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Volume 2

TAS RESEARCH AND RELATED STUDIES

Low Income Taxpayer Clinic Program:

A Look at Those Eligible to
Seek Help From the Clinics

LOW INCOME TAXPAYER CLINIC PROGRAM: A Look at Those Eligible to Seek Help From the Clinics

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INTRODUCTION¹

The Low Income Taxpayer Clinic (LITC) Program provides tax representation or advice to low income individuals who need help resolving issues with their federal income tax returns. The program awards matching grants to qualifying organizations to operate clinics that represent low income taxpayers in disputes with the IRS and educates those for whom English is a second language (ESL) about their rights and responsibilities as U.S. taxpayers.² LITCs provide services to taxpayers for free or for no more than a nominal fee.³

Low Income Taxpayer Clinics were established to assure that low income taxpayers have access to justice and are treated fairly. LITCs achieve this goal by providing *pro bono* representation to taxpayers in tax disputes with the IRS, educating low income and ESL taxpayers about their rights and responsibilities, and identifying and advocating for solutions to systemic issues that affect these taxpayers.⁴ Thus, LITCs are central to the realization of two important taxpayer rights: the *right to retain representation* and the *right to a fair and just tax system*.⁵

BACKGROUND

Tax clinics began in the mid-1970s when several law schools established clinical programs for students interested in tax practice.⁶ By 1990, tax clinics operated at 18 academic institutions, including the University of Denver, Loyola University (Chicago) School of Law, University of Minnesota School of Law, University of New Mexico School of Law, University of Bridgeport (now Quinnipiac University School of Law), and American University Washington College of Law, all of which continue to participate in the LITC Program.⁷ In 1992, The Community Tax Law Project of Richmond, Virginia became the first independent (*i.e.*, nonacademic) tax clinic in the nation.⁸

Congress held numerous hearings about IRS policies and actions in 1997 and 1998, leading up to the enactment of the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98).⁹ During those hearings, Congress learned about the work of clinics providing controversy representation to low income taxpayers and how such efforts assisted not only those directly represented but also the low income taxpayer community at large, by bringing to light systemic issues affecting many taxpayers and advocating for a fair and just resolution of these issues.¹⁰

Congress adopted several provisions in RRA 98 that helped low income taxpayers. Most important to the expansion of free or low-cost tax controversy assistance was the implementation of IRC § 7526, which

1 The principal authors of this study are Jeff Wilson and Carol Hatch, TAS Research and Analysis.

2 See Internal Revenue Code (IRC) § 7526(b)(1)(A)(ii).

3 See IRC § 7526(b)(1)(A)(i).

4 IRS Publication 3319, *2015 Grant Application Package and Guidelines 1* (May 2014).

5 The IRS adopted the Taxpayer Bill of Rights on June 10, 2014. See IRS, Taxpayer Bill of Rights, available at <http://www.irs.gov/Taxpayer-Bill-of-Rights>. See also IRS, Publication 1, *Your Rights as a Taxpayer* (2014).

6 Keith Fogg, *History of Low-Income Taxpayer Clinics*, 67 *Tax Law.* 1 (2014).

7 *Id.* at 20 fn. 65.

8 *Id.* at 23.

9 Pub. L. No. 105-206, 112 Stat. 685 (1998).

10 See, e.g., *Hearing on the Recommendations of the National Committee on Restructuring the IRS on Taxpayer Protections and Rights: Hearing Before the H. Comm. on Ways and Means, Subcomm. on Oversight*, 105th Cong. 145-57 (Sept. 26, 1997) (statement of Nina E. Olson, Executive Director, The Community Tax Law Project); *IRS Restructuring: Hearing Before the S. Comm. on Finance*, 105th Cong. 124-26 (Feb. 5, 1998) (statement of Nina E. Olson, Executive Director, The Community Tax Law Project).

authorized matching grants for the program of up to \$6 million per year unless otherwise provided by specific appropriation. With annual appropriations available, qualified organizations could be awarded up to \$100,000 per year to develop, expand, or continue an LITC.¹¹

Since 1999, Congress has appropriated funds annually to provide matching grants to organizations that operate LITCs. In the ensuing years, the program has experienced significant growth in the number of clinics operated, the amount of funds awarded, and the geographic areas covered. In its initial year (1999), the IRS awarded grants totaling less than \$1.5 million to 34 entities in 18 states and the District of Columbia.¹² In 2014, the IRS awarded nearly \$10 million to 131 grantees in 47 states and the District of Columbia.¹³ Moreover, during the same period, the average grant award rose from slightly more than \$44,000 to nearly \$75,000. Because the grant program requires a dollar-for-dollar match in funding from the recipient, the total program resources (grant plus match) available to each LITC has thus increased from an average of \$88,000 to \$150,000.

Who Are LITC Clients?

IRC § 7526(b)(1)(B)(i) requires that at least 90 percent of the taxpayers represented by an LITC must have incomes that do not exceed 250 percent of the federal poverty level.¹⁴ The table below shows the LITC income guidelines for 2014.

FIGURE 1, 2014 LITC income guidelines (250% of Federal Poverty Level)¹⁵

Size of Family Unit	48 Contiguous States, D.C., and Puerto Rico	Alaska	Hawaii
1	\$29,175	\$36,450	\$33,550
2	\$39,325	\$49,150	\$45,225
3	\$49,475	\$61,850	\$56,900
4	\$59,625	\$74,550	\$68,575
5	\$69,775	\$87,250	\$80,250
6	\$79,925	\$99,950	\$91,925
7	\$90,075	\$112,650	\$103,600
8	\$100,225	\$125,350	\$115,275
Add, for each additional person	\$10,150	\$12,700	\$11,675

The number of low income people in the United States has grown in recent years. In 2013, nearly 133 million people had incomes below 250 percent of the federal poverty level, an increase of nearly 16

11 IRC § 7526(c)(2).

12 IR-1999-63, *IRS Encourages Growth of Low-Income Taxpayer Clinics with \$1.5 Million in Grants* (July 14, 1999).

13 The IRS publishes Publication 4134, *Low Income Taxpayer Clinic List*, on an annual basis. It identifies the organizations receiving a grant that year, and contains contact information and details regarding the types of services each clinic provides. The publication lists 133 clinics; however, two subsequently withdrew from the program.

14 The U.S. Department of Health and Human Services publishes poverty guidelines in the Federal Register each year, which the LITC program uses to establish the 250 percent of the federal poverty level for purposes of determining a taxpayer's eligibility for LITC representation. For 2014, see 79 F.R. 3593 (Jan. 22, 2014).

15 *Id.*

million since 2007. The percentage of persons below the 250 percent threshold similarly rose from 39.2 percent to 42.5 percent over the same period.¹⁶

What Does it Mean to Be Low Income?

Low income taxpayers work in a variety of professions, in all lifestyles. Analysis of data from the 2012 U.S. Census Bureau American Community Survey revealed the most common occupations for low income workers (making less than \$48,000 per year) include nurses, retail clerks, truck drivers, office workers, janitors, cooks, managers, teachers, cashiers, accountants and bookkeepers, customer service representatives, laborers, housekeepers, and child care providers.¹⁷ LITC clients include retirees or disabled individuals who live on fixed incomes. Some work in the cash economy and do not receive a Form W-2 (*Wage and Tax Statement*) or Form 1099-MISC (*Miscellaneous Income*) they can use to verify their incomes. Others are immigrants who have never before had to file a U.S. tax return.

Like the general taxpayer population, low income individuals possess diverse characteristics in ethnicity, family status, living arrangements, and age.¹⁸ However, the defining trait of this population—scarcity of financial resources—brings with it a myriad of hardships that present distinctive challenges for tax administration.¹⁹ Low income taxpayers are more likely to face:

- Limited English proficiency (LEP);
- Low literacy rates;
- Physical or mental disabilities;
- Lower education levels;
- Unstable job prospects;
- Substandard housing situations;
- Lack of affordable child care;
- Unreliable transportation;
- Limited access to banks; or
- Lack of access to competent and affordable tax return preparation services.²⁰

Many low income taxpayers speak English as a second language (ESL) or not at all. Without access to services in a language they understand, these taxpayers cannot obtain representation and consultation services, understand and exercise important rights, or comply with their responsibilities.

The National Taxpayer Advocate, who oversees and administers the LITC program for the IRS, commissioned a study with Russell Research to better understand the needs and circumstances of taxpayers

16 U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, *Age and Sex of All People, Family Members and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race, Below 250% of Poverty*, (2013 and 2007 poverty data, available at <http://www.census.gov/hhes/www/poverty/data/incpovhlth/2013/index.html>).

17 U.S. Census Bureau, American Community Survey, 2014 available at <http://www.census.gov/acs/www/>. NPR, *The Most Common Jobs for the Rich, Middle Class and Poor* available at <http://www.npr.org/blogs/money/2014/10/16/356176018/the-most-popular-jobs-for-the-rich-middle-class-and-poor> (Oct. 16, 2014). The sample was restricted to adults ages 25 to 65 and who worked at least three months in the last year, and was based on individual income from wages and salaries.

18 National Taxpayer Advocate 2011 Annual Report to Congress 273 (Introduction to Diversity Issues: *The IRS Should Do More to Accommodate Changing Taxpayer Demographics*).

19 National Taxpayer Advocate 2009 Annual Report to Congress 112-13 (Most Serious Problem: *Beyond EITC: The Needs of Low Income Taxpayers Are Not Being Adequately Met*).

20 *Id.*

eligible to use the clinics. This telephone survey of both cell phone and landline users included more than 1,100 individuals, gathered information on eligible taxpayers' awareness and use of LITC services, the types of issues for which they would consider using clinic services, and other items including demographic information.²¹

RESEARCH STUDY

TAS's Research and Analysis staff developed a study to learn more about taxpayers who meet the eligibility requirements for LITC use. TAS decided a telephone survey was the best way to reach the target population and contracted with a vendor to review, revise (as needed), administer the survey, and summarize the results.

Methodology

TAS worked with Russell Research to conduct a telephone survey of taxpayers eligible to use an LITC for help with a federal tax problem. To ensure coverage of the LITC-eligible population, this Random Digit Dialed (RDD) survey included both landline and cell phone numbers. Russell completed 1,143 surveys among a random sample of LITC-eligible taxpayers, including 204 Spanish-speakers. The survey was conducted from February 24–June 3, 2014. Weighting was applied to the data for respondents in the sample to reflect the true national representation of the LITC-eligible universe of taxpayers aged 18 or older, based on household size, geographic region, and age.²²

Eligibility requirements: To qualify as LITC-eligible Taxpayers, respondents had to be the person in the household responsible for handling federal income tax matters. Participants must have filed a federal return in the past three years, and had to have total annual household income not to exceed 250 percent of the federal poverty level.

Study limitations: The survey was originally scheduled for 2013, with household income limits established accordingly. The survey administration was delayed; however, the eligibility tables were not updated to reflect the 2014 income requirements, so eligibles were held to more stringent income levels than needed in 2014.²³

The study was limited to those who had filed a tax return within the last three years, although LITCs can represent non-filers. This approach was adopted in part to make sure participants had some fairly recent experience with the tax system and might have a need for assistance with federal tax related issues. However, by limiting the study to participants who had filed within the last three years, the non-filing population was excluded.

Spanish speakers may have been underrepresented in the initial survey. To ensure sufficient sample size, we augmented the survey with an additional 143 Spanish speakers so we can report the findings separately when significant differences exist.

21 This Random Digit Dialed (RDD) telephone survey, utilized both cell phone numbers and landline numbers to reach participants. This approach was used to make sure all groups of the LITC -eligibles were represented in the survey.

22 *Id.* Survey results generally have margins of error of +/- 2.9 percent for all eligibles and +/- 6.9 percent for Spanish speakers at the 95 percent confidence level. Some statistics are based on a smaller sample size and have higher margins of error.

23 2013 income thresholds for LITC use started at levels \$450 less than 2014 levels for households with one person, with differences increasing by about \$100 per additional family member. 2013 income criteria for LITC use are found in the survey instrument within Russell Research, *Topline Findings From A Taxpayer Advocate Service Survey Of Taxpayers Who Are Eligible To Use IRS's Low Income Taxpayer Clinics (LITC)*, June 2014.

Study Objectives

This study was developed with the goal of learning more about taxpayers who are eligible for help from LITCs. First, TAS wanted to know if taxpayers are aware of these clinics and what issues lead them to seek LITC help. TAS sought additional information about personal tax situations such whether the taxpayer used a preparer, received correspondence from the IRS, and how the individual responded to IRS letters. The survey also gathered information about participants' home technology capabilities and how they preferred to work with LITCs.

FINDINGS

What Are the Characteristics of Those Eligible for Help from LITCs?

Information about the tax-related behaviors and situations of LITC-eligible taxpayers will inform TAS and LITCs about the services that would most help this population. The basic information collected will allow LITCs to tailor program offerings to meet participants' needs. Please see the Appendix for a detailed breakout of the demographic characteristics of the LITC-eligibles.

Preparer Use: About half of all LITC-eligibles hired a tax preparer to complete their federal tax return, as did 75 percent of Spanish speakers. Spanish speakers were also more likely to say they use a preparer or representative to contact the IRS on their behalf. Nearly 95 percent of all eligibles stated they had *not* used someone to represent them before the IRS, but ten percent of the Spanish speaking eligibles replied that someone had represented them before the IRS.

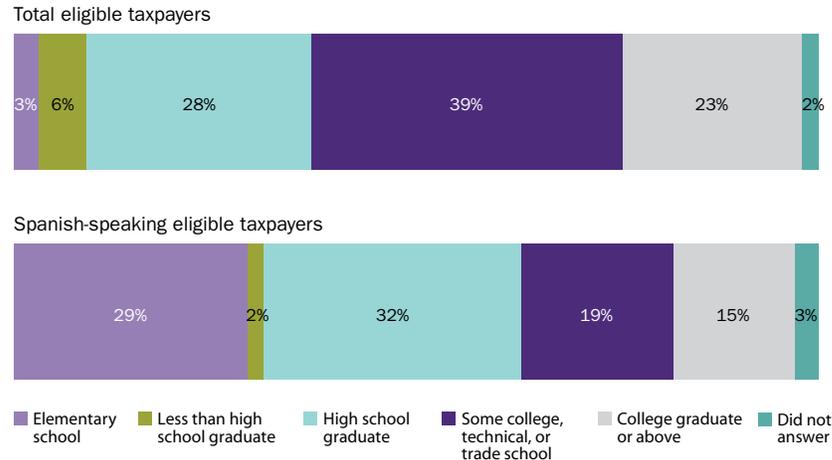
Tax Refunds and Banking: More than 90 percent of the eligibles received a refund—mainly by direct deposit. Overall, about 85 percent of all eligibles reported having a personal bank account whereas 78 percent of Spanish speakers reported having one.

Language: More than 90 percent of all respondents stated they prefer to discuss their taxes in English, compared to about 20 percent of Spanish speakers. Over 75 percent of Spanish Speakers report that they prefer speaking Spanish during tax discussions.

Education: Demographically, a majority of all eligibles have some college experience. There are differences in this measure by total vs. Spanish speaking, with Spanish speakers having considerably lower education levels overall. For instance, over 30 percent of Spanish speakers' highest level of education was less than a high school degree, with 29 percent reporting only an Elementary school education, compared to less than ten percent of the total eligible (only three percent reporting just an Elementary school education). Conversely, over half of all eligibles attended at least some college courses as compared with less than 30 percent of Spanish speakers.

FIGURE 2²⁴

Educational attainment of LITC eligibles



Disability: Overall, about one-fifth of all eligibles reported having a long-term disability. However, Spanish speakers indicated considerably lower disability levels with only ten percent having a long-term disability condition.

Are Eligible Taxpayers Aware that LITCs are Available to help them?

In order to use the services of an LITC, eligible taxpayers must be aware of the clinics’ existence and what services are available. The survey collected information about taxpayers’ knowledge of LITCs and what approach would be best-suited to spread information about the clinics.

Awareness of LITCs: Only about 30 percent of all eligibles were aware of an organization outside the IRS that helps taxpayers with IRS problems. Among those aware, only about ten percent knew the name of the organization is “Low Income Taxpayer Clinic.” The main sources of awareness of the outside organization were TV, word-of-mouth, and radio. Since very few LITCs advertise on TV, it is likely that eligible taxpayers were confusing for-profit tax resolution firms with LITCs.

After they were read a description of the LITCs, nearly five percent of all eligibles said they had contacted a clinic at one time or another. Over ten percent of Spanish speakers reported they had used a clinic. Conversely, about 95 percent of all eligibles and nearly 90 percent of Spanish speakers have not previously used the services of a clinic.

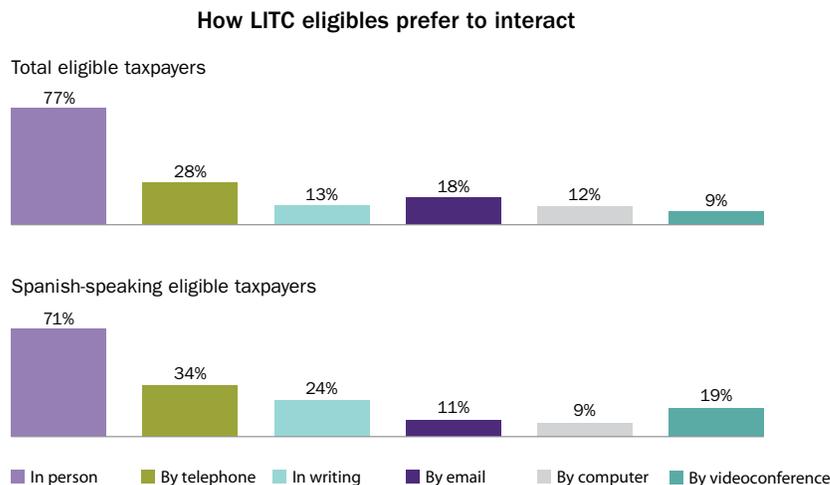
Use of LITCs: About two of every three LITC eligibles stated they were likely or very likely to use an LITC if they had a need for its services and they would use the LITC for a wide variety of services such as account notices or issues, or help with Appeals or court issues.

Virtually all eligibles indicated that LITCs should be advertised, and in a variety of media—led by TV, radio, posters, direct mail, and online.

24 Russell Research, *Topline Findings From A Taxpayer Advocate Service Survey Of Taxpayers Who Are Eligible To Use IRS’s Low Income Taxpayer Clinics (LITC)*, June 2014.

Interactions with LITCs: LITCs need to be accessible to encourage use among eligibles. Participants indicated they were willing to travel 20-30 minutes to a clinic. The survey asked about eligible taxpayers’ technological capabilities, comfort, and preferences for discussing taxes and interacting with an LTC. Both in-person meetings and meetings at a community services center were preferred by over 75 percent of all eligibles. Only about ten percent of all eligible taxpayers were willing to interact by computer, while nearly ten percent stated they prefer videoconferencing. Spanish speakers were twice as willing as the total group to videoconference. Overall, less than one in five of all eligible taxpayers were willing to communicate by email.

FIGURE 3²⁵



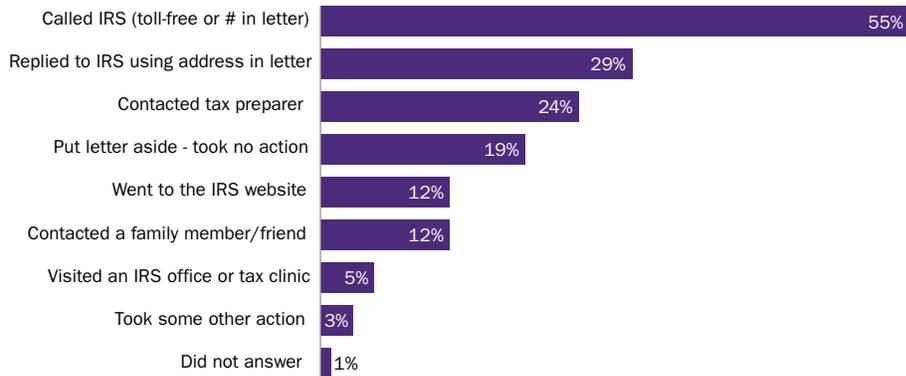
Types of Tax Issues Facing Eligibles

Received letter or notice within the last three years and what actions were taken in response to the notice: Almost 15 percent of the eligibles stated they had received a notice from the IRS within the last three years. Most said they reacted by responding to the letter/notice with a letter or phone call to the IRS or to their tax advisor or other professional advisor. About one of every five who received a letter from the IRS reported taking no action in response. Although the sample was small for this segment, none of the Spanish speakers who received a notice reported visiting the IRS website, compared to 12 percent of the total eligible.²⁶

25 Participants were allowed more than one response so numbers total to more than 100 percent.
 26 A total of 153 eligibles answered the question on actions taken, compared to only 31 Spanish speakers. Findings are not broken out for Spanish speakers due to the small number of responses to this question.

