

Why GAO Did This Study

The tax filing season is an enormous undertaking in which the Internal Revenue Service (IRS) processes millions of tax returns, issues billions of dollars in refunds to taxpayers, corrects taxpayers' errors, and provides service to millions of taxpayers through telephones, website, and face-to-face assistance. Among other things, GAO was asked to assess (1) IRS's performance processing returns and issuing refunds, and providing telephone assistance, and (2) IRS's plans to expand self-service options on its website. To conduct the analyses, GAO obtained and compared data from 2007 through 2011, reviewed IRS documents, interviewed IRS officials, observed IRS operations, and interviewed tax-industry experts, including from tax preparation firms.

What GAO Recommends

GAO recommends that IRS develop a new refund timeliness performance measure to better reflect current capabilities, create an automated telephone line for taxpayers seeking information about amended returns unless IRS has a convincing cost-benefit analysis suggesting the costs exceed the benefits, assess the costs and benefits of automating a TAC/VITA locator line, and finalize a strategy for determining which self-service tools to provide on its website.

IRS agreed with three of GAO's recommendations, but said that resources are not available to automate the TAC/VITA line. GAO believes a review of the costs and benefits would better inform IRS decisions about how to allocate scarce resources.

View [GAO-12-176](#). For more information, contact Jim White at (202) 512-9110 or whitej@gao.gov.

2011 TAX FILING

Processing Gains, but Taxpayer Assistance Could Be Enhanced by More Self-Service Tools

What GAO Found

During the 2011 filing season the following occurred:

- Electronic filing (e-filing) increased to nearly 80 percent of the 140 million individual returns filed. The benefits of e-filing include that it is more accurate, faster, and less expensive for IRS than processing returns filed on paper.
- Due to the increase in e-filing, new systems, and IRS's performance in recent years, its refund timeliness measure and goal are outdated. The measure only relates to the 22 percent of returns filed on paper. IRS's goal is to issue refunds for paper-filed returns within 40 days. In 2012, IRS expects to issue most refunds within 4 to 6 days of processing a return (paper and e-filed), meaning the current goal does not reflect current performance and capabilities.
- The percent of callers seeking live assistance who receive it remained much lower than in 2007 and the average wait time for callers continued to increase. Providing live telephone assistance is expensive. However, IRS can shift some assistor-answered calls to less costly tools. Two such opportunities include creating self-service phone lines for taxpayers seeking to identify the (1) status of their amended return—a source of high call volume—and (2) location of a Taxpayer Assistance Center (TAC) or Volunteer Income Tax Assistance (VITA) site, where IRS employees and volunteers prepare returns, respectively. IRS officials expect the benefits of the amended return line to exceed the costs, but have not studied the costs and benefits of adding a TAC/VITA locator line.

IRS Return Processing, Phone Service, and Website Use, 2007 through 2011 Filing Seasons

	2007	2008	2009	2010	2011
Processing (fiscal year)					
Returns processed (in millions)	135	151	139	137	140
Percent e-filed	58	59	67	71	78
Phone service (as of June 30, each year)					
Percent of callers seeking live assistance who receive it	81	57	68	76	72
Average wait time (in minutes)	4.6	8.6	8.4	9.5	11.7
Website (as of July 31, each year)					
Visits (in millions)	168	292	235	239	250
Searches (in millions)	106	125	263	277	312

Source: GAO analysis of IRS data.

The use of IRS's website is growing, particularly the number of searches, which IRS officials attribute, in part, to taxpayers having difficulties locating information. Having an easily searchable website is important for IRS because it reduces costly phone calls. IRS has begun spending a planned \$320 million on its website over 10 years. However, IRS's initial strategy for providing new self-service tools online does not include allowing taxpayers to access account information and is missing fundamental elements, including a justification for new services and time frames. Doing so would provide Congress and taxpayers with a better understanding of the online services IRS plans to provide with its significant investment on its website.