, and 382 were open at the end of the fiscal year.

k Wage & Investment Division, Business Performance Review, 4th Quarter, FY2014. Dashboard, p.7.

l IRS, Joint Operations Center, Snapshot Reports: Enterprise Snapshot, week ending Sept. 30, 2014 (report generated Oct. 16, 2014).

m *Id.* Number of calls to Accounts Management (formerly Customer Services) - Sum of 30 lines (0217, 1040, 4933, 1954, 0115, 8374, 0922, 0582, 5227, 1778, 9887, 9982, 2942, 4184, 7388, 0452, 0352, 7451, 9946, 5215, 3536, 2050, 4017, 2060, 4778, 4259, 8482, 8775, 5500 and 4490). The IRS determines its level of service based on calls to Accounts Management, not total calls.

n *Id.* Calls answered include reaching live assistant or selecting options to hear automated information messages.

o *Id.*

p *Id.*

q *Id.*

r *Id.*

s *Id.*

**3. THE RIGHT TO PAY NO MORE THAN THE CORRECT AMOUNT OF TAX** – Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.

Measure/Indicator	FY 2014
Toll-Free Tax Law Accuracy <sup>a</sup>	95.0%
Toll-Free Accounts Accuracy <sup>b</sup>	96.2%
Scope of Tax Law Questions Answered	TBD
<b>Correspondence Examinations</b>	
No change rate <sup>c</sup>	17.3%
Agreed rate <sup>d</sup>	17.2%
Non-response rate <sup>e</sup>	44.4%
Percentage of cases appealed	TBD
<b>Field Examinations</b>	
No change rate <sup>f</sup>	15.5%
Agreed rate <sup>g</sup>	46.6%
Non-response rate <sup>h</sup>	0.3%
Percentage of cases appealed	TBD
<b>Office Examinations</b>	
No change rate <sup>i</sup>	13.7%
Agreed rate <sup>j</sup>	45.0%
Non-response rate <sup>k</sup>	19.0%
Percentage of cases appealed	TBD
Math Error Adjustments	TBD
Math Error Abatements	TBD
Number of Statutory Notices of Deficiency Issued	TBD
Number of Statutory Notices of Deficiency Appealed	TBD
Number of Collection Appeals Program Conferences	TBD
Number of Collection Appeals Program Conferences Reversing IRS position	TBD
Number of Collection Due Process Conferences	TBD
Number of Collection Due Process Conferences Reversing IRS position	TBD
Percentage of taxpayers subject to IRS burden (e.g., received a notice from math error, AUR, ASFR, audit, collection, or had a refund delayed) who were (or may have been) compliant (i.e., those whose math error, AUR, or ASFR resulted in no net increase in tax, those with delayed refunds that were ultimately paid, those who appeared to have delinquencies but where nothing was ultimately collected)	TBD

a IRS Wage & Investment Division, Business Performance Review, 4th Quarter, FY2014 (Nov. 6, 2014) at 4.

b *Id.*

c IRS, Audit Information Management System, Closed Case Database. Includes disposal codes 1 and 2.

d *Id.* Includes disposal codes 3, 4, and 9.

e *Id.* Includes disposal code 13 or disposal code 10 in combination with technique codes 6 or 7.

f *Id.* Includes disposal codes 1 and 2.

g *Id.* Includes disposal codes 3, 4, and 9.

h *Id.* Includes disposal code 13 or disposal code 10 in combination with technique codes 6 or 7.

i *Id.* Includes disposal codes 1 and 2.

j *Id.* Includes disposal codes 3, 4, and 9.

k *Id.* Includes disposal code 13 or disposal code 10 in combination with technique codes 6 or 7.

- 4. THE RIGHT TO CHALLENGE THE IRS'S POSITION AND BE HEARD** – Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and documentation promptly and fairly, and to receive a response if the IRS does not agree with their position.

