



Interim Results of the 2012 Filing Season

March 30, 2012

Reference Number: 2012-40-036

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

Redaction Legend:

2(f) = Risk Circumvention of Agency Regulation or Statute

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HIGHLIGHTS

INTERIM RESULTS OF THE 2012 FILING SEASON

Highlights

Final Report issued on March 30, 2012

Highlights of Reference Number: 2012-40-036 to the IRS Commissioner for the Wage and Investment Division.

IMPACT ON TAXPAYERS

The filing season, defined as the period from January 1 through mid-April, is critical for the IRS because it is during this time that most individuals file their income tax returns and contact the IRS if they have questions about specific tax laws or filing procedures.

WHY TIGTA DID THE AUDIT

In the 2012 Filing Season, the IRS continues to migrate the electronic filing (e-filing) of individual tax returns to the Modernized e-File (MeF) system. The IRS is also moving forward with its Customer Account Data Engine 2 implementation. The IRS is beginning to post data to the Master File daily rather than once a week. The objective of this review was to provide selected information related to the IRS 2012 Filing Season results.

WHAT TIGTA FOUND

As of March 3, 2012, the IRS received more than 63 million tax returns: 57 million (90 percent) were e-filed and nearly 6.3 million (10 percent) were filed on paper. The IRS has issued nearly 52.4 million tax refunds totaling approximately \$157.6 billion.

Taxpayers who e-filed their tax returns early in the 2012 Filing Season experienced delays in receiving their tax refunds. The IRS indicated that it had experienced problems with its filters established to identify fraud and with the program used by the MeF system to create output files using the accepted e-file tax return data format that other IRS systems need to continue with the processing of the tax return.

The IRS has improved its processing of Homebuyer Credit installment repayments; however, some were still not processed accurately. TIGTA also found that some paid tax return preparers are not complying with Earned Income Tax Credit due diligence requirements. Furthermore, as of March 3, 2012, the IRS has identified 441,462 tax returns with \$2.7 billion claimed in fraudulent refunds and prevented the issuance of \$2.6 billion (97 percent) of those fraudulent refunds. The IRS also selected 134,509 tax returns filed by prisoners for fraud screening, representing a 112 percent increase compared to last filing season.

As a result of budget constraints, the IRS expects to be able to serve fewer taxpayers at its walk-in offices, called Taxpayer Assistance Centers, and answer fewer taxpayer telephone calls. The IRS anticipates it will have increased wait times, earlier cutoffs of assistance to avoid end-of-day overtime, and frequent unexpected closures of small Taxpayer Assistance Centers due to unscheduled employee absences. Tax return preparation will only be provided on a limited number of days per week and only on a first come, first served basis.

The IRS is also planning on providing only a 61 percent Level of Service on its toll-free lines. As of March 3, 2012, IRS assistors have answered 7.4 million calls and have achieved a 66 percent Level of Service and a 975 second (16.3 minutes) Average Speed of Answer.

Finally, during visits to Volunteer Program sites as of March 3, 2012, TIGTA has had nine tax returns prepared with a 44 percent accuracy rate. This is lower than the 60 percent accuracy rate we reported during the same time period for the 2011 Filing Season.

WHAT TIGTA RECOMMENDED

This report was prepared to provide interim information only. Therefore, no recommendations were made in the report.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 30, 2012

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

FROM: *Michael R. Phillips*
Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Interim Results of the 2012 Filing Season (Audit # 201240009)

This report presents selected information related to the Internal Revenue Service's (IRS) 2012 Filing Season results. As part of our Fiscal Year 2012 Annual Audit Plan, we are conducting a number of ongoing audits that are related to specific issues in this report. We will continue to provide IRS management with information on any areas of immediate concern throughout our audit process.

This report was prepared to provide interim information only. Therefore, we made no recommendations in the report. However, we provided IRS management officials with an advance copy of this report for review and comment prior to issuance.

Copies of this report are also being sent to the IRS managers affected by the report information. Please contact me at (202) 622-6510 if you have questions or Michael McKenney, Assistant Inspector General for Audit (Returns Processing and Account Programs), at (202) 622-5916.



Interim Results of the 2012 Filing Season

Table of Contents

Background Page 1

Results of Review Page 5

 Processing Tax Returns..... Page 5

 The Internal Revenue Service Continues to Improve on Its Detection
 and Prevention of Fraudulent Tax Refunds Page 11

 Providing Customer Service Page 13

Appendices

 Appendix I – Detailed Objective, Scope, and Methodology Page 20

 Appendix II – Major Contributors to This Report Page 23

 Appendix III – Report Distribution List Page 24

 Appendix IV – Glossary of Terms..... Page 25



Interim Results of the 2012 Filing Season

Abbreviations

CADE 2	Customer Account Data Engine 2
e-file(d); e-filing	Electronically file(d); electronic filing
EITC	Earned Income Tax Credit
IRS	Internal Revenue Service
MeF	Modernized e-File
TIGTA	Treasury Inspector General for Tax Administration



Interim Results of the 2012 Filing Season

Background

The filing season¹ is critical for the Internal Revenue Service (IRS) because it is during this time that most individuals file their income tax returns and contact the IRS if they have questions about specific tax laws or filing procedures. During Calendar Year 2012, the IRS expects to receive 144 million individual income tax returns.

The IRS estimates that it will process 30 million paper and 114 million electronically filed (e-filed) tax returns and provide customer service assistance via telephone, website, and face-to-face assistance to millions of taxpayers. The IRS is processing individual income tax returns at five Wage and Investment Division Submission Processing sites during the 2012 Filing Season: Fresno, California; Andover, Massachusetts; Kansas City, Missouri; Philadelphia, Pennsylvania; and Austin, Texas.²

The IRS expects to receive 144 million individual tax returns, which includes 114 million (79 percent) e-filed tax returns.

One of the challenges the IRS confronts each year in processing tax returns is the implementation of new tax law changes. Before the filing season begins, the IRS must identify new tax law and administrative changes and, when possible, revise the various tax forms, instructions, and publications. It must also reprogram its computer systems to ensure tax returns are accurately processed. Problems with tax return processing could delay tax refunds, affect the accuracy of tax accounts, and result in the generation of incorrect notices.

Tax law provisions impacting the 2012 Filing Season

- ***The Worker, Homeownership, and Business Assistance Act***³ – Enacted on November 6, 2009, this act modified the First-Time Homebuyer Credit⁴ to allow the credit for homes purchased through May 1, 2011, and for closings through July 1, 2011, *only* to members of the uniformed services, the Foreign Service, and the intelligence community.
- ***The Tax Relief and Job Creation Act of 2010***⁵ – Enacted on December 22, 2010, this act extended the Nonbusiness Energy Property Credit⁶ one year through December 31, 2011, and also reduced the aggregate credit for purchases after December 31, 2005, down to \$500 from

¹ See Appendix IV for a Glossary of Terms.

