TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Existing Research Can Be Leveraged to Improve Enforcement, Customer Service, and Privacy

September 16, 2026

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TIGTACommunications@tigta.treas.gov | www.tigta.gov

HIGHLIGHTS: Existing Research Can Be Leveraged to Improve Enforcement, Customer Service, and Privacy

Final Report issued on September 16, 2026 **Report Number 2026-3S0-049**

Why TIGTA Did This Review

On January 16, 2025, the incoming Secretary of the Treasury stated his priorities for the IRS were improved collection, privacy, and customer service.

We evaluated whether the IRS could further the Treasury Department's priorities by evaluating IRS research projects started since June 1, 2020.

We also evaluated how research functions within various business units are sharing research results and tracking their use in agency decision-making.

Impact on Tax Administration

The IRS uses research projects and studies to help officials make effective and efficient data-driven decisions that support voluntary compliance and address noncompliance. Collecting and analyzing data to drive the IRS's strategic goals is critical to sound planning, management, and tax administration.

Within the IRS, the research community includes Research, Applied Analytics and Statistics and research functions embedded within various business units. These functions perform vital research related to the Department's priorities.

What TIGTA Found

The IRS's research functions have produced useful research in different areas that, if applied, could help advance the Department of the Treasury's priorities. We reviewed a sample of 35 projects that had recommendations directly related to the priorities and found that some still require leadership decisions and action.

A major strategic challenge facing the IRS is the Tax Gap (*i.e.*, the difference between what taxpayers owe and what they pay each year), most recently estimated to be $696 billion for Tax Year 2022. Most of the research we reviewed involved improving the IRS's enforcement programs. For example, one project in its early stages seeks to identify the return on investment of different compliance strategies so that the IRS applies resources most effectively. Other projects resulted in recommendations that, when implemented, improved efficiency for employees who must calculate interest manually. Further research in this area could reduce or eliminate the need for manual interest and penalty computations.

To improve enforcement, IRS leadership decisions and sustained support are needed. For example, research related to the Nonfiler Program, which was cancelled due to resource challenges, aimed to identify the most effective treatments to bring taxpayers into compliance.

A significant customer service challenge for the IRS is meeting taxpayers' needs with fewer employees. A recent study analyzed speech patterns to detect quality of service, capture the reasons for taxpayers' calls, and their levels of satisfaction. However, the project is no longer being used to improve telephone service. Other research projects related to online accounts show that the IRS could offer more rigorous self-service features to help individual and business taxpayers address their problems. Further, businesses would be more likely to use digital resources if more robust features were available.

Protecting taxpayer privacy is vital because many tools that can enhance customer service may put taxpayer information at greater risk. We identified projects designed to protect taxpayer information so that customer service can be enhanced, but some are on hold awaiting decisions from leadership.

Finally, we found that research is not always stored or made available to IRS leadership as it should be. Once results of research are delivered, most of the functions do not track whether the recommendations are implemented or effective.

Without a consistent means for sharing and tracking the results of research, there is a risk that invested efforts will be isolated to the single project, limiting their usefulness. This report provides information only, so we made no recommendations. IRS officials reviewed the draft report but declined to provide a formal response.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20024

September 16, 2026

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Diana M. Tengesdal
Deputy Inspector General for Audit

SUBJECT: Final Report – Existing Research Can Be Leveraged to Improve Enforcement, Customer Service, and Privacy (Review No.: 20253S0004)

This report presents the results of our review of the research done by various Internal Revenue Service research functions. We focused on projects that could further the Department of the Treasury's priorities of collections, privacy, and customer service. We performed this review during the period July 2025 through May 2026. We are issuing this report to highlight opportunities to increase efficiency in these areas. This review was part of our Fiscal Year 2026 Program Plan and addresses the major management and performance challenges of *Improving Taxpayer Service and Protecting Taxpayer Rights* and *Ensuring Tax Compliance.*

We made no recommendations as a result of the work performed during this review. IRS officials reviewed the draft report but declined to provide a formal response. If you have any questions, please contact me or Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations).

Background

Agency decision-makers need evidence about whether federal programs and activities are achieving intended results and to determine how programs can best make progress towards administration priorities. Congress enacted the Foundations for Evidence-Based Policy Making Act of 2018 (Evidence Act) to enhance federal agencies' capacity to collect, analyze and use evidence to inform decision-making. The Evidence Act's implementing guidance noted that agencies often lack the data and evidence needed to make critical decisions about program operations and the impact of resource allocation on achieving program objectives.

On January 16, 2025, the incoming Secretary of the Treasury stated his priorities for the Internal Revenue Service (IRS) were improved collection, privacy, and customer service.[1] We initiated this review to identify research initiatives that offer opportunities to improve IRS operations in these areas.[2] The IRS uses its research functions to collect and analyze data to support operations and help officials make effective and efficient data-driven decisions that support voluntary compliance and address noncompliance. Collecting and analyzing data to drive IRS's operations and strategic goals is critical to sound planning, management, and tax administration.

