

Appendix I: Evolution of the Office of the Taxpayer Advocate

The Office of the Taxpayer Ombudsman was created by the IRS in 1979 to serve as the primary advocate, within the IRS, for taxpayers. This position was codified in the Taxpayer Bill of Rights (TBOR 1), included in the Technical and Miscellaneous Revenue Act of 1988 (TAMRA).³⁹⁵ In TBOR 1, Congress added IRC § 7811, granting the Ombudsman (now the National Taxpayer Advocate) the statutory authority to issue Taxpayer Assistance Orders (TAOs) when taxpayers were suffering or about to suffer significant hardships because of the way the Internal Revenue laws were being administered.³⁹⁶ Further, this section directed the Ombudsman and the Assistant Commissioner (Taxpayer Services) to jointly provide an annual report to Congress about the quality of taxpayer services provided by the IRS. This report was to be delivered directly to the Senate Committee on Finance and the House Committee on Ways and Means.³⁹⁷

In 1996, Taxpayer Bill of Rights 2 (TBOR 2) amended IRC § 7802 (the predecessor to IRC § 7803), replacing the Office of the Taxpayer Ombudsman with the Office of the Taxpayer Advocate.³⁹⁸ The Joint Committee on Taxation set forth the following reasons for change:

To date, the Taxpayer Ombudsman has been a career civil servant selected by and serving at the pleasure of the IRS Commissioner. Some may perceive that the Taxpayer Ombudsman is not an independent advocate for taxpayers. In order to ensure that the Taxpayer Ombudsman has the necessary stature within the IRS to represent fully the interests of taxpayers, Congress believed it appropriate to elevate the position to a position comparable to that of the Chief Counsel. In addition, in order to ensure that the Congress is systematically made aware of recurring and unresolved problems and difficulties taxpayers encounter in dealing with the IRS, the Taxpayer Ombudsman should have the authority and responsibility to make independent reports to the Congress in order to advise the tax-writing committees of those areas.³⁹⁹

In TBOR 2, Congress not only established the Office of the Taxpayer Advocate but also described its functions:

- To assist taxpayers in resolving problems with the IRS;
- To identify areas in which taxpayers have problems in dealings with the IRS;
- To the extent possible, propose changes in the administrative practices of the IRS to mitigate those identified problems; and

395 TAMRA, Pub. L. No. 100-647, Title VI, § 6230, 102 Stat. 3342, 3733 (Nov. 10, 1988).

396 *Id.*

397 *Id.* at 3737.

398 Pub. L. No. 104-168, § 101, 110 Stat. 1452, 1453 (July 30, 1996).

399 Joint Committee on Taxation, *General Explanation of Tax Legislation Enacted in the 104th Congress*, JCS-12-96, 20 (Dec. 18, 1996).

- To identify potential legislative changes which may be appropriate to mitigate such problems.⁴⁰⁰

Congress did not provide the Taxpayer Advocate with direct line authority over the regional and local Problem Resolution Officers (PROs) who handled cases under the Problem Resolution Program (PRP), the predecessor to the Office of the Taxpayer Advocate. At the time of the enactment of TBOR 2, Congress believed it sufficient to require that “all PROs should take direction from the Taxpayer Advocate and that they should operate with sufficient independence to assure that taxpayer rights are not being subordinated to pressure from local revenue officers, district directors, etc.”⁴⁰¹

TBOR 2 also replaced the joint Assistant Commissioner/Taxpayer Advocate Report to Congress with two annual reports to Congress issued directly and independently by the Taxpayer Advocate.⁴⁰² The first report is to contain the objectives of the Taxpayer Advocate for the fiscal year beginning in that calendar year. This report is to provide full and substantive analysis in addition to statistical information and is due no later than June 30 of each calendar year. The second report is on the activities of the Taxpayer Advocate during the fiscal year ending during that calendar year. The report must identify the initiatives the Taxpayer Advocate has taken to improve taxpayer services and IRS responsiveness, contain recommendations received from individuals who have the authority to issue a TAO, describe in detail the progress made in implementing these recommendations, contain a summary of at least 20 of the Most Serious Problems (MSPs) which taxpayers have in dealing with the IRS, include recommendations for such administrative and legislative action as may be appropriate to resolve such problems, describe the extent to which regional PROs participate in the selection and evaluation of local PROs, and include other such information as the Taxpayer Advocate may deem advisable. The stated objective of these reports is “for Congress to receive an unfiltered and candid report of the problems taxpayers are experiencing and what can be done to address them. The reports by the Taxpayer Advocate are not official legislative recommendations of the Administration; providing official legislative recommendations remains the responsibility of the Department of Treasury.”⁴⁰³

Finally, TBOR 2 amended IRC § 7811, extending the scope of a TAO, by providing the Taxpayer Advocate with broader authority “to affirmatively take any action as permitted by law with respect to taxpayers who would otherwise suffer a significant hardship as a result of the manner in which the IRS is administering the tax laws.”⁴⁰⁴ For the first time, the TAO could specify a time period within which the IRS must act on the order. The statute also provided that only the Taxpayer Advocate, the IRS Commissioner, or the Deputy Commissioner could modify or rescind a TAO, and that any official who so modifies or

400 Pub. L. No. 104-168, § 101(d)(2)(A), 110 Stat. 1452, 1453 (July 30, 1996).

401 Joint Committee on Taxation, *General Explanation of Tax Legislation Enacted in the 104th Congress*, JCS-12-96, 21 (Dec. 18, 1996).

402 Pub. L. No. 104-168, § 101(d)(2)(B), 110 Stat. 1452, 1454 (July 30, 1996).

403 Joint Committee on Taxation, *General Explanation of Tax Legislation Enacted in the 104th Congress*, JCS-12-96, 21 (Dec. 18, 1996).

404 *Id.* at 22.

rescinds a TAO must respond in writing to the Taxpayer Advocate with his or her reasons for such action.⁴⁰⁵

In 1997, the National Commission on Restructuring the Internal Revenue Service called the Taxpayer Advocate the “voice of the taxpayer.” In its discussion of the Office of the Taxpayer Advocate, the Commission noted:

Taxpayer Advocates play an important role and are essential for the protection of taxpayer rights and to promote taxpayer confidence in the integrity and accountability of the IRS. To succeed, the Advocate must be viewed, both in perception and reality, as an independent voice for the taxpayer within the IRS. Currently, the national Taxpayer Advocate is not viewed as independent by many in Congress. This view is based in part on the placement of the Advocate within the IRS and the fact that only career employees have been chosen to fill the position.⁴⁰⁶

In response to these concerns, in the IRS Restructuring and Reform Act of 1998 (RRA 98), Congress amended IRC § 7803(c), renaming the Taxpayer Advocate as the National Taxpayer Advocate and mandating that the National Taxpayer Advocate could not be an officer or an employee of the IRS for two years preceding or five years following his or her tenure as the National Taxpayer Advocate (service as an employee of the Office of the Taxpayer Advocate is not considered IRS employment under this provision).⁴⁰⁷

RRA 98 provided for Local Taxpayer Advocates (LTAs) to be located in each state, and mandated a reporting structure for LTAs to report directly to the National Taxpayer Advocate.⁴⁰⁸ As indicated in IRC § 7803(c)(4)(B), each LTA must have a phone, fax, electronic communication, and mailing address separate from those of the IRS. The LTA must advise taxpayers at their first meeting of the fact that “the taxpayer advocate offices operate independently of any other Internal Revenue Service office and report directly to Congress through the National Taxpayer Advocate.”⁴⁰⁹ Congress also granted the LTAs discretion to not disclose the fact that the taxpayer contacted the Office of the Taxpayer Advocate or any information provided by the taxpayer to that office.⁴¹⁰

The definition of “significant hardship” in IRC § 7811 was expanded in 1998 to include four specific circumstances: (1) an immediate threat of adverse action; (2) a delay of more than 30 days in resolving taxpayer account problems; (3) the incurring by the taxpayer of significant costs (including fees for professional representation) if relief is not granted; or (4) irreparable injury to, or a long-term adverse impact on, the taxpayer if relief is not

405 Pub. L. No. 104-168, § 102, 110 Stat. 1452, 1456 (July 30, 1996).

406 Report of the National Commission on Restructuring the Internal Revenue Service: *A Vision for a New IRS* 48 (June 25, 1997).

407 Pub. L. No. 105-206, § 1102, 112 Stat. 685, 699 (July 22, 1998).

408 *Id.* at 701.

409 IRC § 7803(c)(4)(A)(iii).

410 IRC § 7803(c)(4)(A)(iv).

granted.⁴¹¹ The Committee Reports make clear that this list is a non-exclusive list of what constitutes significant hardship.⁴¹²

Treasury Regulation § 301.7811-1 had not been updated since it was first published in 1992. Consequently, the regulation contained a definition of “significant hardship” which did not take into account the expansion of the definition that occurred in 1998. In April 2011, the IRS published final regulations under IRC § 7811 so that the regulations now contain a definition of significant hardship consistent with existing law and practice.⁴¹³

411 IRC § 7811(a)(2).

412 See, e.g., H.R. Conf. Rep. No. 105-599, at 215 (1998).

413 Treas. Reg. § 301.7811-1(a)(4)(ii); 76 FR 18,059 (Apr. 1, 2011).

Appendix II: Taxpayer Advocate Service Case Acceptance Criteria

As an independent organization within the IRS, TAS helps taxpayers resolve problems with the IRS and recommends changes to prevent future problems. TAS fulfills its statutory mission by working with taxpayers to resolve problems with the IRS.⁴¹⁴ TAS case acceptance criteria fall into four main categories:

Economic Burden

Economic burden cases are those involving a financial difficulty to the taxpayer, *i.e.*, an IRS action or inaction has caused or will cause negative financial consequences or have a long-term adverse impact on the taxpayer.

Criteria 1: The taxpayer is experiencing economic harm or is about to suffer economic harm.

Criteria 2: The taxpayer is facing an immediate threat of adverse action.

Criteria 3: The taxpayer will incur significant costs if relief is not granted (including fees for professional representation).

Criteria 4: The taxpayer will suffer irreparable injury or long-term adverse impact if relief is not granted.

Systemic Burden

Systemic burden cases are those in which an IRS process, system, or procedure has failed to operate as intended, and as a result, the IRS has failed to timely respond to or resolve a taxpayer issue.

Criteria 5: The taxpayer has experienced a delay of more than 30 days to resolve a tax account problem.

Criteria 6: The taxpayer has not received a response or resolution to the problem or inquiry by the date promised.

Criteria 7: A system or procedure has either failed to operate as intended, or failed to resolve the taxpayer's problem or dispute within the IRS.

414 IRC § 7803(c)(2)(C)(ii).

Best Interest of the Taxpayer

TAS acceptance of these cases will help ensure that taxpayers receive fair and equitable treatment and that their rights as taxpayers are protected.⁴¹⁵

Criteria 8: The manner in which the tax laws are being administered raises considerations of equity, or has impaired or will impair the taxpayer's rights.

Public Policy

Acceptance of cases into TAS under this category will be determined by the National Taxpayer Advocate and will generally be based on a unique set of circumstances warranting assistance to certain taxpayers.

Criteria 9: The National Taxpayer Advocate determines compelling public policy warrants assistance to an individual or group of taxpayers.

⁴¹⁵ TAS recently changed its criteria to temporarily stop accepting certain systemic burden issues. See TAS Interim Guidance Memorandum TAS-13.1.7-0911-014, *Interim Guidance on Changes to Case-Acceptance Criteria* (Sept. 1, 2011), available at http://www.irs.gov/pub/foia/ig/tas/tas_13.1.7-0911-014.pdf.

