# IRS Oversight Board

## Electronic Filing 2011 Annual Report to Congress

December 2011

# IRS Oversight Board

Electronic Filing 2011

Annual Report to Congress

December 2011

# Table of Contents

## Executive Summary

In keeping with a requirement in the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98), this report by the IRS Oversight Board provides an overview of the major trends in electronic filing (e-file) through 2011 and the Board's latest assessment of the IRS' progress toward an 80 percent e-file goal. The report highlights major developments in electronic tax administration during 2011, along with key considerations and challenges to reaching the 80 percent e-file goal and the broader vision of electronic tax administration. The Board also uses this annual report on electronic filing to comment on important recommendations put forth by the experts on the Electronic Tax Administration Advisory Committee (ETAAC).

The electronic filing of tax returns is one component of a broader range of tax-related technology applications embedded in the concept of electronic tax administration. Electronic tax administration (ETA) is the foundation for a modernized IRS that provides secure, convenient, timely and accurate services to taxpayers. The long range vision for ETA is an environment in which the vast majority of interactions among taxpayers, tax professionals, and the IRS are conducted electronically.

Recognizing the many benefits increased electronic filing would provide taxpayers and tax administration, policymakers included in RRA 98 a challenging goal that 80 percent of returns (interpreted as individual income tax returns) be filed electronically by the year 2007. While the IRS did not meet that goal, the focus created by that plainly articulated target has proven to be an effective catalyst for coordinated efforts by the IRS, the professional tax community, and Congress that have led to tremendous progress in electronic filing and achievement of the broader ETA vision. Indeed, realizing the value of the original e-file goal in RRA 98, the Board approved a revised and expanded goal in 2007 that calls for 80 percent of all major individual, business, and tax exempt returns to be electronically filed by 2012.

There have been a number of significant advancements in electronic filing and other ETA areas during 2011, such as the continued phase-in of the Form 1040 Modernized e-File (MeF) system and the introduction of the first IRS mobile phone application, "IRS2GO." A number of these developments are highlighted in this report.

2011 has also been an exceptionally good year for electronic filing, aided in part by the start of mandatory electronic filing by certain paid preparers of individual tax returns. Based on filing results for most of 2011, the total number of major individual, business, and tax exempt returns filed electronically grew about 14 percent—the strongest annual growth since 2004. As a result, the e-file rate for all major returns now stands at around 67 percent, meaning that about two out of every three tax returns are now filed electronically.

Also noteworthy for 2011 is that the e-file rate for individual tax returns is now around 78 percent, and will almost certainly surpass 80 percent next year. As a result, the IRS and industry are poised to finally achieve the symbolically important milestone originally included in RRA 98. In addition, while the Board's analysis of the overall trend in electronic filing through 2011 indicates that the IRS will not meet the revised goal of an 80 percent e-file rate for all major tax returns by 2012, it also indicates that the IRS and industry will nevertheless move steadily closer to that mark next year and likely exceed 70 percent. With the continued commitment to e-file by the IRS, its tax partners in the professional tax community, and policymakers, the Board believes that achieving the 80 percent e-file goal for all major tax returns is now just a few short years away.

The Board commends the IRS, tax professionals, taxpayers, and policymakers for their concerted actions over the years to advance electronic filing. Of course, significant challenges still remain to achieve the 80 percent e-file goal and the broader ETA vision. The IRS and industry must continue to work as partners in the years ahead for the greater good of tax administration and ultimately, taxpayers. Several of the major challenges to e-file and ETA are discussed in this report, along with recommendations from the Board, the ETAAC, and other stakeholders, such as the Government Accountability Office that could help address these challenges. One area where the Board and ETAAC are particularly in agreement is the need for the IRS and industry to devote special attention to efforts to increase electronic filing among filers of employment tax returns, such as Form 941.

The Board also emphasizes that the ultimate goal of electronic tax administration is not just to receive more information electronically, but to leverage that data in a modern and strategic fashion to improve service to taxpayers and overall compliance. One such strategic idea is the vision of a "real time" tax administration system recently articulated by Commissioner of Internal Revenue Doug Shulman. Under that vision, the IRS would use third party information reports such as Forms W-2 and 1099 to proactively screen returns for accuracy at the time of filing.

In addition, the Board further raises the issue as to what should be the new long term goal for electronic tax administration as achievement of the 80 percent e-file goal approaches. For example, should such a new goal merely reflect an increase in the target e-file percentage above 80 percent, or does it make sense for the IRS and industry to focus instead on a broader measure that targets a desired future state that better encompasses the full ETA vision? While the Board is not proposing a new goal for e-file or ETA at this time, it does believe the time has come for key stakeholders in tax administration to give that issue serious consideration.

## Strategic Importance of e-File and Electronic Tax Administration

Policymakers recognized the strategic importance of electronic filing (e-file) over a decade ago when they enacted the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998[1] (RRA 98). The law specifically states that,

> *It is the policy of Congress that… paperless filing should be the preferred and most convenient means of filing Federal tax and information returns.*[2]

Under RRA 98, policymakers set a goal that 80 percent of returns be filed electronically. The law also required the IRS Oversight Board to submit this annual report to Congress on the progress the IRS is making in achieving that goal.[3]

The strategic importance of e-file derives in part from its benefits to taxpayers. These benefits include: no need to mail paper returns; faster refunds (in as few as 10 days compared to six-to-eight weeks for most individual returns filed on paper); greater return accuracy (an error rate of just one percent compared to 20 percent for paper individual returns); confirmation that the tax return has been received (IRS acknowledges the receipt of e-file returns within 24 hours or less); and secure and confidential submission of the highly personal return information (the IRS electronic filing system for individual returns has never experienced a security breach in over two decades of operations). In fact, the IRS reported that during the 2011 filing season it safely and securely received its one billionth individual tax return since the inception of the electronic filing program in 1986.

---

[1] Public Law 105-206, 105th Congress, July 22, 1998.

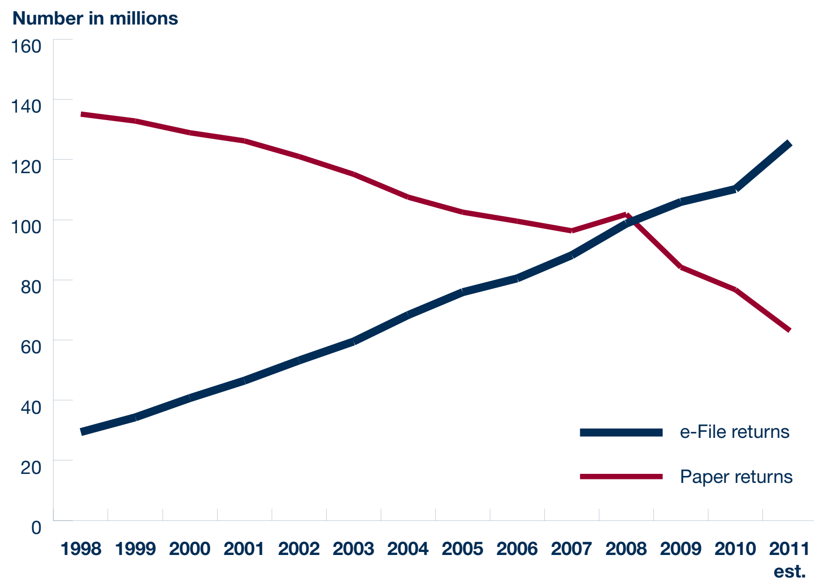
[2] *ibid*, Title II, Sec. 2001.

[3] The IRS Restructuring and Reform Act of 1998 originally set a goal of 80 percent electric filing by the year 2007. That goal was generally interpreted to apply to individual income tax returns and was an extremely challenging target given that at the time RRA 98 was enacted only 20 percent of individual income tax returns were filed electronically. Recognizing the value of having such a clearly articulated goal but also that the IRS and professional tax community were unlikely to reach that challenging target despite steady progress, the Board approved a new long term e-file goal in early 2007. That new goal recommitted the IRS to the 80 percent e-file target and expanded the challenge by broadening the types of returns covered. The new goal calls for a combined e-file rate of 80 percent for all major tax returns filed by individuals, businesses, and tax exempt organizations by the year 2012.

Electronic filing provides other significant benefits to tax administration. For example, it substantially reduces IRS submission processing costs. According to IRS congressional testimony, it costs the IRS just 17 cents to process an electronic return compared with $3.66 to process a paper return. The increased processing efficiencies from e-file over the years have also enabled the IRS to reduce the number of submission processing sites required to receive and transcribe paper tax returns from ten such facilities in 2003 to just five sites as of the end of 2011. The productivity savings from e-file, in turn, are typically reinvested into other IRS programs that provide additional service to taxpayers. Further, the lower error rate on e-file returns reduces burden on taxpayers and avoids additional processing costs for the IRS.

