

STRATEGIC PLAN: Oversight of the IRS's Transformation Efforts



TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

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Background

On August 16, 2022, the President signed the *Inflation Reduction Act of 2022* (IRA)¹ into law, marking one of the largest investments in clean energy in U.S. history. The legislation includes numerous investments in climate protection, including tax credits for households to offset energy costs, investments in clean energy production, and tax credits aimed at reducing carbon emissions. To help offset expenses and generate revenue for the clean energy investments, the IRA also includes imposing a minimum corporate tax of 15 percent and a one percent surcharge on corporate stock buybacks.

The legislation provided approximately \$79.4 billion in supplemental funding to the Internal Revenue Service (IRS) to be used through September 30, 2031, to improve taxpayer services, update antiquated computer systems, and increase compliance and enforcement actions against high-income taxpayers and large corporations that try to evade taxes.

In June 2023, the *Fiscal Responsibility Act of 2023*² resulted in the rescission of approximately \$1.4 billion of IRA funding provided to the IRS. In addition to the \$1.4 billion rescission, the Administration agreed to reduce future IRS appropriations by approximately \$20 billion. According to IRS officials, a decision has not been reached on which appropriation accounts this future rescission will impact. The IRA places caps on how the funding will be allocated to the specific appropriation, which included Taxpayer Service, Enforcement, Operations Support, and Business Modernization as well as a Task Force researching free direct electronic file (e-file). The allocation of IRA funding is reflected below.

IRS Supplemental Funding

Taxpayer Services. The legislation provides the IRS with over \$3.1 billion to provide taxpayer services, including pre-filing assistance and education, filing and account services, taxpayer advocacy services, and other services.

Enforcement. The legislation provides the IRS with over \$45.6 billion for tax enforcement activities to determine and collect owed taxes, to provide legal and litigation support, to conduct criminal investigations (including investigative technology), to provide digital asset monitoring and compliance activities, to enforce criminal statutes related to violations of Internal Revenue laws and other financial

¹ Pub. L. No. 117-169, 136 Stat. 1818.

² Pub. L. No. 118-5, 137 Stat. 10.

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crimes, and to purchase and hire passenger motor vehicles. According to IRS officials, the \$1.4 billion rescission, as a result of the *Fiscal Responsibility Act of 2023*, will come from the Enforcement appropriation, reducing the IRA Enforcement appropriation from \$45.6 billion to approximately \$44.2 billion.

Operations Support. The legislation provides the IRS with over \$25.3 billion to support taxpayer services and enforcement programs, including rent payments; facilities services; printing; postage; physical security; Headquarters and other IRS-wide administration activities; research and statistics of income; telecommunications; information technology development, enhancement, operations, maintenance, and security; the hiring of passenger motor vehicles; and the operations of the IRS Oversight Board.

Business Systems Modernization. The legislation provides the IRS with over \$4.7 billion to the IRS's business systems modernization program, including development of callback technology and other technology to provide more personalized customer service, but not including the operation and maintenance of legacy systems.

Task Force to Design an IRS-Run Free Direct E-File Tax Return System. The legislation also provided the IRS with \$15 million, to remain available until September 30, 2023, to deliver to Congress, within nine months of the law's enactment, a report on:

- (I) the cost (including options for differential coverage based on taxpayer adjusted gross income and return complexity) of developing and running a free direct e-file tax return system, including costs to build and administer each release, with a focus on multilingual and mobile-friendly features and safeguards for taxpayer data.
- (II) taxpayer opinions, expectations, and level of trust, based on surveys, for such a free direct e-file system.
- (III) the opinions of an independent third party on the overall feasibility, approach, schedule, cost, organizational design, and IRS capacity to deliver such a direct e-file tax return system.

The IRS delivered the required report to the Secretary of the Treasury on May 16, 2023. The Deputy Secretary of the Treasury then issued a letter to the IRS requesting that it pilot a Direct File option for the 2024 Filing Season.

