

## V. CASE ADVOCACY

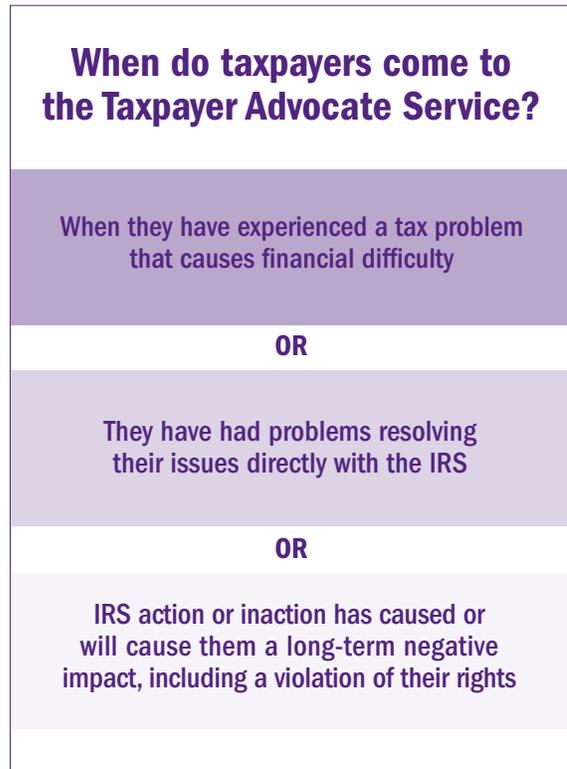
### A. The Role of the Taxpayer Advocate Service (TAS)

TAS is an independent organization within the IRS.<sup>1</sup> It has continued to evolve since the enactment of the IRS Restructuring and Reform Act of 1998, which created TAS in its current form.<sup>2</sup> TAS is now evaluating its processes and challenging itself to improve the advocacy it delivers during a time of budget constraints. TAS is seeing continued increases in identity theft and preparer misconduct cases, and experiencing trends in collection enforcement issues as discussed in the Areas of Focus section of this report.<sup>3</sup>

Taxpayers may come to TAS when:

- They have experienced a tax problem that causes financial difficulty;
- They have encountered problems trying to resolve their issues directly with the IRS; or
- An IRS action or inaction has caused or will cause them to suffer a long-term adverse impact, including a violation of their rights.<sup>4</sup>

TAS has established case criteria derived in part from the statutory mission pursuant to IRC § 7803(c)(2)(A) (i) to assist taxpayers with unresolved problems with the IRS and TAS’s authority to issue Taxpayer Assistance Orders pursuant to IRC § 7811 and related regulations. TAS has established four case criteria categories:<sup>5</sup>



1 IRC § 7803(c).

2 See Appendix I: *Evolution of the Office of the Taxpayer Advocate*, *infra*.

3 See Areas of Focus, *As the IRS Adopts a Specialized Approach to Identity Theft Victim Assistance Concerns About Timeliness and Completeness Remain; The IRS Harms Taxpayers by Refusing to Issue Refunds to Some Victims of Return Preparer Fraud; The TAS Collection Case Review Yielded Valuable Insights on How TAS Can Improve Advocacy in Collection Cases*, *supra*.

4 For a detailed list of TAS’s case acceptance criteria, see Appendix II, *infra*.

5 IRC § 7803(c)(2)(C)(ii) states that the National Taxpayer Advocate shall “develop guidance to be distributed to all Internal Revenue Service employees outlining the criteria for referral of taxpayer inquiries to local offices of taxpayer advocates.”

1. *Economic Burden* – Four categories of cases are classified as economic burden cases:
  - a. A taxpayer is experiencing economic harm or is about to suffer economic harm;
  - b. A taxpayer is facing an immediate threat of adverse action;
  - c. A taxpayer will incur significant costs if relief is not granted; and
  - d. A taxpayer will suffer irreparable injury or long term adverse impact if relief is not granted.

In many of these cases, time is of the essence, and if the IRS does not act quickly (*e.g.*, to remove a levy or release a lien), the taxpayer will experience even more financial harm.<sup>6</sup>
2. *Systemic Burden* – Systemic burden cases involve situations where the taxpayer has experienced a delay of more than 30 days to resolve a tax account problem, where the taxpayer has not received a response by the date promised or where a system or procedure has either failed to operate as intended or failed to resolve the taxpayer’s problem or dispute within the IRS.<sup>7</sup>
3. *Best Interest of the Taxpayer* – Best interest of the taxpayer cases involve situations where the manner in which the tax laws are being administered raises considerations of equity or has impaired or will impair the taxpayer’s rights. For example, this criterion would be met if the taxpayer disagrees with the proposed tax assessment and the notice of deficiency was issued without giving the taxpayer his appeal rights.<sup>8</sup>
4. *Public Policy* – Public policy cases are those where the National Taxpayer Advocate has determined that compelling public policy warrants assistance to an individual or group of taxpayers. The National Taxpayer Advocate has the sole authority to determine which issues are included in this criterion and will so designate by memo.<sup>9</sup>

## B. TAS Receipts Trends Show Increase in Economic Burden Cases While Relief Rates Increase Overall

Through March 2013, TAS had received 105,985 cases in FY 2013, closed 101,907, and provided relief to taxpayers in more than 80 percent of the cases closed, compared to more than 77 percent for the same period in FY 2012.<sup>10</sup> This is the highest relief rate TAS has achieved.<sup>11</sup> Figure V.1 shows receipts, closures, and relief rates by case category through the end of March.

6 IRC § 7803(c)(2)(A)(i); IRM 13.1.7.2.1, (Aug. 24, 2007).

7 IRC § 7803(c)(2)(A)(i); IRM 13.1.7.2.2 (July 23, 2007).

8 *Id.*

9 IRC § 7803(c)(2)(A)(i); IRM 13.1.7.2.4 (Apr. 26, 2011).

10 TAS determines relief rates based upon whether TAS can provide full or partial relief or assistance on the issue initially identified by the taxpayer. Because TAS frequently provides relief on issues that differ from the ones initially identified, the relief rate, as calculated, is understated. Data obtained from Taxpayer Advocate Management Information System (TAMIS) (Apr. 1, 2013). TAS uses TAMIS to record, control, and process taxpayer cases, and analyze the issues that bring taxpayers to TAS.

11 TAS began tracking the monthly relief rate in 2007.

### C. Economic Burden Cases

As shown in Figure V.1, the majority of TAS cases involve either economic or systemic burden issues. In economic burden cases, taxpayers are often experiencing financial difficulty in complying with their tax obligations, or IRS actions are creating or contributing to such difficulty. While TAS strives to expeditiously resolve all cases, it places special emphasis on helping taxpayers experiencing financial difficulty. In these instances, TAS requires case advocates to take specific actions to expedite initial case processing, and contact the taxpayer to communicate these actions and request additional information (if needed) within three workdays of the date TAS receives the case.<sup>12</sup> As shown in Figure V.2, TAS's economic burden receipts have risen consistently since FY 2010, while systemic burden receipts have declined. So far in FY 2013 over 63 percent of TAS cases involve economic burden, the highest percentage since TAS was formed in 2000. (In FY 2000, the percentage of economic burden cases was almost 15 percent of the 259,552 total receipts for that year.<sup>13</sup>)