Research, Applied Analytics & Statistics (RAAS) is the primary research function serving the business operating divisions and other functions; however, some operating divisions also have embedded research functions. The operating divisions' research functions that we reviewed were the Small Business/Self-Employed (SB/SE), Taxpayer Services, and Large Business & International (LB&I). We reviewed other vital functions that perform research including the Taxpayer Advocate Service (TAS) and the Privacy organization (formerly known as the Privacy, Governmental Liaison, and Disclosure program).

Objective

The overall objective of this review was to determine if the IRS could further the Department of the Treasury's priorities of collection, privacy, and customer service (hereafter referred to as the priorities) by evaluating IRS research projects started since June 1, 2020. This report provides information only, so we made no recommendations.

Results of Review

We reviewed a judgmental sample of 35 projects from a population of more than 2,000 that had recommendations directly related to the Treasury Department's priorities and found that some still require action by IRS leadership.[3] From the sample of 35 projects, we identified

[1] These comments were made during Secretary Bessent's United States Senate confirmation hearing.

[2] The term "collection" encompasses both the collection of taxes and addressing taxpayers who do not file their returns. It is part of the IRS's enforcement efforts along with the examination of tax returns. IRS management confirmed that the Secretary of the Treasury's priority of collection includes enforcement.

[3] A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population. The term "recommendations" refers to improvements, action items, and next steps resulting from the projects.

unimplemented recommendations that may be critical to advancing Departmental priorities. We also identified important early-stage research projects that require the support of IRS leadership. Sustained commitment from senior leadership is essential to successfully managing and improving agency performance. We found that IRS leadership was not always aware of research that had been conducted and could be used to improve operations. We also observed inconsistent approaches to sharing research results and tracking their use in agency decision-making.

Enforcement, Customer Service, and Privacy Can Be Improved By Supporting Research and Implementing Recommendations

Enforcement

Most of the research we reviewed involved improving the IRS's enforcement programs. IRS enforcement includes the following:

- SB/SE Division (collection and examination functions).
- Taxpayer Services Division (examination function).
- LB&I Division (examination function).
- Tax-Exempt and Government Entities Division (examination function).
- Criminal Investigation.

Figure 1 summarizes the top projects we reviewed that could improve enforcement (*i.e.*, collection and examination) along with the function leading each research project.

Figure 1: Research That Could Improve Enforcement Functions[4]

Project	Description	Research Lead	Status
Digitize Business Forms to Identify Noncompliance	Many business forms are paper-filed, which makes data extraction and audit case selection problematic. Digitizing forms and using artificial intelligence (AI) may make the process of identifying noncompliance more efficient.	LB&I	Needs Leadership Decision
Two-Year Bans on Refundable Credits	Improve examination process and protect taxpayer rights for Earned Income Tax Credit (EITC), Additional Child Tax Credit, and Education Credit.	TAS	Needs Leadership Decision
Improve Employment Tax Trust Fund Compliance	Improve filing and payment program case selection of businesses at risk of falling behind on their employment and trust fund taxes. A follow up pilot would build on these results to get nonfilers back in compliance.	RAAS	Ongoing; Pilot needs leadership decision
Nonfiler Program	Identify nonfiler treatments with the best outcomes (returns filed and taxes paid) while ensuring efficient use of IRS operations resources.	RAAS	Cancelled
How To Reduce IRS Costs and Taxpayer Burden?	Develop pre-filing interventions to prevent unintentional shifts to balance due accounts.	Taxpayer Services Strategies and Solutions (TSSS)	Cancelled
Impact of Penalties on Preparers	Two studies analyzed penalties on noncompliant preparers selected for examination. The research recommended increasing penalty assessment and collection to deter future noncompliance.	SB/SE Research	Unimplemented
Digital Solutions to Ease Collection (also in Appendix)	Visualized journey maps described ‘pain points’ and offered electronic solutions that may benefit taxpayers and revenue officers.	SB/SE Research	Partially Implemented
Broadening Calculated Sources of Revenue	Address the Tax Gap by expanding sources of revenue beyond direct enforcement. Link the cost of taxpayer compliance to the revenue generated from those activities.[5]	RAAS	Open
Data-driven Enforcement: Automated Underreporter	Uses analytics to select and prioritize cases based on three models that are in development.	RAAS	Open
Manual Interest Computations	Certain tax situations require employees to manually compute interest. The research recommended improving the software, training, and job aids, but did not eliminate the need for these manual computations.	SB/SE Research	Implemented

Source: Analysis of research projects from the listed functions.

A major strategic challenge facing the IRS’s enforcement functions is the annual Tax Gap. The IRS makes periodic estimates of the Tax Gap and most recently projected a $696 billion gross Tax Gap for Tax Year 2022. The Tax Gap is generally broken down by underreporting, nonpaying, and nonfiling, with the largest portion ($539 billion) due to underreporting. The IRS uses various approaches to detect noncompliance and collect balances owed. For example, revenue agents

[4] The research project titles in this report were not the ones given by the research functions. We revised them for reader clarity and ease of describing the purpose of the projects.