FIGURE 4²⁷

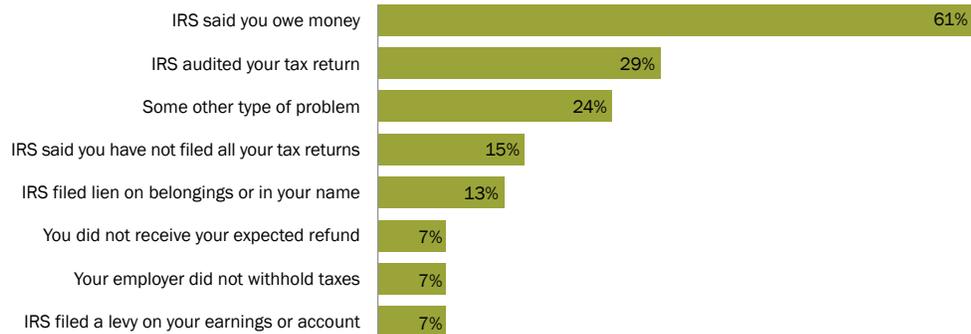
All LITC eligibles' actions taken in response to IRS notice



What kind of problem did they have with the IRS? About ten percent reported a problem related to filing/payment of taxes, with most involving taxes owed. Eligibles indicated the problems were a mix of recent and older issues and most of the time involved the IRS saying they owed money.

FIGURE 5²⁸

Tax problems experienced by all eligibles reporting problems



27 Russell Research, *Topline Findings From A Taxpayer Advocate Service Survey Of Taxpayers Who Are Eligible To Use IRS's Low Income Taxpayer Clinics (LITC)*, June 2014. Taxpayers were allowed multiple responses. Some categories were combined for display purposes.

28 Responses are shown for 108 of the total eligibles and they total to more than 100 percent because participants were allowed more than one response. Only 20 Spanish speakers answered this question so they are not shown in the graph. The most frequently cited problem for Spanish speakers were related to not receiving their expected tax refund.

Refunds: About 20 percent of respondents stated someone took part or all of their tax refunds (12 percent of Spanish speakers). Either a tax preparer kept part of the refund to cover their preparation costs or the IRS kept funds either for tax liabilities, or to pay other items such as child support, student loans, Social Security overpayments, or other federal debts.²⁹

Significance of Findings for IRS Taxpayer Service Available to Vulnerable Taxpayers

The survey findings demonstrate that the low-income population is vulnerable and more likely than the population at large to be taken advantage of by unskilled or unscrupulous preparers. For example, over 15 percent of those relying on a tax preparer either did not receive a copy of their return or the preparer did not sign their tax return.³⁰ In other words, for nearly one in six low income taxpayers who used preparers, their preparers did not follow the basic statutory requirements established for commercial tax preparation.³¹

Additionally, the National Taxpayer Advocate continues to harbor concern about the IRS's future direction for taxpayer services, primarily that the IRS will make service-related policy decisions that will leave this vulnerable population behind. For example, as the IRS moves away from traditional in-person services such as live telephone assistance or face-to-face interactions at Taxpayer Assistance Centers, some groups of taxpayers will be impacted more than others.³² Taxpayers who have viable service alternatives, or do not rely on the IRS for help, will experience minimal impediments in meeting their tax obligations. However, those who do rely on the IRS may have difficulty or be unable to move to new technologies and service channels.³³

The LITC Survey findings and other studies show that technology adoption and use are not the same across income or education levels, age groups, and several other factors. Pew Research Center devotes considerable resources to measuring the adoption and impact of technologies on various groups throughout America. Some pertinent information follows.

General Adult Internet Use

In 2013, approximately 15 percent of American adults did not use the internet or email ("offline"). The following shows the categories with the highest *offline* rates:³⁴

- Senior citizens (aged 65+): 44 percent offline;
- Adults with less than a high school education: 41 percent offline;
- Adults with high school diploma: 22 percent offline;

29 An offset occurs when the IRS takes part or all of a refund to satisfy the taxpayer's delinquent tax liabilities from other tax years. The IRS also uses taxpayer refunds to satisfy debts from other agencies (e.g., child support delinquencies).

30 Over 30 percent of Spanish speakers reported they either did not receive a copy of their return or their preparer did not sign the return.

31 IRC § 6695(a), (b).

32 For a discussion of the impact of a declining IRS budget on taxpayer service, see *Most Serious Problem: TAXPAYER SERVICE: Taxpayer Service Has Reached Unacceptably Low Levels and Is Getting Worse, Creating Compliance Barriers and Significant Inconvenience for Millions of Taxpayers*, *supra*.

33 For a discussion of the impact of a declining IRS budget on taxpayer service offerings and delivery channels, see *Most Serious Problem: TAXPAYER SERVICE: Due to the Delayed Completion of the Service Priorities Initiative, the IRS Currently Lacks a Clear Rationale for Taxpayer Service Budgetary Allocation Decisions*, *supra*.

34 Pew Research Center's Internet & American Life Project, *Who's Not Online and Why?* (Sept. 2013) (Phone survey conducted in 2013); see also Pew Research Center, *Older Adults and Technology Use: Adoption is Increasing, but Many Seniors Remain Isolated from Digital Life* (April 2014) (Phone survey conducted in 2013) (Found offline rate of 41% for those aged 65+).

- Living in households earning less than \$30,000 per year: 24 percent offline;
- Living in rural areas: 20 percent offline;
- Hispanics: 24 percent offline; and
- Twenty percent of African Americans aged 18 and older do not go online, rising to 25 percent if household income is less than \$30,000 and to 37 percent for those with no high school diploma.³⁵

It is not simply enough to consider how many taxpayers use technology based services; we must also consider what activities they are willing to conduct online. Taxpayers may consider electronic interactions with the IRS similar to financial transactions. Forrester Research surveyed individuals as to the types of activities they undertake online. The survey itself was administered online, so the responses may not be generalizable to all taxpayers or to low income taxpayers, but it does give a sense of what activities online users are willing to conduct.

Use of Devices for Certain Tasks³⁶

The 2014 *online* survey by Forrester Research found interesting data about the use of certain devices to conduct certain transactions online. Because this survey was conducted online, the usage rates may be higher than the general population.

FIGURE 6, Individuals’ technology use by activity and household income³⁷

Activities	Segment (individuals reporting)	Check financial statements online	Pay bills online	Transfer money between personal accounts	Search for government services & policies
Use PC or Laptop	National Average	61%	63%	42%	19%
	Household Income under \$20,000	48%	49%	28%	18%
	Household Income \$20,000 - \$29,999	57%	59%	36%	20%
	Household Income \$30,000 - \$49,999	58%	63%	38%	18%
Use Personal Tablet	National Average	28%	22%	18%	11%
	Household Income under \$20,000	22%	16%	13%	11%
	Household Income \$20,000 - \$29,999	26%	19%	17%	11%
	Household Income \$30,000 - \$49,999	25%	20%	15%	8%

35 Pew Research Center’s Internet Project July 18 to September 30 Tracking Survey, *African Americans and Technology Use A Demographic Portrait* (Jan. 2014).

36 Forrester, *North American Consumer Technographics Online Benchmark Survey (Part 2)*, 2014.

37 *Id.*

Activities	Segment (individuals reporting)	Check financial statements online	Pay bills online	Transfer money between personal accounts	Search for government services & policies
Use Mobile Phone	National Average	21%	13%	13%	4%
	Household Income under \$20,000	16%	10%	10%	4%
	Household Income \$20,000 - \$29,999	19%	14%	13%	5%
	Household Income \$30,000 - \$49,999	20%	13%	12%	4%

* Forrester, *North American Consumer Technographics Online Benchmark Survey (Part 2)* (2014)

Some noteworthy findings from Forrester's study include:

- On average, only 19 percent of adults search for government services and policies with a PC or laptop. This rate drops to 11 percent when using personal tablets and even lower to four percent when using a mobile phone.
- With very few exceptions, the lower income brackets used all the devices less than the national average to conduct financial transactions online.
- On average, 21 percent of adults use their mobile phones to check financial statements. Only 13 percent use their mobile phones to pay bills or transfer money between accounts.

Other potential obstacles to technology-based services relate to security. Although technology usage tends to increase over time across the board, there are certain types of activities that may be impacted by reported security breaches. The prevalence of identity theft and security breaches in the business sector will ultimately influence taxpayers' behaviors and willingness to conduct certain activities online. While we do not have data to show the impact, incidents such as the Target, Home Depot, and Sony data thefts are likely to affect technology usage across many fields and not just credit card usage.³⁸

CONCLUSION

Low Income Taxpayer Clinics offer qualified taxpayers some alternatives to paid representatives. Consequently, it is important to assure taxpayers are aware of the clinics so they know the options if and when they need help resolving tax issues. About 15 percent of the survey participants reported receiving a letter from the IRS in the last three years. This high rate of IRS contact indicates that these taxpayers have a great need for LITC assistance.³⁹

Since less than one in three survey participants were aware of an organization outside the IRS that helps taxpayers with IRS problems, and only about ten percent of those knew the LITC name, most of this

38 See, e.g. Robert J Samuelson, *An Ominous Hack*, Wash. Post, Dec. 22, 2014, at A19. *Target Data Breach Spilled Info On As Many As 70 Million Customers*, FORBES, Jan. 10, 2014, available at <http://www.forbes.com/sites/maggiemcgrath/2014/01/10/target-data-breach-spilled-info-on-as-many-as-70-million-customers/> (last visited Dec. 22, 2014). Press Release, Home Depot, *The Home Depot Reports Findings in Payment Data Breach Investigation*, (November 6, 2014) available at <https://corporate.homedepot.com/MediaCenter/Documents/Press%20Release.pdf> (last visited Dec. 22, 2014). Jethro Mullen, *North Korea and the Sony Hack: The War of Words Escalates*, CNN, Dec. 22, 2014 available at <http://www.cnn.com/2014/12/22/world/asia/north-korea-us-sony-hack-who-says-what/index.html> (last visited Dec. 22, 2014).

39 Compliance Data Warehouse (CDW), *Individual Returns Transaction File*. About ten million LITC-eligible taxpayers received a letter from the IRS in the last three years and thus may have a need for clinic services.

population is not familiar with the clinics and would not know of their services. In other words, increasing awareness of LITCs is paramount. Once eligibles are aware of the LITCs, the clinics need to be structured and located such that those needing assistance can use them. This means being within about 30 minutes commuting time and making services available in Spanish since three in four Spanish speakers expressed a desire to discuss their tax matters in Spanish.

Given all of the existing and evolving technologies and their associated challenges, it is important for the IRS to consider the impact of changes to its service offerings on different groups of taxpayers, particularly those with fewer options for help meeting their federal income tax obligations. Studies show preferences for services and delivery methods differ by various service users. LITCs need to know their clients' preferred communication mediums and service needs to effectively help their clients and those eligible for their services. As the IRS reduces the amount and kinds of in-person help available to taxpayers, the Low Income Taxpayer Clinics will likely become a more important mechanism for vulnerable taxpayers seeking help with their tax situations.

Appendix

Participants' demographic characteristics⁴⁰

Characteristic <i>Total Respondents (Base)</i>	Total Eligible Taxpayers <i>(1,000)</i>	Spanish-Speaking Eligible Taxpayers <i>(204)</i>
Preferred Language for Tax Discussions		
English	93%	21%
Spanish	6%	78%
Some other language	1%	1%
Education Level		
Elementary school	3%	29%
Some high school	6%	2%
High school graduate	28%	32%
Technical, trade or business school	8%	6%
Some college	31%	13%
College graduate	18%	12%
Post-graduate work	5%	3%
Prefer not to answer	2%	3%
Disability		
Have a long-term disability condition(s)	22%	10%
No long-term disability conditions	75%	89%
Prefer not to answer	3%	1%
Personal Bank Account		
Yes, have personal bank account	85%	78%
No, do not have personal bank account	13%	22%
Not sure	0%	0%
Prefer not to answer	2%	0%
Refund		
Got a refund	92%	93%
Did not get a refund	6%	7%
Not sure	1%	0%
Prefer not to answer	1%	0%

⁴⁰ Spanish speaking individuals include 61 who are part of the Total Eligibles. Numbers may not total to 100 percent due to rounding.

OMB # 1545-1432



**TAS's LITC User Survey
SCREENER**

RUSSELL # 13-04-134
February 2014
PAGE 1 (C1)

RESPONDENT INFO

PARTICIPANT NAME _____

QUOTAS:

Total Random Sample n=1,000 ...09
Spanish-Speaking Augments (50-60 from Random Sample) n=140-150

- **THE SAMPLE MUST BE REPRESENTATIVE OF THE POPULATION OF POTENTIAL PARTICIPANTS WHO ARE AT OR BELOW 250% OF THE FEDERAL POVERTY LEVEL. CHARACTERISTICS OF THIS SAMPLE WILL BE PROVIDED BY TAS.**
- **THE SAMPLE WILL BE A RDD SAMPLE AND WILL BE REPRESENTATIVE OF BOTH LAND LINE AND CELL PHONE NUMBERS.**
- **WITH THE 1,000 RANDOM SAMPLE, RUSSELL IS EXPECTING TO END WITH APPROXIMATELY 50-60 SPANISH-SPEAKING RESPONDENTS IN THE RANDOM SAMPLE – AN AUGMENT OF APPROXIMATELY 140-150 SPANISH-SPEAKING RESPONDENTS WILL BE COLLECTED TO BRING THIS QUOTA UP TO n=200.**
- **RUSSELL WILL PROVIDE A TRANSLATED SPANISH-LANGUAGE QUESTIONNAIRE TO BE USED WITH SPANISH-SPEAKING RESPONDENTS.**
- **TAB: RUSSELL WILL PROVIDE TAS WITH A DATASET IN SPSS OR SAS FORMAT WITH ALL SURVEY RESPONSES.**

RECORD DATE, TIME & DISPOSITION FOR EACH ATTEMPT AT SCREENING/RECRUITING THIS PERSON.

				Disc	NA	Unavail	Ref	NQ	Comp	
1	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...10
2	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...11
3	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...12
4	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...13
5	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...14
6	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...15
7	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...16
8	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...17
9	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...18
10	DATE: _____	TIME: _____	(am) (pm)	1	2	3	4	5	6	...19

INTERVIEWER _____

THE RDD SAMPLE LISTS WILL BE DRAWN TO BE REPRESENTATIVE OF POPULATION OF BOTH LAND LINE AND CELL PHONES NUMBERS. AFTER REACHING A POTENTIAL PARTICIPANT, INTRODUCE YOURSELF WITH: **Hello, I'm _____ of Russell Research in New York, an independent national research firm. The Internal Revenue Service wants Taxpayers' feedback on specific IRS services, and has asked us to survey Taxpayers and get your ideas on some of these services. Your participation in this survey is entirely voluntary and your responses will be kept strictly private to the extent allowed by law and never revealed to anyone – including the IRS. The survey should take about 20 minutes to complete and we'd appreciate your participation. (IF ANY HESITATION, READ...) If you have any concerns about talking to us in this survey, please log onto irs.gov and search "market research", where you'll see examples of the survey work Russell Research has conducted for the IRS over the past 15 years.**

OMB REQUIRES A FOLLOW-UP SUMMARY OF THE DATA COLLECTION PROCESS, COMPLETE WITH TOTAL NUMBER OF RESPONDENTS SCREENED, TOTAL NUMBER OF RESPONDENTS ASKED TO PARTICIPATE IN THE SURVEY, TOTAL NUMBER OF RESPONDENTS WHO AGREED TO TAKE SURVEY, FINAL RESPONSE RATES, AND BURDEN HOURS USED – SEPARATELY FOR THE SCREENING SECTION AND THE MAIN SURVEY. THIS INFORMATION WILL BE PROVIDED TO TAS AT THE COMPLETION OF THE PROJECT.

SCREENER PAGE 2

(IF AGREEABLE, CONTINUE...) We are required by law to provide you the Office Of Management and Budget Control Number for this information request. That number is 1545-1432. In addition, if you have any comments about the time estimate to complete the survey or ways to improve the survey, you can write to the IRS. Would you like the address? **(IF YES, ADDRESS IS...)** IRS Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224. Are you willing to participate in the survey?

- >> **IF "YES", CONTINUE w/Q1 – UNLESS YOU SENSE RESPONDENT SPEAKS MAINLY SPANISH, IN WHICH CASE, ASK RESPONDENT TO HOLD WHILE YOU TRANSFER TO A SPANISH-SPEAKING INTERVIEWER, WHO WILL ASK WHICH LANGUAGE THEY PREFER TO BE INTERVIEWED IN.**
- >> **IF "NO"/REFUSED, THANK & RECORD AS "Ref" FOR THIS ATTEMPT IN BOX ON COVER PAGE AND THEN MOVE THIS RESPONDENT INTO THE RE-CONTACT CATEGORY FOR FOLLOWUP ON REFUSALS.**

S1. For the record, are you male or female? (RECORD ANSWER BELOW.)

GENDER SPLITS/SKEWS WILL BE DEVELOPED BY TAS AS IT DEVELOPS DATA FOR ITS LISTS. IF NEEDED, SAMPLE CAN BE QUOTA'D.

Male..... 1 ...20
 Female..... 2

>> **IF QUOTAS & OVER QUOTA, THANK, TERM & TALLY BELOW. OTHERWISE, CONTINUE.**

1 2 3 4 5 6 7 8 9 10

S2. And which of the following age categories includes your age? (READ CHOICES AS SHOWN BELOW & RECORD ANSWER.)

AGE DISTRIBUTION OF TARGET AUDIENCE WILL BE DEVELOPED BY TAS AS IT DEVELOPS LISTS. IF NEEDED, SAMPLE CAN BE QUOTA'D.

Under 18 1 ...21
 18 to 24 2
 25 to 34 3
 35 to 44 4
 45 to 54 5
 55 to 64 6
 65 or Older..... 7
(DON'T READ, BUT RECORD IF:) Prefer Not To Answer (TERMINATE)

>> **IF QUOTAS & OVER QUOTA OR IF RESPONDENT PREFERS NOT TO ANSWER, THEN THANK, TERM & TALLY BELOW. OTHERWISE, CONTINUE WITH THE NEXT SCREENING QUESTION.**

1 2 3 4 5 6 7 8 9 10

S3. Are you the person responsible for handling Federal Income Tax matters in your household? (RECORD ONE ANSWER.)

Yes (CONTINUE)..... 1 ...22
 No (ASK TO SPEAK WITH PERSON IN HH WHO DOES HANDLE TAX MATTERS)..... 2
(DON'T READ, BUT RECORD IF:) Prefer Not To Answer (TERMINATE)

>> **IF YES CONTINUE. OTHERWISE, THANK, TERM & TALLY BELOW. OTHERWISE, CONTINUE.**

1 2 3 4 5 6 7 8 9 10

SCREENER PAGE 3

S4. Have you filed a Federal Income Tax return at least once in the last three years? (RECORD ANSWER.)

- Yes(CONTINUE)
- No(TERMINATE)
- (DON'T READ, BUT RECORD IF:) Don't Know(TERMINATE)
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer (TERMINATE)

>> IF YES, CONTINUE. OTHERWISE THANK, TERM & TALLY BELOW. OTHERWISE, CONTINUE.

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

S5. Including yourself, how many people live in your household? (ENTER NUMBER.)

- Number in Household23-24
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer (TERMINATE)

>> IF 1+, CONTINUE. OTHERWISE THANK, TERM & TALLY BELOW. OTHERWISE, CONTINUE.

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

S6. Which of the following best describes where you currently live? (READ CHOICES AND RECORD ONE ANSWER – IF ANY OF THE 48 STATES IN CONTINENTAL US NAMED, RECORD ANSWER AS “48 CONTIGUOUS STATES”.)

