

Internal Revenue Service





Your rights as a taxpayer

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

The Taxpayer Bill of Rights

1. The Right to Be Informed

Taxpayers have the right to know what they need to do to comply with the tax laws. They are entitled to clear explanations of the laws and IRS procedures in all tax forms, instructions, publications, notices, and correspondence. They have the right to be informed of IRS decisions about their tax accounts and to receive clear explanations of the outcomes.

2. The Right to Quality Service

Taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS, to be spoken to in a way they can easily understand, to receive clear and easily understandable communications from the IRS, and to speak to a supervisor about inadequate service.

3. The Right to Pay No More than the Correct Amount of Tax

Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.

4. The Right to Challenge the IRS's Position and Be Heard

Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and documentation promptly and fairly, and to receive a response if the IRS does not agree with their position.

5. The Right to Appeal an IRS Decision in an Independent Forum

Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including many penalties, and have the right to receive a written response regarding the Office of Appeals' decision. Taxpayers generally have the right to take their cases to court.

6. The Right to Finality

Taxpayers have the right to know the maximum amount of time they have

to challenge the IRS's position as well as the maximum amount of time the IRS has to audit a particular tax year or collect a tax debt. Taxpayers have the right to know when the IRS has finished an audit.

7. The Right to Privacy

Taxpayers have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary, and will respect all due process rights, including search and seizure protections and will provide, where applicable, a collection due process hearing.

8. The Right to Confidentiality

Taxpayers have the right to expect that any information they provide to the IRS will not be disclosed unless authorized by the taxpayer or by law. Taxpayers have the right to expect appropriate action will be taken against employees, return preparers, and others who wrongfully use or disclose taxpayer return information.

9. The Right to Retain Representation

Taxpayers have the right to retain an authorized representative of their choice to represent them in their dealings with the IRS. Taxpayers have the right to seek assistance from a Low Income Taxpayer Clinic if they cannot afford representation.

10. The Right to a Fair and Just Tax System

Taxpayers have the right to expect the tax system to consider facts and circumstances that might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels.

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About this Document

The Strategic Planning team within the Chief Financial Office refined and documented years of work in setting the IRS vision and strategy into this FY2018-2022 Strategic Plan. This plan was developed through a deliberate and inclusive process, which engaged all IRS employees, leaders, advisory groups and key stakeholders, including the Department of the Treasury. We designed this plan to allow employees to see their contribution to the IRS mission, and to set forth key goals to guide our agency over the next four years.

Please direct all questions and comments to CFO.Strategic.Planning@IRS.gov

Message from the Acting Commissioner



The IRS administers the tax system that funds our nation. We work to make it easier for taxpayers to understand and meet their tax obligations, and we enforce the tax laws to ensure fairness for all. The IRS's highest priority is implementing the Tax Cuts and Jobs Act (Public Law 115-97), the most significant revision of the U.S. tax code in more than 30 years. Administering the new law will require extensive implementation work in calendar years 2018 and 2019.

Efforts to implement the new legislation are already underway, and the IRS is providing taxpayers and practitioners with information to address new tax compliance obligations timely and accurately. The IRS expects to publish additional guidance as we continue to analyze how the new law affects taxpayers.

Providing service to taxpayers is a vital part of the IRS mission, and helping taxpayers voluntarily comply with the law strengthens our tax system. Our five-year Strategic Plan focuses on six goals that will help drive continued improvements in the customer experience. We'll continue to provide, expand and improve service where, when and how taxpayers and tax professionals want and expect it. We're modernizing our approach to make taxpayers' experiences similar to the way they interact with private sector institutions. We're working toward providing a wide array of electronic tax account options, while improving service over the phone and face-to-face.

As we make these improvements, we'll enforce the tax code fairly and uphold taxpayer rights. IRS employees value these rights and ensure that taxpayers have access to the assistance and resources afforded by the Taxpayer Bill of Rights.

We'll continue to innovate on approaches to address our challenges using public-private partnerships. Our continued collaboration with state tax agencies, the tax industry and other stakeholders through the Security Summit, an annual meeting of the tax community focused on security, will help us sustain progress in combating identity theft.

Our diverse workforce is integral to our success. As we confront the challenges of the future, we'll continue to develop top talent with in-demand skillsets like data analytics and cybersecurity. With a large portion of our workforce retirement-eligible, we'll also focus on knowledge transfer and succession planning to preserve our institutional excellence.

During the implementation of the Strategic Plan, we'll increase our efforts to find operational efficiencies, be good stewards of the resources we receive and take innovative approaches to achieve our goals.

David J. Kautter
Acting Commissioner of Internal Revenue

Tax Cuts and Jobs Act of 2017



The Tax Cuts and Jobs Act is the most significant revision of the U.S. tax code in more than 30 years. The new law will require extensive administrative work — updates to 140 computer systems and 450+ tax forms — for the IRS in calendar years 2018 and 2019.