Appendix III: IRS and TAS Collaborative Efforts

Team Name	Objectives	Status Updates
1040 Redesign Team	The 1040 Redesign Team identified five redesign options that are currently under consideration. Efforts are underway to assess the feasibility of redesigning the Individual Income Tax Form product line (1040, 1040A, and 1040EZ) to minimize taxpayer burden and provide the IRS the data it needs as efficiently as possible.	In December 2011, the team briefed the Deputy Commissioner, Services and Enforcement, discussing the business needs to change the 1040 product line and obtaining directional guidance. A follow-up briefing with the Deputy Commissioner was held January 25, 2012. The next steps include the following pre-planning activities: 1) Profiling the 1040 paper filer demographics; 2) Analyzing the Error Resolution System (ERS) fallout for consolidated 1040 line items and write-ins; and 3) Brainstorming a strategy/approach for future discussions with stakeholders (who, when, message).
Accounts Management Taxpayer Assurance Program (AMTAP) Task Force	TAS established this task force to work with the AMTAP function to resolve systemic problems that are causing backlogs and delays in AMTAP casework.	TAS and AMTAP meet monthly. The group discusses current issues TAS identifies through casework and systemic advocacy, as well as procedural and IRM changes.
Appeals/TAS Advisory Board	The Board meets quarterly to discuss any Service Level Agreement issues as well as any other Appeals-related processing concerns.	TAS and Appeals are preparing training on the Appeals Operations Assistance Request (OAR) process. TAS is taking the lead. Appeals will measure the effectiveness of the training by a reduction in the OAR rejection rate.
Business Master File (BMF) Entity Fabrication	This new team will focus on BMF Entity Fabrication and the impact this activity has on other business operations. ⁴¹⁶	In fiscal year 2012 and 2013, the team will meet to provide the project overview, the charter, its scope, and preliminary data.
BMF Identity Theft	This is a new team set up to study BMF identity theft.	The team developed and administered a survey to find out if business taxpayers have encountered business-related identity theft.
Congressional Affairs Program (CAP) Council	The team is led by Legislative Affairs and includes IRS Governmental Liaisons. The council works issues specific to the Congressional Affairs Program and issues the <i>Congressional Update</i> Newsletter.	Legislative Affairs, Governmental Liaison, and TAS make up this team, which meets quarterly to discuss mutual issues related to the CAP. The newsletter team meets monthly to review, edit, and approve articles for the electronic newsletter to congressional offices. TAS articles appear in the newsletter as appropriate.
Collection Statute Expiration Date (CSED) Calculator Task Force	The team's mission is to develop a CSED calculator tool for all business units responsible for computing these dates.	At our initiation, TAS tested the calculator (CCalc), which resulted in some enhancements. The testers found the CCalc to be extremely user-friendly and accurate for even the most complex calculations. However, the testers remain concerned that some complex calculations require the user to be statute savvy. Therefore, in general, frontline employees would still need to refer CSED concerns to the appropriate units for concurrence, perhaps based upon criteria to be established. Although the testing phase is complete, TAS plans to review the CCalc user guide.

416 BMF Entity Fabrication is when thieves apply for, and obtain Tax Identification Numbers for “fake” business entities and use the numbers to file false information returns like a Form W-2, *Wage and Tax Statement*. Subsequently, the thieves use the false W-2s to file false tax returns to obtain fraudulent refunds.

Team Name	Objectives	Status Updates
Collection Statute Expiration Date Workgroup	The team identifies and reviews all accounts with a CSED extended 15 years beyond assessment. Members determine if the waiver is proper; report findings, propose resolutions (as appropriate), and implement approved account resolutions.	The group requested data from Research. Once received, the team reviewed a statistical sample of the cases and determined broader sample cases were necessary. Review of the data showed nearly 65 percent of these accounts were for deceased taxpayers or taxpayers who were unable to pay. The team is working on a proposed solution that would help these taxpayers.
Enterprise Wide Employment Tax Program	The Enterprise Wide Employment Tax Program (EWETP) team developed the Employment Tax Strategy to emphasize a collaborative and strategic approach for establishing priorities, goals, and measures for improving employment tax compliance. The team includes members from all IRS functions.	The EWETP team identifies issues and concerns for the IRS and taxpayers, then forms sub-teams to develop action plans. The servicewide team addresses a variety of employment tax issues. Recent topics have included: <ol style="list-style-type: none"> 1) The Voluntary Settlement Compliance Program; 2) Worker classification; reporting in the context of the Section 530 safe harbor; 3) Form 944 Program; 4) Non-filers; 5) Employment Tax return processing, Form 941 and Schedule B; 6) Federal Unemployment Tax Act (FUTA) certification; 7) Employment tax forms, publications and notices, Form 941 and Form 941-SS; 8) Third party authorizations and taxpayer representation; and 9) Employment tax adjustment causing incorrect Combined Annual Wage Reporting (CAWR) notices.
Files and Records Coordination Team	The team's mission is to investigate options for securing expedited tax records, and possible implementation in TAS.	On March 30, 2012, the team presented to the Deputy National Taxpayer Advocate and Executive Directors, Case Advocacy (EDCAs) a process for securing tax records from Federal Records Centers in 24-48 hours. This process, which other business units use, may be an effective advocacy tool. The team presented a process as well as training materials. The EDCAs will review the process and decide whether to proceed.
First-Time Homebuyer Credit (FTHBC) Teams and Committees	TAS is an active participant in a number of collaborative efforts to implement, control, monitor, and manage FTHBC cases and inquiries. The FTHBC team supports TAS executives working on the FTHBC Executive Steering Committee by addressing concerns stemming from TAS casework. Through Systemic Advocacy Management System (SAMS) inquiries and case reviews, TAS identifies emerging issues and seeks systemic solutions.	<p>FTHBC Repayment Update</p> <p>The first payments for homes purchased in 2008 are being accepted and processed in 2012. The returns that are having issues are:</p> <ol style="list-style-type: none"> (a) Returns with installment payments although no payment is required; (b) Returns where the repayment was insufficient; (c) Instances where the Social Security number (SSN) was not transcribed properly; and (d) Returns with conflicting purchase dates. <p>The IRS deployed the FTHBC web lookup tool in February 2012. A taxpayer can use the tool to look up the balance owed and the repayment amount due. This application eliminates the need for the IRS to send notices.</p>

Team Name	Objectives	Status Updates
Form 944, <i>Employer's Annual Tax Return</i>	The IRS launched the Form 944, <i>Employer's Annual Tax Return</i> program as a customer-friendly initiative to reduce burden and simplify employment tax reporting, filing and payment requirements and to reduce administrative cost to the IRS. When the program started in 2006, it was mandatory. Taxpayers could only opt out if they e-filed or expected to have a payroll tax of more than \$1,000. ⁴¹⁷	<p>The National Taxpayer Advocate disagreed with the launch and recommended the IRS pilot the program first. Since implementation, the program has caused undue burden for taxpayers and wasted IRS resources mainly due to unpostable returns and payments. In December 2011, the IRS issued final regulations (T.D. 9566) under IRC §§ 6011 and 6302 on reporting and paying withheld income taxes and FICA taxes; the final regulations provide guidance on the look back periods and deposit requirements for employers who must file forms 941, <i>Employer's Quarterly Federal Tax Return</i>, and 944. The final regulations are effective as of December 14, 2011.⁴¹⁸</p> <p>The National Taxpayer Advocate agreed that TAS would work with the operating divisions to develop alternative filing options, such as quarterly Internet and telephone or smartphone methods, to replace the paper and e-file Form 944 program with these alternative burden reduction applications. The newer web-based applications would reduce or eliminate unpostable returns, as the returns could not be accepted if the customer selected an incorrect filing requirement. TAS continues to work with SB/SE division to draft updated language for the Form 944.</p>
Identity Theft Victim Assistance Technical Working Group (TWG)	The group develops recommendations for improving procedures for and reducing the burden facing identity theft victims. The group engages in cross-functional discussion, gathers identity theft case data, and analyzes the burden on taxpayers.	The group meets regularly to address specific technical issues identified by SAMS submissions and TAS casework. The team recently resumed work after being suspended since the summer of 2011.
Internal Management Documents (IMD) Council	This oversight council collaborates on and implements strategies related to all IMD activities. The Council supports the IRS goal of ensuring the Internal Revenue Manual (IRM) is the official source of all procedures, policy, directives, delegations, and guidelines. The continuing actions for TAS are: <ol style="list-style-type: none"> 1. Attend meetings. 2. Raise issues that affect TAS. 3. Establish a dialogue with other IMD coordinators. 4. Discuss IMD process revisions, forms, and websites. 	TAS continued to raise concerns with Servicewide Policy, Directives and Electronic Research (SPDER) regarding clearance review of Servicewide Electronic Research Program (SERP) IRM Procedural Updates (IPUs) that meet Freedom of Information Act (FOIA) criteria. On March 6, 2012, an Alert was issued to the IMD Council reinforcing the requirements for evaluating interim guidance under FOIA and for clearing interim guidance. This Alert has helped TAS to properly clear interim guidance that affects the public. During this fiscal year, TAS plans to present concerns with establishing formal clearance procedures for other types of IMDs such as forms, pubs, letters, notices, etc. This has been a problem for TAS, as there are no definite procedures for clearing these documents.
IRM Lean Six Sigma Servicewide Project	The team is working a Lean Six Sigma project on the IRM process.	The team is looking for ways to improve the IRM development process for all IRS organizations. Appeals has the lead role.
IRS Communications Strategic Planning Team	This collaborative team provides planning, execution, and research support and tools for servicewide and major cross-functional communications. The team facilitates the integration of communications across all business units.	Team is on hold per instruction from the National Taxpayer Advocate.
IRS Style Guide Team	The team developed, maintains, and updates the style guide used by communicators in servicewide messages or products (and which is different from the TAS style guide).	The Style Guide is an active resource for IRS communicators. The team updates the guide as needed.
IRS Twitter Editorial Board	The goal is to move forward on Twitter, helping build IRS-wide communication content strategy and guidelines.	The group meets regularly sharing information and best practices.

417 See *Instructions for Form 944, Employer's Annual Federal Tax Return*, available at <http://www.irs.gov/pub/irs-pdf/i944.pdf>.

418 Treas. Reg. §§ 31.6011(a)-1; 31.6011(a)-4; 31.6302-1.

Team Name	Objectives	Status Updates
Manual Refund-Duplicate Refund Deficiencies	The Government Accountability Office (GAO) and the Treasury Inspector General for Tax Administration (TIGTA) reported a number of deficiencies in the IRS's internal control over processing manual tax refunds servicewide. These deficiencies continued during fiscal year 2010 when GAO also identified duplicate payments of claims associated with the First-Time Homebuyer Credit. Because of the persistent deficiencies in processing manual refunds, coupled with the duplicate payments associated with FTBHC claims, GAO declared a significant deficiency in IRS's internal control over tax refund disbursements. This significant deficiency increases the risk that IRS may pay out duplicate tax refunds and spend resources trying to recover them.	The servicewide corrective action plan will substantially strengthen existing controls designed to eliminate or reduce duplicate tax refunds, through increased monitoring, documentation, reviews, training, and automated controls.
Non-Filer Sub-Team (Executive Committee support)	This is a new TAS working group that supports the Executive Steering Committee on Non-Filers.	The team will develop non-filer issues from TAS data and work on solutions.
Offer in Compromise - Payment Alternatives	Determine if offer in compromise (OIC) policy and procedures are needlessly deterring taxpayers from submitting good offers (i.e., an offer representing a good faith attempt to resolve the tax debt).	This effort has made significant contributions to the "fresh start" OIC changes and overall improvements to the OIC program.
Printing and Postage Budget Reduction (PPBR)	Implement business decisions to reduce the printing and postage budget for FY 2011 and 2012.	The IRS implemented the PPBR team's recommendations during the 2011 filing season. However, TAS continues to monitor and report to the team lead regarding related issues that resulted in taxpayer burden. TAS monitors SAMS for reported PPBR-related issues, as well as issues reported through the Taxpayer Advocacy Panel (TAP). TAS also recommends steps that would save money and improve taxpayer service. Moreover, TAS continues to pursue the development of an online tax form decision tree to allow taxpayers to self-identify which forms and schedules they require.
Publication 1, <i>Your Rights as a Taxpayer</i>	Convened to review and revise Publication 1, outlining the rights of the taxpayer and the responsibilities of both the taxpayer and the IRS.	The team meets periodically and continues evaluating and improving the publication.
Return Integrity & Correspondence Services (RICS)	Return Integrity and Correspondence Services (RICS) was formed in October 2011 and brought under one organization Earned Income Tax Credit (EITC), AMTAP, Health Care Tax Credit (HCTC), and the Office of Correspondence Services. This effort succeeds the Accelerated Revenue Assurance Program (ARAP) that concluded in December 2011. Most of its products were placed in RICS, expanding RICS responsibility to all pre-refund revenue protection.	The team addresses pre-refund work, processing issues, pros and cons, mitigations, and possibilities for more effective methods. Seven sub-teams address a variety of pre-refund activities.

