



Treasury Inspector General for Tax Administration Office of Audit

INTERIM RESULTS OF THE 2014 FILING SEASON

Issued on March 28, 2014

Highlights

Highlights of Report Number: 2014-40-029 to the Internal Revenue Service 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 laws or filing procedures.

WHY TIGTA DID THE AUDIT

The closure of Government operations between October 1 and October 16, 2013, reduced the time the IRS had to implement tax law changes and bring tax return processing systems online. The objective of this review was to provide selected information related to the IRS's 2014 Filing Season. TIGTA plans to issue the final results of our analysis of the 2014 Filing Season in September 2014.

WHAT TIGTA FOUND

As a result of the Government closure, the IRS delayed the start of the filing season from January 21, 2014, to January 31, 2014. As of March 7, 2014, the IRS had received more than 67.1 million tax returns—more than 62.2 million (92.6 percent) were filed electronically and nearly five million (7.4 percent) were filed on paper. The IRS has issued more than 55.4 million refunds totaling more than \$164 billion.

The IRS continues to expand identity theft filters to identify fraudulent tax returns. As of February 28, 2014, the IRS reports that it identified and confirmed 28,076 fraudulent tax returns involving identity theft. In addition, the IRS identified 57,316 tax returns with \$385 million claimed in fraudulent refunds and prevented the issuance of \$336 million (87.3 percent) of the fraudulent refunds it identified. The IRS also identified 36,801 prisoner tax returns for screening.

The use of the split refund option to direct deposit a refund into multiple bank accounts continues to grow. Through March 6, 2014, a total of 585,331 individuals chose to split refunds totaling more than \$2.6 billion into

multiple accounts. However, TIGTA continues to identify that some taxpayers and return preparers misuse this option to direct a portion of a tax refund to a preparer for payment of services.

TIGTA also found that some paid tax return preparers continue to be noncompliant with Earned Income Tax Credit due diligence requirements, but the number has decreased substantially when compared to the same period last filing season.

Finally, the IRS plans to assist 5.6 million taxpayers through face-to-face contact at the Taxpayer Assistance Centers during Fiscal Year 2014, which is one million fewer taxpayers than were assisted during Fiscal Year 2013. As of March 8, 2014, approximately 46.3 million taxpayers contacted the IRS by calling one of the various toll-free Customer Account Services lines. The IRS continues to offer more self-assistance options that taxpayers can access 24 hours a day, seven days a week, including its IRS2Go app; YouTube channels; interactive self-help tools on IRS.gov; and Twitter, Tumblr, and Facebook accounts. However, the IRS did not always ensure that the self-help tools were updated with the most current tax information before the start of the filing season.

WHAT TIGTA RECOMMENDED

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

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2014reports/201440029fr.pdf>.

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