FY2018-2022 Strategic Goals Overview

The IRS Strategic Goals will guide resource decisions, programs and operations to meet the changing needs and expectations of taxpayers and members of the tax community who serve taxpayers. Our Strategic Plan aligns with the goals and objectives in the Department of the Treasury's FY2018-2022 Strategic Plan, namely:

- Treasury Objective 1.1: Tax Law Implementation
- Treasury Objective 4.1: Financial Data Access and Use
- Treasury Objectives 5.1-3: Workforce Management, Treasury Infrastructure and Customer Value

Our Strategic Plan also aligns with and supports our contributions to the Treasury Agency Reform Plan, which outlines how we will improve the taxpayer experience and modernize our operations.

We are coordinating with Treasury and Congress to implement the Tax Cuts and Jobs Act as quickly as possible so taxpayers can understand the changes and requirements and comply with them in the least burdensome way.

The plan reflects the IRS's critical role in tax administration and in an expanding global tax environment. By focusing on combating the increased prevalence of refund fraud and identity theft, transforming taxpayer services to meet taxpayer expectations, maintaining a skilled and talented workforce, increasing operational efficiency and effectiveness, and meeting the tax needs of a diverse U.S. population, the plan is a guide to accomplishing the IRS mission and vision successfully.



Our Six Strategic Goals



Empower and enable all taxpayers to meet their tax obligations

We will empower taxpayers by making it easier for them to understand and meet their filing, reporting and payment obligations. We continue to add and enhance tools and support to improve taxpayers' and tax professionals' interactions with the IRS on whichever channel they prefer.



Protect the integrity of the tax system by encouraging compliance through administering and enforcing the tax code

The American tax system is based on voluntary compliance and supported by appropriate enforcement. As part of our efforts to close the tax gap¹, we will pursue innovative approaches to understand, detect and resolve potential noncompliance. We will use behavioral insights on how people process and react to information. This will inform how we design programs to encourage voluntary compliance.



Collaborate with external partners proactively to improve tax administration

Partnerships with our stakeholders enrich service to taxpayers. Collaboration will yield innovative solutions to pressing problems, improving the taxpayer experience. We will engage partners to improve service and outreach to taxpayers, enhance global collaboration and share leading practices.



Cultivate a well-equipped, diverse, flexible and engaged workforce

Our employees are committed to serving the American taxpayer. We strive for a culture that values innovation, welcomes multiple perspectives and celebrates diversity. Our approach to development will be complemented by a forward-looking talent management strategy that considers future business and stakeholder needs.



Advance data access, usability and analytics to inform decision making and improve operational outcomes

We'll continue to use data to drive decisions and make the most effective use of our resources. Advancements across the full data lifecycle — from collection to storage to access to analysis — will allow us to better deploy data and implement insights. Improving data and analytics provides a repeatable process for selecting and assigning work.



Drive increased agility, efficiency, effectiveness and security in IRS operations

We will focus on streamlining and simplifying our business processes to serve taxpayers better and improve our stewardship of taxpayer resources. Efficient operations and modern infrastructure are the foundation of a stable, reliable organization and are essential elements of sustaining excellent service and enforcement capabilities. Strong data systems are critical to safeguarding taxpayer and employee data from threats.



Overview of the Internal Revenue Service

ORIGIN

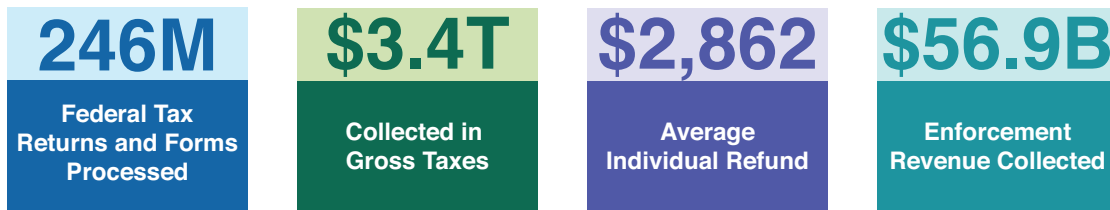
The roots of the IRS date to the Civil War, when in 1862 President Lincoln and Congress created the position of commissioner of Internal Revenue and enacted an income tax to pay war expenses. The income tax was repealed 10 years later. Congress revived the income tax in 1894, but the Supreme Court ruled it unconstitutional the following year.

16th AMENDMENT

In 1913, Wyoming ratified the 16th Amendment, providing the three-quarters majority of states necessary to amend the Constitution. The 16th Amendment gave Congress the authority to enact an income tax.

HOW WE SERVE TODAY

We take pride in collecting more than 90 percent of the revenue that funds the United States. One of the world's most efficient tax administrators, the IRS spent just 35 cents for each \$100 it collected.² Some key performance achievements in FY2017 included:



OUR MISSION

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

OUR VISION

We will uphold the integrity of our nation's tax system and preserve the public trust through our talented workforce, innovative technology and collaborative partnerships.

