

Internal Revenue Service Inflation Reduction Act Strategic Operating Plan

FY2023 - 2031

Volume 2 of 5



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Provide earlier legal certainty

Taxpayers will have greater upfront clarity and certainty through additional guidance on tax issues

Where we are heading

To provide taxpayers with the information they need to understand and comply with tax obligations, the IRS and the Department of the Treasury work together to issue guidance and advice to ease filing burdens on taxpayers and practitioners, as well as to provide certainty about the positions the IRS takes on tax issues. With limited resources, however, the IRS has been able to provide this guidance only for priority issues, leaving many taxpayers unaware of how the IRS views the application of the law and whether certain positions will be accepted.

In coordination with the Office of Chief Counsel and the Department of the Treasury Office of Tax Policy, we will expand capacity to provide as much certainty on tax issues as possible. This will include issuing more legal guidance, interpreting the tax laws to address areas of uncertainty for all taxpayer segments, including current issues and those related to new legislation. We will emphasize early clarity—through formal or informal guidance—to address a wide array of taxpayer questions and reduce the need for subsequent enforcement actions. We will provide additional legal guidance to enable more taxpayers to meet their filing and tax obligations voluntarily, at the lowest cost. We will identify and implement new strategies to provide increased certainty for taxpayers. We will explore the best practices of other jurisdictions in providing taxpayers with early certainty in more timely ways, such as for risk stratification, safe harbors, or audit guidelines.

What success would look like

Success for this initiative would include a rise in voluntary compliance due to increased understanding. We would receive fewer requests from stakeholders and IRS employees for additional guidance and would be able to focus more compliance resources on issues where there are true legal disputes.

Key projects

- 1. Expand capacity for addressing taxpayer issues through guidance interpreting the tax law.** Expand capacity in the Office of Chief Counsel and with the Department of the Treasury Office of Tax Policy to address more taxpayer questions proactively using both formal and informal legal guidance and rulings.
- 2. Explore new forms of informal guidance.** Pursue the use of additional guidance tools to address current

challenges and, where possible, provide greater certainty for taxpayers. We will continue to devise ways to provide guidance that are helpful to all taxpayers.

Milestones



FY 2024 and ongoing

More guidance provided quickly to address tax compliance and taxpayer services issues



FY 2024

Priority areas for formal and informal guidance identified through consultation with external stakeholders and IRS data, in addition to expanding the annual Priority Guidance Plan process for published guidance



FY 2024

Additional legal specialists hired within

the Office of Chief Counsel and the Department of the Treasury Office of Tax Policy to support expansion of formal and informal guidance

Key dependencies

1.7 depends on projects in initiatives:

None

Initiatives dependent on projects in 1.7:

None

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Deliver proactive alerts

Taxpayers will be able to receive alerts to help them meet filing and payment obligations, understand opportunities to claim certain tax incentives and learn about life changes that could impact their taxes

Where we are heading

We want taxpayers—including businesses and the self-employed—to have the information they need to understand and comply with tax obligations, claim credits and deductions, and understand the impact of life changes on their tax situation (such as marriage or the birth of a child). Educating taxpayers about their eligibility for different options and making it easier to access those options will build trust

in the tax system and help taxpayers make more informed choices.

We will use available data to create clear, informative, and personalized alerts that help taxpayers understand their obligations and the credits and deductions they may be eligible to claim. We will also give taxpayers the option to share life changes with us to learn about the potential tax impacts of those changes, and to opt into receiving notifications about potential life changes that we learn about from IRS data and partner data.

We will build a data environment to better utilize taxpayer-related data sources, including customer accounts, customer service, third-party information reporting, and partner data. Taxpayers who choose to participate will receive simple, easy-to-read notifications to help them understand how these life changes may impact their taxes. Taxpayers will be able to choose what types

of information they receive, how often, and through what channels. We will use research-based education and outreach approaches to help taxpayers understand the benefits of enrolling in personalized alerts.

What success would look like

Success for this initiative would include an increase in the accuracy of participating taxpayers' tax reporting and claims for appropriate incentives. We would see decreased penalties and interest and have shorter examination cycles for taxpayers who receive relevant alerts.

Key projects

- 1. Create options for taxpayers to receive informational and reminder alerts.** Allow taxpayers to choose the types of alerts they wish to receive and their preferred communication channels, which could include in-app notifications, secure messaging, or email. Electronic

alerts will incorporate security and authentication measures to protect taxpayer privacy.

- 2. Personalize what information taxpayers include to inform their alerts.** Enable taxpayers to allow the IRS to use tax data to personalize alerts.
- 3. Build the capability for taxpayers to inform the IRS of major life changes and receive educational content.** Enable taxpayers to update their life changes through their channels of choice, which we will use to inform them of potential impacts to tax obligations, credits, and deductions.
- 4. Build a coordinated partnering strategy to inform taxpayers.** Partner with the Office of Management and Budget and other federal agencies working on life changes initiatives to develop and implement our part of an inter-agency strategy to provide

comprehensive information to help customers make informed decisions and navigate the federal system during status changes.