- 48 Contiguous States (includes Washington D.C.)..... 1 ...25
- Hawaii 2
- Alaska 3
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer (TERMINATE)

USE THE PROVIDED INCOME/HOUSEHOLD CHART TO PIPE IN INCOME FOR QS7:

S7. Is the total annual income of your household – including all sources of income – more than \$ (PIPE IN AMOUNT USING INCOME/HH CHART AND WITH HH SIZE AND RESIDENCE BASED ON QS5 & QS6) a year? (RECORD ANSWER.)

- Yes(TERMINATE)
- No(CONTINUE)
- (DON'T READ, BUT RECORD IF:) Not Sure(TERMINATE)
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer (TERMINATE)

>> IF NO CONTINUE. OTHERWISE, THANK, TERM & TALLY BELOW. OTHERWISE, CONTINUE.

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

ALL INCOME INFORMATION WILL BE CAPTURED, BOTH TO ASSURE RESPONDENT QUALIFICATION FOR THE SURVEY AND TO PROVIDE TAS WITH THE REPORTING DATA THAT IS REQUIRED BY OMB AT THE END OF THE PROJECT.

SCREENER PAGE 4

TABLE TO BE USED FOR Q57 – USE ANSWER FROM Q55 TO DETERMINE NUMBER IN HOUSEHOLD AND ANSWER FROM Q56 TO DETERMINE HOUSEHOLD INCOME.

Size of Family Unit	Income Ceiling (250% of Poverty Guidelines)		
	48 Contiguous States, Puerto Rico, and D.C.	Alaska	Hawaii
1	\$28,725	\$35,875	\$33,075
2	\$38,775	\$48,450	\$44,625
3	\$48,825	\$61,025	\$56,175
4	\$58,875	\$73,600	\$67,725
5	\$68,925	\$86,175	\$79,275
6	\$78,975	\$98,750	\$90,825
7	\$89,025	\$111,325	\$102,375
8	\$99,075	\$123,900	\$113,925
9	\$109,125	\$136,475	\$125,475
10	\$119,175	\$149,050	\$137,025
11	\$129,225	\$161,625	\$148,575
12	\$139,275	\$174,200	\$160,125
13	\$149,325	\$186,775	\$171,675
14	\$159,375	\$199,350	\$183,225
15	\$169,425	\$211,925	\$194,775
16	\$179,475	\$224,500	\$206,325
17	\$189,525	\$237,075	\$217,875
18	\$199,575	\$249,650	\$229,425
19	\$209,625	\$262,225	\$240,975
For each additional person, add	\$10,050	\$12,575	\$11,550

**TAS's LITC User Survey
MAIN QUESTIONNAIRE**

Q1. Who prepared your last Federal Income tax return? Did you...(READ CHOICES AS SHOWN BELOW AND RECORD ONE ANSWER.)

- Complete It Yourself Using Tax Software1 ...26
- Complete It Yourself Without Using Tax Software2
- Pay A Tax Preparer To Complete It 3
- Have A Friend Or Family Member Complete It 4
- Have A Volunteer Or Clinic Complete It 5
- Other (SPECIFY)..... 6
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer 7

IF "PAY TAX PREPARER TO COMPLETE IT" TO Q1 – ASK Q2 NEXT. OTHERWISE SKIP TO Q3.

Q2. Did your Preparer sign or give you a copy of your Federal Income tax return? (READ CHOICES AS SHOWN BELOW AND RECORD ONE ANSWER.)

- Preparer Signed It.....1 ...27
- Preparer Gave Me A Copy2
- Preparer Signed It AND Gave Me A Copy..... 3
- (DON'T READ, BUT RECORD IF:) Don't Know 4
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer 5

ASK ALL:

Q3. Have you ever had a Tax Preparer (or representative such as an Attorney or CPA) contact the IRS on your behalf? (RECORD ONE ANSWER.)

- Yes1 ...28
- No2
- (DON'T READ, BUT RECORD IF:) Don't Know 3
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer 4

(READ) The next few questions are about possible problems that you may be facing related to filing or payment of your Federal taxes. Your personal responses will remain anonymous and will not be shared with anyone, including the IRS. Your answers will be analyzed ONLY in combination with those of hundreds of other respondents.

Q4. Have you received a letter or notice from the IRS, within the last three years? (RECORD ONE ANSWER.)

- Yes1 ...29
- No2
- (DON'T READ, BUT RECORD IF:) Don't Know 3
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer 4

IF “YES” TO Q4 – ASK Q5 NEXT. OTHERWISE SKIP TO Q6.

Q5. Which, if any, of the following action(s) did you take first when you received your most recent letter/notice from the IRS? (ROTATE AND READ BOXED ANSWER CHOICES AND RECORD ALL THAT APPLY.)

- Called The IRS’s Toll-Free Customer Service Line1 ...30
- Put The Letter/Notice Aside Or Ignored It.....2
- Called The Phone Number On The Letter/Notice.....3
- Contacted My Tax Preparer.....4
- Contacted A Tax Professional Other Than The Tax Return Preparer.....5
- Replied To The IRS Using The Address In The Letter/Notice6
- Contacted A Family Member/Friend7
- Contacted A Tax Clinic8
- Visited An IRS Office9
- Went To The IRS Website0
- (READ LAST:) Or Did You Take Some Other Action (SPECIFY)..... 1 ...31
- (DON’T READ, BUT RECORD IF:) Prefer Not To Answer..... 2

ASK ALL

Q6. Have you ever had a problem with the IRS related to filing or payment of taxes? (RECORD ANSWER.)

- Yes1 ...32
- No2
- (DON’T READ, BUT RECORD IF:) Don’t Know 3
- (DON’T READ, BUT RECORD IF:) Prefer Not To Answer..... 4

IF “YES” TO Q6 – ASK Q7-Q9 NEXT. OTHERWISE SKIP TO Q10.

Q7. About how long ago did the most recent problem you had with the IRS related to filing or payment of taxes occur? Was it...(READ CHOICES AND RECORD ONE ANSWER.)

- Within The Past Year1 ...33
- 1 To 2 Years Ago2
- More Than 2 Years Ago..... 3
- (DON’T READ, BUT RECORD IF:) Not Sure 4
- (DON’T READ, BUT RECORD IF:) Prefer Not To Answer..... 5

Q8. Which of the following best describes the type of tax problem that you had? (ROTATE AND READ BOXED ANSWER CHOICES AND RECORD ALL THAT APPLY.)

- IRS Said You Owe Money.....1 ...34
- IRS Said You Have Not Filed All Of Your Tax Returns.....2
- IRS Audited Your Tax Return3
- IRS Filed A Lien On Your Belongings Or In Your Name4
- IRS Filed A Levy On Your Earnings Or Account5
- Your Employer Did Not Withhold Taxes6
- You Did Not Receive Your Expected Refund.....7
- (READ LAST:) Some Other Type Of Problem (SPECIFY)..... 8
- (DON’T READ, BUT RECORD IF:) Not Sure 9
- (DON’T READ, BUT RECORD IF:) Prefer Not To Answer..... 0

Q9. How long did it take to resolve this problem? Did it take...(READ CHOICES AS SHOWN BELOW & RECORD ONE ANSWER.)

- Less Than One Month.....1 ...35
- 1 To 3 Months2
- 4 To 6 Months 3
- 7 To 11 Months 4
- 1 To 2 Years 5
- More Than 2 Years 6
- Still Needs To Be Resolved 7
- (DON'T READ, BUT RECORD IF:) Don't Know..... 8
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer 9

ASK ALL:

Q10. Are you aware that there is a specific organization outside of the IRS that has locations throughout the U.S. and helps Taxpayers with IRS problems? (RECORD ONE ANSWER BELOW.)

- Yes1 ...36
- No2
- (DON'T READ, BUT RECORD IF:) Not Sure 3
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer..... 4

IF "YES" TO Q10 – ASK Q11-Q12 NEXT. OTHERWISE SKIP TO Q13.

Q11. Do you know the name of this organization in your area? (ROTATE AND READ BOXED ANSWER CHOICES & RECORD ALL THAT APPLY.)

- Legal Services1 ...37
- Low Income Taxpayer Clinic.....2
- Tax Resource Center 3
- Legal Aid 4
- (READ LAST:) Other (SPECIFY) 5
- (DON'T READ, BUT RECORD IF:) Not Sure 6
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer..... 7

Q12. How did you hear about these services? (ROTATE AND READ BOXED ANSWER CHOICES & RECORD ALL THAT APPLY.)

- IRS Office1 ...38
- Friends Told Me 2
- IRS Written Materials 3
- IRS Website 4
- Newspaper Article 5
- Radio 6
- TV 7
- (READ NEXT TO LAST:) Other (SPECIFY) 8
- (READ LAST:) Or Have You NOT Heard Of These Services....9
- (DON'T READ, BUT RECORD IF:) Not Sure 0
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer..... 1

ASK ALL:

(READ) The Low Income Taxpayer Clinics were established to make sure every taxpayer is treated equally and fairly. They offer free or low cost assistance for eligible individuals (250% of federal poverty level based on household size) to help resolve tax problems that have not been resolved. For example, they can help you resolve audit and collection issues and can represent you if you bring your case to tax court. Assistance in other languages is available in some locations.

- Q13. When did you last contact a Low Income Taxpayer Clinic? Was it...****(READ CHOICES AS SHOWN BELOW & RECORD ANSWER.)**
- Within The Last 6 Months 1 ...39
 - 6 – 12 Months Ago..... 2
 - More Than A Year Ago 3
 - Or Have You Never Contacted A Low Income Taxpayer Clinic 4
 - (DON'T READ, BUT RECORD IF:)** Prefer Not To Answer..... 5

- Q14. Based on the description that I read to you about the Low Income Taxpayer Clinic, how likely would you be to use it if you needed help? Would you be...****(READ CHOICES AS BELOW & RECORD ONE ANSWER.)**
- Very Likely 1 ...40
 - Somewhat Likely..... 2
 - Neither Likely Nor Unlikely 3
 - Not Very Likely 4
 - Or, Not At All Likely To Use It 5
 - (DON'T READ, BUT RECORD IF:)** Prefer Not To Answer..... 6

- Q15. Which, if any, of the following services would you consider using at a Low Income Taxpayer Clinic?** **(ROTATE AND READ BOXED ANSWER CHOICES & RECORD ALL THAT APPLY.)**
- Representation In Court 1 ...41
 - Help Responding To IRS Collection Issue..... 2
 - Help With An IRS Audit..... 3
 - Assistance With An IRS Notice..... 4
 - Help With IRS Appeals Case 5
 - Help Correcting IRS Account Issues 6
 - Learning About Your Tax Responsibilities In A Language Other Than English 7
 - (READ LAST:)** Some Other Service **(SPECIFY)** 8
 - (DON'T READ, BUT RECORD IF:)** Prefer Not To Answer 9

- Q16. In which, if any, of the following ways do you think the Low Income Taxpayer Clinics should advertise their services to Taxpayers?** **(ROTATE AND READ BOXED ANSWER CHOICES & RECORD ALL THAT APPLY.)**
- On TV 1 ...42
 - On The Radio..... 2
 - On Posters In IRS Offices 3
 - On The Notice From The IRS Informing You That You Have A Problem 4
 - In The Tax Booklet 5
 - On The IRS Website..... 6
 - On A Poster In Public Buildings Such As The Post Office And Senior Citizen Centers 7
 - Tax Preparers Should Just Tell Taxpayers About The Low Income Tax Clinics 8
 - (READ NEXT TO LAST:)** They Should Advertise In Some Other Way **(SPECIFY)** 9
 - (READ LAST:)** They Should Not Advertise At All 1 ...43
 - (DON'T READ, BUT RECORD IF:)** Prefer Not To Answer 2

Q17. Which of the following times best describes how far you would be willing to travel to get help at one of these free or low cost clinic locations? (READ CHOICES AS BELOW AND RECORD ONE ANSWER.)

- 15 Minutes Or Less 1 ...44
- 16 To 30 Minutes.....2
- 31 To 45 Minutes 3
- 46 To 60 Minutes 4
- More Than 60 Minutes..... 5
- Not Willing To Travel At All..... 6
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer 9

(READ) Video Conferencing allows people to communicate over the Internet, interacting with people in other locations. By using two-way interactive audio and video communication, video conferencing allows individuals to discuss issues ‘face to face’ using technology, rather than traveling to a clinic. Video communication gives a similar sense of connection and collaboration as an in-person contact.

Q18. Do you have a computer with an Internet connection at home? (RECORD ONE ANSWER BELOW.)

- Yes 1 ...45
- No 2
- (DON'T READ, BUT RECORD IF:) Not Sure 3
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer 4

IF “YES” TO Q18 – ASK Q19 NEXT. OTHERWISE SKIP TO Q20.

Q19. Does your computer have video conferencing capability (that is, does it have a webcam and you have/or can load software such as Skype or ooVoo)? (RECORD ONE ANSWER BELOW.)

- Yes 1 ...46
- No 2
- (DON'T READ, BUT RECORD IF:) Not Sure 3
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer 4

ASK ALL:

Q20. In which of the following situations would you feel comfortable discussing your income tax situation with your assigned representative? (ROTATE AND READ BOXED ANSWER CHOICES AND RECORD ALL THAT APPLY.)

- In Clinic Office 1 ...47
- From Home 2
- From Work 3
- By Video From A Designated Location 4
- Face-To-Face At A Community Services Center..... 5
- (READ LAST:) Some Other Place Or Method (SPECIFY)..... 6

Q21. Which, if any, of the following methods best describes how you would prefer to interact with the Low Income Taxpayer Clinic? (ROTATE AND READ BOXED ANSWER CHOICES & RECORD ALL THAT APPLY.)

- In Person.....1 ...48
- By Telephone.....2
- In Writing.....3
- By Email4
- By Computer5
- By Video Conference6
- (READ LAST:) Some Other Way (SPECIFY)7
- (DON'T READ, BUT RECORD IF:) Not Sure.....8
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer9

Q22. Which of the following best describes how you received your last Federal income tax refund? (ROTATE AND READ BOXED ANSWER CHOICES AND RECORD ONE ANSWER.)

- Paper Check.....1 ...49
- Direct Deposit.....2
- Debit Card.....3
- Refund Anticipation Check From Someone Other Than IRS.....4
- (READ NEXT TO LAST:) Received It Some Other Way (SPECIFY)5
- (READ LAST:) Or Did You Not Get A Refund?6
- (DON'T READ, BUT RECORD IF:) Not Sure.....7
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer8

IF "DID NOT GET A REFUND" TO Q22, SKIP TO Q24. OTHERWISE CONTINUE WITH Q23:

Q23. Did someone else take all or part of your tax refund? (ROTATE AND READ BOXED ANSWER CHOICES & RECORD ONLY ONE ANSWER.)

- My Preparer Took Part Or All Of My Refund To Cover The Cost Of Return Preparation1 ...50
- My Preparer Took Some/All Of My Refund Without My Approval2
- IRS Erroneously Deposited My Refund In Someone Else's Account.....3
- IRS Took Part Or All Of My Refund To Pay Other IRS Or State Tax Liabilities4
- IRS Took Part Or All Of My Refund To Pay Child Support, Student Loan,
Social Security Overpayments Or Other Federal Debts5
- (READ NEXT TO LAST:) Did Someone Else Take All Or Part Of Your Tax Refund (SPECIFY).....6
- (READ LAST:) Or Did No One Take Your Tax Refund.....7
- (DON'T READ, BUT RECORD IF:) Not Sure8
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer9

ASK ALL:

Q24. Do you have a personal bank account? (RECORD ONE ANSWER BELOW.)

- Yes1 ...51
- No2
- (DON'T READ, BUT RECORD IF:) Not Sure3
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer4

Q25. ASK ALL: If you had to speak to someone about your tax situation, **what language would you prefer to speak in?** (ROTATE AND READ BOXED ANSWER CHOICES AND RECORD ONLY ONE ANSWER BELOW.)

- English1 ...52
- Spanish2
- Chinese..... 3
- Vietnamese..... 4
- Korean 5
- French..... 6
- German 7
- Russian 8
- (READ LAST:) Or Some Other Language (SPECIFY) 9

Q26. Which of the following best describes the level of education that you have completed? (READ CHOICES AS BELOW AND RECORD ONE ANSWER.)

- Elementary School.....1 ...53
- Some High School.....2
- High School Graduate 3
- Technical, Trade Or Business School 4
- Some College..... 5
- College Graduate 6
- Post-Graduate Work 7
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer 8

Q27. Finally, do you have any of the following long-term disability conditions, that is, conditions which have lasted 6 months or more? (ROTATE AND READ BOXED ANSWER CHOICES & RECORD ALL THAT APPLY.)

- Blindness1 ...54
- Deafness2
- Severe Vision Impairment3
- Severe Hearing Impairment4
- Severe Speech Impairment5
- A Condition That Substantially Limits Your Physical Abilities Such As Standing Or Walking...6
- A Condition That Limits Learning Or Remembering7
- (READ LAST:) Or Do You Not Have Any Long-Term Disability Condition?8
- (DON'T READ, BUT RECORD IF:) Prefer Not To Answer9

CLOSING COMMENTS:

That completes the survey. Thank you for your time and help. We are required by law to provide you the OMB (Office Of Management and Budget) Control Number for this public information request. That number is **1545-1432**. If you have any comments about the time estimate to complete the survey or ways to improve the survey, you may write to the IRS. Would you like the address? (IF YES, ADDRESS IS...) Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224. **INTERVIEWER: AFTER COMPLETING INTERVIEW, CROSS-CHECK COMPLETENESS.**

Volume 2

TAS RESEARCH AND RELATED STUDIES

Estimating the Impact of Audits on the Subsequent Reporting Compliance of Small Business Taxpayers:

Preliminary Results

ESTIMATING THE IMPACT OF AUDITS ON THE SUBSEQUENT REPORTING COMPLIANCE OF SMALL BUSINESS TAXPAYERS: Preliminary Results

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EXECUTIVE SUMMARY¹

Introduction

TAS Research is working on a multi-year study to identify the major factors that drive taxpayer compliance behavior. During the first two study phases, we analyzed the results of a telephone survey, conducted by a vendor, using a representative national sample of taxpayers with sole proprietor income (*i.e.*, Schedule C, *Profit or Loss from Business (Sole Proprietorship)*).² There were a number of significant study findings, including that trust in government, the tax laws, and the IRS are associated with the level of taxpayer compliance. Surprisingly, however, TAS found no significant evidence that economic deterrence (*i.e.*, the expected likelihood and cost of getting caught cheating) motivates sole proprietor compliance decisions.³

In the current study phase, TAS is exploring whether economic deterrence impacts sole proprietor tax compliance, because statistics show underreporting of individual business income represents the largest portion of the tax gap (*i.e.*, taxes not voluntarily and timely paid).⁴ Specifically, we are evaluating the impact of audits on the subsequent reporting compliance of sole proprietors.

The IRS generally needs to conduct audits to detect noncompliance by sole proprietors, since most sole proprietor income is not subject to third-party information reporting and therefore, cannot be detected by document matching. Thus, it is important for the IRS to gain a better understanding of how to improve compliance among sole proprietors, and in particular, to evaluate the effectiveness of its current audit strategy.

Objectives

The principal study objective is to evaluate the impact of audits on the subsequent reporting compliance of sole proprietor taxpayers. TAS also explored whether certain factors related to the audit appear to influence subsequent reporting compliance, including:

- The type of audit, *i.e.*, correspondence, field audit or office audit;
- The amount of the audit assessment; and
- Prior and subsequent audits of the test group taxpayers, *i.e.*, those audited in year one of the study.

1 The principal authors of this study are Mike Nestor and Tom Beers, TAS Research and Analysis.

2 The vendor also administered the survey to a sample of high and low compliance communities. Inclusion of the community sample enabled TAS to better evaluate whether sole proprietor taxpayers' affiliations within their communities appear to influence compliance behavior.

3 See National Taxpayer Advocate 2013 Annual Report to Congress vol. 2, 33-56 (Research Study: *Small Business Compliance: Further Analysis of Influential Factors*). See also National Taxpayer Advocate 2012 Annual Report to Congress vol. 2, 1-70 (Research Study: *Factors Influencing Voluntary Compliance by Small Businesses: Preliminary Survey Results*).

4 Individual business income includes income from sole proprietorships, farms and pass-through income on Schedule E (Supplemental Income and Loss). Schedule E income includes income from: partnerships, S-corporations, rents and royalties, and estates and trusts. See IR-2012-4, *IRS Releases New Tax Gap Estimates; Compliance Rates Remain Statistically Unchanged From Previous Study* (Jan. 6, 2012), <http://www.irs.gov/uac/IRS-Releases-New-Tax-Gap-Estimates;Compliance-Rates-Remain-Statistically-Unchanged-From-Previous-Study>.