OUR VALUES

Honesty and Integrity

Respect

Continuous Improvement

Inclusion

Openness and Collaboration

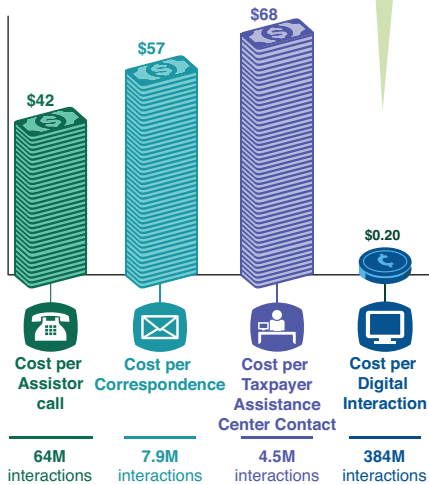
Personal Accountability

IRS Strategic Goals



Empower and Enable All Taxpayers to Meet Their Tax Obligations

DIGITAL INTERACTION SAVINGS
 In FY2016, taxpayers had 384M digital interactions with the IRS; these interactions had a much lower per-transaction cost than traditional channels.



Our goal is to make it as easy as possible for taxpayers and their representatives to understand and meet their tax obligations. We will reduce taxpayer burden by:

- Simplifying the processes for tax filing, correction and payment,
- Improving education and outreach on taxpayer rights and obligations and
- Modernizing and expanding our service channels to meet taxpayer expectations.

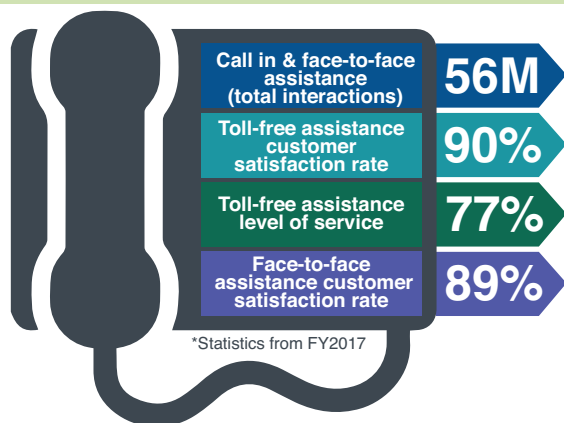
We aim to increase voluntary compliance through outreach and education. Expanding our proactive communications to taxpayers and tax professionals will address compliance questions preemptively. For instance, receiving a notification about qualifications for tax credits may help taxpayers to claim credits properly. We'll listen to taxpayers and understand what they need from the IRS. We'll use insights from our taxpayer preference research, findings from behavioral science and input from partners in the tax community to engage taxpayers where, when and how they prefer.

We're expanding our digital service options, including making our web services mobile-friendly in response to taxpayer and tax professional demand. This means increasing the availability and quality of self-service interactions, as well as providing taxpayers and third parties with convenient and secure means to resolve questions. These enhancements also will generate cost savings by reducing demand for labor-intensive, manual processes.

We remain committed to improving services offered through telephone assistance, taxpayer assistance centers and mail correspondence. We'll train our employees on the new tax law provisions and requirements to ensure taxpayers receive knowledgeable, courteous service when they need it most — regardless of channel preference.

LEVEL OF SERVICE
 Level of service is the relative success rate of taxpayers that call the toll-free number seeking assistance from a Customer Service Representative.

The IRS has high phone and face-to-face customer service rates



*Statistics from FY2017



Trends and Challenges

IMPLEMENTING CHANGES IN TAX LEGISLATION

The IRS recognizes that the legal and regulatory environment continues to evolve, given legislative developments around tax reform and the complex nature of tax policy. Implementing the Tax Cuts and Jobs Act (Public Law 115-97), the most significant revision of the U.S. tax code in more than 30 years, is the IRS's highest priority.

We established the Tax Reform Implementation Office to help navigate the changes associated with tax reform. In conjunction with the Department, we will provide timely guidance for the new law and any future legislation to assist taxpayers in addressing their new tax compliance obligations seamlessly.

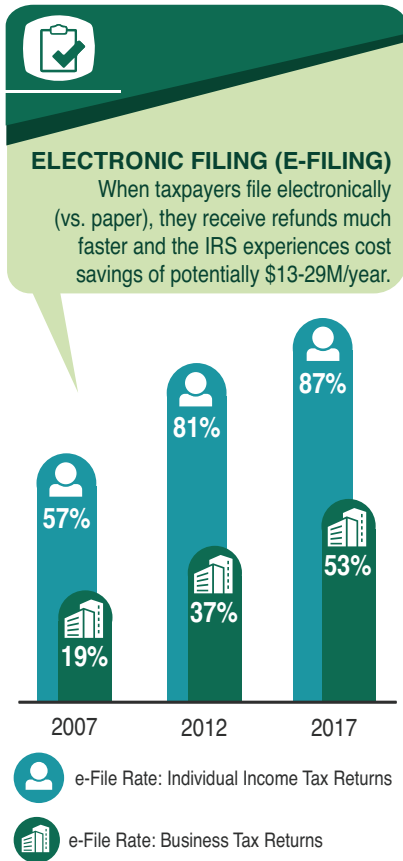
IRS will implement the new law in a way that serves taxpayers, facilitates tax compliance, and protects sensitive data. IRS will focus initially on the following areas:

- Creating new and revised taxpayer forms, instructions and publications.
- Providing technical support to taxpayers on issues involving interpretations of the law and of related published guidance.
- Training IRS employees on the new law and helping the public, tax professionals and other industry partners understand how the law applies to them by issuing timely guidance.
- Reprogramming information technology systems, with special focus on return processing and compliance systems (the backbone of the tax system).