Electronic filing also lays the groundwork for further improvements in tax administration because it captures 100 percent of the information on returns in a digital fashion. In contrast, only a select subset of data on paper returns currently gets transcribed into an electronic format for subsequent IRS processing. Having a greater share of return data in an electronic format enables more sophisticated information analysis, which could be the basis for both reduced burden on taxpayers and improved IRS compliance efforts in the years ahead. [4]

**Figure 1. Number of Major Tax Returns: e-Filed versus Paper**



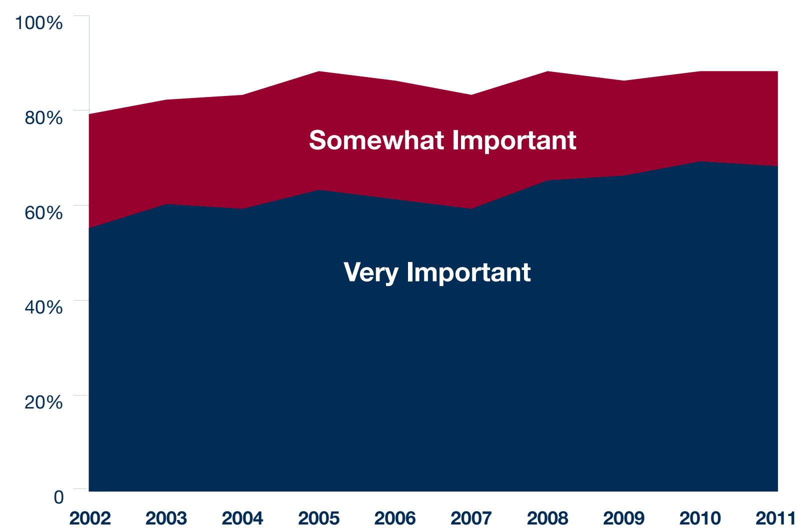

Source: IRS with IRS Oversight Board 2011 estimates
Note: Return counts for 2008 reflect impact of the one-time only returns filed to claim the economic stimulus payments.

[4] As the U.S. Government Accountability Office (GAO) has reported (GAO-12-33 and GAO-08-38), it is IRS policy to post the same limited set of data elements from electronic and paper individual returns into its enforcement databases, which means individuals filing electronically face no greater scrutiny for possible examination than do individuals who file on paper. However, the GAO has also recommended that the IRS determine the benefits in terms of improvements to service and enforcement programs that might be realized from having all line item information for all returns available electronically—a scenario that is becoming increasingly more conceivable with the continued growth in e-file, which leaves a shrinking volume of paper returns with line item entries requiring transcription into an electronic format.

Figure 1 illustrates how electronic filing has grown from a small portion of returns in 1998 to a sizable majority today. The overall trend in Figure 1 is also quite clear; filing tax returns on paper is steadily becoming a thing of the past as more taxpayers and tax professionals take advantage of the benefits of e-file.

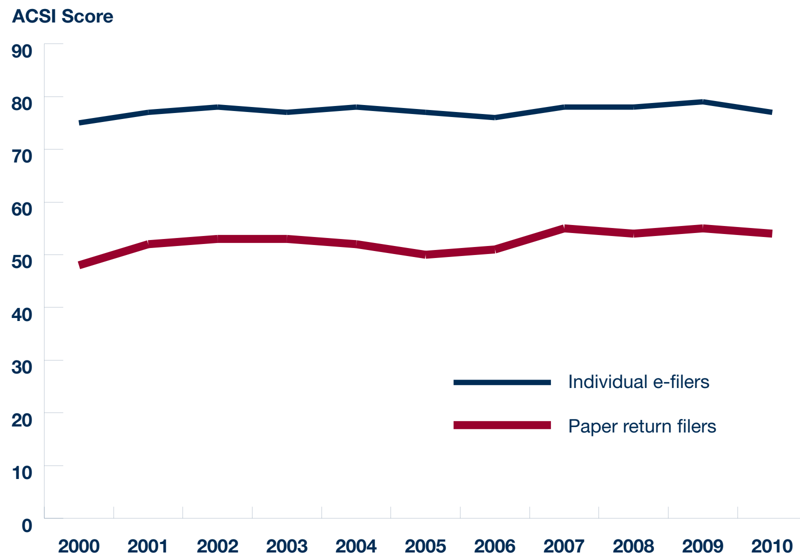
Taxpayers also recognize that e-file is important to tax administration. As shown in Figure 2, the Board's annual taxpayer attitude survey regularly reveals that nearly 70 percent of the general public believe it is "very important" that the IRS provide opportunities for electronic filing, while another 20 percent say it is "somewhat important." In addition, as shown in Figure 3, individuals who file their returns electronically consistently report a much higher satisfaction level with the filing process, than do the individuals who file their returns on paper—based on the American Customer Satisfaction Index (ACSI) score for individual return filers compiled by the University of Michigan and its associates.

**Figure 2. Percent of Public Who Says It is Important That the IRS Provides Opportunities for Electronic Filing**




Source: IRS Oversight Board Taxpayer Attitude Survey

**Figure 3. ACSI Scores: Individual e-Filers vs. Paper Return Filers**




Source: www.theacsi.org; IRS

It is also important to note, however, that electronic filing of tax returns is only one component of a broader range of tax-related technology applications embedded in the concept of electronic tax administration. Electronic tax administration (ETA) is the foundation for a modernized IRS that provides secure, convenient, timely and accurate services to taxpayers, and to the tax professionals and IRS employees who serve them. The full vision for a modern ETA environment goes beyond just e-filing and seeks to make electronic interactions among taxpayers, tax professionals, and the IRS the norm. These electronic interactions include the entire range of pre-filing, filing, and post-filing tax activities that taxpayers and their representatives may engage in with the IRS, including the ability to resolve taxpayer account issues over the Internet.

Such a comprehensive vision of ETA is in keeping with RRA 98 and with the E-Government Act of 2002, which seeks to promote the use of the Internet and other information technologies to improve government services for citizens and internal government operations. The ETA vision is further embedded in key IRS long-term planning initiatives including the *IRS Strategic Plan 2009-2013* and the agency's Business Systems Modernization (BSM) program, which is delivering such key technological foundations for ETA as the Customer Account Data Engine 2 program and the various Modernized e-File (MeF) systems for individual, business and tax exempt returns. In short, electronic tax administration is a central part of the IRS' strategic thinking and remains the means by which IRS can evolve into a truly modern organization that can deliver world-class service and save taxpayers money by working more efficiently.

# Notable Developments in Electronic Tax Administration During 2011

The IRS and its partners in the tax administration community have developed and introduced many new and useful electronic tax products and services over the years. The Board has noted a number of these major ETA advancements in its prior reports to Congress.[5] Highlighted below are some of the major developments during 2011 that impacted the electronic tax interactions of individuals and businesses, or will in the very near future.

### e-File Mandate for Preparers Filing 100 or More Returns

Congress enacted legislation in late 2009 that established an e-file mandate for those preparers who file more than ten income tax returns for individuals, estates or trusts. The law is effective beginning with returns filed in calendar year 2011 (i.e., tax year 2010) and covers Forms 1040, 1040A, 1040EZ and 1041.[6] The IRS subsequently announced that this e-file mandate would be phased in over two years. For filings during calendar year 2011, the mandate applied to those preparers who anticipated filing 100 or more returns; the full mandate will begin in January 2012 and apply to preparers expecting to submit 11 or more returns. The mandate contributed to a noticeable increase in 2011 in the number of individual "practitioner" (preparer) e-file returns and electronically filed Form 1041 estate and trust returns, which IRS systems process as business return types.

### Preparers Required to Use Newly Reconstituted Preparer Tax Identification Number

In early 2010, the IRS announced proposed new regulations for all paid tax return preparers. Among those new rules is the requirement that all paid return preparers who prepare all or substantially all of a return get a newly-reconstituted Preparer Tax Identification Number (PTIN), which then must be provided on all tax returns submitted with preparer assistance starting with filings in 2011. Over 700,000 tax return preparers registered for the new PTINs for use during the 2011 filing season.

---

[5] For example, see the IRS Oversight Board, *Electronic Filing 2007 Annual Report to Congress*, February 2008, pp. 20-21, for a summary of the major electronic tax administration products and services introduced from 1989 to 2007.
[6] Public Law 111-92, 111th Congress, *Worker, Homeownership, and Business Assistance Act of 2009*, November 6, 2009.