**FIGURE V.1, TAS CASE RECEIPTS, CLOSURES, AND RELIEF RATES, FY 2012 AND 2013 CUMULATIVE THROUGH MARCH<sup>14</sup>**

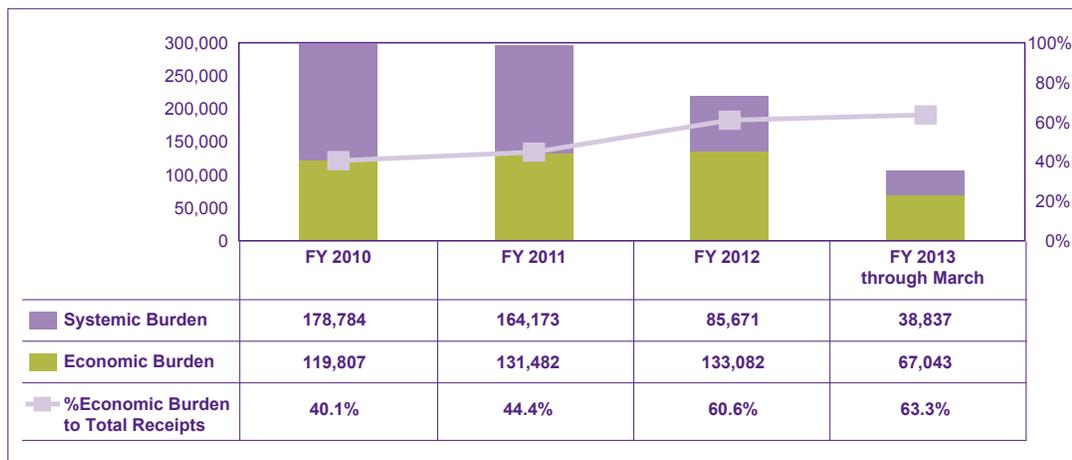
Case Categories	Receipts	Closures	Relief Rates FY 2013	Relief Rates FY 2012
Economic Burden	67,043	60,972	78.6%	73.8%
Systemic Burden	38,837	40,811	82.5%	80.2%
Best Interest of Taxpayers	77	65	66.2%	67.7%
Public Policy	28	59	62.7%	73.0%
Total Cases	105,985	101,907	80.2%	77.2%

<sup>12</sup> IRM 13.1.18.2(1) (Feb. 1, 2011).

<sup>13</sup> Data obtained from the Problem Resolution Program (PRP) Archive (Nov. 2002) for 2000 and 2001; TAS Business Performance Review; National Taxpayer Advocate 2004 Annual Report to Congress 575 for 2002 through 2003; National Taxpayer Advocate 2008 Annual Report to Congress 549-550 for 2004 through 2007; National Taxpayer Advocate 2012 Annual Report to Congress 665 for 2008 through 2012; and TAMIS (Apr 1, 2013).

<sup>14</sup> Data obtained from TAMIS (Mar. 1, 2013). TAS tracks resolution of taxpayer issues through codes entered at the time of closing on TAMIS and requires case advocates to indicate the type of relief or assistance provided. See IRM 13.1.21.1.2.1.2 (Feb. 1, 2011). The codes reflect full relief, partial relief, or assistance provided. The relief rate is determined by dividing the total number of cases closed with full relief, partial relief, or assistance by the total number of closures.

**FIGURE V.2, TAS ECONOMIC BURDEN AND SYSTEMIC BURDEN RECEIPTS, FY 2010 THROUGH FY 2012 AND FY 2013 CUMULATIVE THROUGH MARCH 2013<sup>15</sup>**



TAS tracks underlying issues to identify the immediate causes of increasing economic burden receipts. Figure V.3 lists the top five economic burden issues in FY 2013, through March.

**FIGURE V.3, TOP FIVE ECONOMIC BURDEN CASE ISSUES FY 2011 THROUGH FY 2012 AND FY 2012 THROUGH FY 2013 CUMULATIVE THROUGH MARCH<sup>16</sup>**

Rank	Issue Description	FY 2011	FY 2012	Percent Change	FY 2012 Cumulative through March	FY 2013 Cumulative through March	Percent Change
1	Identity Theft	21,500	42,300	96.7%	11,695	19,148	63.7%
2	Unpostable and Rejected Returns	8,658	4,358	-49.7%	2,152	7,433	245.4%
3	Pre-Refund Wage Verification Hold	8,616	12,649	46.8%	4,049	6,657	64.4%
4	Levies (including Federal Payment Levy Program)	13,299	10,174	-23.5%	5,600	4,261	-23.9%
5	IRS Refund Offset	5,617	4,572	-18.6%	3,212	3,017	-6.1%

As discussed in the Areas of Focus, identity theft (IDT) is a significant problem for many taxpayers. Victims may suffer economic harm as they wait for the IRS to resolve their account-related issues and issue their refunds. IDT remains the number one issue in TAS economic burden cases, almost doubling from FY 2011 to FY 2012, and up nearly 64 percent through March 2013 from the same period last year.

15 Data obtained from TAMIS (Apr. 1, 2013). TAS retrieved the data on the first day of the month following the end of each fiscal year for FY 2009 through FY 2012 and first day of the month following the end of the first quarter of FY 2013.

16 Data obtained from TAMIS (Oct. 1, 2011; Oct. 1, 2012; Apr. 1, 2012; and Apr. 1, 2013). TAS computed the top five economic burden cases using only Primary Issue Codes (PIC). Often TAS cases involve more than one issue and TAS tracks these data; however, these are not included within this computation to avoid counting a case more than once.

During the filing season, the number of returns rejected due to processing errors more than doubled from the prior year.<sup>17</sup> The IRS’s multiple filters also caused returns to be rejected. The downstream impact of these rejected returns was that TAS received economic burden cases involving the Education Credit, First-Time Homebuyer Credit (FTHBC) repayment, and identity theft protection filters.<sup>18</sup>

Levy issues are fourth on the list of economic burden issues for FY 2013. As reflected in the chart above, these receipts have decreased nearly 24 percent from FY 2012 (through March), in part because of an important systemic effort by the National Taxpayer Advocate related to Federal Payment Levy Program cases. The National Taxpayer Advocate emphasized the need for the IRS to implement filters to screen out taxpayers whose incomes are below 250 percent of the federal poverty level set by the Department of Health and Human Services. This filter is designed to protect low income taxpayers from experiencing an economic hardship and ensure the IRS does not issue levies that it would likely have to release immediately on the grounds of hardship.<sup>19</sup> While the IRS’s filter identifies taxpayers with incomes below 250 percent of the federal poverty level, it does not protect these taxpayers if they are not current on all tax filing requirements. TAS is now advocating for the IRS to refine its filter in line with *Vinatieri v. Commissioner*,<sup>20</sup> where the Tax Court held that taxpayers with economic hardship cannot be required to file returns to have levies released.

In FY 2013, TAS reviewed more than 800 collection cases to assess how it advocated in these cases and determine how it can improve its advocacy on collection issues. The results of the case reviews provide valuable insight and recommendations on how TAS can improve advocacy in these cases.<sup>21</sup>

In FY 2014, TAS will continue to advocate for the expansion of the filter program to include low income taxpayers who have not filed returns. In addition, TAS will improve advocacy in collection cases as discussed in the recommendations from the National Collection Issue Review Panel.<sup>22</sup>

#### **D. Systemic Burden Case Trends Result in a Change to Acceptance Criteria**

In FY 2011, it became clear that TAS did not have the resources to handle its growing inventory without adverse impact on its effective and timely service. At the time, TAS was inundated with cases involving the First-Time Homebuyer Credit, identity theft, and

17 From Error Resolution System (ERS IMF/BMF MISR26): The number of returns rejected as of Mar. 2, 2012 was 631,249 as compared to 1,948,484 returns rejected over the same time (Mar. 1, 2013).

18 For a further discussion of these issues, see *Filing Season Review*, *supra*.

19 National Taxpayer Advocate 2011 Annual Report to Congress 350 (Most Serious Problem: *The New Income Filter for the Federal Payment Levy Program does not fully Protect Low Income Taxpayers from Levies on Social Security Benefits*).

20 *Vinatieri v. Comm’r*, 133 T.C. 392 (2009). In *Vinatieri*, the Settlement Officer proposed to levy on a taxpayer even though the levy would cause an economic hardship. The Tax Court held that the proposed levy was not appropriate given that under IRC § 6343(a)(1)(D), the IRS must release a levy if economic hardship is present. Proceeding with a levy that would have to be immediately released constituted an abuse of discretion.

21 See Areas of Focus, *The TAS Collection Case Review Yielded Insight on How TAS Can Improve Advocacy in Collection Cases*, *supra*.