IRS Inflation Reduction Act Strategic Operating Plan

On April 6, 2023, the IRS issued its IRA Strategic Operating Plan (SOP or Plan), covering Fiscal Years (FY) 2023 through 2031. The IRS noted in the SOP that it had leveraged prior IRS planning efforts, including the Taxpayer First Act Report to Congress, new thinking around best practices and available technology capabilities, and current and past input from a wide range of stakeholders in tax administration. This SOP replaces the IRS's previous five-year strategic plan. The IRS plans to annually update its SOP. The SOP outlines the IRS's transformation mission as:

We will make it easier for taxpayers to meet their tax responsibilities and receive tax incentives for which they are eligible. We will adopt a customer-centric approach that dedicates more resources to helping taxpayers get it right the first time, while addressing issues in the simplest ways appropriate. We will address noncompliance, using data and analytics to expand enforcement in certain segments. We will become an employer of choice across government and industry. These changes will enable us to serve all taxpayers more equitably and in the ways they want to be served.

The SOP is structured to achieve five objectives, which will be accomplished through a series of initiatives and projects aligned to each.

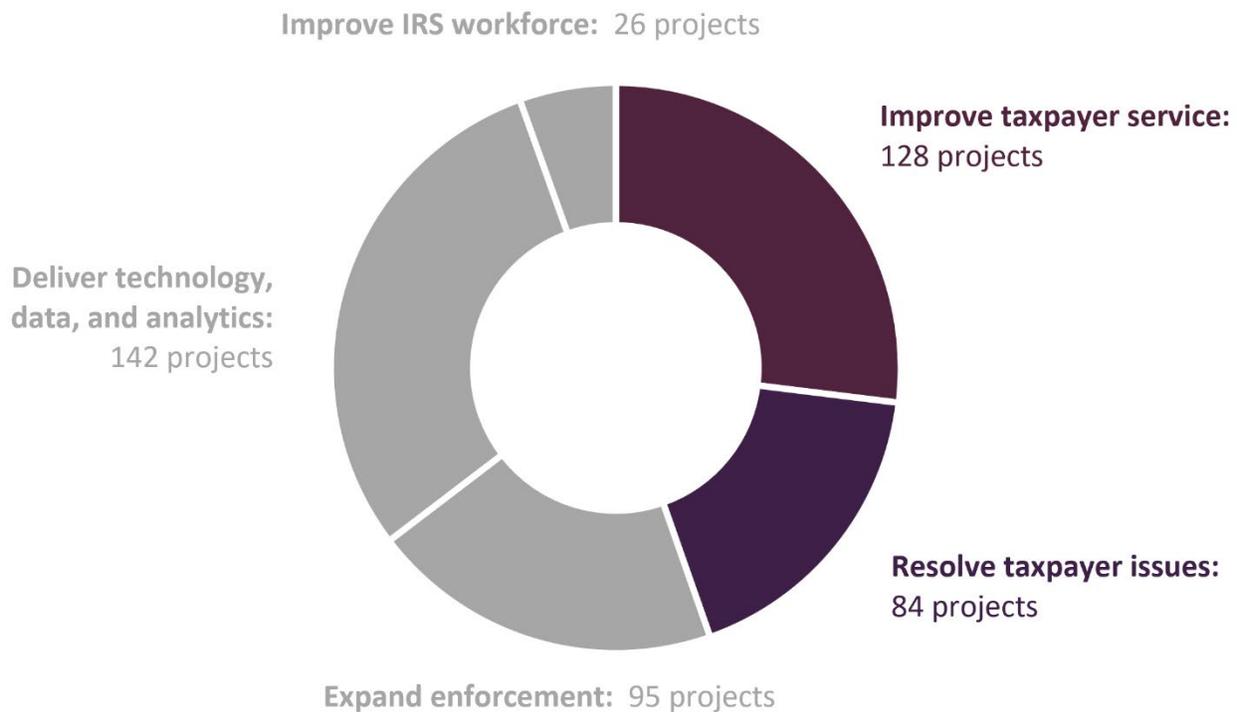
Objectives

-  **Dramatically improve services to help taxpayers** meet their obligations and receive the tax incentives for which they are eligible.
-  Quickly **resolve taxpayer issues** when they arise.
-  Focus **expanded enforcement on taxpayers with complex tax filings and high-dollar noncompliance** to address the Tax Gap.
-  **Deliver cutting-edge technology, data, and analytics** to operate more effectively.
-  **Attract, retain, and empower a highly skilled, diverse workforce** and develop a culture that is better equipped to deliver results for taxpayers.