² Andover, Massachusetts, and Philadelphia, Pennsylvania, process e-filed tax returns only.

³ Pub. L. No. 111-092, 123 Stat. 2984 (2009).

⁴ Internal Revenue Code §36(h)(3).

⁵ Pub. L. No. 111-312, 124 Stat. 3296 (2010).

⁶ Internal Revenue Code § 25C.



Interim Results of the 2012 Filing Season

\$1500. The Nonbusiness Energy Property Credit allows a credit to individuals who ***purchase for their personal residence*** certain exterior windows (including skylights), exterior doors, and metal or asphalt roofs. The Joint Committee on Taxation estimates that the extension of this provision will cost \$477 million in Fiscal Year 2012.

- ***The United States-Korea Free Trade Agreement Implementation Act***⁷ – Enacted on October 21, 2011, this act amended Internal Revenue Code § 6695(g) to increase the penalty from \$100 to \$500 on paid tax return preparers who fail to comply with Earned Income Tax Credit (EITC) due diligence requirements.
- ***The Emergency Economic Stabilization Act of 2008***⁸ – Enacted on October 3, 2008, this act established cost basis-related reporting requirements for individual investors and brokers. Brokers and other intermediaries must report their clients' adjusted cost basis on Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*. Investors must report the correct cost basis on the Schedule D, *Capital Gains and Losses*, and Form 8949, *Sales and Dispositions of Other Capital Assets*. There is a three-year phase-in (beginning January 1, 2011) for full implementation of the legislation.

IRS-initiated changes impacting the 2012 Filing Season

- The Department of the Treasury and the IRS issued final regulations⁹ on December 20, 2011, in response to concerns over improper EITC payments on tax returns completed by a paid tax return preparer. The regulations require tax return preparers to submit a Form 8867, *Paid Preparer's Earned Income Credit Checklist*, with each Tax Year 2011 tax return claiming the EITC.
- In response to several Treasury Inspector General for Tax Administration (TIGTA) reviews¹⁰ of the IRS's process for identifying erroneous claims for Vehicle Credits, the IRS is now requesting that taxpayers supply the 17-digit Vehicle Identification Number on the following forms:
 - Form 8834 – *Qualified Plug-in Electric and Electric Vehicle Credit*.
 - Form 8910 – *Alternative Motor Vehicle Credit*.
 - Form 8936 – *Qualified Plug-in Electric Drive Motor Vehicle Credit*.

⁷ Pub. L. No. 112-041, 125 Stat. 428 (2011).

⁸ Pub. L. No. 110-343, 122 Stat. 3765 (2008)

⁹ Treas. Reg. § 1.6695-2

¹⁰ TIGTA, Ref. No. 2011-41-011, *Individuals Received Millions of Dollars in Erroneous Plug-in Electric and Alternative Motor Vehicle Credits* (Jan. 2011). TIGTA, Ref. No. 2010-41-128, *Verifying Eligibility for Certain New Tax Benefits Was a Challenge for the 2010 Filing Season* (Sept. 2010). TIGTA, Ref. No. 2011-40-128, *The Passage of Late Legislation and Incorrect Computer Programming Delayed Refunds for Some Taxpayers During the 2011 Filing Season* (Sept. 2011).



Interim Results of the 2012 Filing Season

- The IRS added a new line 59b, Homebuyer Credit Repayment, to the Form 1040, *U.S. Individual Tax Return*, to facilitate taxpayer reporting of any required Homebuyer Credit installment repayment.¹¹ This alleviates the need for taxpayers to prepare a Form 5405, *First-Time Homebuyer Credit and Repayment of the Credit*, to report their repayment.

The IRS continues to migrate e-filing of individual tax returns to the Modernized e-File (MeF) system

The MeF system is a modernized, Internet-based e-file platform that is replacing the current e-filing system. The MeF system provides real-time processing of tax returns that improves error detection, standardizes business rules, and expedites acknowledgments. The current phase of the MeF system is Release 7.0, which is the third phase of implementation for the Form 1040. For the 2012 Filing Season, this final release includes 120 additional individual tax forms and limited access to forms from Tax Years 2009 and 2010. The current Legacy e-File system is scheduled to be retired at the end of the 2012 Filing Season.

This report provides selected information relating to the progress of the 2012 Filing Season. We have a separate audit assessing the IRS's transition to the MeF system. We plan to issue a separate report later this fiscal year.

The IRS is implementing the Customer Account Data Engine 2 initiative

The IRS is moving forward with its Customer Account Data Engine 2 (CADE 2) system implementation, which will result in a single relational database to house all individual taxpayer accounts in a central data source that will make reporting and retrieval faster and more efficient. The IRS indicates that the CADE 2 system will result in timelier taxpayer data, increased analytical data stores, improved/increased tools to more effectively use data for compliance and customer service, and enhanced data security.

This represents a new way of posting taxpayer data to the Individual Master File (Master File) for 2012. The IRS is changing from its decades old method of posting tax data once a week to the ability to post tax data to the Master File daily. Certain transactions that may require additional review are identified up front and are still only posted once per week. The ability to post information to the Master File on a daily basis will enable the IRS to provide tax refunds to taxpayers more quickly.

The interim 2012 Filing Season results are being presented as of either March 3 or March 7, 2012.¹² Later this year, we will issue our 2012 Filing Season report. This review was performed

¹¹ The Housing and Economic Recovery Act of 2008, enacted on July 30, 2008, requires individuals who purchased a home between April 9 and December 31, 2008, and claimed a Homebuyer Credit to begin repaying the credit on their Tax Year 2010 tax return. The credit is intended to be repaid over 15 years in equal annual installments each year.

¹² Results are provided as of either March 3 or March 7, depending on the date the IRS reported the respective data.



Interim Results of the 2012 Filing Season

at the Wage and Investment Division Headquarters in Atlanta, Georgia; the Submission Processing function offices in Cincinnati, Ohio; the Modernization and Information Technology Services organization Headquarters in Lanham, Maryland; and the Austin, Texas, Submission Processing Site. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



Results of Review

Processing Tax Returns

Some taxpayers who e-filed their tax returns early in the 2012 Filing Season experienced delays in receiving their tax refunds. The IRS indicated that it had experienced problems with its filters established to identify fraud and with the program used by the MeF system to create output files using the accepted e-file tax return data that other IRS systems need to continue with the processing of the tax return. Filters established to identify fraud were initially identifying taxpayers as having indicators of possible fraud, which resulted in the tax return being held for additional screening. However, the IRS identified that these filters were incorrectly identifying some taxpayers. The IRS indicated that once they made necessary adjustments to these filters, the problem was corrected.

