
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Interim Results of the 2016 Filing Season

March 31, 2016

Reference Number: 2016-40-034

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.

Phone Number / 202-622-6500

E-mail Address / TIGTACommunications@tigta.treas.gov

Website / <http://www.treasury.gov/tigta>



To report fraud, waste, or abuse, call our toll-free hotline at:

1-800-366-4484

By Web:

www.treasury.gov/tigta/

Or Write:

Treasury Inspector General for Tax Administration
P.O. Box 589
Ben Franklin Station
Washington, D.C. 20044-0589

Information you provide is confidential and you may remain anonymous.



HIGHLIGHTS

INTERIM RESULTS OF THE 2016 FILING SEASON

Highlights

Final Report issued on March 31, 2016

Highlights of Reference Number: 2016-40-034 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 objective of this review was to provide selected information related to the IRS's 2016 Filing Season. TIGTA plans to issue the final results of our analysis of the 2016 Filing Season in September 2016.

WHAT TIGTA FOUND

The IRS was challenged by the late passage of legislation that extended a number of expired tax provisions. To reduce the impact on the filing season, the IRS monitored the status of the legislation and took steps to implement the extension of these provisions prior to their enactment. These efforts enabled the IRS to begin accepting and processing individual tax returns on January 19, 2016, as scheduled.

As of March 4, 2016, the IRS received approximately 67 million tax returns—62.6 million (93.9 percent) were filed electronically (e-filed) and four million (6.1 percent) were filed on paper. The IRS has issued 53.5 million refunds totaling more than \$160 billion. In addition, as of February 25, 2016, the IRS processed 1.4 million tax returns that reported \$4.4 billion in Premium Tax Credits that were either received in advance or claimed at the time of filing. More than 2.7 million taxpayers reported shared responsibility

payments totaling \$1 billion for not maintaining required health insurance coverage.

The IRS continues to expand its efforts to detect tax refund fraud. As of March 5, 2016, the IRS reports that it identified 42,148 tax returns with \$227 million claimed in fraudulent refunds and prevented the issuance of \$180.6 million (79.6 percent) in fraudulent refunds. In addition, the IRS reports that expanded use of controls to identify fraudulent refund claims before they are accepted into the processing system has identified approximately 35,000 fraudulent e-filed tax returns and 741 paper tax returns as of February 29, 2016. The IRS also identified and confirmed 31,578 fraudulent tax returns involving identity theft as of February 29, 2016, and identified 20,224 prisoner tax returns for screening as of March 5, 2016.

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. In addition, as of March 5, 2016, approximately 46.1 million taxpayers contacted the IRS by calling the various Customer Account Services function's toll-free telephone assistance lines. IRS assistors have answered 7.3 million calls and provided a 72.8 percent Level of Service with a 9.6 minute Average Speed of Answer.

Finally, during Fiscal Year 2016, the IRS plans to assist 4.7 million taxpayers through face-to-face contact at the Taxpayer Assistance Centers, which is a 16 percent decrease from Fiscal Year 2015.

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 31, 2016

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Interim Results of the 2016 Filing Season
(Audit # 201640003)

This report presents selected information related to the Internal Revenue Service's (IRS) 2016 Filing Season results.¹ As part of our Fiscal Year 2016 Annual Audit Plan, we are conducting several ongoing audits that are related to specific issues in this report. This review addresses the major management challenge of Implementing the Affordable Care Act and Other Tax Law Changes. 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 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. If you have any questions, please contact me or Russell P. Martin, Assistant Inspector General for Audit (Returns Processing and Account Services).

¹ See Appendix V for a glossary of terms.



Interim Results of the 2016 Filing Season

Table of Contents

Background.....Page 1

Results of ReviewPage 4

 Processing Tax Returns.....Page 4

 Implementation of Affordable Care Act ProvisionsPage 6

 Evaluation of Key Tax Provisions Affected by
 Tax Year 2015 Tax Law ChangesPage 7

 Detecting and Preventing Tax Refund Fraud.....Page 10

 Providing Customer ServicePage 14

Appendices

 Appendix I – Detailed Objective, Scope, and MethodologyPage 19

 Appendix II – Major Contributors to This ReportPage 21

 Appendix III – Report Distribution ListPage 22

 Appendix IV – Interactive Self-Help Tools and YouTube Videos.....Page 23

 Appendix V – Glossary of TermsPage 24



Interim Results of the 2016 Filing Season

Abbreviations

ACA	Affordable Care Act
AOTC	American Opportunity Tax Credit
APTC	Advance Premium Tax Credit
CTC	Child Tax Credit
e-file(d), e-filing	Electronically File(d); Electronic Filing
EITC	Earned Income Tax Credit
HCTC	Health Coverage Tax Credit
IRS	Internal Revenue Service
ITIN	Individual Taxpayer Identification Number
PTC	Premium Tax Credit
SSN	Social Security Number
TAC	Taxpayer Assistance Center
TIGTA	Treasury Inspector General for Tax Administration



Interim Results of the 2016 Filing Season

Background

The annual tax return filing season is a critical time for the Internal Revenue Service (IRS) as this is when 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 2016, the IRS expects to receive more than 150 million individual income tax returns (approximately 19 million paper filed and 131 million filed electronically (e-filed)). The IRS plans to process individual income tax returns at five Wage and Investment Division Submission Processing sites¹ during the 2016 Filing Season. In addition, the IRS expects to provide assistance to millions of taxpayers via the telephone, website, social media, and face-to-face assistance.

One of the continuing challenges the IRS faces each year in processing tax returns is the implementation of new tax law changes as well as changes resulting from expired tax provisions. Before the filing season begins, the IRS must identify the tax law and administrative changes affecting the upcoming filing season. Once identified, the IRS must revise the various tax forms, instructions, and publications. It also must reprogram its computer systems to ensure that tax returns are accurately processed based on changes in the tax law. Errors in the IRS's tax return processing systems may delay tax refunds, affect the accuracy of taxpayer accounts, or result in incorrect taxpayer notices.

Tax law changes affecting the 2016 Filing Season

- ***The Patient Protection and Affordable Care Act (ACA)***² – Enacted March 23, 2010, its provisions provide incentives and tax breaks to individuals and small businesses to offset health care expenses. It also imposes penalties, administered through the tax code, for individuals and businesses that do not obtain health care coverage for themselves or their employees. Implementation of these provisions will continue to present numerous challenges for the IRS in the 2016 Filing Season. For example, the IRS will continue its efforts to verify claims for the Premium Tax Credit (PTC).³ Taxpayers who purchase insurance through an Exchange⁴ are required to file a tax return and attach Form 8962,

¹ See Appendix V for a glossary of terms. IRS Submission Processing sites in Fresno, California; Kansas City, Missouri; and Austin, Texas, will process paper and electronically filed tax returns. Sites in Andover, Massachusetts, and Philadelphia, Pennsylvania, will process only electronically filed tax returns.