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To accomplish these objectives, the IRS has outlined 42 initiatives it plans to deliver. To deliver these initiatives, as of May 2023, the IRS had identified 475 projects that need to be successfully and timely completed.

Approximately 45 percent of the IRS's projects are focused on providing or improving taxpayer service.



Implementation of Energy Tax Provisions

The IRA also requires the IRS to undertake the difficult and large-scale task of tracking and implementing 36 tax provisions. These provisions include numerous new and expanded energy credits for homeowners, businesses, vehicles, fuel, manufacturing, *etc.* The IRA also modifies and extends several credits, including the tax credit for nonbusiness energy property, the new energy efficient home credit, and the tax credit for alternative refueling property expenditures.

TIGTA's Oversight Plan

As part of the IRA legislation, the Treasury Inspector General for Tax Administration (TIGTA) received \$403 million for enhanced oversight of IRS operations. The oversight work detailed in this plan aligns with the IRS's SOP. Specifically, TIGTA's Oversight Plan details the audits, inspections, and evaluations that address all five of the previously mentioned IRS objectives outlined in its SOP. The oversight work conducted will

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provide external stakeholders insight into how well the IRS is achieving each of its stated goals over the next 10 years. This includes assessing IRS efforts to manage the transformation, processes to monitor and measure implementation and accountability, delivery of specific initiatives to meet its five SOP objectives, and implementation of energy security and clean energy provisions in the IRA.

Our Oversight Plan provides specific oversight projects underway or planned to be conducted in FYs 2023, 2024, and 2025 and outlines our investigative focus. We will update and adjust our plan on an annual basis to reflect the current state of the IRS's transformation efforts. This annual assessment of our oversight strategy is to ensure that our ongoing and planned work is adjusted if necessary to continue to provide relevant and timely coverage of IRS transformation efforts.

TIGTA's Offices

- **Office of Audit.** TIGTA's Office of Audit (OA) will monitor how IRA provisions are implemented. OA will also continue to review the IRS's operational support programs that may be impacted by the IRS's transformation efforts. Additionally, OA will assess whether the IRS is achieving progress in modernizing its systems, improving taxpayer services, and ensuring that enforcement and compliance activities are balanced with an increased focus on high-wealth individuals, large corporations, and large complex partnerships. Finally, in addition to the audits detailed in our Oversight Plan, OA will continually monitor IRA provisions to assess whether additional audits are needed or audits need to be adjusted and/or refocused.
- **Office of Inspections and Evaluations.** TIGTA's Office of Inspections and Evaluations provides focused and expedited evaluations to quickly assess emerging issues relating to the IRS's implementation of its SOP. This includes ongoing evaluation of the IRS's Transformation and Strategy Office oversight and management of the IRS's enterprise-wide change efforts; development of processes to monitor and measure the milestones associated with the specific operational initiatives; and quarterly and cumulative reporting on the IRS's use of IRA funding to implement its SOP, *etc.*
- **Office of Investigations.** TIGTA's Office of Investigations (OI) administers investigative programs that protect the integrity of the IRS and detect and prevent fraud and other misconduct within IRS programs. This includes investigating allegations of criminal violations and administrative misconduct by IRS employees as well as protecting the IRS against external attempts to corrupt

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or threaten its employees. OI projects an increase in criminal investigations involving threats, abuse of position, impersonation, and bribery resulting from the IRS's increased enforcement operations. OI also anticipates an increase in additional oversight-related investigations in areas peripheral to the IRS's staff increase, such as employee misconduct, embezzlement, and the unauthorized access to and disclosure of taxpayer information.

