

United States General Accounting Office

GAO

General Government Division

July 1995

**Tax Policy and
Administration Issue
Area**

Active Assignments

Foreword

This report was prepared primarily to inform Congressional members and key staff of ongoing assignments in the General Accounting Office's Tax Policy and Administration issue area. This report contains assignments that were ongoing as of July 6, 1995, and presents a brief background statement and a list of key questions to be answered on each assignment. The report will be issued quarterly.

This report was compiled from information available in GAO's internal management information systems. Because the information was downloaded from computerized data bases intended for internal use, some information may appear in abbreviated form.

If you have questions or would like additional information about assignments listed, please contact Jennie Stathis, Director, on (202) 512-5407; Natwar Gandhi, Associate Director, on (202) 512-9044; or Lynda Willis, Associate Director, on (202) 512-8633.

Contents

	Page
BUSINESS TAX ISSUES	
• ACCURACY OF IRS' EIN/SSN CROSS REFERENCE FILE.	1
• IRS' AUDITS OF LARGE CORPORATIONS NOT IN COORDINATED EXAMINATION PROGRAM (CEP).	1
• IRS' IMPLEMENTATION OF DIESEL FUEL DYEING REQUIRED BY OBRA OF 1993.	1
• RECURRING TAX ISSUES RELATED TO TRADE OR BUSINESS DEDUCTIONS, SECTION 162 OF THE INTERNAL REVENUE CODE.	2
• REVIEW OF IRS' COMPLIANCE RESEARCH EFFORTS.	2
<i>New</i> • REVIEW OF IRS' GENERAL PROGRAM AUDITS OF LARGE CORPORATIONS.	2
<i>New</i> • HRA 2: REENGINEERING IRS PROCESSES FOR COLLECTING DELINQUENT TAXES.	3
<i>New</i> • UNRELATED BUSINESS INCOME TESTIMONY.	3
INDIVIDUAL TAX ISSUES	
• EFFECTIVENESS OF IRS' NONFILER INITIATIVE.	3
• HRA 2: IRS EFFORTS TO MONITOR TAX COMPLIANCE AND COLLECT DELINQUENCIES FROM NONWAGE EARNERS.	4
• THE FEASIBILITY OF THE U.S. ADOPTING A RETURN-FREE FILING SYSTEM.	4
<i>New</i> • MONITORING IRS' IMPLEMENTATION OF THE TAXPAYER 1994 TCMP.	4
<i>New</i> • REVIEW OF IRS' RATES FOR AUDITING INDIVIDUAL AND CORPORATE TAXPAYERS.	5
<i>New</i> • REENGINEERING IRS' TAX ASSESSMENT PROCESS.	5
<i>New</i> • TAXPAYER COMPLIANCE: REDUCING THE INCOME TAX GAP.	5
INTERNATIONAL TAX ISSUES	
• THE UNITARY METHOD FOR TAXING MULTINATIONAL CORPORATIONS.	6
TAX EXPENDITURES	
<i>New</i> • REVIEW OF IRS' IMPLEMENTATION OF FISCAL YEAR 1995 COMPLIANCE INITIATIVES.	6
<i>New</i> • IMPACT OF REVENUE OFFICERS ON COLLECTIONS AND COMPLIANCE.	6
<i>New</i> • REVIEW OF ADMINISTRATION OF LOW-INCOME HOUSING TAX CREDIT.	7
<i>New</i> • HRA 21: IRS' EIC NONCOMPLIANCE CONTROLS.	7
<i>New</i> • HRA 2: EARNED INCOME CREDIT: NONCOMPLIANCE AND POTENTIAL ELIGIBILITY REVISIONS.	7
TAX SYSTEM BURDEN	
• IRS' EFFORTS TO REDUCE TAXPAYER COMPLIANCE BURDEN THROUGH THE FEDSTATE COOPERATIVE PROGRAM.	8
MANAGING TAX ACCOUNTS	
• THE INVALID SEGMENT OF IRS' INDIVIDUAL MASTER FILE.	8
• DEVELOPMENT OF IRS' INTERACTIVE TELEPHONE SYSTEMS.	8
• IRS' 1995 TAX RETURN FILING SEASON.	9
FINANCIAL SERVICES AND PRODUCTS	
• ISSUES SURROUNDING TAXATION OF ORIGINAL ISSUE DISCOUNT (OID) INSTRUMENTS.	9
MANAGING IRS CHANGE	
• ASSESSMENT OF IRS' STRATEGY TO REACH ITS LONG-RANGE ELECTRONIC FILING GOAL.	9
• ASSESSMENT OF INITIAL IMPLEMENTATION OF IRS' REDEPLOYMENT PLANS.	10
• IRS' PROGRESS IN ESTABLISHING ITS CUSTOMER SERVICE VISION.	10
• GPRA STATUS IN IRS.	10
<i>New</i> • HUMAN RESOURCE IMPLICATIONS OF TECHNICAL AND ORGANIZATIONAL CHANGE AT IRS.	11
OTHER ISSUE AREA WORK-TAX POLICY & ADMIN	
<i>New</i> • SUGGESTED IMPROVEMENTS TO TCMP IDENTIFIED IN THE OTHER INCOME ASSIGNMENT.	11