The IRS explained that the MeF system programming problems resulted in the creation of incomplete and/or duplicate output files using the accepted e-file data. This then resulted in delays in sending the output files to downstream processing systems. The programming problems delayed the

MeF programming problems resulted in tax return processing delays for 7.8 million tax returns early in the filing season.

processing of approximately 7.8 million tax returns. The majority of these tax returns were processed through the MeF system from February 2 through 11, 2012. The IRS indicated that all of these delayed accepted tax returns were sent to downstream systems for processing by February 18, 2012. In addition, the MeF system programming problems have resulted in accepted tax return information not always being timely available for use in its customer service operations, including "Where's My Refund." The IRS has informed us that these problems were addressed and processes were established to account for all tax returns accepted via the MeF system during the time frame the processing problem existed. The IRS noted that it is developing an end-to-end balancing process to track MeF system tax returns from acceptance to the posting of the tax return on the Master File.

The IRS received more than 63 million tax returns as of March 3, 2012. Of those, 57 million (90 percent) were e-filed and nearly 6.3 million (10 percent) were filed on paper (a decrease of 5.8 percent from this time last year). In addition, nearly 52.4 million refunds totaling approximately \$157.6 billion were issued. Figure 1 presents a summary of tax return filing statistics as of March 3, 2012.



Interim Results of the 2012 Filing Season

Figure 1: Comparative Filing Season Statistics as of March 3, 2012

Cumulative Filing Season Data	2011 Actual	2012 Actual	% Change
Individual Income Tax Returns			
Total Returns Received (in thousands)	60,535	63,357	4.7%
Paper Returns Received (in thousands)	6,672	6,284	-5.8%
E-Filed Returns Received (in thousands)	53,863	57,073	6.0%
Practitioner Prepared	32,686	33,355	2.0%
Home Computer	21,182	23,718	12.0%
Free File <i>(also included in Home Computer total)</i>	1,782	1,738	-2.5%
Fillable Forms <i>(also included in Home Computer total)</i>	178	210	18%
Refunds			
Total Number Issued (in thousands)	52,564	52,399	-0.3%
Total \$ (in millions)	\$161,345	\$157,590	-2.3%
Average \$	\$3,070	\$3,007	-2.1%
Total Number of Direct Deposits (in thousands)	45,357	46,265	2.0%
Total Direct Deposit \$ (in millions)	\$145,972	\$144,970	-0.69%

Source: IRS 2012 Weekly Filing Season Reports. Totals and percentages shown are rounded.

The e-filing rate is higher and use of home computers is increasing; however, use of the Free File Program continues to decrease

More than 100 million taxpayers e-filed their individual income tax returns last year. Since the 1990 Filing Season, taxpayers have e-filed nearly 1 billion individual income tax returns. As of March 3, 2012, e-file volumes are 6 percent higher than the volumes for the same period in 2011. The largest increase over last year (12 percent) is from individuals e-filing their tax returns from home computers. In Calendar Year 2011, the percentage of e-filed tax returns increased to 77 percent of the total individual income tax returns received. The IRS anticipates that e-filing of tax returns will continue to grow. The total e-file volumes are projected to increase in Calendar Year 2012 by about 3.7 percent (4 million).

In addition, for the fourth year, the IRS and its partners are offering Free File Fillable Tax Forms, which opens up the Free File Program to nearly everyone, with no income limitations. More individuals are taking advantage of this filing option. Use of Fillable Forms has increased to approximately 210,000, an increase of 18 percent from 2011. However, participation in the Free File Program continues to decrease by 1.3 percent when compared to the same period in 2011.



Interim Results of the 2012 Filing Season

The traditional IRS Free File Program is a free Federal online tax preparation and e-filing program for eligible taxpayers developed through a partnership between the IRS and the Free File Alliance, LLC (a group of private-sector tax preparation companies). The program enables eligible taxpayers to use commercial tax software for free, accessible only through the IRS’s website, IRS.gov.

Participation in the MeF system is growing; however, after problems occurred, the IRS encouraged transmitters to use the Legacy e-file system

Participation in the MeF system for individual tax returns is growing. However, on February 10, 2012, the IRS encouraged transmitters to use the Legacy e-file system while the 7.8 million delayed returns were being processed through the MeF system. In November 2011, the IRS announced that all tax return transmitters who filed 1 million or more individual tax returns¹³ during the 2011 Filing Season must submit tax returns through the MeF system for the 2012 Filing Season. As a result, the number of tax return transmitters and States that are e-filing individual tax returns through the MeF system has increased significantly. Figure 2 provides a comparison of the number of transmitters and States participating in the MeF system during the 2011 and 2012 Filing Seasons for individual tax returns.

Figure 2: Comparison of MeF System Transmitters Through March 7, 2012

Number of Transmitters	2011¹⁴	2012	% Change
Total Return Transmitters	45	72	60%
Return Transmitters Participating in MeF			
Return Transmitters	20	38	90%
States	25	34	36%

Source: TIGTA analysis of 2012 MeF system transmitter statistics through March 7, 2012.

As of March 7, 2012, the IRS had received over 52 million individual tax returns through the MeF system. This represents a 499 percent increase over the total number of tax returns (8,696,783) the IRS received through this system during the 2011 Filing Season. Figure 3 below provides a comparison of the volume of individual tax returns transmitted as of March 7, 2012, to the total number of tax returns transmitted during the 2011 Filing Season.

¹³ Form 1040 includes entire 1040 form family and Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*.

¹⁴ Data for the 2011 Filing Season is through April 18, 2011.



Interim Results of the 2012 Filing Season

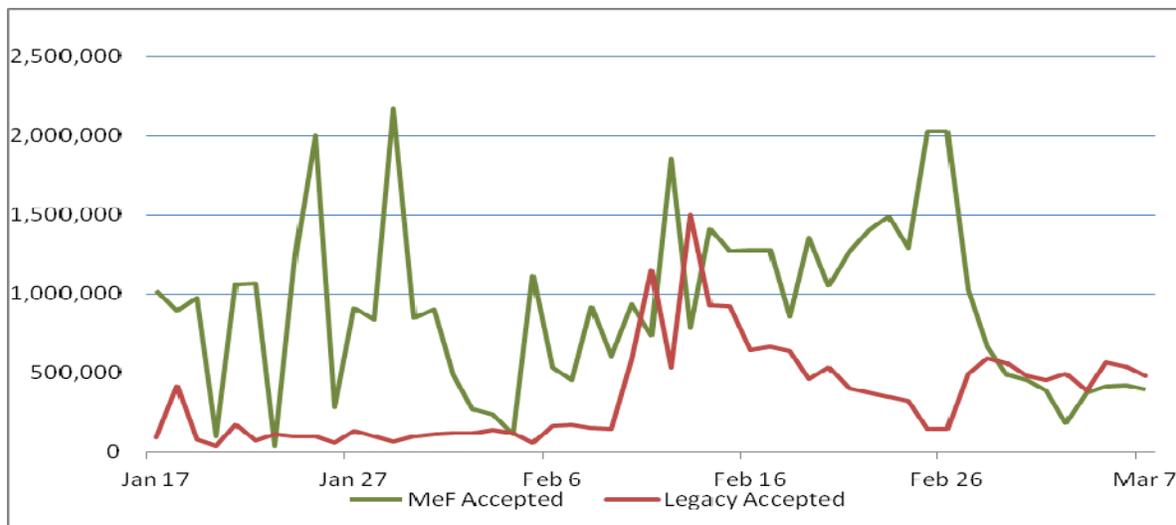
Figure 3: Comparison of MeF System Tax Return Volumes

