


U.S. DEPARTMENT OF THE TREASURY

Treasury, IRS Release Plan to Deliver Improved Service for Americans, Reduce Deficit by Hundreds of Billions

April 6, 2023

WASHINGTON, D.C. – Today the U.S. Treasury Department and Internal Revenue Service (IRS) released the [Strategic Operating Plan](#) , a comprehensive roadmap to transform the IRS using Inflation Reduction Act resources. The Strategic Operating Plan shows how the IRS will use these long-term resources to provide taxpayers with world-class customer service and reduce the deficit by hundreds of billions by improving enforcement among high-income and high-wealth individuals, complex partnerships, and large corporations that are not paying the taxes they owe.

“Thanks to Inflation Reduction Act resources, the IRS is already delivering significantly improved customer service this filing season. The Strategic Operating Plan shows how the IRS will continue this transformation by providing world-class service, upgrading decades-old technology, and reducing the tax gap by ensuring high earners play by the same rules as working and middle-class families,” said Secretary Janet L. Yellen.

The Strategic Operating Plan details five objectives to achieve the goal of providing world-class service and reducing the deficit by hundreds of billions:

1. Dramatically improve services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible
2. Quickly resolve taxpayer issues when they arise
3. Focus expanded enforcement on taxpayers with complex tax filings and high-dollar noncompliance to address the tax gap
4. Deliver cutting-edge technology, data, and analytics to operate more effectively
5. Attract, retain, and empower a highly skilled, diverse workforce and develop a culture that is better equipped to deliver results for taxpayers

The Plan also complies with Secretary Yellen’s directive that IRA resources will not be used to raise audit rates for small businesses and households making less than \$400,000 a year, relative to historical levels.

CUSTOMER SERVICE AND TAXPAYER EXPERIENCE

Under the Strategic Operating Plan, the IRS will help taxpayers get it right, and taxpayers will be able to seamlessly interact with the IRS in the ways that work best for them on the phone, in-person, and online.

In the first five years of the 10-year plan, taxpayers will be able to securely file all documents and respond to all notices online and securely access and download their data and account history. For example, the IRS will build on the launch of a new online tool to respond to nine of the most common notices this filing season by enabling taxpayers to respond to an additional 72 notices online by the end of Fiscal Year 2024. In another example, taxpayers and tax professionals will be able to view and securely download their account history to see payments, balances, notices, and other information by the end of Fiscal Year 2025.

For the first time, the IRS will also help taxpayers identify potential mistakes before filing, quickly fix errors that delay their refunds, and more easily claim the credits and deductions they are eligible for. For example, IRS will prompt taxpayers to correct simple math errors before filing and send emails explaining credits and deductions.

TECHNOLOGY

Modernizing decades-old technology will drive the IRS' efforts to provide world-class customer service. In the first five years of the 10-year plan, the IRS will eliminate paper backlogs that have delayed taxpayer refunds by digitizing forms and returns when they are received and transitioning to fully digital correspondence processes. While the IRS will preserve paper filing options, scanning and digitizing all returns at the outset will allow IRS to increase efficiency and improve service.

IRS will also retire outdated components of its core tax processing systems, replacing them with modern platforms that will enable transactions to be processed more quickly. For example, a key limitation of the Individual Master File (IMF) is the way data is pulled from it, which prevents customer service representatives and taxpayers from having access to real-time data. As IRS retires outdated components of the IMF, taxpayers will experience significant improvements. For example, real time processing will allow taxpayers to download their most current account data.

These technology investments will also allow the IRS to continue to meet and enforce industry and government-wide cybersecurity standards and ensure continued protection of








taxpayer data. The certainty provided by Inflation Reduction Act resources will allow for system-wide technology upgrades the IRS has lacked the resources to do.

ENFORCEMENT

Due to a lack of resources and loss of top talent, audits of the wealthy and large corporations have plummeted over the last decade, and the amount of taxes evaded by the top 1 percent has exploded to \$160 billion per year. Audit rates for millionaires fell by 77 percent, audit rates for large corporations fell by 44 percent, and audit rates for partnerships fell by 80 percent between 2010 and 2017.

It takes up to 50 times longer for top talent to audit wealthy individuals and their related entities than to complete simple audits—up to 250 hours rather than five hours on average. Corporate audits similarly average hundreds of hours over two to four years. The IRS needs top talent to do this complex and time-consuming work.

IRS will hire experienced accountants and attorneys and utilize improved data and analytics to ramp up enforcement at the top and ensure wealthy individuals, large corporations, and complex partnerships pay the taxes they owe. Improved data and analytics will allow the IRS to better identify potential evasion within the complex structures used by high-income and high-wealth individuals and large corporations, ensuring top IRS talent focus their time on audits most likely to reveal significant evasion.

- [For more information on how the Strategic Operating Plan will allow the IRS to provide world-class service click here.](#) 
- [For more information on how the Strategic Operating Plan will allow the IRS to modernize technology click here.](#) 
- [For more information on how the Strategic Operating Plan will benefit small businesses click here.](#) 
- [For more information on how the Strategic Operating Plan will benefit workers and families click here.](#) 
- [For more on how the Strategic Operating Plan will allow the IRS to implement the Inflation Reduction Act's clean energy provisions, click here.](#) 
- [For more on how the Strategic Operating Plan will increase fairness in tax administration click here.](#) 
- [For more on how the Strategic Operating Plan will benefit all communities click here.](#) 

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