Team Name	Objectives	Status Updates
Return Review Program-Customer Requirement Board (CRB) Meeting	Modernize the IRS's ability to protect revenue from fraud and other forms of noncompliance at the front end, before the IRS releases a refund. This cross-functional team provides guidance for the direction of the project, as well as training, education, configuration control, enhancements definition, and modeling alignment.	Return Review Program (RRP) replaced the Electronic Fraud Detection System (EFDS) and provides new capabilities to: <ol style="list-style-type: none"> 1) Detect additional fraudulent returns and claims; 2) Integrate legacy systems; 3) Automate manual processes; 4) Provide flexibility to support changing business needs; 5) Select and use better issue processing based on available resources that will positively effect pre-refund compliance; 7) Provide support of analysis and case processing needs of both civil and criminal investigation employees; and 8) Reduce the percentage of non-fraudulent refund claims frozen by the IRS. The team is investigating the causes and cures of refund fraud. The team has narrowed its focus to a small segment of the tax return preparer community that defrauds taxpayers and the IRS by inflating income, withholding, deductions, or credits, then directing refunds into a bank account under the preparer's control without the taxpayer's knowledge.
RICS - Bank Leads Sub-Team		The team meets regularly to discuss the establishment of new referral units. TAS continues to press for the development of guidance on how to address/resolve "list" information received in TAS. ⁴¹⁹ Moreover, TAS leadership has continued to champion and facilitate efforts between the IRS and the Department of Justice to solicit the support of Criminal Investigation's Victims Assistance unit on identity theft matters.
RICS - Filters Sub-Team	By employing identity protection filters, the IRS does not process returns upon receipt if certain characteristics do not match historical data.	The team discusses updates and results from the new Taxpayer Protection Unit (TPU) database filters, as well as other possible filter expansions or improvements.
RICS Automated Questionable Credits	There has been discussion about Automated Questionable Credit (AQC) being made operational within RICS but no final decision has been made.	Previously, TAS elevated concerns regarding this initiative and the IRS's use of automation to prevent improper refunds of questionable withholding and refundable credits. Specific concerns with the AQC pilot included the ambiguity of a new letter, which the IRS uses to initiate the AQC process. The letter is confusing because it does not refer to the inquiry as an audit or examination.
RICS Information Returns Acceleration (IRA)	RICS will not implement any new IRA processes until after the 2012 filing season.	
Stakeholders Relationship Management Team	Arrange opportunities for exchange of information, ideas, and points of view between practitioners, small business organizations, and the appropriate IRS representatives.	
TAS Training for IRS Employees	The team's mission is to deliver an overview of TAS and case studies to IRS compliance employees (Collection, Appeals, and Large Business & International Division (LB & I)).	Continue to deliver TAS training to new LB&I employees as classes are scheduled.
IRS Nationwide Tax Forums	The annual Tax Forums for practitioners are a servicewide collaborative effort. The team works extensively with National Public Liaison to present seminars for practitioners.	As the "owner" of the Case Resolution Program, TAS administers and collaborates with SB/SE, Wage & Investment (W&I), Modernization & Information Technology Services (MITS), and Appeals to resolve practitioners' most difficult cases. TAS also staffs a booth in the exhibit hall to provide practitioners with information on TAS and holds focus groups to obtain practitioners' opinions on IRS practices and procedures.

419 TAS occasionally receives lists from third parties of potential identity theft victims whose personal information was compromised.

Team Name	Objectives	Status Updates
Third Party Contact (TPC) Program	<ul style="list-style-type: none"> - Review current organizational and functional roles and responsibilities with respect to the TPC program. - Analyze organizational and functional roles and responsibilities in terms of: <ol style="list-style-type: none"> 1) Compliance with statutory requirements; 2) Oversight, review and reporting provisions; 3) The need for training; and 4) Optimal use of available resources. - Make recommendations to heads of office for changes that will ensure coherent and integrated operation of the TPC program. - Implement approved recommendations within each division, as appropriate. 	<p>Due to the very small number of TPC inputs by TAS, our role is advisory in the workgroup, to ensure that taxpayer rights are protected.</p> <p>Several conference calls have been held over past six months. Data has been secured, IRMs revised, and training material updated. There is still some uncertainty about the level of activity and IRS business operating division that should have responsibility for the program.</p> <p>The group is hoping to release the final report in the summer of 2012.</p>
Third Party Payers	<p>TAS is collaborating with SB/SE Collection Policy and SB/SE Employment Tax Policy to:</p> <ul style="list-style-type: none"> · Address the effects of misappropriation of employment taxes by third party payers; · Improve IRS work processes to allow early interventions and notices to taxpayers about outstanding liabilities; and · Issue guidance on case resolution, collection alternatives, and relief available to victims of third party payer failures. 	<p>The team researched the viability of sending dual notices to a taxpayer's new address and former address in situations in which a third party changes the taxpayer's address to reflect the third party's address on Form 941. The team also considered targeted outreach to educate the taxpayers about the inherent risks in dealing with third party payroll providers. However, the IRS decided against the process. TAS objected to the IRS's decision and elevated the issue to the National Taxpayer Advocate. In May 2011, the National Taxpayer Advocate convinced the Chief, Employment Tax Policy, to reconsider the dual notice process as discussed in the 2007 and 2009 Annual Reports to Congress. The team has developed and prioritized options for notifying the affected taxpayers, and is weighing the pros and cons of each to balance the cost to the IRS and benefit to the taxpayers.</p>
Toll-Free Intake Line Team	<p>Develop and implement recommendations to enhance the current NTA toll-free intake line through direct transfers from W&I assistants to TAS Intake Advocates when taxpayer inquiries are deemed appropriate for TAS.</p>	<p>The team is preparing to establish an agreement with the National Treasury Employees Union (NTEU). Once an agreement is in place, the team will work toward implementation.</p>
Undelivered Mail Project	<p>Have the Office of Taxpayer Correspondence (OTC) head up a servicewide study of which notices would benefit the most from enhanced Intelligent Mail barcodes. As a part of this study, OTC will analyze return on investment to determine the most effective use of the barcodes.</p>	<p>The IRS Mail Systems and Undelivered Mail Working Group held two face-to-face meetings during the second quarter of 2012.</p>
U.S. Postal Service Intercepted Mail	<p>W&I has established a team to look at intercepted mail/refunds/debit cards from third parties, mainly by the U.S. Postal Service (USPS) and work on establishing a treatment stream.</p>	<p>This collaboration offers TAS, W&I, and other business units an opportunity to work together to resolve problems affecting all of the IRS and taxpayers alike.</p>
Virtual Service Delivery Pilot	<p>TAS is working with W&I and MITS to test the use of video communication as a service option to TAS customers who prefer face-to-face assistance.</p>	<p>The TAS Virtual Service Delivery (VSD) pilot began on December 21, 2011. TAS is working with the IRS VSD implementation team to recommend enhanced technology and identify additional locations for VSD expansion in FY 2013. The team is analyzing case receipts, population trends, and other census data to determine where to position additional units. The Jacksonville TAS office is serving Tampa-area taxpayers using the VSD video technology.</p>

Appendix IV: List of Low Income Taxpayer Clinics

Low Income Taxpayer Clinics (LITCs) represent low income taxpayers before the Internal Revenue Service and assist taxpayers in audits, appeals, and collection disputes. LITCs can also help taxpayers respond to IRS notices and correct account problems.

If you are a low income taxpayer who needs assistance in resolving tax disputes with the IRS and you cannot afford representation, or if you speak English as a second language and need help understanding your taxpayer rights and responsibilities, you may qualify for help from an LITC that provides free or nominal cost assistance. Using poverty guidelines published annually by the Department of Health and Human Services (HHS), each clinic decides if you meet the income eligibility guidelines and other criteria before it agrees to represent you.⁴²⁰ Eligible taxpayers must generally have incomes that do not exceed 250 percent of the poverty guidelines. The poverty guidelines can be found at <http://aspe.hhs.gov/poverty/index.shtml>.

Although LITCs receive partial funding from the IRS, LITCs, their employees, and their volunteers are completely independent of the federal government. Clinics receiving federal funding for the 2012 calendar year are listed below. These clinics are operated by nonprofit organizations or academic institutions.

In lieu of an LITC, low income taxpayers may be able to receive assistance from a referral system operated by a state bar association, a state or local society of accountants or enrolled agents, or another nonprofit tax professional organization.

This publication is not a recommendation by the IRS that you retain a Low Income Taxpayer Clinic or other similar organization to represent you before the IRS. Contact information for clinics may change, so please check for the most recent information at <http://www.irs.gov/pub/irs-pdf/p4134.pdf>.

420 For the 2012 calendar year, the income ceilings for low income representation are as follows:

Income Ceiling (250% Of Poverty Guidelines)			
Size of Family Unit	48 Contiguous States, Puerto Rico, and D.C.	Alaska	Hawaii
1	\$27,925	\$34,925	\$32,150
2	\$37,825	\$47,300	\$43,525
3	\$47,725	\$59,675	\$54,900
4	\$57,625	\$72,050	\$66,275
5	\$67,525	\$84,425	\$77,650
6	\$77,425	\$96,800	\$89,025
7	\$87,325	\$109,175	\$100,400
8	\$97,225	\$121,550	\$111,775
For each additional person add	\$9,900	\$12,375	\$11,375

Low Income Taxpayer Clinics

Type of Clinic: C = Controversy Clinic; E = ESL Clinic; and B = Both Controversy and ESL Clinic

State	City	Organization	Public Phone Numbers	Type of Clinic	Languages Served in Addition to English
AK	Anchorage	Alaska Business Development Center	1-800-478-3474 907-562-0335	B	Aleut, Cupik, Haida, Inupiat, North Athabaskan, Tlingit, Yupik
AL	Montgomery	Legal Services Alabama, Inc.	1-866-456-4995 334-329-0504	B	Spanish
AR	Fayetteville	Legal Aid of Arkansas, Inc.	1-800-952-9243 479-442-0600	B	Spanish, Marshallese
	Little Rock	University of Arkansas at Little Rock	501-324-9441	B	Spanish
	West Memphis	Delta Economic Education Resource Service	1-877-733-1704 870-733-1700	E	Spanish
AZ	Chinle	DNA-People's Legal Services, Inc.	1-800-789-7287 928-647-5242	B	Hopi, Spanish, Navajo
	Phoenix	Community Legal Services, Inc.	1-800-852-9075 602-258-3434	B	Spanish
	Tucson	Catholic Community Services of Southern Arizona	520-622-2801 x 127	B	Spanish, others through interpreter services.
CA	Fresno	Central California Legal Services, Inc.	1-800-675-8001 559-570-1200	B	Hmong, Lao, Spanish
	Los Angeles	HIV & AIDS Legal Services Alliance (HALSA)	213-637-1690	C	Spanish, American Sign Language
	Northridge	Bookstein Tax Clinic	818- 677-3600	B	Spanish
	Orange	Chapman University	714-628-2535	C	Spanish, Vietnamese, others through interpreter services.
	San Diego	Home Start, Inc.	619-229-3660	E	Arabic, Amharic, Bosnian, Chaldean, Spanish, Vietnamese
	San Diego	Legal Aid Society of San Diego, Inc.	1-877-534-2524	C	Spanish
	San Diego	University of San Diego	619-260-7470	B	Spanish
	San Francisco	Chinese Newcomers Service Center	415-421-2111	B	Chinese
	San Francisco	Homeless Prenatal Program	415-546-6756	B	Spanish
	San Francisco	Nihonmachi Legal Outreach	415-567-6255	B	Cantonese, Hindi, Japanese, Korean, Mandarin, Russian, Spanish, Tagalog, Vietnamese
	San Francisco	San Francisco Bar Association Volunteer Legal Services Program	415-989-1616	C	N/A
	San Jose	President and Board of Trustees of Santa Clara College	408-288-7030	C	Chinese, Spanish, Vietnamese, others through interpreter services.
	San Luis Obispo	California Polytechnic State University	1-877 318-6772 805-756-2951	B	Spanish, others through interpreter services.
Santa Ana	Legal Aid Society of Orange County	1-800-834-5001 714-571-5200	B	Farsi, Korean, Mandarin, Spanish, Vietnamese, others through interpreter services.	
CO	Denver	University of Denver	303-871-6331	C	Spanish
	San Luis	Land Rights Council, Inc.	1-866-607-8462 719-672-1002	B	Spanish
CT	Hamden	Quinnipiac University	203-582-3238	C	Spanish, others through interpreter services.
	Hartford	University of Connecticut	860-570-5165	C	French, Polish, Portuguese, Spanish, Vietnamese