Milestones



FY 2024

Systems, data sources, and federal and state partnerships established to support personalized alerts



FY 2025

Intake process built so taxpayers can opt into alerts and inform the IRS of life changes



FY 2025

Alerts implemented for individual and business taxpayers and tax professionals, including putting customer service mechanisms in place to answer calls and questions related to the alert process and the alerts themselves

Key dependencies

1.8 depends on projects in initiatives:

1.3, 1.4, 4.1, 4.4-4.6

Initiatives dependent on projects in 1.8:

1.9



Help taxpayers understand and claim appropriate credits and deductions

Taxpayers, including individuals and small businesses, will receive education and assistance in claiming available incentives

Where we are heading

Over the course of the last several decades Congress has given the IRS responsibility for delivering certain incentives through tax credits and deductions, including to small businesses and individuals. We recognize that in order to deliver on this mandate from Congress, we must incorporate the appropriate delivery of these incentives into every aspect of the IRS. Several IRS education and outreach programs facilitate taxpayer access, but many taxpayers remain unaware of tax credits and deductions for

which they are eligible or face other barriers that deter them from claiming appropriate credits and deductions. For example, the IRS estimates that 21% of all eligible taxpayers did not claim the Earned Income Tax Credit in TY 2019. 2

We will remove barriers to claiming tax credits for eligible individuals and small businesses, including those who are not required to file tax returns, while maintaining robust measures to prevent inadvertent errors, fraud, and abuse. We will expand outreach, education, and partnerships to help taxpayers access appropriate tax credits and deductions and to coordinate credit and deduction delivery across the IRS. We will also review internal policies, processes and procedures to reduce barriers and burdens for taxpayers to claim appropriate credits and deductions. We will develop tools to measure uptake by eligible individuals and small businesses and estimate the share of eligible

individuals and small businesses who do not claim their credits and deductions. Based on this analysis, we will improve efforts to help taxpayers receive the incentives for which they are eligible.

What success would look like

Success for this initiative would include an increase in the share of taxpayers successfully claiming incentives for which they are eligible. Taxpayers would also face fewer barriers to claiming credits and deductions they are eligible to receive as we redesign policies, processes and procedures to facilitate access. We would also see fewer inadvertent errors, as well as less fraud and abuse.

Key projects

- 1. Coordinate incentive delivery across initiatives.** Ensure that all the related initiatives under the Strategic Operating Plan include design choices and use data

to help taxpayers understand and claim appropriate incentives. Facilitate collaboration across programs affecting credit and deduction delivery to improve the experience of those making claims.

- 2. Review and revise policies and processes to make the process for taxpayers to claim credits and deductions more efficient.** Examine pathways and programs for understanding and claiming incentives to improve accessibility for eligible taxpayers.
- 3. Improve understanding of the credits and deductions gap.** Use analytics to assess taxpayer uptake of credits, particularly those intended to benefit small businesses and underserved communities. Publish analyses on uptake of incentives, including overclaims and underclaims,

and incorporate our findings into tax gap reporting.

4. Incorporate a “credits and deductions” search function in Online Accounts and improve relevant content on IRS.gov.

Improve self-service pathways for taxpayers to learn about credits and deductions for which they might be eligible.

5. Expand the scale and scope of outreach and education forums.

Expand the availability and services offered and raise awareness of existing forums, including refundable credit summits, IRS education and outreach, Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE), Low-Income Taxpayer Clinics (LITCs), and webinars.

- 6. Enhance and cultivate community-based relationships and improve direct outreach to taxpayers, including small businesses.** Expand relationships with taxpayer communities by developing a greater understanding of their needs and finding effective ways to provide information to different demographics in ways they will understand and trust, including distribution of educational materials using current and new social media platforms, podcasts, radio, television, community-based organizations, and other channels. Use a variety of platforms and messages to reach new demographics in cost-effective ways.
- 7. Expand partnerships with government agencies, private institutions, and others to provide education and service.** As appropriate and legally permissible, partner with

federal, state, and local government institutions, as well as Tribal governments, to share data and information to help taxpayers claim available credits and receive IRS service, particularly in under-resourced communities. Expand partnerships with public and private institutions, such as tax preparation service providers, software companies, VITA, low-income tax clinics, faith-based organizations, nonprofits, and libraries, to distribute educational materials on available credits and deductions.

- 8. Support the IRS shift to a culture of service and continuous improvement.** Develop policies and procedures to help IRS employees look holistically at each taxpayer's individual situation and make sure the taxpayer is aware of the credits and deductions for which they are eligible.

Milestones



FY 2023

Key tax credits and deductions identified as the focus of initial efforts; outreach and community partnership plans developed, including key details such as communication channels, partnership opportunities and messaging



FY 2023

Policies and procedures identified and prioritized for revision to reduce taxpayer burdens



FY 2024

Certain policies and procedures updated according to prioritization plan and feasibility



FY 2024

First new set of scaled outreach and engagement programs launched



FY 2024

Enhanced training including updated guidance on education and outreach for taxpayer-facing employees



FY 2024

Methodology and estimate of selected credits and deductions gap developed



FY 2024

Pilot completed for expanded partnership programs with government agencies and private partners; effective programs refined and scaled up



FY 2025

New contacts launched for lawful non-filers who may be eligible for a credit or deduction to ensure they are aware of their eligibility and have the tools and assistance necessary to claim appropriate credits or deductions



FY 2025

Outreach efforts scaled to include broader list of tax credits and deductions for individuals and small businesses



FY 2025

Additional updates to policies and procedures to reduce taxpayer burdens

Key dependencies

1.9 depends on projects in initiatives:

1.1, 1.2, 1.8, 2.1, 2.6, 4.5-4.8, 5.1, 5.6-5.8

Initiatives dependent on projects in 1.9:

None



Make payments easy

Taxpayers will be able to make payments more easily and seamlessly through all service channels

Where we are heading

Taxpayers expect to have the same quick and easy payment options with the IRS that they have with other businesses, including online, by phone and in person. The IRS should apply payments to the appropriate tax accounts with full transparency about when and how the payments are applied.