MEETING EXPECTATIONS OF TAXPAYERS

Our taxpayers increasingly expect high-quality service akin to what they receive in the private sector. This also applies to corporations, trusts, estates, exempt entities and others that have a responsibility to file with the IRS. As a direct service provider, the IRS remains attuned to taxpayer preferences and needs. The IRS is updating its service approach with innovative, multi-channel offerings (e.g., online webpages, mobile applications, face-to-face assistance, phone, mail correspondence, etc.).

In addition to offering taxpayers more choices in how they interact with us, the IRS's multi-channel strategy has the potential to increase overall levels of service. Updates to IRS digital services may reduce the number of simple, informational interactions on the phone or in person for many taxpayers, allowing us additional time to serve taxpayers with more complex service needs.



OBJECTIVES AND SUPPORTING ACTIVITIES

Simplify the process of filing, correction and payment for all taxpayers and their representatives.

- Expand the use of plain language in taxpayer-facing communications and resources.
- Develop additional self-assistance and correction tools, including enhanced Online Account capabilities for both taxpayers and representatives.
- Equip employees, taxpayers and partners with the information needed to enable a timely resolution.

Help taxpayers understand their rights and responsibilities through proactive education and tailored outreach.

- Develop and test the effect of proactive communications on taxpayer and tax professional behavior and implement effective communications accordingly.
- Use behavioral research insights to tailor outreach based on taxpayer needs and preferences consistent with the Taxpayer Bill of Rights.
- Provide avenues for dialogue on IRS initiatives, products and policies, including timely communications with third parties.

Expand secure digital options for taxpayers and professionals to interact efficiently with the IRS, while maintaining and improving traditional service options.

- Develop new digital tools and channels and expand functionality and capacity on existing digital channels.
- Conduct behavioral research to identify taxpayer preferences for current and future services.
- Continue enhancements to traditional channels (e.g., telephone, Taxpayer Assistance Centers, correspondence) to reduce taxpayer wait times, increase service transparency, and accommodate taxpayer schedules.
- Increase electronic filing.

5 online tools

that didn't exist in 2010 include:

- Direct Pay
- Online Account
- Interactive Tax Assistant
- IRS2Go Mobile App
- "Where's My Amended Return?"

these account for **23M** interactions

*Based on data for FY2010 to 2017

Measuring Success

The IRS will utilize a combination of new and existing performance metrics to evaluate progress toward the goal of empowering and enabling all taxpayers to meet their tax obligations. These include the telephone level of service rate (the percentage of toll free callers that successfully speak to a Customer Service Representative or receive informational messages); the availability of critical filing season tax forms and instructions; and the Enterprise Self-Assistance Participation Rate, among others. Performance is reported annually in the IRS's Congressional Budget Justification and the Department of the Treasury's Agency Financial Report.

Enterprise Self-Assistance Participation Rate (ESAPR) – This measures the percent of instances where a taxpayer uses one of the IRS's self-assistance service channels (i.e., automated calls, web services) versus needing support from an IRS employee (i.e., face-to-face, over the phone, via paper correspondence).

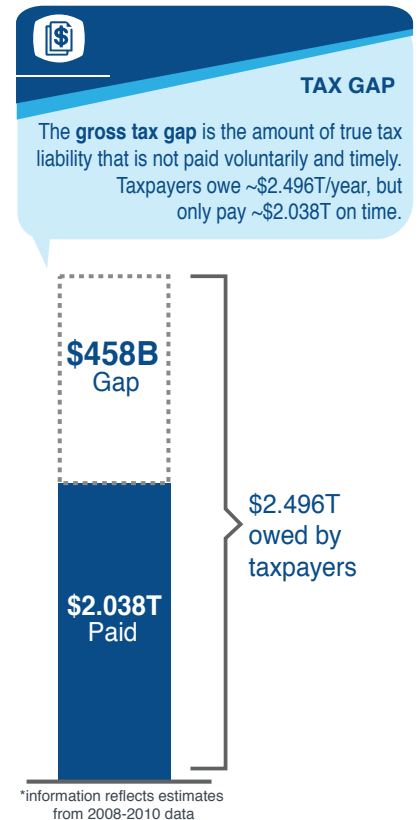


Protect the Integrity of the Tax System by Encouraging Compliance through Administering and Enforcing the Tax Code

One of the IRS's key responsibilities is to ensure taxpayers comply with the tax law. We will develop innovative approaches to understand, detect and resolve potential noncompliance to keep taxpayer confidence in our tax system strong. Analyzing new tax laws and regularly assessing trends in noncompliance will enable a more proactive approach. We will respond to high-risk areas thoughtfully.

When noncompliance occurs, we'll use behavioral insights and robust data analysis to address the noncompliance in the most appropriate way. This will include expanding self-correction options and early intervention treatments, allowing taxpayers and tax professionals to resolve errors quickly, without compounding issues over time. Enhancing our ability to select cases and implementing a new case management system will shorten the time from when an issue is detected to when it is resolved. Feedback throughout this process will help improve our deterrence, detection and treatment of compliance issues in the future.

