

## Inflation Reduction Act 1-Year Report Card: IRS Delivers Dramatically Improved 2023 Filing Season Service, Modernizes Technology, Pursues High-Income Individuals Evading Taxes

August 16, 2023

*New milestones in Paperless Processing Initiative: 225X more forms scanned than in 2022, 51 additional forms and letters available for online response*

*New improvements to customer callback option to better serve taxpayers during high call volume, customer callback option will now be available for up to 95% of callers seeking live assistance.*

WASHINGTON - One year into its modernization efforts under the Inflation Reduction Act, the IRS has made significant progress toward its goals of delivering world-class service, upgrading its technology, and ensuring high-income taxpayers, large corporations, and complex partnerships pay taxes owed. As the IRS marks the anniversary of the Inflation Reduction Act, it is announcing two new milestones as part of its Paperless Processing Initiative: scanning 225 times more forms than in 2022 and enabling taxpayers to reply to an additional 51 forms and letters online. In addition, the IRS has met its targets to further improve its customer callback option, so taxpayers do not need to wait on hold during periods of high call volume. The customer callback option will now be available for up to 95% of callers seeking live assistance.

### **Dramatically Improved Service in Filing Season 2023**

Thanks to Inflation Reduction Act resources, the IRS delivered dramatically improved service in Filing Season 2023. IRS achieved an 87% Level of Service on its main taxpayer help line. Through the end of Filing Season 2023, IRS answered 3 million more calls, cut phone wait times to three minutes from 28 minutes, served 140,000 more taxpayers in-person, digitized 80 times more returns than in 2022 through the adoption of new scanning technology, cleared the backlog of unprocessed 2022 individual tax returns with no errors, launched two new digital tools, and enabled a new direct-deposit refund option for taxpayers with amended returns.

### **New Paperless Processing Initiative to Eliminate Paper Backlogs, Speed Refunds – 225X More Scanned Returns Than 2022**

Using Inflation Reduction Act resources, the IRS launched an ambitious plan—the Paperless Processing Initiative—to ensure that by Filing Season 2024 taxpayers will be able to go paperless if

they choose to do so, and by Filing Season 2025, the IRS will achieve paperless processing digitizing all paper-filed returns when received. In effect, this means all paper will be converted into digital form as soon as it arrives at the IRS.

The IRS has made significant progress scanning and e-filing paper returns. The IRS has scanned about 849,000 forms this year, including about 481,400 Forms 940, 304,000 Forms 941, and 64,000 Forms 1040. This is 225 times more forms than were scanned the previous year.

### **Customer Callback Option Expanded to Further Improve Phone Service, Now Available for up to 95% of Callers Seeking Live Assistance**

The IRS announced it has expanded the availability of its customer callback option to cover up to 95% of callers seeking live assistance. Expanding customer callback is one of several improvements to taxpayer service outlined in the agency's Strategic Operating Plan. The main goal of the customer callback feature is to enhance the taxpayer's experience by giving them more options when the call volumes are high. The expansion included adding the customer callback option to an additional 73 toll-free applications, bringing the total number of applications with an option for customer callback to 116 taxpayer-facing applications.

### **New Ability to Respond to Notices and File Online**

- Taxpayers are now able to respond to notices online and have new online filing options. Until Filing Season 2023, when taxpayers received notices for things like document verification, they had to respond through the mail. During Filing Season 2023, taxpayers were able to respond to 10 of the most common notices for credits like the Earned Income and Health Insurance Tax Credits online, saving them time and money.
- The IRS is now providing this capability to **an additional 51 notices and letters received from the IRS**. These updated IRS notices and letters, which taxpayers will receive in the coming weeks, will include instructions that guide them to the appropriate upload tool.
- During Filing Season 2023, IRS also launched an online portal to allow businesses to file Form 1099 series information returns electronically. These forms previously needed to be submitted through the mail. Small business owners often prepare their own taxes, rather than hire professional preparers, and this new tool is saving thousands of small business owners time and money.

### **New Voice and Chatbots Improve the Taxpayer Experience**

IRS offered new voice and chatbots to help taxpayers with a wide range of issues, including securing account transcripts, getting answers to questions about balances due and getting help from the Taxpayer Advocate Service. Whether people call the IRS or visit online, there are new self-

service options available around-the clock. During business hours, many of the IRS voice and chatbots provide an option to connect with a live assistant if needed. In all, the IRS has nine taxpayer-facing voicebots in operation today, in addition to 10 chatbots. To date, taxpayers with balances due have messaged online with Collection chatbots more than 1.6 million times. More than 13 million taxpayers have successfully called in and gotten information through voicebots. Nearly 24,000 payment plans have been established via voicebots for a total of over \$152 million in projected revenue since going live in 2022—eclipsing the project costs of \$13 million, giving America’s taxpayers a large return on investment.

### **New Direct Deposit Refund Option**

IRS enabled a direct-deposit refund option for 1040X amended returns. These refunds were previously only available by paper check, delaying taxpayers’ receipt of their refunds.