We will modernize payment systems and give taxpayers the payment options they expect to make it easier for them to pay the IRS seamlessly and easily. We will expand features in online accounts so that individuals, businesses, tax professionals and

payroll processors will be able to make, manage, and view payments. We will also improve and expand options for online payments without registration, and enable payments over the phone, through IRS employees, and from international taxpayers.

What success would look like

Success for this initiative would include a rise in the share of timely payments and declines in accruals of interest and penalties.

Customer satisfaction regarding the ease and transparency of payment processes would increase.

Key projects

- 1. Enable payments through online accounts.** Allow taxpayers and third parties to make payments through online accounts, with options to pay by bank account, credit or debit card, or digital wallet.

- 2. Improve and expand guest payments.** Allow individual and business taxpayers to pay without registration.
- 3. Give payors options to pay through IRS employees, over the phone—including on automated phone lines—and in person.**
- 4. Provide payment options to taxpayers abroad and foreign governments.** Allow those with foreign bank accounts and foreign currency to make and receive payments.

Milestones



FY 2023

Online Account payment features expanded so taxpayers can schedule payments, cancel scheduled payments, and save bank information



FY 2024

Business Online Account and Tax Pro Account payments plus Direct Pay enhancements implemented



FY 2024

Payment capabilities over the phone and through employees launched



FY 2025

Business Online Account and Tax Pro Account enhancements implemented (e.g., batch payments, save and manage bank information)



FY 2026

Integrated payment capability by card and digital wallet developed

Key dependencies

1.10 depends on projects in initiatives:

1.3, 1.4, 4.4-4.6

Initiatives dependent on projects in 1.10:

1.11, 2.7

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Build status-tracking tools for taxpayers

Taxpayers will be able to use new status-tracking tools to see real-time status updates, next steps, and estimated time to process documents and resolve issues

Where we are heading

The IRS will provide taxpayers with access to personalized, real-time status updates on returns, refunds, and other IRS processes and decisions. These tools will help taxpayers identify the causes of delays or issues, get answers via self-service, and understand what to expect and what actions they need to take, if any.

We will update existing online status tools and build capabilities into online accounts to enable this personalized status tracking. We will improve status categories and messaging

to clarify next steps, integrate data and analytics to provide real-time personalized information and estimates, connect information across systems, and ensure employees have access to all the relevant information for consistency across service channels.

What success would look like

Success for this initiative would include more accurate projections for process and decision timeframes. Customer satisfaction with IRS status- tracking tools would increase, including improved satisfaction with accuracy, ease of use, and value of information provided. We would receive fewer calls related to tracking the status of tax returns, refunds, audits, and other IRS processes.

Key projects

- 1. Provide real-time status updates on taxpayer refund and return processing, audits, and other**

service interactions. Create status-tracking tools that show more details about processes, incorporate data and analytics into messaging about estimated processing times, and provide clear instructions for next steps when appropriate.

2. Build access to status-tracking information within Online Account and Business Online Account for business and individual taxpayers.

Allow taxpayers to find all their personalized status-tracking information in one spot.

3. Provide status information regardless of service channel chosen.

Ensure that self-service online tools provide the same details via the phone and other channels by allowing IRS employees to see what the taxpayer sees online.

4. Allow tax professionals to view status information for their clients.

Give taxpayers the ability to authorize tax professionals to track status for them through the online Tax Pro Account platform.

5. Give taxpayers the option to receive notifications when their refunds, returns, or payment status changes.

Provide status notifications to help taxpayers trust that they have the most up-to-date information without constantly checking online tools.

Milestones



FY 2023

Current refund and amended return status-tracking tools refined in Online Accounts to provide more transparent messaging for taxpayers that explains processing status, errors and issues, and next steps



FY 2024

Improved taxpayer status-tracking tools in online accounts for filing season 2024



FY 2025

New status tracking enhancements implemented in Business Online Accounts



FY 2025

Real-time processing estimates launched with data analytics to provide more accurate status messaging



FY 2024-2027

Audit status and other process-tracking launched and enhanced based on prioritization plan

Key dependencies

1.11 depends on projects in initiatives:

1.2-1.4, 1.10, 4.1, 4.2, 4.4-4.7

Initiatives dependent on projects in 1.11:

2.6, 5.8



Streamline multichannel customer assistance

Taxpayers will be able to quickly, securely, and accessibly get the help they need, resolve more issues in a single contact, and experience minimal delays during interactions with us

Where we are heading

We will deliver taxpayers and tax professionals two-way communication options that are secure and easy to navigate. The IRS will manage interactions in ways that minimize customer burdens and make it easy to get information and resolve issues.

We will offer taxpayers more options for communicating securely with us through multiple channels after proving their identity. We will add initial identity-proofing options, establish methods for linking identity

information to all service channels, and ensure taxpayers can communicate back and forth with the IRS across all service channels. We will enable information about each customer's history and current service interaction to follow the customer, allowing employees to understand what has happened so far and to seamlessly help the customer take the correct next steps, while appropriately protecting taxpayer data.

What success would look like

Success for this initiative would include higher rates of first-contact resolution for a larger share of issues. Taxpayers would resolve more issues through self-service and automated channels and require live customer service channels less often. Customer satisfaction rates would increase related to the ease of communicating with the IRS and of escalating customer service issues through different channels.