Planned Oversight Work

Managing Transformation – Implementation and Accountability

IRS management notes that the IRS Transformation and Strategy Office will oversee and report the IRS's progress on timely delivering Service-wide projects/initiatives identified in the IRS's SOP, as well as annually update the SOP. The Office will also oversee the development of IRS initiatives and provide guidance and oversight to ensure success in support of the agency's strategic goals. The Office will also oversee collaborative problem-solving efforts within the IRS, bringing together experts from across the agency, as well as external stakeholders, to identify solutions to critical problems impeding the IRS's transformation efforts or necessary to improve business processes.

Inflation Reduction Act: Assessment of the Internal Revenue Service Implementation Efforts

Assess the IRS's standup of the IRA Transformation Office as well as its development processes and procedures to monitor, measure, and track implementation efforts of all IRA tax-related provisions.

(Completed: [Report No. 2023-IE-R003](#), January 2023)

Efforts to Deliver Expected Improvements for the 2023 Filing Season

Assess the IRS's efforts to meet the Secretary of the Treasury's expectations for the 2023 Filing Season.

(Completed: [Report No. 2023-IE-R010](#), September 2023)

Evaluation of the Internal Revenue Service's Strategic Operating Plan

Assess the IRS's SOP to determine whether the plan provides a clear framework, including specific operational initiatives and associated timeliness on the IRS's plans to transform itself and improve taxpayer service, modernize technology, and increase equity in tax administration.

Quarterly Reporting – Use of IRA Funding

Assess the IRS's use of the IRA funding to implement its SOP.

(First Report Completed: [Report No. 2024-IE-R002](#), October 2023)³

³ Subsequent reports will be issued quarterly.

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Delivery of Operational Initiatives

Assess the IRS's efforts to monitor and measure milestone deliverables associated with operational initiatives and related projects outlined in the IRS's SOP, and the impact on transformation efforts should delays occur.

Transformation and Strategy Office Oversight of the IRS's Strategic Operating Plan Implementation

Assess the Transformation and Strategy Office strategic oversight and management of enterprise-wide change efforts including development of disciplined and transparent accountability processes.

Development of Processes to Measure Overall Transformation Outcomes

Assess efforts to develop processes and procedures to measure overall transformation outcomes: world-class service experience, digital-first organization, improved take-up of tax incentives by eligible taxpayers, effective enforcement, and employer of choice within government and industry.

Management Oversight of Selected IRA Information Technology Contracts

Assess the effectiveness of management oversight of selected IRA information technology contracts.

Oversight of Select Non-Information Technology Inflation Reduction Act of 2022 Contracts

Assess the effectiveness of management oversight provided to select non-information technology IRA contracts.

Verification of Contract Deliverables

Verify deliverables from select contracts supporting transformation efforts to determine if goods and/or services were received.

IRA Strategic Operating Plan Objectives

Objective 1



Dramatically improve services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible.

In its SOP, the IRS states that it plans to reshape the taxpayer experience to make it more convenient and easier to understand. This includes taxpayers having easy access to their data and finding it easier to interact with the IRS via electronic filing, expanded online accounts, telephone, in-person, and chat assistance. The IRS also plans to provide more education, outreach, and proactive alerts to help taxpayers meet obligations and claim appropriate credits and deductions. Additionally, IRS employees will have the tools and information necessary to meet the needs of taxpayers quickly and effectively.

Oversight of Objective 1

Interim Results of the 2023 Filing Season

Evaluate whether the IRS timely and accurately processed individual paper and e-filed tax returns during the 2023 Filing Season.

(Completed: [Report No. 2023-40-029](#), May 2023)

Accuracy and Availability of Contact Information for the Taxpayer Assistance Centers

Determine whether taxpayers could easily obtain accurate information regarding the IRS's Taxpayer Assistance Centers such as hours of operation, office addresses, and local telephone numbers.

(Completed: [Report No. 2023-IE-R006](#), July 2023)

Assessment of the IRS's Free, Direct Electronic Filing Proposal

Assess the IRS's compliance with the requirements to deliver a report to Congress regarding the development of a direct electronic filing tax return system and evaluate of the use of the funding provided for this proposal.