We understand many taxpayers experience stress when learning they have a potential compliance issue that needs to be addressed. We will help taxpayers navigate the process of issue resolution, ensuring they're aware of the Taxpayer Bill of Rights and the resources available to them. While working to help taxpayers who want to comply, we'll pursue those who intentionally violate the tax code.



Trends and Challenges

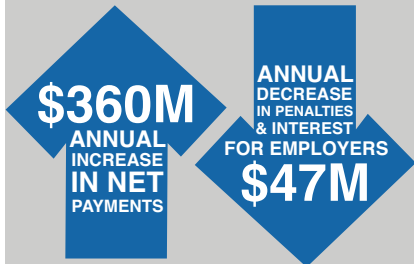
SERVING AN INCREASINGLY COMPLEX TAX BASE

The U.S. tax base is becoming more complex. Economic and demographic changes in our society have fundamentally changed the way citizens earn money and the way we live. U.S. workers earning income through contracting or freelancing is projected to increase as more workers pursue flexible arrangements or earn income through digital platforms and app-based businesses (the "gig economy").³ This shift in income sources requires the IRS to adapt its outreach and enforcement efforts. According to one assessment, in the gig economy, nearly one-third of those earning money through app-based platforms were unaware of their tax status as small-business owners.⁴ This likely affects the rate of voluntary tax compliance.

In addition to changes in employment trends, family structures and living habits are shifting. A record number of Americans live in multigenerational households, a dynamic that could affect a taxpayer's ability to claim deductions and credits accurately.⁵ This highlights the growing need for IRS to communicate eligibility requirements and verify compliance.

Early Interaction Initiative

This initiative expands the IRS Federal Tax Deposit Alert Program by issuing educational alerts to employers when they may be behind in depositing withheld payroll taxes.



This earlier contact with potentially non-compliant employers improves the likelihood that they will meet their payroll tax depositing requirements.

*Based on data for FY2017

Taxpayer Digital Communication (TDC) program



The IRS launched the TDC program in 2017 to test the use of secure digital messaging. TDC enables taxpayers and tax professionals to interact with the IRS electronically, enabling the immediate exchange of information in place of more time-intensive mail correspondence.

This modern, digital communication channel will enable IRS employees to resolve taxpayer issues more efficiently – lowering communication costs, providing more transparency and certainty, reducing operational tasks, and increasing taxpayer satisfaction.



OBJECTIVES AND SUPPORTING ACTIVITIES

Identify and plan for compliance risks proactively.

- Analyze the risk landscape continuously to determine priority compliance issues.
- Create comprehensive strategies to prevent and address noncompliance in high-risk areas (e.g., Large Business & International’s compliance campaigns).
- Identify resource and skill needs to support high-priority risk areas and incorporate them into workforce planning.

Reduce the time between filing and compliance issues resolution.

- Develop early-warning and notification systems to identify potential issues as they occur and engage taxpayers earlier in the process to resolve issues faster.
- Review and refine risk-based filters to detect anomalies early.

Match potential compliance issues to the most appropriate solution informed by behavioral insights.

- Assess taxpayer and tax professional compliance behavior to identify opportunities for early intervention treatments and other new approaches to compliance.
- Test and analyze the effectiveness of various treatments on taxpayer and preparer compliance and burden.
- Share insights from compliance efforts and testing across operating divisions for continuous improvement of issue routing.

Investigate criminal violations of the tax code to enforce accountability and maximize deterrence.

- Share data and coordinate on cases within and across relevant business units.
- Expand the Cyber Crimes Unit in response to the ongoing threat of virtual financial crimes.
- Raise public awareness of the outcomes of IRS criminal investigations.

Measuring Success

Time to Start Compliance Resolution – This measures the percentage of total instances where IRS compliance enforcement divisions contact a noncompliant taxpayer within one year of receiving a taxpayer’s return (or when a taxpayer should have filed their return, but may not have).

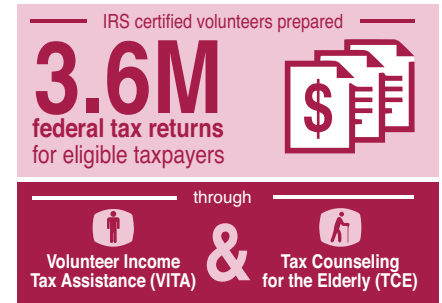


Collaborate with External Partners Proactively to Improve Tax Administration

We are committed to strengthening and expanding our partnerships, maintaining open lines of communication with stakeholders and engaging them as collaborators. The IRS is part of a community that includes a variety of stakeholders invested in and affected by tax administration. We also work with partners beyond the traditional tax community — including government entities (international, federal, state, local and tribal), the private sector, universities and volunteer organizations as we deliver our mission.

Joint efforts help us find innovative solutions, tackle common challenges and enhance our ability to serve taxpayers and operate efficiently. The IRS coordinates with law enforcement agencies in pursuit of tax criminals, co-locates taxpayer service centers with other government agencies for cost savings and taxpayer convenience, works with third-party preparers and vendors regarding the administration of major tax code changes and looks to the private sector to share leading practices.