Key projects

1. Offer a secure initial identity-proofing option for all taxpayers.

Offer identity-proofing options that meet the unique needs of different taxpayers.

2. Allow taxpayers to use their initial identity- proofing event for both digital and non- digital service options.

Provide non-digital service options for taxpayers to link initial identity-proofing events to non-digital service interactions.

3. Provide taxpayers with different digital two-way communication service options.

Give taxpayers secure online options to talk with IRS employees, view and send messages to the IRS, and upload documents.

4. Manage customer histories so that employees can view past and current interaction data in real time.

In a related initiative, build tools that give employees access to customer service histories and minimize duplication, as customers should not have to repeat information.

Milestones



FY 2023

Digital options built and implemented to allow taxpayers to communicate back and forth with the IRS across different channels, including enhanced options to submit documents online



FY 2023

Number of credentialing service providers for identity-proofing expanded, more services made available to authenticated taxpayers, and access

expanded for certain types of taxpayers, such as ITIN holders and international taxpayers



FY 2023

Technology tested to link identity information between certain service channels



FY 2023-2024

Certain employee views of customer histories delivered and enhanced, such as with customer relationship management tools



FY 2024

Additional online options available for identity-proofing for individuals and businesses

Key dependencies

1.12 depends on projects in initiatives:

1.3, 1.4, 4.4-4.6, 5.5

Initiatives dependent on projects in 1.12:

1.1, 1.4, 2.7, 5.6, 5.8



Objective 2

Quickly resolve taxpayer issues when they arise

Millions of taxpayers make simple mistakes when completing their returns, and millions fail to properly claim tax incentives for which they are eligible. Resolving these and other simple mistakes can be a prolonged process. Through investments in our data management and taxpayer communication tools, we will work to resolve these issues more quickly and prevent their recurrence. The initiatives that support this objective will leverage a multichannel outreach approach.

Where we are heading

- When taxpayers make filing errors, we will reach out to them faster and offer clearer, more accessible ways to resolve issues.
- We will help taxpayers who reach out to us get the help they need more quickly, addressing their concerns and fixing any problems they have.
- Informed by data and enabled by improved technology, we will reach out to taxpayers when they may owe taxes and when they may have missed credits or deductions.

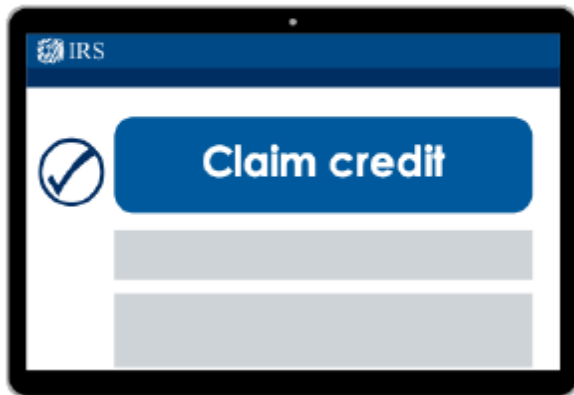
How we will tailor solutions to taxpayers

The most effective, least burdensome approach appropriate based on the taxpayers' specific circumstances

Digital alerts for simple mistakes



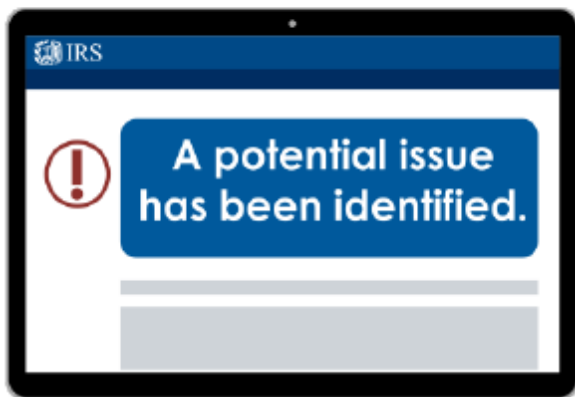
Notice for eligible individual who missed a credit



Installment agreement offered to a taxpayer unable to pay their taxes at time of filing



Inquiry for potential misreporting



Visuals are illustrative

Indicators of success

- ✓ Increased notice response rate
- ✓ Decreased repeat noncompliance rate
- ✓ Increased share of credits and deductions claimed by those who are eligible
- ✓ Decreased average days between return filing and contacting taxpayers with issues
- ✓ Faster resolution of compliance issues after filing
- ✓ For taxpayers with the ability to pay, increased percentage of new balance-due cases closed within one year of assessment



How faster resolution of issues will further the energy security and clean energy provisions of the IRA for

consumers, small businesses, communities, and industries

- We will flag issues with claimed credits at the time of filing so that taxpayers can correct them, if necessary, and promptly get the credits for which they are eligible.
- Clear and transparent notices will promptly notify taxpayers claiming energy security and clean energy tax incentives when issues arise and will provide information for the simplest pathways to resolution.

Strategic shifts

From	To
Taxpayers do not have tools to easily identify potential mistakes and correct them before filing.	We will offer notifications and proactive help for taxpayers to find and correct mistakes earlier.

Taxpayers learn of issues via paper notices that can be difficult to understand and can be resolved only via inconvenient, paper-based processes.	Electronic filing and communication options will be simpler and will make it easier to interact with the IRS.
Simple filing mistakes and larger inaccuracies may require lengthy issue resolution processes.	We will resolve filing issues with clear notices and the fastest, simplest possible solutions for taxpayers.