### **Expanded In-Person Service to Reach Rural, Underserved Taxpayers**

IRS has hired nearly 700 employees to open or reopen 42 Taxpayer Assistance Centers across the country, while also starting a special series of events to help taxpayers living in areas far from the agency’s in-person offices. Those new or newly reopened Taxpayer Assistance Centers are:

1. Hickory NC, August 7, 2023
2. Rome GA, August 7, 2023
3. Plantation FL, August 3, 2023
4. Panama City FL, July 31, 2023
5. Peoria IL, July 24, 2023
6. Huntington WV, July 5, 2023
7. Lincoln NE May 23, 2023
8. La Vale MD May 15, 2023
9. Altoona PA May 8, 2023
10. Fredericksburg VA, May 1, 2023
11. Parkersburg WV, May 1, 2023
12. Bend OR, April 17, 2023
13. Greenville MS, April 10, 2023
14. Trenton NJ, April 10, 2023
15. Bellingham WA, April 3, 2023
16. Augusta ME, March 30, 2023
17. Jackson TN, March 28, 2023

18. Joplin MO, March 28, 2023
19. Colorado Springs CO, March 27, 2023
20. Glendale AZ, March 27, 2023
21. Cranberry Township PA, Mar 22, 2023
22. La Crosse WI, March 20, 2023
23. Charlottesville VA, March 17, 2023
24. Queensbury NY, March 9, 2023
25. Santa Fe NM, Feb. 27, 2023
26. Longview TX, Jan. 17, 2023
27. Overland Park KS, Jan. 17, 2023
28. West Nyack NY, Jan. 5, 2023
29. Binghamton NY, Jan. 3, 2023
30. Casper WY, Jan. 3, 2023
31. Fort Myers FL, Dec. 19, 2022
32. Grand Junction CO, Dec. 19, 2022
33. Rockford IL, Dec. 12, 2022
34. Hagerstown MD, Dec. 1, 2022
35. DASE (Guaynabo) PR, Nov. 28, 2022
36. Johnson City TN, Nov. 28, 2022
37. Prestonsburg KY, Nov. 28, 2022
38. Vienna VA, Nov. 28, 2022
39. Greensboro NC, Nov. 22, 2022
40. Bloomington IL, Nov. 21, 2022
41. Ponce PR, Nov. 14, 2022
42. Humacao PR, August 22, 2022

- **Pop-Up Taxpayer Assistance Centers:** With new Pop-Up Taxpayer Assistance Centers, IRS is giving taxpayers from hard-to-reach areas an opportunity to meet face-to-face with IRS customer service representatives. IRS conducted the first events in June in **Paris, Texas**; July in **Alpena, Michigan**; and in August in Hastings, Nebraska and Twin Falls, Idaho. Currently, four additional locations have been identified to host Pop-Up Taxpayer Assistance Centers **Juneau, Alaska; Lihue, Hawaii; Baker City, Oregon; and Gallup, New Mexico. Among the highlights:**

- IRS Field Assistance helped an 81-year-old taxpayer who was the victim of identity theft. She lives on Social Security, and her benefits were suspended due to income falsely reported under her Social Security number. Her son drove her to the event, and IRS employees helped her report the identify theft issue and provided a letter for her to take to the Social Security Administration.
- IRS Field Assistance helped a taxpayer who drove more than three hours to the event because she did not receive her last federal refund. IRS employees researched her account and verified the date her refund would go out and showed her how to use the Where's My Refund tool in the future to research a refund.
- IRS Field Assistance helped a couple from Nebraska who survived a tornado. Their tax accountant's business and their tax records were destroyed. Notices had been sent to the accountant, but the couple never received them. IRS employees checked their account to help them respond to the notices.

### **Ensuring High-Income Taxpayers Pay Taxes Owed**

- **Pursuing tax-evading millionaires.** In recent months, IRS Criminal Investigation has closed a lengthy list of cases in which wealthy taxpayers have been sentenced for tax evasion, money laundering, and filing false tax returns. Instead of paying taxes owed, these evaders spent money owed to the government on gambling, vacations, and luxury goods.
- **Making delinquent millionaires pay up.** In recent months, IRS closed about 175 delinquent tax cases for millionaires, generating \$38 million in recoveries. IRS will continue to pursue millionaires who do not pay their taxes as the agency ramps up enforcement capabilities through the Inflation Reduction Act. Examples of schemes IRS is now pursuing include:
  - **High-dollar scheme exploiting Puerto Rico.** IRS recently identified about 100 high-income individuals claiming benefits in Puerto Rico without meeting the residence and source rules involving U.S. possessions. These wealthy individuals are attempting to avoid U.S. taxation on U.S. source income, and IRS expects many of these cases to proceed to criminal investigation.
  - **Pension arrangements in Malta.** As part of IRS' effort to pursue unlawful offshore tactics, the Department of Treasury and IRS in June issued proposed rules that define Maltese personal retirement schemes used to avoid U.S. taxes as listed transactions. IRS is working to identify taxpayers who are improperly using Malta-U.S. Treaty rules to improperly claim exemptions. Inflation Reduction Act resources will enable IRS to detect those who leverage these offshore schemes.

- **Cracking down on millionaire non-filers.** The IRS continues to intensify work around wealthy individuals who do not file tax returns. These are particularly egregious cases where instead of filing their taxes and paying taxes owed, these individuals used the money to make lavish purchases. In one recently closed case, an individual used funds owed to the government to purchase a Maserati and Bentley. IRS is continuing to work with law enforcement partners to hold these individuals accountable.

For Further Information:

- [Strategic Operating Plan](#)
- [IRS.gov Tools](#)
- [Taxpayer Experience Days](#)
- [Taxpayer Online Account](#)
- [Tax Information in Non-English Languages](#)