² Pub. L. No. 111-148, 124 Stat. 119 (2010) (codified as amended in scattered sections of the U.S. Code), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029.

³ A refundable tax credit to assist individuals and families in purchasing health insurance coverage through an Affordable Insurance Exchange.

⁴ The Exchange is where taxpayers find information about health insurance options, purchase qualified health plans, and, if eligible, obtain help paying premiums and out-of-pocket costs.



Interim Results of the 2016 Filing Season

Premium Tax Credit (PTC), to claim the PTC and reconcile any Advance PTC payments (APTC)⁵ that were made to an insurer on their behalf.

In the 2016 Filing Season, the IRS must implement processes and procedures to ensure taxpayer compliance with minimum essential coverage⁶ and shared responsibility payment requirements. Taxpayers, and any individual the taxpayer could claim as a dependent for Federal income tax purposes, who did not maintain minimum essential coverage must either be exempted from the requirement or pay a penalty (referred to as the shared responsibility payment) for each month during which minimum essential coverage was not maintained.

- ***The Trade Preferences Extension Act of 2015***⁷ – Enacted June 29, 2015, it prohibits individuals claiming the foreign earned income exclusion or housing deduction from receiving the refundable Additional Child Tax Credit. In addition, this Act retroactively extended the Health Coverage Tax Credit (HCTC) for Tax Year 2014 and continued the credit through Tax Year 2019.⁸ The HCTC is a tax credit that pays a portion of qualified health insurance premiums for eligible individuals and their families. It is not part of the ACA. The new legislation also contains some important modifications that require coordination of this credit with the PTC under the ACA and other provisions of the ACA. For example:⁹

Taxpayer A received \$1,000 in APTC during Tax Year 2015. Upon enactment of the Trade Preferences Act, Taxpayer A became eligible for the HCTC and elects to claim the HCTC instead of the PTC on his Tax Year 2015 tax return. When Taxpayer A computes his HCTC, he is allowed to include the \$1,000 in APTC as health insurance premiums paid on his behalf to his insurer. However, Taxpayer A must also file Form 8962 showing that he is no longer eligible for the APTC and calculate an APTC repayment amount (i.e., \$1,000 in APTC received). This process ensures that the HCTC is computed based on Taxpayer A's total premium cost and that the APTC to which he is no longer entitled is properly reconciled and repaid.

- ***Consolidated Appropriations Act of 2016***¹⁰ – Enacted on December 18, 2015, this act provides Fiscal Year 2016 funding to Federal Government agencies and also contains the *Protecting Americans From Tax Hikes Act of 2015*, which extended numerous tax provisions that expired at the end of Tax Year 2014. Many of the provisions were permanently extended, while others were extended for either two or five years. The *Protecting Americans*

⁵ An APTC is paid in advance to a taxpayer's insurance company to help cover the cost of premiums.

⁶ Minimum essential coverage is health insurance coverage that contains essential health benefits including emergency services, maternity and newborn care, and preventive and wellness services.

⁷ Pub. L. No. 114-27.

⁸ The HCTC originally expired at the end of Calendar Year 2013.

⁹ The example provided is hypothetical.

¹⁰ Pub. L. No. 114-113 (H.R. 2029).



Interim Results of the 2016 Filing Season

From Tax Hikes Act of 2015 also contains a number of provisions referred to as program integrity provisions intended to reduce fraudulent and improper Earned Income Tax Credit (EITC),¹¹ Child Tax Credit (CTC),¹² and American Opportunity Tax Credit (AOTC)¹³ payments. While the majority of the program integrity provisions are not effective until the 2017 Filing Season, two provisions were effective upon enactment:

- Prevention of retroactive claims for the EITC, CTC, and AOTC – Effective for tax returns filed after December 18, 2015, this provision prevents individuals who did not have a valid Individual Taxpayer Identification Number (ITIN) or Social Security Number (SSN) issued on the original due date of a tax return from receiving the EITC, CTC, and AOTC by amending an originally filed tax return or filing a previously unfiled prior year tax return once a valid ITIN or SSN is obtained.
- Expansion of math error authority for invalid ITINs – Effective for ITINs issued after December 18, 2015, this provision expands the IRS’s authority to systemically deny tax claims filed by an individual whose ITIN has been revoked or deactivated or is otherwise invalid.

The interim 2016 Filing Season results are being presented as of several dates between February 18 and March 10, 2016, depending on when the data were available. Later this year, we will issue our 2016 Filing Season report. This review was performed with information obtained from the Wage and Investment Division Headquarters located in Atlanta, Georgia; the Wage and Investment Division Submission Processing function offices in Cincinnati, Ohio; and the Information Technology organization Headquarters in Lanham, Maryland. 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.

¹¹ The EITC is used to offset the impact of Social Security taxes on low-income families and to encourage them to seek employment.

¹² A tax credit for families with dependent children that is used to reduce the individual income tax burden for families, better recognize the financial responsibilities of raising dependent children, and promote family values.

¹³ A partially refundable Federal tax credit used to help parents and college students offset the costs of college.



Interim Results of the 2016 Filing Season

Results of Review

Processing Tax Returns

The IRS was challenged by the late passage of legislation that extended a number of expired tax provisions. To reduce the impact on the filing season, the IRS monitored the status of the legislation and took steps to implement the extension of those provisions prior to their enactment. These efforts enabled the IRS to begin accepting and processing individual tax returns on January 19, 2016, as scheduled. As of March 4, 2016, the IRS received approximately 67 million tax returns. Taxpayers are continuing the trend of e-filing a higher proportion of tax returns than in prior years. Figure 1 presents comparative filing season statistics as of March 4, 2016.