Initiatives included in this objective

2.1 **Identify issues during filing:** The IRS will send taxpayers notifications about potential issues as they file returns to help them correct errors and claim credits and deductions

2.2 Deliver early and appropriate treatments for issues: The IRS will provide taxpayers with timely and tailored post-filing treatments to resolve issues and omissions on their tax returns

2.3 Develop taxpayer-centric notices: The IRS will send taxpayers notices they can understand, delivered in ways they prefer, with clear explanations of issues and steps to resolution

2.4 Expand tax certainty and issue resolution programs: Taxpayers will be able to resolve potential compliance issues up front through expanded pre-filing and tax certainty programs

2.5 Offer proactive debt resolution: The IRS will proactively offer taxpayers appropriate options for past-due payment resolution

2.6 **Expand engagement with non-filers:** The IRS will provide early, tailored outreach to taxpayers who do not file on time

2.7 **Use improved data and analytics to tailor timely collections contacts:** The IRS will provide early, tailored contacts to all taxpayers with past-due balances, and will only escalate to more intensive treatments when appropriate

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Identify issues during filing

The IRS will send taxpayers notifications about potential issues as they file returns to help them correct errors and claim credits and deductions for which they are eligible

Where we are heading

The IRS will notify taxpayers and tax professionals about potential issues and allow them to make corrections at the point of filing, reducing the need to resolve errors after filing. We will also offer real-time checks and notifications to help taxpayers claim any credits or deductions for which they may be eligible but have missed on their returns.

We will advance our ability to systematically check each electronically filed return for

errors in real time, match it against available third-party and internal data, and evaluate the taxpayer's eligibility for credits and deductions.

We will explain each potential issue in plain language in notifications that could be delivered to taxpayers or preparers directly or through their tax software. Each notification will include instructions on how to correct the issue and resubmit the return. If the return is not corrected, the IRS will follow its normal processes to reject or accept it. If the return is accepted, the taxpayer will still have opportunities to resolve errors later.

What success would look like

Success for this initiative would include rejecting fewer returns and sending fewer returns to error resolution for taxpayers who receive these notifications. For taxpayers who receive notifications about credits and

deductions, claims for appropriate credits and deductions would increase.

Key projects

1. Enhance systemic checks for return completeness and consistency.

Identify issues at the point of filing such as math errors, missing forms, or missing income reported by third parties.

2. Send notifications for each issue identified. Include details of the issue and instructions on how to get further explanations, correct it, or dispute it.

3. Integrate notifications with filing software or systems. Make notifications available to taxpayers and preparers through their software and through any potential IRS direct file system.

Milestones



FY 2024

Taxpayers and preparers notified of mismatches for simple types of income (W2s and 1099 NECs) and processing errors



FY 2025

Taxpayers and preparers notified of potential filing issues including tax credits related to children and other dependents, other missed or erroneous credits and deductions, and other issues to be determined

Key dependencies

2.1 depends on projects in initiatives:

1.3, 4.1, 4.4-4.7, 5.7

Initiatives dependent on projects in 2.1:

1.9, 2.5, 2.6



Deliver early and appropriate treatments for issues

The IRS will provide taxpayers with timely and tailored post-filing treatments to resolve issues and omissions on their tax returns

Where we are heading

Most taxpayers want to be compliant. When issues are identified after filing, the IRS must help the taxpayer to become compliant as quickly and simply as possible. We will address issues identified after filing that require IRS intervention promptly and in ways tailored to the specific circumstances of the taxpayer, such as a soft notice to encourage self-correction instead of an audit, modes of delivery such as an electronic notice rather than an in-person visit, and pathways toward increased review. Notification could start with a soft notice, for example, and move to an

audit if no action is taken or the issue remains unresolved. This approach will give taxpayers who want to comply with simpler ways to correct issues identified after filing and help to prevent unnecessary audits. For issues unresolved by this process, the IRS will move to audits. We will also streamline procedures so that issues can be resolved more quickly, with less burden on the taxpayer, when the taxpayer is being audited or affected by any other compliance contact.

What success would look like

Success for this initiative would include helping taxpayers resolve compliance issues more quickly, a higher incidence of correcting or self-correcting issues using less intrusive treatments when appropriate, a reduction in repeat noncompliance, and a higher incidence of taxpayers paying what they owe. Earlier contacts as appropriate will also improve the effectiveness of overall IRS compliance actions by focusing enforcement efforts on

high-priority issues and cases with significant evidence of noncompliance.

Key projects

- 1. Develop treatments tailored to taxpayers based on our assessment of the relevant issues.** Based on a taxpayer's unique circumstances and issue-specific level of risk, use advanced analytics to identify the most appropriate treatment to address potential noncompliance. Tailored treatments will help the taxpayer to establish and maintain compliance and minimize the burdens on that taxpayer. IRS treatments will be easy to understand and use multiple modes of communication, including texts and email.

- 2. Develop tailored treatments to help taxpayers claim missed incentives for which they are eligible.** Take a comprehensive approach to detecting and helping taxpayers claim any incentives for which they are eligible. Establish tailored approaches addressing unique constraints and employ various methods of delivery. By applying advanced analytics, identify situational trends and appropriate treatments to alert taxpayers to credits and deductions they may qualify for but did not claim on their return.
- 3. Increase focused outreach in underserved communities.** Engage with taxpayers, including small business taxpayers, in underserved rural and urban communities to deliver education and technical tools that directly address issues or opportunities identified on filed returns. Use communications specific to

the demographic to help them understand.

