

IRS Achieves Key Paperless Processing Initiative Goal, Outlines Improvements for Filing Season 2024

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Taxpayers are now able to digitally submit all correspondence and responses to notices three months ahead of schedule, New and improved Where's My Refund tool will launch in Filing Season 2024

WASHINGTON—Following a dramatically improved 2023 Filing Season thanks to Inflation Reduction Act (IRA) investments, the U.S. Department of the Treasury (Treasury) and Internal Revenue Service (IRS) announced additional improvements taxpayers will experience next Filing Season. Treasury and the IRS also announced meeting the first goal of the Paperless Processing Initiative announced in August by Secretary of the Treasury Janet L. Yellen and Commissioner of the IRS Danny Werfel. Taxpayers are now able to digitally submit all correspondence and responses to notices.

PAPERLESS PROCESSING INITIATIVE: TAXPAYERS NOW ABLE TO DIGITALLY RESPOND TO ALL CORRESPONDENCE

- **The IRS has met the first goal of the Paperless Processing Initiative three months ahead of schedule. Taxpayers are now able to digitally submit all correspondence and responses to notices.** The IRS in February 2023 launched the ability to submit nine notices through the Document Upload Tool. Prior to Filing Season 2023, taxpayers could only submit these documents through the mail. The IRS has now achieved the ability to digitally respond to all notices in eight months. As of October 27, the IRS has received more than 35,000 responses to notices via the online tool.
- As a result of achieving this goal, the IRS estimates more than 94% of individual taxpayers will no longer have to send mail to the IRS. Taxpayers use these non-tax forms to request or submit information on a range of topics, including identity theft and proof of eligibility for key credits and deductions to help working Americans. Reaching this milestone will enable up to 125 million paper documents per year to be submitted digitally. Taxpayers who want to submit paper returns and correspondence may continue to do so.

- The IRS will meet the second goal of the Paperless Processing Initiative by the start of Filing Season 2024 by providing the option for taxpayers to e-File 20 additional tax forms, enabling up to 4 million additional tax documents to be digitally filed every year. This includes amendments to Forms 940, 941, 941-SS and 941(PR), which are some of the most common forms businesses file when amending returns.

IMPROVED DIGITAL SERVICE THROUGH WHERE'S MY REFUND TOOL

- In Filing Season 2024, taxpayers will benefit from important new updates to the Where's My Refund tool, which is the IRS' most popular customer service tool. In 2022, Where's My Refund was used by 54 million taxpayers and generated 550 million hits. However, the tool provides limited information, often leading taxpayers to call the IRS to inquire about their refund status.
- The updates to Where's My Refund will allow taxpayers to see more detailed refund status messages in plain language. These updates will also ensure Where's My Refund works seamlessly on mobile devices. Taxpayers often see a generic message stating that their returns are still being processed and to check back later. With the new and improved Where's My Refund, taxpayers will see clearer and more detailed updates, including whether the IRS needs them to respond to a letter requesting additional information. The new updates will reduce the need for taxpayers to call the IRS for answers to basic questions.
 - **Example of current message:** Your tax return is still being processed. A refund date will be provided when available. For more information about processing delays, please see our Refund Frequently Asked Questions.
 - **Example of new and improved messages:** To protect you from identity theft, your tax return is currently being reviewed. To help us process your return more quickly, verify your identity and tax return information. If you recently received a letter from us, follow the instructions on the letter. Please have your tax return (Form 1040 series) available and read the website or letter before starting the verification process. If you already reviewed your identity and tax return information you may check the status of your refund in 2-3 weeks.
 - We received your return and sent you a letter requesting more information. Please respond by following the instructions in the letter. If you don't respond, your refund amount could be changed. It may take 2-3 weeks for you to receive the letter.

- We have reviewed your return and any information we may have requested from you and are now processing your return. Any changes to the status of your refund, including any new refund date, will be reflected here when any new update is available.
- The IRS wanted to make these updates for years and is now able to thanks to Inflation Reduction Act resources. It's estimated that taxpayers will view the new and improved status updates 70 million times next Filing Season. Further upgrades are planned for future Filing Seasons.