(Completed: [Report No. 2024-408-002](#), October 2023)

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Availability and Accessibility of Customer Service

Assess the IRS's efforts to expand accessibility and availability of customer service to meet SOP goals by geographically depicting current customer service options provided to underserved, underrepresented and rural communities, limited English proficient taxpayers, and elderly and small businesses.

Improving Tax Administration - Lifting Communities Up Initiative

Evaluate the IRS's efforts to expand operations into economically distressed areas to improve tax administration and the services provided to taxpayers in these areas.

Use of Artificial Intelligence in Tax Administration

Assess the IRS's current and planned use and expansion of artificial intelligence in tax administration.

Scanning Paper-Filed Individual Tax Returns for the 2023 Filing Season

Evaluate the IRS's efforts to scan paper-filed individual tax returns into an electronic format for the 2023 Filing Season.

Incorrect Mailing of Balance Due Notices to Taxpayers in Disaster Zones Granted Filing and Payment Relief

Evaluate the breakdown in processes and procedures that resulted in the incorrect sending of notices to taxpayers.

Filing Season 2024 - Accuracy of Contact Information Taxpayer Assistance Centers (Follow-Up)

Evaluate the adequacy of the actions taken by the IRS to ensure the TACs' readiness for the 2024 Filing Season.

Filing Season 2024 - Taxpayer Experience When Contacting Customer Service Telephone Lines (Follow-Up)

Evaluate the adequacy of the actions taken by the IRS to ensure customer service telephone lines are ready for the 2024 Filing Season.

Filing Season 2024 - Accuracy of Self-Service Options

Evaluate the taxpayer experience for select self-service options, including the accuracy of responses provided.

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Development of Online Customer Service Dashboard

Evaluate the IRS's efforts to develop a dashboard on its Internet site (IRS.gov), which will provide taxpayers with customer service information, such as average telephone wait times.

Making Taxpayer Payments Easier

Assess IRS efforts to enable taxpayers to make payments easier and seamlessly through all service channels.

Direct File Pilot Program

Assess the IRS's plans to develop and pilot an IRS-run Direct File System in Filing Season 2024.

IRS Direct File System Security

Assess the security of the IRS Direct File System.

Electronic Signature Strategy

Evaluate the effectiveness of the implementation of e-Signature Services.

Continued Assessment of Efforts to Digitize Paper Tax Returns for Processing

Evaluate the IRS's efforts to digitize the processing of paper-filed individual tax returns during Processing Year 2024.

Expanded Research Credit for Small Businesses

Determine whether the IRS can ensure that taxpayers that claim the Research Credit against their payroll taxes are eligible to claim the credit and claim the correct amount.

Automated Chat Bots

Determine whether the IRS's automated chat bots are providing effective and efficient service to help taxpayers meet their tax obligations.

Objective 2



Quickly resolve taxpayer issues when they arise.

In its SOP, the IRS states that it plans for taxpayers making filing errors to hear from the IRS faster with clear, accessible ways to correct those mistakes quickly and completely. The IRS will also reach out to taxpayers when they may owe taxes and when they may have missed credits or deductions.

Oversight of Objective 2

Nonfiler Strategic Plan

Assess whether the Small Business/Self-Employed Division has implemented the Nonfiler Strategic Plan.

Transforming Collection to Offer Proactive Debt Resolution

Assess the transformation of the Collection function through proactive debt resolution.

Prerefund and Soft Notice Strategy for Refundable Credit Claims

Assess the IRS's prerefund and soft notice strategy in order to deliver early and appropriate treatment for issues identified during tax return processing.

Objective 3



Focus expanded enforcement on taxpayers with complex tax filings and a high-dollar noncompliance to address the Tax Gap.

In its SOP, the IRS states that it plans to devote more resources to high-dollar noncompliance to address the Tax Gap. Pursuant to the Department of the Treasury's directive, small businesses and households earning \$400,000 or less will not see audit rates increase relative to historical levels. As such, the IRS plans to increase its focus on segments of taxpayers with complex issues and complex returns where audit rates are minimal today, such as those related to large partnerships, large corporations, and high-income and high-wealth individuals.