State	City	Organization	Public Phone Numbers	Type of Clinic	Languages Served in Addition to English
DC	Washington	American University	202-274-4144	C	Spanish, others through interpreter services.
	Washington	Central American Resource Center	202-328-9799	E	Spanish
	Washington	University of the District Of Columbia	202-274-5263	B	All languages identified in DC Language Access Act.
DE	Wilmington	Delaware Community Reinvestment Action Council, Inc.	1-877-825-0750 302-654-5024 x 102	B	Spanish
FL	Jacksonville	Three Rivers Legal Services, Inc.	1-866-256-8091 904-394-7450	B	Bosnian, Spanish
	Miami	Haitian Neighborhood Center Sant La	305-573-4875	E	Creole, French, Spanish
	Miami	Legal Services of Greater Miami, Inc.	305-576-0080	B	Creole, Haitian, Spanish
	Orlando	Community Legal Services of Mid-Florida, Inc.	1-866-886-1799	B	Creole, Spanish, Vietnamese, others through interpreter services.
	Plant City	Bay Area Legal Services, Inc.	813-232-1343	B	Creole, Spanish, others through interpreter services.
	Plantation	Legal Aid Service of Broward County, Inc.	954-765-8950 954-736-2477	B	Creole, Spanish
	St. Petersburg	Gulfcoast Legal Services, Inc.	1-800-230-5920 727-821-0726	B	Creole, French, Spanish
	Tallahassee West Palm Beach	Legal Services of North Florida, Inc. Legal Aid Society of Palm Beach County, Inc.	850-385-9007 1-800-403-9353 561-655-8944	B B	Spanish Creole, Haitian, Spanish
GA	Atlanta	Georgia State University Foundation, Inc.	404-413-9230	C	Spanish
	Hinesville	JC Vision and Associates, Inc.	1-866-902-4266 912-877-4243	E	Spanish
HI	Honolulu	Legal Aid Society of Hawaii	1-800-499-4302 1-800-527-8050	B	Chinese, Filipino, Japanese, Spanish, Vietnamese
	Honolulu	Volunteer Legal Services Hawaii	1-800-839-5200 808-528-7059	B	Cantonese, Chuukese, Mandarin, Marshallese, Samoan, Tagalog
IA	Des Moines	Drake University	515-271-3851	B	Spanish, others through interpreter services.
	Des Moines	Iowa Legal Aid	1-800-532-1275	B	Spanish, others through interpreter services.
ID	Boise	Regents of the University of Idaho	1-877-200-4455 208-885-6541	C	Spanish
	Twin Falls	La Posada Tax Clinic	208-735-1189	B	Spanish
IL	Elgin	Administer Justice	847-844-1100 1-877-778-6006	B	Korean, Polish, Spanish, others through interpreter services.
	Chicago	Center for Economic Progress	312-252-0280	B	Spanish
	Chicago	Korean American Community Services	773-583-5501	E	Korean, Spanish
	Chicago	Loyola University Chicago School of Law	312-915-7176	C	N/A
	Wheaton	Prairie State Legal Services, Inc.	1-800-690-2130 630-690-2130	C	Spanish
IN	Bloomington	Indiana Legal Services, Inc.	1-800-822-4774 812-339-7668	C	All Languages through interpreter services.
	Indianapolis	Neighborhood Christian Legal Clinic	1-888-243-8808 317-429-4131	B	Burmese, Chinese, French, Karen, Spanish
	Valparaiso	The Lutheran University Association, Inc.	1-888-729-1064 219-465-7903	C	Chinese, Korean, Polish, Russian, Spanish

State	City	Organization	Public Phone Numbers	Type of Clinic	Languages Served in Addition to English
KS	Lawrence	The University of Kansas Center for Research	785-864-5665	B	All Languages through interpreter services.
	Wichita	Cerebral Palsy Research Foundation of Kansas, Inc.	1-800-550-5804 316-688-1888	C	Spanish
KY	Erlanger	Northern Kentucky University Research Foundation	859-572-5781	C	Spanish
	Louisville	Legal Aid Society, Inc.	1-800-292-1862 502-584-1254	C	All Languages through interpreter services.
	Richmond	AppalReD Legal Aid	1-800-477-1394 859-624-1394	C	All Languages through interpreter services.
LA	Baton Rouge	Southern University Law Center	225-771-3333	C	N/A
	New Orleans	Southeast Louisiana Legal Services, Corp.	1-877-521-6242 504-529-1000	C	Chinese, Polish, Spanish, Vietnamese
MA	Boston	Greater Boston Legal Services	1-800-323-3205 617-371-1234	B	All Languages through interpreter services.
	Springfield	Springfield Partners for Community Action	413-263-6500	B	Chinese, French, Portuguese, Russian, Somali, Spanish, Vietnamese
	Waltham	Bentley University	1-800-273-9494 781-891-2083	B	Chinese, Creole, Haitian, Portuguese, Russian, Spanish
MD	Baltimore	Maryland Volunteer Lawyers Service	1-800-510-0050 410-547-6537	C	Spanish
	Baltimore	University of Maryland, Baltimore	410-706-3295	C	All Languages through interpreter services.
	Hyattsville	CASA de Maryland, Inc.	301-431-4185	E	French, Spanish
ME	Bangor	Pine Tree Legal Assistance, Inc.	207-942-8241	B	All Languages through interpreter services.
MI	Ann Arbor	The Regents of the University of Michigan	734-936-3535	B	Chinese, Spanish, Ukrainian
	Detroit	Accounting Aid Society	1-866-673-0873 313-556-1920	B	Arabic, Spanish, others through interpreter services.
	East Lansing	Michigan State University College of Law	517-336-8088	B	All Languages through interpreter services.
MN	Minneapolis	Mid-Minneapolis Legal Assistance	1-800-292-4150 612-332-1441	B	Amharic, Arabic, Hmong, Oromo, Russian, Somali, Spanish, others through interpreter services.
	Minneapolis	University of Minnesota	612-625-5515	B	Hmong, Somali, Spanish
MO	Kansas City	Legal Aid of Western Missouri	1-800-990-2907 816-474-6750	B	All Languages through interpreter services.
	Kansas City	The UMKC Graduate Tax Law Foundation	816-235-6201	C	Russian, Spanish
	Springfield	Missouri State University	417-836-3007	B	Chinese, Korean, Spanish, others through interpreter services.
MS	Oxford	North Mississippi Rural Legal Services	1-888-808-8049	B	All Languages through interpreter services.
MT	Helena	Montana Legal Services Association	1-800-666-6899 406-442-9830	C	All Languages through interpreter services.
NC	Charlotte	Legal Services of Southern Piedmont, Inc.	1-800-438-1254 (E) 1-800-247-1931(SP) 704-376-1600	B	Spanish
	Durham	Community Reinvestment Association of North Carolina	919-667-1000	E	Arabic, Spanish
	Durham	North Carolina Central University School of Law	919-530-7166	C	Spanish
ND	New Town	Legal Services of North Dakota	1-877-639-8695 701-627-4719	B	Arabic Arikira, Bhutanese, Bosnian, Dakota Sioux, Hidatsa, Mandan, Somali, Swahili

State	City	Organization	Public Phone Numbers	Type of Clinic	Languages Served in Addition to English
NE	Omaha	Legal Aid of Nebraska	1-888-991-9921 402-348-1069	B	Spanish
NH	Concord	NH Pro Bono Referral System	603-228-6028	C	All Languages through interpreter services.
	Concord	The Legal Advice and Referral System	1-800-639-5290 603-224-3333 x616	E	All Languages through interpreter services.
NJ	Edison	Legal Services of New Jersey	1-888-576-5529 732-572-9100	B	Arabic, Creole, French, Hindi, Italian, Spanish, others through interpreter services.
	Jersey City	Northeast New Jersey Legal Services	201-792-6363	B	Korean, Kurdu, Spanish
	Newark	Rutgers Law School	973-353-1685	C	Spanish
	Vineland	South Jersey Legal Services, Inc.	1-800-496-4570 856-691-0494	B	Spanish, others through interpreter services.
NM	Albuquerque	Regents of the University of New Mexico	505-277-5265	C	Spanish
NV	Las Vegas	Nevada Legal Services	702-386-0404	B	Spanish, Korean, others through interpreter services.
NY	Albany	Albany Law School	518-445-2328	C	All Languages through interpreter services.
	Bronx	Legal Services NYC-Bronx	718-928-3700	C	Spanish, others through interpreter services.
	Brooklyn	Bedford-Stuyvesant Community Legal Services Corp.	718-636-1155	C	African languages, Chinese, French, Spanish
	Brooklyn	South Brooklyn Legal Services, Inc.	718-237-5528	B	American Sign Language, Creole, Russian, Spanish
	Buffalo	Erie County Bar Association Volunteer Lawyers Project, Inc.	1-800-229-6198 716-847-0662	C	Spanish
	Elmsford	Westchester Community Opportunity Program, Inc.	914-592-5600	E	Spanish
	Jamaica	Queens Legal Services	347-592-2178	B	All Languages through interpreter services.
	New York	Fordham University	212-636-7353	C	Spanish
	New York	The Legal Aid Society	212-426-3013	B	Mandarin, Chinese, Spanish
	Rochester	Pathstone, Inc.	1-800-888-6770 585-340-3300	E	Spanish
	Rochester	Volunteer Legal Services Project of Monroe County, Inc.	585-232-3051	E	American Sign Language, Spanish
Syracuse	Syracuse University	1-888-797-5291 315-443-4582	C	Spanish, others through interpreter services.	