IRS TO PROVIDE BETTER PHONE SERVICE

- **85% Level of Service:** The IRS is committed to maintaining the significantly improved phone service achieved in Filing Season 2023 and will again reach 85% Level of Service on the agency's main taxpayer helpline during Filing Season 2024.
- **5-Minute Call Wait Time:** The IRS will achieve an average call wait time of five minutes or less on the agency's main taxpayer helpline during filing season.
- **95% Call Back Availability:** The IRS will offer a call back option available to 95% of eligible taxpayers seeking telephone assistance at the beginning of the call if the projected wait time is longer than 15 minutes.
- **Build Taxpayer Trust:** The IRS is continuing to promote trust and satisfaction when taxpayers call the agency. During Filing Season 2024, the IRS will exceed the Office of Management and Budget's Trust Goal of 75% for taxpayers receiving assistance from the IRS main helpline. Taxpayers are offered the opportunity to respond to brief surveys following their calls to the IRS.

IRS TO PROVIDE BETTER IN-PERSON SERVICE

- **In-Person Support at Taxpayer Assistance Centers:** The IRS has currently opened or reopened 50 Taxpayer Assistance Centers using Inflation Reduction Act funding. **For Filing Season 2024, the IRS will increase the hours available at Taxpayer Assistance Centers by more than 8,500 hours.**
 - Waco, TX October 10, 2023
 - Missoula, MT October 2, 2023
 - Martinsburg, WV October 2, 2023
 - Monroe, LA September 25, 2023

- York, PA September 18, 2023
- Topeka, KS September 5, 2023
- Utica, NY August 28, 2023
- Fayetteville, AR August 14, 2023
- Hickory, NC August 7, 2023
- Rome, GA August 7, 2023
- Plantation, FL August 3, 2023
- Panama City, FL July 31, 2023
- Cranberry Township, PA July 31, 2023
- Peoria, IL July 24, 2023
- Huntington, WV, July 5, 2023
- Lincoln NE, May 23, 2023
- La Vale MD, May 15, 2023
- Altoona PA, May 8, 2023
- Fredericksburg VA, May 1, 2023
- Parkersburg WV, May 1, 2023
- Bend OR, April 17, 2023
- Greenville MS, April 10, 2023
- Trenton NJ, April 10, 2023
- Bellingham WA, April 3, 2023
- Augusta ME, March 30, 2023
- Jackson TN, March 28, 2023
- Joplin MO, March 28, 2023
- Colorado Springs CO, March 27, 2023
- Glendale AZ, March 27, 2023
- Cranberry Township PA, Mar 22, 2023
- La Crosse WI, March 20, 2023
- Charlottesville VA, March 17, 2023
- Queensbury NY, March 9, 2023
- Santa Fe NM, Feb. 27, 2023

- Longview TX, Jan. 17, 2023
- Overland Park KS, Jan. 17, 2023
- West Nyack NY, Jan. 5, 2023
- Binghamton NY, Jan. 3, 2023
- Casper WY, Jan. 3, 2023
- Fort Myers FL, Dec. 19, 2022
- Grand Junction CO, Dec. 19, 2022
- Rockford IL, Dec. 12, 2022
- Hagerstown MD, Dec. 1, 2022
- DASE (Guaynabo) PR, Nov. 28, 2022
- Johnson City TN, Nov. 28, 2022
- Prestonsburg KY, Nov. 28, 2022
- Vienna VA, Nov. 28, 2022
- Greensboro NC, Nov. 22, 2022
- Bloomington IL, Nov. 21, 2022
- Ponce PR, Nov. 14, 2022
- **Community Assistance Visits:** During Filing Season 2024, the IRS will set up pop-up Taxpayer Assistance Centers in Ciales, Puerto Rico and Gallup, New Mexico to give taxpayers from hard-to-reach areas an opportunity to meet face-to-face with IRS customer service representatives. Seven community assistance events have already been held in Paris, Texas; Alpena, Michigan; Hastings, Nebraska; Twin Falls, Idaho; Juneau, Alaska; Lihue, Hawaii; and Baker City, Oregon.
- **In-Person Tax Preparation Support:** The IRS is working to increase the number of taxpayers receiving free tax preparation through volunteers by around 50,000 returns in Filing Season 2024.