Oversight of Objective 3

Corporate Alternative Minimum Tax

Assess processes and procedures to implement the Corporate Alternative Minimum Tax provision included in the IRA and to ensure future compliance.

Digital Asset Monitoring and Compliance Activities

Assess the development of the IRS's strategy to monitor digital assets and address noncompliance.

Using Artificial Intelligence in Examination Case Selection

Determine how effective the IRS is in using artificial intelligence in examination case selection.

Inflation Reduction Act Enforcement-Related Investment Decisions

Assess the IRS's decision-making process for IRA enforcement-related investment decisions, including assessment of potential return on investment.

Expanding Audits of High-Income Taxpayers

Review the IRS's examination plans to increase enforcement on high-income taxpayers with complex tax filings and high-dollar noncompliance, while not increasing audit rates on taxpayers earning less than \$400,000 per year.

Methodology for Measuring Compliance With the Mandated High-Income Taxpayer Audit Threshold

Evaluate the IRS's methodology to determine compliance with the mandate that audits of taxpayers earning less than \$400,000 should not experience increased audit rates from additional resources provided in the IRA.

Geographic Placement of Enforcement Personnel

Assess the IRS's efforts to ensure enforcement personnel are geographically located to meet the SOP goal of addressing noncompliance in a balanced manner.

Identifying Partnership Noncompliance

Determine whether the IRS is using available information to identify partnership noncompliance issues.

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Large Business and International Division's Expansion of Audits of Large Partnerships

Assess the Large Business and International (LB&I) Division's plans to increase enforcement on large partnerships and to assess the productivity of large partnership audits.

Large Business and International Division Campaigns – Follow-Up

Assess the role of LB&I Division campaigns in pursuing enforcement for complex, high-risk, and emerging issues.

Equitable and Unbiased Case Selection in Earned Income Tax Credit Audits

Assess the IRS's progress in determining whether there is inherent racial bias in the Earned Income Tax Credit audit selection process and what steps the IRS is taking to ensure that such bias does not exist.

Objective 4



Deliver cutting-edge technology, data, and analytics to operate more effectively.

In its SOP, the IRS states that it plans to invest in technology to make its operations more effective and efficient for employees and taxpayers. Many of the initiatives in the IRS's SOP are dependent on the modernization of the IRS's core information technology. As such, the IRS plans to design and deliver modern technology platforms that center around data and applications, with natively integrated protective and detective security controls.

Oversight of Objective 4

Continued Use of Paper Documents to Support Electronic Transactions

Assess the IRS's processes for resolving backlogs of adjustment record prints that need to be correlated with source documents and to assess the IRS's efforts to modernize this process.

Progress of Information Technology Modernization Efforts

Evaluate the progress of the IRS's information technology modernization, including transforming core account data and processing efforts funded by the IRA.

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Information Technology Hardware Asset Inventory Controls

Evaluate the effectiveness of information technology hardware asset inventory controls and the migration to ServiceNow-IRWorks.

Customer Account Data Engine 2 – Individual Tax Processing Engine Defect Remediation Efforts

Determine whether the IRS is effectively and efficiently managing the Customer Account Data Engine 2 program's Individual Tax Processing Engine project with a focus on defect remediation and considering how potential legislative changes may impact the Customer Account Data Engine 2 program.

Enterprise Case Management Migration and Decommissioning Efforts

Determine whether the Enterprise Case Management program has effectively increased migration efforts and evaluate the decommissioning of legacy systems components.

Enterprise Data Platform

Determine the effectiveness of the IRS's development and implementation of the Enterprise Data Platform capabilities.

Cloud Architecture and Design Group

Assess the Enterprise Cloud Architecture and Design group's efforts to provide effective management and oversight of cloud applications.

Implementation of Executive Order 14028, *Improving the Nation's Cybersecurity*

Determine whether the IRS is effectively implementing the requirements of Executive Order 14028, *Improving the Nation's Cybersecurity*.