Number of Returns Processed	2011 ¹⁵	2012	
		Through March 7, 2012	% Change
Total Number Received (in thousands)	8,697	52,092	499%
Number Accepted (in thousands)	7,603	45,516	499%
Number Rejected (in thousands)	1,094	6,575	501%

Source: TIGTA analyses of filing season return volumes through March 7, 2012.

However, the MeF system programming problems resulted in the IRS issuing an alert on February 10, 2012, to transmitters encouraging the transmitters to once again use the Legacy e-file system rather than the MeF system. The alert stated that some issues had been discovered with MeF system data interfaces to downstream processing systems but that the issues had been resolved. However, the alert encouraged transmitters to continue to use the Legacy e-file system until further notice. As of March 13, 2012, the IRS is still allowing transmitters to use either the Legacy e-file system or the MeF system. Figure 4 below provides a comparison of tax returns accepted through the MeF system from the start of filing season on January 17 through March 7, 2012, to the Legacy e-file system. The problems encountered this year indicate there may be significant risk if the IRS continues with its plan to retire its Legacy e-file system at the end of the year because then it would no longer be available as a backup.

Figure 4: Comparison of Tax Returns Accepted Daily Through the MeF and Legacy e-file Systems January 17–March 7, 2012



Source: TIGTA analyses of filing season return volumes through March 7, 2012.

¹⁵ Data from the 2011 Filing Season is through April 18, 2011.



Interim Results of the 2012 Filing Season

We plan to continue our evaluation of the IRS's implementation of the MeF system, and we will issue a separate audit report on the results.

The CADE 2 system enables posting taxpayer data to the Individual Master File on a daily basis

The IRS is also moving forward with its CADE 2 system implementation, which is a new way of posting taxpayer data to the Individual Master File. For this filing season, the IRS changed from its decades old method of posting data once a week to posting data to the Master File daily. The ability to post information to the Master File daily will enable IRS to provide refunds to taxpayers more quickly.

Prior to this filing season, the IRS went through an extensive process to identify those tax account transactions that could be processed on a daily basis. This undertaking took more than two years for a team of IRS personnel to analyze the various tax account transactions. The accuracy of this process is essential to ensure that tax returns which require time for IRS employee review are not processed daily. Transactions that require additional IRS review during tax return processing do not qualify for daily processing and, once these tax returns are identified, the processing time frame is extended. For example, tax returns identified as having fraud potential are not processed daily. Extending the processing time frame prevents the issuance of a potentially fraudulent tax refund by providing time for an IRS employee to review the tax return. We plan to continue our evaluation of the IRS's implementation of daily tax processing, and we will issue a separate audit report on the results.

Processing of Homebuyer Credit installment repayments has improved, but some continue to be inaccurately processed

The IRS continues to develop processes and procedures to assist individuals with the First-Time Homebuyer Credit repayment requirements. Individuals who purchased a home between April 9 and December 31, 2008, and claimed the credit were required to repay the credit in installments beginning with their Tax Year 2010 tax return. To assist these individuals, the IRS developed an online web tool that enables individuals to check the amount of their repayment obligation. As of March 7, 2012, a total of 535,344 taxpayers reported Homebuyer Credit repayments totaling more than \$175 million.

However, the IRS is still experiencing difficulties in processing the repayments received from some taxpayers. This is resulting in erroneous refunds of repayments. The total amount either refunded erroneously or not assessed was more than \$1.6 million—over 4,100 tax returns reporting either the required installment repayment amount or more than the required installment repayment amount had over \$1.6 million of the repayments erroneously refunded.

The IRS developed a process to identify taxpayers who do not report the required Homebuyer Credit installment repayment amount as an additional tax on their tax return. The IRS established an amount field on its computer systems that is the amount the IRS expects the



Interim Results of the 2012 Filing Season

taxpayer to report on either line 59b of Form 1040 or on Form 5405. When tax returns are filed, the IRS matches the amount reported as an additional tax on the tax return to the expected amount. If a discrepancy exists, the tax return is sent to the IRS's Error Resolution System function for resolution. However, we identified that the IRS's Homebuyer Credit repayment computation program is not always identifying the correct amount that the taxpayer is required to repay.

We notified the IRS of this issue on February 21, 2012, and recommended changes be made to ensure that Homebuyer Credit installment repayments are correctly assessed. The IRS responded that three separate issues were associated with the erroneous refunding of Homebuyer Credit repayments. Extracts will be analyzed to identify affected taxpayers and to correct the tax returns. The specific issues causing the erroneous refunding of repayments include:

- Information regarding the amount of the Homebuyer Credit repayment owed was not always correctly populating for MeF-filed tax returns. The IRS is extracting data to identify taxpayers whose repayments were erroneously refunded and plans to contact these taxpayers to notify them that a repayment should be made to the IRS.
- Information included on the Homebuyer Credit Entity Section incorrectly showed some taxpayers as not having a repayment requirement. When a taxpayer sends in a repayment amount and IRS records show them as not having a repayment obligation, the amount repaid is refunded to the taxpayer. However, for these cases, the taxpayer actually had a repayment requirement. Procedures have been changed alerting tax examiners to fully research tax accounts for which a repayment is made but IRS records show no repayment is due.
- Tax examiners processed Homebuyer Credit repayments in error if individuals repaid more than required. In those cases, the excess amount was erroneously refunded. Guidance was updated on how to handle repayments in excess of the amount owed.

Some paid tax return preparers are not complying with EITC due diligence requirements

New tax return preparer due diligence requirements were put in place to promote accurate filing of EITC claims. Currently, between 21 and 26 percent of EITC claims have errors. However, despite extensive efforts on the part of the IRS to communicate new EITC due diligence requirements, not all paid tax return preparers are complying with this requirement. As of March 8, 2012, the IRS identified that of 11.7 million tax returns prepared by paid tax return preparers with EITC claims totaling \$32 billion, over 260,000 tax returns (2 percent) totaling almost \$790.2 million were submitted without the required Form 8867.