### IRS Cessation of Debt Indicator on e-Filed Returns

Starting with the 2011 filing season, the IRS no longer provided the debt indicator, which is used to facilitate refund anticipation loans (RALs)[7]. The debt indicator was provided by the IRS in years past as part of the official acknowledgement that it had received an electronically filed individual return. The indicator essentially advised a potential lending institution whether the tax refund of an applicant for a RAL would be offset to satisfy a government debt.

### IRS No Longer Mails Out Tax Packages

Starting with the 2011 tax season, the IRS ceased its practice of automatically mailing tax packages with paper copies of tax forms and instructions to individual and business taxpayers. Instead, taxpayers were mailed postcards encouraging them to consider e-file, but also informing them on how to obtain paper forms via the Internet, ordering them by phone, or by visiting certain local community sites such as public libraries. The decision impacted about eight percent of individual taxpayers according to the IRS.[8] These individuals were primarily self-preparers who filed a paper return the previous year and who had not used tax preparation software. The decision to discontinue the tax package mail outs likely contributed to the rather substantial increase in online filed individual returns during 2011.

### Second Phase of Form 1040 Modernized e-File (MeF)

The 2011 filing season marked the second year of IRS' three-year phase-in of its MeF application for processing individual tax returns. While the IRS has had MeF platforms in place for years to process various types of business and exempt organization tax returns, the Form 1040 MeF project reflects its initial effort in tackling individual income tax returns. The Form 1040 MeF application implemented during 2011 mirrored the capabilities initially begun during the 2010 filing season, which include the capability of handling the basic Form 1040 return and around 20 of its more common forms and schedules, along with the Form 4868 (Application for Automatic Extension of Time to File U.S. Individual Income Tax Return). However, the 2011 version also accommodated the filing of prior tax year 2009 returns, as well as the current tax year 2010 returns.

While some initial glitches and other considerations kept the Form 1040 MeF volumes quite modest in 2010, the 2011 experience has been more robust. Through late summer, over 8.4 million returns had been received through the Form 1040 MeF system in 2011, compared to only about 750,000 in 2010. The IRS expects to have the complete Form 1040 MeF system in place to handle all individual tax returns by the 2012 filing season and to retire the old legacy e-file system in October 2012. The

---

[7] Internal Revenue Service, *IRS Removes Debt Indicator for 2011 Tax Filing Season*, IRS Press Release IR-2010-89, August 5, 2010.
[8] Carole Feldman, The Christian Science Monitor, *Tax Forms Will Not Be Mailed Out This Year, Says IRS*, January 19, 2011.

MeF platforms for business, tax exempt, and individual returns are a key component of the ETA vision. The MeF applications are Internet-based systems that greatly facilitate e-file by using flexible, industry-standard technology for identifying, storing and transmitting data; and by enabling real-time processing of tax returns and the capability to accept return attachments in portable document format (PDF).

**IRS Launches New Electronic Services: IRS2Go; Order a Transcript**

In January 2011, the IRS launched its "IRS2Go" mobile phone application, allowing taxpayers to sign up for added service options built upon new media platforms. IRS2Go allows smart phone users to check on the status of their anticipated refund using a secure encrypted process. The smart phone application also allows the users to subscribe to IRS e-mail tax updates or the IRS Twitter feed. Approximately 245,000 taxpayers had signed up for this new service by March 2011.[9] The IRS also introduced a new process on its website, www.IRS.gov, in 2011 that allows taxpayers to order a transcript of their prior year individual tax return. Once ordered using the "Order a Transcript" option on IRS.gov, the transcript is sent to the address listed on the taxpayer's most recent tax return.

**IRS Pilots Free-File Kiosks at Selected Volunteer Sites**

In partnership with the Free File Alliance, the IRS began a pilot program in 2011 in which kiosks were installed in selected Volunteer Income Tax Assistance (VITA) sites that enabled low-to-moderate income taxpayers to access the Free File program. The Free File program is accessed through the IRS website and helps taxpayers find tax software companies that will help them to prepare their tax returns for free. The self-assist kiosks were available at VITA sites in 29 states.[10]

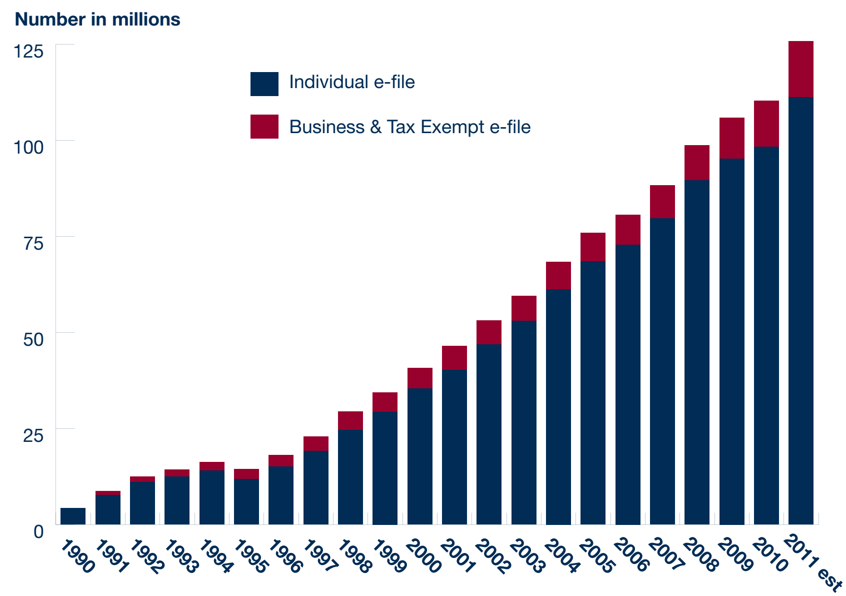
---

[9] Alice Lipowicz, Federal Computer Week, *IRS Mobile App Gains 245,000 Users in Two Months*, March 18, 2011.
[10] Mark Huffman, ConsumerAffairs.com, *IRS' Free File Service Is Now Open*, January 14, 2011.

## 2011 e-File Results and the Longer Term Trends in Electronic Filing

The latest trends in electronic filing through filing year 2011 are depicted in Figures 4 through 9. The number of e-file returns received by the IRS is presented in Figures 4 through 6, which consider both total volumes and selected segments including individual returns by preparation method (self-prepared versus paid preparer) and business/tax exempt returns by major return types. Figures 7 through 9 present the data on the percentage of returns filed electronically (i.e., e-file rates), again considered in total and by selected segments.

**Figure 4. Number of Electronically Filed Returns: Individual and Business & Tax Exempt**

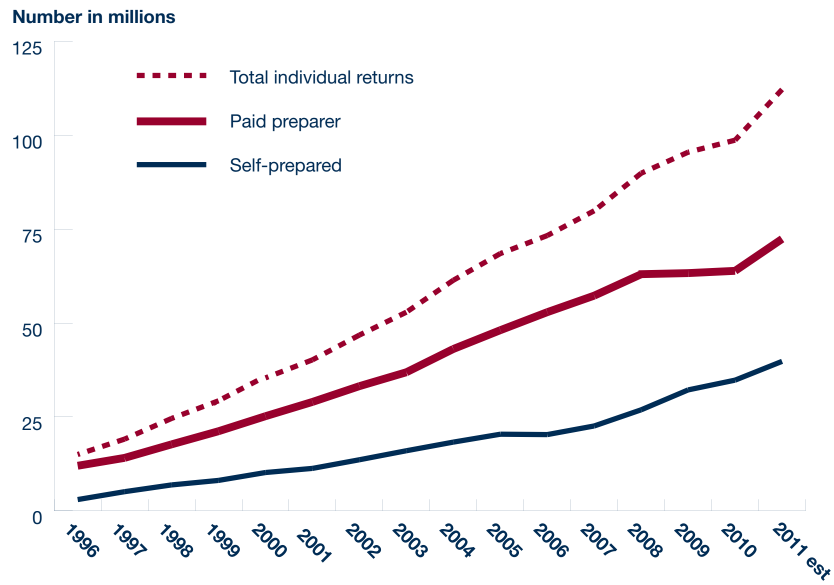



Source: IRS with IRS Oversight Board 2011 estimates

### Total e-File in 2011 Exceeds 125 Million; Reflects Strongest Annual Growth Rate in Years

Overall, the results for electronic filing in 2011 are exceptionally good, based on estimates developed from filing results through most of 2011. Both in total and for many of the major segments, annual e-file growth rates in 2011 were the strongest in years. In particular, the total number of major individual, business and tax exempt returns filed electronically grew about 14 percent in 2011 (from 110.2 million to approximately 125.7 million), the strongest such growth since 2004.[11] Similarly, the growth in individual e-file returns in 2011 was around 13 percent (from 98.3 million to over 111 million), also the strongest annual increase for that return series since 2004. Meanwhile, the volume of business and tax exempt returns filed electronically in 2011 grew even more strongly than for individual returns, increasing nearly 23 percent over 2010 (from 11.9 million to around 14.6 million), the strongest such growth rate for business and tax exempt returns in more than a decade.