**Figure 1: Comparative Filing Season Statistics
(as of March 4, 2016)**

Cumulative Filing Season Data	2015 Actual	2016 Actual	% Change
Individual Income Tax Returns			
Total Returns Received (000s)	66,700	66,733	0.05%
Paper Returns Received (000s)	4,358	4,097	-5.99%
E-Filed Returns Received (000s)	62,342	62,636	0.47%
Practitioner Prepared (000s)	33,419	32,600	-2.45%
Home Computer (000s)	28,923	30,036	3.85%
Free File (000s) <i>(also in the Home Computer total)</i>	1,626	1,355	-16.67%
Fillable Forms (000s) <i>(also in the Home Computer total)</i>	137	125	-9.13%
Percentage of Returns E-Filed	93.5%	93.9%	0.42%
Refunds			
Total Number Issued (000s)	54,258	53,508	-1.38%
Total Dollars (in millions)	\$162,106	\$160,171	-1.19%
Average Dollars	\$2,988	\$2,993	0.17%
Total Number of Direct Deposits (000s)	48,699	48,309	-0.80%
Total Direct Deposit Dollars (in millions)	\$151,554	\$150,565	-0.65%

Source: Multiple 2016 Filing Season reports. Totals and percentages shown are rounded. The 2015 Filing Season figures are through March 6, 2015, and the 2016 Filing Season figures are through March 4, 2016.



Interim Results of the 2016 Filing Season

Use of the savings bond and split refund options

Through March 3, 2016, a total of 13,936 individuals requested to convert refunds totaling \$5.2 million into savings bonds. Additionally, 306,193 taxpayers chose to split tax refunds totaling \$1.4 billion between two or three different checking or savings accounts. Figure 2 shows a comparison of taxpayers' use of the split refund and savings bond options for Processing Years 2015 and 2016 as of March 3, 2016.

Figure 2: Use of Savings Bonds and Split Refunds for Processing Years 2015 and 2016

Savings Bonds	2015 Actual	2016 Actual
Total Returns	20,583	13,936
Total Refund Dollars to Bonds (in thousands)	\$7,426	\$5,283
Split Refunds		
Total Returns	389,785	306,193
Total Refund Dollars Split (in thousands)	\$1,924,000	\$1,462,227

Source: Treasury Inspector General for Tax Administration (TIGTA) analysis of the IRS Individual Return Transaction File as of March 5, 2015, and March 3, 2016. Totals are rounded.

In our 2013 and 2014 Filing Season reports,¹⁴ we reported concerns with the tax return preparers' potential misuse of Form 8888, *Allocation of Refund (Including Savings Bond Purchases)*. In response to concerns we raised during the 2014 Filing Season, the IRS stated that as part of its efforts to combat identity theft, it implemented a systemic restriction to limit the number of deposits (three) to a single bank account beginning with the 2015 Filing Season. Subsequent refunds are converted to a paper check and mailed to the taxpayer's last known address.¹⁵ IRS management expected this change would also reduce the number of preparers who inappropriately used Form 8888 to divert their clients' refunds into an account controlled by the preparer.

In August 2015, we reported that processes to limit the number of direct deposits to a single bank account did not prevent return preparers' misuse of Form 8888. Our analysis of 37,043 direct deposits to the 3,400 bank accounts associated with tax return preparers that had already received three direct deposits found that the IRS did not convert to paper checks 9,166 deposits

¹⁴ TIGTA, Ref. No. 2013-40-124, *Late Legislation Delayed the Filing of Tax Returns and Issuance of Refunds for the 2013 Filing Season* (Sept. 2013), and TIGTA, Ref. No. 2014-40-077, *Key Tax Provisions Were Implemented Correctly for the 2014 Filing Season* (Sept. 2014).

¹⁵ A taxpayer's last known address is the address on the most recently filed and properly processed tax return unless the taxpayer has clearly and concisely notified the IRS of a change of address.



Interim Results of the 2016 Filing Season

(25 percent) totaling \$2.3 million. IRS management stated that computer programming errors resulted in the IRS not properly identifying all direct deposit accounts with multiple deposit requests. According to IRS management, the IRS has corrected two of the three issues and plans to implement computer programming changes to correct the third issue in Calendar Year 2016.

We are continuing to evaluate the actions taken by the IRS to correct programming errors that resulted in the issuance of multiple direct deposit refunds to tax return preparer bank accounts. We will provide the final results of our assessment in our 2016 Filing Season report that will be issued later this year.

Implementation of Affordable Care Act Provisions

As of February 25, 2016, the IRS processed 1.4 million tax returns that reported \$4 billion in PTCs that were either received in advance or claimed at the time of filing. Figure 3 below provides the results from our analysis of tax returns filed and processed as of February 25, 2016.

**Figure 3: Premium Tax Credit Statistics
(as of February 25, 2016)¹⁶**

Total Tax Returns With a PTC	1,412,454
Total PTC Amount (includes APTC and PTC)	\$4.4 billion
<i>Total APTC Amount</i>	\$4.2 billion
<i>Total PTC Claimed at Filing in Excess of APTC</i>	\$224.5 million
Tax Returns on Which the PTC Equals the APTC Received	
Tax Returns	132,570
Total PTC Amount	\$200.7 million
Tax Returns With an Additional PTC Amount (taxpayer is entitled to more PTC than what was received in APTC)	
Total Tax Returns	525,760
Total PTC Amount (includes APTC and PTC)	\$1.9 billion
<i>Total APTC Amount</i>	\$1.6 billion
<i>Total PTC Claimed at Filing in Excess of the APTC</i>	\$224.5 million

¹⁶ Our analysis excludes 194 tax returns that we identified on which the taxpayer claimed excessive APTC amounts. These returns claimed more than \$7,921,503,674 in APTC. We are continuing to determine the reasonableness of these APTC claims.



Interim Results of the 2016 Filing Season

Tax Returns With Excess APTC Payments

(taxpayer receives more APTC than PTC entitled and has to repay)

Total Tax Returns	754,124
Total PTC Amount	\$1.8 billion
Total APTC Amount	\$2.3 billion
Total APTC Reported in Excess of the PTC	\$565 million
<i>Total APTC Above the Repayment Limit (not repaid)</i>	\$148.2 million
<i>Total APTC Below the Repayment Limit (repaid)</i>	\$416.8 million

Source: TIGTA analysis of individual tax returns processed as of February 25, 2016.

Minimum essential coverage and shared responsibility payment requirements

As of March 3, 2016, the IRS received approximately 47 million tax returns reporting that all members of the taxpayer's family maintained minimum essential coverage as required by the ACA. Additionally, nearly six million taxpayers filed a return with a Form 8965, *Health Coverage Exemptions*, attached indicating that at least one taxpayer on the tax return is exempt from the minimum essential coverage requirement. Also, more than 2.7 million taxpayers self-reported shared responsibility payments totaling \$1 billion for not maintaining required coverage. We plan to conduct a separate review later this fiscal year to evaluate the IRS's verification of minimum essential coverage, exemption claims, and shared responsibility payments.