We notified the IRS of this issue on December 21, 2011. The IRS responded that for professionally prepared income tax returns claiming the EITC for Tax Year 2011, , , , 4*ht, , , ,



Interim Results of the 2012 Filing Season

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preparers of those tax returns without the requisite Form 8867 will receive *****
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Individuals have increased the use of the savings bond and split refund options

Beginning with the 2010 Filing Season, individuals have the ability to use their tax refunds to purchase up to \$5,000 in U.S. Series I Savings Bonds by requesting them on their tax return. Individuals may request any portion of their tax refund that is an exact multiple of \$50 be used to purchase up to 3 savings bonds for themselves or other persons by simply filling out the Form 8888, *Allocation of Refund (Including Savings Bond Purchases)*. Through March 7, 2012, a total of 26,238 individuals requested to convert tax refunds totaling more than \$8.8 million into savings bonds. This represents almost a 60 percent increase over the same period last filing season.

In addition, individuals can still elect to have their Federal income tax refunds split and electronically deposited in up to three accounts (*e.g.*, checking, savings, or Individual Retirement Arrangement) and may have up to three different U.S. financial institutions, including banks, brokerage firms, or credit unions. Form 8888 must also be prepared for this option. As of March 7, 2012, a total of 662,983 individuals chose to split tax refunds totaling more than \$2.9 billion between two or three different checking and savings accounts. The number of individuals using the split refund option increased over 26 percent compared to the same period in 2011.

The Internal Revenue Service Continues to Improve on Its Detection and Prevention of Fraudulent Tax Refunds

Unscrupulous individuals continue to submit tax returns with false income documents to the IRS for the sole purpose of receiving a fraudulent refund. As of March 3, 2012, the IRS had identified tax returns with \$2.7 billion claimed in fraudulent refunds and prevented the issuance of \$2.6 billion (97 percent) of the fraudulent refunds. This represents a 29 percent increase in the number of tax returns identified as of the same period last processing year.

Figure 5 shows the number of fraudulent tax returns identified by the IRS for Processing Years 2009 through 2011, as well as the refund amounts that were claimed and stopped.

¹⁶ *****2(f)*****.



Figure 5: Fraudulent Returns and Refunds Identified and Stopped in Processing Years 2009–2011

Processing Year	Number of Fraudulent Refund Returns Identified	Number of Fraudulent Refund Returns Stopped	Amount of Fraudulent Refunds Identified	Amount of Fraudulent Refunds Stopped
2009	457,369	369,257	\$2,988,945,590	\$2,517,094,116
2010	971,511	881,303	\$7,300,996,194	\$6,931,931,314
2011	2,176,657	1,756,242	\$16,186,395,218	\$14,353,795,007

Source: IRS fraudulent return statistics for Processing Years 2009–2011.

Individual tax returns are sent through the IRS’s Electronic Fraud Detection System and receive a data-mining score based on the characteristics of the tax return and other data. For those tax returns meeting a certain score, the tax return is sent to an IRS tax examiner to screen the tax return for fraud potential. If a tax return is selected for further verification, the tax refund is held until employers or third parties are contacted to verify wage information on the tax return. If the verification process is not completed within a certain time period, the tax refund is automatically released. In general, if the employee concludes that a tax return contains false information (e.g., false or inflated wages), the tax return is either resolved in the Accounts Management function or referred to one of the Examination functions¹⁷ for resolution. Tax returns with refundable credits, such as the EITC, and tax returns for which the refunds were issued must be sent to the Wage and Investment Division’s Examination function because the law requires the IRS to follow deficiency procedures before making an assessment in these cases.

Screening of prisoner tax returns continues to increase

In a prior TIGTA review assessing the IRS fraudulent tax return screening process,¹⁸ we reported that the majority of tax returns identified as being filed by prisoners are not sent to a tax examiner for screening to assess the potential that the tax return is fraudulent. As of March 3, 2012, the IRS had selected 134,509 tax returns filed by prisoners for screening. This represents a 211.8 percent increase in the number of prisoner tax returns identified as of the same period last processing year. Figure 6 shows a comparison of the number of tax returns filed by prisoners that were sent to a tax examiner for screening as of the first week in March for Processing Years 2010, 2011, and 2012.

¹⁷ According to the referral procedures, fraudulent refund returns are forwarded to either the Wage and Investment Division Examination function or the Small Business/Self-Employed Division Examination function. The majority of fraudulent refund returns are forwarded to the Examination function in the Wage and Investment Division. For purposes of this report, we use “Examination functions” unless we refer to a specific Division.

¹⁸ TIGTA, Ref. No. 2010-40-129, *Expanded Access to Wage and Withholding Information Can Improve Identification of Fraudulent Tax Returns* (Sept. 2010).



Figure 6: Prisoner Tax Returns Identified for Screening in the 2010–2012 Filing Seasons (as of the first week in March)

Processing Year	Number of Prisoner Tax Returns Identified for Screening	Increase From Prior Year
2010	33,691	
2011	63,501	88%
2012	134,509	111.8%

Source: IRS fraudulent return statistics for Processing Years 2010–2012 as of the first week in March.

Providing Customer Service

Taxpayers have several options to choose from when they need assistance from the IRS, including telephone assistance through the toll-free telephone lines, face-to-face assistance at the Taxpayer Assistance Centers and Volunteer Program sites, and self-assistance through IRS.gov.

Face-to-face assistance at the Taxpayer Assistance Centers

The Taxpayer Assistance Centers are walk-in sites where taxpayers can obtain answers to both account and tax law questions, as well as receive assistance in preparing their tax returns. The IRS plans to assist more than 6.1 million taxpayers in Fiscal Year 2012. During Fiscal Year 2011, the Taxpayer Assistance Centers served 6.4 million taxpayers, which includes 2.8 million taxpayers during the 2011 Filing Season. According to the IRS, as of March 3, 2012, 75 percent of the taxpayers who waited to speak to assistors at the 398 Taxpayer Assistance Centers¹⁹ that track wait time waited fewer than 30 minutes.

Figure 7 shows the number of contacts by product line at the Taxpayer Assistance Centers for Fiscal Years 2009 through 2012.

¹⁹ Currently all 398 Taxpayer Assistance Centers are tracking wait time, but data for nine Centers was not available as of March 3, 2012. Tracking begins when the taxpayer is provided a ticket inside the Taxpayer Assistance Center and does not include the time a taxpayer may wait outside a Taxpayer Assistance Center.