**Figure 5. Number of Individual e-File Returns by Preparation Method**




Source: IRS with IRS Oversight Board 2011 estimates

### Nearly Two-Thirds of All Major Tax Returns Filed Electronically; IRS Very Near the RRA 98 e-File Goal

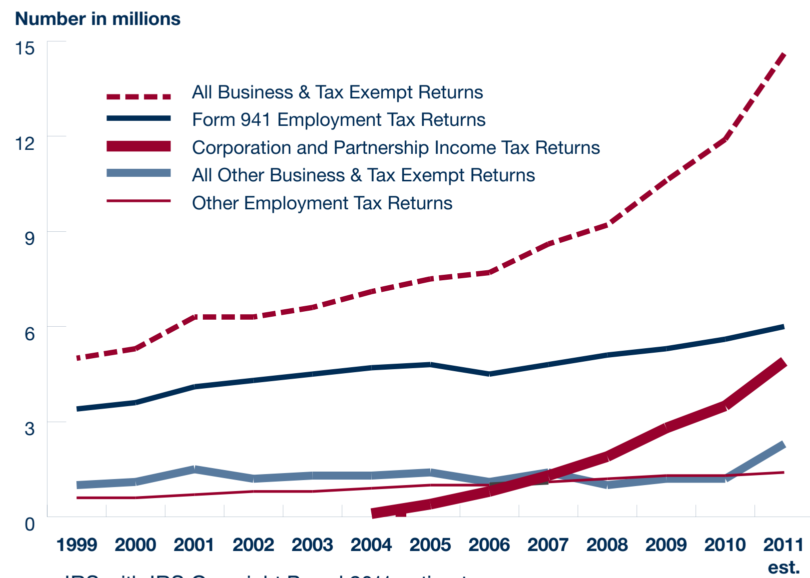
As a consequence of the excellent growth in the number of returns filed electronically, corresponding e-file rates have also improved markedly during 2011. The e-file rate for all major tax returns now stands at nearly 67 percent, up from 59 percent for 2010. The individual e-file rate for 2011 is expected to be about 78 percent, up from nearly 70 percent in 2010 and just shy of the 80 percent e-file goal originally set by RRA 98. Meanwhile, the e-file rate for business and tax exempt returns is estimated to reach approximately 32 percent, up from 26 percent in the prior year. While a formidable challenge still remains in attaining the goal of an overall 80 percent e-file rate, today, nearly two out of three major tax returns are filed electronically.

---

[11] The major tax return form types considered for purposes of the 2012 e-file goal are those in which the filers account for income, expenses and/or tax liabilities. In general, these consists of: individual income tax returns; employment tax returns; corporation income tax returns; partnership returns; trust, estate and gift tax returns; real estate mortgage investment conduits; exempt organization returns; and excise tax returns. Returns excluded from this universe include amended returns; payment vouchers; and requests for filing extensions.

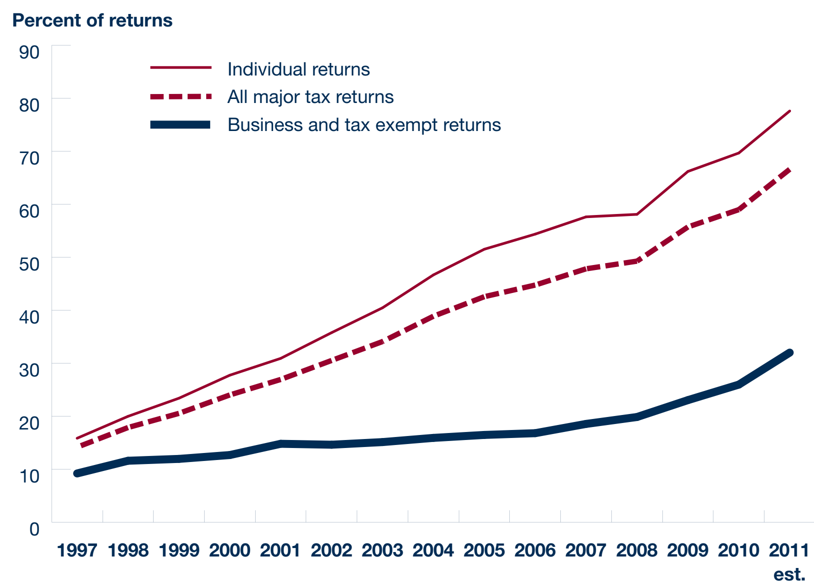
Part of the exceptional e-file success in 2011 is attributable to major initiatives such as the e-file mandate for preparers of individual returns, which boosted the volume of individual and Form 1041 e-file returns. However, substantial e-file growth in 2011 in other return series such as online-filed individual returns and partnership Form 1065 MeF returns is unrelated to the preparer mandate. In the view of the Board, the IRS, tax professionals, taxpayers, and policymakers are to be commended for their concerted actions over the years to advance electronic filing.

**Figure 6. Number of Business and Tax Exempt e-File Returns by Return Type**



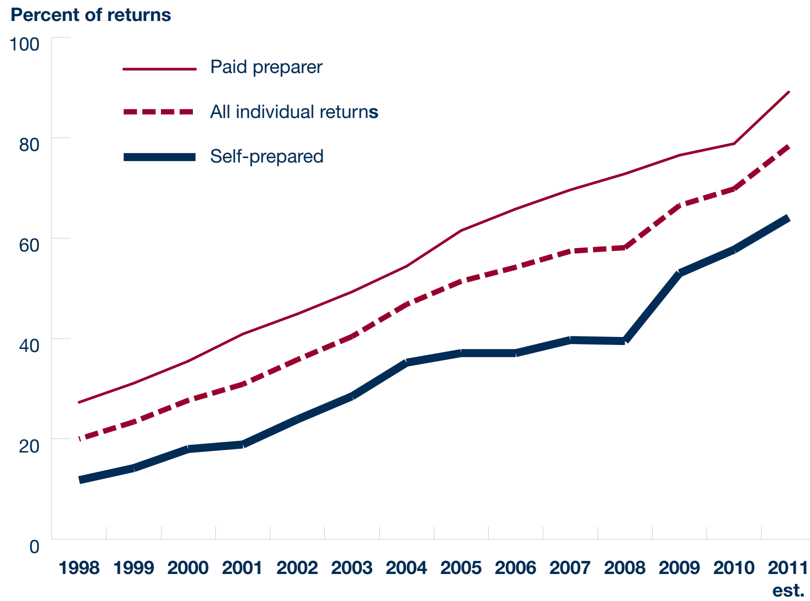

Source: IRS with IRS Oversight Board 2011 estimates

**Figure 7. Percent of Major Tax Returns Filed Electronically**



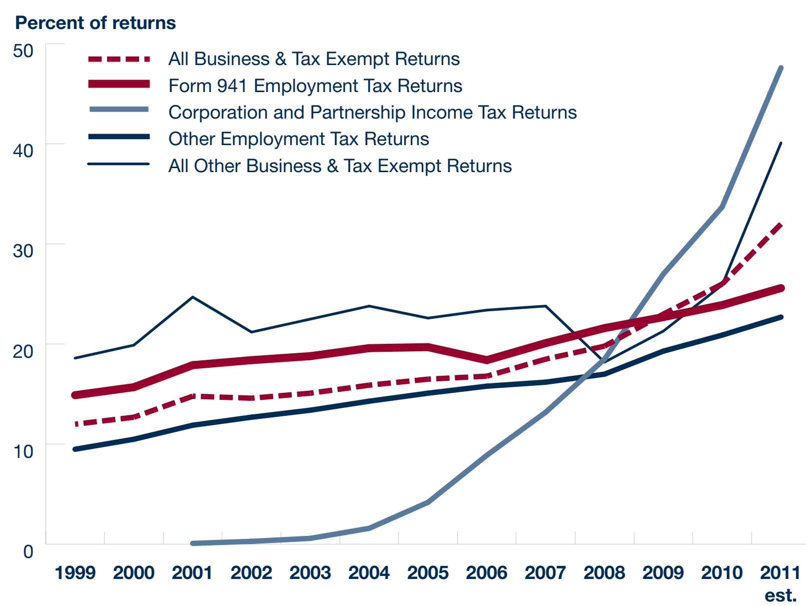

Source: IRS with IRS Oversight Board 2011 estimates

**Figure 8. Percent of Individual Returns Field Electroncially by Preparation Method**




Source: IRS with IRS Oversight Board 2011 estimates

**Figure 9. Percent of Business and Tax Exempt Returns Filed Electronically by Form Type**




Source: IRS with IRS Oversight Board 2011 estimates

### Additional Observations on the Trends in e-File

Some other key observations about the trends presented in Figures 4 through 9 include the following.