Methodology

TAS Research evaluated reporting compliance using the IRS's computer algorithms (called a Discriminant Index Function or "DIF" score) that estimate the likelihood that an audit of the taxpayer's return would produce an adjustment (*i.e.*, a higher DIF generally corresponds to lower reporting compliance).⁵

TAS Research used a test group and a separate control group to evaluate changes in reporting compliance over a five year period. The test group was comprised of the nearly 68,000 sole proprietor taxpayers (*i.e.*, taxpayers with Schedule C income) with high DIF scores⁶ who were audited and had their audits closed in calendar year 2007, the first study year. The control group was the population of over 2.3 million sole proprietor taxpayers with high DIF scores who were not audited in the first year of the study. To detect changes in reporting compliance, we tracked the test groups' DIF scores for the five years following the audit and compared them to the control groups' DIF scores during the same period.

Findings

Our study findings suggest that overall IRS audits have a modest deterrent effect that diminishes in the years following the audit, disappearing altogether by year five. This suggests that any initial impact of the audit on compliance is short lived. These findings are consistent with previous TAS studies that explored factors that influence compliance behavior of sole proprietor taxpayers.⁷ In those studies, TAS failed to find evidence that deterrence significantly influences the compliance behavior of sole proprietor taxpayers.

Current study findings suggest, however, that the deterrent effect may vary due to factors such as the type of audit and the amount of the audit assessment relative to the taxpayer's total positive income.⁸ In particular, our findings suggest that field and office audits may be more effective than correspondence audits in promoting subsequent reporting compliance. Also, audits with large assessments, relative to the taxpayer's total positive income, appear to be more effective in promoting subsequent reporting compliance. Based on our current analyses, it is unclear whether these large assessments are due to more effective audits or lower taxpayer reporting compliance.⁹

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- 5 See, e.g., IRM 4.19.11.1.4 (Nov. 9, 2007). The IRS selects some returns for examination using the Discriminant Index Function (DIF) computer scoring system. IRM 4.1.1.2.6 (Oct. 24, 2006). It develops DIF scores based on information obtained and periodically updated from National Research Program examinations. Returns with high DIF scores generally have a higher probability of being adjusted on audit than other returns of the same type. IRM Exhibit 4.1.7-1(12) (May 19, 1999). The IRS classifies tax returns into mutually exclusive groups called examination "activity codes" ("EAC"), and develops a separate compliance risk scoring algorithm (*i.e.*, a DIF algorithm) for each activity code. For Schedule C filers, the activity codes reflect the amount of gross receipts reported on the Schedule C and the taxpayer's total positive income (TPI), which is the taxpayer's positive income (*i.e.*, excluding negative income and losses) from all sources before adjusting for deductions and exemptions. For a more detailed discussion of the DIF score methodology, see National Taxpayer Advocate 2012 Annual Report to Congress vol. 2, 1-70 (Research Study: *Factors Influencing Voluntary Compliance by Small Businesses: Preliminary Survey Results*).
- 6 We classified taxpayers with DIF scores in the top 20 percent as high DIF score taxpayers. We found 67,859 high DIF score sole proprietor taxpayers whose audits closed in calendar year 2007.
- 7 See National Taxpayer Advocate 2013 Annual Report to Congress vol. 2, 33-56 (Research Study: *Small Business Compliance: Further Analysis of Influential Factors*). See also National Taxpayer Advocate 2012 Annual Report to Congress vol. 2, 1-70 (Research Study: *Factors Influencing Voluntary Compliance by Small Businesses: Preliminary Survey Results*).
- 8 Total positive income is positive income from all sources before adjusting for deductions, exemptions or negative income.
- 9 As discussed below in the Limitations Section of this report, a significant amount of noncompliance is frequently not detected during audits of sole proprietor taxpayers. It is therefore possible that many of the taxpayers who received low or no additional assessments at the conclusion of their audits were in fact significantly noncompliant, but that this noncompliance was not detected.

Our findings also suggest that there may be a group of taxpayers who are particularly resistant to the deterrent effect of audits, since these taxpayers continue to have higher DIF scores than other audited taxpayers despite being audited more than once during the study period.

In this report we present our preliminary study findings. TAS Research is working with independent researchers to further explore the impact of audits on taxpayer compliance behavior. Based on their preliminary review of this study, we anticipate working with them to explore:

- Refinement of the control group, *i.e.*, the population of sole proprietor taxpayers with high DIF scores who were not audited in 2007, by removing taxpayers who were audited in the years immediately preceding 2007 (the beginning of the study period) or during the study period;
- Whether the classification process that determines the type of audit, *i.e.*, correspondence, office, or field audit, introduced a selection bias that we should address with refinements to our analysis of the subsequent reporting compliance behavior of the taxpayers in these audit groups;
- Possible explanations for the significant decline of both the treatment and control groups' DIF scores in the year following the audit;
- A more detailed analysis of the impact of multiple audits that considers both the number and timing of the audits with respect to the audit that closed in 2007; and
- Alternative methodologies, such as panel regression, that would enable the addition of control variables (*e.g.*, demographic variables such as type of business, gender and age and other variables such as prior audit experience) to better isolate and distinguish the impact of the audit from other potential factors.¹⁰

We anticipate publishing the results of this collaborative effort by the end of 2015. We will also collaborate with these researchers throughout 2015 on new studies evaluating the impact of penalties and outreach and education on taxpayer compliance behavior.

¹⁰ For an in-depth discussion of the need for inclusion of demographic and other behavioral economic factors in the IRS workload selection process, see Most Serious Problem: *WORKLOAD SELECTION: The IRS Does Not Sufficiently Incorporate the Findings of Applied and Behavioral Research into Audit Selection Processes as Part of an Overall Compliance Strategy*, *supra*.

INTRODUCTION

TAS Research is working on a multi-year study exploring the factors that motivate taxpayer compliance behavior. Broadly speaking, these factors include not only the expected likelihood and cost of getting caught cheating (called “economic deterrence”), but also compliance norms, trust in the government and the tax administration process, the complexity and convenience of complying, and the influence of tax return preparers.

During the first two study phases, TAS analyzed the results of a telephone survey, conducted by a vendor, using a representative national sample of taxpayers with sole proprietor income (*i.e.*, Schedule C, *Profit or Loss from Business (Sole Proprietorship)*).¹¹ The principal objective was to identify the major factors that drive taxpayer compliance behavior. There were a number of significant study findings, including that trust in government, the tax laws, and the IRS are associated with the level of taxpayer compliance. Surprisingly, however, TAS found no significant evidence that economic deterrence motivates sole proprietor compliance decisions.¹²

In the current study phase, TAS is exploring whether economic deterrence impacts sole proprietor tax compliance. We believe this taxpayer segment is particularly important because underreporting of individual business income represents the largest portion of the tax gap (*i.e.*, taxes not voluntarily and timely paid).¹³ Specifically, we are evaluating the impact of audits on the subsequent reporting compliance of sole proprietors (*i.e.*, Schedule C filers).

The IRS is unlikely to be able to detect noncompliance by sole proprietors without expending significant enforcement resources to conduct audits, since most sole proprietor income is not subject to third-party information reporting, and can therefore not be detected by document matching. Thus, it is important for the IRS to gain a better understanding of how to improve compliance among sole proprietors, and in particular, to evaluate the effectiveness of its current audit strategy.

OBJECTIVES

The principal study objective is to evaluate the impact of audits on the subsequent reporting compliance of sole proprietor taxpayers. TAS also explored whether certain factors related to the audit appear to influence subsequent reporting compliance, including:

- The type of audit, *i.e.*, correspondence, field audit or office audit;
- The amount of the audit assessment; and
- Prior and subsequent audits of the test group taxpayers, *i.e.*, those audited in year one of the study.

11 The vendor also administered the survey to a sample of high and low compliance communities. Inclusion of the community sample enabled TAS to better evaluate whether sole proprietor taxpayers’ affiliations within their communities appear to influence compliance behavior.

12 See National Taxpayer Advocate 2013 Annual Report to Congress vol. 2, 33-56 (Research Study: *Small Business Compliance: Further Analysis of Influential Factors*). See also National Taxpayer Advocate 2012 Annual Report to Congress vol. 2, 1-70 (Research Study: *Factors Influencing Voluntary Compliance by Small Businesses: Preliminary Survey Results*).

13 Individual business income includes income from sole proprietorships, farms and pass-through income reported on Schedule E (Supplemental Income and Loss). Schedule E income includes income from: partnerships, S-corporations, rents and royalties, and estates and trusts. See IR-2012-4, *IRS Releases New Tax Gap Estimates; Compliance Rates Remain Statistically Unchanged From Previous Study* (Jan. 6, 2012), available at <http://www.irs.gov/uac/IRS-Releases-New-Tax-Gap-Estimates;-Compliance-Rates-Remain-Statistically-Unchanged-From-Previous-Study>.

METHODOLOGY

TAS Research evaluated reporting compliance using the IRS's computer algorithms (called a Discriminant Index Function or "DIF" score) that estimate the likelihood an audit of the taxpayer's return would produce an adjustment (*i.e.*, a higher DIF generally corresponds to lower reporting compliance and therefore a higher tax due after audit).¹⁴

TAS Research used a test group and a separate control group to evaluate changes in reporting compliance over a five year period.¹⁵ The test group was comprised of the nearly 68,000 sole proprietor taxpayers (*i.e.*, taxpayers with Schedule C income) with high DIF scores¹⁶ who were audited and had their audits closed in calendar year 2007, the first study year. The control group was the population of over 2.3 million sole proprietor taxpayers with high DIF scores who were not audited in the first year of the study. To detect changes in reporting compliance, we tracked the test groups' DIF scores for the five years following the audit and compared them to the control groups' DIF scores during the same period.

We continued to include taxpayers in the test and control groups in the years subsequent to 2007 as long as they had Schedule C income. The table below shows the number of taxpayers in the audit and control groups by tax year during the study period.

FIGURE 1, Total taxpayers in audit and control groups by tax year

	Not Audited	Audited
Base Year	2,341,432	67,859
TY 2007	1,729,046	33,954
TY 2008	1,473,322	29,715
TY 2009	1,279,276	26,464
TY 2010	1,162,797	24,172
TY 2011	1,058,228	21,667

Scaling the DIF Score

Because DIF scores are computed separately for taxpayers in each "exam activity code" (EAC) each year, the scores of those in one EAC are not comparable to the scores of those in another EAC or to DIF scores computed for different tax years. To compare taxpayers in different EACs and for different years, TAS scaled the DIF scores. For each year, TAS first sorted all of the taxpayers in each EAC by DIF and then assigned the taxpayers a scaled DIF score based on the decile into which they fell. For example, TAS

14 See, e.g., IRM 4.19.11.1.4 (Nov. 9, 2007). The IRS selects some returns for examination using the Discriminant Function (DIF) computer scoring system. IRM 4.1.1.2.6 (Oct. 24, 2006). It develops DIF scores based on information obtained and periodically updated from National Research Program examinations. Returns with high DIF scores generally have a higher probability of being adjusted on audit than other returns of the same type. IRM Exhibit 4.1.7-1(12) (May 19, 1999). The IRS classifies tax returns into mutually exclusive groups called examination "activity codes" ("EAC"), and develops a separate compliance risk scoring algorithm (*i.e.*, a DIF algorithm) for each activity code. For Schedule C filers, the activity codes reflect the amount of gross receipts reported on the Schedule C and the taxpayer's total positive income (TPI), which is the taxpayer's positive income (*i.e.*, excluding negative income and losses) from all sources before adjusting for deductions and exemptions. For a more detailed discussion of the DIF score methodology, see National Taxpayer Advocate 2012 Annual Report to Congress vol. 2, 1-70 (Research Study: *Factors Influencing Voluntary Compliance by Small Businesses: Preliminary Survey Results*).

15 TAS Research conducted all study analyses using data from the IRS's Compliance Data Warehouse (CDW), which houses an extensive amount and variety of tax data and is available to the IRS research community.

16 We classified taxpayers with DIF scores in the top 20 percent as high DIF score taxpayers. We found 67,859 high DIF score sole proprietor taxpayers whose audits closed in calendar year 2007.

assigned those in the first decile a scaled DIF score of 1 and those in the 10th decile a scaled DIF score of 10. TAS used changes in the taxpayer's scaled DIF score as a proxy for changes in reporting compliance.¹⁷

For sole proprietor taxpayers, EACs are based on the taxpayer's total gross receipts (TGR) on Schedules C and F and total positive income (TPI), which is positive income from all sources before adjusting for deductions, exemptions or negative income.

TAS excluded the EACs for low income taxpayers claiming the earned income tax credit (EITC) because their low income status and reliance on the EITC refundable credit to support their standards of living may present a set of tax compliance issues that are atypical of other sole proprietor taxpayers. We also excluded the EACs for high income taxpayers who may have sole proprietor income (*i.e.*, those with TPI greater than \$200,000), because our research showed that identifying noncompliance based solely on the DIF may not be as effective for these taxpayers. The table below describes the EACs included in this study.

FIGURE 2, Total gross receipts (TGR) and total positive income (TPI) limits for certain Schedule C examination activity codes (EACs)¹⁸

EAC	TGR	TPI
274	<\$25,000	<\$200,000
275	\$25,000 - \$99,999	<\$200,000
276	\$100,000 - \$199,999	<\$200,000
277	>\$199,999	<\$200,000

The DIF Decile as an Estimator of Reporting Compliance

A key study assumption is that the DIF decile is a good proxy for taxpayer reporting compliance. To validate this assumption, TAS Research evaluated the predictive value of the DIF decile for the EACs included in this study (*i.e.*, EACs 274 – 277). To conduct this analysis, we used data from the National Research Program (NRP) for tax years 2006, 2007 and 2008.¹⁹

The NRP measures reporting compliance using the voluntary reporting rate (VRR). VRR is the total tax liability reported by the taxpayer divided by the total tax liability that should have been reported. For example, a VRR of .8 means that the taxpayer reported 80 percent of the total tax liability that should have been reported and a VRR greater than one means that the taxpayer reported a tax liability greater than the amount he or she actually owed.

17 This analysis assumes that reporting compliance behavior is similar for all the EACs included in this study. So, for example, we are assuming that the most compliant taxpayers in any given EAC included in the study have similar compliance to the most compliant taxpayers in the other EACs included in the study. More generally we assume that taxpayers who fall into any given DIF decile in TY 2007 have reporting compliance similar to taxpayers who fall into the same DIF decile for other EACs or tax years included in the study.

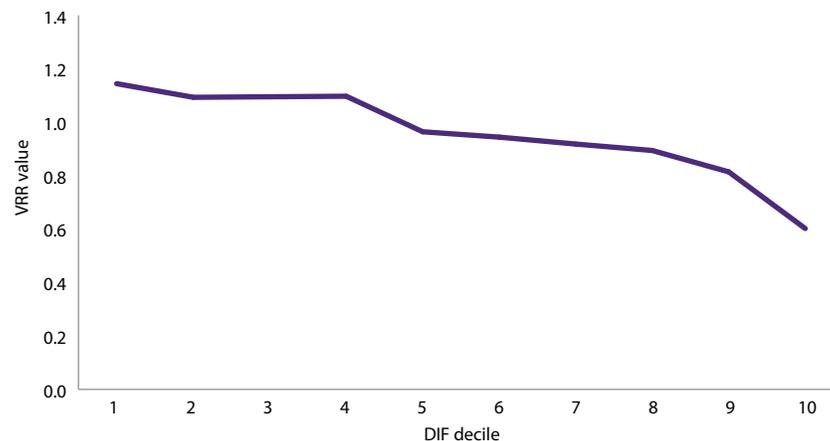
18 IRS, Document 6209, *IRS Processing Codes and Information 12-16* (Jan. 2012). Many parts of Document 6209 are designated as “official use only,” but these EAC definitions are not.

19 Each year the IRS audits a representative national sample of individual taxpayers to estimate the level of voluntary tax compliance, track trends in voluntary compliance, and to develop DIF formulas to detect potential reporting noncompliance in tax returns. This program is referred to as the National Research Program.

To evaluate the effectiveness of the DIF decile as a predictor of reporting noncompliance, we computed the VRR for the 12,180 taxpayers in EACs 274 – 277 who were included in the NRP audits for tax years 2006 through 2008. Figure 3 below shows how the VRR varies with DIF decile.

FIGURE 3

VRR estimate for TPI classes 274–277 combined



As shown in the chart above, reporting compliance, as measured by VRR, starts at above 1 for the first decile (*i.e.*, on average taxpayers are actually reporting more than the owe) and continues to decline in subsequent deciles, bottoming at .60 for decile 10. The .60 VRR in decile 10 means that IRS NRP audit results showed that on average these taxpayers were reporting about 60 percent of what they owed.²⁰ Thus, the above analysis confirms the relationship between audit results and DIF scores, *i.e.*, that higher DIF scores generally correspond with larger audit adjustments, validating the DIF as an estimator of reporting compliance.

Limitations

IRS audit results are an imperfect measure of taxpayer reporting compliance, since not all noncompliance is detected. In fact, a recent study by Erard and Feinstein reports that the majority of noncompliance is generally not detected.²¹ So, changes in audit results from year to year for a given group of taxpayers may reflect changes in the quality of the audit rather than true changes in taxpayer reporting compliance.

Since the DIF is based on NRP audit results, it is also an imperfect measure of reporting compliance. Specifically, while a significant change in a large group of taxpayers' DIF scores probably reflects a change in potential audit results, it does not necessarily show that there has been an equivalent change in reporting compliance. This is a significant limitation of the study. In the absence of information reporting,

²⁰ We note that even IRS NRP audit results are an imperfect measure of taxpayer reporting compliance, since not all noncompliance is detected. The VRR is, however, our best available measure.

²¹ See IRS, Recent Research on Tax Administration and Compliance, *Selected Papers Given at the 2011 IRS-TPC Research Conference: New Perspectives on Tax Administration*; Brian Erard and Jonathan Feinstein, *The Individual Income Reporting Gap: What We See and What We Don't* (2011).

however, audit results are our best method for evaluating reporting compliance. So, we have used a method based on audit results.

Our use of a scaling approach for DIF scores also imposes a potential limitation on the study results. As discussed above in the Methodology Section, because DIF scores are computed separately for taxpayers in each “exam activity code” (EAC) each year, we needed to scale the DIF scores to enable us to compare compliance levels of taxpayers in different EACs and in different tax years. We scaled the DIF scores into DIF deciles.

This analysis assumes that reporting compliance behavior as measured by DIF decile is similar for all the EACs included in this study. So, for example, we are assuming that the most compliant taxpayers in any given EAC included in the study have similar compliance to the most compliant taxpayers in the other EACs included in the study.

More generally, we assume that taxpayers who fall into any given DIF decile for a given EAC and tax year have reporting compliance similar to taxpayers who fall into the same DIF decile for other EACs or tax years included in the study. We will explore this assumption in future research we plan to conduct in 2015.

Finally, in our analyses of the impact of different audit types on subsequent taxpayer reporting compliance, we assume that the different audit groups have similar initial compliance behavior. They were, however, selected for different audit treatments, suggesting that the groups may be different with respect to factors (other than the audit) that could affect their subsequent reporting compliance behavior. We will explore this concern in future research we plan to conduct in 2015.

FINDINGS

Our principal research objective was to evaluate how audits impact the subsequent reporting compliance of small business taxpayers. TAS also explored whether certain factors related to the audit appear to influence the subsequent reporting compliance of these taxpayers, including:

- The type of audit, *i.e.*, correspondence, field audit or office audit;
- The amount of the audit assessment; and
- Prior and subsequent audits of the test group taxpayers, *i.e.*, those audited in year one of the study.