22 See Areas of Focus, *supra*.

pre-refund wage verification issues. Additionally, the last taxpayer survey TAS commissioned found that, at any given time, between 5.9 million and 12.6 million taxpayers have problems that fit within TAS's case-acceptance criteria.<sup>23</sup> TAS cannot possibly take on this many cases and maintain the level of quality taxpayers expect and deserve. TAS assessed where its efforts have the greatest impact, and identified four categories of return processing issues in which the IRS, left to its own devices, seemed to get the right answer, albeit slowly. Those cases involve processing original tax returns, amended returns, rejected and unpostable returns,<sup>24</sup> and injured spouse claims.<sup>25</sup> The National Taxpayer Advocate issued interim guidance to employees effective October 1, 2011, narrowing the case referral criteria for systemic burden inquiries in these four categories.<sup>26</sup>

Because of this policy change, receipts in these categories decreased more than 29 percent from March of FY 2010 to March of FY 2013. This shift in workload gives case advocates more time to work the issues where TAS brings the most value.<sup>27</sup>

TAS will continue accepting cases involving the four categories listed above if the taxpayer:

- Is suffering an economic burden;
- Has related issues (e.g., needs an amended return processed quickly because the IRS has created a substitute for return and is trying to collect, and the amended return will eliminate or minimize the tax liability);<sup>28</sup>
- Is referred by a congressional office; or
- Specifically requested TAS assistance.

In FY 2014, these changes in criteria are likely to continue due to resource limitations. TAS is exploring a strategic approach to provide alternate services on certain systemic issues that will allow it to keep its focus on economic burden issues without causing negative consequences for the taxpayer. This strategy will involve:

1. Identifying self-help tools for taxpayers in resolving requests for expedited refunds, returned or stopped refunds, and requests for copies of certain documents, (returns, reports, determination letters etc.). TAS will produce short videos with downloadable

23 Russell Research, *Report of Findings from 2007 Market Research for the Taxpayer Advocate Service* (Sept. 6, 2007).

24 An unpostable return is one that does not pass all the required computer checks to complete processing and update a taxpayer's account. These returns require intervention by an IRS employee.

25 An injured spouse claim is filed on Form 8379, *Injured Spouse Allocation*, by one spouse (the injured spouse) on a jointly filed return when the joint overpayment was (or is expected to be) applied (offset) to a past-due obligation of the other spouse. By filing Form 8379, the injured spouse may be able to get back his or her share of the refund.

26 See TAS Interim Guidance Memorandum TAS-13.1.7.0912.0194, *Reissuance of Interim Guidance on Changes to Case Acceptance Criteria*, available at [http://www.irs.gov/pub/foia/ig/tas/tas\\_13.1.7-0912-019.pdf](http://www.irs.gov/pub/foia/ig/tas/tas_13.1.7-0912-019.pdf) (last visited Mar. 28, 2013).

27 Data obtained from TAMIS. Receipts for the four categories through March 2010 totaled 24,495, including 3,997 processing original returns; 2,344 unpostable or rejects; 15,525 processing amended returns; and 2,629 injured spouse claims. Total receipts through March 2013 were 17,362, including 3,759 processing original returns; 7,837 unpostable or rejects; 3,988 processing amended returns; and 1,778 injured spouse claims.

28 A substitute for return is a return prepared for a taxpayer by the IRS when it has no record of receiving a return and has not been able to obtain one from someone who was expected to file. See IRC § 6020(b).

forms and simple guidelines for taxpayers and will test these self-help approaches to determine if taxpayers can resolve selected issues without direct TAS help.

2. Identifying issues where intake advocates (employees who handle the initial contact with the taxpayer) can take full and complete action(s) to resolve all issues without assigning the case to a case advocate, and with no negative impact on customer satisfaction. Phase I of this program will include Automated Underreporter (AUR) issues and installment agreements; Phase II will include math errors and missing or incorrect payments.

### E. TAS Identifies Significant Trends in Case Receipts

By analyzing the underlying issues in individual casework, TAS identifies trends that affect larger groups of taxpayers, and uses that information to work with the IRS to resolve the broader issues. Figure V.4 lists the top ten issues facing taxpayers.

**FIGURE V.4, TOP 10 ISSUES FOR CASES RECEIVED IN TAS, FY 2011 – 2012 AND FY 2012 – FY 2013 (CUMULATIVE THROUGH MARCH)<sup>29</sup>**

Rank	Issue Description	FY 2011	FY 2012	Percent Change	FY 2012 Cumulative through March	FY 2013 Cumulative through March	Percent Change
1	Identity Theft	34,006	54,748	61.0%	15,921	26,354	65.5%
2	Pre-Refund Wage Verification Hold	21,286	18,012	-15.4%	5,317	8,695	63.5%
3	Unpostable and Rejected Returns	13,288	5,286	-60.2%	2,406	7,837	225.7%
4	Levies (including Federal Payment Levy Program)	15,466	11,419	-26.2%	6,265	4,747	-24.2%
5	Processing Amended Return	22,743	8,783	-61.4%	3,722	3,988	7.1%
6	Reconsideration of Audits and Substitute for Return under IRC § 6020(b)	111,902	9,344	-58.9%	4,455	3,847	-13.6%
7	Processing Original Return	11,578	6,250	-46.0%	3,098	3,759	21.3%
8	IRS Offset	6,995	5,298	-24.3%	3,589	3,307	
9	Earned Income Tax Credit	8,729	7,441	-14.8%	3,597	3,030	-15.8%
10	Open Audit (Not Earned Income Tax Credit)	21,397	8,885	-58.5%	4,348	2,820	-35.1%
	Total TAS Receipts	167,390	62,706	-62.5%	52,718	68,384	29.7%

In FY 2013, TAS identity theft cases are trending up from prior years, increasing by nearly 66 percent for all case categories compared to the same period last year.<sup>30</sup>

29 Data obtained from TAMIS (Apr. 1, 2013).

30 See Areas of Focus, *As the IRS Adopts a Specialized Approach to Identity Theft Victim Assistance Concerns About Timeliness and Completeness Remain, supra.*

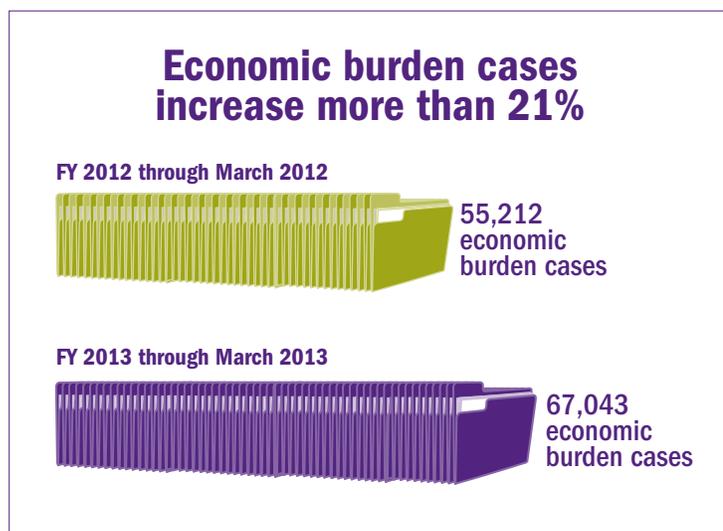
Pre-refund wage verification holds (PRWVH) are still a significant issue. The IRS's Integrity & Verification Operations (IVO, formerly AMTAP) electronically screens questionable returns to detect false wages and withholding before releasing refunds.

As reflected in figure V.5, through March of FY 2013, PRWVH cases rose by nearly 64 percent over the same period last year. Through March 2013, TAS received 8,695 PRWVH cases and closed 7,193, providing relief to taxpayers in 67 percent of the closed cases.<sup>31</sup>

### F. Case Urgency, Complexity, and Difficulty Continue to Grow

While narrowing the focus of case acceptance criteria significantly reduced systemic burden receipts in four categories as discussed above, the urgency and complexity of economic burden cases continued to grow.<sup>32</sup> These receipts increased more than 21 percent with 67,043 cases coming to TAS through March 2013 compared to 55,212 for the same period in 2012.