Tax Policy and Administration

BUSINESS TAX ISSUES

TITLE: ACCURACY OF IRS' EIN/SSN CROSS REFERENCE FILE (268614)

BACKGROUND : IRS data show a \$30 billion tax gap from unreported income by sole proprietors. To identify such unreported income, IRS implemented our recommendation to develop a cross-reference file to link information returns filed under their Employer Identification Number (EIN) to tax returns filed under SSN.

KEY QUESTIONS : Q.1: To what extent and for what reasons are sole proprietors with Employer Identification Numbers (EINs) not on the cross reference file? Q.2: Are the data on the cross reference file accurate? Q.3: What does IRS have to do to ensure that the cross reference file contains complete and accurate data?

TITLE: IRS' AUDITS OF LARGE CORPORATIONS NOT IN COORDINATED EXAMINATION PROGRAM (CEP) (268634)

BACKGROUND : IRS' Coord. Exam. Prog. (CEP) audits the returns of the 1700 largest US corps. in teams. Other large corp. returns (over \$10 million in assets) are audited typically w/one revenue agent. IRS studies suggest that large corps. appeal most of the additional taxes that these audits recommend & that IRS loses most appeals. Yet, IRS does not know how much tax it ultimately assesses from these audits.

KEY QUESTIONS : Q1: What portion of taxes recommended by non-CEP audits are actually assessed? Q2: What are the non-CEP audit results and trends for fiscal years 1988-1994? Q3: What are the profiles of non-CEP taxpayers?

TITLE: IRS' IMPLEMENTATION OF DIESEL FUEL DYEING REQUIRED BY OBRA OF 1993 (268644)

BACKGROUND : The Omnibus Budget Reconciliation Act of '93 raised motor fuels excise taxes 4.3 cts/gal. At our (& others) urging, it also required most diesel fuels not subject to the excise taxes to be dyed & moved the collection point from the retail pump to the fuel terminal rack. Joint Comm. on Taxation estimated that these 2 compliance changes would generate over \$1 billion over 5 yrs.

KEY QUESTIONS : Can industry complaints that diesel dyeing requirements are causing harm to industry segments, undue burdens, or other detrimental consequences be addressed adequately through regulations or does the statute itself need to be modified?

Tax Policy and Administration

BUSINESS TAX ISSUES

TITLE: RECURRING TAX ISSUES RELATED TO TRADE OR BUSINESS DEDUCTIONS, SECTION 162 OF THE INTERNAL REVENUE CODE (268647)

BACKGROUND : In a May 1993 report identifying major recurring tax issues, we reported that 14 tax code sections accounted for almost half of 12,000 open appeals issues & 57% of \$99 B in proposed adjustments. Issues related to Internal Revenue Code section 162 (trade or business deductions) were most frequently disputed, & accounted for \$8 B of adjustments.