- Individual e-file makes up the vast majority of returns filed electronically (see Figure 4). This is because individual income tax returns comprise roughly three-quarters of all major tax returns filed, and because the e-file rate for individual returns is substantially higher than for business and tax exempt returns.

- The sharp increase in the number of individual e-file returns in 2011 resulted from strong growth in both electronic returns submitted by preparers and those submitted online by self-preparers—with each growing over 13 percent compared to 2010 (Figure 5).

- The strong growth in the number of business and tax exempt e-file returns in 2011 was driven particularly by the steep jump in corporation and partnership e-file, which grew from 3.5 million to around 4.9 million, and the growth in Form 1041 returns, which grew from 868,000 to 1.6 million (Figure 6). [Note: Form 1041 volumes are reflected in "All Other Business and Tax Exempt Returns" in Figure 6.]

- While the e-file rate for business and tax exempt returns has shown a steeper upward trend in the most recent years, it is still far below the e-file rate for individual income tax returns (Figure 7). As a result, the electronic filing rate for business and tax exempt returns serves to lower the combined rate for all major tax returns, which is the focus of the long term e-file goal of 80 percent by 2012.

- With the impact of the initial phase-in of the e-file mandate for individual return preparers (those filing 100 or more returns in 2011), the e-file rate for individual returns from preparers is now around 89 percent, up an impressive ten net percentage points from 2010 (Figure 8). Meanwhile, the online filing rate for individual returns from self-preparers using commercial software increased about six net percentage points in 2011 and now stands at approximately 64 percent.

- The e-file rate for business and tax exempt returns in total has risen more sharply in recent years, compared to the prior decade before 2009 (Figure 9). Driving this steeper recent growth has been the tremendous increase in the e-file rate for corporation and partnership income tax returns, which now stands at approximately 48 percent in 2011; along with the relatively strong growth in the e-file rate for Form 1041 (estate and trust) and certain Form 990 exempt organization returns (as embedded in the "All Other Business and Tax Exempt Returns" in Figure 9), which now stands at approximately 40 percent.

- In contrast to the steeper growth in recent years in the e-file rates for corporation, partnership, estate and trust, and exempt organization returns, the trend in the percentage of Forms 941 and other employment tax returns filed electronically has exhibited only a slow gradual climb over the prior decade-plus (Figure 9). Today, only around 25 percent of employment tax returns are filed electronically, a shortcoming that must be addressed in the interest of attaining the 80 percent e-file goal.

# Tracking Progress on the 80 Percent e-File Goal

### Individual e-File Rate at 78 Percent; Will Exceed 80 Percent in 2012

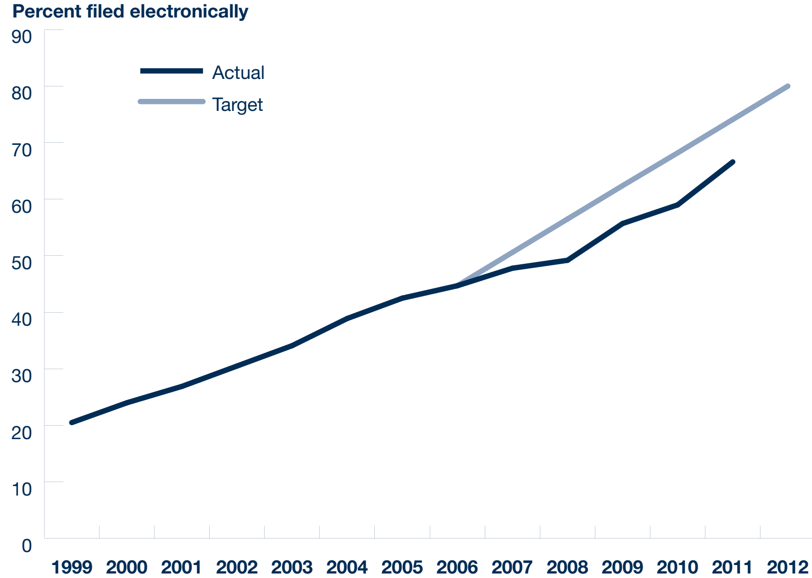
The e-file rate for individual returns has grown from 20 percent in 1998, the year RRA 98 was enacted, to around 78 percent in 2011. Next year, the percent of individual returns filed electronically will almost certainly surpass 80 percent based on the underlying historical growth trend, plus the added impact of lowering the threshold for mandatory e-file to preparers submitting more than ten individual tax returns. Surpassing 80 percent e-file for individual returns will mark a symbolically-important milestone, with the IRS and industry finally achieving the challenging goal originally put forth in RRA 98, albeit several years after 2007. Nevertheless, the Board views the current and anticipated shares of individual returns filed electronically to be a clear sign of progress, and attributes that success in large part to the challenging 80 percent e-file goal specified in RRA 98, and to the continued interest of policymakers in monitoring how well the IRS is doing in advancing toward that goal.

### Overall e-File Rate at Nearly 67 Percent; Advances Toward the 80 Percent Goal, but Will Not Reach that Level by 2012

The overall e-file rate for all major tax returns is approximately 67 percent for 2011. The Board has been tracking the progress of the IRS on electronic filing more precisely since the agency recommitted itself to the 80 percent e-file goal, based on all major tax returns, back in early 2007. The Board's trend analysis is presented in Figure 10. This figure presents the "target" linear trend line for e-file participation for the years 2007 through 2012 needed to attain a steady progression toward the 80 percent goal by 2012, contrasted with the actual filing results. The base year of 2006 was selected to measure progress as it reflects the last year of actual e-file experience prior to the Board approving the long term IRS measure recommitting the agency to the 80 percent goal.

The results in Figure 10 indicate that the actual 2011 e-file participation rate for all major returns combined is around seven net percentage points below the targeted level, i.e., a target of about 74 percent versus an actual of around 67 percent. The 2011 results reflect a narrowing of the gap between the target and actual values, compared to 2010 when it was about two points larger, and thus an improvement over last year. However, extrapolating the e-file rate for all major tax returns, based on the underlying rate of growth through 2011, along with a relatively optimistic assumption as to the impact of the preparer e-file mandate at

**Figure 10. e-File Rate for All Major Tax Returns Combined: Actual vs. Target**




Source: IRS with IRS Oversight Board Analysis

more than ten returns, still leaves a resulting overall e-file rate in the low-to-mid 70 percent range by 2012. As a result, the Board does not expect the IRS to achieve the 80 percent e-file goal for all major tax returns in 2012. However, those same extrapolations also indicate achievement of that goal not too many years thereafter. Thus, the Board also believes that achieving the 80 percent goal for all major tax returns is now just a few short years away.

## Key Considerations and Challenges to Attaining the Electronic Tax Administration Vision

### IRS Needs to Convert Approximately 24 Million Paper Returns to e-File to Reach Goal

Based on tax return filings for most of 2011, the IRS needs to convert to e-file approximately 24 million of the remaining 62 million tax returns filed on paper by individuals, businesses, and tax exempt organizations to reach the 80 percent goal. In attempting to achieve the 80 percent e-file target, the IRS, its partners in the professional tax community, and policy makers must give careful consideration as to which types of tax returns comprise the bulk of the remaining paper and their relative e-file rates. Figure 11 summarizes the major tax return groupings by form type, along with their corresponding volume of e-file returns, paper returns, and e-file rates.

### Return Categories with the Largest Paper Volumes Include Self-Prepared Individual Returns and Employment Tax Returns

As Figure 11 indicates, four major types of tax returns comprise roughly 86 percent of the remaining paper tax filings:

- individual returns filed through paid preparers (approximately 9 million);
- self-prepared individual returns (approximately 22 million);
- Form 941 employment tax returns (approximately 17 million); and
- all other employment tax returns such as Forms 940, 944 and 943 (approximately 5 million).