[5] See Appendix III for a glossary of terms.

and tax compliance officers conduct field and office examinations that may result in additional tax and penalties. Also, the Automated Underreporter program matches third-party information returns to income reported by taxpayers on returns and sends them notices potentially adjusting their income and taxes. Both approaches reduce the portion of the Tax Gap attributable to the underreported income.

The nonpayment portion of the Tax Gap was estimated to be $94 billion annually and the nonfiling portion was estimated at $63 billion. Collection notices are used to inform taxpayers of unpaid balances due and unfiled returns. Taxpayers can call the IRS's Automated Collection System call centers to make payment arrangements. The most complex collection cases, such as trust fund recovery cases, are handled by revenue officers in the field.

The projects from Figure 1 show how the research assisted, or has the potential to assist, the IRS more efficiently conduct enforcement operations with support from IRS leadership. We have highlighted several projects below.

Broadening Calculated Sources of Revenue

This project may help prioritize enforcement options by linking the costs for various taxpayer activities with the revenue generated from those activities and estimating the impact of revenue protection. Revenue estimates in the annual IRS budget have historically been based on revenue generated from direct enforcement that targets specific taxpayers. However, voluntary tax payments generate higher revenue than enforcement revenue. Voluntary tax compliance activities include using secure online tools to file timely and pay taxes and amending returns. IRS activities include research, services to taxpayers, and labor costs. In addition to taxes, revenue includes fees from private letter rulings and services the IRS provides to other agencies.

The project is in the early stages of looking at the different revenue streams. Understanding the relationship between return on invested cost and tax revenue can help the IRS effectively allocate enforcement funds.

Nonfiler Program

We have issued numerous reports on the significant weaknesses in the IRS's enforcement efforts to address the problem of high-income nonfilers.[6] We found that leadership insufficiently prioritized resources to work nonfiler cases. A program RAAS was developing to optimize compliance for nonfilers was cancelled due to resource constraints. Although the project was cancelled, RAAS continues to provide ad-hoc support to SB/SE's nonfiler programs. Recent advances in AI could support this initiative if the research is continued.

Manual Interest Computations

Research can offer solutions to potentially help eliminate or minimize manual interest computations. For example, this project recommended improving the software, training, and job aids used by employees who are required to manually compute interest in certain situations.

[6] TIGTA, Report No. 2020-30-015, *High-Income Nonfilers Owing Billions of Dollars Are Not Being Worked by the Internal Revenue Service* (May 2020); TIGTA, Report No. 2021-30-002, *Billions in Potential Taxes Went Unaddressed From Unfiled Returns and Underreported Income by Taxpayers That Received Form 1099-K Income* (December 2020); TIGTA, Report No. 2023-30-011, *The IRS Has Not Adequately Prioritized Federal Civilian Employee Nonfilers* (March 2023); TIGTA, Report No. 2024-300-064, *The IRS Could Collect Over a Billion Dollars in Taxes From Unreported Wagering Income* (September 2024).

While this project provided some efficiencies through upgraded software and improved employee education, interest calculations were not automated and experienced users are still needed.

Research could be expanded to address required manual interest or penalty computations, along with subsequent revisions to the Internal Revenue Manual (IRM). Eliminating the need for any manual computations in the IRS would reduce the associated risk of errors.

Digitize Business Forms to Identify Noncompliance

The IRS needs to capture data from tax returns to effectively select cases to audit. LB&I uses AI for case selection models when data are available. However, extracting data from specialized tax returns in LB&I is problematic for identifying noncompliance because many are paper-filed. Until data from paper-filed forms are digitally available, some LB&I initiatives were paused. Management has renewed its efforts to digitize paper forms under the Zero Paper Initiative (ZPI).[7]

In April 2025, the IRS initiated the ZPI, which combines its modernization and digitalization efforts for tax returns, information returns, and correspondence under a new initiative. The goal of the ZPI is to reduce the overhead and cost burden of paper processing on the IRS by working toward a fully digital environment that enables taxpayers to submit more documents to the IRS electronically and convert paper documents into digital data for processing. With more complete, digitized data, LB&I could better identify potential noncompliance.

We also identified unimplemented recommendations from other IRS research projects that would improve enforcement, including:

- Equip revenue officers with the ability to take electronic payments from business taxpayers while in the field. This would need to be supported by accounting software, templates, and worksheets pre-populated with formulas, and regular training.
- Digitize paper-filed business forms and tax returns for large and complex entities so the data can be analyzed for potential noncompliance.

Customer Service

While all the public-facing components of the IRS strive for better customer service, the Taxpayer Services Division is primarily responsible for helping taxpayers understand their rights and responsibilities. Figure 2 summarizes the projects that could improve customer service along with the lead research function.