KEY QUESTIONS : 1) What are the specific circumstances related to recurring Internal Revenue Code section 162 issues? 2) Are any of these issues particularly suitable to the proposals for alternative tax treatment?

TITLE: REVIEW OF IRS' COMPLIANCE RESEARCH EFFORTS (268658)

BACKGROUND : In 1990, IRS embarked on its Compliance 2000 research approach to identify causes of noncompliance for market segments of taxpayers. In 1994, IRS created a new compliance research approach under its NORA (National Office Research and Analysis) and DORAs (District Office Research and Analysis) to develop new research data, tools and efforts for improving tax compliance.

KEY QUESTIONS : Q.1: What are the lessons learned about compliance research? Q.2: What factors are critical to the success of IRS' new research approach? Q.3: What is the status of IRS' new research approach and how does it account for the lessons learned? Q.4: Can IRS benchmark its new research approach or organization against another public or private entity?

TITLE: REVIEW OF IRS' GENERAL PROGRAM AUDITS OF LARGE CORPORATIONS (268661)

BACKGROUND : IRS audits the largest corporations under a team approach. Other large corporations (i.e., assets over \$100 million) are usually audited with one revenue agent. IRS studies indicate that these other corporations appeal most recommended taxes and that IRS loses most appeals. IRS is planning changes to improve its large corporate audits and related results.

KEY QUESTIONS : (Q1) What factors increase or decrease the effectiveness of these large corporate audits and the related appeals process? (Q2) To what extent will planned and ongoing IRS changes improve the audit and appeals processes?

Tax Policy and Administration

BUSINESS TAX ISSUES

TITLE: HRA 2: REENGINEERING IRS PROCESSES FOR COLLECTING DELINQUENT TAXES (268689)

BACKGROUND : GAO has been asked to assist in developing a blueprint to reengineer the government to make it more efficient and effective. This involves developing and evaluating options to consolidate, eliminate, privatize, and decentralize major government functions. Collecting tax revenues is one of several functions GAO will evaluate.

KEY QUESTIONS : (1) What are IRS' current plans regarding streamlining and modernizing its delinquent tax collection processes? (2) How do IRS' collection processes compare with those of states and private sector entities? (3) What are the potential benefits, including productivity improvements, cycle time, and increased revenues of reengineering IRS' tax collection processes?

TITLE: UNRELATED BUSINESS INCOME TESTIMONY (268696)

BACKGROUND : The requester held hearings on June 13, 1995 on the activities of 501(c)(3) and 501(c)(4) tax-exempt organizations. GAO was asked to testify based on past work we have done concerning business activities of tax-exempt organizations and the growth of such organizations in recent years.

KEY QUESTIONS : (1) What business activities conducted by tax-exempt organizations are taxable and what business activities are excluded from tax by law and why? (2) How much business activity is taxed versus excluded from tax? (3) What is the extent of IRS' oversight of these types of organizations?

INDIVIDUAL TAX ISSUES

TITLE: EFFECTIVENESS OF IRS' NONFILER INITIATIVE (268626)

BACKGROUND : IRS began a 2-year nonfiler initiative in Oct. 1992. This is a multifunctional effort focused on (1) helping taxpayers voluntarily file delinquent returns and (2) increasing enforcement efforts against those who do not voluntarily comply. IRS estimates that there are about 10 million income tax nonfilers who owe about \$82.6 billion in overdue taxes.

KEY QUESTIONS : (1) How successful has IRS been in reducing the number of nonfilers and in collecting additional tax revenues and why? (2) What were the pros and cons of using Examination staff to help with the nonfiler initiative?