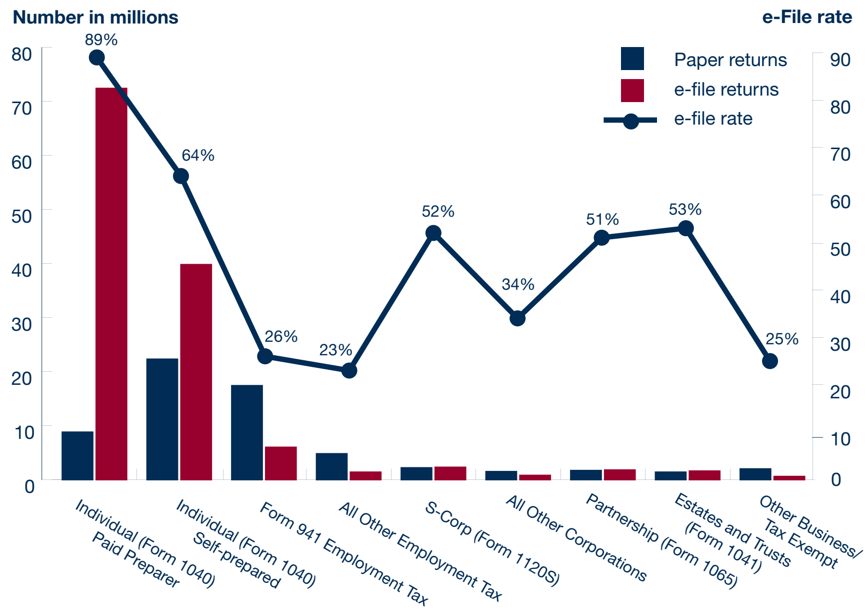
The enacted federal e-file mandate for preparers of individual returns should provide an effective strategy to convert a significant share of the paper volumes in the first category to e-file in 2012, when the mandatory threshold drops to eleven or more returns. Thus, the main challenge in reaching the 80 percent e-file goal is to identify the additional strategies that can further increase the e-file participation among those individuals who self-prepare their returns and among employers filing the employment tax returns, particularly the quarterly Form 941.

The Board's e-file report to Congress from last year[12] provided discussion on a number of ideas that could possibly help to convert more of the self-prepared individual returns and employment tax returns to e-file. Among

[12] IRS Oversight Board, *Electronic Filing 2010 Annual Report to Congress*, January 2011.

these ideas were: further concentration on "V-coded" individual returns (i.e. those returns filed on paper despite being prepared using retail tax preparation software); possibly offering a free e-file option for Form 941; and consideration of additional e-file mandates in the employment tax area. The Board continues to urge the IRS, industry, and policymakers to consider initiatives to increase electronic filing, including those offered in prior e-file reports to Congress by the Board, as well as by the Electronic Tax Administration Advisory Committee (ETAAC)[13], the Government Accountability Office (GAO) and the Treasury Inspector General for Tax Administration (TIGTA).

**Figure 11. Number of Paper vs. e-File Returns, and e-File Rates by Major Return Type - Estimated Filings in 2011**




Source: IRS Oversight Board estimates based on partial year IRS data

The importance of increasing the e-file rate among filers of employment tax returns, in relation to achieving the 80 percent e-file goal, cannot be over-emphasized. As shown in Figure 11, the total volume of employment tax returns is quite sizable and second only to the number of individual returns filed. In addition, as shown in Figure 9, while other major business and tax exempt returns, like Forms 1120, 1065, and 1041 have shown noticeable improvements in their e-file rates in more recent years, the growth in the rate of employment tax returns filed electronically remains relatively slow and modest.

---

[13] As with the IRS Oversight Board, the IRS Restructuring and Reform Act of 1998 placed a similar responsibility on the Electronic Tax Administration Advisory Committee (ETAAC) to report to Congress on IRS' progress toward the 80 percent e-file goal. The ETAAC members are chosen for their particular expertise in the electronic exchange of tax administration information and they assist the IRS in devising strategies to advance electronic filing and the broader ETA vision.

### IRS Needs to Successfully Implement the Modernized e-File Platform for Form 1040

Compared to the decades-old legacy e-file system for individual returns, the new Form 1040 MeF platform promises to provide a much more flexible application that will provide better service to taxpayers and preparers, help to induce greater e-file participation, and further the achievement of the ETA vision. It will do so by enabling the IRS to receive and process returns in an Internet format, provide real-time processing of e-file acknowledgements, and streamline error detection and explanation. The Form 1040 MeF application will also give taxpayers the capability to attach PDF documents, accommodate year-round e-filing, including prior-year returns as far back as tax year 2009, and eventually enable the electronic filing of amended individual income tax returns.

However, the IRS faces a major challenge in 2012 when it phases in the complete Form 1040 MeF system capable of processing all Form 1040 series individual tax returns and associated schedules and forms. The complexities in deploying a system that addresses all individual returns and the volume of e-file returns the system must handle are unprecedented. Indeed, key stakeholders such as TIGTA have noted concerns about whether MeF will have sufficient capacity to handle the eventual volume of returns involved.[14] Still, the IRS has successfully implemented other MeF systems in the business and exempt organization return areas and uses a proven project management approach to delivering key components of its Business Systems Modernization program. Thus, the Board remains confident that the IRS will be successful in delivering the full Form 1040 MeF system. Nevertheless, the agency must remain vigilant in monitoring the roll-out of the system in 2012 and be prepared to act quickly, and in coordinated fashion with its partners in the professional tax community and state revenue agencies, to resolve any problems that might arise.

### Customer Account Data Engine 2 Also Key to a Modern Tax Administration System

The Board is confident that an 80 percent overall e-file rate will be achieved in the near future. As a result, the Board continues to encourage the IRS, policymakers, and all other stakeholders in tax administration to expand their consideration of ideas and actions to include not only those designed to achieve the e-file goal but also to those that focus on the attainment of the more comprehensive ETA vision. That vision entails an environment where virtually all tax administration data are in electronic format, stored in modern relational databases, and available in near-real time to taxpayers, their authorized preparers, and the IRS in an appropriately tailored and secure fashion. Such an ETA environment, in turn, opens up a tremendous range of opportunities for the IRS and tax

---

[14] For example, see Treasury Inspector General for Tax Administration, *System Errors and Lower Than Expected Tax Return Volumes Affected the Implementation of the Modernized E-File System for Individual Tax Return Processing*, Report Reference Number 2010-40-111, September 8, 2010; and *Low Participation and Tax Return Volumes Continue to Hinder the Transition of Individual Income Tax Returns to the Modernized e-File System*, Report Reference Number 2011-40-131, September 29, 2011.

professionals to serve America's taxpayers in a world-class fashion and to advance voluntary compliance to unprecedented levels.

While steady progress has been made in raising the electronic filing rate and other e-file advancements since the passage of RRA 98, one area that continues to handicap the achievement of the broader ETA vision is the IRS' continued dependency on its antiquated master file systems and associated computer code. The master file systems limit more effective uses of tax administration data because they do not use modern "relational" database structures and provide only weekly account processing capabilities. However, the IRS Customer Account Data Engine 2 (CADE 2) program now promises to provide the route to daily taxpayer account processing and the ability to store and retrieve data in a relational format.

The Board strongly supports the CADE 2 program. The current IRS schedule for CADE 2 entails the initiation of daily account processing for individual taxpayer records starting in January 2012 based on major enhancements to the current Individual Master File (IMF) system and IRS operating procedures. The result will be faster refunds for tens of millions more individuals than in years past. In addition, the IRS expects to deliver an operational relational database for individual taxpayer accounts, which handles daily account updates and feeds key "downstream" (post-filing) IRS computer systems by June 2012. A relational database, in turn, provides the prerequisite foundational component upon which modern, Internet-based customer service and compliance applications can be built.

Achieving the key CADE 2 milestones in 2012 of daily account processing and an operating relational database requires the IRS to overcome a number of remaining technological and operational challenges and, thus, entails many risks, as both the GAO and TIGTA have reported.[15] Nevertheless, the Board commends the IRS for its successful CADE 2 planning and execution efforts to date, and for working with GAO and TIGTA auditors in a cooperative fashion and responding promptly to needed corrections and other refinements identified by the auditors.

It is also important to recognize that the 2012 CADE 2 milestones noted above, which the IRS has labeled "Transition State 1", are just the foundation capabilities needed to modernize the IRS. The Board encourages policymakers and the IRS to continue to devote the necessary resources and management attention to this strategically important program and to see the BSM initiative through to its complete fruition so that taxpayers may fully reap the service and compliance benefits of the full ETA vision. Key among the additional future work is:

---

[15] For example, see U.S. Government Accountability Office, *Taxpayer Account Strategy: IRS Should Finish Defining Benefits and Improve Cost Estimates*, GAO-11-168, March 2011; and Treasury Inspector General for Tax Administration, *Prototype Process Improvements Will Benefit Efforts to Modernize Taxpayer Account Administration*, Report Number: 2011-20-001, November 24, 2010.