[7] TIGTA, Report No. 2026-4S0-025, *An Assessment of the IRS's Implementation of the Zero Paper Initiative* (May 2026).

Figure 2: Research That Could Improve Customer Service

Project	Description	Research Lead	Status
Paperless Check Initiative	Identified taxpayers who prefer paper checks and inform marketing to provide taxpayers their options. However, leadership has not yet determined how best to serve unbanked taxpayers.	TSSS	Needs Leadership Decision
Online Accounts	Compared with state and foreign taxing authorities, the IRS could offer more rigorous self-service options that benefit individuals, businesses, and tax professionals.	TAS	Needs Leadership Decision
Filters to Detect Economic Hardship	Prevent unnecessary defaults, and IRS reworks of installment agreements, when the indicator shows a taxpayer is suffering hardship.	TAS	Needs Leadership Decision
Issue Resolution at First Contact	Compare the IRS's levels of service and resolution at the first contact with other public and private entities that receive large call volumes.	TAS	Needs Leadership Decision
AI-Supported Telephone Service	Use artificial intelligence to analyze call pattern data to improve the caller's experience by giving IRS staff insights and analysis.	RAAS	Unimplemented[8]
Taxpayer Assistance Scheduler	A self-service tool to schedule in-person or remote appointments.	Privacy	Unimplemented
Improve Services for International Taxpayers	Provide effective customer service for taxpayers in foreign countries, including those that may not have the infrastructure to support online accounts.	TSSS	Partially Implemented
Improve Services for Underrepresented and Limited English Proficiency Taxpayers	Debunk misinformation and misconceptions about tax returns, tax law and the IRS with tailored communication and a better taxpayer experience.	TSSS	Partially Implemented
Errors by Certifying Acceptance Agents	Address errors made by Certifying Acceptance Agents with different professional statuses on the *Application for IRS Individual Taxpayer Identification Number.*	TSSS	Partially Implemented
Return Preparer Support	Analyze egregious return preparer behavior by location to effectively allocate resources before a full audit.	TSSS	Ongoing

Source: Analysis of research projects from the listed functions.

We previously reported, as have other stakeholders, that telephone Level of Service has been a significant challenge facing the IRS.[9] Telephone Level of Service is a percentage that measures calls routed to customer service representatives. It excludes calls sent to voice bots or abandoned by taxpayers before being routed. We previously reported that for the 2026 Filing Season the IRS implemented a new telephone assistance measure called the Assistor Service Rate.[10] It is similar to the Level of Service measure, but also includes contacts answered through Live Chat. Through February 28, 2026, the Assistor Service Rate was 73 percent.

[8] RAAS management stated that this project data are available for ad-hoc call analysis.

[9] TIGTA, Report No. 2025-100-40, *Telephone Level of Service and Average Wait Times Do Not Fully Reflect the Taxpayer Experience* (August 2025); TIGTA, Report No. 2026-400-031, *Interim Results of the 2026 Filing Season* (June 2026); National Taxpayer Advocate, *Annual Report to Congress*, p. vii (Jan. 2026).

[10] TIGTA, Report No. 2026-400-031, *Interim Results of the 2026 Filing Season* (June 2026) p. 11.

Neither the Level of Service nor the Assistor Service Rate measure whether taxpayers reached a live assistor, received accurate information, resolved their issues, or had to call back repeatedly about the same problem. Improving customer service with fewer employees is a major challenge for the IRS. The examples below demonstrate how IRS research can be used to better address the challenge.

AI-Supported Telephone Service

This project was a collaboration with the Taxpayer Experience Office. It was intended to develop a tool that analyzed speech patterns to detect quality of service, capture the reasons for taxpayers' calls, and their levels of satisfaction. The data gave IRS officials insight into ways they could adjust customer service training and self-service tools for taxpayers.

Online Account Services

TAS research compared the IRS's online account services with those of other state and foreign taxing authorities. The research found that the IRS's online services were lacking by comparison. Broad reviews of online accounts identified areas of improvement for customer service related to individual and business taxpayers. Since then, the IRS has made significant improvements to online accounts for professionals who help individuals and businesses with tax services. However, additional improvements identified by this research require investments in information technology to implement. For example:

- IRS individual online accounts research shows that the IRS could offer more rigorous self-service options. In interviews, taxpayers felt that online services for individuals benefited the IRS, such as fixing problems with returns. Taxpayers were even less satisfied with chatbots and preferred easier ways to receive notices, which would also help the IRS save resources.
- According to this research, IRS business online account updates have been particularly slow. The IRS has fewer digital tools available for tax professionals who help business taxpayers. The research found that businesses would be more likely to use digital resources if there were more robust features. For example, a feature that gives businesses the ability to request and approve power of attorney authorizations online and would also help save IRS staffing resources.