Tax Policy and Administration

INDIVIDUAL TAX ISSUES

TITLE: HRA 2: IRS EFFORTS TO MONITOR TAX COMPLIANCE AND COLLECT DELINQUENCIES FROM NONWAGE EARNERS (268648)

BACKGROUND : Over 80% of the \$950 billion in yearly individual income and social security tax is collected through withholding. Receivables rise when taxes are not withheld. For example, of the \$79 billion of FY1993 individual tax receivables, 74% was owed by people who did not have taxes withheld. These people had income from nonwage sources like interest, dividends, and commissions.

KEY QUESTIONS : (1) What are the characteristics of taxpayers with nonwage income, and their sources of nonwage income, that are most likely to file returns without full payment? Which taxpayer segments are causing IRS the most problems? (2) What options exist that would assist these taxpayers in making their tax payments and improving overall tax compliance?

TITLE: THE FEASIBILITY OF THE U.S. ADOPTING A RETURN-FREE FILING SYSTEM (268664)

BACKGROUND : Our tax system is complex and difficult to administer. Many developed countries have return-free filing systems, which are said to serve to increase taxpayer compliance while reducing taxpayer burden. IRS' Tax Systems Modernization efforts may make it possible for the U.S. to adopt a return-free filing system.

KEY QUESTIONS : (1) What tax system changes would have to be made to have a cost-effective return-free filing system? (2) What tax law changes would have to be made for a return-free filing system to be effective? (3) How would return-free filing affect state tax agencies and the payor and paid preparer communities?

TITLE: MONITORING IRS' IMPLEMENTATION OF THE TAXPAYER 1994 TCMP (268676)

BACKGROUND : Under the Taxpayer Compliance Measurement Program (TCMP), IRS does detailed audits of a sample of tax returns. In December 1994, we issued a report on IRS' progress in developing the tax year 1994 TCMP, the largest and most comprehensive TCMP undertaken. Audits are scheduled to begin in October 1995. We plan to monitor and report on IRS' progress.

KEY QUESTIONS : Q 1: Has IRS tested its computerized data capture systems? Q 2: Will TCMP auditor training be completed in time to meet the October 1995 milestone for starting audits? Q 3: Has IRS developed audit and quality review procedures? Q 4: Has IRS developed the TCMP case files that auditors will use to plan their audits and identify potential audit issues?

Tax Policy and Administration

INDIVIDUAL TAX ISSUES

TITLE: REVIEW OF IRS' RATES FOR AUDITING INDIVIDUAL AND CORPORATE TAXPAYERS (268694)

BACKGROUND : In general, IRS' audit rates for individuals and corporations have declined since 1976. The 1992 rates were 0.9% for individuals and 3.0% for corporations. It is unclear what comprises these rates or the reasons for their decline. Compliance 2000, a new IRS strategy intended to improve compliance, may further reduce these audit rates.

KEY QUESTIONS : Q.1: What are the audit rate trends for 1990-1994 and how well do the trends meet IRS' planned audit rates for selected types of individual and corporate returns across districts? Q.2: What is the composition of IRS' audit rates (e.g., type of audit, location of taxpayers)? Q.3: What impact has other enforcement efforts, such as Compliance 2000, had on audit rates?

TITLE: REENGINEERING IRS' TAX ASSESSMENT PROCESS (268695)

BACKGROUND : To accompany our work on reengineering IRS' collection process, we are reviewing IRS' processes to identify tax debts. Currently, IRS enforcement programs take over 18 months to assess additional taxes. The longer such assessments take, the harder it is to collect taxes due. IRS is analyzing its systems to speed up these assessments, but the outcome is uncertain.

KEY QUESTIONS : (1) Why do IRS enforcement programs take the time they do to assess additional taxes? (2) What is IRS doing to speed up the assessment process? (3) What additional actions can IRS take to further speed up the process?

TITLE: TAXPAYER COMPLIANCE: REDUCING THE INCOME TAX GAP (268697)

KEY QUESTIONS : (1) What are the characteristics of noncompliance under existing tax law? (2) What are the options for improving compliance?