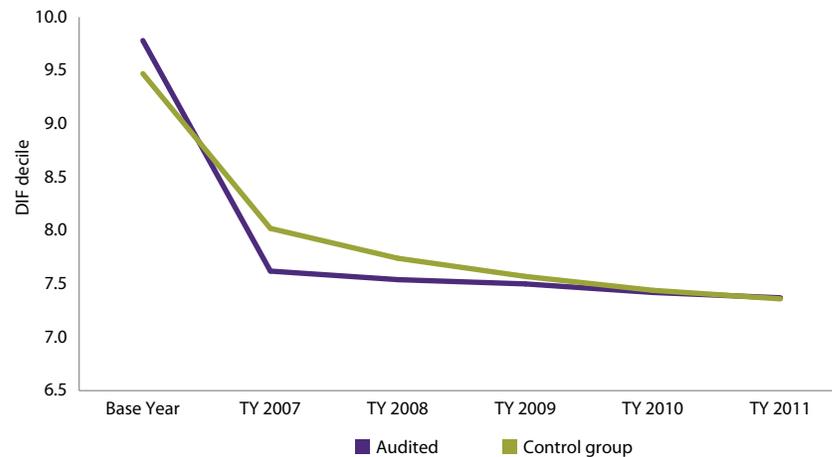
Our preliminary findings for each of the above objectives follow.

Subsequent Reporting Compliance of Sole Proprietor Taxpayers (EACs 274 – 277)

As discussed in the Methodology Section, TAS tracked the test groups’ mean DIF scores for the five years following the audit and compared them to the control groups’ mean DIF scores during the same period. Figure 4 below shows the results of this analysis.

FIGURE 4

Subsequent reporting compliance of audited taxpayers vs. control group



As shown in Figure 4 above, although the mean DIF decile score for the audit group is higher in year one (*i.e.*, the audit year) than the test group (9.78 for the audit group vs. 9.47 for the control group), it falls to a lower level in the first year following the audit (7.62 for the audit group vs. 8.02 for the control group). This represents a decrease of 22 percent for the audit group vs. 15 percent for the control group, a difference of about 7 percent, suggesting that the audit may have impacted taxpayer reporting compliance.²² In subsequent years the difference between the audit and control groups diminishes, disappearing altogether by year five. This suggests that any initial impact of the audit on compliance was short lived.

Subsequent Reporting Compliance of Sole Proprietor Taxpayers by Audit Type

The IRS uses three different methods to audit sole proprietorships:

- Correspondence audit – While the taxpayer may call the IRS to ask questions, the IRS uses mail to request and receive all documentation used to conduct the audit and reach a determination, and no one employee is assigned to work the case from start to finish.
- Tax Compliance Officer (TCO) audit – The taxpayer meets with a TCO in an IRS office and has the opportunity to bring in documentation and discuss issues directly with the TCO. We also refer to these as office audits in the text.
- Field audit – A revenue agent travels to the taxpayer's place of business to conduct the audit. The taxpayer has the opportunity to present documentation and to discuss issues directly with the revenue agent.

²² As noted above, the DIF score was used as a proxy for reporting compliance. The mean DIF scores for both the audit and control groups dropped significantly in the first year following the audit. We are using the difference between the audit and control group scores in the years following the audit to estimate the impact of the audit. We do not know what other factors caused the scores for both groups to drop significantly in the year following the audit. One possibility is that, in general, taxpayers do not have the same score every year. Instead, it will tend to go up or down from year to year. Since both groups of taxpayers initially are in the highest deciles, most scores can go down but can't go up. Also, reversion to the mean could be occurring to the extent that the scores of this group of taxpayers were elevated above their longer term mean in the base year. These are just possible explanations, however, and additional research would be required to identify the other factors causing the decline in DIF scores.

Figure 5 below shows the number of taxpayers who were audited for each audit type by tax year.

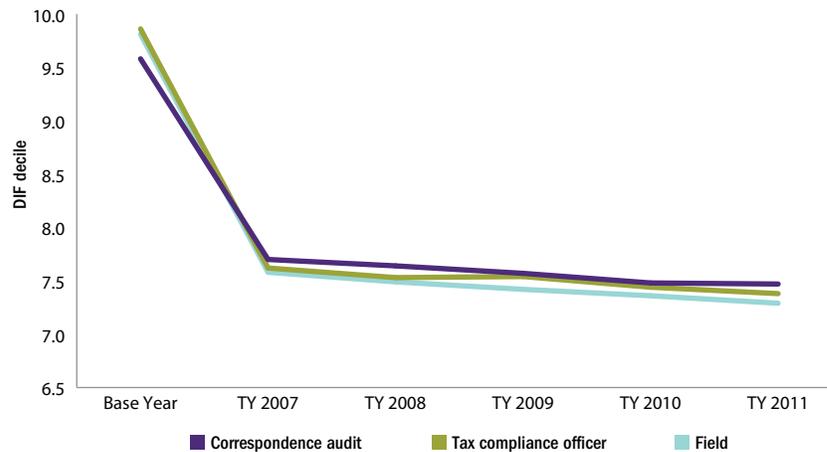
FIGURE 5, Audited taxpayers by audit type and tax year²³

	Correspondence Audit	Tax Compliance Officer	Field	Total
Base Year	17,144	32,023	18,626	67,793
TY 2007	6,809	16,797	10,324	33,930
TY 2008	5,852	14,691	9,150	29,693
TY 2009	5,146	13,017	8,281	26,444
TY 2010	4,661	11,912	7,581	24,154
TY 2011	4,169	10,767	6,719	21,655

TAS Research separately tracked the mean DIF decile scores for each of these audit groups for the five years following the audit. Figure 6 below shows the results of this analysis.

FIGURE 6

Subsequent reporting compliance of sole proprietor taxpayers by audit type



As shown in Figure 6 above, although the mean DIF decile scores for the TCO and Field audit groups are higher in year one (*i.e.*, the audit year) than the correspondence audit group (9.86 for the TCO audit group and 9.81 for the Field audit group, versus 9.58 for the Correspondence audit group), they fall to a lower level in the first year following the audit (7.62 for the TCO audit group and 7.58 for the Field audit group, versus 7.70 for the Correspondence audit group). This difference persists in subsequent years. This suggests that the TCO and Field audits may have a more positive impact on taxpayer reporting compliance.²⁴

23 Totals vary slightly from those in Figure 1 shown earlier, because audit type information was not available for some taxpayers.

24 As noted above in the Limitations Section, we assume that the different audit groups have similar initial compliance behavior. They were, however, selected for different audit treatments, suggesting that the groups may be different with respect to factors (other than the audit) that could affect their subsequent reporting compliance behavior.

Subsequent Reporting Compliance of Sole Proprietor Taxpayers by Amount of Audit Assessment

To evaluate whether the amount of the audit result (including the additional assessment, penalties, and interest) impacted subsequent reporting compliance, TAS Research divided the audited group into three subgroups:

- Taxpayers whose audits resulted in no additional tax or a reduction in their tax liabilities.
- Taxpayers who had audit results that totaled less than 20 percent of their total positive income.²⁵
- Taxpayers who had audit results that totaled at least 20 percent of their total positive income.

Figure 7 below shows the number of taxpayers by assessment amount and tax year.

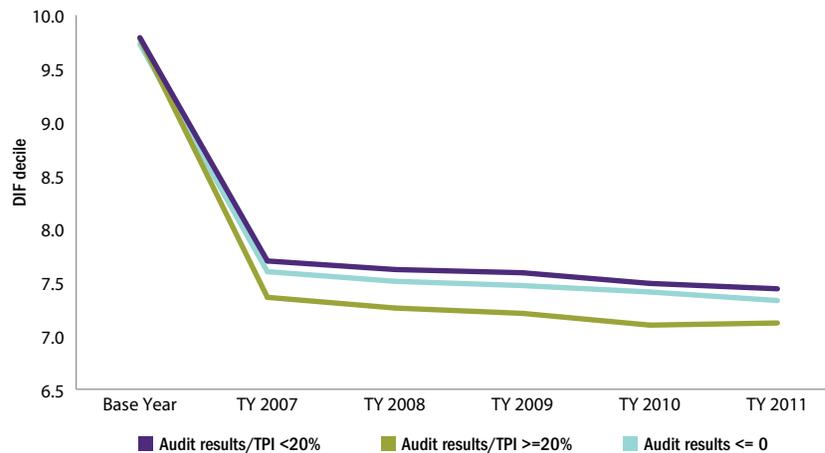
FIGURE 7, Total taxpayers by amount of audit result & tax year²⁶

	Audit Results/TPI <20%	Audit Results/TPI ≥20%	Audit Results ≤ 0	Total
Base Year	38,516	9,709	18,300	66,523
TY 2007	19,280	4,359	9,825	33,464
TY 2008	16,950	3,555	8,826	29,331
TY 2009	15,058	3,002	8,094	26,154
TY 2010	13,888	2,643	7,396	23,927
TY 2011	12,405	2,308	6,729	21,442

TAS Research separately tracked the mean DIF decile score for each of these audit groups for the five years following the audit. Figure 8 below shows the results of this analysis.

25 TAS Research had no preconceived breakpoint at 20 percent. We analyzed the data and found that 20 percent was the point at which the DIF scores in the year following the audit generally started to decline significantly more than for taxpayers with assessments of less than 20 percent.

26 The 1,336 taxpayers with zero or negative positive income are not included in the table.

FIGURE 8**Subsequent reporting compliance of sole proprietor taxpayers by amount of audit result**

As shown in Figure 8 above, while the initial mean DIF decile scores for all of the groups are almost identical, the score for the group with audit results which were at least 20 percent of their TPIs declined more in the year following the audit than the other groups (7.36 for the group with audit results at least 20 percent of TPI versus 7.70 for the group with audit results less than 20 percent of TPI and 7.60 for the group with audit results equal to or less than zero). This difference persists in subsequent years. These results suggest that the amount of the audit result does impact subsequent taxpayer reporting compliance.²⁷ Specifically, taxpayers who had to pay a significant amount of additional tax and penalty (*i.e.*, those with audit results at least 20 percent of TPI) may be more compliant in subsequent years.

Subsequent Reporting Compliance of Sole Proprietor Taxpayers who had Multiple Audits

To address our final objective, *i.e.*, whether auditing taxpayers more than once improved their reporting compliance, we looked at two groups of taxpayers:

- Taxpayers who were audited again after their initial audits closed in 2007; and
- Taxpayers who were audited both before 2007 and again after their audits closed in 2007

Figure 9 below shows the number of taxpayers in both of the above groups of taxpayers who were audited more than once in years immediately preceding or following 2007, the study base year. It also includes the number of taxpayers in our comparison group, all audited taxpayers.

²⁷ As discussed above in the Limitations Section of this report, a significant amount of noncompliance is frequently not detected during audits of sole proprietor taxpayers. It is therefore possible that many of the taxpayers who received low or no additional assessments at the conclusion of their audits were in fact significantly noncompliant, but that this noncompliance was not detected.

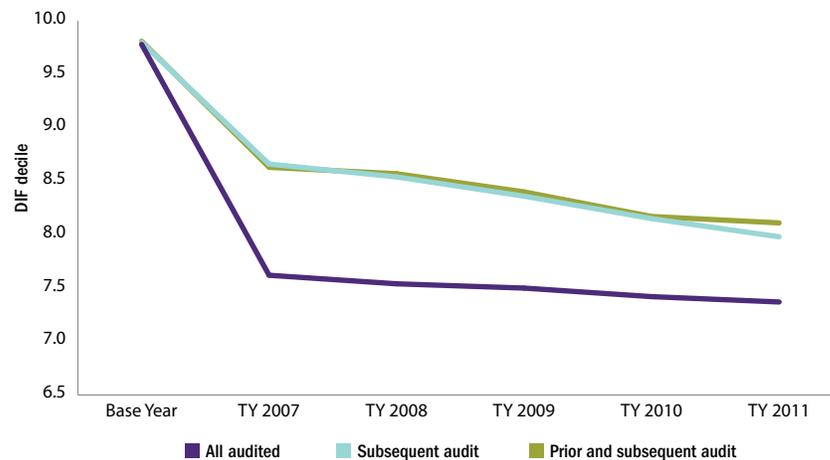
FIGURE 9, Taxpayers with multiple audits

	All Audited	Subsequent Audit	Prior & Subsequent Audit
Base Year	67,859	9,897	4,746
TY 2007	33,954	8,975	2,800
TY 2008	29,715	8,002	2,496
TY 2009	26,464	7,201	2,214
TY 2010	24,172	6,472	1,998
TY 2011	21,667	5,669	1,741

TAS Research separately tracked the mean DIF decile score for each of these audit groups for the five years following the 2007 audit and compared them to the scores for all taxpayers audited in 2007. Figure 10 below shows the results of this analysis.

FIGURE 10

Subsequent reporting compliance of sole proprietor taxpayers who had multiple audits



As shown in Figure 10 above, the scores for both groups audited more than once remain higher throughout the study period than the score for all taxpayers audited in 2007. Also, the group audited both prior to and after 2007 has the highest mean DIF score at the end of the study period. These results suggest that there may be a group of taxpayers who are particularly resistant to the deterrence effect of audits.

CONCLUSION

Our study findings suggest that overall the IRS audits studied had a modest deterrent effect (about a seven percent reduction in the average DIF score compared to the control group) that diminished in the years following the audit, disappearing altogether by year five. This suggests that any initial impact of the audit on compliance was short lived. These findings are consistent with previous TAS studies that explored the

factors that influence compliance behavior of sole proprietor taxpayers.²⁸ In those studies, TAS failed to find evidence that deterrence significantly influences the compliance behavior of sole proprietor taxpayers.

Current study findings suggest, however, that the deterrent effect may vary due to factors such as the type of audit and the amount of the audit assessment relative to the taxpayer's total positive income. In particular, our findings suggest that field and office audits may be more effective than correspondence audits in promoting subsequent reporting compliance. Also, audits with large assessments, relative to the taxpayer's total positive income, appear to be more effective in promoting subsequent reporting compliance. Based on our current analyses, it is unclear whether these large assessments are due to more effective audits or lower taxpayer reporting compliance.²⁹

Our findings also suggest that there may be a group of taxpayers who are particularly resistant to the deterrent effect of audits, since these taxpayers continued to have higher DIF scores than other audited taxpayers despite being audited more than once during the study period.

TAS Research is working with independent researchers to further explore the impact of audits on taxpayer compliance behavior. Based on their preliminary review of this study, we anticipate working with them to explore:

- Refinement of the control group, *i.e.*, the population of sole proprietor taxpayers with high DIF scores who were not audited in 2007, by removing taxpayers who were audited in the years immediately preceding 2007 (the beginning of the study period) or during the study period;
- Whether the classification process that determines the type of audit, *i.e.*, correspondence audit, office audit, or field audit, introduced a selection bias that we should address with refinements to our analysis of the subsequent reporting compliance behavior of the taxpayers in these audit groups;
- Possible explanations for the significant decline of both the treatment and control groups' DIF scores in the year following the audit;
- A more detailed analysis of the impact of multiple audits that considers both the number and timing of the audits with respect to the audit that closed in 2007; and
- Alternative methodologies, such as panel regression, that would enable the addition of control variables (*e.g.*, demographic variables such as type of business, gender and age and other variables such as prior audit experience) to better isolate and distinguish the impact of the audit from other potential factors.³⁰

We anticipate publishing the results of this collaborative effort by the end of 2015. We will also collaborate with these researchers throughout 2015 on new studies evaluating the impact of penalties and outreach and education on taxpayer compliance behavior.

28 See National Taxpayer Advocate 2013 Annual Report to Congress vol. 2, 33-56 (Research Study: *Small Business Compliance: Further Analysis of Influential Factors*). See also National Taxpayer Advocate 2012 Annual Report to Congress vol. 2, 1-70 (Research Study: *Factors Influencing Voluntary Compliance by Small Businesses: Preliminary Survey Results*).

29 As discussed above in the Limitations Section of this report, a significant amount of noncompliance is frequently not detected during audits of sole proprietor taxpayers. It is therefore possible that many of the taxpayers who received low or no additional assessments at the conclusion of their audits were in fact significantly noncompliant, but that this noncompliance was not detected.

30 For an in-depth discussion of the need for inclusion of demographic and other behavioral economic factors in the IRS workload selection process, see Most Serious Problem: *WORKLOAD SELECTION: The IRS Does Not Sufficiently Incorporate the Findings of Applied and Behavioral Research into Audit Selection Processes as Part of an Overall Compliance Strategy*, *supra*.

Volume 2

TAS RESEARCH AND RELATED STUDIES

Identity Theft Case Review Report:

A Statistical Analysis of Identity
Theft Cases Closed in June 2014

IDENTITY THEFT CASE REVIEW REPORT: A Statistical Analysis of Identity Theft Cases Closed in June 2014

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INTRODUCTION¹

In general, tax-related identity theft (IDT) occurs when an individual intentionally uses the personal identifying information of another person to file a falsified tax return with the intention of obtaining an unauthorized refund.² Identity theft victims must substantiate their identity with the IRS, file various forms, and wait months or even years to receive their tax refunds and unwind the account issues.

The National Taxpayer Advocate remains concerned that a significant percentage of the IRS's IDT cases involve multiple issues, requiring victims to navigate through a labyrinth of IRS operations and recount their experience time and again to different IRS employees. Because the IRS assigns its IDT workload on a module-by-module basis (*i.e.*, it is concerned with resolving a specific tax issue in a given year), the IRS does not really know if an IDT case is a single-issue case. For example, an Accounts Management (AM) assistant would not address an Examination or Collection issue related to the IDT, or resolve an issue that may affect a second or even third tax year.

From our experience in working IDT cases in the Taxpayer Advocate Service (TAS), we know that many cases involve multiple issues. While TAS cases are not necessarily representative of overall IRS cases, we suspect that a significant percentage of the IRS's IDT cases contain multiple issues, some of which must be addressed by multiple functions. Even when cases remain in one function (such as AM), we are concerned that such cases may be transferred from one assistant to another with significant periods of non-activity. We are also concerned that the IRS may close IDT cases prematurely, before all related issues have been fully addressed.

This case review will provide statistically-significant data from a representative sample of IDT cases. The Findings section provides additional details and specific percentages of case characteristics.

BACKGROUND

The National Taxpayer Advocate first raised concerns with the IRS's ability to resolve IDT cases in her 2004 Annual Report to Congress.³ Since then, the IRS has grappled to find the best approach for working IDT cases. In fiscal year (FY) 2012, the IRS decentralized the process of working IDT cases by dispersing responsibility among more than 20 specialized units.

Identity theft is an invasive crime that can have traumatic emotional impact. Some psychiatrists believe the symptoms experienced by victims of IDT are quite similar to those suffered by victims of

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- 1 The principal authors and analysts of this study are Chris Lee, Senior Attorney Advisor to the National Taxpayer Advocate; Charlene Cadro and Sue Kennedy, Revenue Protection Technical Liaison and Senior Analyst in TAS Systemic Advocacy; Edye Buntz, Senior Analyst in TAS Technical Analysis and Guidance; Jeff Wilson and Carol Hatch, Senior Research Advisor and Director of TAS Research and Analysis.
 - 2 This type of tax-related identity theft is referred to as "refund-related" identity theft. In "employment-related" identity theft, an individual files a tax return using his or her own tax identification number, but uses another individual's Social Security number (SSN) to obtain employment, and consequently, the wages are reported to the IRS under the SSN. The IRS has procedures in place to minimize the tax administration impact to the victim in these employment-related identity theft situations. Accordingly, we will focus on refund-related identity theft in this report.
 - 3 National Taxpayer Advocate 2004 Annual Report to Congress 133-36 (Most Serious Problem: *Inconsistent Campus Procedures*).

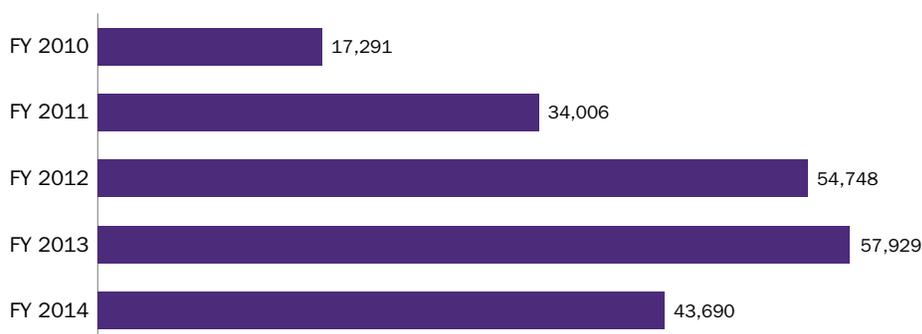
post-traumatic stress disorder.⁴ For such individuals, dealing with the IRS and having to explain the circumstances of the incident to multiple assistants creates unnecessary stress. Due to the complex nature of IDT cases, the National Taxpayer Advocate recommended that the IRS assign a sole contact person who would interact with IDT victims throughout the case, from the first call to the final resolution of the case.⁵ There is no need to subject the victim to any further harm by requiring him or her to provide the same items of documentation or repeat the facts multiple times to different IRS functions.