Paperless Check Initiative

TSSS performed work related to the President's Executive Order that was designed to eliminate paper refund checks.[11] For example, it studied reasons that taxpayers may qualify for exceptions, prefer paper checks, or prefer to remain unbanked, and estimated the number of taxpayers in these categories. The goal was to use the results to inform marketing and taxpayers about their options ahead of the filing season. However, there have been transitions within the program and leadership delayed deciding how to serve unbanked taxpayers. We recently reported that as of March 31, 2026, over 1.9 million notices were sent to taxpayers who either did not provide a

[11] *Modernizing Payments To and From America's Bank Account*, Executive Order 14247, 90 Fed. Reg. 14001 (March 25, 2025).

direct deposit account on their tax return or provided an incorrect direct deposit account.[12] The notice asked taxpayers to provide direct deposit information within 30 days.

We have also identified unimplemented recommendations from other research projects that would improve customer service, including:

- Developing a filter using taxpayer financial data in the IRS's possession to indicate whether taxpayers can afford collection alternatives such as installment agreements.
- Expanding the International Help Line to coincide with more foreign time zones and creating preparer phone lines specific to certain countries (*i.e.*, Canada, Mexico).

Privacy

Much of the privacy related research we reviewed was done by the Privacy organization and focused on proactive ways to improve customer service while protecting privacy. Outdated privacy and security methods may expose the IRS and taxpayers to fraud, identity theft, and other risks. Figure 3 summarizes the top five projects we identified.

Figure 3: Research That Could Improve Privacy

Project	Description	Research Lead	Status
Centralized Fraud Strategy	Replace the patchwork approach to fraud with a centralized strategy that addresses the moving target of second-party and third-party fraud, including deepfakes and social engineering.	Privacy	Needs Leadership Decision
Online Response to Mail Notice	Prevent fraudulent or disallowed uploads in response to mail notices with an access code printed on the notice.	Privacy	Unimplemented
Authenticate While on Hold	Authenticate taxpayers while on hold with Interactive Voice Response prompts so the assistor can directly resolve their issues.	Privacy	On Hold
[redacted]	[redacted] improving first contact resolution.	Privacy	Pilot
Balancing Data Access, Privacy, and Usability	Shield confidential data behind automated privacy-preserving methods giving analysts access to data without compromising taxpayer confidentiality.	RAAS	Pilot

Source: Analysis of research projects from the listed functions.

Numerous laws protect the privacy of taxpayer information.[13] Privacy's work supports IRS operations by detecting, resolving, and preventing issues through protection of sensitive information, reducing vulnerabilities for identity theft, and ensuring that IRS records are managed appropriately.

[12] TIGTA, Report No. 2026-400-031, *Interim Results of the 2026 Filing Season* (June 2026) p. 8. The notice is sent individually to taxpayers and to designated representatives on the return. One tax return could potentially generate up to three notices (Married Filing Jointly Taxpayers and their representative).

[13] For example, Internal Revenue Code Section 6103 provides protections for the use of taxpayer information limiting such use to tax administration purposes with only narrow exceptions.

[redacted]

The IRS uses Live Chat applications for collections, taxpayer services, and other customer-facing functions. [redacted]

During this pilot program, Privacy conducted research and proposed solutions [redacted] They are performing tests on a controlled statistical sample to work through technical issues so that taxpayers [redacted] If successful, the technology could be useful in reducing taxpayer burden and increasing efficiency for other [redacted] efforts.

Centralized Fraud Strategy

Privacy's research has also focused on identity theft and second-party fraud detection. It identified the need for a centralized fraud strategy, rather than the current patchwork approach. Privacy recommended a centralized fraud strategy aimed at preventing, detecting, and mitigating the moving target of second-party and third-party fraud, including deepfakes and social engineering. It issued a report that proposed 25 recommendations based on technology, organizational coordination, policy, and awareness. While none were implemented, IRS representatives said the work is informing other innovation opportunities that are under evaluation.

Leadership May Be Unaware of the Status and Potential of Research

Based on interviews and discussions with IRS functional leadership, we determined that leadership was not always aware of the existence, status, or collaboration potential of the research available. The Government Accountability Office's work on evidence-based policy making and the Office of Management and Budget Evidence Act implementation guidance recommend that agencies build a portfolio of high-quality sources of evidence to support decision-making. The Government Accountability Office also has emphasized senior leadership commitment as the single most important element of successfully managing and improving the performance of federal organizations. We found opportunities for the IRS to better align with these practices.

Of the closed research projects we reviewed, we asked each function's leadership whether recommendations that could help the IRS advance the priorities were implemented. Whether due to the customized nature of each function's projects or staff turnover, we found that leadership had inconsistent approaches to sharing research results and tracking their use in agency decision-making. Figure 4 reflects leadership's different perspectives on tracking research results.