State	City	Organization	Public Phone Numbers	Type of Clinic	Languages Served in Addition to English
OH	Akron	Community Legal Aid Services, Inc.	1-800-998-9454 1-800-983-4191	B	Spanish, others through interpreter services.
	Cleveland	Friendship Foundation of American-Vietnamese, Inc.	216-961-6005	E	Arabic, Cambodian, Laotian, Spanish, Vietnamese
	Cleveland	The Legal Aid Society of Cleveland	1-888-873-9665 216-687-1900	C	All Languages through interpreter services.
	Columbus	Ohio State Legal Services Association	1-800-589-5888 614-221-7201	C	All Languages through interpreter services.
	Columbus	The Legal Aid Society of Columbus	1-877-224-8374 614-224-8374	C	American Sign Language, Russian, Somali, Spanish, others through interpreter services.
	Pikeon	The Community Action Committee of Pike County	1-866-820-1185 740-289-2371	C	N/A
	Toledo	Advocates for Basic Legal Equality, Inc.	1-800-837-0814 419-255-0814	B	All Languages through interpreter services.
	Toledo	Legal Aid of Western Ohio, Inc.	1-877-837-0814 419-724-0030	C	Spanish, others through interpreter services.
OK	Oklahoma City	Oklahoma Indian Legal Services, Inc.	1-800-658-1497 405-943-6457	B	Native-American Languages, Spanish
	Tulsa	Community Action Project of Tulsa County	918-382-3200	E	Asian languages, Russian, Spanish
OR	Gresham	Catholic Charities	503-489-6828	B	Spanish
	Portland	Legal Aid Services of Oregon	1-888-610-8764 503-224-4086	B	Cantonese, Spanish, others through interpreter services.
	Portland	Lewis & Clark College Legal Clinic	503-768-6500	C	All Languages through interpreter services.
PA	Lancaster	Central Pennsylvania Federal Tax Clinic	1-800-732-0018 717-299-7388 x3911	B	Spanish
	Philadelphia	Philadelphia Legal Assistance Center, Inc.	1-888-541-1544 215-981-3800	E	Spanish
	Philadelphia	Villanova University School of Law	1-866-829-2546 610-519-4123	C	All Languages through interpreter services.
	Pittsburgh	Jewish Family & Children's Services	412-422-7200	E	Arabic, Burmese, Chinese, French, Hebrew, Hindi, German, Korean, Portuguese, Russian, Spanish, Turkish, Vietnamese
	Pittsburgh	University of Pittsburgh	412-648-1300	C	Russian, Spanish, others through interpreter services.
	Scranton	United Way of Lackawanna and Wayne Counties	570-343-1267	B	Bhutanese, Spanish
PR	Ponce	PathStone Community Development Corporation of Puerto Rico	1-888-440-1716 787-812-4262	B	Spanish
RI	Providence	Rhode Island Legal Services, Inc.	401-274-2652	B	Portuguese, Spanish
	Providence	Rhode Island Tax Clinic, Inc.	401-421-1040	B	Creole, Portuguese, Spanish
SC	Columbia	South Carolina Association of Community Action Partnerships	1-888-722-4227 803-771-9404	E	Spanish
	Greenville	South Carolina Legal Services	1-888-346-5592 803-744-9430	B	All Languages through interpreter services.
SD	Spearfish	Black Hills State University Foundation	605-390-4391	C	Lakota, Spanish

State	City	Organization	Public Phone Numbers	Type of Clinic	Languages Served in Addition to English
TN	Memphis	Memphis Area Legal Services, Inc.	1-800-499-1602 901-523-8822	B	Spanish
	Nashville	Conexion Americas	615-320-5152	E	Spanish
	Oak Ridge	Legal Aid Society of Middle Tennessee and the Cumberlands	1-866-481-3669 1-800-238-1443 865-483-8457	B	Russian, Spanish, others through interpreter services.
TX	Austin	Texas Rio Grande Legal Aid, Inc.	210-212-3772	B	Spanish
	Bellaire	Neighborhood Centers, Inc.	713-669-5385	E	Spanish
	Bryan	Lone Star Legal Aid	1-800-570-4773 979-775-5050	B	Spanish, Vietnamese, others through interpreter services.
	El Paso	El Paso Affordable Housing Credit Union Service Organization	915-838-9608	E	Spanish
	Ft. Worth	Legal Aid of Northwest Texas	1-800-955-3959 817-336-3943	B	Spanish
	Houston	Houston Volunteer Lawyer's Program	713-228-0735	B	Mandarin, Spanish, Urdu, Vietnamese
	Lubbock	Texas Tech University School of Law LITC	1-800-742-8037 806-742-4312	B	Spanish
	Sugarland	Centro Familiar Cristiano, Inc.	281-340-2400	E	Spanish
UT	Provo	Centro Hispano	801-655-0258	B	American Sign Language, Spanish
	Sandy	University of Utah	1-888-361-5482 801-236-8052	B	Spanish
VA	Arlington	ECDC Enterprise Development Group	703-685-0510 x257	B	Amharic, Farsi, Spanish, Vietnamese
	Lexington	Washington & Lee University	540-458-8918	C	All Languages through interpreter services.
	Richmond	The Community Tax Law Project	804-353-6968 804-358-5855	B	Spanish
VT	Barre	Central Vermont Community Action Council, Inc.	802-477-5242	B	All Languages through interpreter services.
	Burlington	Vermont Legal Aid, Inc.	1-800-747-5022 802-863-5620	C	All Languages through interpreter services.
WA	Seattle	University Of Washington	1-866-866-0158 206-685-6805	B	French, Korean, Mandarin, Russian, Somali, Spanish, Vietnamese
	Spokane	Gonzaga University	1-800-793-1722 509-313-5791	B	Spanish
WI	Milwaukee	Legal Aid Society of Milwaukee, Inc.	414-727-5300	C	Spanish
	Milwaukee	University of Wisconsin-Milwaukee	1-866-896-5482 414-229-3232	C	Spanish
	Wausau	Wisconsin Judicare, Inc.	1-800-472-1638 715-842-1681	B	Hmong, Spanish
	Whitewater	University of Wisconsin-Whitewater Lubar School Of Business	1-877-899-5482 262-472-1293	B	Spanish
WV	Charleston	Legal Aid of West Virginia	1-866-255-4370 304-343-3013	B	Spanish
WY	Cheyenne	Legal Aid of Wyoming	1-877-432-9955 307-432-0807	B	Spanish
	Jackson	Latino Resource Center	1-888-310-6999 307-734-0333	E	Spanish

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Appendix V: FY 2013 Taxpayer Advocate Service Operational Priorities

To meet its statutory mission as defined in Internal Revenue Code (IRC) §7803(c), the Taxpayer Advocate Service (TAS) developed three strategic goals and two strategic foundations to guide its leadership. TAS's three strategic goals are:

- Resolve Taxpayer Problems Accurately and Timely;
- Protect Taxpayer Rights and Reduce Taxpayer Burden; and
- Become a Known Taxpayer Advocacy Organization.

The two strategic foundations defined by TAS are:

- Enhance TAS Infrastructure to Improve Taxpayer Interaction; and
- Sustain and Support a Fully-Engaged and Diverse Workforce.

In support of these strategic goals and foundations, TAS identified fifteen (15) operational priorities. Operational priorities are short-term actions that aid the organization in achieving its mission.⁴²¹

Resolve Taxpayer Problems Accurately and Timely

IRC § 7803(c)(2)(A)(i)

In general, It shall be the function of the Office of Taxpayer Advocate to-

(i) assist taxpayers in resolving problems with the Internal Revenue Service.

IRC § 7803(c)(2)(C)(ii)

The National Taxpayer Advocate shall —

(ii) develop guidance to be distributed to all Internal Revenue Service officers and employees outlining the criteria for referral of taxpayer inquiries to local offices of taxpayer advocates.

- Operational Priority 2013-1 — In collaboration with the IRS, implement revised Operations Assistance Request (OAR) procedures in keeping with the Phase II OAR Study.
- Operational Priority 2013-2 — Define and develop alternative approaches to systemic burden casework acceptance and assignment to allow the IRS the opportunity to resolve issues first, so long as taxpayers are not harmed by the process.

⁴²¹ The TAS mission: As an independent organization within the IRS, we help taxpayers resolve problems with the IRS and recommend changes that will prevent the problems.

- Operational Priority 2013-3 — Implement a multi-modal Case Advocacy Customer Comment System to allow for more robust and timely customer responses and the sharing of best practices.
- Operational Priority 2013-4 — Provide new or updated advocacy tools and guidance to address emerging issues.
- Operational Priority 2013-5 — Develop, implement, and communicate TAS engagement activities, including new ways to communicate with the taxpayer (such as email to text, virtual services, traditional correspondence) and establish what customers can expect from TAS and what TAS expects from its customers when addressing tax issues with the IRS.

Protect Taxpayer Rights and Reduce Burden

IRC § 7803(c)(2)(A)(ii)—(iv))

In general, It shall be the function of the Office of Taxpayer Advocate to-

(ii) identify areas in which taxpayers have problems in dealings with the Internal Revenue Service;

(iii) to the extent possible, propose changes in the administrative practices of the Internal Revenue Service to mitigate problems identified under clause (ii); and

(iv) identify potential legislative changes which may be appropriate to mitigate such problems.

- Operational Priority 2013-6 — Proactively identify issues that may negatively impact taxpayer rights or burden; then, using a tiered research approach, develop alternative advocacy approaches to address the external and internal impact of these issues (*e.g.*, research studies, advocacy projects, updated processing guidelines, etc.).
- Operational Priority 2013-7 — Strengthen taxpayers' understanding of their rights through the revision of Publication 1.

Become a Known Taxpayer Advocacy Organization

IRC § 7803(c)(2)(C) (iii):

The National Taxpayer Advocate shall —

(iii) ensure that the local telephone number for each local office of the taxpayer advocate is published and available to taxpayers served by the office.

- Operational Priority 2013-8 — Develop new tools and use new technology to conduct outreach, education, and research with the goal of expanding awareness of TAS services, with special emphasis on emerging issues and TAS's underserved population.

Enhance TAS Infrastructure to Improve Taxpayer Interaction

IRC § 7803(c)(4)(B)

Maintenance of independent communications. Each local office of the taxpayer advocate shall maintain a separate phone, facsimile, and other electronic communication access, and a separate post office address.

IRC § 7803(c)(4)(A)(iv)

In general, Each local taxpayer advocate —

(iv) may, at the taxpayer advocate's discretion, not disclose to the Internal Revenue Service contact with, or information provided by, such taxpayer.

- Operational Priority 2013-9 — Support MITS and outside vendors in the development, testing and deployment of the Taxpayer Advocate Service Integrated System (TASIS), an efficient and integrated information technology system.
- Operational Priority 2013-10 — Collaborate with IRS to develop tools to help TAS employees advocate for taxpayers.
- Operational Priority 2013-11 — Establish TAS protocol and archival procedures for TAS projects, task forces, and studies, including the establishment of a naming convention hierarchy for an organizational keyword database.

Sustain and Support a Fully-Engaged and Diverse Workforce

IRC § 7803(c)(2)(C)(i) and (iv)

The National Taxpayer Advocate shall —

(i) monitor the coverage and geographic allocation of local offices of taxpayer advocates; and

(iv) in conjunction with the Commissioner, develop career paths for local taxpayer advocates choosing to make a career in the Office of the Taxpayer Advocate.

- Operational Priority 2013-12 — Establish a succession plan for TAS that leverages diversity, and adequately meets the HR component of TAS's workload demands.
- Operational Priority 2013-13 — Develop and test a multi-year strategic training plan that allows the organization to forecast training needs and provides an opportunity for employees to reach their full potential.
- Operational Priority 2013-14 — Implement solutions identified in employee surveys and group meetings that improve the quality of its employees' worklife.
- Operational Priority 2013-15 — Define, develop, and test organizational measures or diagnostics for Systemic Advocacy, Case Advocacy, and TAP.

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Appendix VI: TAS Performance Measures and Indicators

RESOLVE TAXPAYER PROBLEMS ACCURATELY AND TIMELY

Measure	Description	FY 2012 Target	FY 2012 Actual
Error-Free Cases ⁴²²	Percent of sampled closed cases with no errors on any of the quality attributes that comprise the TAS case quality index.	Indicator	9.7%
OAR Reject Rate	Percent of rejected requests for action to be taken by the IRS.	3.6%	3.7%
Customers Satisfied	Percent of taxpayers who indicate they are very satisfied or somewhat satisfied with the service provided by TAS.	88%	86%
Customers Dissatisfied	Percent of taxpayers who indicate they are somewhat dissatisfied or very dissatisfied with the service provided by TAS.	11%	11%
Solved Taxpayer Problem	Percent of taxpayers who indicate the Taxpayer Advocate employee did their best to solve their problems.	89%	87%
Relief Granted ⁴²³	Percent of closed cases in which full or partial relief was provided.	Indicator	77.2%
Number of TAOs Issued	The number of Taxpayer Assistance Orders (TAOs) issued by TAS. ⁴²⁴	Indicator	189
Median – Closed Case Cycle Time ⁴²⁵	Median time taken to close TAS cases.	Indicator	70 days
Mean – Closed Case Cycle Time	Mean time taken to close TAS cases.	Indicator	97.7 days
Closed Cases per Case Advocacy FTE	Number of closed cases divided by total Case Advocacy full-time equivalents (FTEs) realized. (This includes all hours reported to the Case Advocacy organization except Field Systemic Advocacy.)	155.0	120.8
Closed Cases per Direct FTE	Number of closed cases divided by direct Case Advocate FTEs realized.	355.0	303.3

422 Results for Error-Free cases are as of January 2012; updated results are not available at the time of printing this report.