In each of the 2013 and 2014 calendar years, the IRS received approximately 730,000 IDT cases with taxpayer impact.⁶ These counts are a compilation of receipts reported by various functions within IRS's operating divisions that work IDT modules, and demonstrate the magnitude of the identity theft problem facing the IRS. The National Taxpayer Advocate recognizes and appreciates the efforts made by the IRS to work through its inventory of IDT cases. However, she continues to be concerned with the burden placed on taxpayers whose identities are stolen, particularly where there are multiple issues involved.

TAS has been hit especially hard by IDT receipts, which peaked in FY 2013 with nearly 58,000 cases. Although TAS IDT receipts have decreased in FY 2014, they still account for over 20 percent of overall TAS case receipts, by far the largest category.

FIGURE 1⁷

TAS identity theft case receipts, FYs 2010–2014



In its response to the National Taxpayer Advocate's recommendations in her 2013 Annual Report to Congress, the IRS stated the Identity Protection Specialized Unit (IPSU) is the centralized function and the single point of contact for IDT victims.⁸ In our experience working IDT cases in TAS, we have seen

4 See T. Sharp et al., *Exploring the Psychological and Somatic Impact of Identity Theft*, J. OF FORENSIC SCI., Vol. 49:131 (Jan. 2004); J. Monchuk, *Researcher Finds the Psychological Effects of Identity Theft Lingers with Victims* (Apr. 20, 2011), available at <http://medicalxpress.com/news/2011-04-psychological-effects-identity-theft-lingers.html>; Identity Theft Resource Center, *ITRC Fact Sheet 108: Overcoming the Emotional Impact*, available at <http://www.idtheftcenter.org/Fact-Sheets/fs-108.html>; L. Carey, *Can PTSD Affect Victims of Identity Theft: Psychologists Say Yes* (July 29, 2009), available at <http://voices.yahoo.com/can-ptsd-affect-victims-identity-theft-psychologists-3915926.html>.

5 National Taxpayer Advocate FY 2015 Objectives Report to Congress 110-11.

6 IRS, *Global IDT Theft Report, Servicewide Year-to-Date Chart*. The total taxpayer-impact IDT receipts (Line 462) for IRS are as follows: 1/1/2013 thru 12/31/2013 – 727,940 cases; 1/1/2014 thru 11/30/2014 – 734,710 cases.

7 Taxpayer Advocate Management Information System Case Receipts, FY 2010 – 2014.

8 See IRS response to recommendations from the National Taxpayer Advocate's 2013 Annual Report to Congress, available at <http://www.taxpayeradvocate.irs.gov/userfiles/file/IRS-2013-MSP-Responses.pdf>.

many instances where the victim is forced to interact not just with the IPSU assistor, but with employees in various other functions. Moreover, the IPSU does not designate a single assistor per IDT case; the victim must call a centralized number each time he or she needs to reach the IPSU.

In May 2014, the IRS announced it would realign many of its IDT functions.⁹ A new organization within AM will have a single leadership team that will have end-to-end responsibility and accountability for IDT victim assistance policy and operations. While the National Taxpayer Advocate applauds this decision, the same concern exists—IDT victims with multiple issues must be provided a sole contact person within the IRS with whom to interact for the duration of the case. Moreover, having a dedicated point of contact within the IRS with responsibility for overseeing an IDT victim's case would ensure that all related issues are fully resolved prior to case closure. This research project analyzes the IRS's ability to resolve IDT cases as experienced by the taxpayer—who is primarily interested in resolving all the issues and receiving his or her refund.

OBJECTIVES

The intent of this case review is to analyze taxpayer experiences with the IRS in resolving tax-related IDT issues. We attempted to quantify:

- The complexity of IDT casework;
- The number of times an IDT case was transferred;
- The amount of time required for the IRS to address all IDT-related issues from the perspective of the taxpayer; and
- Whether the IRS waited until all related issues were fully resolved to close IDT cases.

The findings from this research can guide the development of an approach under which a function would conduct a global account review¹⁰ upon case receipt, and identify and handle multi-issue IDT cases by assigning one employee to interact with the taxpayer and coordinate with IRS functions.

METHODOLOGY

To gain a better understanding of what is really going on in the IRS inventory of IDT cases, TAS (in coordination with Wage and Investment Division (W&I)) pulled a representative sample of IDT cases from IRS inventory. TAS reviewed 409 cases (or “modules” in IRS parlance) involving 389 taxpayers

⁹ Email from Commissioner Koskinen to IRS employees (May 7, 2014).

¹⁰ A global account review upon receipt of a case would include an account analysis to determine years impacted, issues involved, and functional activity needed to resolve the case from the taxpayer's perspective.

that received a closing code in June 2014 indicating that all IDT-related issues have been resolved.¹¹ The sample was large enough that we can be at least 95 percent confident that the results reflect the views of the universe of taxpayers with a margin of error of five percent or less. We selected cases closed in 2014 because we wanted to capture the benefit of AM's revamped procedures for streamlined processing of duplicate filings.¹²

Initially, we extracted a random sample of 1,000 modules and requested Integrated Data Retrieval System (IDRS) data on all modules. Of the 1,000 modules in the original sample, the necessary information to complete the data collection instrument (DCI) was available on only 409. The IRS advised us that the modules with available data were no different in type or substance than those for which this data was no longer available. Moreover, June IDT closures should be reflective of FY 2014 IDT cases closed after the procedural change noted above. Therefore, these study results should be representative of the IRS work on IDT cases.

Seven TAS reviewers used the DCI to record data from IDRS records.¹³ The DCI was programmed into an electronic survey document so that each reviewer selected from the same answers to each survey question. The appendix to this report contains a copy of the survey instrument.

This data was supplemented by certain systemic data elements obtained from Master File, including IDT account markers¹⁴ and their associated transaction dates and posting cycle dates, source codes, business operating division and function responsible for the case, and tax period. We also extracted transaction dates, cycle posting dates, and amounts for modules with refunds (either systemically or manually generated), including credit interest, undeliverable refunds, and duplicate filing conditions.

LIMITATIONS

Cases in our sample contained an account marker signifying closure of the IDT issue by the IRS for at least one module at the time of case selection. As previously indicated, the IRS places this identification marker on a module when it has completed all actions to resolve the IDT issue. The information necessary to complete the DCI generally is removed from IDRS within 30 days of the IRS closing the IDT issue. We discovered that 15 percent of the sampled taxpayers (60 of 389) had additional modules with

11 Transaction Code (TC) 971 Action Code (AC) 501 indicates that an IDT case has been resolved, while TC 971 AC 522 merely indicates that documentation has been received to substantiate a victim's claim of IDT. The IRS revamped its processes for IDT victim assistance during the 2014 filing season. We selected IDT modules with TC 971 AC 501 applied during the month of June 2014 in an attempt to analyze cases that have been fully resolved under the new procedures. Some of these modules received a TC 971 AC 501 in May 2014, but did not post until June 2014. For this sample, we pulled IDRS command codes TXMOD and ENMOD for each affected module of sampled taxpayers. Command Code TXMOD is used to request all tax module information for a specific tax period on the Taxpayer Information File. Command Code ENMOD is designed to provide name, address, and other entity information from an input of the taxpayer identification number. In addition to IDRS, we used Accounts Management Services (AMS), Correspondence Examination Automation System (CEAS), and Correspondence Imaging System (CIS) to pull data for this review. AMS provides a common user interface that allows users to update taxpayer accounts, view history and comments from other systems and access a variety of case processing tools. CEAS is utilized in the examination process to compute proposed tax adjustments, interest, and penalties. CIS is a document imaging and workflow system. All incoming paper correspondence, notice replies, amended returns, internal transcripts, and internal Computer Paragraph notices are scanned and processed as digital images.

12 Some taxpayers in the sample continue to have unresolved IDT issues involving other years.

13 This data was supplemented by certain systemic data elements obtained from Master File, including TC 971 AC 501/506/522 dates, posting cycle dates, source codes, business operating divisions, tax periods, and programs. Transaction dates, cycle posting dates, and amounts were also pulled for modules with refunds (either systemically generated or manual), credit interest, undeliverable refunds, and duplicate filing conditions.

14 TC 971 AC 501/506/522.

open IDT issues in prior or subsequent years.¹⁵ In these instances, the data was not available to analyze these other modules. The results from this study only pertain to the sample modules and may not be reflective of the entire taxpayer experience with the IRS. Thus, the taxpayer perspective of the cycle times calculated in this review is likely understated because we cannot include the time it took to resolve these other modules.

Another limitation is that we relied on the existence of an account marker as an indicator that an IDT issue was resolved. However, we discovered that the existence of this marker does not necessarily indicate that all actions have been taken to address the IDT victim's issues. As discussed later, the IRS prematurely placed this indicator on the accounts of 85 taxpayers in our sample, or 22 percent, even though it had not taken all necessary actions. In those instances, the IRS had to take additional steps to fully resolve the IDT issue.¹⁶ Thus, the cycle time calculated in our case review is further understated.

FINDINGS

Complexity of IDT Casework

The Majority of IDT Victims Had Tax Issues Impacting Just a Single Year

There were 389 distinct taxpayers in our sample of IDT cases. Upon first glance, it appeared that the overwhelming majority of victims (374, or 96 percent) had modules that included issues from a single year, while only 15 taxpayers (four percent) had modules that included issues spanning multiple years.¹⁷ However, these figures do not include taxpayers who had open IDT-related issues from other years. As discussed earlier, there were 60 taxpayers¹⁸ (15 percent) who had open IDT modules from other years in our review. Even taking into account these taxpayers with open IDT modules, the majority of victims had IDT issues affecting just one tax year.

Nearly 30 Percent of IDT Cases Involved Multiple Issues

Almost 30 percent (112 of 394) of the modules reviewed included multiple issues; conversely, over 70 percent involved just one issue.¹⁹ Additional issues raise the level of complexity and may require additional time for the IRS to resolve and further taxpayer contact with other IRS functions.

15 Among these 60 taxpayers, there were 100 open modules.

16 Of the 85 taxpayers, 71 still had unresolved tax issues as of November 24, 2014. The IRS had resolved the tax issues for 14 of these taxpayers since the review ended, but before November 24, 2014.

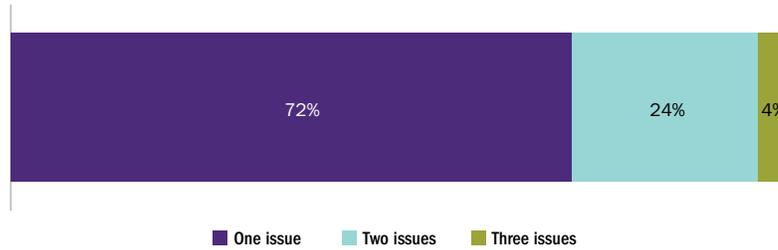
17 Twelve taxpayers had issues spanning two years, one taxpayer had issues spanning three years, and two taxpayers had issues spanning four years.

18 These 60 taxpayers collectively had 100 open modules from prior or subsequent years.

19 The issue could not be determined in 15 cases; they are excluded from this total.

FIGURE 2

Identity theft cases by number of tax issues



IDT cases may involve several types of issues, including duplicate filing, notice, underreporting (AUR), and audit. The most frequently identified issue was duplicate filing (50 percent), followed by “notice” (12 percent). The remaining issues represented less than ten percent of all issues identified.

FIGURE 3, Tax issues among IDT cases²⁰

Issue	Count	Percent
Duplicate Filing	263	50.4%
Notice	63	12.1%
Automated Under-Reporter (AUR)	46	8.8%
Other	31	5.9%
Audit	22	4.2%
Wage Verification	17	3.3%
Erroneous Refund	16	3.1%
Tax Delinquency Indicator (TDI)	14	2.7%
No Filing Requirement	13	2.5%
Levy	9	1.7%
Unpostable	8	1.5%
Substitute for Return (SFR)	5	1.0%
Data Breach	4	0.8%
Automated Substitute for Return (ASFR)	3	0.6%
SSA Notification	3	0.6%
Deceased Indicator	2	0.4%
Taxpayer Protection Program (TPP)	2	0.4%
Criminal Investigation (CI) Scheme	1	0.2%
Total	522	100.2%

²⁰ Numbers do not total 100 percent due to rounding.

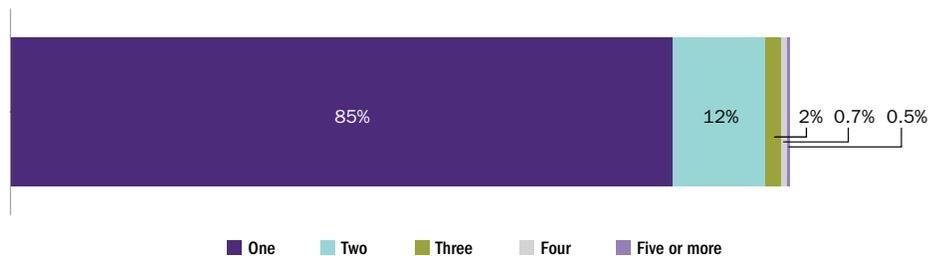
IDT Case Transfers

The Majority of IDT Cases Were Worked Within a Single Function

Eighty-five percent of the cases in our review were worked by a single function. The rest were worked by anywhere from two to five functions, with most of them involving two functions.

FIGURE 4

Number of functions working IDT cases



These results may seem to indicate that IDT victims generally remain with one IRS assistor for the duration of their case, but that is not necessarily correct. First, an IDT victim could be handed off to multiple assistors during the course of case resolution. For example, the IPSU does not designate an assistor to work with a particular taxpayer;²¹ rather, the taxpayer must call the general IPSU number to inquire about the case. Second, the IRS has a very loose definition of a “function” for purposes of its multiple function criteria. Eight different functions are lumped into a catchall category called “Compliance.”²² For example, if an IDT issue required coordination with Exam and the Automated Collection System Support, the IRS would consider this case to have been worked by one function, even though employees in Exam do not work Collection cases and vice versa.

Two-Thirds of IDT Cases Were Transferred or Reassigned

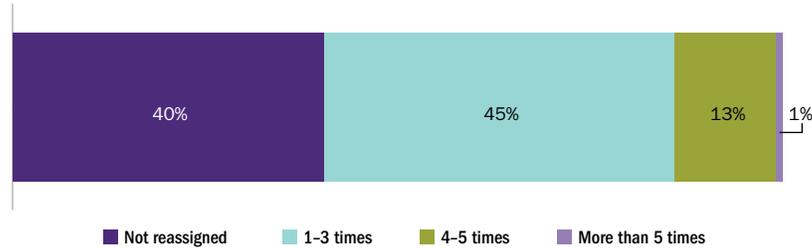
We looked at the frequency of IDT cases being reassigned to another assistor within a function. As indicated by the following figure, we found that about 60 percent of the modules in our sample were reassigned within a function. TAS is concerned that reassignments add burden to taxpayers and may delay the resolution of the case. In our review, we found a few cases were reassigned as many as eight or nine times before they were closed.

21 There is an exception for IDT cases that meet TAS case criteria 5 through 7, which are worked by a designated IPSU assistor using the Identity Theft Assistance Request (ITAR) procedures.

22 Compliance functions include Automated Underreported (AUR), Automated Substitute for Return (ASFR), Campus Exam, Field Exam, Automated Collection System (ACS), Automated Collection System Support (ACSS), Compliance Services Collection Operations (CSCO), and Field Collection. See Internal Revenue Manual (IRM) 10.5.3.2.3, *Multiple Function Criteria (MFC) Cases Requiring Referral to IPSU for Monitoring* – IMF (Jan. 16, 2014).

FIGURE 5

Identity theft case reassignments



Reassignments	Frequency	Percent
Not reassigned	163	40%
1 - 3 times	186	45%
4 - 5 times	54	13%
More than 5 times	6	1%
Total	409	100%*

* Exact numbers round to 100%

Overall, about two-thirds (67 percent) of all IDT modules in our sample were either (1) worked in more than one function, or (2) reassigned to another assistor within a function.

Given the likelihood of an IDT case moving about within the IRS, there is a concern that an IDT case may fall through the cracks without a sole contact person. We found that 42 percent of the 409 modules analyzed in our sample had periods of inactivity. Reassigned cases had longer periods of inactivity than those that were not reassigned.²³ In other words, *in more than 40 percent of the IDT cases sampled, the IRS took no action for an average of two and a half months (78 days).*

Time Needed to Fully Resolve All IDT-Related Issues

From the Taxpayer’s Perspective, the Average Cycle Time Was 179 Days

Identity theft victims who are already traumatized by an invasive crime typically wait months for the IRS to resolve their tax-related cases. The National Taxpayer Advocate is concerned that the IRS cannot provide a servicewide cycle time measure for resolving IDT cases *from the taxpayer’s perspective*. While some functions (such as AM) can track how long IDT cases stay in their inventory, there is no standard calculation of cycle time across the IDT functions. The cycle times reported by various IDT specialized units do not reflect the time that has passed since the taxpayer filed a return, or the time spent interacting with other functions. For example, the 120-day cycle time cited by the IRS in its response to the National Taxpayer Advocate’s 2013 Annual Report to Congress pertains only to the AM portion of the case.²⁴ All

23 In modules that were reassigned, the average period of inactivity was about a week longer.

24 See IRS response to recommendations from the National Taxpayer Advocate’s 2013 Annual Report to Congress, available at <http://www.taxpayeradvocate.irs.gov/userfiles/file/IRS-2013-MSP-Responses.pdf>.

this means is that it took AM 120 days to resolve one module; it does not mean all of the victim's IDT-related tax issues were resolved in 120 days.²⁵

In this case review, we looked at IDT case cycle time from the taxpayer's perspective—from the date of initial contact with the IRS by an IDT victim to the date the IRS issued a refund, if applicable, or completed the account adjustments. As a result, the cycle time computed in our review is significantly different than the cycle time reported by the IRS. The average cycle time for the IDT cases in our sample was 179 days (six months), with a median case cycle time of 105 days (approximately 3 ½ months). We believe this measure more accurately indicates how long the IRS takes to resolve IDT cases.

When taxpayers must wait six months for the IRS to resolve their IDT-related tax issues, it can cause a significant hardship, especially for those awaiting tax refunds. The burden is on the victims to call the IRS multiple times, who must explain the circumstances to a different assistor each time. Moreover, because the IRS waits until the module is fully resolved to place an IDT marker on the account, an IDT victim will not receive the benefit of an Identity Protection PIN²⁶ during this 179-day average cycle time.

As discussed below, some IDT modules in our review were closed out by the function even though not all appropriate actions were taken. Furthermore, this 179 day measure is just for one module impacting one year and may only represent part of the victim's IDT-related tax issues. As a result, the average cycle time of 179 days is understated.

More than One-Fifth of the Victims Had Unresolved IDT-Related Issues When the IRS Closed Their Modules

The input of TC 971 AC 501 generally indicates that all IDT issues have been resolved. However, we noticed that for many modules in our review, the TC 971 AC 501 was input before all closing actions had been taken. Specifically, we found that for 85 taxpayers in our sample (22 percent), the IRS had closed an IDT module without taking the appropriate steps to fully resolve the victim's account.²⁷ Although their modules received a closing code, some IDT victims did not receive a refund, or the IRS failed to update the victim's address to receive an Identity Protection PIN for example. We provided the IRS with a list of taxpayers for whom the appropriate closing actions were not taken, despite the existence of a TC 971 AC 501 on the module.²⁸

25 The IRS states that AM counts cycle time from the victim's "return received date." However, as noted above, in many cases AM deals with only one aspect of the of the overall victim's interactions with the IRS as a result of the IDT, and those other interactions are not necessarily captured in AM's cycle time.

26 An Identity Protection PIN is a six-digit code that must be entered on the tax return at time of filing by certain victims of IDT. This Identity Protection PIN protects accounts from being susceptible to further misuse by identity thieves.