The feedback we receive from our partners gives us an important perspective on how our programs are working and where they could be improved. As we enhance the ways we collaborate with partners, we will continue to maintain accountability, holding our partners to the highest standards and safeguarding taxpayers' rights to privacy and confidentiality.



*Based on data for FY2017

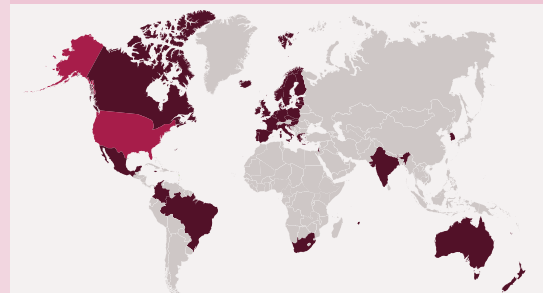


Trends and Challenges

MANAGING GLOBAL TAX COOPERATION

The IRS faces a business environment that is becoming more global, dynamic and digital.⁶ Complexity and change in the international environment require that the IRS collaborate with tax administrations in foreign countries to enforce compliance. As the passage of agreements with other countries shows, there is a desire to cooperate through a reciprocal approach to sharing information and enforcing international tax law.⁷ Continued IRS leadership in international efforts focused on global tax cooperation and tax administration practices can prevent and resolve disputes among countries and increase certainty for taxpayers.

As of February 2018, the U.S. has 43 active or pending country-by-country reporting agreements.



*Pending includes only the countries that have consented to an agreement

Low Income Taxpayer Clinics (LITCs)

LITCs are a matching federal grant program that provides up to \$100K annually to organizations that provide services to low-income taxpayers or taxpayers whose second language is English. In 2016, 1,800 volunteers provided 47,480 hours of service at LITCs.



\$11.8M
in grants provided
to 138 grantees
in 2017.

SECURITY SUMMIT RESULTS

Building on the success of FY2015, the Security Summit, a partnership between the IRS, state tax agencies and private-sector industry leaders contributed to a decline in taxpayers claiming to be victims of identity theft.

TAXPAYER-REPORTED IDENTITY THEFT IS
64% DOWN
FROM 2015-2017



OBJECTIVES AND SUPPORTING ACTIVITIES

Coordinate with the tax community to facilitate service and outreach to taxpayers.

- Work with partners to communicate service changes and promote adoption of efficient service options.
- Incorporate insights from partners into IRS service and outreach channels.
- Deliver training to external service providers who partner with the IRS.
- Enhance monitoring of the tax ecosystem to combat abusive behavior.

Pursue partnerships to tackle common challenges, generate cost savings and share leading practices.

- Expand the use of interagency and private sector working groups to collaborate on areas of mutual interest, building on successes like the Security Summit.
- Consult with the private sector to integrate industry-leading practices into IRS operations, particularly around customer service, analytics and cybersecurity.
- Collaborate with other government entities to identify efficiencies around data sharing, security and facilities management.

Expand partnerships with foreign governments and international organizations to address global tax compliance concerns.

- Respond to changes in the global tax environment to improve international tax compliance.
- Coordinate with foreign tax administrations and the Organization for Economic Cooperation and Development to measure and enhance the effectiveness of data shared between jurisdictions.
- Conduct, plan and convene international engagements on promoting sound global tax administration, including protecting taxpayer rights.

Measuring Success

Progress Towards Enhanced Partnership Strategy – Meeting key milestones in the IRS's ability to both maintain and create new partnerships with external stakeholders (e.g., tax preparer community, international compliance/cyber security experts, other government agencies) to help the agency be responsive to outside perspectives concerning how to:

- Respond to and implement new legislative requirements,
- Improve taxpayer service,
- Protect the tax system and taxpayer data and
- Efficiently use taxpayer resources.



Cultivate a Well-Equipped, Diverse, Flexible and Engaged Workforce

Our vision for the future depends on a workplace culture that empowers employees to improve the taxpayer experience and uphold the tax code fairly. We're working to provide a collaborative, inclusive and flexible experience for employees, regardless of where they work in the agency.

We will support our employees by offering modernized training and tools, especially on emerging priorities such as data analytics, advanced technological systems and changes in tax requirements. Employees will be trained with the necessary skills to serve a taxpayer base that is increasingly diverse and complex in terms of tax situations and demographics.

Enhanced skills development will be coupled with a forward-looking talent management strategy, allowing the IRS to identify human resource needs more effectively based on workload demands, business needs and tax legislation. Our talent management strategy will focus on supporting employees' needs and clear paths for career development. Recognizing the importance of cultivating the next generation of managers and leaders, we'll focus on succession planning while encouraging the transfer of institutional knowledge.