423 TAS tracks resolution of taxpayer issues through codes entered on TAMIS at the time of closing, and requires case advocates to indicate the type of relief or assistance they provided to the taxpayer. See Internal Revenue Manual 13.1.21.1.2.1.2 (Mar. 31, 2011). The codes reflect full relief, partial relief, or assistance provided.

424 For additional information, see *Importance of the TAO*, *supra*.

425 This indicator does not include the number of days of reopened cases.

PROTECT TAXPAYER RIGHTS AND REDUCE BURDEN

Measure	Description	FY 2012 Target	FY 2012 Actual
Accuracy of Closed Advocacy Projects	Percent of correct actions overall in accordance with statute and IRM guidance. This includes accurate identification of the systemic issue and proposed remedy.	96.0%	98.6%
Timeliness of Actions in Advocacy Projects	Percent of all projects with timely actions in accordance with IRM guidance, including contacting the submitter within three business days from assignment, issuing an action plan within 30 calendar days, and working the project with no unnecessary delays or periods of inactivity.	80.0%	73.3%
Quality of Communication on Advocacy Projects	Percent of projects where substantive updates were provided to the submitter on the initial contact and subsequent contacts, appropriate coordination, and communication took place with internal and external stakeholders, written communications follow established guidelines, and outreach and education actions taken when appropriate.	96.0%	97.6%
Accuracy of Closed Immediate Interventions	Percent of correct actions overall in accordance with statute and IRM guidance. This includes accurate identification of the systemic issue and proposed remedy.	96.0%	100%
Timeliness of Actions on Immediate Interventions	Percent of all projects with timely actions in accordance with IRM guidance, including contacting the submitter within one business day, issuing an action plan within five business days, and working the Immediate Intervention with no unnecessary delays or periods of inactivity.	75.0%	0%
Quality of Communications on Immediate Interventions	Percent of projects where substantive updates were provided to the submitter on the initial contact and subsequent contacts, appropriate coordination and communication took place with internal and external stakeholders, written communications followed established guidelines, and outreach and education actions were taken when appropriate.	92.0%	N/A ⁴²⁶
Related Issues Resolved	Percent of all projects where related issues were addressed.	95.0%	100%
Timeliness of ARC Deliverables ⁴²⁷	Percent of milestones met on the National Taxpayer Advocate Annual Report to Congress (ARC).	Indicator	
Number of Policy Issues Influenced by IMD Reviews	Policy issues influenced by TAS's Internal Management Document (IMD) review and recommendations.	Indicator	396
Percent of Immediate Interventions Acted Upon by IRS within One Year	The percentage of immediate intervention recommendations acted upon by the IRS within one year of the immediate intervention closure date.	Indicator	50%
Percent of Advocacy Projects Addressed by IRS within Two Years	The percentage of advocacy project recommendations, (excluding issues also raised in the Annual Report to Congress) acted upon by the IRS within two years of the Advocacy Project closure date.	Indicator	70%

426 Immediate Intervention results based on one Immediate Intervention closed during period.

427 ARC measures will be available July 2012.

SUSTAIN AND SUPPORT A FULLY-ENGAGED AND DIVERSE WORKFORCE

Measure	Description	FY 2012 Target	FY 2012 Actual
Employee Satisfaction ⁴²⁸	Percent of employees who are satisfied or very satisfied with their jobs.	79%	
Employee Participation	Percent of employees who take the questionnaire. ⁴²⁹	88%	
Continuing Professional Education (CPE) Evaluation ⁴³⁰	Percent of employees who are satisfied or very satisfied with annual CPE.	92%	97.5% (FY 2010)

428 The annual Workgroup Questionnaire measures both participation and satisfaction.

429 Results will not be available until the summer of 2012.

430 Due to budgetary constraints, TAS conducted its FY 2011 CPE virtually and is currently reviewing its CPE evaluation measures. Results are for 2011 were not available at the time this report was printed.

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Appendix VII: List of Advocacy Portfolios

Portfolio	Local Taxpayer Advocate Name	State/Office	Phone Number
Abusive Schemes/Refund Fraud	Michael Kenyon	North Dakota	701-237-8299
Accessing Taxpayers' Files	Jeraldine Todd	Missouri-Kansas City Campus	816-291-9019
Adoption Credit	Stephen Halker	Florida-Jacksonville	904-665-0523
Amended Returns	Gilbert Martinez	Texas-Dallas	214-413-6520
Accounts Management Taxpayer Assurance Program (AMTAP) Pre-Refund Program	Donna Wess	Tennessee-Memphis Campus	901-395-1700
Appeals - Examination Based Issues	Daniel Maiuro	California-Sacramento	916-974-5191
Appeals - Collection Based Issues	James Leith	Maryland	410-962-8120
Audit Reconsiderations	Ann Brunetti	Utah-Ogden Campus	801-620-3000
Automated Collection System (ACS)	Lois Lombardo	Pennsylvania-Philadelphia	215-861-1237
Bankruptcy	Andrew Mettlen	Pennsylvania-Pittsburgh	412-395-6423
BMF Information Reporting and Document Matching (IRDM/BMF) merged (CAWR/FUTA)	Chris Morell	New York-Brookhaven Campus	631-654-6687
Customer Account Data Engine (CADE)	Ann Logan	Utah-Salt Lake City	801-799-6962
Collection/Allowable Living Expenses	James Spisak	New York- Manhattan	212-436-1010
Compliance Withholding	Mary Murphy	Arizona	602-636-9503
Correspondence Examination	Fred Blinn	Indiana	317-685-7799
Collection Statute Expiration Dates (CSEDs)	Gerard Pieger	District of Columbia	202-874-4280
Designated Federal Official (DFO) Taxpayer Advocacy Panel (TAP) Brooklyn	Bernardita Tehrani	New York-Brooklyn	718-488-3501
DFO TAP North Carolina	Tina Junciewicz	North Carolina	336-574-6213
DFO TAP Atlanta	Lacrisa McClendon	Georgia-Atlanta Campus	770-936-4543
DFO TAP Memphis	Donna Wess	Tennessee-Memphis Campus	901-395-1700
DFO TAP Arkansas	Bill Wilde	Arkansas	501-396-5820
DFO TAP Salt Lake City	Ann Logan	Utah-Salt Lake City	801-799-6962
DFO TAP Los Angeles	Dorothea Curran	California-Los Angeles	213-576-3016
DFO TAP Vermont	Robert Fett	Vermont	802-859-1056
Disaster Response & Recovery	Janice Washington	Mississippi	601-292-4810
Domestic Violence Related Tax Issues	Suzanne Davis	Ohio-Cleveland	216-522-8241
Earned Income Tax Credit (EITC) Compliance	Marcie Harrison	New Jersey	973-921-4376
EITC Outreach	Rose Browne	Georgia-Atlanta	404-338-8085
Electronic Tax Administration	Betty Martin	Tennessee-Nashville	615-250-6015
Employment Tax Policy	Wayne Garvin	Delaware	302-286-1545
e-Services	Tiffney Todaro	California-Oakland	510-637-3079
Examination Strategy	Dorothea Curran	California-Los Angeles	213-576-3016
Exempt Organization Outreach	Peggy Guinn	Missouri-St. Louis	314-612-4371
Exempt Organizations [Application Approval Processing]	Nancy Eyman	Ohio-Cincinnati	513-263-3249

Portfolio	Local Taxpayer Advocate Name	State/Office	Phone Number
Farm Income & Taxation	Lorelei Gilchrist	South Dakota	605-377-1606
Federal Levy Payment Program (FPLP)	Kristy Moquin	Connecticut	860-756-4550
Federal Tax Liens (Including Centralized Liens)	Tom Sherwood	Colorado	303-603-4601
Financially Distressed Taxpayers	Delphine Hensley	Oklahoma	405-297-4139
First-Time Homebuyer Credit	Delia Lucas	Texas-Houston	713-209-4781
Fraud/Victim Assistance	Chastity Swantz	Nebraska	602-636-9503
Health Care I (Individual)	Desiree Frierson	Kansas	316-352-7505
Health Care II (Business)	Selma Taylor	Illinois-Chicago	312-566-3801
Health Care Outreach	Patricia DeTimmerman	Iowa	515-564-6880
Identity Theft	Deana Johnson	Kentucky-Covington Campus	859-669-4013
Individual Master File (IMF) Information Reporting & Document Matching (Automated Underreporter)	Lacrisa McClendon	Georgia-Atlanta Campus	770-936-4543
Indian Tribal Governments	Bill Wirth	New York-Buffalo	716-916-5393
Injured Spouse	Marsha Morgan	Kentucky-Louisville	502-572-2201
Innocent Spouse	Jane Knowles	Idaho	208-387-2827 ext 272
Installment Agreement Processing	Connie Hough	Wyoming	307-633-0881
Interest Computation Issues	Teresa Thompson	Montana	406-441-1044
International Taxpayers	Cynthia Vargas	Puerto Rico	787-622-8950
Identity Protection Specialized Unit (IPSU) -Identity Theft	Fred Benoit	Massachusetts-Andover Campus	978-247-9020
IRS Policy and Procedures on Accepting Electronic Taxpayer Records	Ardis Agosto	Louisiana	504-558-3003
IRS Training on Taxpayer Rights	Joe Zarrella	Massachusetts-Boston	617-316-2625
Individual Taxpayer Identification Number (ITIN) Outreach	Pamara Blount	Michigan	313-628-3664
ITIN Processing	Nancy Farthing	Texas-Austin Campus	512-460-4652
Levies	Bill Wilde	Arkansas	501-396-5820
Liens and CSEDs	Gerard Pieger	District of Columbia	202-874-4280
Low Income Taxpayer Clinics	Katrina Leifield	Maine	207-622-8577
Math Error	Gwen Sonier	South Carolina	803-765-7842
Military Taxation Issues	Kristia Douts	Alaska	907-271-6297
Multilingual Initiatives	Juan Rolon	Texas-Austin	512-499-5970
Nonfiler Strategy	Joe Warren	Minnesota	651-312-7874
Offer in Compromise	Bernardita Tehrani	New York-Brooklyn	718-488-3501
Office of Professional Responsibility	Victor Juarez	Pennsylvania-Philadelphia Campus	267-941-2357
Penalty Administration	Pam Bates	Illinois-Springfield	217-862-6348
Powers of Attorney	Deborah Hawkins	Alabama	205-912-5634
Practitioner Priority Services	Lisa Szargowicz	Rhode island	401-528-1916
Processing Payments	Shelley Ashurex	Oregon	503-415-7030
Return Preparer Penalties	Sharen Greene	New York-Albany	518-427-5412
Returned/Stopped Refunds	Barbara Johnson	Wisconsin	414-231-2391

Portfolio	Local Taxpayer Advocate Name	State/Office	Phone Number
Seizure and Sales	Terri Crook	Florida-Ft. Lauderdale	954-423-7676
Taxpayer Assistance Centers	Bill Mezger	Washington	206-220-5704
TAS Confidentiality (IRC § 7803(c)(4)(A)(iv)) and IRC § 6103	Joceline Champagne	New Hampshire	603-433-0571
Tax Exempt Entity Issues	Tina Juncewicz	North Carolina	336-574-6213
Tax Forum Case Resolution Room	Connie Adams	California-Laguna Niguel	949-389-4790
Tax Forum Case Resolution Room	Moana Sawyer	California-Fresno Campus	559-442-6419
Taxpayer Compliance Behavior	Stephen Halker	Florida-Jacksonville	904-665-0523
Tip Reporting and Compliance	Karen Alvear	Nevada	702-868-5180
Trust Fund Recovery Penalty	Mark Campbell	Virginia	804-916-3500
U.S. Territories & Possessions	Gayvial James	Hawaii	808-566-2927
Undelivered Mail	Jeraldine Todd	Missouri-Kansas City Campus	816-291-9019

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Appendix VIII: Taxpayer Advocate Directive 2012-3



THE OFFICE OF THE TAXPAYER ADVOCATE OPERATES INDEPENDENTLY OF ANY OTHER IRS OFFICE AND REPORTS DIRECTLY TO CONGRESS THROUGH THE NATIONAL TAXPAYER ADVOCATE.