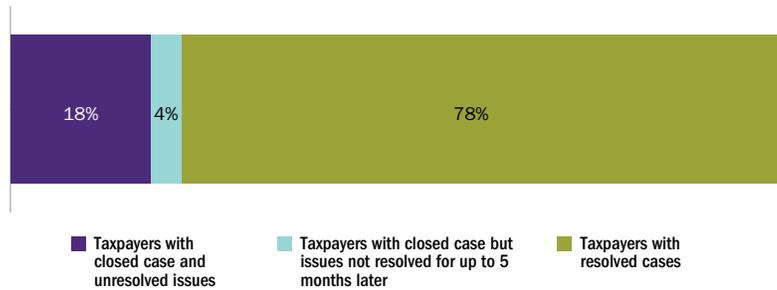
27 Of the 85 taxpayers, 71 still had unresolved tax issues as of November 24, 2014. The IRS had resolved the tax issues for 14 of these taxpayers since the review ended, but before November 24, 2014.

28 The unresolved issue listing sent over to the IRS operating divisions identified the following broad categories of incomplete action items:

- ◆ Refunds not yet issued;
- ◆ Addresses not updated;
- ◆ Victim's returns not assessed;
- ◆ Incomplete/incorrect adjustments;
- ◆ Erroneous refunds issued; and
- ◆ Balance due closing letters not issued.

FIGURE 6

ID theft case resolution at case closing



In FY 2014, the IRS closed IDT cases with a TC 971 AC 501 indicator for nearly 270,000 taxpayers.²⁹ Extrapolating the 22 percent of the sample cases that were closed prematurely, we estimate that nearly 60,000 IDT victims were not made whole when the IRS closed their cases.³⁰

Each of these cases purportedly underwent a global account review³¹ prior to closing. In many instances, we saw that a global account review was completed, but the issues were not resolved (*e.g.*, the refund was not yet issued). This raises the question as to whether the way in which the IRS conducts the global account review is effective, or whether IRS employees need additional training in interpreting the findings of the global account review.

CONCLUSION AND RECOMMENDATIONS

Identity theft cases are complex, often including multiple tax issues and spanning multiple years. Almost 30 percent of the IDT cases in our sample involved multiple tax issues. Due to limitations of IRS data, we could not completely ascertain what percent of IDT cases involved tax issues that spanned multiple years.

About two-thirds of IDT modules reviewed were worked by multiple functions or were reassigned within a function. When cases are transferred or reassigned, there is a risk that case activity will stall. Among IDT cases with periods of inactivity, the average period of inactivity was 78 days. The National Taxpayer Advocate believes assigning a sole contact person on these types of IDT cases will prevent such extended periods of inactivity.

The average cycle time for IDT cases is at least 179 days. The cycle time we calculated is most certainly understated for at least two reasons. First, because there may be associated open modules that were not included in this review. Second, because 22 percent of the “closed” cases in our sample still required additional steps to fully resolve the taxpayers’ IDT issues. That is, not all IDT cases that the IRS considers closed are actually resolved.

29 Data pulled from the Compliance Data Warehouse, Individual Master File transaction history entity table (Dec. 18, 2014).

30 The 95 percent confidence interval is from 16.9 percent to 26.9 percent, which translates to an estimate of 45,186 to 72,001 taxpayers.

31 A global review is a review of an identity theft marked tax account (TC 971 AC 501/506) from the date of the impact and subsequent for modules potentially impacted by identity theft. IRM 21.9.2.6, *Global Review* (Feb. 3, 3014).

Based on the findings, the National Taxpayer Advocate recommends the following actions:

1. Functions working IDT cases should conduct a global account review upon case receipt and handle only single-issue IDT cases.
2. IDT victims with multiple issues should be assigned a sole IRS contact person (and provided with a toll-free direct extension to this contact person) who would interact with them throughout and oversee the resolution of the case, no matter how many different IRS functions need to be involved behind the scenes.
3. The IRS should count each function that works IDT cases separately, rather than lumping eight different functions into a catchall “Compliance” bucket for purposes of its multiple function criteria.
4. The IRS should track IDT cycle time in a way that reflects the taxpayer’s experience more accurately—from the time the taxpayer submits the appropriate documentation to the time the IRS issues a refund (if applicable) or otherwise resolves all related issues.
5. The IRS should review its global account review procedures to ensure all related issues are actually resolved (including issuance of a refund, if applicable) prior to case closure, and conduct appropriate training for its employees.

APPENDIX: Data Collection Instrument used in Case Review

Results for currently selected survey

1.) **Assigned Case Number** (provided in case list)

2.) **When did the taxpayer initiate contact with IRS?**

3.) **Which Tax Year does this DCI information pertain to?** (select only one)

Choice Number	Percent
2008	
2009	
2010	
2011	
2012	
2013	
Other	

3-1.) Please specify the year.

4.) **What issue(s) motivated the Taxpayer to contact IRS?** (check all that apply)

Choice	Number	Percent
Unable to efile		
Duplicate filing		
Levy		
Audit		
Notice		
AUR		
SSA Notification		
ASFR		
Lien		
Unpostable		
SFR		
Wage Verification		
Erroneous Refund		
Withholding Compliance		
TDI		
Deceased Indicator		
CI Scheme		
Other		

4-1.) Please specify the issue.

5.) **Which IRS BOD/ function did the taxpayer initially contact?**

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Large Business & International			

Privacy, Governmental Liaison & Disclosure
 Small Business / Self-Employed
 Taxpayer Advocate Service
 Wage & Investment
 Other

5-1.) Please specify the Operating Division or Function (TP initial contact).

5-2.) Please specify the SBSE Function (TP initial contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

5-3.) Please specify the WI Function (TP initial contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
AMADJ (TP identified IDT) - Accounts Management			
IPSU			
AMADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence			
Svcs, Taxpayer Protection Prgm			
RICS (IVO) - Return Integrity & Correspondence			
Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

6.) When was SSN owner's return received? (mm/dd/yy, 99/99/99 if unknown)

7.) What Filing Status did the taxpayer show on the return?

Answer	# Responses	% Who Answered	% of Total
Single			
Married Filing Joint (MFJ)			
Married Filing Separate (MFS)			
Head of Household (HoH)			
Widow			
N/A			

8.) When was Form 14039 received? (mm/dd/yy, 99/99/99 if not provided)

9.) Was the Form 14039 legible?

Answer	# Responses	% Who Answered	% of Total
Yes			
No			
Unable to Determine			

9-1.) When did the taxpayer provide a legible Form 14039? (mm/dd/yy, 99/99/99 if not provided)

10.) Were all required supporting documents included with the Form 14039?

Answer	# Responses	% Who Answered	% of Total
All documents included			
Some documents included			
No documents included			
Unable to Determine			

10-1.) Was the Form 14039 returned to the taxpayer? (some docs)

Answer	# Responses	% Who Answered	% of Total
Yes			
No			
Unable to Determine			

10-2.) Was the Form 14039 returned to the taxpayer? (no docs)

Answer	# Responses	% Who Answered	% of Total
Yes			
No			
Unable to Determine			

10-3.) When was the Form 14039 returned to the taxpayer? (some docs - mm/dd/yy, 99/99/99 if not provided)

10-4.) When was the Form 14039 returned to the taxpayer? (no docs - mm/dd/yy, 99/99/99 if not provided)

11.) How many times did the IRS request a completed Form 14039 after one was already received?

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4 or more			

12.) When did IRS send the acknowledgment letter? (mm/dd/yy or 99/99/99 in not applicable)

13.) Which IRS BOD / function sent the initial acknowledgement letter to the taxpayer?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Large Business & International			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No Acknowledgement letter sent			
N/A - Not Applicable			

13-1.) Please specify the Operating Division or Function (IRS initial contact).

13-2.) Please specify the SBSE Function (IRS initial contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

13-3.) Please specify the WI Function (IRS initial contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
AMADJ (TP identified IDT) - Accounts Management			
IPSU			
AMADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm			
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

14.) When did the IRS make the 1st subsequent taxpayer contact? (mm/dd/yy, 99/99/99 if not provided)

15.) How did the IRS make the 1st subsequent taxpayer contact?

Choice	Number	Percent
Did not subsequently contact TP		
Letter		
Notice		
Phone		
Other		

16.) Why did the IRS initiate this contact (1st subsequent) **with the taxpayer?**

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			
Status			

Other
Unable to Determine
No Contact Made

16-1.) Please Specify (IRS 1st subsequent contact).

17.) Which IRS BOD/function made the 1st subsequent contact with the taxpayer?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No Subsequent Contact Made			
N/A - Not Applicable			

17-1.) Please specify which Operating Division / Function (IRS 1st subsequent contact).

17-2.) Please specify the SBSE Function (IRS 1st subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

17-3.) Please specify the WI Function (IRS 1st subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
A MADJ (TP identified IDT) - Accounts Management			
IPSU			
A MADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
SCO - Compliance Services Collection Operations			
C CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence			
Svcs, Taxpayer Protection Prgm			
RICS (IVO) - Return Integrity & Correspondence			
Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

18.) When did the IRS make the 2nd subsequent taxpayer contact? (mm/dd/yy, 99/99/99 if no contact)

19.) How did the IRS make the 2nd subsequent taxpayer contact?

Choice	Number	Percent
Did not subsequently contact TP twice		
Letter		
Notice		
Phone		
Other		

20.) Why did the IRS initiate this contact (2nd subsequent) with the taxpayer?

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			
Status			
Other			
Unable to Determine			
No 2nd Subsequent Contact Made			

20-1.) Please Specify (IRS 2nd subsequent contact).

21.) Which IRS BOD/function initiated the 2nd subsequent contact with the taxpayer?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No 2nd Subsequent Contact Made			
N/A - Not Applicable			

21-1.) Please specify the Operating Division or Function (IRS 2nd subsequent contact).

21-2.) Please specify the SBSE Function (IRS 2nd subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

21-3.) Please specify the WI Function (IRS 2nd subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
AMADJ (TP identified IDT) - Accounts Management			
IPSU			
AMADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence			
Svcs, Taxpayer Protection Prgm			
RICS (IVO) - Return Integrity & Correspondence			
Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

22.) When did the IRS make the 3rd subsequent taxpayer contact? (mm/dd/yy, 99/99/99 if no contact)

23.) How did the IRS make the 3rd subsequent taxpayer contact?

Choice	Number	Percent
Did not subsequently contact TP three times		
Letter		
Notice		
Phone		
Other		

24.) Why did the IRS initiate this contact (3rd subsequent) with the taxpayer?

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			
Status			
Other			
Unable to Determine			
No 3rd Subsequent Contact Made			

24-1.) Please Specify (IRS 3rd subsequent contact).

25.) Which IRS function initiated the 3rd subsequent contact with the taxpayer?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No 3rd Subsequent Contact Made			

N/A - Not Applicable

25-1.) Please specify the Operating Division or Function (IRS 3rd subsequent contact).

25-2.) Please specify the SBSE Function (IRS 3rd subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

25-3.) Please specify the WI Function (IRS 3rd subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
AMADJ (TP identified IDT) - Accounts Management			
IPSU			
AMADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm			
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

26.) When did the IRS make the 4th subsequent taxpayer contact? (mm/dd/yy, 99/99/99 if no contact)

27.) How did the IRS make the 4th subsequent taxpayer contact?

Choice	Number	Percent
Did not subsequently contact TP four times		
Letter		
Notice		
Phone		
Other		

28.) Why did the IRS initiate this contact (4th subsequent) **with the taxpayer?**

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			

Status
 Other
 Unable to Determine
 No 4th Subsequent Contact Made

28-1.) Please Specify (IRS 4th subsequent contact).

29.) Which IRS function initiated the 4th subsequent contact with the taxpayer?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No 4th Subsequent Contact Made			
N/A - Not Applicable			

29-1.) Please specify the Operating Division or Function (IRS 4th subsequent contact).

29-2.) Please specify the SBSE Function (IRS 4th subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

29-3.) Please specify the WI Function (IRS 4th subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
A MADJ (TP identified IDT) - Accounts Management			
IPSU			
A MADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
SCO - Compliance Services Collection Operations			
C CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence			
Svcs, Taxpayer Protection Prgm			
RICS (IVO) - Return Integrity & Correspondence			
Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			

Other

30.) When did the IRS make the 5th subsequent taxpayer contact? (mm/dd/yy, 99/99/99 if no contact)

31.) How did the IRS make the 5th subsequent taxpayer contact?

Choice	Number	Percent
Did not subsequently contact TP five times		
Letter		
Notice		
Phone		
Other		

32.) Why did the IRS initiate this contact (5th subsequent) with the taxpayer?

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			
Status			
Other			
Unable to Determine			
No 5th Subsequent Contact Made			

32-1.) Please Specify (IRS 5th subsequent contact).

33.) Which IRS function initiated the 5th subsequent contact with the taxpayer?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No 5th Subsequent Contact Made			
N/A - Not Applicable			

33-1.) Please specify the Operating Division or Function (IRS 5th subsequent contact).

33-2.) Please specify the SBSE Function (IRS 5th subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

33-3.) Please specify the WI Function (IRS 5th subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
AMADJ (TP identified IDT) - Accounts Management			
IPSU			
AMADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence			
Svcs, Taxpayer Protection Prqgm			
RICS (IVO) - Return Integrity & Correspondence			
Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

34.) How many more times did the IRS contact the taxpayer about this IDT issue (besides the opening, closing, or 5 subsequent contacts previously discussed)?

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5			
6 or more			

35.) Which IRS BOD/ function initiated any other subsequent contact with the taxpayer? (select all that apply)

Choice	Number	Percent
Appeals		
Criminal Investigation		
Information Technology		
Large Business & International		
Operations Support		
Privacy, Governmental Liaison & Disclosure		
Small Business / Self-Employed		
Taxpayer Advocate Service		
Wage & Investment		
Other		
No Other IRS Initiated Contacts		

35-1.) Please specify the Operating Division or Function.

35-2.) Please specify the SBSE Function.

Choice	Number	Percent
ACS -Automated Collection System		

ASFR - Automated Substitute for Return
 AUR - Automated Underreporter
 CFBALDUE or CFDELRET - Field Collection
 CORR - Correspondence Exam
 CSCO - Compliance Services Collection Operations
 DITA - Designated Identity Theft Adjustment
 FLADV - Field Advisory
 FLDEXAM - Field Exam
 FLDINSV - Field Insolvency
 TDI - Tax Delinquency Investigation
 Other

35-3.) Please specify the WI Function.

Choice	Number	Percent
ACS -Automated Collection System		
AM (IRS identified IDT) - Accounts Management		
AMADJ (TP identified IDT) - Accounts Management IPSU		
AMADJ (TP identified IDT) - Accounts Management AM		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
EXAM - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
CPAT - Compliance Post Adjustment Team		
FA - Field Assistance		
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm		
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation		
SP - Submission Processing Other than ID Theft		
SPIDT - Submission Processing Identity Theft		
TDI - Tax Delinquency Investigation		
WHC - Withholding Compliance		
Other		

36.) When did the IRS complete the closing contact with the taxpayer? (mm/dd/yy, 99/99/99 if no contact)

37.) How did the IRS contact the taxpayer at closing?

Choice	Number	Percent
Did not contact TP when closing the case		
Letter		
Notice		
Phone		
Other		

38.) Which IRS BOD/ function initiated closing the case?

Answer	# Responses	Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			

- Large Business & International
- Operations Support
- Privacy, Governmental Liaison & Disclosure
- Small Business / Self-Employed
- Taxpayer Advocate Service
- Wage & Investment
- Other
- No Closing Contact

38-1.) Please specify the Operating Division or Function (IRS initiated closing).

38-2.) Please specify the SBSE Function (IRS initiated closing).

Choice	Number	Percent
ACS -Automated Collection System		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
CFBALDUE or CFDELRET - Field Collection		
CORR - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
DITA - Designated Identity Theft Adjustment		
FLADV - Field Advisory		
FLDEXAM - Field Exam		
FLDINSV - Field Insolvency		
TDI - Tax Delinquency Investigation		
Other		

38-3.) Please specify the WI Function (IRS initiated closing).

Choice	Number	Percent
ACS -Automated Collection System		
AM (IRS identified IDT) - Accounts Management		
AMADJ (TP identified IDT) - Accounts Management IPSU		
AMADJ (TP identified IDT) - Accounts Management AM		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
EXAM - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
CPAT - Compliance Post Adjustment Team		
FA - Field Assistance		
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm		
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation		
SP - Submission Processing Other than ID Theft		
SPIDT - Submission Processing Identity Theft		
TDI - Tax Delinquency Investigation		
WHC - Withholding Compliance		
Other		

39.) When did the taxpayer initiate the 1st subsequent IRS contact? (mm/dd/yy, 99/99/99 if no contact)

40.) Why did the taxpayer initiate this contact (1st subsequent) with the IRS?

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			
Status			
Other			
Unable to Determine			
No Taxpayer Initiated Contact			
<hr/>			
40-1.) Please Specify (1st tp subsequent contact).			
<hr/>			
41.) How did the taxpayer initiate the 1st subsequent IRS contact?			
Choice	Number	Percent	
Did not subsequently contact IRS			
Letter			
Phone			
In Person/ Walk-in			
Fax			
Other			
<hr/>			
41-1.) Please specify how the taxpayer contacted IRS (1st tp subsequent contact).			
<hr/>			
42.) Which IRS BOD/ function did the taxpayer communicate with in the 1st subsequent IRS contact?			
Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
Taxpayer did not contact IRS again			
<hr/>			
42-1.) Please specify the Operating Division or Function (1st tp subsequent contact).			
<hr/>			
42-2.) Please specify the SBSE Function (1st tp subsequent contact).			
Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			
<hr/>			
42-3.) Please specify the WI Function (1st tp subsequent contact).			

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
AMADJ (TP identified IDT) - Accounts Management			
IPSU			
AMADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm			
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

43.) When did the taxpayer contact the IRS in the 2nd subsequent contact? (mm/dd/yy, 99/99/99 if no contact)

44.) Why did the taxpayer initiate this contact (2nd subsequent) with the IRS?

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			
Status			
Other			
Unable to Determine			
No 2nd Subsequent Contact by Taxpayer			

44-1.) Please Specify (2nd tp subsequent contact).

45.) How did the taxpayer make the 2nd subsequent IRS contact?

Choice	Number	Percent
Did not subsequently contact IRS twice		
Letter		
Phone		
In Person/Walk-in		
Fax		
Other		

45-1.) Please specify how the taxpayer contacted IRS (2nd tp subsequent contact).

46.) Which IRS BOD/function did the taxpayer communicate with in the 2nd subsequent IRS contact?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			

Taxpayer Advocate Service
 Wage & Investment
 Other
 No 2nd Subsequent Contact

46-1.) Please specify the Operating Division or Function (2nd tp subsequent contact).

46-2.) Please specify the SBSE Function (2nd tp subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

46-3.) Please specify the WI Function (2nd tp subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
AMADJ (TP identified IDT) - Accounts Management			
IPSU			
AMADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prqgm			
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

47.) When did the taxpayer contact the IRS in the 3rd subsequent contact? (mm/dd/yy, 99/99/99 if no contact)

48.) Why did the taxpayer initiate this contact (3rd subsequent) **with the IRS?**

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			
Status			
Other			
Unable to Determine			
No 3rd Subsequent Contact by Taxpayer			

48-1.) Please Specify (3rd tp subsequent contact).

49.) How did the taxpayer contact the IRS in the 3rd subsequent contact?

Choice	Number	Percent
Did not subsequently contact IRS 3 times		
Letter		
Phone		
In Person/Walk-in		
Fax		
Other		

49-1.) Please specify how the taxpayer contacted IRS (3rd tp subsequent contact).

50.) Which IRS BOD/ function did the taxpayer communicate with in the 3rd subsequent IRS contact?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed Taxpayer Advocate Service			
Wage & Investment Other			
No 3rd subsequent contact			

50-1.) Please specify the Operating Division or Function (3rd tp subsequent contact).

50-2.) Please specify the SBSE Function (3rd tp subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

50-3.) Please specify the WI Function (3rd tp subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS - Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
A MADJ (TP identified IDT) - Accounts Management			
IPSU			
A MADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
SCO - Compliance Services Collection Operations			
C CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			

RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm
 RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation
 SP - Submission Processing Other than ID Theft
 SPIDT - Submission Processing Identity Theft
 TDI - Tax Delinquency Investigation
 WHC - Withholding Compliance
 Other

51.) When did the taxpayer contact the IRS in the 4th subsequent contact? (mm/dd/yy, 99/99/99 if no contact)

52.) Why did the taxpayer initiate this contact (4th subsequent) with the IRS?

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			
Status			
Other			
Unable to Determine			
No 4thSubsequent Contact by Taxpayer			

52-1.) Please Specify (why 4th TP Subsequent Contact).

