

Remarks by Secretary of the Treasury Janet L. Yellen on 2024 Filing Season Goals, How Inflation Reduction Act is Continuing to Deliver Improvements for Taxpayers

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As Prepared for Delivery

Good afternoon everyone. Thank you to Ken Corbin, IRS wage and investment commissioner and Chief Taxpayer Experience Officer, for the introduction and for your and your team's great work. And thank you to Commissioner Danny Werfel for your leadership and deep commitment to driving change. Over the past year, I've been able to visit several Internal Revenue Service facilities to announce the significant milestones made possible by the Inflation Reduction Act and the hard work of IRS employees. Today, I'll again speak to the tremendous progress that we've made together. And I'll announce our goals for the 2024 tax filing season.

The current proposals to cut funding for the IRS make this an especially crucial time to talk about the importance of this work. Playing politics with IRS funding is unacceptable. Cutting it would be damaging and irresponsible. The IRS collects 96 percent of the federal government's revenue. This is the funding that enables our country to protect our national security, provide social security and healthcare, and invest in our nation's infrastructure, among other key priorities. The IRS is also one of the few parts of government that touches nearly every American household. Taxpayers deserve a system that allows them to meet their obligations and contribute to our country's strength with pride and ease.

Instead, the tax system has lagged far behind the digital age in which we now live. We see this in examples like the cafeteria in an Austin processing center that had become so full of paper it could no longer function as a cafeteria. This backlog was due not just to COVID but to decades of underfunding. Despite the hard work of IRS employees, this meant the system has struggled, with too slow processing times, unnecessary errors, and a significant tax gap: the amount of taxes owed but not paid. In 2019, the top one percent of Americans was estimated to owe over one-fifth of unpaid taxes, leaving ordinary Americans to shoulder the burden. All of this has had real negative impacts on people's lives, causing frustration and unpredictability for too many Americans. And it is reducing the revenue our country can invest in our key priorities.

The Biden Administration recognized the need for a fundamental shift. And thanks to Congress' support, the Inflation Reduction Act will make a modernized IRS a reality, provided robust discretionary funding is also maintained and funding is not cut. The result will be a tax system fit for the 21st century: One that meets our country's needs and makes life better for Americans across the country. And this isn't just about transforming routine tax collection, which has allowed the cafeteria in Austin to be cleared of paper and go back to serving as a cafeteria. The IRA will leverage a modernized tax system to drive long-term investments as well.

Let me turn to our goals for the next filing season, which will begin in less than three months. First, massive investments in customer service mean taxpayers will get the information and support they deserve. We made a tremendous leap forward last filing season, for example, by drastically reducing phone wait times. This filing season, we will build on this foundation and continue expanding services for taxpayers: by phone, online, and in person.

By phone, we will again commit to an 85 percent level of service during the filing season, meaning the vast majority of callers will be connected to live assistors and get support. We'll also commit to an average call wait time of five minutes or less, and nearly all callers will be able to take advantage of a callback option in the rare situations in which the wait time is much longer. This is a world away from the 2022 filing season, when callers faced an average 10 to 15 percent level of service, an average phone wait time of nearly 30 minutes, and a much more limited callback option.

We'll also expand robust online support. In 2022, 54 million unique taxpayers used the popular "Where's My Refund?" tool. That's 16 percent of the U.S. population. So, we're continuing to invest in improvements. This filing season, "Where's My Refund?" will incorporate conversational voice bot technology to help taxpayers get answers more quickly. And it will provide clearer and more detailed information so taxpayers can address barriers to processing their returns and receive their refunds quickly.

We also know there's sometimes no substitute for face-to-face support. But Tax Assistance Centers—which provide in-person support to local communities—have historically been under-resourced and understaffed. This filing season, Taxpayer Assistance Centers across the country will collectively offer over 8,000 more hours of in-person assistance than they did last filing season. We'll also expand efforts to reach taxpayers in hard-to-reach areas who otherwise have difficulty accessing in-person assistance. To do this, we've added a new form of assistance: temporary pop-up centers, such as in Ciales, Puerto Rico and Gallup, New

Mexico. Taxpayers across the country will also continue to benefit from strong volunteer support. We anticipate that Volunteer Income Tax Assistance will expand free assistance by approximately 50,000 returns this filing season.

We're pairing our investments in customer service with investments to upgrade our technological infrastructure. Last August, I announced an ambitious goal: For the 2024 filing season, taxpayers would be able to choose to digitally upload all correspondence and responses to notices, instead of mailing them. I am proud to announce that we met this goal last month, much ahead of schedule. The impact will be significant and far-reaching. Taxpayers will save time and effort. The IRS will reduce errors and storage costs. And we'll speed up processing times for the system as a whole. Today, I'm announcing another key milestone to make the IRS even less reliant on paper processing. By the start of the filing season, taxpayers will be able to electronically file 20 additional tax forms, including some of the most common forms for businesses.

The IRS is also launching a limited-scope Direct File pilot. Starting this filing season, eligible taxpayers in 13 states will be able to electronically file their federal tax return directly with the IRS—for free. The pilot is an opportunity to learn: We'll test the taxpayer experience, technology, customer support, state integration, and fraud prevention and then apply these insights as we consider scaling to more users.

The ambitious targets we've set and will keep setting are achievable but by no means easy. And while we'll all benefit, it is IRS staff who will do the hard work to get us there. So, alongside investing in customer service and new systems, we're continuing to invest in our greatest asset: the IRS workforce. We're hiring even more employees focused on taxpayer services. We're also strengthening enforcement, with a focus on high earners. Our fair enforcement initiative is about both fundamental fairness and raising much-needed revenue. And we are making progress. Thanks to strengthened enforcement, the IRS collected \$160 million in just a few months from millionaires who had not paid their outstanding debt. It has announced new initiatives to use artificial intelligence to uncover tax evasion by large corporations and complex partnerships. And for this filing season, we'll drive even more progress by hiring employees with specialized expertise to focus on audits for high-wealth filers, large corporations, and complex partnerships.

These employees will join an extremely dedicated workforce: all of you. You have always gone above and beyond. But more recently, you've been asked to step up even more. During the pandemic, you worked particularly long hours in difficult conditions to keep our tax system

running and help make it an engine of an equitable recovery. Now, you are part of this Administration's work to build a fairer and more efficient tax system. And your work goes beyond that. A modern tax system will enable the implementation of key IRA provisions, such as credits to increase energy efficiency in homes across the country. These are lowering costs for consumers and bringing our country one step closer to our net-zero goals. Other credits are fueling the emergence of a battery belt across the Midwest and South, creating new American manufacturing jobs and bolstering our country's supply chain security. So, your work to strengthen the IRS is contributing to strengthening our country's economic growth and resilience.

With that, thank you again for having me here today. And thank you for your service. Our IRS modernization effort is improving the day-to-day lives of Americans across the country. And through enabling revenue collection and supporting key parts of the President's Investing in America agenda, it will help drive our country's economic strength for decades to come. Congratulations on all you've already achieved, and I look forward to the achievement of more milestones ahead.

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