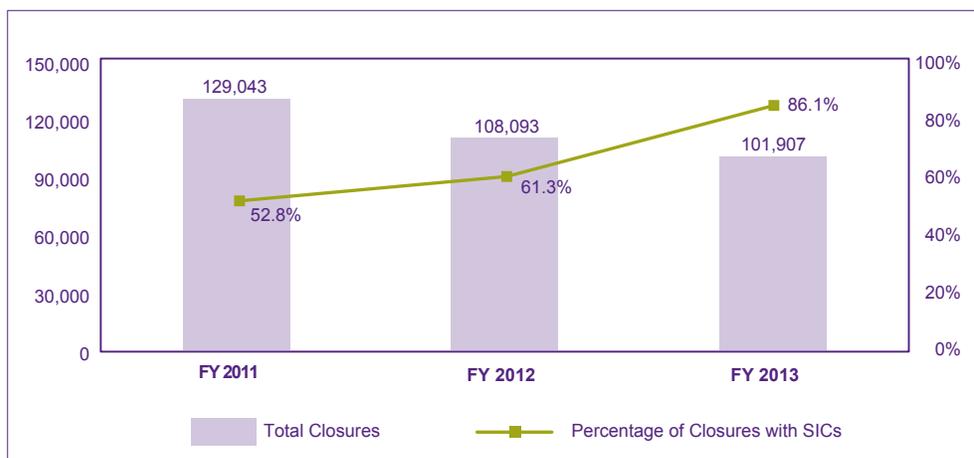
Economic burden cases often require a greater sense of urgency because the taxpayers may be experiencing financial difficulty and expedited actions may be necessary. In addition to cases that required expedited actions in FY 2012, (through March) more than 61 percent of all closed cases involved two or more issues, as shown in figure V.5.



31 Data obtained from TAMIS (Apr. 1, 2013). Closed PRWVH cases through March 2013 totaled 4,844, representing 67 percent of total closed PRWVH cases for the period.

32 Data obtained from TAMIS (Apr. 1, 2013). Total receipts for the four categories through March 2010 were 24,495. Total receipts through March 2013 were 17,362, a net change of 29.1 percent.

**FIGURE V.5, TAS CLOSED CASES WITH SECONDARY ISSUE CODES, CUMULATIVE THROUGH MARCH, FY 2011 TO FY 2013<sup>33</sup>**



Through March 2013, more than 86 percent of closed cases had multiple issues, an increase of nearly 39 percent since 2011 for the same period.<sup>34</sup> Multiple issues often indicate a complex case that may require TAS to work with several IRS functions through the Operations Assistance Request (OAR) process.<sup>35</sup> The vast majority of identity theft cases, for example, involve multiple issues that Case Advocates must work to resolve. As a result, identity theft cases typically take longer to resolve than the average TAS case.<sup>36</sup>

In FY 2014, TAS will

- Provide continuous education to employees on how to resolve complex and difficult case issues.
- Identify IRS process changes or problems that will impact customers and lead to TAS receipts, so TAS can proactively develop solutions.

**G. TAS Implements Centralized Case Intake Initiative to Streamline Taxpayer Assistance**

One way taxpayers request assistance from TAS is by contacting the National Taxpayer Advocate’s (NTA) toll-free line.<sup>37</sup> The line is staffed by Wage and Investment (W&I) division customer service representatives who screen cases to identify those that the IRS cannot resolve immediately and need to go to TAS. The assistors determine whether cases

33 Data obtained from TAMIS (Apr. 1, 2011; Apr.1, 2012; Apr. 1, 2013).

34 *Id.*

35 TAS employees use the OAR to request that the IRS complete an action on a TAS case when TAS lacks the authority to take that action.

36 As of March 31, 2013, the closed case cycle time for identity theft was 99.4 days while for all other TAS cases it was 80.1 days. Data obtained from TAMIS (Apr. 1, 2013).

37 Current NTA toll-free (1-877-777-4478) sites include the Richmond, Baltimore, Dallas, Puerto Rico call sites, and the Atlanta and Fresno campuses.

meet TAS criteria, load them into TAMIS,<sup>38</sup> identify the appropriate TAS office to work the issues, and provide the customer with contact timeframes. Upon receipt in TAS, a local Intake Advocate screens and perfects the information for final assignment to a Case Advocate (CA) who actually works the case. After all of these actions, the customer has yet to speak to a TAS employee.

In FY 2013, TAS will implement a centralized case intake initiative, in which NTA toll-free assistors will identify calls that appear to qualify for TAS assistance and then transfer those calls in real time to TAS Intake Advocates.<sup>39</sup> These Intake Advocates will research the NTA assistors' contact notes, thus reducing burdensome repetition for the taxpayer, and make every attempt to resolve the issue(s) immediately. The Intake Advocates will advise the customers how their issues will be resolved, which may include opening a TAS case or referring them to a Low Income Taxpayer Clinic or other IRS function. This initiative will improve taxpayers' direct contact with Intake Advocates in the early stages of the referral and provide a more thorough initial contact, allowing TAS to secure critical information that ultimately results in better service and faster resolution. The customers in turn will learn what to expect, what they should do in preparation for their initial discussion with an assigned Case Advocate (*e.g.*, what documentation to have available), and when their next contact will occur. The goal is to educate and resolve customer issues more quickly and comprehensively, thereby reducing taxpayer burden, and to better develop cases assigned to Case Advocates, so they can better advocate on behalf of the taxpayer. TAS will incorporate our findings from this proof of concept into our further implementation of the centralized case intake operation in FY 2014.

## H. Virtual Service

In FY 2012, TAS participated in the IRS pilot of Virtual Service Delivery (VSD), as TAS employees in Jacksonville, Florida used high-definition, two-way videoconferencing to meet with taxpayers at the IRS Taxpayer Assistance Center in Tampa.

Although the system was primarily for taking new cases into TAS, employees also used video to confer with taxpayers on previously opened cases. Two Low Income Taxpayer Clinics in Oak Ridge, TN and Seattle, WA are conducting a similar virtual service pilot with IRS Appeals offices in Memphis, TN and Fresno, CA.

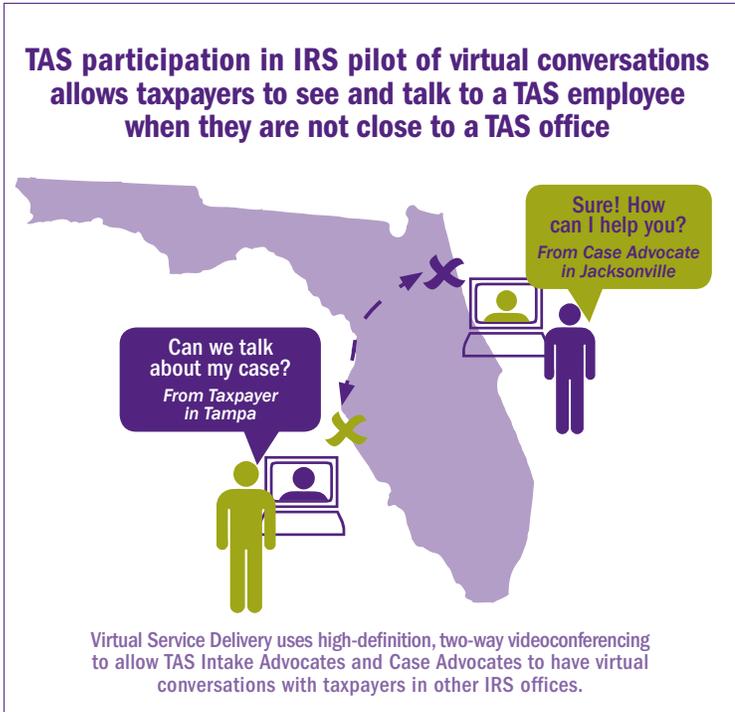
In FY 2013, TAS is connecting to more taxpayers nationwide by increasing the number of video service locations. Four additional sites, in Billings, MT, Davenport, IA, San Diego, CA,

38 The Taxpayer Advocate Management Information System (TAMIS) is the TAS database exclusively dedicated to the recordation, control, and processing of TAS taxpayer cases and to the capturing and analysis of core tax issues, laws, policies and internal IRS functional processes that are the sources of taxpayer significant hardship and other critical problems.