4. Refine current treatments to make them more efficient and effective.

Use enhanced data, analytics and digital tools to improve efficiency and resolve cases sooner. Identify opportunities to minimize taxpayer burden by improving enterprise-wide planning and coordination. Ensure communications are easy to understand so that taxpayers can take corrective action. Explore ways to reduce the burdens on taxpayers affected by correspondence audits.

5. Integrate data and analytics to increase the timeliness of

treatments. Provide treatments as close to the time of filing as possible so that taxpayers can address issues sooner and avoid repeating them in subsequent years.

6. Improve the administration of penalties. Evaluate and improve the administration of taxpayer penalties and consider reasonable cause exceptions where applicable to encourage voluntary compliance and resolve issues faster when appropriate.

Milestones



FY 2023

New research identified to foster our understanding of prevalent issues and the most effective treatments for those issues



FY 2024

Refined methodology for assigning optimal treatments and appropriate follow-up treatments to taxpayers, developed through data-driven analysis and research; taxpayer indicators and behavioral characteristics identified that will help determine the most effective treatment for each taxpayer archetype



FY 2024-FY 2026

Current treatments (e.g., correspondence and field audits, soft notices, education letters) refined to be more efficient and effective (first set of refinements deployed in FY 2024; improvements from digitization and analytics deployed in FY 2026)



FY 2025-FY 2027

New tailored treatments developed and piloted based on data and analytics (FY 2025); additional treatment options piloted as new IT capabilities become available throughout FY 2027

Key dependencies

2.2 depends on projects in initiatives:

1.2, 1.3, 2.5, 3.1, 4.5-4.7, 5.5-5.7

Initiatives dependent on projects in 2.2:

None

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Develop taxpayer-centric notices

The IRS will send taxpayers notices they can understand, delivered in ways they prefer, with clear explanations of issues and steps to resolution

Where we are heading

We must make it easier for taxpayers and tax professionals to understand the nature of potential tax issues and how to resolve those issues.

We will redesign and update all notices for clarity, simplicity, and plain language, and allow for personalized notices in place of boilerplate language. At the same time, we will improve the process of redesigning and reviewing notices, adjust underlying systems and software to make updating notices easier, and ensure that the review process focuses

on using simple, clear language. For those who prefer, we will make all notices available to taxpayers, tax professionals, and IRS employees online, even if they are also required by law to be mailed. We will enable taxpayers to respond to notices electronically and make all notices available in Spanish; translation into other languages will be added based on taxpayer needs. As the IRS expands available communication channels with taxpayers, they may be able to elect how they receive their notices.

What success would look like

Success for this initiative would include increased response rates and compliance rates among taxpayers who receive improved notices. Taxpayers would understand what information must be provided to claim credits and deductions. Their rate of using self-service options to resolve issues would likewise increase. Customer satisfaction

measures would increase due to clearer notices and easier response processes.

Key projects

- 1. Revise notices by simplifying the language.** Update the notice review process and redesign all notices so that they clearly, briefly state the issues and required actions, and that they are personalized and consistent with IRS messaging. Reduce notices' length by providing embedded links to additional content.
- 2. Add digital copies of all notices to online accounts.** Create digital copies of all notices so that taxpayers and authorized third parties can access them online.
- 3. Improve technology so notices can be updated without coding or system changes.** Use new technology to accelerate updates and digitalize the

content of notices, with the aim of increasing the current rate of five to seven notices per year to as many as 500 per year.

4. Expand digital response options.

Build two-way communication channels so that taxpayers can respond to notices online. Include information about digital options in redesigned and digitalized notices.

5. Prioritize work on notices based on needs.

Develop a long-term plan that reduces competing priorities, translates only redesigned notices, and includes all IRS notices and letters.

6. Translate notices written in plain language to the top eight languages used by taxpayers. Ensure that notices written in other languages are as simple and accessible as plain-English documents.

Milestones



FY 2023

Prioritization plan developed for revising and implementing updated digitalized notices



FY 2024

72 notices added to individual Online Account



FY 2024-2026

Capabilities launched for taxpayers and tax professionals to receive and respond to additional notices electronically

Key dependencies

2.3 depends on projects in initiatives:

1.3, 1.4, 4.2, 4.4-4.6

Initiatives dependent on projects in 2.3:

2.5, 2.6

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Expand tax certainty and issue resolution programs

Taxpayers will be able to resolve potential compliance issues up front through expanded pre-filing and tax certainty programs

Where we are heading

Pre-filing programs, in which the IRS and taxpayers work together to resolve complex issues before a tax return is filed, are not broadly available and are mainly focused on large business taxpayers.

We will improve and expand tax certainty programs so that other segments of taxpayers can determine their tax obligations more quickly and with finality. These tailored pre-filing programs will provide more tax certainty to taxpayers who face complex issues. We will also work to adequately staff

existing programs that have under-delivered to taxpayers due to resource constraints. In tandem with greater emphasis on early formal and informal legal guidance, this step will allow more taxpayers to reach tax certainty sooner. We will also prioritize providing clear answers earlier to a wide array of taxpayer questions, which will reduce the need for later compliance contacts. These steps will enable more taxpayers to voluntarily meet their filing and tax obligations right the first time, at the least cost.

What success would look like

Success for this initiative would include increased participation in tax certainty programs, faster resolution of taxpayers' complex tax issues, and a reduction in post-filing compliance activities for participating taxpayers.