Measure/Indicator	FY 2014
Individual Correspondence Volume (adjustments) <sup>a</sup>	5,700,132
Average Days in Inventory <sup>b</sup>	57.6 days
Inventory Overage <sup>c</sup>	63.6%
Business Correspondence Volume <sup>d</sup>	3,471,571
Average Days in Inventory <sup>e</sup>	39 days
Inventory Overage <sup>f</sup>	17.5%
Percentage of Math Error Adjustments Abated	TBD
Percentage of Statutory Notices of Deficiency Appealed to Tax Court	TBD
Number of Collection Appeal Program Conferences Requested by Taxpayers <sup>g</sup>	TBD
Percentage of CAP Conferences that Reversed the IRS Position	TBD
Number of Collection Due Process Hearings Requested by Taxpayers <sup>h</sup>	TBD
Percentage of Collection Due Process Hearings that Reversed the IRS Position	TBD

a IRS, Joint Operations Center, Adjustments Inventory Reports: July-September Fiscal Year Comparison (FY 2008 through FY 2014).

b IRS, Weekly Enterprise Adjustments Inventory Report, FY 2014, week ending Sept. 27, 2014.

c *Id.*

d IRS, Joint Operations Center, Adjustments Inventory Reports: July-September Fiscal Year Comparison (FY 2008 through FY 2014).

e IRS, Weekly Enterprise Adjustments Inventory Report, FY 2014, week ending Sept. 27, 2014.

f *Id.*

g Taxpayers may request a Collection Appeals Process (CAP) review as the result of IRS actions such as filing a Notice of Federal Tax Lien, an IRS levy or seizure of property, and termination, rejection, or modification of an installment agreement. See, IRS Pub. 1660, *Collection Appeal Rights*.

h Taxpayers may request a Collection Due Process (CDP) review when the IRS plans to take actions such as filing a federal tax lien or levy. See, IRS Pub. 1660, *Collection Appeal Rights*.

- 5. THE RIGHT TO APPEAL AN IRS DECISION IN AN INDEPENDENT FORUM** – Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including many penalties, and have the right to receive a written response regarding the Office of Appeals' decision. Taxpayers generally have the right to take their cases to court.

Measure/Indicator	FY 2014
Number of Cases Appealed <sup>a</sup>	113,608
Appeals Staffing (On-rolls) <sup>b</sup>	1,704
Number of States without an Appeals or Settlement Officer <sup>c</sup>	12
Customer Satisfaction of service in Appeals	TBD
Average Days in Appeals to Resolution	TBD
Percentage of cases appealed	TBD
Percentage of Statutory Notices of Deficiency Appealed to Tax Court	TBD

a IRS Appeals Business Performance Review, 4th Quarter FY2014 (Nov. 10, 2014), at 9.

b *Id.*

c IRS, Human Resources Reporting Center, available at <https://persinfo.web.irs.gov/> (last visited June 27, 2014). This map does not include Puerto Rico, which also has no Appeals presence.

- 6. THE RIGHT TO FINALITY** – Taxpayers have the right to know the maximum amount of time they have to challenge the IRS’s position as well as the maximum amount of time the IRS has to audit a particular tax year or collect a tax debt. Taxpayers have the right to know when the IRS has finished an audit.

Measure/Indicator	FY 2014
Average Days to Complete Correspondence Examination (non-EITC) <sup>a</sup>	225 days
Average Days to Complete Correspondence Examination (EITC) <sup>b</sup>	243 days
Average Days to Reach Determination on Applications for Exempt Status <sup>c</sup>	237 days
Average Days for Exempt Organization Function to Respond to Correspondence <sup>d</sup>	66 days
Percentage of calls/letters/issues resolve in a single 2-way communication (single call, single meeting, or single exchange of correspondence)	TBD

a IRS, Wage & Investment Division, Business Performance Review, 4th Quarter, FY2014 (Nov. 6, 2014), at 8.

b *Id.*

c *Id.* at 16.

d *Id.*

- 7. THE RIGHT TO PRIVACY** – The right to privacy goes to the right to be free from unreasonable searches and seizures and that IRS actions would be no more intrusive than necessary. Taxpayers have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary, and will respect all due process rights, including search and seizure protections and will provide, where applicable, a collection due process hearing.

Measure/Indicator	FY 2014
Number (or percentage) of Collection Due Process cases where IRS cited for Abuse of Discretion	TBD
Number of Offers in Compromise Submitted using ‘Effective Tax Administration’ as Basis <sup>a</sup>	1,468
Percentage of Offers in Compromise Accepted that used ‘Effective Tax Administration’ as Basis <sup>b</sup>	2.1%
Number of cases where taxpayer received repayment of attorney fees as result of final judgment.	TBD

a IRS response to TAS fact check (Nov. 26, 2014).

b *Id.*

- 8. THE RIGHT TO CONFIDENTIALITY** – Taxpayers have the right to expect that any information they provide to the IRS will not be disclosed unless authorized by the taxpayer or by law. Taxpayers have the right to expect appropriate action will be taken against employees, return preparers, and others who wrongfully use or disclose taxpayer return information.