Interim Results of the 2012 Filing Season

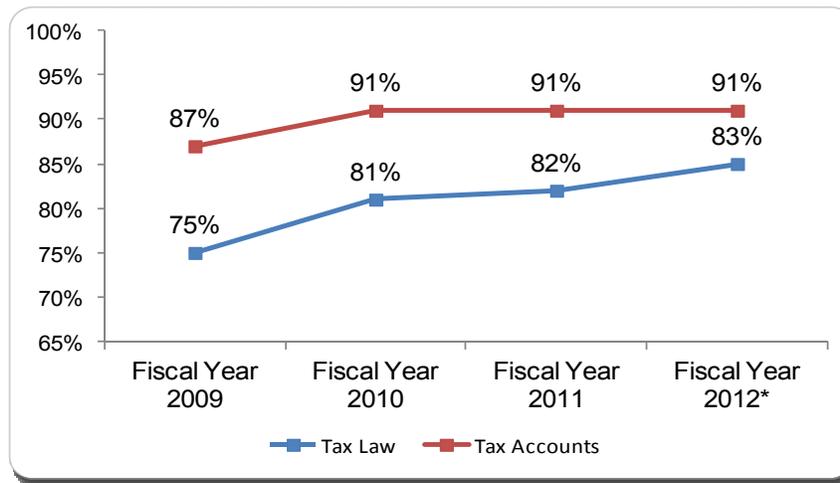
Figure 7: Contacts for Fiscal Years 2009–2012 (in millions)

Contacts/Product Lines	Fiscal Year			
	2009	2010	2011	2012 Projections
Tax Accounts Contacts	3.2	3.5	3.7	3.6
Forms Contacts	0.8	0.7	.6	.6
Other Contacts ²⁰	1.5	1.5	1.5	1.7
Tax Law Contacts	0.3	0.3	.3	.2
Tax Returns Prepared ²¹	0.4	0.4	.3	
Totals	6.2	6.4	6.4	6.1

Source: IRS management information reports.

In Fiscal Year 2007, the IRS implemented a standardized quality measurement system to measure the quality of taxpayer service at its Taxpayer Assistance Centers. Fiscal Year 2007 was the baseline year. As shown in Figure 8, the accuracy rates are above 75 percent.

Figure 8: Accuracy Rates for Fiscal Years 2009–2012



Source: IRS management information reports. *=Projected.

²⁰ Other Contacts includes Form 2063, *U.S. Departing Alien Income Tax Statement*; date-stamping tax returns brought in by taxpayers; screening taxpayers for eligibility of service; scheduling return preparation appointments; and helping taxpayers with general information such as addresses and directions to other IRS offices or other Federal Government agencies.

²¹ In Fiscal Year 2012, Tax Returns Prepared are included in Other Contacts.



Interim Results of the 2012 Filing Season

As a result of budget constraints, the IRS expects that it will have increased wait times, earlier cutoffs of assistance to avoid end-of-day overtime, and frequent unexpected closures of small Taxpayer Assistance Centers due to unscheduled employee absences. Face-to-face assistance will be available to taxpayers who need help with inquiries, adjustments, letters, and notices and also for payment plans for those who owe taxes and cannot pay in full.

However, tax returns preparation will only be provided on a limited number of days per week and only on a first come, first served basis. Appointments will not be available. The IRS hopes this will allow it to still provide tax return preparation to the many taxpayers who need it, but not to the detriment of other taxpayers with tax law and account issues. The IRS will direct taxpayers and employees to alternative services for tax return preparation, such as Volunteer Income Tax Assistance, Free File, and Fillable Forms.

The IRS will also not provide extended hours for the Centers during the 2012 Filing Season. It had planned to extend hours of operation in approximately 47 Taxpayer Assistance Centers—before 8:30 a.m. and after 4:30 p.m. during the week and on some Saturdays. However, with budget cuts and continuing staffing shortages, Taxpayer Assistance Center hours were not extended.

Toll-free telephone assistance

Despite other options available to taxpayers, many taxpayers choose to use the telephone to contact the IRS. More taxpayers are calling the IRS's toll-free telephone lines every year. As of March 3, 2012, approximately 60.9 million taxpayers contacted the IRS by calling the various Customer Account Services function toll-free telephone assistance lines²² seeking help in understanding the tax law and meeting their tax obligations.²³ As of March 3, 2012, IRS assistors have answered 7.4 million calls and have achieved a 66 percent Level of Service and a 975 second (16.3 minutes) Average Speed of Answer.

A reduction in funding for toll-free telephone and correspondence services resulted in a Level of Service goal for Fiscal Year 2012 of 61 percent, compared to 70 percent the IRS achieved in Fiscal Year 2011. The last year the IRS provided a Level of Service over 80 percent was Fiscal Year 2007. This decrease translates to longer customer wait times, increased customer abandons, and an increased number of customers redialing the IRS toll-free lines for service.

In August 2011, the TIGTA reported that increased call demand and limited resources continue to adversely affect the toll-free telephone level of service.²⁴ In the 2011 Filing Season, the IRS

²² The IRS refers to the suite of 28 telephone lines to which taxpayers can make calls as "Customer Account Services Toll-Free."

²³ Toll-free telephone assistance data presented in this report were taken from available IRS reports through the week ending March 3, 2012, and comparable periods for prior years.

²⁴ TIGTA, Ref. No. 2011-40-087, *Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service* (Aug. 2011).



Interim Results of the 2012 Filing Season

received 48 percent more calls than during the 2007 Filing Season. Taxpayers waited on average 10 minutes to speak to an assistor, a 137 percent increase since the 2007 Filing Season. Nevertheless, the IRS has reduced the operating hours for its main toll-free help line, (800) 829-1040, from 7:00 a.m. to 10:00 p.m. local time to 7:00 a.m. to 7:00 p.m. local time.

Over the same period from the 2007 to the 2011 Filing Season, the IRS's ability to process taxpayer correspondence in a timely manner also declined. Assistors who answer the toll-free telephone lines also handle taxpayer correspondence (including processing amended returns and identity theft cases). During the filing season, when call demand is usually at its highest, more resources are shifted to the telephones to answer calls, and correspondence and adjustment inventory processing is placed on hold until call demand subsides. As call volumes have increased and assistors have been moved to answer telephone calls, paper correspondence inventories have substantially increased. The correspondence inventory rose from approximately 480,000 at the end of Fiscal Year 2007 to more than 628,000 at the end of Fiscal Year 2010. As of March 3, 2012, 123.2 percent of Fiscal Year 2011 receipts were closed, for an inventory of 816,905.

Tax preparation assistance at Volunteer Program sites

The Volunteer Program²⁵ plays an increasingly important role in the IRS's efforts to improve taxpayer service and facilitate participation in the tax system. It provides no-cost Federal tax return preparation and e-filing to underserved taxpayer segments, including low-income, elderly, disabled, and limited-English-proficient taxpayers. These taxpayers are frequently involved in complex family situations that make it difficult to correctly understand and apply tax law.