Critical Hiring Needs

The IRS prioritizes hiring mission critical positions based on agency needs, including those related to:

- Tax reform
- Cybersecurity
- IT modernization & infrastructure
- Data and analytics
- Filing season
- Identity theft

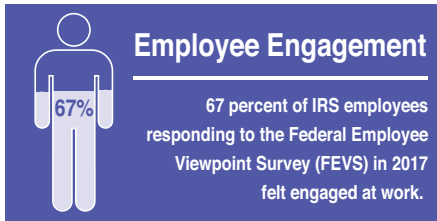


Trends and Challenges

SUPPORTING AN EVOLVING WORKFORCE

A large portion of the IRS workforce is nearing retirement, with 27 percent eligible to retire by the end of FY18. Moreover, the group that represents our next generation — those aged 25 or younger — makes up less than half of one percent of our workforce. Succession planning and knowledge transfer are critical to passing on the leadership skills and institutional knowledge necessary for continued effective tax administration.

In addition to preventing knowledge gaps, we must also develop a workforce capable of responding to the demands of the future. This means attracting, developing and retaining employees with advanced skillsets. Developing leaders from our current workforce will make this evolution successful. We must also train and equip employees with the skills and tools necessary to operate in an increasingly digital and data-enabled world.



OBJECTIVES AND SUPPORTING ACTIVITIES

Foster a collaborative and inclusive culture.

- Enhance and expand ways to gather employee feedback.
- Promote flexible work-life options, identifying ways to ensure employees on mobile, remote, Alternate Work Schedule or other arrangements can participate seamlessly.
- Protect equal opportunity, promoting diversity and inclusion through all steps of the employee lifecycle.

Support employee development with training opportunities and clear career paths.

- Make innovative training, tools and support accessible to employees.
- Expand development opportunities (e.g., job shadowing, rotational programs).
- Create career ladders and career-mapping tools to provide transparency and predictability into skill requirements and expectations.
- Develop mentoring programs and promote cross-functional exposure and networking.

Enhance succession planning and knowledge transfer processes.

- Identify emerging leaders and increase leadership development efforts to provide a strong talent pipeline to fill key positions.
- Develop standard processes for knowledge transfer when employees join or leave the agency.
- Redesign the Employee Resource Center, IRS intranet and other knowledge management platforms to improve information sharing across functions and business units.

Design a talent management strategy that proactively addresses business needs and adjusts to workload demand.

- Refresh retention and recruitment strategies to streamline hiring and focus on critical skills.
- Increase emphasis on forecasting of resource needs and analysis of workload demands.
- Integrate workforce planning into strategic planning efforts throughout the agency.

Measuring Success

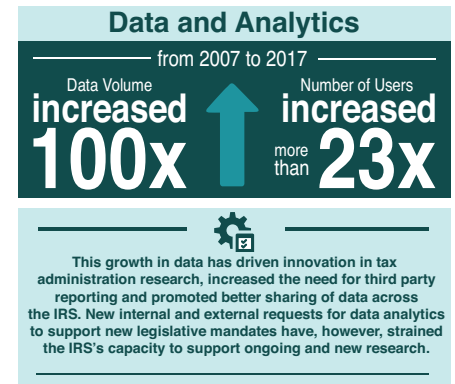
Employee Engagement – Percentage of employees that say they feel engaged in their work as measured by Office of Personnel Management’s (OPM) index of relevant questions from the Federal Employee Viewpoint Survey (FEVS).



Advance Data Access, Usability and Analytics to Inform Decision-Making and Improve Operational Outcomes

As we strive to operate more efficiently, provide superior service to taxpayers and their representatives and ensure successful implementation of changes in tax laws, we're embracing and integrating data into our culture. Using analytics, we can continuously improve all facets of our operations — taxpayer service, enforcement efforts and a range of internal operations— maximizing our learning from tests and data. We're committed to using this research to guide our organizational priorities.

Advancements in how data is collected, stored, accessed and analyzed will allow us to deploy data better. We'll standardize our data processes and protocols and encourage collaboration among all IRS business units. Increased interoperability of data systems and sources will enhance the secure and seamless flow of data to enable greater authorized access to information. We'll invest in training to develop more advanced analytics skillsets across the IRS, and use data to improve our business processes.



Trends and Challenges

KEEPING PACE WITH RAPID TECHNOLOGICAL CHANGE

The IRS must take full advantage of technology to improve decision-making. New technologies continue to change the way organizations in the private and public sectors deliver their mission, products and services. Government executives believe digital technologies are critical to improving financial services, such as revenue collection, audits, cash management and claims management. The IRS must respond to other changes (e.g., process robotics, blockchain and artificial intelligence) and integrate technologies that enable more efficient mission delivery. For instance, the IRS has applied data and analytics to refine identity theft detection models, filters and business rule sets designed to detect refund fraud and noncompliance. By continuously monitoring their performance, the IRS has ensured a cycle of improvement in detecting and preventing identity theft.

OBJECTIVES AND SUPPORTING ACTIVITIES

Update data collection and retrieval capabilities and processes to provide faster authorized access to information.