Response Due:
January 27, 2012

January 12, 2012

MEMORANDUM FOR STEVEN T. MILLER, DEPUTY COMMISSIONER
SERVICES AND ENFORCEMENT
BETH TUCKER, DEPUTY COMMISSIONER
OPERATIONS SUPPORT
WILLIAM J. WILKINS, CHIEF COUNSEL

FROM: Nina E. Olson 
National Taxpayer Advocate

SUBJECT: Taxpayer Advocate Directive 2012-3 (*Review IRS Priorities in the Examination Process to Protect Taxpayer Rights, Improve Taxpayer Service, and Further Compliance*).

TAXPAYER ADVOCATE DIRECTIVE

I am issuing this Taxpayer Advocate Directive (TAD) to direct that within **30 business days** the Deputy Commissioner, Services and Enforcement, the Deputy Commissioner, Operations Support, and Chief Counsel take the actions described in the numbered sections below. Within **10 business days** please also provide me with a written response to this TAD discussing the action(s) you plan to take and whether you plan to appeal.¹

1. Convene a high-level cross-functional team, including the National Taxpayer Advocate, to review the Service's priorities in the examination process, particularly with respect to correspondence examination, to determine how we can better protect taxpayer rights, improve taxpayer service, and further compliance. This review should address the issues

¹ See IRM 13.2.1.6, *Taxpayer Advocate Directives* (July 16, 2009).

raised by the National Taxpayer Advocate 2011 Annual Report to Congress Volume II Study: *An Analysis of the IRS Examination Strategy: Suggestions to Maximize Compliance, Improve Credibility, and Respect Taxpayer Rights* (the "Exam Report," attached) including the recommendations to:

- a. Reverse the erosion of the taxpayer's right to avoid right to avoid unnecessary and repetitive examinations of the same return that has occurred as the IRS has increased its use of automated processes in lieu of examinations;²
- b. Update obsolete Treas. Reg. § 301.7605-1, *Time and Place of Examination*, which still reference the now-extinct district structure and does not mention correspondence audit or discuss when a transfer would be appropriate;
- c. Ensure that taxpayers who are subject to examinations have direct contact information for the assigned examiner, and that this same examiner will work the case to resolution; and
- d. Expand the use of "Virtual Service Delivery" methods and other technologies that will allow better communication with and service to taxpayers who are under audit or similar automated adjustment process.

I. Authority

Delegation Order No. 13-3 grants the National Taxpayer Advocate the authority to issue a TAD to mandate administrative or procedural changes to improve the operation of a functional process or to grant relief to groups of taxpayers (or all taxpayers) "when implementation will protect the rights of taxpayers, prevent undue burden, ensure equitable treatment or provide an essential service to taxpayers."

In the 2008 Annual Report to Congress, the National Taxpayer Advocate raised concerns about whether centralized audit results reflect a correct determination of tax or a taxpayer's inability to navigate the system.⁴ Perhaps because the centralized examination procedures do not foster communication with taxpayers, more than 25 percent of the EITC taxpayers surveyed for a TAS Research study were not even aware the IRS had audited their returns.⁵ As described in the

² See IRC § 7605(b); Policy Statement 4-3 (Dec. 21, 1984), *reprinted at* IRM 1.2.13.1.1 (Aug. 31, 2007); 26 C.F.R. § 601.105(j)(statement of procedural rules).

³ Internal Revenue Manual (IRM) 1.2.50.4, Delegation Order 13-3 (formerly DO-250, Rev. 1), *Authority to Issue Taxpayer Advocate Directives* (Jan. 17, 2001). See also IRM 13.2.1.6, *Taxpayer Advocate Directives* (July 16, 2009).

⁴ National Taxpayer Advocate 2008 Annual Report to Congress 227-242.

⁵ National Taxpayer Advocate 2007 Annual Report to Congress vol. 2, 103.

Exam Report, the IRS has not adequately addressed the National Taxpayer Advocate's concerns. Therefore, the procedural requirements for issuing this TAD are satisfied.⁶

II. Overview

As described in the Exam Report and Revenue Protection Intro, the IRS increasingly relies on unexplained data mismatches to make automated adjustments to a person's liability and to deny or delay refunds. Mismatches between returns and third party data can result even if the return is accurate. Third-party data are not always accurate and some mismatches will remain unexplained as a result of communication difficulties. As summarized in the Revenue Protection Introduction, IRS correspondence does not always reach the taxpayer. When it does it is often confusing. When a taxpayer calls for clarification the IRS does not always answer the phone, and if the taxpayer reaches an IRS employee, the employee is often unable to resolve the inquiry.

Increasing reliance on automation can produce similar communication problems in connection with correspondence examinations. For example, the IRS conducts most (60 percent) EITC audits by correspondence before issuing refunds and paying the credit.⁷ Almost 70 percent of these taxpayers do not respond to the audit inquiry letters from the IRS,⁸ which then denies the EITC. A 2004 TAS Research study found that in these "no response" cases that qualified for an audit reconsideration, 43 percent obtained additional EITC and on average received 94 percent of the EITC amount claimed on their original returns.⁹ Thus, in the IRS's adjustment will be inaccurate in many cases and taxpayers will be harmed.

In addition, by defining most automated procedures as "not an examination," without explaining what they are and what taxpayer rights apply, the IRS abridges longstanding taxpayer rights. For example, the right to avoid unnecessary and repetitive examinations of the same return does not apply. Similarly, when the IRS uses streamlined assessment procedures to make "math error" adjustments, the taxpayer is required to respond more quickly or risk losing the right to appeal the adjustment to the Tax Court.

In fiscal year (FY) 2010, the IRS made over 15 million contacts that taxpayers might regard as examinations, but treated only about ten percent (1.6 million) as

⁶ IRM 13.2.1.6.1 (July 16, 2009).

⁷ TIGTA, Ref. No.2011-40-023, *Reduction Targets and Strategies Have Not Been Established to Reduce the Billions of Dollars in Improper Earned Income Tax Payments Each Year* 29 (Feb. 7, 2011).

⁸ IRS AIMS FY 2010 (Oct. 2011) (ranging from 63 to 73 percent).

⁹ See National Taxpayer Advocate 2004 Annual Report to Congress vol. 2, i (*EITC Reconsideration Study*).

"real" examinations – and it conducted about 78 percent of these by correspondence in a highly-automated campus setting.¹⁰ The IRS is likely to expand its reliance on automation as it receives, and attempts to process and use, more third-party data. For example, credit card issuers will soon be required to report the charges they process for businesses.

Moreover, low income taxpayers are often subject to these automated adjustments. Pursuant to new Accounts Management Taxpayer Assurance Program (AMTAP) and math error procedures, the IRS plans to check more returns from low income taxpayers where the amounts at issue are "below tolerance" (i.e., not considered significant enough to warrant a "real" examination) – precisely the taxpayers who are most likely to have difficulty communicating with the IRS.

Attachments

1. National Taxpayer Advocate 2011 Annual Report to Congress vol. 2, *An Analysis of the IRS Examination Strategy: Suggestions to Maximize Compliance, Improve Credibility, and Respect Taxpayer Rights*; and
2. National Taxpayer Advocate 2011 Annual Report to Congress, *Introduction to Revenue Protection Issues: As the IRS Steps up Enforcement Using Automation, There Is an Increased Risk that It Will Assume Incorrectly that Taxpayers are Cheating, Confuse Them About Their Rights, and Sidestep Longstanding Taxpayer Protections*.

cc: Douglas Shulman, Commissioner of Internal Revenue
Judy Wall, Special Counsel to the National Taxpayer Advocate

¹⁰ IRS Pub. 55B, Data Book, Table 9a, *Examination Coverage* (2010) (reflecting 1,581,394 examinations of individuals in FY 2010, including 1,238,632 by correspondence from an IRS campus and 342,762 in the field or from a field office).

Appendix IX: IRS Response to Taxpayer Advocate Directive 2012-3





DEPUTY COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

January 27, 2012

MEMORANDUM FOR NINA E. OLSON
NATIONAL TAXPAYER ADVOCATE

FROM: 
Steven T. Miller
Deputy Commissioner for Services and Enforcement


Beth Tucker
Deputy Commissioner for Operations Support

SUBJECT: Taxpayer Advocate Directive 2012-3

Pursuant to Delegation Order No. 13-3, which grants the Deputy Commissioner the authority to modify or rescind any form of Taxpayer Advocate Directive, this memorandum sets forth the modifications of Taxpayer Advocate Directive (TAD) 2012-3.¹

Issuance of TAD 2012-3

On January 12, 2012, the National Taxpayer Advocate issued TAD 2012-3 to the Deputy Commissioner for Services and Enforcement, Deputy Commissioner for Operations Support, and the Chief Counsel.

Taxpayer Advocate Directive 2012-3 was issued to direct the following:

1. Convene a high-level cross-functional team, including the National Taxpayer Advocate, to review the Service's priorities in the examination process, particularly with respect to correspondence examination, to determine how we can better protect taxpayer rights, improve taxpayer service, and further compliance. The review should address the issues raised by the National Taxpayer Advocate 2011 Annual Report to Congress Volume II Study: *An Analysis of the IRS Examination Strategy: Suggestions to Maximize Compliance, Improve Credibility, and Respect Taxpayer Rights* including specific recommendations to (a) Reverse the erosion of the taxpayer's right to avoid unnecessary and repetitive examinations of the same returns that has occurred

¹ See Internal Revenue Manual (IRM) 1.2.50.4, Delegation Order 13-3 (formerly DO-250, Rev.1), *Authority to Issue Taxpayer Directives* (Jan. 17, 2001). See also IRM 13.2.1.6.2 *Tax Appeal Process*. We also note that because TAD 2012-3 was issued directly to the Deputy Commissioner Services and Enforcement, this response serves as the decision on appeal.

as the IRS has increased its use of automated processes; (b) Update Treas. Reg. section 301.7605-1; (c) Ensure that taxpayers who are subject to examinations have direct contact information for the assigned examiner, and that this same examiner will work the case to resolution; and (d) Expand the use of virtual service delivery methods and other technologies that will allow better communication with and service to taxpayers who are under audit or similar automated adjustment process.

Modification of Taxpayer Advocate Directive 2012-3

The IRS takes very seriously the protection of taxpayer rights and in ensuring that its procedures adhere to all legal requirements relating to due process for each taxpayer. The IRS appreciates the views and concerns expressed by the Office of the National Taxpayer Advocate, but strongly disagrees with the assertion that there has been an erosion of taxpayer rights in the examination process. The IRS remains committed to running a balanced and fair system that provides services for taxpayers trying to comply with the tax law, and runs compliance programs that detect and deter non-compliance in a way that fundamentally respects taxpayer rights. Taxpayer rights form the central foundation that our tax administration efforts are built upon and we respect this in enforcement actions.

Taxpayer Advocate Directive 2012-3 is modified as follows:

The issues raised in the original TAD will be considered during the next regularly scheduled IRS Enforcement Committee meeting. The Enforcement Committee is the high-level cross-functional team that guides the development and implementation of Service-wide enforcement strategies. This Committee is the appropriate forum to address the issues subject to the original TAD. This modification will allow all offices with enforcement responsibilities to provide input as to the issues raised by the Office of the National Taxpayer Advocate. The Office of the National Taxpayer Advocate is represented on the IRS Enforcement Committee and is encouraged to discuss views related to the original TAD with the Committee.

Procedural issues

Notwithstanding the above modification of TAD 2012-3, it is our view that the requirements under IRM 13.2.1.6.1.3 for issuance of the TAD without the intervening step of a proposed TAD have not been satisfied in this case. The IRM, which contains the procedural limitations imposed on the authority delegated in Delegation Order No. 13-3, does not contemplate that the inclusion of an issue in the National Taxpayer Advocate Annual Report to Congress serves as a proposed TAD.