Evaluation of Key Tax Provisions Affected by Tax Year 2015 Tax Law Changes

For the two program integrity provisions effective for the 2016 Filing Season, we identified that the IRS is working to develop procedures to enforce the new provisions. Although the IRS already had limited processes in place to systemically deny claims associated with invalid ITINs (e.g., those that did not match the IRS database of issued ITINs), the IRS needs to develop processes to ensure that it is identifying and disallowing tax credit claims of individuals with a revoked or otherwise deactivated ITIN.¹⁷ Additionally, the IRS is developing procedures to prevent retroactive claims for the EITC, CTC, and AOTC by individuals who did not have a valid ITIN or SSN prior to the original return filing due date. Figure 4 shows the number of prior year tax returns filed as of February 18, 2016, that contain an EITC, CTC, or AOTC claim.

¹⁷ Deactivation of ITINs will not begin until January 2017.



Interim Results of the 2016 Filing Season

Figure 4: Prior Year Tax Returns Containing an EITC, CTC, or AOTC Claim (as of February 18, 2016)¹⁸

	Tax Year 2012	Tax Year 2013	Tax Year 2014	Total
Earned Income Tax Credit				
Number of Tax Returns	7,349	22,834	77,867	108,050
EITC Received	\$9,716,290	\$31,790,542	\$122,993,290	\$164,500,122
Nonrefundable Child Tax Credit				
Number of Tax Returns	5,878	17,616	64,643	88,137
CTC Received	\$6,919,657	\$21,098,424	\$78,996,440	\$107,014,521
Refundable Additional Child Tax Credit				
Number of Tax Returns	4,551	14,009	50,154	68,714
ACTC Received	\$6,242,289	\$19,069,063	\$69,021,590	\$94,332,942
American Opportunity Tax Credit				
Number of Tax Returns	1,586	4,791	20,349	26,726
AOTC Received	\$2,558,111	\$7,576,912	\$34,594,095	\$44,729,118

Source: TIGTA analysis of individual tax returns processed as of February 18, 2016.

Note: ACTC = Additional Child Tax Credit.

We plan to conduct a separate review of the IRS’s efforts to prevent retroactive EITC, CTC, and AOTC claims. We anticipate issuing our report later this calendar year.

In addition, we are continuing to assess the accuracy of the IRS’s processing of individual tax returns affected by key tax provisions listed below. Our assessment includes an accuracy review of tax publications, forms, and information found on the IRS website. We will provide the final results of our assessment in our 2016 Filing Season report that will be issued later this year.

Where applicable, we are including information regarding concerns we have raised to management to date.

- Health Coverage Tax Credit** – The HCTC repays eligible taxpayers 72.5 percent of their qualified health insurance premiums. The HCTC is not part of the ACA, and taxpayers cannot claim both the HCTC and PTC for any single month. IRS management indicated that all HCTC claims are being identified and held for additional review before being processed. On February 2, 2016, we raised concerns regarding the IRS’s processing of

¹⁸ The total number of prior year tax returns received does not equal the total taxpayers claiming a credit because a taxpayer can claim more than one credit on a tax return.



Interim Results of the 2016 Filing Season

HCTC claims for which taxpayers have not yet provided required documentation to support their claim. We are continuing to evaluate the processing of HCTC claims. As of March 10, 2016, the IRS has accepted 13,015 e-filed tax returns claiming HCTC.

- ***Tuition and Fees Deduction*** – Individuals can take a deduction for tuition and other qualified educational expenses. For Tax Year 2015, the deduction is limited to \$4,000 if the taxpayer's modified adjusted gross income is \$65,000 or less (\$130,000 if married filing jointly) or \$2,000 if it is greater than \$65,000 (\$130,000) but not above \$80,000 (\$160,000). The deduction cannot be claimed if the modified adjusted gross income is above \$80,000 (\$160,000).
- ***State and Local General Sales Taxes Deduction*** – Individuals taking itemized deductions can choose to deduct State and local income or sales taxes as part of their itemized deductions. This is particularly helpful to taxpayers living in States such as Florida or Texas that have no State income tax.
- ***Mortgage Insurance Premium Deduction*** – Individuals can take an itemized deduction for qualified mortgage insurance premiums in connection with home loans for a first or second home. The deduction is limited if a person's adjusted gross income exceeds \$100,000 (\$50,000 if married filing separately). The deduction cannot be claimed if the adjusted gross income exceeds \$109,000 (\$54,500 if married filing separately).
- ***Exclusion From Gross Income – Discharge of Indebtedness on Principal Residence*** – Individuals can exclude canceled debt from income if it is qualified principal residence indebtedness. Qualified principal residence indebtedness is any mortgage taken out to buy, build, or substantially improve the individual's main home. The maximum exclusion is \$2 million (\$1 million if married filing separately).
- ***Tax-Free Distributions From Individual Retirement Plans for Charitable Purposes*** – Individuals age 70½ or older can make tax-free distributions up to \$100,000 per year from individual retirement arrangements to an eligible charity. To qualify, the funds must be transferred directly by an individual retirement arrangement trustee to the eligible charity.
- ***Increased Expensing for Section 179 Property in Lieu of Depreciation*** – Individuals can continue to elect to expense Section 179 property up to a maximum of \$500,000. However, this limit must be reduced by the cost of Section 179 property placed in service during the tax year that exceeds \$2 million.