Key projects

- 1. Expand capacity, eligibility and accessibility for current pre-filing programs where appropriate.** Enable more taxpayers who face complex tax issues to use our tax certainty programs. Increase efforts to make taxpayers aware of these programs, including describing how to participate and articulating the programs' benefits to eligible taxpayers.
- 2. Refine programs to address current challenges and, where possible, provide more tax certainty to program participants.** Continue to refine current pre-filing and tax certainty programs to make them more streamlined and efficient for taxpayers.
- 3. Develop additional, tailored tax certainty programs.** Create new programs to provide tax certainty to

additional taxpayers who face complex tax issues or need to resolve outstanding errors. Develop these programs based on IRS and taxpayer experience, in close consultation with external stakeholders.

- 4. Consider removing user fees from programs where appropriate.** Make these programs more accessible to taxpayers—particularly for small and mid-sized businesses—who could benefit from them. Further digitalize and improve our pre-filing programs to make it easier for these taxpayers to apply, upload documents, and correspond with us digitally.

Milestones



FY 2023

Outreach and campaigns expanded to increase awareness of tax certainty programs and their benefits to taxpayers with complex issues



FY 2024

Pilot program launched to invite taxpayers to participate in pre-filing programs



FY 2024

Priority areas identified for new, tailored tax certainty programs through consultation with external stakeholders and IRS data, especially after assessing common issues that emerge following an increase in compliance coverage



FY 2026

Additional specialists hired and onboarded to support expansion of current tax certainty programs



FY 2027

Additional specialists trained and current employees reskilled to support expansion of current tax certainty programs

Key dependencies

2.4 depends on projects in initiatives:

1.3, 4.5, 5.1, 5.4, 5.6, 5.7

Initiatives dependent on projects in 2.4:

None



Offer proactive debt resolution

The IRS will proactively offer taxpayers appropriate options for past-due payment resolution

Where we are heading

More than 10 million taxpayers have past-due balances.³ Many want to pay what they owe, and many have filed their tax returns but are facing hardships that hinder them from paying their full tax balances on time. While it is taxpayers' responsibility to pay their taxes or make alternative arrangements, those experiencing hardship may not be able to easily set up a payment arrangement, such as an installment agreement or offer in compromise. In some cases, fees apply to taxpayers who enter these arrangements.

We will simplify available options for taxpayers who are seeking to resolve their past-due balances or to make payment arrangements with the IRS. We will also reach out to taxpayers who have failed to make payments and offer them options. For some taxpayers, we will offer potential resolutions, such as short-term payment plans, installment agreements, or a temporary delay of collection, with terms appropriate for the taxpayer's circumstances. In other situations, we will alert taxpayers to all balance resolution options available and the processes for enrolling. This outreach will be timely; we will contact taxpayers as soon as payments are missed so that they can address their past-due balance as quickly as possible to reduce the accumulation of interest.

What success would look like

Success for this initiative would include increased voluntary compliance with an increase in the number of taxpayers who

willingly enter arrangements to address their past-due balances in ways that are suited to their circumstances. Other markers include reductions in the overall amount of tax debt, the number of taxpayers with past-due balances, and accumulated interest, since taxpayers will be able to address past-due balances more quickly.

Key projects

1. Develop analytics to identify the repayment options best suited to each taxpayer's circumstances.

Leverage IRS data and analytics to develop solutions tailored to taxpayers' circumstances. For example, we will proactively offer short-term payment plans or installment agreements to eligible taxpayers.

- 2. Create processes for real-time identification of taxpayers who miss payments and contact them through the channel of their choice.** Develop and refine processes to quickly identify accounts that miss payments so that taxpayers can be contacted immediately via the channel of their choice (e.g., phone, email, text, or letter). Expand our capacity to provide customer support to taxpayers who seek to understand their options and choose the most appropriate resolution.
- 3. Leverage IRS data and analytics to notify and help taxpayers avoid repeat delinquency.** Leverage IRS data and analytics to identify potential repeat delinquency. Proactively contact taxpayers with information about the consequences of missing a payment and explain the options available to them.

- 4. Evaluate options for reducing or waiving fees.** Consider various options for eliminating fees or expanding the use of fee waivers for certain taxpayers who enter arrangements with the IRS to resolve their past-due balances.
- 5. Refine resolution options to be more effective at reducing debt and easier for taxpayers to use.** Incorporate offer in compromise eligibility checks and enrollment applications into online accounts. Develop and improve tools for online installment agreements.

Milestones



FY 2023

Improvements to online installment agreement portal launched



FY 2024

Evaluation conducted of fees for payment arrangements



FY 2025

Enhanced analytics launched for predicting where a proactive resolution may be appropriate



FY 2026

Capability launched for taxpayer access to a broader range of self-service debt repayment tools through online accounts

Key dependencies

2.5 depends on projects in initiatives:

2.1, 2.3, 2.7, 3.1, 4.6

Initiatives dependent on projects in 2.5:

2.2, 2.7



Expand engagement with non-filers

The IRS will provide early, tailored outreach to taxpayers who do not file on time

Where we are heading

Individuals and entities who are required to file tax returns but fail to do so on time are known as delinquent non-filers. Many are not intentionally avoiding taxes but fail to file for simple reasons, such as being unaware of their obligation to file taxes, forgetting to file, not knowing how to file, missing the deadline to request an extension, or attempting to file but failing to ensure that their return reaches the IRS. Today, IRS notices to non-filers are delayed and are not tailored to the common reasons taxpayers do not file. Delinquent non-filers may be subject to penalties when the IRS assesses their tax obligations, and

they may even miss credits and deductions for which they are eligible.