Tax Policy and Administration

INTERNATIONAL TAX ISSUES

TITLE: THE UNITARY METHOD FOR TAXING MULTINATIONAL CORPORATIONS (268613)

BACKGROUND : Multinational corporations determine income and taxes for IRS purposes based on controversial arm's length "transfer pricing" procedures. In contrast, some states, including California, use the unitary method, which compares selected aspects of corporations' state and worldwide operations to determine income and tax liability.

KEY QUESTIONS : (1) Under the worldwide formula apportionment (unitary) method, what has California's experience been auditing multinational corporations? (2) What issues would need to be considered before adopting an unitary system at the federal level?

TAX EXPENDITURES

TITLE: REVIEW OF IRS' IMPLEMENTATION OF FISCAL YEAR 1995 COMPLIANCE INITIATIVES (268684)

BACKGROUND : IRS' FY 1995 appropriation included \$405 million for compliance initiatives. IRS estimates that the initiatives will yield \$9.2 billion, assuming that funding continues through FY 1999. Past GAO work identified two concerns: (1) IRS did not implement past initiatives and (2) IRS' tracking methodology for reporting initiative results was incomplete and misleading.

KEY QUESTIONS : (1) Does IRS' initiative tracking system provide the kind of data Congress needs to assess compliance initiative results? (2) What progress has IRS made in hiring the additional staff authorized by the initiatives? (3) Has IRS complied with the provision in its FY 1995 appropriation act that initiative funds be used solely for that purpose?

TITLE: IMPACT OF REVENUE OFFICERS ON COLLECTIONS AND COMPLIANCE (268685)

BACKGROUND : IRS uses revenue officers (RO) to collect taxes after previous efforts failed. Private companies use telephone collections because they consider these techniques to be more efficient and productive than face to face contact. IRS devotes nearly 2/3 of its collection staff to RO related activities although RO collections are much lower than collections from its telephone collections.

KEY QUESTIONS : (1) What impact do field collection staff, particularly revenue officers, have in terms of increased collections and improved compliance? (2) Based on IRS' plans under Tax Systems Modernization (TSM), should the majority of its collection staff continue to be allocated to the last phase of the collection process--field collection/revenue officers?

Tax Policy and Administration

TAX EXPENDITURES

TITLE: REVIEW OF ADMINISTRATION OF LOW-INCOME HOUSING TAX CREDIT (268687)

BACKGROUND : The Low-Income Housing Tax Credit is to encourage the production of affordable rental housing. The program provides \$314 million in credits per year with a potential total cost of \$3.1 billion at the end of the 10-years. Concerns have been expressed that the program may not be administered efficiently and that units are not available to the low-income population.

KEY QUESTIONS : (1) How efficiently is IRS administering and monitoring the tax credit program? (2) What controls exist at the state level to ensure that the tax credit is applied as intended? (3) What are the characteristics of the individuals residing in the units produced by the credit?

TITLE: HRA 21: IRS' EIC NONCOMPLIANCE CONTROLS (268692)

BACKGROUND : The Earned Income Credit (EIC) is a refundable tax credit available to low-income families with children. In 1993, 14.7 million taxpayers claimed about \$15 billion in EIC. Noncompliance is an increasing concern as Congress has broadened EIC coverage. The requester asked us to determine if more needs to be done to reduce noncompliance.

KEY QUESTIONS : (1) What is known about the extent of EIC noncompliance? (2) How well are IRS' controls for 1995 working to reduce EIC noncompliance?

TITLE: HRA 2: EARNED INCOME CREDIT: NONCOMPLIANCE AND POTENTIAL ELIGIBILITY REVISIONS (268698)

KEY QUESTIONS : (1) What is known about the extent of the Earned Income Credit (EIC) noncompliance? (2) How well are IRS' controls for 1995 working to reduce EIC noncompliance? (3) How could potential recipients' resources be more fully considered in awarding the EIC and what would be the likely administrative and program cost consequences?