Information Returns Modernization

Assess the IRS's efforts to modernize information return processing by implementing an Internet-based platform for Forms 1099.

Objective 5



Attract, retain, and empower a highly skilled, diverse workforce and develop a culture that is better equipped to deliver results for taxpayers.

In its SOP, the IRS states that it plans to transition to a different mix of workforce skills and capabilities to meet transformation objectives. To become a data-centric organization, the IRS expects to hire a significant number of data scientists, and IRS compliance functions will rely on specialized teams who respond to increasingly

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complex filings. The IRS will integrate equity, diversity, inclusion, and accessibility in its transformation efforts.

Oversight of Objective 5

Reducing Real Estate Costs – Follow-Up

Assess continuing efforts to reduce the associated costs related to the IRS's real estate footprint, including the leveraging of workstation sharing as part of its space reduction efforts and the efficient allocation of space for future projected needs.

Improving the Hiring Process

Evaluate efforts to implement efficient hiring processes that will fill critical IRS program vacancies.

Improving the Onboarding Process

Evaluate efforts to deliver more effective employee onboarding programs that are designed to successfully integrate new employees into the IRS workforce.

Attracting a Talented and Diverse Workforce

Evaluate efforts to attract a talented and diverse IRS workforce.

Information Technology Hiring and Follow-Up on Prior Recommendations

Evaluate information technology hiring to accomplish the SOP and follow up on prior recommendations.

IRS Development and Implementation of IRS University

Assess the IRS's stand-up of the IRS University as its principal training resource.

Energy Security and Clean Energy Provisions

In addition to the objectives laid out in the IRS's SOP, TIGTA will provide oversight of a number of other aspects of the IRA, including green energy credits, other tax credits, and the physical security of IRS facilities and its employees. While not directly addressed in the IRA, since its passage, the number of threats against IRS employees has increased, leading TIGTA to renew its focus on physical security.

Implementation of the Tax Provisions of the Inflation Reduction Act of 2022

Assess the IRS's actions to implement the tax provisions of the IRA.

(Completed: [Report No. 2024-408-004](#), October 2023)

Qualified Plug-In Electric Drive Motor Vehicle Credit

Determine whether the IRS is adequately reviewing the Qualified Plug-In Electric Drive Motor Vehicle Credits claimed by taxpayers and follow up on past recommendations.

(Completed: [Report No. 2023-30-065](#), September 2023)

Taxpayer Compliance With Civil and Criminal Code Provisions Pertaining to Biofuel Tax Credits

Assess the effectiveness of the IRS's procedures to detect and prevent questionable claims for the biofuel tax credits.

Advanced Manufacturing Production Credit

Evaluate the IRS's efforts to implement the Advanced Manufacturing Production Credit and what processes are planned or being developed to identify and address erroneous advanced manufacturing production credits.

2024 Filing Season (Interim)

Provide select information related to the IRS's 2024 Filing Season.

2024 Filing Season (Final)

Evaluate whether the IRS timely and accurately processed individual paper and electronically filed tax returns during the 2024 Filing Season.

Elective Payments and Transferability of Credits

Assess the IRS's implementation and development of processing controls for elective payments and transfer of credits related to energy and electricity produced from certain renewable resources.

Qualifying Advanced Energy Project Credit – Follow-Up

Evaluate the IRS's efforts to identify and address erroneous Advanced Energy Project Credits.⁴

United States Energy Security

Assess the IRS's actions and use of Inflation Reduction Act funds to accomplish energy security for the United States.

⁴ TIGTA, Report No. 2014-40-011, *Processes for Ensuring Compliance With Qualifying Advanced Energy Project Credit Requirements Can Be Strengthened* (Feb. 2014).

Clean Vehicle Credits

Evaluate the IRS's processes to identify and prevent erroneous Clean Vehicle Credit claims for new, previously-owned, and commercial vehicles, and assess actions taken by the IRS to implement corrective actions to address previously reported deficiencies.

Zero-Emission Nuclear Power Production Credit (Provision 13105)

Evaluate IRS efforts to identify and address erroneous zero-emission nuclear power production credit claims.