We will expand outreach to individuals and entities as soon as they miss a filing deadline and provide more options to help them become compliant. These options will be simple, easy to understand, and reflect common reasons why individuals and entities do not file on time. We will explore options such as: (1) prompting taxpayers to file a simple request for an extension; (2) allowing certain individuals to indicate that they have only wage income and would like the IRS to complete their returns based on reported information; (3) informing individuals who are not required to file returns about tax credits they may be eligible for; and (4) proactively offering payment agreements to taxpayers who may not be able to pay in full immediately. Communications will provide clear information about the consequences of not filing and help taxpayers become

compliant. We will also enhance our use of data and analytics to identify and contact more non-filers in a timely manner.

What success would look like

Success for this initiative would include an increase in non-filers who are detected and contacted in a timely manner so they can voluntarily comply; an increase in simple options that reflect the reasons why individuals and entities do not file, thus improving the taxpayer experience; an increase in the number of taxpayers who self-correct (i.e., pay on their own without intervention); and a reduction in the number of taxpayers who face additional penalties.

Key projects

- 1. Develop tailored non-filer treatments that are simpler for taxpayers and address common issues that cause taxpayers not to file.** Explore more options to help

taxpayers become compliant that are simple, easy to understand, and reflect common reasons why individuals and entities fail to file.

- 2. Build enhanced analytics to detect more non-filers sooner.** Use improved data and expand the use of analytics to detect more non-filers as soon as they miss deadlines.
- 3. Build treatments tailored for non-filers who are not required to file returns but may be eligible for tax credits.** Develop analytics to better identify lawful non-filers who may be eligible for a credit or deduction. Explore simple tools and contacts to help them access tax credits for which they are eligible.
- 4. Expand capacity and resources for our non-filer and return-delinquency programs.** Increase capacity and resources for non-filer programs so that

we can proactively contact all appropriate non-filing individuals and entities identified, thereby providing exceptional customer service to non-filers who need assistance in becoming compliant.

Milestones



FY2023

Pilot program for new non-filer treatments launched



FY 2024

Successful pilot treatments scaled



FY 2024

Analytics for detecting non-filers shifted for use immediately after filing deadline



FY 2025

All appropriate non-filers receive tailored, proactive outreach before receiving automated assessments or penalties

Key dependencies

2.6 depends on projects in initiatives:

1.1, 1.6, 1.11, 2.1, 2.3, 4.5, 4.6

Initiatives dependent on projects in 2.6:

1.9



Use improved data and analytics to tailor timely collections contacts

The IRS will provide early, tailored contacts to all taxpayers with past-due balances, and will only escalate to more intensive treatments when appropriate

Where we are heading

When taxpayers do not file or fully pay their taxes on time, resolving their tax obligations becomes increasingly difficult as time progresses. Early contact gives the IRS an opportunity to assist these taxpayers in resolving their underlying problems so that they can avoid additional liabilities.

We will use more data and better analytics to reach out to taxpayers earlier, with more options to address their unpaid balances quickly and simply. We will shift to a collection approach that treats all accounts

individually, with a customized approach that reflects the cause of the current tax debt, considers appropriate collection alternatives and enables the taxpayer to comply. We will accelerate attempted resolution by basing the first compliance contact on the most likely ultimate resolution of that case.

What success would look like

Success for this initiative would include a higher percentage of new balance-due cases closed within one year of assessment, and a higher number of communication methods used to contact taxpayers based on their preferred channels, including text, telephone and email. Taxpayers would also resolve past-due tax balances more quickly.

Key projects

- 1. Hire, onboard and train the workforce needed to assist taxpayers and address balance-due accounts more quickly.** Replenish the

collection workforce by hiring specialists and developing the current workforce's skills to reach the desired collection coverage, to address high-priority segments, and to assist taxpayers in compliance options. Increase staff in the Independent Office of Appeals to facilitate the resolution of collection matters, as well as in the Office of Chief Counsel to support collection and appeals and to litigate cases when necessary.

2. Develop improved analytics models to better inform taxpayer contacts.

Predict which accounts are unlikely to self-correct so that we may prioritize contacts to these accounts using real-time data. Build models to predict the ultimate resolution of each balance-due case to ensure that the case is treated appropriately.

- 3. Refine collection communications to make them more efficient and effective.** Redesign current notices and other communications to make them clearer and to help the taxpayer understand directions and a seamless way to resolve the issue.
- 4. Develop and pilot new collection treatments based on data and analytics.** Develop new collection treatments by leveraging new data and IT capabilities, such as digital communications channels.

Milestones



FY 2024

Analytics models used earlier in the collection process, so taxpayers receive tailored communications immediately after the first notice that balance is due



FY 2025

Analytics models refined to better predict which taxpayers will self-correct and the likely resolution of each balance-due case to better inform taxpayer contacts



FY 2025

New collection treatments piloted and developed based on data and analytics



FY 2026

Workforce needed to achieve collection coverage levels hired, onboarded and trained



FY 2024-FY 2026

Notices refined to make them more efficient and effective (first set of refinements deployed in FY 2024; improvements from digitalization and analytics deployed in FY 2026)

Key dependencies

2.7 depends on projects in initiatives:

1.1-1.4, 1.10, 1.12, 2.5, 3.1, 4.5-4.7, 5.1,
5.5

Initiatives dependent on projects in 2.7:

2.5