39 In 2004, TAS established the 877-ASK-TAS1 (1-877-275-8271) toll-free number, staffed by intake advocates at three sites. Under the new initiative, the case intake line is expanded to additional TAS offices in Cincinnati, Fresno, Memphis, Ogden, Dallas and Puerto Rico.

and Reno, NV became operational in May 2013,<sup>40</sup> with El Paso, TX, Spokane, WA, and Kenai, AK, anticipated to be online by the end of August.<sup>41</sup> In FY 2014 TAS will continue to encourage and support the use of new technologies and will, depending upon funding, increase the number of virtual service locations. The long-range plan includes:

- Allowing taxpayers and practitioners to connect to TAS through their own computers;
- Integrating multiple service channels (video, phone, and live chat);
- Creating a contact center environment with routing to the next available agent;
- Transferring video sessions to other assistors to help resolve issues;
- Moving from a private to the IRS network to allow use of document-sharing devices and the ability to capture and route electronic survey results;
- Designing self-contained work stations for non-traditional sites; and
- Administering an alternate customer satisfaction survey (possibly using work stations).



**I. TAS Uses its Statutory and Delegated Authorities to Advocate Effectively in Taxpayer Cases**

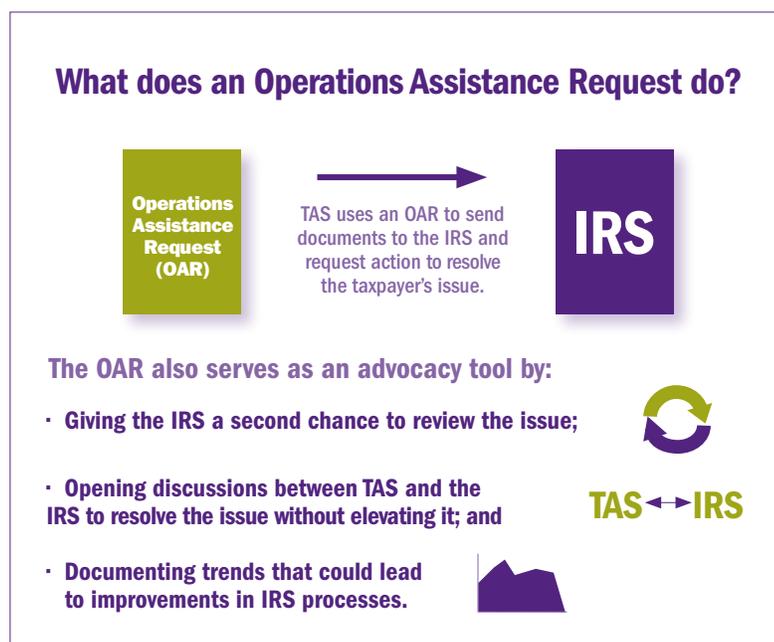
The National Taxpayer Advocate uses two tools in working cases with the IRS and advocating for the taxpayer: the Taxpayer Assistance Order (TAO)<sup>42</sup> and the Operations Assistance

40 The Billings site is shared with IRS Appeals and is located at the Human Resource Development Council, an IRS partner. Davenport is a shared site with Wage & Investment Field Assistance.

41 El Paso and Spokane will be shared with Appeals. Spokane will be a partner site, located at Gonzaga University.

42 IRC § 7811.

Request.<sup>43</sup> TAS employs these resources to resolve individual cases, and in the process, engages the IRS to take corrective actions.



### K. Analysis of TAOs Issued in FY 2013

The TAO is a powerful tool for Local Taxpayer Advocates (LTAs). When the taxpayer is suffering or about to suffer a significant hardship because of the manner in which the internal revenue laws are administered, and the law and the facts support relief, an LTA should consider issuing a TAO when the IRS refuses to take the action TAS previously requested to resolve the case.<sup>44</sup>

The LTA may issue a TAO to order the IRS to take an action, cease an action, or refrain from taking an action (*e.g.*, to release a levy).<sup>45</sup> The LTA also may issue a TAO to order the

43 Under IRM 13.1.19, when TAS lacks the statutory or delegated authority to directly resolve a taxpayer's problem, TAS interacts with the responsible IRS operating division (OD) or function to resolve the issue. TAS uses Form 12412, *Operations Assistance Request* (OAR), to transmit documentation to the IRS and convey a recommendation or requested action to resolve the taxpayer's issue.

44 IRC § 7811(a)(1); Treas. Reg. § 301.7811-1(a)(1) and (c).

45 IRC § 7811(b); Treas. Reg. § 301.7811-1(c); IRM 13.1.20.3 (Dec. 15, 2007).

IRS to expedite consideration of a taxpayer’s case, reconsider its determination in a case, or review the case at a higher level.<sup>46</sup>

### What is a Taxpayer Assistance Order?

A Local Taxpayer Advocate can issue a TAO to order the IRS:



**To take an action**



**To cease an action or refrain from taking an action**



**To expedite consideration of a taxpayer’s case**



**To reconsider its determination in a case**



**To review the case at a higher level**

Once TAS issues a TAO, the IRS can comply with the request or appeal the issue for resolution at higher levels.<sup>47</sup> In FY 2013, TAS issued 46 TAOs because the IRS failed to respond to an OAR. Of these 46 TAOs, the IRS complied with 44 in an average of six days. This indicates that had the IRS responded timely to TAS’s initial request through the OAR process, which was clearly within its power, TAS could have resolved the taxpayer’s issue sooner.<sup>48</sup>

**FIGURE V.7, ACTIONS TAKEN ON FY 2013 TAOs ISSUED (THROUGH APRIL 30, 2013)<sup>49</sup>**

Action	Total
IRS Complied with TAO	116
IRS Complied after TAO Modified	7
TAS Rescinded TAO	16
TAO Pending In Process	61
<b>Total</b>	<b>200</b>

TAS issued 200 TAOs through the first seven months of FY 2013. Figure V.8 shows the TAOs issued by fiscal year.

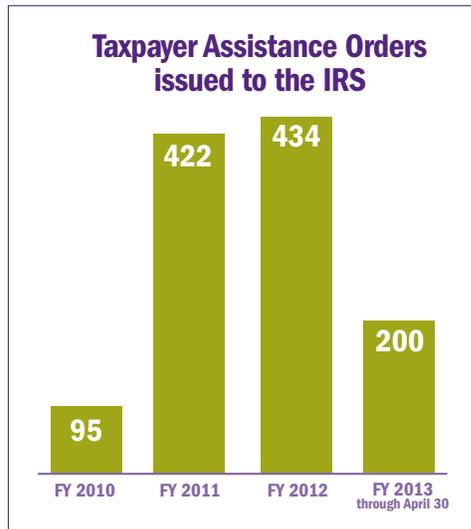
46 Treas. Reg. § 301.7811-1(c)(3): IRM 13.1.20.3 (Dec. 15, 2007).

47 IRM 13.1.20.5(2) (Dec 15, 2007).

48 Data obtained from TAMIS (Apr. 30, 2013).

49 *Id.* Throughout this section, numbers of TAOs are cited for specific issues and by functions of IRS to whom the TAOs were issued, which may include the same TAOs cited by the specific issues. For example, the examination-related TAOs include some return preparer misconduct TAOs. The TAOs issued to Appeals include one for an identity theft issue that is included in the total of 26 TAOs mentioned in the Area of Focus section on Identity Theft and in the TAO section below.