Tax Policy and Administration

TAX SYSTEM BURDEN

TITLE: IRS' EFFORTS TO REDUCE TAXPAYER COMPLIANCE BURDEN THROUGH THE FEDSTATE COOPERATIVE PROGRAM (268668)

BACKGROUND : Reducing taxpayer compliance burden is one of IRS' three strategic objectives. Since the mid-1980s, IRS and individual states have developed and implemented various cooperative activities with the intent of increasing taxpayer compliance, enhancing taxpayer service, increasing the efficiency of tax administration, and reducing taxpayer burden.

KEY QUESTIONS : (1) How do FedState cooperative activities lessen taxpayer burden and increase the efficiency of tax administration? (2) Are states participating in these joint efforts and what factors influence their level of participation? (3) Are there ways IRS could improve upon the FedState program's administration?

MANAGING TAX ACCOUNTS

TITLE: THE INVALID SEGMENT OF IRS' INDIVIDUAL MASTER FILE (268624)

BACKGROUND : IRS' Individual Master File includes valid and invalid taxpayer accounts. IRS considers an account invalid if the taxpayer's name and SSN do not match SSA records or if a return is submitted without an SSN, in which case IRS assigns a temporary identification number. Invalid accounts are growing, accounting for 4 million of 157 million accounts in 1992.

KEY QUESTIONS : (1) Are there internal control weaknesses associated with the invalid segment of the Master File that allow IRS to process a tax return and issue a refund that it shouldn't? (2) What effect do invalid accounts have on IRS' processing operation? (3) What effect will invalid accounts have on IRS' plans under Tax Systems Modernization to establish an account for every taxpayer?

TITLE: DEVELOPMENT OF IRS' INTERACTIVE TELEPHONE SYSTEMS (268655)

BACKGROUND : IRS has started a long-term program to develop, test, and install a wide variety of "interactive", menu-driven telephone systems. These systems are to handle up to 45% of IRS' customer contacts--millions of taxpayers--without human assistance. The program is crucial to IRS' ability to increase access to its telephone assistance services.

KEY QUESTIONS : Q1: Will the interactive systems IRS is developing meet both taxpayers' and IRS' needs? Q2: Are IRS' efforts to make sure taxpayers use the systems adequate? Q3: Has IRS provided sufficient protection for taxpayer information? Q4: What will be the effect on IRS if it cannot successfully implement the planned interactive systems?

Tax Policy and Administration

MANAGING TAX ACCOUNTS

TITLE: IRS' 1995 TAX RETURN FILING SEASON (268674)

BACKGROUND : During the filing season, IRS processes returns and refunds, provides various services to taxpayers over the telephone, and distributes forms and publications. GAO testified on Feb. 27 on its early assessment of IRS' performance of these tasks in the 1995 filing season.

KEY QUESTIONS : (1) How accurately and efficiently is IRS processing returns and refunds? (2) How accessible is IRS' telephone service? (3) To what extent are taxpayers using alternative filing methods, like electronic filing? (4) Is IRS' methodology for estimating the number of returns that should be filed reliable?

FINANCIAL SERVICES AND PRODUCTS

TITLE: ISSUES SURROUNDING TAXATION OF ORIGINAL ISSUE DISCOUNT (OID) INSTRUMENTS (268654)

BACKGROUND : Taxpayers' growing use of new financial products challenges IRS. Congress, in 1984, addressed one such product, Original Issue Discount (OID) bonds, in part, by requiring information reporting when they are publicly offered. IRS' proposed regulations addressing bonds combined with derivatives treat them as having OID, subjecting them to the same information reporting requirements.

KEY QUESTIONS : (1) How is OID bond issuance information reporting supposed to work and what do all parties have to do to make it work? (2) Is it working? (3) What changes, if any, does IRS need to make in its OID compliance efforts to make the program more effective?