- replacing IMF legacy computer processing code and retiring the IMF entirely (target goals outlined by IRS as part of the "Transition State 2" effort under CADE 2);
- incrementally replacing post-filing service and compliance processing applications written in outdated computer languages with new and more Internet-centric applications built on modern programming languages that leverage the relational database; and
- ultimately turning attention to replacing the Business Master File and related systems—drawing from the lessons learned from the IMF CADE 2 program.

**Need for a More Innovative Yet Secure ETA Environment**

Many modern technological applications that could greatly improve taxpayer service, enhance compliance, or further IRS operating efficiencies are Internet-based. Yet providing an innovative online ETA environment that meets the varying needs of external IRS customers and internal IRS staff is a difficult challenge because such an environment must also be dependably secure. The dangers of identity theft, unauthorized access of taxpayer information, and malicious cyber-attacks on IRS computer systems are real and pose continual threats to achieving the ETA vision. The Board expects the IRS to leverage both internal and external experts, including the guidance and recommendations of such knowledgeable stakeholders as the GAO, TIGTA and ETAAC, to ensure IRS electronic systems follow best practices when it comes to electronic security.

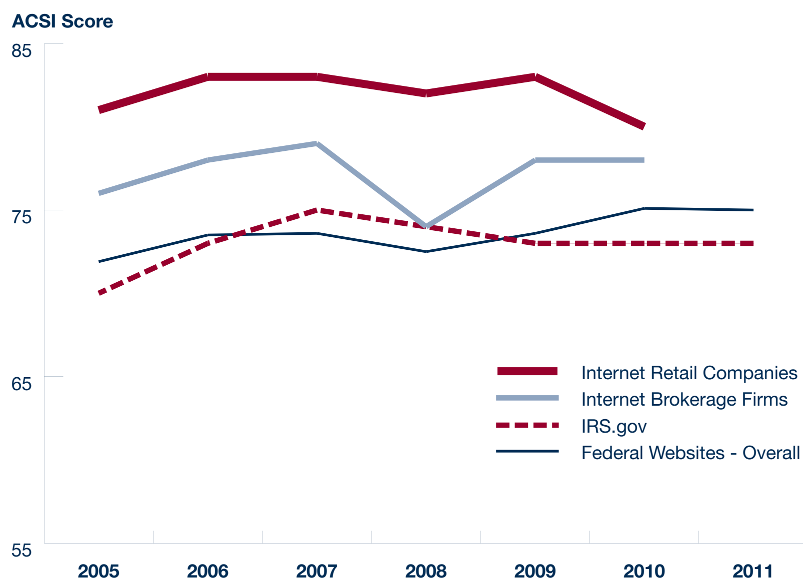
At the same time, the Board remains convinced that deploying more extensive and innovative web-based tools for taxpayers, tax professionals, and IRS employees is key to achieving a truly modern ETA system. Such tools include delivering secure applications that enable taxpayers and their authorized tax professionals to research and resolve account issues online, and to communicate and exchange information with IRS staff via e-mail. The data in Figure 12 helps to further illustrate the challenges the IRS faces in delivering improved online services that taxpayers value. This figure contrasts the ACSI scores for the IRS website with the average for all federal websites, and for two top industry leaders in "e-commerce" (i.e., internet-based brokerage firms and internet-based retail companies). As Figure 12 indicates, the IRS must improve its relative ACSI score for its website, if it wishes to consistently outperform the average rating for federal agencies and begin to approach the customer satisfaction levels of industry leaders in the private sector.

**Need for a Strategic ETA View Regarding Increased Data in Electronic Form**

While the Board encourages the IRS, its partners in industry, and policymakers to stay focused on achieving the 80 percent e-file goal, the Board also emphasizes the importance of the IRS applying the broader strategic view of electronic tax administration. A key part of thinking strategically about ETA is carefully considering how an increased volume of data in electronic form might be leveraged to improve service and tax compliance. For example, as the GAO observed in its recent report on electronic filing, greater use of tax return data in electronic format could enhance compliance revenue, expedite taxpayer contacts and case resolution, and reduce unnecessary audits.[16] Indeed, IRS employees participating in discussion groups with Board members during the 2011 IRS Nationwide Tax Forums cited examples of needless taxpayer audits that could have been prevented had specific information on tax returns been available for use at the time cases were screened for audit selection.

In a similar manner, new e-file mandates or other ETA requirements placed on employers, tax software manufacturers, and other businesses need to be considered in a more strategic fashion as to how the data will be used to improve service or compliance. Such an approach is needed to avoid the piecemeal approach of the past, which has led to a patchwork of mandates in the business returns area with often limited scope and effectiveness. Thinking strategically about data also requires thoughtful consideration of capturing more, if not all, of the information on the remaining pool of tax returns filed on paper so as to approach the full data capture occurring now on all electronically filed tax returns.

**Figure 12. Comparison of Selected e-Government and e-Commerce ACSI Scores**




Source: www.theacsi.org

[16] The U.S. Government Accountability Office, *E-Filing Tax Returns: Penalty Authority and Digitizing More Paper Return Data Could Increase Benefits*, GAO-12-33, October 2011.

The Board strongly concurs with recommendations from the GAO that the IRS determine the relative costs and benefits of digitizing more paper return data for IRS use via additional transcription and possible bar-coding technology.[17]

**What Should Be the Goal of ETA Beyond 80 Percent e-File?**

The IRS and its partners in the professional tax community continue to make progress each year in their efforts to advance e-file and move closer to the ETA vision. This is evidenced by the steady annual rise in e-file participation and by the yearly deployment of new and innovative electronic applications. Thus, while the Board is disappointed by the likely failure to achieve the 80 percent e-file goal for all major tax returns by 2012, it also believes that it should not be used as an excuse to give up on the ETA vision. On the contrary, the Board believes that the steady progress being made will eventually deliver the ETA vision inspired by RRA 98, including an 80 percent e-file rate—provided the IRS, its tax partners in the private sector, and policymakers remain committed to the vision, and are willing to provide the resources and innovation to deliver that vision.

The transformative effect of the 80 percent goal on tax administration since 1998 cannot be overstated. This transformation includes going from a filing season environment in which ten IRS processing centers were virtually drowning in nearly 100 million paper individual returns—often struggling to find enough storage space, and to hire, train, and equip enough staff to handle the deluge, to the current environment in which just three centers now process the roughly 31 million remaining individual returns filed on paper—while planning for a future of even less.[18] This transformation also includes the significant evolution from a time when only a very small segment of the data on tax returns were transcribed into machine readable form and available for mass processing purposes, to a time soon when 100 percent of the return information will be easily captured in a electronic fashion on 80-plus percent of returns.

The transformation of tax administration from a world of paper to a world of electronic transactions has also grown well beyond the filing of tax returns. Taxpayers can now perform a wide range of transactions electronically, including obtaining electronic copies of forms and publications, viewing video instructions on how to complete forms, checking on the status of a refund, and arranging for an installment agreement to pay outstanding taxes.

As the IRS and industry approach the targeted 80 percent e-file rate, a logical question arises as to what the new goal for ETA should be beyond such a milestone. For example, should any such new goal

---

[17] *Ibid.*

[18] As of the end of 2011, individual tax returns filed on paper are processed at three IRS submission processing sites, while two other IRS centers handle the business and exempt organization returns filed on paper.

merely reflect a higher numerical target percentage, or should the IRS and industry focus instead on a broader measure that would target an outcome better suited for the full ETA vision that encompasses much more than electronic filing?

While the Board is not proposing a new goal at this time, it raises the issue in the hopes that policymakers, the IRS, industry, and other key stakeholders in tax administration will begin to give that question serious consideration. The Board firmly believes that the overall success of e-file since 1998 is due in large part to the challenging 80 percent e-file goal laid out in RRA 98, which provided the IRS and industry with a clearly articulated outcome measure toward which the parties could mutually strive. However, the Board also believes that the progress in e-file is fast approaching the point where it will be critical to tax administration to articulate a new and equally influential long term goal so as to guide the ETA efforts of the IRS and industry for the decade to come.

## Comments on Key Recommendations from the Electronic Tax Administration Advisory Committee

The 2011 ETAAC report to Congress[19] and the supplemental materials prepared by the ETAAC working groups on software accuracy and data security are quite substantial, in terms of the information assembled, the analysis provided, and the recommendations offered. The expertise and advice conveyed in these report products provide very valuable information that helps to further e-file participation and advance the broader ETA vision. The Board finds merit in many of the observations and recommendations in the reports and commends ETAAC members for their thoughtful analysis and suggestions. As for particular ETAAC recommendations, the Board offers the following comments.