Accuracy of IRS tax forms, schedules, publications, and information on IRS.gov

Each year the IRS must update its tax forms, schedules, and publications as well as information on IRS.gov to accurately reflect tax changes. These changes include: inflationary adjustments, income limit phase-ins or phase-outs, and legislative changes. We are reviewing whether the IRS has made the necessary revisions to its computer programs. Overall, our review of the



Interim Results of the 2016 Filing Season

forms, instructions, and publications related to the above key tax provisions found that most have been accurately updated. However, our review identified several instances in which information relating to these provisions was not always accurate or updated. For example:

- On January 14, 2016, we informed the IRS that our review of the *EITC Tax Preparer Toolkit* on IRS.gov identified a number of pages that had not been updated to reflect the increased EITC due diligence penalty amount of \$505. In addition, we found that the e-file acknowledgement alert issued to preparers who fail to submit Form 8867, *Paid Preparer's Earned Income Credit Checklist*, contains the wrong penalty amount. According to IRS management, the *EITC Tax Preparer Toolkit* on IRS.gov was updated to reflect the proper penalty amount, and a message was added to the toolkit informing tax preparers of the error in the penalty amount in the acknowledgement alerts.
- On January 25, 2016, we notified the IRS that a link in the EITC pages on IRS.gov redirects the user to outdated tax information. The IRS responded that it created a fix to direct users to the correct pages for tax updates.
- On February 11, 2016, we notified the IRS that Publication 17, *Your Federal Income Tax*, and Publication 225, *Farmer's Tax Guide*, were not updated for the tax law changes. Both publications state that, at the time of printing, certain tax benefits had expired and a link is provided in each of those publications to a page on the IRS.gov website to find out if legislation had been enacted to extend those tax benefits. However, the information linked to for both publications had not been updated. The link for Publication 17 went to a page that had no information listed under "Recent Developments" and the link for Publication 225 only provided details about prior legislation passed in December 2014. The IRS responded that on February 18, 2016, *Recent Development Articles* were posted to the product pages for Publications 17 and 225 to reflect the tax law changes.
- On February 11, 2016, we notified the IRS that Publication 334, *Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)*, and Publication 946, *How to Depreciate Property*, were not available for Tax Year 2015. Both publications discuss the expense limitations for Section 179 property and should have been available to assist taxpayers in completing their tax returns. The IRS responded that Publication 334 was posted to IRS.gov on February 12, 2016, and that Publication 946 was released to print on February 18, 2016.

Detecting and Preventing Tax Refund Fraud

As of March 5, 2016, the IRS reported that it identified 42,148 tax returns with \$227 million claimed in fraudulent refunds and prevented the issuance of \$180.6 million (79.6 percent) of those refunds. Figure 5 shows the number of fraudulent tax returns identified by the IRS for Processing Years 2013 through 2015 as well as the refund amounts that were claimed and stopped.



Interim Results of the 2016 Filing Season

Figure 5: Fraudulent Returns and Refunds Identified and Stopped in Processing Years 2013 Through 2015

Processing Year	Number of Fraudulent Refund Returns Identified	Number of Fraudulent Refund Returns Stopped	Amount of Fraudulent Refunds Identified	Amount of Fraudulent Refunds Stopped
2013	2,556,935	2,360,180	\$16,456,632,993	\$15,690,434,978
2014	2,180,613	2,066,394	\$15,724,424,102	\$15,209,859,119
2015	1,811,354	1,646,155	\$12,369,252,837	\$11,439,842,002

Source: IRS fraudulent tax return statistics for Processing Years 2013 through 2015.

The decrease in the number of fraudulent tax refunds the IRS detects and stops continues to be attributable to expanded IRS processes to prevent fraudulent tax returns from entering the tax processing system (*i.e.*, rejecting e-file tax returns and preventing paper tax returns from posting). For example, as of February 29, 2016, the IRS had locked approximately 30.4 million taxpayer accounts of deceased individuals. The locking of a tax account results in the rejection of an e-filed tax return and prevention of a paper tax return from posting to the Master File if the SSN associated with a locked tax account is used to file a tax return. According to the IRS, as of February 29, 2016, it has rejected approximately 35,000 fraudulent e-filed tax returns and stopped 741 paper tax returns from posting to the Master File.

In addition, in response to concerns raised by TIGTA regarding multiple refunds going to the same address or bank account, the IRS developed and implemented a clustering filter tool during the 2013 Filing Season. The clustering filter tool groups tax returns based on characteristics that include the address, ZIP code, and bank routing numbers. For the tax returns identified, the IRS applies a set of business rules in an attempt to ensure that legitimate taxpayers are not included. Tax returns identified are held from processing until the IRS can verify the taxpayer's identity. As of March 3, 2016, the IRS reports that, using this tool, it identified 328,908 tax returns and prevented the issuance of approximately \$1.4 billion in fraudulent tax refunds.

Detection of tax returns involving identity theft

The IRS continues to make improvements to its process to detect identity theft. For example, for the 2016 Filing Season, the IRS is using 183 identity theft filters to identify potentially fraudulent tax returns and prevent the issuance of fraudulent tax refunds. The identity theft filters incorporate criteria based on characteristics of confirmed identity theft tax returns, including amounts claimed for income and withholding, filing requirements, prisoner status, taxpayer age, and filing history.



Interim Results of the 2016 Filing Season

Tax returns identified by these filters are held during processing until the IRS can verify the taxpayer's identity. The IRS attempts to contact the individual who filed the tax return and, if the individual's identity cannot be confirmed, the IRS removes the tax return from processing. This prevents the issuance of many fraudulent tax refunds. As of February 29, 2016, the IRS reported that it had identified and confirmed 31,578 fraudulent tax returns and prevented the issuance of \$193.8 million in fraudulent tax refunds as a result of the identity theft filters. Figure 6 shows the number of identity theft tax returns the IRS identified and confirmed as fraudulent in Processing Years 2014 through 2016.

Figure 6: Identity Theft Tax Returns Confirmed As Fraudulent in Processing Years 2014 Through 2016 (as of February 29, 2016)

Processing Year	Number of Identity Theft Returns
2014	28,076
2015	16,523
2016	31,578

Source: IRS fraudulent tax return statistics for Processing Years 2014 through 2016 as of February 29, 2016.

In an effort to further reduce the issuance of fraudulent tax refunds, the IRS began limiting to three the number of direct deposit refunds that can be sent to one bank account. The IRS will convert to a paper refund check the fourth and subsequent direct deposit refund requests and will mail the check to the taxpayer's address of record.

Screening of prisoner tax returns

As of March 5, 2016, the IRS reports that it identified for screening 20,224 potentially fraudulent tax returns filed by prisoners.¹⁹ Figure 7 shows the number of prisoner tax returns identified for screening in Processing Years 2014 through 2016.

¹⁹ Tax returns filed using a prisoner's name and SSN.



Interim Results of the 2016 Filing Season

Figure 7: Prisoner Tax Returns Identified for Screening in Processing Years 2014 Through 2016 (as of March 5, 2016)

Processing Year	Number of Prisoner Tax Returns Identified for Screening
2014	36,801
2015	26,797
2016	20,224

Source: IRS fraudulent tax return statistics for Processing Years 2014 through 2016 as of March 5, 2016.