We plan to visit 39 Volunteer Income Tax Assistance and Tax Counseling for the Elderly sites to determine if taxpayers receive quality service, including accurate preparation of their individual income tax returns. We developed scenarios designed to test quality controls and training the volunteers received in preparation for the 2012 Filing Season.

As of March 3, 2012, we had nine tax returns prepared with a 44 percent accuracy rate, which is lower than the 60 percent accuracy rate we reported during the same time period for the 2011 Filing Season. We plan to report our final results in September 2012. Figure 9 presents comparisons of Volunteer Program activities for the 2009 through 2012 Filing Seasons.

²⁵ The Volunteer Program is comprised of the Volunteer Income Tax Assistance Program, including the Volunteer Income Tax Assistance Grant Program, and the Tax Counseling for the Elderly Program.



Interim Results of the 2012 Filing Season

Figure 9: Year-to-Date Comparisons of the 2009–2012 Filing Seasons²⁶

	2009 Actual	2010 Actual	2011 Actual	2012 Actual
Volunteer Return Preparation (in millions)	1,526,658	1,491,053	1,500,143	1,565,409
Volunteer E-Filing	97.9%	98.5%	98.7%	99.3%

Source: IRS 2009 through 2012 Filing Season Weekly Reports.

The IRS continues to use the Quality Statistical Sample cadre to measure the quality of tax returns prepared by the Volunteer Program. The cadre reviewers initiated a statistically valid sample of Volunteer Program sites, the results of which formed a benchmark of volunteer-prepared tax return accuracy for the 2009 Filing Season. The approach required that reviewers at each site review randomly selected tax returns and compared the return information with supporting documentation, including end-of-year earnings statements and information the taxpayer provided the volunteer during the mandated intake and screening process. Each year, the combined results of all the return review visits are considered the formal measure of Volunteer Program-prepared tax returns. For the 2011 Filing Season, the cadre reviews concluded that 87 percent of the tax returns prepared by volunteers were accurate.

Self-assistance through IRS.gov and social media

The IRS is committed to helping taxpayers obtain the information they need to help them comply with the tax law. The IRS is offering more self-assistance options that taxpayers can access 24 hours a day, seven days a week.

Foremost is the IRS's public Internet site, IRS.gov. As of February 25, 2012, the IRS had



reported a 35.7 percent increase in the number of visits to IRS.gov over the same period in the prior filing season. It had also reported a 92.4 percent increase in the number of taxpayers obtaining their refund information online via the "Where's My Refund" option found on IRS.gov. Figure 10 shows the year-to-date comparisons of various IRS.gov activity levels for the 2009 through 2012 Filing Seasons. The significant increase in the use of "Where's My Refund" in 2012 may be due to the problems with IRS filters and the MeF system that caused delays early in the filing season.

²⁶ The 2009 Filing Season is through the week ending March 7, the 2010 Filing Season is through the week ending March 6, the 2011 Filing Seasons is through the week ending March 5, and the 2012 Filing Season is through the week ending March 3.



Figure 10: Year-to-Date Comparisons of the 2009–2011 Filing Seasons²⁷

	2009 Actual	2010 Actual	2011 Actual	2012 Actual
IRS.gov Visits	116,774,933	109,663,929	119,793,481	157,791,422
“Where’s My Refund?”	33,506,728	37,217,050	43,309,204	80,937,643

Source: IRS 2009 through 2012 Filing Season Weekly Reports.

The IRS also uses social media platforms and tools to share the latest information on tax changes, initiatives, products, and services. The IRS uses five different types of social media outlets and one mobile application, IRS2Go:

1. **IRS2Go.** “IRS2Go” is a smartphone application that allows taxpayers to check the status of their tax refund and obtain helpful tax information on certain mobile devices. The IRS first offered its “IRS2Go” app in January 2011 and in Calendar Year 2011 had more than 350,000 downloads. This year, IRS2Go includes six tools.



- **Get Your Refund Status.** Taxpayers can check the status of their Federal income tax refund.
- **Get Tax Updates.** Taxpayers can use IRS2Go to subscribe to filing season tax updates by entering their e-mail address to automatically get daily tax tips, issued daily during the tax filing season and periodically during the rest of the year.
- **Follow The IRS.** Taxpayers can use IRS2Go to sign up to follow the IRS Twitter news feed, @IRSnews.
- **Watch The IRS.** IRS2Go delivers video from the IRS YouTube channel to the mobile device.
- **Get The Latest News.** IRS news is available via IRS2Go as soon as it is released to the public.
- **Get My Tax Record.** Taxpayers can request their tax return or account transcript using their mobile device.

²⁷ The 2009 Filing Season is through the week ending March 7; the 2010 Filing Season is through the week ending March 6, the 2011 Filing Seasons is through the week ending March 5, and the 2012 Filing Season is through the week ending March 3.



Interim Results of the 2012 Filing Season

2. **YouTube.** The IRS publishes informational videos in English, multilingual, and American Sign Language on various tax administration topics beneficial to taxpayers.
3. **Twitter.** IRS tweets include tax-related announcements, news for tax professionals, and updates for job seekers.
4. **Podcasts.** The IRS creates audio files for use in podcasts. These short audio recordings provide useful information on one tax related topic. These files are also available as podcasts on iTunes and through the Multimedia Center on IRS.gov as downloadable audio files (along with their transcripts).
5. **Widgets.** Widgets are tools that can be placed on websites, blogs, or social media networks to direct others to IRS.gov for information. The IRS has developed a variety of widgets that feature the latest tax initiatives and programs.
6. **Really Simple Syndication (RSS).** RSS is a way to get the news whenever it is updated through a family of web feed formats used to publish frequently updated works. RSS allows taxpayers and practitioners a way to gather a wide variety of content in one place on their computers, even if they are not on IRS.gov.



Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to provide selected information related to the IRS 2012 Filing Season¹ results as of March 7, 2012. To accomplish our objective, we:

- I. Determined the volumes of individual tax returns the IRS is expecting to receive during the 2011 Filing Season by obtaining and reviewing Document 6187, *Calendar Year Projections of Individual Returns by Major Processing Categories*, Fall 2011 Update, produced by the IRS Office of Research.
- II. Identified volumes of paper and e-filed returns received through March 3, 2012, from the IRS Weekly Filing Season Reports that provide a year-to-date comparison of scheduled return receipts to actual return receipts. The reports also provide a comparison to 2011 receipts for the same time period.
- III. Determined the interim results of the implementation of MeF Release 7.0 for individual tax returns.
 - A. Identified volumes of tax returns transmitted to and accepted by the MeF system for processing using the IRS Daily E-File Reports that provide a year-to-date comparison of accepted and transmitted tax returns.
 - B. Identified the volume of tax returns rejected by the MeF system using the Daily MeF Error Codes Report to monitor reject volumes.
- IV. Identified the interim results of CADE 2 daily tax return processing by evaluating the IRS's planning process for the identification of items that could not be processed daily.
- V. Determined whether the IRS correctly implemented new tax legislation that affected the processing of individual tax returns during the 2012 Filing Season. We used computer analysis of 100 percent of the Tax Year 2011 individual income tax returns processed nationally on the Individual Return Transaction File between January 1 and March 7, 2012,² to identify returns affected by recent tax legislation and determined whether they were processed correctly. We electronically identified:

¹ See Appendix IV for a Glossary of Terms.