### IRS Should Set Appropriate Standards for the Electronic Tax Community in the Key Areas of Security and Accuracy

To bring about greater assurance as to the security and accuracy of the electronic filing program, the ETAAC recommends the IRS take a number of additional actions. Included in the recommendations focused on security are requiring implementation of designated security controls that go beyond those provided by the Federal Trade Commission Safeguard Rule, and requiring periodic self-assessments and independent third party assessments by security experts. To improve tax software and tax return accuracy, the ETAAC recommends several measures including establishing an operating mechanism between the IRS and industry that enables continuous feedback and targeted problem solving, and IRS recognition of a tax software development process that provides a reference point for "best practices."

IRS officials note that there has never been a security breach of any of the electronic filing systems since the inception of individual e-file in 1986. While the IRS and industry are to be commended for such an achievement, the Board also knows that just one security breach of an IRS e-file system in the future could prove calamitous, both to the victims whose tax return data are compromised, and to the willingness of filers to continue to use e-file options going forward. Thus, IRS and industry must remain vigilant on matters of security, constantly evolving the tools and processes needed to ensure the return data on e-file systems retain maximum protection. Consequently, many of the security suggestions offered in the latest ETAAC reporting, including those noted above, strike the Board as excellent suggestions worthy of careful consideration by the IRS.

[19] Electronic Tax Administration Advisory Committee, *Annual Report to Congress*, June 2011, Publication 3415 (Revised 6-2011).

### Congress Should Fully Fund Modernized e-File, and IRS Should Complete MeF Implementation

The ETAAC report notes that MeF, along with CADE 2 and the Account Management Services (AMS), provides the foundation for electronic tax administration. The report also notes that Form 1040 MeF is particularly instrumental to transitioning the decades-old legacy e-file application for individual returns into a stable and high performing system for the future. Accordingly, the members of ETAAC emphasize the need for policymakers and the IRS to devote the proper level of resources and management attention required to successfully complete MeF implementation. The ETAAC members further recommend a series of IRS actions designed to improve the communication and cooperation between the IRS and industry stakeholders to help ensure successful Form 1040 MeF implementation in 2012 when the system expands to encompass the entire individual return filing population. This includes a recommendation to form an IRS/industry working group to identify and implement actions to reduce the number of unnecessary e-file rejects, and a recommendation to add amended return filing to Form 1040 MeF in 2013.

The Board agrees with ETAAC about the need to provide the proper level of resources and management attention required to bring the Business Systems Modernization projects like CADE 2 and MeF to fruition. The Board has stated that IRS' archaic information technology systems reflect a serious weakness in the tax administration system, and has recommended to Congress that it give foremost priority within the IRS budget to proper funding for BSM.[20] The Board also finds merit in many of the related ETAAC recommendations, including the call for improved cooperation between IRS and industry, and the suggestion to incorporate amended individual returns (Form 1040X) into MeF in the very near future. Encouraging greater cooperation between industry and the IRS in pursuit of improved electronic tax administration was a hallmark of RRA 98, which the Board continues to strongly support.

The Board also agrees with the suggestion in the ETAAC report that IRS make delivery of an e-file option for amended individual returns a priority for future enhancements to MeF. In fact, the GAO has recently made a similar recommendation, noting that the Form 1040X is a high volume form for which the IRS needs to establish a time line for its inclusion in MeF.[21] The Board sees much value in adding Form 1040X to MeF. First, there is currently no IRS system that can accept amended individual returns electronically; thus, there are resource savings to be realized from reduced manual processing of paper amended returns. Second, having a Form 1040X option within MeF will also reduce the taxpayer burden

---

[20] IRS Oversight Board, *FY2012 IRS Budget Recommendations Special Report*, March 2011.
[21] The U.S. Government Accountability Office, *E-Filing Tax Returns: Penalty Authority and Digitizing More Paper Return Data Could Increase Benefits*, GAO-12-33, October 2011.

and inaccurate tax reporting that arises today from amended tax returns filed on paper, which sometimes sit for months unprocessed at IRS campuses.[22]

### IRS Should Focus More Attention on Increasing the Electronic Filing of Employment Tax Returns

Similar to points made earlier in this report, the ETAAC notes that employment tax returns present the IRS with both a big opportunity and challenge in attaining the 80 percent e-file goal because of the relatively large volume of employment tax returns still filed on paper and the associated low e-file rate. ETAAC recommends that the IRS work with employers and employment tax return software companies and service providers to increase awareness, remove barriers and make electronic filing the preferred filing method. To do so, ETAAC suggests that the IRS increase its education and outreach efforts; increase industry promotion of e-file; simplify the e-file application and filing process; and investigate the most cost-effective ways to increase e-file. To help develop these recommendations, the ETAAC first conducted an in-depth review of the employment tax area, including a survey of the two main communities of employment return filers: employers that rely on in-house staff and employment tax service providers.

The Board is pleased to see the significant attention that ETAAC has devoted to employment tax returns in its latest report to Congress and commends ETAAC for undertaking an in-depth analysis in the area. For several years, the Board has been drawing attention to the key role employment tax returns must play, if the IRS and industry are to reach the 80 percent e-file goal for all major tax returns. The Board generally concurs with the observations and recommendations articulated by ETAAC about employment tax returns, and urges the IRS to absorb and act upon the related analyses and insights presented in the ETAAC report.

### IRS Should Begin Engaging with Industry to Discuss the Commissioner's Vision for Accelerated Information Reporting, but Defer Consideration of a "Return Free" System

Commissioner of Internal Revenue Doug Shulman recently articulated a vision for a "real-time" tax administration system in which the IRS (and taxpayers) would make electronic use of the third party information reports (such as Forms W-2 and 1099) to screen returns at the time of filing [23]. The ETAAC recommends that the IRS begin consulting with the tax preparation industry, financial institutions, and the business community. In particular, the ETAAC recommends that this consultation focus on the vision and potential for data retrieval by the taxpayer of both current and prior tax year data, as well as matters such as the systemic and programmatic challenges facing the IRS to achieving such expedited

---

[22] Treasury Inspector General for Tax Administration, *Control Weaknesses Over Amended Returns Allowed Some Inappropriate Claims for the First-Time Homebuyer Credit to Be Allowed*, Reference Number 2011-41-057, June 24, 2011.
[23] Internal Revenue Service, *Prepared Remarks of IRS Commissioner Doug Shulman* at the National Press Club, Press Release IR-2011-38, April 6, 2011.

information reporting, and the impact of potentially new obligations on taxpayers and businesses. However, the ETAAC also advises against consideration of any "return free" proposal unless and until the U.S. tax code is radically simplified. The ETAAC report provides further elaboration on these points, including discussion of potential advantages and disadvantages of certain approaches, costs and benefits, and the need to conduct thorough data-driven analyses.

The vision of real-time tax administration in which electronic third party information reports are leveraged in a proactive fashion to improve service and compliance is clearly in keeping with the ETA vision. While it remains to be seen whether such an innovative leap forward is feasible within the existing systemic, legal, and resource constraints of both the government and business, the Board nevertheless commends Commissioner Shulman for his thought leadership on electronic tax administration and the intriguing challenge he has placed before the IRS, the tax professionals' industry, and the larger business community. The Board is also in general agreement with the recommendations and other comments offered in the ETAAC report on the matter.

## Conclusion

In the view of the Board, electronic tax administration in which the vast majority of tax-related interactions are handled electronically is the foundation for a truly modern IRS that serves taxpayers, tax professionals, and IRS employees efficiently and effectively. Having secure, comprehensive, and easy-to-use systems for the electronic filing of major tax returns is an extremely critical component of that ETA vision.

The electronic filing rate improved considerably during 2011, aided in part by the legislation mandating electronic filing by professional return preparers filing individual returns. The total volume of e-file returns in 2011 grew around 14 percent, the largest annual growth since 2004. Based on that success and the underlying upward trend in electronic filing, the IRS should achieve an 80 percent e-file rate for individual income tax returns in 2012, reaching a milestone originally articulated in RRA 98.

However, the available trend data through 2011 also indicate that the IRS will not achieve the broader strategic goal of an 80 percent e-file rate for all major tax returns by 2012. Nevertheless, the Board does expect the IRS to top the 70 percent e-file rate for all major tax returns by 2012, and to eventually cross that symbolically important 80 percent threshold a few short years thereafter, assuming the IRS, its partners in the tax administration community, and policymakers continue to pursue actions to advance electronic filing.

The Board further emphasizes that the ultimate goal of electronic tax administration is not just to receive more information electronically, but to leverage that data in a modern and strategic fashion to improve service to taxpayers and overall tax compliance.

**IRS Oversight Board**

**Contact Information**

IRS Oversight Board
1500 Pennsylvania Avenue, NW
Washington, DC 20220

www.irsoversightboard.treas.gov

Ph: 202-622-2581

Charles A. Lacijan
Staff Director