To combat the continuing problem of refund fraud associated with tax returns filed using prisoner SSNs, the IRS compiles a list of prisoners (the Prisoner File) received from the Federal Bureau of Prisons and State Departments of Corrections. Various IRS offices and functions use the Prisoner File in an effort to prevent and detect fraud. The Prisoner File is the cornerstone of the IRS's efforts to prevent the issuance of fraudulent refunds to individuals filing false tax returns using a prisoner SSN.

The Electronic Fraud Detection System is the primary system used by the IRS to identify tax returns filed using prisoner SSNs. The Electronic Fraud Detection System consists of a series of filters the IRS has designed to evaluate tax returns for potential fraud. Tax returns are processed through the system, where the primary and secondary SSNs listed on the tax return are matched to the Prisoner File to determine if the tax return is filed using a prisoner SSN. If the SSN on the tax return matches the SSN of a prisoner on the Prisoner File and it is a claim for a refund, a prisoner indicator is assigned to the tax return. Tax returns with a prisoner indicator that meet specific criteria are evaluated to determine if the tax return is fraudulent. This evaluation includes screening and verifying the wage and withholding information reported on the tax return.

The American Taxpayer Relief Act of 2012,²⁰ enacted in January 2013, expanded the Secretary of the Treasury's authority to share false prisoner tax return information with Federal and State prisons and gave the IRS permanent authority to share such information. This authority was granted because Congress believes the ability of the IRS to share information with prison officials will enable them to take action to punish prisoners for perpetrating fraud and will help stop the abuse of the tax system. In September 2014, we reported that as of June 2014, the IRS had not completed needed agreements to begin sharing information related to false prisoner tax

²⁰ Pub. L. No. 112-240, 126 Stat. 2313.



Interim Results of the 2016 Filing Season

return information with Federal and State prison officials. As of February 25, 2016, the IRS has completed memorandums of understanding with eight²¹ State Departments of Corrections.²² Fourteen²³ State Departments of Corrections have elected not to participate in this program. IRS management stated that Department of Corrections officials from nonparticipating States cited various reasons for not participating in the program. These included resource constraints and the fact that there was no specific benefit for the State to investigate prisoners. We are conducting a separate review of the IRS's efforts to address prisoner fraud. We plan to issue our report later this calendar year.

Providing Customer Service

Taxpayers have several options to choose from when they need assistance from the IRS, including assistance through the toll-free telephone lines, face-to-face assistance at the Taxpayer Assistance Centers (TAC) or Volunteer Program sites, and self-assistance through IRS.gov and various other social media channels (e.g., Twitter, Facebook, and YouTube). The IRS continues to depend even more on technology-based services and external partners. The IRS is directing taxpayers to the most cost-effective IRS or partner channel available to provide the needed service. The IRS notes that this approach allows it to focus limited toll-free and walk-in resources on customer issues that can be best resolved with person-to-person interaction. By using this approach, the IRS believes that it is able to improve its service to taxpayers by addressing and resolving more complex matters such as assistance to identity theft victims and people with tax account issues. For example, in an effort to continue to redirect taxpayers to online services, the IRS has expanded its online tools available on IRS.gov:

- **Interactive Tax Assistant** – is a tax law resource that takes taxpayers through a series of questions and provides them with responses to basic tax law questions. The IRS reports that from January 1 through February 29, 2016, a total of 663,276 requests had been completed. This is a 0.4 percent increase over the 660,430 requests that were completed during the same time period last filing season.
- **Where's My Refund** – allows taxpayers to check the status of their refunds using the most up-to-date information available to the IRS. The IRS reports that as of March 5, 2016, there have been 209.2 million uses of the tool. This is a 33.2 percent increase over the same time last filing season.
- **Am I Eligible for a Coverage Exemption or Required to Make a Shared Responsibility Payment** – this interactive tool helps taxpayers determine if they are eligible for an exemption from the minimum essential coverage requirement or if they must make a

²¹ Arizona, Colorado, Illinois, Mississippi, North Dakota, South Carolina, Vermont, and Wyoming.

²² Two States have subsequently indicated they are no longer interested (South Carolina and Illinois).

²³ Arkansas, Connecticut, Florida, Hawaii, Idaho, Iowa, Kansas, Massachusetts, Michigan, Missouri, Montana, New Hampshire, Oregon, and Rhode Island.



Interim Results of the 2016 Filing Season

shared responsibility payment. According to the IRS, 36,966 taxpayers have used this tool as of February 29, 2016. This is an increase of more than 150 percent over the 14,756 uses for the same period last filing season.

- **Individual Shared Responsibility Provision Payment Estimator** – this tool allows taxpayers to estimate the amount they may have to pay if they did not maintain minimum essential coverage during the year. From January 1 through February 29, 2016, there have been 15,436 taxpayers who have used this tool.²⁴

The Consolidated Appropriations Act of 2016 provided the IRS with an additional \$290 million specifically for improving customer service, preventing identity theft and refund fraud, and improving cyber security operations. According to the IRS, approximately \$178.4 million of the \$290 million has been allocated to increase the toll-free Level of Service. The IRS is projecting a 65 percent Level of Service for the 2016 Filing Season and a 47 percent Level of Service for Calendar Year 2016. The \$178.4 million will also be used to reduce the wait time and improve performance of the Taxpayer Protection Program Line (also referred to as the Identity Theft Toll-Free Line).

We are conducting a separate review of the IRS's implementation of the additional appropriation and plan to issue our report later this calendar year.

Self-assistance through IRS.gov and social media channels

The IRS continues to offer self-assistance options that taxpayers can access 24 hours a day, seven days a week. For example, the IRS offers IRS2Go, which is a mobile application that lets taxpayers interact with the IRS using their mobile device to access information and a limited



number of IRS tools. In addition, the IRS uses various forms of social media including YouTube, Twitter, Tumblr, and Facebook. As of March 4, 2016, the IRS reports approximately two million new downloads and updates of its IRS2Go mobile application, for a total of 8.9 million since its inception. As of

March 7, 2016, there have been 628,644 new views of IRS YouTube videos and a 2.8 percent increase in Twitter followers, for a total of 120,654 total followers.

The most notable self-assistance option is the IRS's public Internet site, IRS.gov. The IRS has been actively steering taxpayers to its website as the best source for answers to their tax questions. The IRS reports 217 million visits to IRS.gov this filing season as of March 5, 2016.

²⁴ The Individual Shared Responsibility Payment Estimator did not come online until March 2015, so there are no prior year statistics for comparison.