² To assess the reliability of computer-processed data, programmers in the TIGTA Strategic Data Services Division validated the data that were extracted and we verified the data with appropriate documentation. Judgmental samples were selected and reviewed to ensure that the amounts presented were supported by external sources. As appropriate, data in the selected data records were compared to the physical tax returns to verify that the amounts were supported.



Interim Results of the 2012 Filing Season

- A. 535,344 individuals making installment payments on Form 5405, *First-Time Homebuyer Credit*, through March 7, 2012.
- B. 11,804,408 individuals claiming the Earned Income Tax Credit on Form 1040, *U.S. Individual Income Tax Return*, that were prepared by a tax return preparer.
- VI. Identified the interim results for the Wage and Investment Division's Accounts Management function fraudulent tax return statistics.
 - A. Obtained the Refund Integrity and Correspondence Services Total Fraudulent Revenue Protected – Refund Fraud Report as of March 3, 2012, to identify the interim IRS fraudulent tax return statistics for the 2012 Filing Season.
 - B. Obtained the Refund Integrity and Correspondence Services Report for Processing Year 2011 to obtain IRS fraudulent tax return statistics and determine the number of erroneous refunds identified and stopped for Processing Years 2009 through 2011.
- VII. Identified interim results for the IRS Taxpayer Assistance Center Program.
 - A. Obtained from the IRS Field Assistance Office statistics on taxpayers served at the Taxpayer Assistance Centers.
 - B. Reviewed the IRS Weekly Filing Season Report, which provides a year-to-date comparison of various Taxpayer Assistance Center activity levels for the 2009 through 2012 Filing Seasons.
- VIII. Identified interim results for the IRS Toll-Free Telephone Assistance Program by reviewing Performance Templates and Executive Level Summary reports from the Enterprise Telephone Data Warehouse for results as of March 3, 2012.
- IX. Identified interim results for the Volunteer Program by reviewing interim results from TIGTA visits to Volunteer Program sites. A total of nine tax returns had been prepared as of March 3, 2012.³
- X. Identified interim results for IRS self-assistance through IRS.gov from the IRS Weekly Filing Season Report of IRS.gov activity levels for the 2010 and 2011 Filing Seasons, through March 3, 2012.

Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following

³ TIGTA, Audit Number 201240002, *Quality of Services at Volunteer Program Sites During the 2012 Filing Season – Follow-Up*.



Interim Results of the 2012 Filing Season

internal controls were relevant to our audit objective: the processes for planning, organizing, directing, and controlling program operations for the 2012 Filing Season. We also evaluated the controls that are incorporated directly into computer applications to help ensure the validity, completeness, accuracy, and confidentiality of transactions and data during application processing of tax returns for the 2012 Filing Season



Appendix II

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Interim Results of the 2012 Filing Season

Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Services and Enforcement SE
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Director, Customer Account Services, Wage and Investment Division SE:W:CAS
Director, Customer Assistance, Relationships, and Education, Wage and Investment Division
SE:W:CAR
Director, Electronic Tax Administration and Refundable Credits, Wage and Investment Division
SE:W:RICS
Director, Strategy and Finance, Wage and Investment Division SE:W:S
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Appendix IV

Glossary of Terms

American Opportunity Tax Credit	A partially refundable Federal tax credit to help parents and college students offset the costs of college.
Average Speed of Answer	The average number of seconds taxpayers waited in the assistor queue (on hold) before receiving services.
Blocked Call	A telephone call that cannot be connected immediately because either no circuit is available at the time the call arrives (<i>i.e.</i> , the taxpayer receives a busy signal) or the queue is backed up beyond a defined threshold (<i>i.e.</i> , the taxpayer receives a recorded announcement to call back at a later time).
Earned Income Tax Credit	A refundable Federal tax credit for low-income working individuals and families.
Electronic Fraud Detection System	An automated system used to maximize fraud detection at the time tax returns are filed to eliminate the issuance of questionable refunds.
Enterprise Telephone Data Warehouse	The official source for all data related to toll-free telephone system measures and indicators.
Facilitated Self-Assistance	Facilitated Self-Assistance is an initiative to provide self-help assistance kiosks at Taxpayer Assistance Centers. The kiosks can be used by taxpayers to access IRS.gov to file their tax returns, print tax forms and publications, or conduct tax research.
Filing Season	The period from January 1 through mid-April when most individual income tax returns are filed.
Fiscal Year	A 12-consecutive-month period ending on the last day of any month, except December. The Federal Government's fiscal year begins on October 1 and ends on September 30.
Free File Program	A free Federal tax preparation and electronic filing program for eligible taxpayers developed through a partnership between the IRS and the Free File Alliance, LLC. The Alliance is a group of private-sector tax software companies.



Interim Results of the 2012 Filing Season

Individual Master File	The IRS database that maintains transactions or records of individual tax accounts.
Individual Return Transaction File	Contains all edited, transcribed, and error-corrected data from the Form 1040, <i>U.S. Individual Tax Return</i> , series and related forms for the current processing year and two prior years.
Level of Service	The primary measure of service to taxpayers. It is the relative success rate of taxpayers who call for live assistance on the IRS toll-free telephone lines.
Processing Year	Calendar year in which the return or document is processed by the IRS.
Questionable Refund Program	A nationwide, multifunctional program designed to detect and stop fraudulent claims for refunds on income tax returns.
Submission Processing Site	The data processing arm of the IRS. The sites process paper and electronic submissions, correct errors, and forward data to the Computing Centers for analysis and posting to taxpayer accounts.
Tax Year	The 12-month period for which tax is calculated. For most individual taxpayers, the tax year is synonymous with the calendar year.
Taxpayer Assistance Centers	Walk-in sites where taxpayers can obtain answers to both account and tax law questions, as well as receive assistance in preparing their tax returns.
Volunteer Program	Includes the Volunteer Income Tax Assistance Program, including the Volunteer Income Tax Assistance Grant Program, and the Tax Counseling for the Elderly Program. The Volunteer Program provides free tax assistance to persons with low to moderate income (generally \$50,000 and below), the elderly, persons with disabilities, and persons with limited-English proficiency.