**FIGURE V.8, TAXPAYER ASSISTANCE ORDERS ISSUED TO THE IRS, FY 2010 – FY 2013<sup>50</sup>**



The following examples presented in this report illustrate the use of TAOs to obtain taxpayer relief in TAS cases. To comply with IRC § 6103 of the Internal Revenue Code, which generally requires the IRS to keep taxpayers' returns and return information confidential, the identifying details of the fact patterns have been modified or redacted .

#### L. TAOs Involving Account Resolution

Identity theft harms our tax system in many ways. The impact on victims is significant. More than 75 percent of individual taxpayers filing returns claim refunds, averaging about \$3,000. Where a taxpayer's return involves identity theft, refunds are not paid

until the IRS fully resolves a case, which now takes more than six months, as discussed above in the related Area of Focus.<sup>51</sup> In FY 2013 through March, TAS issued 26 TAOs involving identity theft, 19 of which were issued because the IRS failed to respond to OARs by the negotiated completion date.<sup>52</sup> The IRS complied with nineteen of the TAOs within an average of five days. Of the original 26 TAOs issued, 19 cases involved economic burden that caused a hardship and required swift TAS action. Specific examples of hardships encountered by these taxpayers, and worsened by IRS delays, include:

- The IRS refusing to accept a state prison system's verification of the taxpayer's identity, while the taxpayer was held liable for a refund issued to an identity thief;
- Multiple victims being unemployed and behind in bills or homeless, needing refunds desperately;
- An employee who was facing disciplinary action for a tax debt;
- A disabled person's Social Security benefits being stopped because the identity thief's "income" exceeded earnings limits; and
- A taxpayer with cancer working reduced hours due to illness and needing a refund to pay property taxes.

<sup>50</sup> Data obtained from TAMIS (Apr. 30, 2013).

<sup>51</sup> *Id.* See also Areas of Focus, *As the IRS Adopts a Specialized Approach to Identity Theft Victims Assistance, Concerns About Complete and Timely Account Resolution Remain*, *supra* and National Taxpayer Advocate 2012 Annual Report to Congress 42-67 (Most Serious Problem: *Tax-Related Identity Theft Continues to Impose Significant Burdens on Taxpayers and the IRS*).

<sup>52</sup> Per the Service Level Agreements between TAS and the operating divisions of the IRS, the TAS employee will contact the assigned IRS employee to negotiate or renegotiate the earliest possible requested completion date.

## M. TAS Issues TAOs Where IRS Inaction Exacerbates Return Preparer Misconduct

As previously discussed, tax return preparers sometimes file returns without taxpayer authorization, alter return information without their clients' knowledge or consent to obtain improperly inflated refunds, or to divert refunds for their personal benefit.<sup>53</sup> In addition to harming the specific taxpayers who are held accountable for the wrongful refunds paid to the unscrupulous preparers, the preparers harm all taxpayers by perpetrating fraud against the Treasury.<sup>54</sup> Despite TAS's efforts to provide relief to these taxpayers, TAS hits a roadblock working with the Accounts Management unit to resolve and adjust taxpayers' accounts.<sup>55</sup>

TAS issued the first return preparer misconduct TAOs in December 2010. In FY 2012, TAS issued 58 TAOs on this issue, one to SB/SE and 57 to W&I, which is appealing 39 of them. In FY 2013 through April 30, TAS has issued 77 TAOs regarding preparer misconduct. TAS issued four to SB/SE and 73 to W&I, of which 47 are being appealed.<sup>56</sup> W&I routinely appeals TAOs with this statement:

Since this case would fall under the current interim procedures requiring the case to be suspended pending Chief Counsel Guidance requested by the Taxpayer Advocate, we are unable to work the case in the timeframe requested and we are returning the case. Until such time as the Chief Counsel guidance is received, procedures will not be in place to work the case.

This response is unacceptable and to date, the National Taxpayer Advocate has appealed four of these TAOs to the Commissioner of W&I and 17 TAOs to the Acting Commissioner of the IRS for a decision. The W&I Commissioner's response to preparer fraud cases that have been elevated to her has been to appeal the TAO until Counsel, staff, and senior leadership have been able to resolve open issues; meanwhile, these taxpayers wait without their refunds. The IRS's passivity and lack of action on this issue have created significant hardships for these taxpayers, including:

- The IRS holding taxpayer-victims accountable for the inflated refunds the preparers obtained and the taxpayers never received.
- A taxpayer had no filing requirement for many years. When the taxpayer became obligated to file, the preparer altered the return and diverted the additional amounts to his own accounts.
- A taxpayer needed money for a surgery co-payment.

53 See Areas of Focus, *The IRS Harms Taxpayers by Refusing to Issue Refunds to Some Victims of Return Preparer Fraud*, *supra*

54 See Area of Focus, *supra*.

55 National Taxpayer Advocate 2012 Annual Report to Congress 666.

56 Data obtained from TAMIS (Apr. 30, 2013).

- Multiple taxpayers were behind on bills, in jeopardy of losing their homes or utilities, unemployed, or needed refund to pay for health insurance.
- A preparer went to a homeless shelter offering to prepare returns for free. The homeless taxpayers did not receive their refunds because the preparer diverted them to his account.

The National Taxpayer Advocate believes that the IRS has the legal authority to issue refunds to taxpayers who have shown they have been victimized by their return preparers. This is purely a policy call. IRS leadership has refused to decide whether it wants to assist taxpayers who, through no fault of their own, have been defrauded by preparers and are in dire need of their refunds. The National Taxpayer Advocate continues to press for resolution of the matter with the Acting Commissioner.

#### N. TAS Uses TAOs in Collection Cases

Levy issues are the fourth most significant source of economic burden cases received in TAS through March 2013.<sup>57</sup> If the IRS does not act quickly in these cases, the taxpayer may experience even more financial harm. TAS issued ten TAOs to obtain the return of levy proceeds for taxpayers experiencing economic burden. The IRS complied with nine of these TAOs, involving cases where it had:

- Violated an automatic stay imposed by a bankruptcy filing and Counsel had directed the operating division to return the levied proceeds;
- Issued the levy prematurely as the taxpayer was waiting for approval of an installment agreement;
- Levied, but the taxpayer never received notice due to an administrative error;
- Erroneously directed taxpayers to TAS to obtain the return of levy proceeds rather than taking the actions itself;
- Issued the levy prematurely without performing a financial review for possible Currently Not Collectible (CNC) status;
- Issued the levy without offering an installment agreement under the “Fresh Start Initiative” or a hearing under the Collection Appeal Program; and
- Levied an entire retirement fund (sole source of income) and placed taxpayer in CNC status the same day.

Taxpayers faced hardships when the IRS:

- Issued a levy while the taxpayer was in bankruptcy, preventing payment of a mortgage and other living expenses, with the taxpayer unable to borrow any funds.

57 Data obtained from TAMIS (Apr. 1, 2013).

- Levied the account of a taxpayer on Social Security with health problems. The taxpayer could not pay rent, lost housing, and ended up sleeping in a car.
- Levied a taxpayer on Social Security. Even though the taxpayer established the levy was causing an economic hardship, the revenue officer required the taxpayer to file delinquent returns before releasing the levy. This action is in violation of IRM 5.11.2.2.1.4, which states “Caution: When the Service determines that the levy is creating an economic hardship, do not refuse, delay or understate the release amount as a means to secure other compliance, *e.g.*, missing tax returns.”

