



Highlights of [GAO-05-67](#), a report to Chairman, Subcommittee on Oversight, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Most taxpayers have their only contact with IRS during the filing season, with tens of millions filing their returns, getting refunds, and seeking assistance by calling or visiting IRS's offices or Web site. GAO was asked to assess IRS's performance in 2004 relative to goals and prior years' performance as well as initiatives or other factors that significantly affected performance for the following areas: (1) the processing of paper and electronic returns, (2) telephone service, (3) walk-in service, and (4) Web site service.

What GAO Recommends

GAO recommends IRS (1) recognize and disclose the limitations of the performance data that will be collected at walk-in sites in 2005, and ensure that initiatives to measure the quality of services at IRS walk-in and volunteer sites are implemented timely; and (2) recognize that decisions about the prominence and staffing of the tax law Web site feature are related.

In comments, IRS agreed with the recommendations about walk-in and volunteer site initiatives. Additionally, IRS agreed with the intent of the other two recommendations, but disagreed with our assessment of the extent of the problems. However, without stronger evidence, such as statistically valid data, our concerns remain.

www.gao.gov/cgi-bin/getrpt?GAO-05-67.

To view the full product, including the scope and methodology, click on the link above. For more information, contact James R. White at (202) 512-9110 or whitej@gao.gov.

TAX ADMINISTRATION

IRS Improved Performance in the 2004 Filing Season, But Better Data on the Quality of Some Services Are Needed

What GAO Found

During the 2004 filing season, IRS met many of its performance goals and continued a trend of improvement in recent years. However, IRS did not improve in all dimensions of its filing season services and lacks sufficient data to evaluate quality in others.

IRS processed returns and issued refunds smoothly. The proportion of returns filed electronically is up to 47 percent. Despite this achievement and numerous initiatives to increase electronic filing, IRS does not expect to reach its long-term goal of having 80 percent of all individual tax returns filed electronically by 2007. A higher percentage of taxpayers was able to reach IRS assistors by telephone than last year and the accuracy rate for providing taxpayers with information about their accounts remained stable. However, the accuracy rate for answering tax law questions declined to 2001 levels. Consistent with IRS's strategy, the number of taxpayers visiting IRS walk-in sites declined, while the number having tax returns prepared at volunteer sites increased. Finally, although IRS continued to expand its Web site services, the site's feature for answering tax law questions raises some concerns.

Despite the 2004 improvements, IRS has opportunities for further service improvements. For example, IRS has limited data with which to assess the quality of key services at its walk-in sites and sites staffed by volunteers. Although IRS has initiatives under way to measure quality at both types of sites, the initiatives have been delayed and important details have not yet been determined, which may undermine IRS's efforts to improve services in this area. In the meantime, some of IRS's quality data is likely to be biased. Until IRS fully implements its initiatives and gathers data on quality, it will have difficulty monitoring and improving performance at its walk-in sites and volunteer sites.

IRS's Primary Activities During the 2004 Filing Season

Returns processing	Taxpayer assistance
Paper returns <i>67 million</i>	Toll-free telephone calls <i>84 million</i>
Electronic returns <i>61 million</i>	Walk-in contacts <i>3.5 million</i>
Refunds <i>100 million</i>	Web site downloads <i>464 million</i>

Source: GAO analysis of IRS data.

Note: Time periods covered are January 1 through September 17, 2004 for paper returns; January 16 through September 17, 2004 for electronic returns; January 1 through September 17, 2004 for refunds; January 1 through July 10, 2004 for toll-free calls; December 28, 2003 through April 24, 2004 for walk-in contacts; and January 1 through August 31, 2004 for Web site downloads.