



Highlights of [GAO-09-640](#), a report to the Subcommittee on Oversight, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Every tax filing season, the Internal Revenue Service (IRS) must quickly and accurately process Americans' tax returns, issue refunds, and answer taxpayers' questions. The 2009 filing season, when 2008 tax returns are filed, was especially challenging because of stimulus-related tax law changes and IRS's expanded assistance to financially distressed taxpayers, such as adding flexibility for taxpayers to settle a tax liability for less than the full amount owed.

Because of the magnitude and importance of the 2009 filing season, GAO was asked to (1) assess IRS's performance in processing individual income tax returns and providing taxpayer assistance, (2) describe taxpayer use of refund anticipation loans (RAL) and refund anticipation checks (RAC), and (3) identify what IRS knows about the number of taxpayers using its expanded assistance to financially distressed taxpayers. GAO analyzed performance data from IRS, compared the performance to prior years and selected goals, and interviewed IRS officials and external stakeholders.

What GAO Recommends

GAO is not making any new recommendations in this report.

IRS officials provided technical comments on report findings, which were incorporated where appropriate.

View [GAO-09-640](#) or key components. For more information, contact James R. White at (202) 512-9110 or whitej@gao.gov.

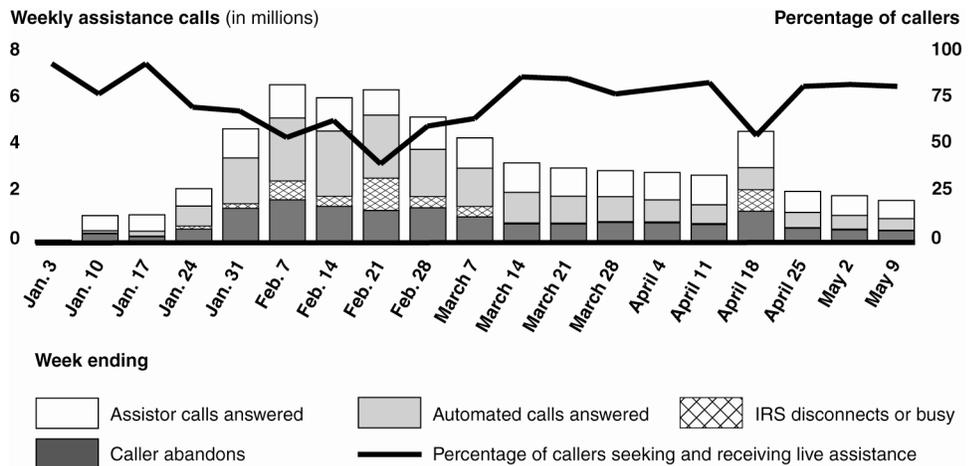
TAX ADMINISTRATION

Interim Results of IRS's 2009 Filing Season

What GAO Found

IRS processed 127 million individual income tax returns, with 91 million filed electronically, as of May 15, 2009. Electronic filing reduces processing costs. IRS also issued 103 million refunds for \$276 billion. IRS's Customer Account Data Engine (CADE), its new, partially completed taxpayer account data base, processed 39 million tax returns—important because CADE processes refunds faster. However, because of concerns over increasing complexities in system development, IRS has stopped work on CADE pending a strategy review. Regarding taxpayer assistance, IRS reduced its goal for telephone access. It set the 2009 goal for the percentage of taxpayers seeking assistor help who actually receive it at 77 percent. IRS's actual performance averaged 66 percent through May 9, but fluctuated. For example, in February, unexpected high call volume drove down the percentage of callers seeking assistor help who were able to get through. One factor contributing to the high call volume was stimulus-related questions.

Weekly Calls and Percentage of Callers Seeking Assistor Help Who Got It, 2009



Source: GAO analysis of IRS data.

Compared to last year, the number of taxpayers requesting a RAL, a short-term often high-interest loan made by paid tax preparers or banks in anticipation of a refund, declined by 15 percent to 8.4 million. The number of RAC requests, which are not loans, but are taxpayer refunds deposited into a temporary bank account from which return preparation fees can be paid, increased by 10 percent to 11.5 million.

IRS is tracking the number of taxpayers taking advantage of expanded flexibilities in its program that allow taxpayers to settle a tax liability for less than the full amount owed. However, IRS does not have plans to track the number of taxpayers using other program expansions, in part because of the difficulty of attributing increases to its actions.