Measure/Indicator	FY 2014
Number of Unauthorized Access of Taxpayer Account (UNAX) Violations	TBD
Percentage of UNAX Violations Determined to be Inadvertent	TBD
Percentage of UNAX Violations Determined that Resulted in Discipline or Removal	TBD

- 9. THE RIGHT TO RETAIN REPRESENTATION** – Taxpayers have the right to retain an authorized representative of their choice to represent them in their dealings with the IRS. Taxpayers have the right to seek assistance from a Low Income Taxpayer Clinic if they cannot afford representation.

Measure/Indicator	FY 2014
Average Days for IRS to Process Power of Attorney Requests (Form 2848) <sup>a</sup>	3 Days
Percentage of Power of Attorney Requests Overage (as of Sept. 30, 2014) <sup>b</sup>	0%
Number of Low Income Taxpayer Clinics Funded <sup>c</sup>	131
Funds Appropriated for Low Income Taxpayer Clinics <sup>d</sup>	\$10 million
Number of States and other jurisdictions with a Low Income Taxpayer Clinic <sup>e</sup>	48
Number of Low Income Taxpayer Clinic Volunteer Hours <sup>f</sup>	60,229

a IRS, Joint Operations Center, Customer Account Services, Accounts Management Paper Inventory Reports FY 2014.

b *Id.*

c IRS Pub. 5066, *Low Income Taxpayer Clinics Program Report* (Dec. 2014).

d Consolidated Appropriations Act, Pub. L. No. 113-76, enacted Jan. 17, 2014.

e Forty-seven states and the District of Columbia have at least one Low Income Taxpayer Clinic. IRS Pub. 5066, *Low Income Tax Clinics Program Report* (Dec. 2014).

f IRS Pub. 5066, *Low Income Tax Clinics Program Report* (Dec. 2014).

- 10. THE RIGHT TO A FAIR AND JUST TAX SYSTEM** – Taxpayers have the right to expect the tax system to consider facts and circumstances that might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels.

Measure/Indicator	FY 2014
Offer in Compromise: Number of Offers Submitted <sup>a</sup>	67,935
Offer in Compromise: Percentage of Offers Accepted <sup>b</sup>	41.9%
Installment Agreements: Number of Individual & Business IAs <sup>c</sup>	3,011,636
Streamlined Installment Agreements (ACS): Number of Individual & Business IAs <sup>d</sup>	2,857,043
Installment Agreements (CFF): Number of Individual & Business IAs <sup>e</sup>	52,619
Streamlined Installment Agreements (CFF): Number of Individual & Business IAs <sup>f</sup>	10,680
Number of OICs Accepted per Revenue Officer <sup>g</sup>	6.7
Number of IAs Accepted per Revenue Officer <sup>h</sup>	13.1
Percentage of Cases in the Queue (Taxpayers) <sup>i</sup>	15.6%
Percentage of Cases in the Queue (Modules) <sup>j</sup>	25.0%
Percentage of TDAs reported Currently Not Collectible – Surveyed <sup>k</sup>	18.2%
Age of Delinquencies in the Queue <sup>l</sup>	4.4 years
Percentage of Modules in Queue from TY 2010 and Prior <sup>m</sup>	80.2%
Percentage of cases where the taxpayer is fully compliant upon closure	TBD
Percentage of cases where the taxpayer is fully compliant after five years	42% <sup>n</sup>

a Collection Activity Report 5000-108 FY 2014 (Sep. 29, 2014).

b *Id.*

c Collection Activity Report 5000-6 FY 2014 (Sep. 29, 2014).

d *Id.*

e *Id.*

f *Id.*

g Collection Activity Report 5000-6 FY 2014 (Sep. 29, 2014); see also IRS Human Resources Reporting Center – number of revenue officers in SB/SE as of the end of FY 2014 (pay period 19).

h *Id.*

i Collection Activity Report 5000-2 FY 2014 (Sep. 29, 2014).

j Collection Activity Report 5000-6 FY 2014 (Sep. 29, 2014).

k Collection Activity Report 5000-2 FY 2014 (Sep. 29, 2014).

l Individual Master File Accounts Receivable Dollar Inventory as of the end of FY 2014 (cycle 201438).

m Collection Activity Report 5000-2 FY 2014 (Sep. 29, 2014).

n Calculation by TAS Research. Percentage of taxpayers with TDAs in 2009 who have no new delinquencies (TDAs or TDIs) five years later. IRS, Individual Master File.