## O. TAOs in Appeals

In some instances, the IRS Office of Appeals tries to limit TAS’s actions on the taxpayer’s behalf under the guise of prohibited “*ex parte* communication,”<sup>58</sup> suggesting that TAOs may violate Appeals’ independence or exceed the National Taxpayer Advocate’s authority. TAS cases involving Appeals continue to reflect Appeals’ misunderstanding of TAS’s statutory authority to advocate for taxpayers. TAS has sent TAOs to Appeals on a variety of issues. The following are typical responses, regardless of the issues in the TAO:

- “This case is in Appeals jurisdiction and the case decision lies in Appeals. The summary [redacted] constitutes an *ex parte* issue...We base our decisions in a fair and impartial manner and our independence is key to our Mission. “
- “Appeals is required by statute to independently and impartially consider the issue on appeal and render a decision based upon law, regulations, policies and procedures. TAS’s desire for an expeditious answer or ‘bona fide completion date’ may conflict with both our independence and mission of resolving tax controversies in a manner that is fair and impartial.”
- “First, it is important to reiterate that in several Reports to Congress, the National Taxpayer Advocate indicated various issues regarding the independence of Appeals as being among the most serious problems facing taxpayers. As stated in the NTA’s 2010 Report to Congress, since the inception of Appeals in 1927, ‘The independent nature of Appeals was not only organizational in its separation from the other operating divisions. Appeals was also to have decisional independence, which means the individuals hearing the appeals were to be insulated from attempts by others to influence the outcomes of their individual cases.’ Congress codified Appeals’ independence with the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98).”

The third bullet, containing the quote from the National Taxpayer Advocate’s Annual Report to Congress, has become a standard reply and is taken out of context, as it refers to Appeals’ interaction with compliance functions of the IRS. Appeals’ TAO responses do not demonstrate a clear understanding of *ex parte* communication, because TAS does not

58 See Rev. Proc. 2012-18, 2012-10 I.R.B. 455. An “*ex parte* communication” is a communication that takes place between any Appeals employee and employees of other IRS functions without the taxpayer (or representative) being given an opportunity to participate in the communication.

violate the rules when acting at the taxpayer's request. The Department of Treasury and the Internal Revenue Service clarified this issue when it issued guidance in 2012 indicating that communications between TAS and Appeals employees are not prohibited.<sup>59</sup> In this regard, section 2.07 of Revenue Procedure 2012-18 provides clear guidance concerning *ex parte* communications and interaction between TAS and Appeals:

Taxpayer Advocate Service. Communications with Appeals that are initiated by the Taxpayer Advocate Service (TAS) are permissible. It is presumed that the TAS employees are acting at the request and with the consent of the taxpayer. Due to the nature of their role within the IRS and their relationship with the taxpayer, TAS employees may discuss with Appeals the strengths and weaknesses of the parties' respective positions and may advocate for a particular result in the case.

Thus, the TAO responses TAS has received from Appeals reflect that Appeals employees do not understand the guidance in Revenue Procedure 2012-18 and do not understand that TAOs can be used, in essence, to order Appeals to respect the role that TAS plays in advocating for taxpayers. In this regard, the section 7811 regulation authorizes the National Taxpayer Advocate to issue a Taxpayer Assistance Order "to any office, operating division, or function of the IRS."<sup>60</sup> It makes no exception for Appeals. Further, the IRM clearly states, "TAS employees may discuss with Appeals the strengths and weaknesses of the parties' respective positions and may advocate for a particular result."<sup>61</sup> Provisions in the Service Level Agreement between the National Taxpayer Advocate and the Chief, Appeals specify how these interactions are to proceed.<sup>62</sup> In FY 2013, through April, TAS issued nine TAOs to the Appeals function. Appeals' responses to five of the TAOs referenced "*ex parte* communication." The National Taxpayer Advocate will address this issue with the Chief, Appeals.

## P. TAOs to Examination Functions

TAS issued 21 TAOs to examination units for a variety of issues, including return preparer misconduct, audit reconsiderations, and problems with the adoption tax credit. While there were no apparent trends, we note that a successful TAO led to a systemic solution to an adoption credit issue.<sup>63</sup> TAS found that based on poorly-worded instructions to Form 8839, *Qualified Adoption Expenses*, and a similarly worded IRM section,<sup>64</sup> IRS units examining adoption credit expenses improperly pro-rated the credit when the adoptions were finalized

<sup>59</sup> Rev. Proc. 2012-18, 2012-10 I.R.B. 455.

<sup>60</sup> Treas. Reg. § 301.7811-1(d).

<sup>61</sup> IRM 8.1.10.1.1.3(1), Taxpayer Advocate Service (TAS) (June 21, 2012)

<sup>62</sup> Service Level Agreement between the National Taxpayer Advocate and the National Chief, Appeals (Sept. 1, 2005), available at <http://www.irs.gov/pub/foia/ig/tas/sla-tas-appeals-0905-06.pdf>.

<sup>63</sup> TAS had 264 adoption credit cases in FY 2013 thru Apr. 2, 2013. A sample review of 100 cases showed the taxpayers came to TAS due to delays in receiving the credit. Once TAS sent an OAR, the IRS promptly worked the cases and released the refunds. TAS issued TAOs in only two cases.

<sup>64</sup> IRM 21.6.3.4.2.15: The eligible child must be: Any child under age 18 during the year, the child is an eligible child for the part of the year he/she was under age 18.

and the child subsequently turned 18 in the same year. Through the TAO process, specific taxpayers received the full credit to which they were entitled and the IRS halted the incorrect action for all taxpayers.

## Q. TAOs Where IRS Actions Caused Undue Taxpayer Burden

TAS issued TAOs in some cases where the IRS's actions or lack of action caused undue hardship or unnecessary burden for taxpayers. In several instances, as noted in the cases described below, the taxpayer tried to resolve the problem before contacting TAS. After TAS contacted the IRS, the IRS still refused to take corrective action. IRS processes, human error, or disregard for the taxpayer required a TAO to resolve the problem or obtain relief, and further validated the importance of the TAO as a strong advocacy tool.

- The taxpayer filed an amended return claiming the Earned Income Tax Credit. TAS found the IRS had attempted to process the return five times, always performing the same actions but expecting a different outcome. After a year, the IRS had not identified the cause of the problem. TAS promptly found the IRS was processing the return under a revoked Individual Taxpayer Identification Number rather than the valid Social Security number, ignoring warnings in two IRM sections about merging these accounts before revoking the ITIN.

Despite TAS advice on how to fix the problem, the IRS input erroneous adjustments, causing a sixth delay. TAS responded with a TAO to direct that the refund be issued immediately. The IRS refused, citing the “dead cycles,” a period when IRS systems are generally unavailable while updating for filing season changes, although manual refunds can be issued during this time. The IRS did not follow procedures to respond to the TAO, but released the refund after further discussion.

- A return filed early in the filing season was delayed by an IRS programming problem for repayment of the First-Time Homebuyer Credit. The taxpayers had multiple hardships, including one spouse's reduced income due to salary cuts. TAS issued an OAR, providing the IRS with its own guidance on how to correct the problem, but the IRS still would not issue a refund. TAS issued a TAO directing an immediate refund due to taxpayers' hardships, using a workaround while the IRS fixed the programming error. The IRS appealed the TAO despite the existence of internal guidance on how to proceed. After the TAO was elevated to the next managerial level, the IRS issued a manual refund under its own guidance.
- The taxpayer fell behind on employment taxes after an employee's embezzlement started a cycle of IRS levies, causing the taxpayer's payroll checks to bounce, followed by substantial bank fees and representation costs of thousands of dollars. TAS properly notified the Collection function to hold collection action to allow TAS to determine the best course of action for the taxpayer and gather documents for the collection officer. Collection refused to place a hold on the account as required, ignoring the taxpayer's financial situation. Collection management also did not follow the process

for open discussion with the LTA to reach agreement on the matter, circumventing the taxpayer's right to TAS assistance.

The LTA issued a TAO to the next level of management, while TAS secured current financial information and developed a proposal for a reasonable installment agreement that the taxpayer could meet, and keep current on his employment tax deposits. Collection immediately complied with the TAO to properly allow TAS the opportunity to work with the taxpayer.