3

We have consulted with the Office of Chief Counsel and concluded that the National Taxpayer Advocate has no authority to issue a TAD to the Chief Counsel. Moreover, the procedures governing the issuance of TADs provide that a TAD may not be issued to interpret the law, and that procedural limitation remains in effect today. The Chief Counsel concurs with our interpretation regarding the limitations on the issuance of TADs.

Accordingly, as to the Chief Counsel, TAD 2012-3 is rescinded as beyond the scope of Delegation Order 13-3. As to any other issues, not specifically addressed in the above modification, TAD 2012-3 is rescinded.

cc: Bill Wilkins, Chief Counsel

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Appendix X: Taxpayer Advocacy Panel Survey of IRS Customers

2012 Taxpayer Advocacy Panel Survey of IRS Customers

1. Why did you visit the IRS Walk-in office today? (Mark all that apply)

- | | | | |
|---|--------------------------|---|--------------------------|
| a. Resolve an IRS notice or letter related issue | <input type="checkbox"/> | i. File a tax return or form | <input type="checkbox"/> |
| b. Get an answer to a tax question | <input type="checkbox"/> | j. Verify that a completed return is correct | <input type="checkbox"/> |
| c. Obtain tax forms/publications/instructions | <input type="checkbox"/> | k. Apply for an identification number (EIN, ITIN, etc.) | <input type="checkbox"/> |
| d. Have a current year tax return prepared | <input type="checkbox"/> | l. Obtain income information (W-2, 1099, etc.) | <input type="checkbox"/> |
| e. Have a prior year tax return prepared | <input type="checkbox"/> | m. Get a copy of prior year return | <input type="checkbox"/> |
| f. Find out about a tax refund | <input type="checkbox"/> | n. Resolve an electronic rejected return | <input type="checkbox"/> |
| g. Get a lien or levy released | <input type="checkbox"/> | o. Set up a payment agreement | <input type="checkbox"/> |
| h. Make a payment | <input type="checkbox"/> | p. Other (tell us): _____ | |

2. Did you try to use another IRS service to resolve your issue before coming to the IRS office today? If so, which service? (Mark all that apply)

- | | | | |
|------------------------------------|--------------------------|---|--------------------------|
| a. Visited the IRS website | <input type="checkbox"/> | c. I did not use another IRS service for this issue | <input type="checkbox"/> |
| b. Called the IRS toll-free number | <input type="checkbox"/> | d. Other (tell us) _____ | |

3. Why did you visit the IRS Office today instead of using some other IRS Service? (Mark all that apply)

- | | | | |
|---|--------------------------|---|--------------------------|
| a. Used the walk-in service before | <input type="checkbox"/> | h. Wanted to show someone the papers that I received / was working on | <input type="checkbox"/> |
| b. Location close to home | <input type="checkbox"/> | i. Wanted to talk face-to-face with an IRS representative | <input type="checkbox"/> |
| c. Location close to work | <input type="checkbox"/> | j. Did not think I could get the information from another source | <input type="checkbox"/> |
| d. Question very complicated | <input type="checkbox"/> | k. Needed language assistance | <input type="checkbox"/> |
| e. Question was urgent / time sensitive | <input type="checkbox"/> | l. I don't have a computer at home | <input type="checkbox"/> |
| f. I visited the IRS website but it did not resolve my issue | <input type="checkbox"/> | m. Other (tell us) _____ | |
| g. I called the IRS but it did not resolve my issue | <input type="checkbox"/> | | |

4. How long did it take you to get to the IRS Walk-in Office today? (Mark one)

- | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Less than 10 minutes | 10-19 minutes | 20-29 minutes | 30 – 39 minutes | 40-49 minutes | 50 or more minutes |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

5. Did you have to take time off work to visit the IRS Walk-in Office today? (Mark one)

- | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Yes | No, used lunch break | No, used work break | No, self-employed | No, I don't work | No, other |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

6. Would you be willing to interact with an IRS representative virtually, using a computer screen (similar to Skype), instead of in person? (Mark one)

- | | | |
|--------------------------|--------------------------|--------------------------|
| Yes | No | Not sure |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

7. Which of these electronic devices would you be willing to use to interact with the IRS? (Mark all that apply)

- | | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Smartphone | Desktop computer | iPad or Tablet | Laptop computer | Other | Not Sure | None |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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Glossary of Acronyms

Acronym	Definition
- A -	
ACA	American Citizens Abroad
ACA	Affordable Care Act
ACS	Automated Collection System
AM	Accounts Management
AMT	Alternative Minimum Tax
AMTAP	Accounts Management Taxpayer Assurance Program
AOIC	Automated Offer in Compromise
AQC	Automated Questionable Credit or Refund
ARAP	Accelerated Revenue Assurance Program
ARC	Annual Report to Congress
ASA	Average Speed of Answer
ASFR	Automated Substitute for Return
AUR	Automated Underreporter
- B -	
BLS	Bureau of Labor Statistics
BMF	Business Master File
BOD	Business Operating Division
BPMS	Business Performance Measurement System
- C -	
CA	Case Advocate
CADE 2	Customer Account Data Engine 2
CAP	Congressional Affairs Program
CAS	Customer Account Services
CAWR	Combined Annual Wage Reporting
CCalc	Collection Statute Expiration Date Calculator
CDP	Collection Due Process
CIS	Correspondence Imaging System
CNC	Currently Not Collectible
CPE	Continuing Professional Education
CRB	Customer Requirement Board
CSED	Collection Statute Expiration Date
CSR	Customer Service Representative
CY	Calendar Year

Acronym	Definition
- D -	
DDIA	Direct Deposit Installment Agreement
DIF	Discriminant Function
DFO	Designated Federal Official
DMF	Death Master File
DRP-FRN	Disaster Recovery Plan – FISMA Non-Reportable
DRTA	Disaster Recovery Technical Assessment
- E -	
EDCA	Executive Director Case Advocacy
EFDS	Electronic Fraud Detection System
EFTPS	Electronic Federal Tax Payment System
EGTRRA	Economic Growth and Tax Relief Reconciliation Act of 2001
EITC	Earned Income Tax Credit
EO	Exempt Organization
EP/EO	Exempt Plan/Exempt Organization
ERS	Error Resolution System
ESL	English as a Second Language
EWETP	Enterprise Wide Employment Tax Program
- F -	
FAQ	Frequently Asked Question
FATCA	Foreign Account Tax Compliance Act
FAWCO	Federation of American Women's Clubs Overseas
FBAR	Report of Foreign Bank and Financial Accounts
FFI	Foreign Financial Institution
FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Management Act of 2002
FMS	Financial Management Service
FOIA	Freedom of Information Act
FPLP	Federal Payment Levy Program
FS-IMb	Full Service Intelligent Mail Barcode
FTE	Full Time Equivalent
FTHBC	First-Time Homebuyer Credit
FUTA	Federal Unemployment Tax Act
FY	Fiscal Year
- G -	
GAO	Government Accountability Office
- H -	
HCTC	Health Coverage Tax Credit
HHS	Department of Health and Human Services

Acronym	Definition
- I -	
IA	Installment Agreement or Intake Advocate
IAT	Integrated Automation Technologies
ICS	Integrated Collection System
IDRS	Integrated Data Retrieval System
IDT	Identity Theft
IGM	Interim Guidance Memoranda
IGP	Information Gathering Project
IMD	Internal Management Document
IMF	Individual Master File
IPSU	Identity Protection Specialized Unit
IPU	IRM Procedural Update
IRA	Information Returns Acceleration
IRC	Internal Revenue Code
IRDM	Information Reporting and Document Matching
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
IRSN	Internal Revenue Service Number
IT	Information Technology
ITAAG	Identity Theft Assessment and Action Group
ITIN	Individual Taxpayer Identification Number
- J -	
JAMES	Joint Audit Management Enterprise System
JGTRRA	Jobs and Growth Tax Relief Reconciliation Act of 2003
- L -	
LB&I	Large Business & International
LCA	Lead Case Advocate
LCCI	Last Chance Compliance Initiative
LITC	Low Income Taxpayer Clinic
LOS	Level of Service
LTA	Local Taxpayer Advocate
- M -	
MeF	Modernized e-File
MFJ	Married Filing Joint
MFS	Married Filing Separate
MITS	Modernization & Information Technology Services
MSP	Most Serious Problem

Acronym	Definition
- N -	
N/A	Not Applicable
NFTL	Notice of Federal Tax Lien
NRP	National Research Program
NTA	National Taxpayer Advocate
NTEU	National Treasury Employees Union
- O -	
OAR	Operations Assistance Request
OBR	Offset Bypass Refund
OD	Operating Division
OIC	Offer in Compromise
OMB	Office of Management & Budget
OMM	Operation Mass Mail
OTC	Office of Taxpayer Correspondence
OVDI	Offshore Voluntary Disclosure Initiative
OVDP	Offshore Voluntary Disclosure Program
- P -	
PCG	Pacific Consulting Group
PEP	Personal Exemption Phase-Outs
PIC	Primary Issue Code
PMTA	Program Manager Technical Advice
PO	Post Office
POA	Power of Attorney
POP	Phone Optimization Project
PPA	Pension Protection Act of 2006
PPBR	Printing and Postage Budget Reduction Task Group
PPIA	Partial Payment Installment Agreement
PPS	Practitioner Priority Service
PRO	Problem Resolution Officer
PRP	Problem Resolution Program
PRWH	Pre-Refund Wage Verification Hold
Pub. L. No.	Public Law Number
- Q -	
Q&A	Question & Answer
QRDB	Quality Review Database
QRP	Questionable Refund Program
Qtr	Quarter

Acronym	Definition
- R -	
Rev. Proc.	Revenue Procedure
RGS	Report Generating System
RICS	Return Integrity and Correspondence Services
RO	Revenue Officer
RPO	Return Preparer Office
RRA 98	IRS Restructuring and Reform Act of 1998
RRD	Return Request Display
RRP	Return Review Program
RSED	Refund Statute Expiration Date
- S -	
S. Comm.	Senate Committee
SA	Systemic Advocacy
SAMS	Systemic Advocacy Management System
SB/SE	Small Business/Self-Employed Division
SE	Self Employed
SERP	Servicewide Electronic Research Program
SET	Self Employment Tax
SOI	Statistics of Income
SPDER	Servicewide Policy, Directives, and Electronic Research
SPEC	Stakeholder, Partnerships, Education, and Communication
SPOC	Single Point of Contact
SSA	Social Security Administration
SSN	Social Security Number
Stat.	Statute
- T -	
TAB	Taxpayer Assistance Blueprint
TAC	Taxpayer Assistance Center
TACT	Taxpayer Communications Taskgroup
TAD	Taxpayer Advocate Directive
TAMIS	Taxpayer Advocate Management Information System
TAMRA	Technical and Miscellaneous Revenue Act of 1988
TAO	Taxpayer Assistance Order
TAP	Taxpayer Advocacy Panel
TAS	Taxpayer Advocate Service
TASIS	Taxpayer Advocate Service Integrated System
TBD	To Be Determined
TBOR 1	Taxpayer Bill of Rights

Acronym	Definition
TBOR 2	Taxpayer Bill of Rights 2
TCE	Tax Counseling for the Elderly
TCIS	Treasure Check Information System
TFRP	Trust Fund Recovery Penalty
TIGTA	Treasury Inspector General for Tax Administration
TPC	Third Party Contact Program
TPU	Taxpayer Protection Unit
Treas. Reg.	Treasury Regulation
TRIS	Taxpayer Rights Impact Statement
TRUIRJCA	Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010
TSCC	Toolkit Suite Command Center
TY	Tax Year
TTY	Text Telephone
TWG	Technical Working Group
- U -	
UCR	Universal Call Routing
U.S.	United States
USDA	United States Department of Agriculture
USPS	U.S. Postal Service
USTC	United States Tax Court
- V -	
VITA	Volunteer Income Tax Assistance
VSD	Virtual Service Delivery
- W -	
W&I	Wage & Investment
WFTRA	Working Families Tax Relief Act of 2004
WIRA	Wage & Investment Research & Analysis