Figure 4: Differing Leadership Perspectives Contributed to Inconsistent Tracking of Research Results

Perspective
Should the research functions track research and recommendation implementation? • TAS Research believes that when research is done to solve a problem, better and informative tracking could let IRS management know the pitfalls, successes, and outcomes. • RAAS conducts its own research and collaborates with other research functions on projects. It can only track and provide reports for its own projects. • While LB&I does not separately track recommendations, it records projects in the form of "living documents" that track their progress and provide research data that may be used for compliance campaigns. • Privacy only tracks actions it tests and conducts with its partners while studies are open. • Except for TAS, research leadership stated that they do not track implementation of recommendations, or their effectiveness. • SB/SE and TSSS Research stated that the use of research findings is a business decision, just like any other. Tracking is at the customer's discretion.

Should accountability for tracking results be shared or does it just belong to the requestor?
• SB/SE Research records the purpose and potential impact of many projects, but discontinued formally tracking research outcomes because:
  ○ It became a burden that could negatively impact their customer relationships by making them feel accountable to implement the research recommendations.
  ○ They felt it had little benefit compared to the level of effort.
• Privacy stated that monitoring what business owners do with results would take them out of a collaborative mode, which is not its scope.
• RAAS makes recommendations and provides tools to the business unit who requested the research. They work with the requestor to evolve ideas and provide an opportunity to implement, where feasible.
• TAS Research tracks the results of their research and IRS management's responses to their recommendations, as published publicly in their Annual Report to Congress.

Source: Meetings with research function management.

IRS research leadership across many of the functions do not track research recommendation outcomes because they believe it is up to the functions to decide whether they want to implement the recommendations. However, the lack of tracking can lead to inefficiencies and missed opportunities for collaboration. For example, LB&I's preliminary analysis identified partnerships with more than $10 million in assets who miscalculated the low-income housing credit. These miscalculated credits were then distributed to the partners and resulted in the partners owing additional taxes. This area of miscalculation is high-risk for noncompliance with both LB&I and SB/SE Divisions taxpayers, especially multi-tiered partnerships. However, the research was only performed on LB&I partnerships. Researchers recommended collaborating with SB/SE to expand the data included in the analysis, but it was not implemented. To improve enforcement, IRS leadership decisions and sustained support are needed.

To promote collaboration, the IRM instructs, but does not require, research functions to post information about all active and completed research projects and studies to RAAS's Data and Analytics Project Repository (hereinafter the repository). According to IRS procedures, research function officials should establish formal reporting requirements that reflect progress toward established objectives. The information should be integrated into a single reporting system that will enable various organizations to select, extract, and use the data for their needs. RAAS stated that while it oversees the research community, and manages the repository, the IRM does not grant it enforcement authority over the research functions.

Figure 5 highlights leadership's inconsistent perspectives on ways knowledge sharing could improve IRS operations.

Figure 5: Leadership's Inconsistent Views on Knowledge Sharing

Perspective
How can the research process be improved to promote better collaboration and knowledge sharing across the research community? • SB/SE Research stated that collaboration across the research community is already sufficient and does not need to improve. They improved collaboration in recent years by actively participating in cross-functional groups and exchanging information with other research functions. • RAAS stated there is room to improve the strategic enterprise over the long term, such as understanding how things work from different angles. Further, using data to make things easier for taxpayers increases voluntary compliance. • The National Taxpayer Advocate stated that TAS reaches out to the IRS every year to fact check their research study data and share completed reports with relevant recommendations.
Is knowledge shared through peer collaboration? • All research functions collaborate with RAAS to discuss tools, projects, and ideas of mutual interest in analytics when it makes business sense. • According to TSSS, they are the experts on their data, so they mostly reach out within their team. However, they also participate in multiple cross-functional groups. • TAS always pairs a senior researcher with a junior researcher on studies. They created their own internal repository with syntax, rules, and policies that form the baseline for new research.
Is the research available upon request? • LB&I does not conduct research for publication. Project elements are stored in different locations as applicable to the stage of the project. • SB/SE Research publishes some research reports to their own centralized repository, while others are available upon request due to their sensitivity. They document these exceptions for internal awareness. However, file locations may not be consistent. Projects with multiple customers could be filed under different folders, may have changed names, or moved over the years. • TSSS stated that they do not use any centralized repository for preserving or transferring institutional knowledge from research products beyond its function. • TAS publishes most of its studies on its public website.

Source: Meetings with research function management.

Leadership uses data to make decisions that support voluntary compliance, address noncompliance, and improve operations. Without proper oversight or a consistent means for sharing and tracking the results of research, there is an increased risk that study components may be lost or mismanaged. This could lead to inefficient use of resources from project teams potentially duplicating data or work that they were not aware of, or could not access, for their unique purposes. Consistent, coordinated sharing of resources would promote cross-function analysis, facilitate evaluating ideas, and encourage dissemination of best practices and tools across the IRS research community.

