

# GAO Highlights

Highlights of [GAO-20-71](#), a report to congressional requesters

## Why GAO Did This Study

IRS recognizes that taxpayers want more choices in how they interact with IRS, including through online services. GAO was asked to review IRS's online services—those which allow IRS and individual taxpayers to exchange personalized information electronically. This report (1) examines what is known about how IRS's current online services are meeting taxpayers' needs, and provides information about selected foreign and state revenue agencies' online services; (2) evaluates the extent to which IRS's strategy for identifying and prioritizing the development of new online services is consistent with relevant requirements and leading practices; and (3) examines how IRS is addressing key challenges in providing online services.

GAO assessed IRS's online services against relevant requirements, agency goals, and leading practices; interviewed IRS officials; and identified additional services and practices from six foreign and state revenue agencies selected for offering multiple online services for exchanging personalized information with taxpayers.

## What GAO Recommends

GAO is making seven recommendations to IRS, including measuring and reporting on the effect of online services on satisfaction and taxpayer burden and setting a target for reducing burden, considering taxpayer input when prioritizing new online services, and ensuring that any renewal of the Free File agreement reflects benefits and costs. IRS agreed with six recommendations, but disagreed on setting a target to reduce burden. GAO continues to believe IRS should set such a target.

View [GAO-20-71](#). For more information, contact Jessica Lucas-Judy at 202-512-9110 or [lucasjudyj@gao.gov](mailto:lucasjudyj@gao.gov)

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## TAX ADMINISTRATION

### Taxpayer Input Could Strengthen IRS's Online Services

## What GAO Found

The Internal Revenue Service's (IRS) online services for individual taxpayers primarily provide taxpayers one-way communication of key information derived from their tax return, such as when an anticipated refund should arrive, or allow taxpayers to pay money owed or make payment arrangements. IRS has done little research or reporting on the extent to which its online services are satisfying taxpayers' needs. Also, IRS has not set a target for using online services to help reduce taxpayer burden. Selected foreign and state revenue agencies' online services have developed online filing and communication capabilities, such as filing a tax return on the agency's website and offering electronic chats between revenue agency employees and taxpayers (see figure).

The U.S. Internal Revenue Service's and Three Foreign Revenue Agencies' Online Services

Category of Online Service	Australia	New Zealand	United Kingdom	United States
Information	✓	✓	✓	✓
Payment	✓	✓	✓	✓
Filing	✓	✓	✓	X
Communication	✓	✓	✓	P

 Service integrated within a taxpayer's online account
  Service not currently available  
 Pilot projects underway

Source: GAO analysis of the websites of the Australian Taxation Office, New Zealand's Inland Revenue Department, the United Kingdom's Her Majesty's Revenue and Customs, and the United States' Internal Revenue Service. | GAO-20-71

IRS has long-term planning documents which detail online services it intends to develop, which include services to communicate digitally with taxpayers, to achieve its goal of modernizing the taxpayer experience. However, GAO found that IRS has not sufficiently considered taxpayer input in the prioritization process for these new services and instead prioritizes services primarily based on the potential benefit to IRS operations or how quickly a service might be developed. Without considering taxpayer input on user needs and preferences, IRS risks developing services that taxpayers do not use.

A group of private sector tax preparation companies known as Free File, Inc., has a long-standing agreement with IRS in which the companies provide free electronic tax preparation and filing services to eligible taxpayers in exchange for IRS not offering its own filing capability. However, few taxpayers use these services and GAO found that IRS has given inadequate consideration to the full benefits and costs of the Free File agreement to all parties. Not considering these costs and benefits has implications for the future evolution of IRS's online services, including helping taxpayers electronically file amended returns.