Interim Results of the 2016 Filing Season

Toll-free telephone assistance

As of March 5, 2016, approximately 46.1 million taxpayers contacted the IRS by calling the various customer service toll-free telephone assistance lines seeking help to understand the tax law and meet their tax obligations.²⁵ IRS assistors have answered 7.3 million calls and have provided a 72.8 percent Level of Service with a 9.6 minute Average Speed of Answer. The Level of Service for the 2015 Filing Season was 38.5 percent. As a result of money appropriated specifically for the purpose of improving customer service, the IRS forecasts a 65 percent Level of Service for the 2016 Filing Season. Figure 8 shows a comparison of IRS toll-free telephone statistics through March 5, 2016, for Fiscal Years 2013 through 2016.

**Figure 8: Toll-Free Filing Season Telephone Statistics
for Fiscal Years 2013 Through 2016 (as of March 5, 2016)**

Statistic	Fiscal Year			
	2013	2014	2015	2016
Assistor Calls Answered	8,183,476	6,038,861	4,213,245	7,299,589
Level of Service	67.9%	74.7%	38.5%	72.8%
Average Speed of Answer (Minutes)	14.1	11.7	24.6	9.6

Source: IRS management information reports as of March 5, 2016. TIGTA converted the Average Speed of Answer in the reports from seconds to minutes.

Face-to-face assistance at the TACs

Each year, many taxpayers seek assistance from one of the IRS's 376 walk-in offices, called TACs. However, the IRS estimates that the number of taxpayers it will assist at its TACs will decrease this fiscal year. The IRS assisted 5.6 million taxpayers in Fiscal Year 2015 and plans to assist 4.7 million taxpayers in Fiscal Year 2016, which is a 16 percent decrease from Fiscal Year 2015.

The IRS indicated that budget cuts and its strategy of not offering certain services at the TACs that can be obtained through other service channels, such as the IRS's website, result in the reduction of the number of taxpayers the IRS plans to assist at the TACs. Figure 9 shows the number of contacts by product line at the TACs for Fiscal Years 2013 through 2016.

²⁵ The IRS refers to the suite of 29 telephone lines to which taxpayers can make calls as "Customer Account Services Toll-Free."



Interim Results of the 2016 Filing Season

Figure 9: Taxpayer Assistance Center Contacts for Fiscal Years 2013 Through 2016 (in millions)

Contacts/Product Lines	Fiscal Year			
	2013	2014	2015	2016 Projections
Tax Accounts Contacts	4.4	3.6	3.8	3.5
Forms Contacts	0.5	0.4	0.3	0.2
Other Contacts ²⁶	1.5	1.4	1.5	1.0
Tax Law Contacts	0.2	0.1	0.1	0.1
Totals	6.5	5.5	5.6	4.7

Source: IRS management information reports. Totals shown are rounded.

In Calendar Year 2015, the IRS began providing services at selected TACs by appointment. According to the IRS, the use of scheduled appointments should eliminate long lines that can occur at many TACs and help ensure that taxpayers’ issues are resolved. The IRS reports that as of February 29, 2016,²⁷ 166,569 taxpayers had scheduled an appointment. In addition, the IRS also offers Virtual Service Delivery, which integrates video and audio technology to allow taxpayers to see and hear an assistor located at a remote TAC, giving the taxpayers “virtual face-to-face interactions” with assistors. Taxpayers can use this technology to obtain many of the TAC services. The goals for Virtual Service Delivery are to enhance the use of IRS resources, optimize staffing, and balance workload. For the 2016 Filing Season, the IRS is offering Virtual Service Delivery at 35 locations, including 24 TACs and 11 Volunteer Program sites. The IRS reports that as of February 29, 2016,²⁸ a total of 8,137 taxpayers have used the service.

Tax preparation assistance at Volunteer Program sites

The Volunteer Program continues to play an 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 and disabled, rural, Native American, and limited-English-proficient taxpayers. As of March 6, 2016, more than 1.8 million tax returns have been prepared at the 10,303 Volunteer Program sites nationwide. Figure 10 shows the number of tax returns prepared by volunteers from Fiscal Years 2013 through 2015.

²⁶ Other Contacts includes but is not limited to: Form 2063, U.S. Departing Alien Income Tax Statement, date-stamping tax returns brought in by taxpayers, screening taxpayers for eligibility of service, scheduling appointments (only in FY 2015), and helping taxpayers with general information such as addresses and directions to other IRS offices or other Federal Government agencies.

²⁷ For Fiscal Year 2016 – October 1, 2015, through February 29, 2016.

²⁸ For Fiscal Year 2016 – October 1, 2015, through February 29, 2016.



Interim Results of the 2016 Filing Season

Figure 10: Volunteer Program Statistics for Fiscal Years 2013 Through 2015

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Percentage Change (Fiscal Year 2014 to Fiscal Year 2015)
Tax Returns	3,406,182	3,646,562	3,757,707	3.0%
Volunteers	91,820	93,082	90,826	-2.4%
Sites	13,081	12,319	12,057	-2.1%

Source: IRS management information system containing Fiscal Years 2013 through 2015 information. Percentages are rounded.

Accounts Management function's over-aged inventory continues to increase

As of February 27, 2016, the IRS reports 1.2 million cases in its over-aged inventory. Accounts Management inventory includes but is not limited to amended tax returns, responses to taxpayer notices, identity theft cases, and applications for ITINs and is generally considered over-aged when it has been in inventory for more than 45 calendar days. Figure 11 provides a comparison of the Accounts Management inventory for Processing Years 2012 through 2015.

Figure 11: Year-to-Date Comparisons of Accounts Management Inventory as of the End of Processing Years 2012 Through 2015

	2012	2013	2014	2015
Total Inventory	2,401,845	2,580,527	2,542,125	2,890,392
Over-Aged Volume	592,536	1,187,255	1,168,181	1,318,446
Percentage Over-Aged	24.7%	46.0%	46.0%	45.6%

Source: IRS Accounts Management Inventory Report – Inventory Age Reports.

According to IRS management, the Accounts Management function has lost more than 2,000 full-time equivalent staff positions since Fiscal Year 2012, a reduction of more than 12 percent. Additionally, Accounts Management staff is divided between working taxpayer correspondence and staffing the customer service phone lines. In Fiscal Year 2015, the number of employees available to work correspondence was still down more than 7 percent from Fiscal Year 2012. IRS management stated that the reductions in available staff are the most significant factor in increasing over-age inventory. However, in February 2016, we reported that although the IRS has taken action to improve its working of correspondence inventory, managers continue to not effectively use over-age reports to monitor and reduce inventory.²⁹

²⁹ TIGTA, Ref. No. 2016-40-023, *Continued Inconsistent Use of Over-Age Correspondence Lists Contributes to Taxpayer Burden and Unnecessary Interest Payments* (Feb. 2016).



Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to provide selected information related to the IRS's 2016 Filing Season.¹ TIGTA plans to issue the final results of our analysis of the 2016 Filing Season in September 2016. To achieve this objective, we:

- I. Monitored online news outlets and forums to identify any preparation, filing, or processing issues that taxpayers are experiencing.
- II. Determined if the IRS monitoring systems indicate that individual tax returns are being processed timely and accurately.
 - A. Identified volumes of paper and e-filed tax returns received through March 4, 2016, 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 Fiscal Year 2015 receipts for the same period.
- III. Provided statistics related to the IRS's implementation of ACA tax provisions.
- IV. Identified online self-help applications provided by the IRS and ensured that the information and results provided are accurate.
- V. Identified results of the IRS's identity theft and tax refund fraud programs. Quantified fraudulent tax returns and tax returns filed by prisoners.
- VI. Compiled statistical information that is of interest to external stakeholders.
 - A. Determined that individuals have decreased their use of the split-refund option for depositing their refunds.
 - B. Determined that individuals decreased their use of the savings bond option for the direct purchase of savings bonds from their refunds.
- VII. Identified results for the TAC Program.
- VIII. Identified results for the Toll-Free Telephone Assistance Program.
- IX. Identified results for the Volunteer Income Tax Assistance Program.
- X. Identified results for the Accounts Management function correspondence inventory.
- XI. Identified results for IRS self-assistance through IRS.gov.

¹ See Appendix V for a glossary of terms.



Interim Results of the 2016 Filing Season

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 that the following internal controls were relevant to our audit objective: the process for planning, organizing, directing, and controlling program operations for the 2016 Filing Season. We evaluated these controls by monitoring the IRS weekly production meetings, reviewing IRS procedures, and interviewing IRS management.



Interim Results of the 2016 Filing Season

Appendix II

Major Contributors to This Report

Russell P. Martin, Assistant Inspector General for Audit (Returns Processing and Account Services)

Deann L. Baiza, Director

Steven D. Stephens, Acting Audit Manager

Mark V. Willoughby, Lead Auditor

John L. Hawkins, Senior Auditor

Sandra L. Hinton, Senior Auditor

Nathan J. Cabello, Auditor



Interim Results of the 2016 Filing Season

Appendix III

Report Distribution List

Commissioner
Office of the Commissioner – Attn: Chief of Staff
Deputy Commissioner for Services and Enforcement
Deputy Commissioner, Wage and Investment Division
Director, Business Modernization Office, Wage and Investment Division
Director, Customer Account Services, Wage and Investment Division
Director, Customer Assistance, Relationships, and Education, Wage and Investment Division
Director, Strategy and Finance, Wage and Investment Division
Chief, Program Evaluation and Improvement, Wage and Investment Division
Director, Accounts Management, Wage and Investment Division
Director, Field Assistance, Wage and Investment Division
Director, Joint Operation Center, Wage and Investment Division
Director, Stakeholder Partnership, Education, and Communications, Wage and Investment Division
Director, Submission Processing, Wage and Investment Division
Director, E-File Services, Wage and Investment Division
Director, Office of Audit Coordination



Interim Results of the 2016 Filing Season

Appendix IV

Interactive Self-Help Tools and YouTube Videos

Interactive Self-Help Tools Reviewed	IRS YouTube Videos Reviewed
<ul style="list-style-type: none">• Earned Income Tax Credit (EITC) Assistant• Sales Tax Deduction Calculator	<ul style="list-style-type: none">• Amending My Return• Direct Deposit• Education Tax Credits• Savings Bonds

Source: www.YouTube.com and www.IRS.gov.



Interim Results of the 2016 Filing Season

Appendix V

Glossary of Terms

Term	Definition
Additional Child Tax Credit	The refundable portion of the Child Tax Credit that was designed to reduce the income tax burden for families with dependent children.
Adjusted Gross Income	Gross income minus adjustments to income.
American Opportunity Tax Credit	A partially refundable Federal tax credit used 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.
Business Master File	The IRS database that consists of Federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes.
Child Tax Credit	A tax credit for families with dependent children that is used to reduce the individual income tax burden for families, better recognize the financial responsibilities of raising dependent children, and promote family values.
Earned Income Tax Credit	The EITC is used to offset the impact of Social Security taxes on low-income families and to encourage them to seek employment.
Filing Season	The period from January 1 through mid-April when most individual income tax returns are filed.
Fiscal Year	Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.
Free File	A free Federal tax preparation and e-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.
Full-Time Equivalent	A measure of labor hours in which one full-time equivalent is equal to eight hours multiplied by the number of compensable days in a particular fiscal year. One full-time equivalent is equal to 2,088 staff hours.



Interim Results of the 2016 Filing Season

Term	Definition
Health Insurance Exchange	The Health Insurance Exchange – also known as the Health Insurance Marketplace – is the place for people without health insurance to find information about health insurance options and to purchase health insurance.
Individual Return Transaction File	A database the IRS maintains that contains information on the individual returns it receives.
Individual Taxpayer Identification Number	A number created by the IRS to provide Taxpayer Identification Numbers to individuals who do not have and are not eligible to obtain a Social Security Number.
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.
Master File	The IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.
Minimum Essential Coverage	Health insurance coverage that contains essential health benefits including emergency services, maternity and newborn care, and preventive and wellness services. Minimum essential coverage also includes doctor visits, hospitalization, mental health services, and prescription drugs.
Premium Tax Credit	A refundable tax credit created by the ACA to assist eligible taxpayers with paying their health insurance premiums.
Processing Year	The calendar year in which the return or document is processed by the IRS.
Shared Responsibility Payment	Beginning with the 2015 Filing Season, if a taxpayer or anyone in the taxpayer’s tax household does not have minimum essential coverage and does not qualify for a coverage exemption, the taxpayer will need to make a shared responsibility payment when filing his or her Federal income tax return.
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.



Interim Results of the 2016 Filing Season

Term	Definition
Taxpayer Assistance Centers	Walk-in sites where taxpayers can receive assistance when they believe their tax issue cannot be handled online or by telephone or when they want face-to-face assistance.
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 \$54,000 and below), the elderly and disabled, rural persons, Native Americans, and persons with limited English proficiency.