Staff Losses Impact Research

We compared staffing levels across each research function from the start of October 2024 (start of Fiscal Year 2025) through December 2025. Staffing levels from each of the research functions decreased between 16 and 47 percent during this time period. Figure 6 provides an overview of the staffing levels for each of the research functions.[14]

Figure 6: Research Staff Lost From October 2024 Through December 2025

Research Function	October 2024	December 2025	Percentage Lost
SB/SE Research	75	40	(47%)
Privacy	6	4	(33%)
TAS	7	5	(29%)
LB&I	315	239	(24%)
RAAS	563	451	(20%)
TSSS	64	54	(16%)

Source: Analysis of IRS staffing data provided by each research function.

IRS research function leadership stated that these losses impacted both experienced and probationary employees. As a result, IRS research functions will not be able to initiate and complete certain research projects. In this environment, sustained leadership engagement is even more critical to ensuring that research efforts are prioritized, completed, and used to inform decision-making.

Conclusion

The IRS has invested significant resources in research that could advance the Department's priorities, inform operational decisions, and improve efficiency. However, without leadership engagement, communication of results, and follow-through on recommendations, the evidence generated by the IRS may not be fully and consistently incorporated into agency decision-making, limiting their usefulness. Some projects are awaiting leadership decisions on whether and how to implement recommendations, such as using AI analytics to improve enforcement and customer service.

The six research functions we reviewed manage their research output independently. IRS policies instruct the research functions to list all active and completed research in the repository and to share their information in an integrated reporting system for other teams to use in support of the IRS's mission. While leadership is aware of these policies, they cited customization and not wanting to burden their teams or customers as reasons for not fully adhering to them. All functions stated that they welcome collaboration and meet with RAAS regularly to share ideas of mutual interest.

As of December 2025, valuable initiatives that could benefit from advances in AI were cancelled or paused due to stalled leadership decisions and lack of leadership support. Staffing losses

[14] Staffing levels are reported as full time equivalent employees.

across the IRS research functions will also impact on the amount of research that can be completed. While it may not be possible to capture decades of experience, it is possible to promote the work that has been done during those years. A research community that is more integrated with IRS leadership and whose completed research projects are more accessible to all IRS employees will better assist the IRS in its improvement initiatives.

Performance of This Review

We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Federal Offices of Inspector General*. Those standards require that the work adheres to the professional standards of independence, due professional care, and quality assurance and follows procedures to ensure accuracy of the information presented. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the objective of our review.

Appendix I

IRS Leadership's Selections of Notable Projects

Figure 1: Enforcement

Project	Description	Research Lead	Status
Tax Court Sanctions on Taxpayers Who File Frivolous Claims	Implement procedures to ensure that all sanctions are properly assessed, tracked, and collected.	SB/SE Research	Unimplemented
Improving the Heavy Highway Vehicle Use Tax Return	Identify process improvements such as whether the form has been filed and fees were paid and increase resources for stakeholders.	SB/SE Research	Partially Implemented
Payment Score	Estimate the collectability of outstanding balances due within the payment statute, considering the likelihood of a payment plan and other factors.	RAAS	Ongoing
Ability to Pay	Update cost-of-living standards in calculations of a delinquent taxpayer's ability to pay an outstanding tax bill.	SB/SE Research	Ongoing
Private Debt Collection	Forecast commissions from outsourced tax bill collection to help with resource planning.	SB/SE Research	Ongoing
Passport Data	Partner with the Department of State to provide weekly and monthly data on delinquent taxpayer behavior and compliance trends.	SB/SE Research	Ongoing
Stitching Together Risk Data	Use AI to develop case selection models, summarize, and analyze unstructured data (*i.e.*, not formatted in rows and columns).	LB&I	Ongoing

Source: Analysis of research received from the listed functions.

Figure 2: Customer Service

Project	Description	Research Lead	Status
Where's My Refund Voicebot Survey	Use the customer's 'literal voice' to capture feedback with the Where's My Refund/Amended Refund tool to identify improvements.	TSSS	Ongoing
Volunteer Income Tax Assistance Experience Survey	Survey volunteer tax preparers to identify barriers and opportunities to increase satisfaction, recruitment, and retention.	TSSS	Ongoing
Behavioral Insights to Improve Voluntary Compliance	Use behavioral research to improve taxpayers' experiences and redesign notices.	RAAS	Ongoing
Impact of Compliance Costs Compliance	Understand the influence of compliance costs on taxpayer behavior and estimate the impact of proposed legislation on tax compliance.	RAAS	Ongoing
Search the IRM with Gen-AI	Enable employees to query the IRM in natural language with a tool that can be embedded in other applications.	RAAS	Ongoing
No Child EITC	Researched taxpayers eligible for the No Child EITC and identified improvements to Civil Penalty Notice 27 *Earned Income Credit Worksheet*.	RAAS	Completed
Declines in EITC Claims	Analyzed changes in the number of individual income tax returns filed with and without an EITC claim.	RAAS	Completed
Changes in Return Preparation Method	Analyzed the percentage of taxpayers who shifted from paid to 'do-it-yourself' tax preparation considering impacts of various legislation.	RAAS	Completed
Paper Filer to e-file Outreach	Tested whether informing paper-filers about the benefits of e-filing can influence them to change methods.	RAAS	Completed

Source: Analysis of research received from the listed functions.