IRS TO LAUNCH DIRECT FILE PILOT IN FILING SEASON 2024

- Direct File is a new tool that will provide taxpayers with the choice to e-File their federal tax return for free, directly with the IRS. It will be an interview-based service that will work as well on a mobile phone as it does on a laptop, tablet, or desktop computer. Direct File will be available in English and Spanish in 2024 and is designed to meet taxpayers where

they are and accommodate their needs. If taxpayers have questions during the pilot, they will be able to get help from dedicated IRS Direct File customer support representatives.

- While the scope is still being finalized, IRS expects the taxpayers who will be eligible to participate in the pilot are low- to moderate -income working individuals, couples, and families who take the standard deduction. The tool supports W-2 wages, Social Security/Railroad Retirement benefits, unemployment compensation, and interest income of \$1,500 or less. Eligible taxpayers participating in the pilot may claim the Earned Income Tax Credit, Child Tax Credit, and Credit for Other Dependents. The Direct File tool will also support deductions for educator expenses and student loan interest. All other types of income, credits and deductions are out of scope for the 2024 pilot.
- While Direct File will not file state tax returns, for taxpayers who reside in a pilot state with a state income tax, once they have submitted their federal return, Direct File will direct taxpayers to the appropriate state filing system where they will be able to complete their state return. States with income tax that are partnering with the IRS on the Direct File pilot include Arizona, California, Massachusetts, and New York. In addition, taxpayers from states with no income tax will be eligible to participate (Alaska, Florida, New Hampshire, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming). Washington has also chosen to join the integration effort as a partner for the state's application of the Working Families Tax Credit following completion of their federal return.
- The IRS will introduce Direct File to the public in a phased manner, starting small and expanding the user base over time. An early phase of the pilot will be invitation-only, including during Presidents' Day weekend, an early peak in filing volume. The goal is to ensure that these invitations are extended to a wide range of eligible taxpayers from all pilot supported states. A phased rollout allows the IRS to open the pilot to more eligible participants (beyond the invite-only phase) once these initial phases are successful. At first, volume would be limited to ensure Direct File is able to successfully meet taxpayer needs related to customer support and state integration, as well as prevent fraud. Based on current projections, IRS anticipates that at least several hundred thousand taxpayers across the country will decide to participate in the pilot.

IRS LAUNCHES IRS ENERGY CREDITS ONLINE TO EXPAND ACCESS TO INFLATION REDUCTION ACT CLEAN ENERGY CREDITS

The IRS has launched the Energy Credits Online (IRS ECO) portal, a modern online tool that supports successful implementation of several of the clean energy provisions of the Inflation Reduction Act that have a pre-file registration component. IRS ECO shows how modernizing IRS service and technology are key to meeting the Inflation Reduction Act's economic and climate goals.

- **Clean Vehicles:** Beginning on January 1, 2024, buyers of qualifying new and previously owned clean vehicles can transfer their expected tax credit to a dealer who has registered with the IRS. The dealer can then provide the full amount of the expected credit to the buyer in the form of a downpayment for the vehicle purchase or cash, allowing the buyer to receive their full credit at the time of the sale. To participate in the Clean Vehicle Credit transfer, a dealer must be licensed to sell vehicles and register through IRS ECO. IRS ECO will provide dealers real-time confirmation of whether submission is accepted based on information in the Time of Sale report and VIN information provided by manufacturers to the IRS. After successfully submitting the Time of Sale report online, dealers will receive payment of the amount they provided to the buyer, usually within 72 hours.
- **Direct Pay and Transfer Elections:** IRS ECO will enable state and local governments, Tribal organizations, tax-exempt organizations, and some taxable businesses to register for the new monetization features created by the Inflation Reduction Act and will also enable access to monetization of the CHIPS credit. Eligible organizations can register using IRS ECO to take advantage of 12 IRA clean energy credits and the CHIPS credit. Registering in IRS ECO enables applicable entities to choose direct payment for credits or elect to transfer certain credits to third parties. Final guidance on direct payment and transfer election is forthcoming prior to Filing Season.

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