- The taxpayer experienced a financial hardship and could not pay rent and other bills. The IRS held the refund pending verification of business income and expenses. TAS requested verification of the expenses from the taxpayer and sent an OAR to assign the return for action. The IRS acknowledged receipt, but then requested more time without regard for the taxpayer's hardship. The IRS released the refund while the examination was pending. The taxpayer provided TAS and the IRS with a complete accounting of income and expenses, but the IRS said there was a discrepancy. When TAS disagreed, the examiner's response was that since the taxpayer had no bank account, the records may have been created for the exam and were not contemporaneous, despite detailed sales records and dated receipts for expenses. The IRS requested additional documents, but TAS believed the taxpayer had already met her burden of proof. After the IRS repeatedly refused to allow the business deductions, TAS issued a TAO directing the IRS to accept the taxpayer's return as filed, because she provided adequate records. The IRS complied.
- The IRS assessed a trust fund recovery penalty (TFRP) in violation of bankruptcy law, a mistake that cost the taxpayer a large refund, as well as creating undue burden and additional expense for professional help to resolve the problem. TAS issued a TAO to process a claim for refund and abate the assessment. The function complied.
- IRS records indicated the taxpayer was deceased, when clearly this was not correct, as the taxpayer came to TAS for assistance. TAS tried numerous times through the OAR process to have the IRS remove the date of death indicator from the account, and eventually issued a TAO to process the return, which the IRS did.

In FY 2014, TAS will update IRM 13.1.20, *Taxpayer Assistance Orders*, to strengthen the TAO process by mandating the involvement of TAS Area Directors with all TAOs and formalizing the involvement of TAS Attorney-Advisors when the IRS appeals a TAO.

TAS is working to improve Form 9102, *Taxpayer Assistance Order*, to ensure that the TAO process is seamless to the taxpayer and progresses swiftly to alleviate hardships. In FY 2014, the National Taxpayer Advocate will provide training to all TAS employees about the revised TAO process. The leadership of TAS's Case Advocacy function will continue to host TAO Cafes and other discussions with LTAs to ensure that they issue TAOs timely in appropriate cases. TAS will also develop template TAOs for specific scenarios that commonly arise in casework.

## R. TAS Case Reviews Strengthen TAO Advocacy

TAS advocacy case reviews are a management tool that ensures cases are progressing in accordance with taxpayer needs. These reviews are conducted by managers and other assigned technical reviewers at various stages of the case progression. Some factors considered during the reviews include whether the Case Advocates handling the cases are:

- Using Technical Advisors to help develop the facts and law on complex legal issues;
- Requesting Counsel opinions on complex legal questions;
- Using Lead Case Advocates' skills to develop cases timely; and
- Verifying that managerial reviews are timely and facilitate case resolution.<sup>65</sup>

The reviews also look at whether the Case Advocate thoroughly analyzed the case to identify the underlying source of the problem and developed, used, and adapted meaningful action plans to account for nuances in the taxpayer's case and expeditiously resolve the taxpayer's issues in the most favorable manner within the law. Following the review, TAS leadership holds a comprehensive discussion with the LTAs and other staff to share the findings, discuss the rationale for actions, and provide specific case direction.

During FY 2014, TAS will:

- Continue to hold formal and informal discussions during operational reviews, advocacy reviews, and leadership calls with LTAs on the appropriate use of the TAO in advocating for taxpayers. The LTAs will encourage the TAO as an effective tool.
- Promote the involvement of technical advisors in the development of case issues leading to TAO recommendations.
- Strengthen internal controls when a technical advisor manager recommends a TAO be considered, by allowing the manager to follow up to determine if appropriate action was taken.
- Continue advocacy reviews to assess whether the use of the TAO may be appropriate, and update training and procedures based upon the findings.

## S. TAS Improves Communication with the IRS through the Operations Assistance Request Process

To serve taxpayers more efficiently, the Commissioner delegated to the National Taxpayer Advocate certain tax administration authorities that do not conflict with or undermine TAS's unique statutory mission of advocating for taxpayers, but allow TAS to take many actions to resolve routine problems. When TAS lacks the statutory or delegated authority to directly resolve a taxpayer's problem, TAS works with the responsible IRS operating division (OD) or function to resolve the issue, a process necessary in 66 percent of all TAS

65 See Areas of Focus, *The TAS Collection Case Review Yielded Insight on How TAS Can Improve Advocacy in Collection Cases*, *supra*.

cases closed in FY 2012 and 68 percent through March of FY 2013.<sup>66</sup> After independently reviewing the facts and circumstances of the case and communicating with the taxpayer, TAS uses Form 12412, *Operations Assistance Request*, to transmit documentation to the IRS and convey a recommendation or requested action to resolve the issue. The OAR also serves as an advocacy tool by:

- Giving the IRS a second chance to review the issue;
- Opening discussions between TAS and the IRS in an effort to resolve the issue without having to elevate it; and
- Documenting trends that could lead to improvements in IRS processes.

Each IRS function has agreed to work TAS cases with priority and to expedite the process for taxpayers whose circumstances warrant immediate handling. These Service Level Agreements require the ODs and functions to direct resources to process OARs and alert them to the number of taxpayers who seek TAS assistance because they have not been able to resolve their problems through regular IRS channels.

TAS generally sends an OAR on each case it sends to the IRS. In the 2013 filing season, however, TAS and W&I took a streamlined approach that required just one OAR and one day to resolve almost 850 cases stemming from a programming error in Form 8863, *Education Credits (American Opportunity and Lifetime Learning Credits)*.<sup>67</sup>

Additionally, in FY 2013, TAS and the IRS made strides in implementing several recommendations from a joint study of the OAR process.<sup>68</sup> The primary focus of this study included:

- Simplifying and automating OAR routing;
- Improving timeliness and reducing cycle time;
- Setting joint goals and process monitoring; and
- Leveraging workflow technology for TAS's integrated system of the future.

The recommendations being implemented in FY 2013 include:

- Using aggressive, informed Requested Completion Dates (RCDs) for frequently worked OAR issue codes. This improves timeliness and reduces cycle time, speeding up resolutions for taxpayers facing hardships.

66 In FY 2012, TAS closed 152,653 cases requiring an OAR. During the first six months of FY 2013, TAS closed 68,956 cases with OARs. Data obtained from TAMIS (Apr. 1, 2013).

67 Data obtained from TAMIS. TAS identified 844 cases using a specific data collection instrument (DCI) to identify those taxpayers experiencing an extreme significant economic hardship. See *Filing Season Review*, *supra*.

68 MITRE Report, *Case Advocacy Review Phase 2: Operations Assistance Request Process Review – Exploring Future State Opportunities in the Operation Assistance Request Process* (Mar. 10, 2011).

- Developing a high-level measure related to the use of consistent OAR document requirements.
- Aligning TAS area offices to IRS campuses based on certain OAR issues, to simplify routing and resolve problems more efficiently.

These steps will help TAS achieve its long-term goal of resolving taxpayer problems accurately and timely and meet its FY 2013 goal for reducing OAR rejects.<sup>69</sup>

In FY 2014, TAS will implement additional recommendations from this study related to workflow technology in the Taxpayer Advocate Service Integrated System (TASIS, discussed below). This technology will improve performance by standardizing processes and increasing electronic collaboration. TASIS will offer the following capabilities:

- Include workflow technology to improve the OAR process.
- Integrate Case Advocate desktop access with high-use IRS systems.
- Provide the ability to copy a manager, in both an operating division and TAS, on OARs that may require escalation.
- Capture all process events, including the dates documents were requested and received for every OAR.
- Use the “Linked OAR” concept that enables TAS to forward multiple, connected OARs for certain account corrections. A linked OAR requires multiple actions to be taken in a specific order by more than one IRS function, instead of requiring TAS to generate and track separate OARs for each processing step.
- Automate the routing decision.
- Recommend an RCD based on expedite status, current OAR volumes, filing season workloads, and typical timeframes required to work similar OARs (as well as providing the ability to override the RCD).<sup>70</sup>

69 OAR reject rate is the percent of rejected requests for action to be taken by the IRS. The corporate OAR reject goal for TAS in FY 2013 is 3.6 percent.

70 MITRE Report, *Case Advocacy Review Phase 2: Operations Assistance Request Process Review – Exploring Future State Opportunities in the Operation Assistance Request Process* vi-vii (Mar. 10, 2011).