Safeguarding of IRS Employees and Facilities

While most Americans respect IRS employees and their mission, taxpayers experiencing financial difficulties may feel increased pressure and act aggressively toward IRS employees. Unfortunately, IRS workers are often targeted due to the nature of their work, which requires close interaction with the public. Ensuring the safety and protection of its employees, especially those who have direct contact with the public is an issue that remains of continued concern for the IRS.

Use of Employee Names on Tax Processing Center Correspondence

Assess the actions taken to minimize the risk of potential harm to employees whose personal information is used on Tax Processing Center correspondence.

(Completed: [Report No. 2023-IE-R004](#), May 2023)

Active Shooter Readiness and Training

Determine whether IRS employees are trained on best practices to keep themselves safe during an active shooter/active threat situation.

(Completed: [Report No. 2023-IE-R005](#), May 2023)

Reporting Employee Assaults and Threats

Evaluate the procedures that IRS employees follow to report and process assaults and threats.

(Completed: [Report No. 2023-IE-R009](#), September 2023)

IRS C-Site Operations and the Health and Safety Conditions at the Facility

Assess IRS operations at its C-site facility, including efforts to address health and safety concerns reported by employees working at the C-site.

IRS Facility Security

Determine whether selected IRS facilities have appropriate physical security countermeasures in place to detect and deter unauthorized entry and comply with

security policies and procedures established by the Interagency Security Committee and IRS internal guidance.

Security at Taxpayer Assistance Centers That Handle Large Cash Payments

Assess the IRS's processes and procedures to safeguard employees and account for large cash payments at the Taxpayer Assistance Centers.

Security Posture (Phase II)

Evaluate the adequacy of Phases 2 and 3 of the IRS's comprehensive review of safety and security measures at its facilities and determine whether recommendations and corrective actions have been implemented.

Addressing Reports of Unsafe, Unhealthy, or Hazardous Workplaces

Assess the expediency and adequacy of the IRS's efforts to address reports of unsafe, unhealthy, or hazardous workplaces.

Office of Investigations

IRS Employee Impersonation Scams. Historically, scammers have not needed legislation or national emergencies to encourage them to engage in scams impersonating IRS employees to victimize taxpayers through e-mail or the telephone. However, since 2013, this activity has increased to a historically high volume using robocalls from foreign-based call centers. These types of scams generally only work if the scammer is able to instill in the victim a sense of urgency, such as a pending "arrest" for failing to pay Federal income taxes, and if the reason why the IRS is allegedly calling the victim is plausible from the victim's standpoint. Given the widespread media coverage of the enhanced enforcement activities by IRS agents as a result of the IRA, scammers will find ways to perpetuate new impersonation scams targeting unsuspecting taxpayers.

Armed Escorts. TIGTA anticipates a significant increase in the need for OI special agents escorting IRS employees as they complete their mission. This sentiment was reinforced by the National Treasury Employee Union President, who also expressed concerns about their members' safety in light of inflammatory rhetoric, which arose during public discussions of the IRA. IRS employees have always been at risk of violence due to the nature of their work dealing with the public, but anti-government sentiments are expected to exacerbate the problem. OI will continue to play an active role in ensuring the safety and security of IRS employees from external threats.

Cyber Attacks and Manipulation of IRS Systems. OI actively pursues, investigates, and mitigates emerging threats to the IRS's ability to conduct Federal tax administration in cyberspace. OI conducts cyber investigations targeting cybercriminals using a highly specialized group of criminal investigators in OI's Cybercrime Investigations Division with technical expertise in investigating electronic crimes, including computer intrusions and Internet-based fraud schemes.

Threats Against IRS Resources. OI is also responsible for the oversight of IRS employee and infrastructure security. All reports of threats, assaults, and forcible interference against IRS employees in the course of performing their official duties are referred to OI. OI's Criminal Intelligence and Counterterrorism Division is responsible for analyzing and triaging threats directed at the IRS and/or threats that impact Federal tax administration as a whole. OI expects to see a significant increase in threats to IRS operations nationwide due to the role of the IRS in implementing the IRA.