53.) How did the taxpayer contact the IRS in the 4th subsequent contact?

Choice	Number	Percent
Did not subsequently contact IRS 4 times		
Letter		
Phone		
In Person/Walk-in		
Fax		
Other		

53-1.) Please specify how the taxpayer contacted IRS (4th subsequent).

54.) Which IRS BOD/ function did the taxpayer communicate with in the 4th subsequent IRS contact?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No 4th subsequent contact			

54-1.) Please specify the Operating Division or Function.

54-2.) Please specify the SBSE Function (4th tp subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			

AUR - Automated Underreporter
 CFBALDUE or CFDELRET - Field Collection
 CORR - Correspondence Exam
 CSCO - Compliance Services Collection Operations
 DITA - Designated Identity Theft Adjustment
 FLADV - Field Advisory
 FLDEXAM - Field Exam
 FLDINSV - Field Insolvency
 TDI - Tax Delinquency Investigation
 Other

54-3.) Please specify the WI Function (4th tp subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS - Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
AMADJ (TP identified IDT) - Accounts Management			
IPSU			
AMADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence			
Svcs, Taxpayer Protection Prqm			
RICS (IVO) - Return Integrity & Correspondence			
Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

55.) When did the taxpayer contact the IRS in the 5th subsequent contact? (mm/dd/yy, 99/99/99 if no contact)

56.) Why did the taxpayer initiate this contact (5th subsequent) **with the IRS?**

Answer	# Responses	% Who Answered	% of Total
Provide Additional Information			
Interim Update (time)			
Status			
Other			
Unable to Determine			
No 5th Subsequent Contact by Taxpayer			

56-1.) Please Specify (why 5th TP subsequent contact).

57.) How did the taxpayer contact the IRS in the 5th subsequent contact?

Choice	Number	Percent
Did not subsequently contact IRS 5 times		
Letter		
Phone		
In Person/Walk-in		
Fax		
Other		

57-1.) Please specify how the taxpayer contacted IRS (5th tp subsequent contact).

58.) Which IRS BOD/ function did the taxpayer communicate with in the 5th subsequent IRS contact?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No 5th subsequent contact			

58-1.) Please specify the Operating Division or Function (TP 5th subsequent contact).

58-2.) Please specify the SBSE Function (TP 5th subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS -Automated Collection System			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
CFBALDUE or CFDELRET - Field Collection			
CORR - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
DITA - Designated Identity Theft Adjustment			
FLADV - Field Advisory			
FLDEXAM - Field Exam			
FLDINSV - Field Insolvency			
TDI - Tax Delinquency Investigation			
Other			

58-3.) Please specify the WI Function (TP 5th subsequent contact).

Answer	# Responses	% Who Answered	% of Total
ACS - Automated Collection System			
AM (IRS identified IDT) - Accounts Management			
AMADJ (TP identified IDT) - Accounts Management			
IPSU			
AMADJ (TP identified IDT) - Accounts Management			
AM			
ASFR - Automated Substitute for Return			
AUR - Automated Underreporter			
EXAM - Correspondence Exam			
CSCO - Compliance Services Collection Operations			
CPAT - Compliance Post Adjustment Team			
FA - Field Assistance			
RICS (TPP) - Return Integrity & Correspondence			
Svcs, Taxpayer Protection Prqgm			
RICS (IVO) - Return Integrity & Correspondence			
Svcs, Integrity & Verification Operation			
SP - Submission Processing Other than ID Theft			
SPIDT - Submission Processing Identity Theft			
TDI - Tax Delinquency Investigation			
WHC - Withholding Compliance			
Other			

59.) How many more times did the taxpayer contact the IRS about this IDT issue (besides the opening, or 5 subsequent contacts previously discussed)?

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5			
6 or more			

60.) Which IRS BOD/ function did the taxpayer contact on any other subsequent contacts? (select all that apply)

Choice	Number	Percent
Appeals		
Criminal Investigation		
Information Technology		
Large Business & International		
Operations Support		
Privacy, Governmental Liaison & Disclosure		
Small Business / Self-Employed		
Taxpayer Advocate Service		
Wage & Investment		
Other		
No Other TP Initiated Contacts		

60-1.) Please specify the Operating Division or Function (add'l tp contacts).

60-2.) Please specify the SBSE Function (add'l tp contacts).

Choice	Number	Percent
ACS -Automated Collection System		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
CFBALDUE or CFDELRET - Field Collection		
CORR - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
DITA - Designated Identity Theft Adjustment		
FLADV - Field Advisory		
FLDEXAM - Field Exam		
FLDINSV - Field Insolvency		
TDI - Tax Delinquency Investigation		
Other		

60-3.) Please specify the WI Function (add'l tp contacts).

Choice	Number	Percent
ACS -Automated Collection System		
AM (IRS identified IDT) - Accounts Management		
AMADJ (TP identified IDT) - Accounts Management IPSU		
AMADJ (TP identified IDT) - Accounts Management AM		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		

EXAM - Correspondence Exam
 CSCO - Compliance Services Collection Operations
 CPAT - Compliance Post Adjustment Team
 FA - Field Assistance
 RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm
 RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation
 SP - Submission Processing Other than ID Theft
 SPIDT - Submission Processing Identity Theft
 TDI - Tax Delinquency Investigation
 WHC - Withholding Compliance
 Other

61.) Which letters or CP notices did the IRS send to the taxpayer related to this stolen identity?

Choice	Number	Percent
CP01 - Identity Theft Claim Verified		
CP 01S or CP 701 (Spanish) - IDT Doc Acknowledgement		
239C/SP - TIN - Related Problem Resolution		
4403C/SP - IDT - IPSU Ack/Resource Info/ Pt of Contact		
4445C - ID Theft Acknowledge Notification		
4455C, UPC 147 - Taxpayer Inquiry Letter		
4457C, UPC 147 - ID Theft Attempt Letter		
4524C/SP - ID Theft Assistance Request (ITAR)		
5064 C/SP - Compliance Letter ID Theft		
5073C - Acknowledge Letter for IDT Doc (F14039, Police Report or Fed or state Id)		
Other		
NA		

61-1.) Please specify the other letters or notices sent to the taxpayer regarding their identity theft issue.

62.) When did IPSU involvement begin? (mm/dd/yy, 99/99/99 if not involved)

63.) Which IDRS control category did IPSU use?

Answer	# Responses	% Who Answered	% of Total
IDT4			
IDT5			
IDTX			
ITAR			
GRVW			
Other			
None / NA			
IDT2			

63-1.) Please specify the Other IDRS category code.

64.) When did IPSU close the case? (mm/dd/yy, 99/99/99 if not applicable)

65.) How many functions were involved with IDT resolution?

Answer	# Responses	% Who Answered	% of Total
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- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10 or more

66.) When did IPSU initially refer this case? (mm/dd/yy, 99/99/99 if not provided)

67.) Which IDT BOD/function 1st worked this case?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			

67-1.) Please specify the Operating Division or Function.

67-2.) Please specify the SBSE Function. (1st IDT contact)

Choice	Number	Percent
ACS -Automated Collection System		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
CFBALDUE or CFDELRET - Field Collection		
CORR - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
DITA - Designated Identity Theft Adjustment		
FLADV - Field Advisory		
FLDEXAM - Field Exam		
FLDINSV - Field Insolvency		
TDI - Tax Delinquency Investigation		
Other		

67-3.) Please specify the WI Function. (1st IDT contact)

Choice	Number	Percent
ACS -Automated Collection System		
AM (IRS identified IDT) - Accounts Management		
AMADJ (TP identified IDT) - Accounts Management IPSU		
AMADJ (TP identified IDT) - Accounts Management AM		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		

EXAM - Correspondence Exam
 CSCO - Compliance Services Collection Operations
 CPAT - Compliance Post Adjustment Team
 FA - Field Assistance
 RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm
 RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation
 SP - Submission Processing Other than ID Theft
 SPIDT - Submission Processing Identity Theft
 TDI - Tax Delinquency Investigation
 WHC - Withholding Compliance
 Other

68.) When did IDT 1st function receive the case? (mm/dd/yy, 99/99/99 if not provided)

69.) How many times was this case reassigned in the same function? (1st IDT)

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5 or more			

70.) When did IDT 1st function close the case? (mm/dd/yy, 99/99/99 if not provided)

71.) Number of days of case inactivity in function 1

72.) Which IDT BOD/ function was 2nd to work this case?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No 2nd IDT function worked this case			

72-1.) Please specify the Operating Division or Function. (2nd IDT function)

72-2.) Please specify the SBSE Function. (2nd IDT function)

Choice	Number	Percent
ACS -Automated Collection System		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
CFBALDUE or CFDELRET - Field Collection		
CORR - Correspondence Exam		

CSCO - Compliance Services Collection Operations
 DITA - Designated Identity Theft Adjustment
 FLADV - Field Advisory
 FLDEXAM - Field Exam
 FLDINSV - Field Insolvency
 TDI - Tax Delinquency Investigation
 Other

72-3.) Please specify the WI Function. (2nd IDT function)

Choice	Number	Percent
ACS -Automated Collection System		
AM (IRS identified IDT) - Accounts Management		
AMADJ (TP identified IDT) - Accounts Management IPSU		
AMADJ (TP identified IDT) - Accounts Management AM		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
EXAM - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
CPAT - Compliance Post Adjustment Team		
FA - Field Assistance		
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm		
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation		
SP - Submission Processing Other than ID Theft		
SPIDT - Submission Processing Identity Theft		
TDI - Tax Delinquency Investigation		
WHC - Withholding Compliance		
Other		

73.) When did IDT 2nd function receive the case? (mm/dd/yy, 99/99/99 if not applicable)

74.) How many times was this case reassigned in the same function? (2nd IDT)

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5 or more			

75.) When did IDT 2nd function close the case? (mm/dd/yy, 99/99/99 if not applicable)

76.) Number of days of case inactivity in function 2 (enter NA if no 2nd function).

77.) Which IDT function was 3rd to work this case?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			

Operations Support
 Privacy, Governmental Liaison & Disclosure
 Small Business / Self-Employed
 Taxpayer Advocate Service
 Wage & Investment
 Other
 No 3rd IDT Function Worked this Case

77-1.) Please specify the Operating Division or Function. (3rd IDT)

77-2.) Please specify the SBSE Function. (3rd IDT)

Choice	Number	Percent
ACS -Automated Collection System		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
CFBALDUE or CFDELRET - Field Collection		
CORR - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
DITA - Designated Identity Theft Adjustment		
FLADV - Field Advisory		
FLDEXAM - Field Exam		
FLDINSV - Field Insolvency		
TDI - Tax Delinquency Investigation		
Other		

77-3.) Please specify the WI Function. (3rd IDT)

Choice	Number	Percent
ACS -Automated Collection System		
AM (IRS identified IDT) - Accounts Management		
AMADJ (TP identified IDT) - Accounts Management IPSU		
AMADJ (TP identified IDT) - Accounts Management AM		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
EXAM - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
CPAT - Compliance Post Adjustment Team		
FA - Field Assistance		
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm		
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation		
SP - Submission Processing Other than ID Theft		
SPIDT - Submission Processing Identity Theft		
TDI - Tax Delinquency Investigation		
WHC - Withholding Compliance		
Other		

78.) When did IDT 3rd function receive the case? (mm/dd/yy, 99/99/99 if not applicable)

79.) How many times was this case reassigned in the same function? (3rd IDT)

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5 or more			

80.) When did IDT 3rd function close the case? (mm/dd/yy, 99/99/99 if not applicable)

81.) Number of days of case inactivity in function 3 (enter NA if no 2nd function).

82.) Which IDT function was 4th to work this case?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No 4th IDT Function Worked this Case			

82-1.) Please specify the Operating Division or Function. (4th IDT)

82-2.) Please specify the SBSE Function. (4th IDT)

Choice	Number	Percent
ACS -Automated Collection System		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
CFBALDUE or CFDELRET - Field Collection		
CORR - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
DITA - Designated Identity Theft Adjustment		
FLADV - Field Advisory		
FLDEXAM - Field Exam		
FLDINSV - Field Insolvency		
TDI - Tax Delinquency Investigation		
other		

82-3.) Please specify the WI Function. (4th IDT)

Choice	Number	Percent
ACS -Automated Collection System		
AM (IRS identified IDT) - Accounts Management		
AMADJ (TP identified IDT) - Accounts Management IPSU		
AMADJ (TP identified IDT) - Accounts Management AM		
ASFR - Automated Substitute for Return		

AUR - Automated Underreporter
 EXAM - Correspondence Exam
 CSCO - Compliance Services Collection Operations
 CPAT - Compliance Post Adjustment Team
 FA - Field Assistance
 RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm
 RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation
 SP - Submission Processing Other than ID Theft
 SPIDT - Submission Processing Identity Theft
 TDI - Tax Delinquency Investigation
 WHC - Withholding Compliance
 Other

83.) When did IDT 4th function receive the case? (mm/dd/yy, 99/99/99 if not applicable)

84.) How many times was this case reassigned in the same function? (4th IDT)

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5 or more			

85.) When did IDT 4th function close the case? (mm/dd/yy, 99/99/99 if not applicable)

86.) Number of days of case inactivity in function 4 (enter NA if no 4th function)

87.) Which IDT function was 5th to work this case?

Answer	# Responses	% Who Answered	% of Total
Appeals			
Criminal Investigation			
Information Technology			
Large Business & International			
Operations Support			
Privacy, Governmental Liaison & Disclosure			
Small Business / Self-Employed			
Taxpayer Advocate Service			
Wage & Investment			
Other			
No 5th IDT Function Worked this Case			

87-1.) Please specify the Operating Division or Function. (5th IDT)

87-2.) Please specify the SBSE Function. (5th IDT)

Choice	Number	Percent
ACS -Automated Collection System		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
CFBALDUE or CFDELRET - Field Collection		

CORR - Correspondence Exam
 CSCO - Compliance Services Collection Operations
 DITA - Designated Identity Theft Adjustment
 FLADV - Field Advisory
 FLDEXAM - Field Exam
 FLDINSV - Field Insolvency
 TDI - Tax Delinquency Investigation
 Other

87-3.) Please specify the WI Function. (5th IDT)

Choice	Number	Percent
ACS -Automated Collection System		
AM (IRS identified IDT) - Accounts Management		
AMADJ (TP identified IDT) - Accounts Management IPSU		
AMADJ (TP identified IDT) - Accounts Management AM		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
EXAM - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
CPAT - Compliance Post Adjustment Team		
FA - Field Assistance		
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm		
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation		
SP - Submission Processing Other than ID Theft		
SPIDT - Submission Processing Identity Theft		
TDI - Tax Delinquency Investigation		
WHC - Withholding Compliance		
Other		

88.) When did IDT 5th function receive the case? (mm/dd/yy, 99/99/99 if not applicable)

89.) How many times was this case reassigned in the same function? (5th IDT)

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5 or more			

90.) When did IDT 5th function close the case? (mm/dd/yy, 99/99/99 if not applicable)

91.) Number of days of case inactivity in function 5 (enter NA if no 5th function)

92.) Which additional IDT BOD / function worked this case? (exclude the previously identified BOD / functions, but select all others that apply)

Choice	Number	Percent
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- Appeals
- Criminal Investigation
- Information Technology
- Large Business & International
- Operations Support
- Privacy, Governmental Liaison & Disclosure
- Small Business / Self-Employed
- Taxpayer Advocate Service
- Wage & Investment
- Other
- No Additional IDT Function Worked this Case

92-1.) Please specify the Operating Division or Function. (Additional IDT)

92-2.) Please specify the SBSE Function. (Additional IDT)

Choice	Number	Percent
ACS -Automated Collection System		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
CFBALDUE or CFDELRET - Field Collection		
CORR - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
DITA - Designated Identity Theft Adjustment		
FLADV - Field Advisory		
FLDEXAM - Field Exam		
FLDINSV - Field Insolvency		
TDI - Tax Delinquency Investigation		
Other		

92-3.) Please specify the WI Function. (Additional IDT)

Choice	Number	Percent
ACS -Automated Collection System		
AM (IRS identified IDT) - Accounts Management		
AMADJ (TP identified IDT) - Accounts Management IPSU		
AMADJ (TP identified IDT) - Accounts Management AM		
ASFR - Automated Substitute for Return		
AUR - Automated Underreporter		
EXAM - Correspondence Exam		
CSCO - Compliance Services Collection Operations		
CPAT - Compliance Post Adjustment Team		
FA - Field Assistance		
RICS (TPP) - Return Integrity & Correspondence Svcs, Taxpayer Protection Prgm		
RICS (IVO) - Return Integrity & Correspondence Svcs, Integrity & Verification Operation		
SP - Submission Processing Other than ID Theft		
SPIDT - Submission Processing Identity Theft		
TDI - Tax Delinquency Investigation		

WHC - Withholding Compliance
Other

93.) How many times was this case reassigned in the same function? (of the additional IDT function 1, function number is based on the order in the list)

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5 or more			
N/A			

94.) How many times was this case reassigned in the same function? (of the additional IDT function 2, function number is based on the order in the list)

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5 or more			
N/A			

95.) How many times was this case reassigned in the same function? (of the additional IDT function 3, function number is based on the order in the list)

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5 or more			
N/A			

96.) How many times was this case reassigned in the same function? (of all the remaining additional IDT functions, function number is based on the order in the list)

Answer	# Responses	% Who Answered	% of Total
0			
1			
2			
3			
4			
5 or more			
N/A			

97.) What issue(s) were addressed during this case? (check all that apply)

Choice	Number	Percent
Unable to efile		
Duplicate filing		
Levy		
Audit		
Notice		
AUR		
SSA Notification		

ASFR
 Lien
 Unpostable
 SFR
 Wage Verification
 Erroneous Refund
 Withholding Compliance
 TDI
 Deceased Indicator
 CI Scheme
 Other

97-1.) Please specify

98.) What issue(s) were resolved during this case? (check all that apply)

Choice	Number	Percent
Unable to efile		
Duplicate filing		
Levy		
Audit		
Notice		
AUR		
SSA Notification		
ASFR		
Lien		
Unpostable		
SFR		
Wage Verification		
Erroneous Refund		
Withholding Compliance		
TDI		
Deceased Indicator		
CI Scheme		
Other		

98-1.) Please specify

99.) What issue(s) were *unresolved* during this case? (check all that apply)

Choice	Number	Percent
Unable to efile		
Duplicate filing		
Levy		
Audit		
Notice		
AUR		
SSA Notification		

- ASFR
- Lien
- Unpostable
- SFR
- Wage Verification
- Erroneous Refund
- Withholding Compliance
- TDI
- Deceased Indicator
- CI Scheme
- Other
- All Issues Resolved (no unresolved issues)

99-1.) Please specify

100.) Which of the following taxpayers' SSNs were fraudulently used in this ID Theft incident? (select all that apply)

Choice	Number	Percent
Primary taxpayer		
Secondary taxpayer		
Unrelated taxpayer		
Other		

100-1.) Please explain

100-2.) Please explain

101.) Was TC 501 used correctly?

Answer	# Responses	% Who Answered	% of Total
No TC 501			
TC 501 used properly			
TC 501 used improperly			
Unsure if TC 501 was used properly			

101-1.) Please explain

102.) Was TC 522 used correctly?

Answer	# Responses	% Who Answered	% of Total
No TC 522			
TC 522 used properly			
TC 522 used improperly			
Unsure if TC 522 was used properly			

102-1.) Please explain

103.) How would you rate the following items related to this stolen identity (IDT) case? (1=very poor, 2 = poor, 3 = okay, 4 = good, 5 = very good)

Percent of respondents

Choice	1	2	3	4	5
Service provided to taxpayer					
Technical accuracy					
Communication					
Timeliness of actions					
Issue resolution					

104.) Overall, how would you grade how well this IDT case was worked?

Answer	# Responses	% Who Answered	% of Total
A (90-100)			
B (80 - 89)			
C (70 - 79)			
D (60 - 69)			
F (59 or lower)			

104-1.) What is the basis for the grade you assigned?

104-2.) What is the basis for the grade you assigned?

104-3.) What is the basis for the grade you assigned?

104-4.) What is the basis for the grade you assigned?

104-5.) What is the basis for the grade you assigned?

105.) Assigned Case Number (provided in case list)

106.) What actions did IRS take on this case that caused delay or added to the taxpayer's burden? Please explain

107.) Additional Comments

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YOUR VOICE AT THE IRS