MANAGING IRS CHANGE

TITLE: ASSESSMENT OF IRS' STRATEGY TO REACH ITS LONG-RANGE ELECTRONIC FILING GOAL (268636)

BACKGROUND : IRS is changing the way it does business. A key assumption behind this change is that the number of returns filed electronically will increase from about 14 million now to at least 60 million by 2001. IRS has various strategies to achieve that goal.

KEY QUESTIONS : (1) What is IRS doing to position itself to achieve its electronic filing goal and what more does IRS need to do? (2) What are the implications to IRS' new business vision if IRS does not achieve its goal?

MANAGING IRS CHANGE

TITLE: ASSESSMENT OF INITIAL IMPLEMENTATION OF IRS' REDEPLOYMENT PLANS (268651)

BACKGROUND : To achieve its long-term business vision, IRS is modernizing systems, restructuring work processes, and reshaping its workforce. It will eliminate thousands of jobs and redesign thousands more. To keep its job protection pledge, IRS plans to redeploy employees to new jobs and provide retraining. Some redeployment has happened already; much more is yet to come.

KEY QUESTIONS : (1) How successful has IRS been in its initial implementation of redeployment policies and procedures? (2) Does that experience suggest the need to revise those policies and procedures?

TITLE: IRS' PROGRESS IN ESTABLISHING ITS CUSTOMER SERVICE VISION (268663)

BACKGROUND : IRS' Customer Service initiative promises improved taxpayer service by providing more services by phone; "blending" different types of telephone and non-telephone workers into cohesive, high performance workgroups; and by acquiring advanced information technology to support this ambitious effort that began in Jan. 1994 with prototype sites in Nashville and Fresno.

KEY QUESTIONS : (1) Are IRS' plans for implementing customer service at its prototype sites and other locations realistic? (2) What are the key human resource, technology, and management issues--and their status--in implementing customer service? (3) Are there gaps or problem areas in regard to these key issues?

TITLE: GPRA STATUS IN IRS (268667)

BACKGROUND : The Government Performance and Results Act of 1993 (GPRA) requires agencywide strategic planning and performance goals and measures. A number of agencies, including IRS, are piloting GPRA projects. Unlike most other agencies, IRS' GPRA pilot encompasses the entire agency.

KEY QUESTIONS : 1. What is the status of IRS' GPRA implementation? 2. What lessons can be learned from IRS' GPRA experiences?

Tax Policy and Administration

MANAGING IRS CHANGE

TITLE: HUMAN RESOURCE IMPLICATIONS OF TECHNICAL AND ORGANIZATIONAL CHANGE AT IRS (268693)

BACKGROUND : IRS is engaged in a massive modernization program that will eventually eliminate or significantly alter the jobs of thousands of staff. We have an ongoing job (268651) looking at IRS' agreement with the union for redeploying staff. This job will look at other human resource issues, such as the basis for redeployment decisions.

KEY QUESTIONS : (1) What is IRS doing to identify and prepare for the human resource implications of modernization? (2) What is the basis for IRS' future workforce requirements, to what extent can IRS' current staff meet those requirements, and how will any shortfall be addressed? (3) What are employee concerns, views, and experiences on the modernization taking place at IRS?

OTHER ISSUE AREA WORK-TAX POLICY & ADMIN

TITLE: SUGGESTED IMPROVEMENTS TO TCMP IDENTIFIED IN THE OTHER INCOME ASSIGNMENT (268701)

BACKGROUND : In May 1995, we completed an analysis for a requester of the types of income being reported on the Other Income line of the Form 1040. During our review, we identified problems with the adjustments IRS auditors made to this line and with the causal codes IRS plans to use in its 1994 Taxpayer Compliance Measurement Program (TCMP).

KEY QUESTIONS : Q1: Did IRS make proper adjustments to the Other Income line? Q2: Are the causal codes IRS plans to use in the 1994 TCMP adequate to clearly explain the reasons for noncompliance?