Figure 3: Privacy

Project	Description	Research Lead	Status
Taxpayers Who Don't Receive Their Refunds Due to IRS Identity Theft Filters	Outreach is more than twice as effective at helping legitimate taxpayers authenticate their identity and receive their refunds.	TAS	Unimplemented
Authenticated Chat to Chat Transfer	Maintain a taxpayer's authentication if they need to be transferred to another Live Chat team that can help with their issue.	Privacy	On hold
Standardized Data Sharing with Secure Query System	Produces synthetic data to preserve the characteristics of the original data without revealing taxpayer information.	RAAS	Ongoing
Data Security Enhancements	Significantly strengthen data security of the database repository.	RAAS	Ongoing
Mobile Forms	An online tool that enables taxpayers to securely upload, complete, and digitally sign tax forms on a mobile device.	Privacy	Implemented

Source: Analysis of research received from the listed functions.

Appendix II

Notable Addressed Recommendations

Figure 1: Enforcement

Project	Implementation Highlights	Research Lead	Status
Digital Solutions to Ease Collection (also in Figure 1 above)	Revised processes for taxpayers to verify revenue officers and guidance for revenue officers for scheduling initial appointments.	SB/SE Research	Partially Implemented
Improving the Heavy Highway Vehicle Use Tax Return (mentioned in Appendix I)	Increased legibility and usability of the form, updated SB/SE Research Excise Tax Policy website, and educated taxpayers.	SB/SE Research	Partially Implemented
High-Income, High Wealth No Tax	Identified adjustments and credits that drive high-risk taxpayers with Total Positive Income over $1 million to report no federal tax.	RAAS	Implemented
Office of Fraud Enforcement Case Management	Developed a model that helps lead development, case management, and reporting.	SB/SE Research	Implemented
Return Preparer Data Tool	Update the tool to keep pace with changing tax law, egregious return preparer behavior, and available sources of data.	SB/SE Research	Implemented
Tax Court Sanctions on Opposing Counsel Who File Claims in Bad Faith	IRS Chief Counsel's Office developed a closing sheet to assist with assessing and collecting sanctions.	SB/SE Research	Implemented

Source: Analysis of research received from the listed functions.

Figure 2: Customer Service

Project	Implementation Highlights	Research Lead	Status
Managers' Role in Reinforcing Customer Service	Updated procedures to encourage managers to regularly share positive performance they observe and document the metrics in reviews.	TSSS	Implemented

Source: Analysis of research received from the listed function.

Appendix III

Glossary of Terms

Term	Definition
Certifying Acceptance Agent	An individual who is authorized to help resident and nonresident alien individuals who are ineligible to receive a Social Security Number apply for an Individual Taxpayer Identification Number from the IRS.
Economic Hardship	An economic hardship occurs when the IRS has determined that full collection of a tax liability would prevent the taxpayer from paying basic, reasonable living expenses. For the IRS to make this determination, it verifies the taxpayer's financial and other information.
EITC	A special credit for certain qualified taxpayers who work and have limited income. The credit reduces the amount of income tax owed (if any) and is intended to offset some of the increases in living expenses and Social Security taxes.
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.
Revenue Agent	An employee in the Examination function who conducts face-to-face examinations of complex tax returns, such as businesses, partnerships, corporations, and specialty taxes.
Revenue Officer	An employee in the Collection function who provides customer service by explaining taxpayer rights and responsibilities. They help collect delinquent tax bills and returns.
Second-Party Fraud	Occurs when a person allows their identity to be used for illegal purposes, often by someone they know or trust, and often under manipulation or promises of compensation.
Tax Gap	The estimated difference between the amount of tax that taxpayers should pay and the amount that is paid voluntarily on time.
Third-Party Fraud	Occurs when an individual or entity's information is exploited without their knowledge, such as identity theft.
Trust Fund Deposits	The taxes that employers are required to withhold on behalf of their employees and remit to the U.S Treasury.

Appendix IV

Abbreviations

AI	Artificial Intelligence
EITC	Earned Income Tax Credit
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
LB&I	Large Business & International Division
RAAS	Research, Applied Analytics and Statistics
SB/SE	Small Business/Self-Employed Division
TAS	Taxpayer Advocate Service
TIGTA	Treasury Inspector General for Tax Administration
TSSS	Taxpayer Services Strategies and Solutions

To report fraud, waste, or abuse,
contact our hotline on the web at
https://www.tigta.gov/reportcrime-misconduct.

To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at
TIGTACommunications@tigta.treas.gov.

Information you provide is confidential, and you may remain anonymous.