



Treasury Inspector General for Tax Administration Office of Audit

THE ONLINE PAYMENT AGREEMENT PROGRAM BENEFITS TAXPAYERS AND THE INTERNAL REVENUE SERVICE, BUT MORE COULD BE DONE TO EXPAND ITS USE

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Highlights

Highlights of Report Number: 2013-30-121 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

The Online Payment Agreement (OPA) program is an Internet application that allows individual taxpayers or their authorized tax representatives a simple and convenient way to establish payment agreements while eliminating the need for paper forms, toll-free calls, and personal interaction with the IRS. However, the OPA program has not achieved its goals for increasing revenue or reducing taxpayer burden and costs. Increased revenue and reduced costs are especially important given the current economic environment and focus on efficient Federal Government operations.

WHY TIGTA DID THE AUDIT

In July 2006, the IRS implemented the OPA web application, which is accessible through the IRS's public Internet site, IRS.gov. This audit was initiated to determine the effectiveness of the OPA program in achieving its goals of reducing taxpayer burden and IRS costs and increasing revenue. TIGTA analyzed the IRS's efforts to achieve its goals, as projected in the Baseline Business Case used to obtain approval of the program, but did not validate the IRS's projections.

WHAT TIGTA FOUND

The OPA program is providing benefits to taxpayers and the IRS. Taxpayer use of the OPA program has increased from 18,291 taxpayers in Fiscal Year 2007 to 95,979 in Fiscal Year 2012 (a 425 percent increase). In addition, the default rate of streamlined installment agreements processed with the OPA program is 44 percent lower than the overall default rate, leading to increased revenue with the OPA program.

The IRS projected that the OPA program would process 3.2 million streamlined installment agreements for Fiscal Years 2007 through 2012. However, only 308,246 taxpayers (10 percent of the goal) used the

OPA program to establish their installment agreements during this period.

The IRS did not establish a process to measure program results against the OPA program goals. IRS managers and employees associated with the OPA program were unaware of the OPA program goals. Management could do more to promote the program and identify and remove potential barriers, which could further expand the use of the program.

Because the OPA program did not meet the IRS's goals for Fiscal Years 2007 through 2012, the IRS did not reduce taxpayer burden for approximately three million taxpayers that the IRS expected would use the program. In addition, the IRS did not receive potential revenue of \$393 million from the estimated 470,575 taxpayers who may not have defaulted on their installment agreements, and projected cost savings of \$16.4 million were not realized.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS begin measuring OPA performance results against program goals, improve promotion efforts, and perform an evaluation of the OPA and installment agreement programs to identify barriers and the reasons taxpayers used the methods they did to establish their payment agreements.

In their response to the report, IRS officials agreed with the recommendations and stated that they began taking steps to implement the recommendations.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2013reports/201330121fr.pdf>.