

Why GAO Did This Study

The Internal Revenue Service's (IRS) filing season is an enormous undertaking that includes processing individual income tax returns, issuing refunds, and responding to taxpayers. GAO was asked to assess IRS's 2010 filing season performance in relation to its goals and prior years' performance processing individual tax returns, answering telephones, and delivering Web and face-to-face services. To conduct the analysis, GAO analyzed data and documents from IRS, interviewed IRS officials, observed IRS operations, and interviewed tax industry experts.

What GAO Recommends

GAO's five recommendations to IRS are to establish a customer service telephone standard, assess the costs and benefits of storing recorded calls beyond 45 days, solicit information on call trends from employees, develop a performance measure for the timeliness of taxpayer correspondence, and involve key stakeholders in its evaluation of its debit card program.

IRS disagreed with developing a customer service standard, not wanting to revise its measurement of phone service. However, a standard would allow IRS to communicate to Congress what it believes constitutes good service. IRS also disagreed with assessing the costs and benefits of storing calls beyond 45 days. GAO's report suggests that further analysis could show whether the benefits of doing so currently exceed the costs. IRS generally agreed with the other three recommendations.

View [GAO-11-111](#) or key components. For more information, contact James R. White at (202) 512-9110 or whitej@gao.gov.

2010 TAX FILING SEASON

IRS's Performance Improved in Some Key Areas, but Efficiency Gains Are Possible in Others

What GAO Found

IRS dealt with a number of challenges this filing season, including significant tax law changes, such as the Making Work Pay credit, and corresponding changes in taxpayer behavior. IRS balanced its resources across its filing season activities with improvements in some areas but fluctuations in others.

Return processing: Electronic filing, which reduces costs to IRS, increased about 3 percent, to 71 percent of all individual returns. However, IRS experienced delays in issuing millions of refunds, which IRS officials attributed primarily to correcting taxpayer errors associated with the Making Work Pay credit and conducting additional automated checks.

Telephone service: Compared to 2009, the percentage of callers seeking live assistance who received it improved in 2010 and the accuracy of answers remained high, at over 90 percent. However, the average wait time increased. Further, IRS's annual goal for providing caller assistance was lower than any of the preceding 5 years. However, IRS lacks a standard for what constitutes good customer telephone service that could be compared to its annual goals. Such a standard would make the gap between the annual goals and the standard more transparent. IRS is using a tool called Contact Analytics to better understand the reasons why taxpayers call. However, IRS has not assessed the costs and benefits of storing recorded calls for longer than the current 45 day period for use in Contact Analytics, and GAO identified gaps in the process IRS uses to solicit input on call topics from frontline IRS staff. Such input could be used to identify issues for further research using Contact Analytics. IRS's customer service staff also responds to taxpayer correspondence. IRS received about 20 million pieces of correspondence in 2010, but it does not have a performance measure that addresses the timeliness of taxpayer correspondence, a key agency objective. By not having such a performance measure, IRS managers may have a less informed basis for balancing resources across telephone and correspondence services.

IRS Telephone Service Goals and Performance, 2005 through 2010 Filing Seasons

		2005	2006	2007	2008	2009	2010
Percentage of callers seeking live assistance who received it	Actual	82	81	81	57	68	76
	Goal	82	82	82	82	77	71
Average wait time (minutes)	Actual	4.3	3.9	4.6	8.6	8.4	9.5
	Goal	2.8	5.0	4.3	4.5	10.4	11.6

Source: GAO analysis of IRS data.

Web site: Visits to IRS's Web site increased and IRS is taking steps to improve content management before introducing a new Web site in 2012.

Face-to-face: In 2010, taxpayer visits to IRS's walk-in sites and sites operated by volunteers remained about the same as in 2009. IRS's program to provide refunds on debit cards at certain volunteer sites, targeting taxpayers without bank accounts, received little use in 2010. IRS's evaluation of the program did not include taxpayers or volunteers. By not including these stakeholders, IRS risks not learning the real reasons for low participation.