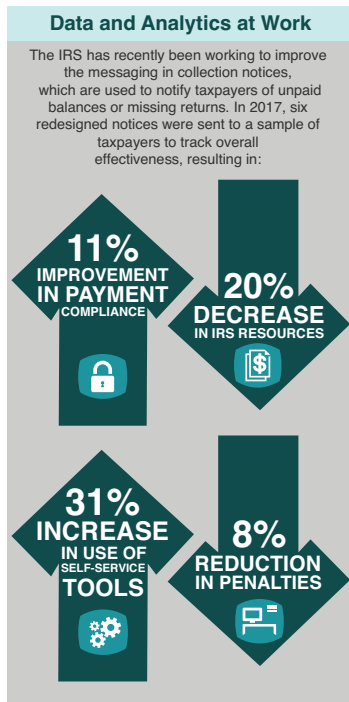
- Define and communicate data access processes, clarifying where and how authorized users can retrieve and use data.
- Standardize data management to provide integrated, usable data.
- Identify an operating model and appropriate roles to manage, collect and be accountable for the accuracy of data across the agency.

Improve analytical tools and data competencies across the IRS.

- Invest in analytics and visualization software and tools, and develop processes to support analytics in IRS operations.
- Develop additional analytics trainings.
- Create communities of learning and interest related to data analytics.

Emphasize the use of data analytics, in conjunction with qualitative information, to select high-priority work.

- Design simple, repeatable processes for generating required insights and automating wherever possible.
- Increase collaboration among Information Technology, Research, Applied Analytics, and Statistics and other business units to bring a multi-disciplinary approach to data analytics.



Measuring Success

Progress Toward Data Strategy – Meeting key milestones related to the creation of a data strategy, including:

- **Establishment of a governance council**, comprised of stakeholders across the agency, that provides an enterprise-wide mechanism for monitoring data management and developing principles and practices for effective data governance and
- Establishing and updating a **comprehensive catalog of data sources**.



Drive Increased Agility, Efficiency, Effectiveness and Security in IRS Operations

Investing in a modern and secure IT network is critical to achieving our strategic goals, incorporating substantial tax law changes into our operations and delivering our mission. Continued expansion of digitized information, particularly of case files, will simplify our internal processes and encourage seamless integration across the organization. Digitization also will enable enhancements to taxpayer-facing systems, providing taxpayers and tax professionals with better and faster service.

Investing to replace our aged infrastructure will allow us to realize our mission, reprogram systems based on tax reform requirements and provide the foundation for improved service and enforcement capabilities. We're dedicated to streamlining our processes and to managing costs by reducing redundancies, a task necessary for sound financial stewardship.

An increased reliance on technology creates the need for increased security, both physical and digital, to protect our employees and taxpayer information from threats. We understand our responsibility to safeguard taxpayer and IRS data, particularly given the growing incidence and sophistication of cyber and identity theft. We remain dedicated to maintaining the physical and digital security of our systems, enhancing internal controls, managing risk and upholding accountability across the agency.



Finding Efficiencies

To modernize operations and align to growth seen in e-Filing, the IRS will consolidate Submission Processing (SP) Centers for the consolidation and treatment of paper returns by 2025. This will result in a reduction of both space and cost.

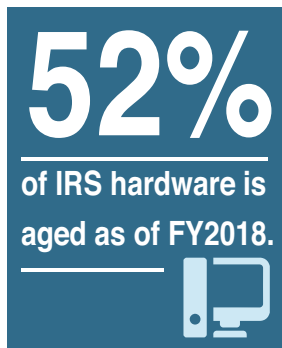


Trends and Challenges

ADDRESSING CYBER THREATS

Many taxpayers use multiple devices to connect to the internet, making identity verification and protection more complex. At the same time, cybercriminals are more sophisticated than ever. As the IRS expands its digital efforts, it requires investment in robust security systems to enable secure access to digital services.

There are millions of cyber threats against the government each year. Between FY2006 and FY2015, the number of reported information security incidents increased 1,303 percent.⁸ For the IRS, the cyber risk is exacerbated by aging infrastructure and the complexity of our technology networks. Effective collaboration between partners in the tax ecosystem — the Security Summit, for instance — can strengthen defenses through the sharing of technology and intelligence.



*Measure computed at start of FY2018

Safeguarding Taxpayer Data



OBJECTIVES AND SUPPORTING ACTIVITIES

Modernize and integrate technologies and systems that support secure, flexible and accurate work across IRS functions.

- Invest in the enhancement and integration of systems.
- Adopt iterative and flexible approaches to technology development and system updates.
- Maintain currency of hardware and software.
- Invest in innovative technologies and enable the delivery of secure, agile and efficient service offerings through cloud services.

Safeguard taxpayer data and protect the IRS against internal and external threats, with an emphasis on cyber defense.

- Enhance physical security through increased use of new technologies and have standardized countermeasures and security policies.
- Continue developing Authentication, Authorization and access abilities to provide the foundation for the move to digital services.
- Assess and update data-sharing and access policies to protect the privacy of taxpayer data.
- Adopt a proactive and analytics-driven approach to implement new offensive and defensive strategies to meet emerging cyber threats.

Maintain a strong focus on fiscal management and accountability.

- Continue managing costs by reducing redundancies and finding efficiencies.
- Review and monitor business outcomes to improve investment performance.
- Identify financial management and systems internal controls deficiencies and address risks associated with them.
- Strengthen acquisition planning and create innovative business strategies that achieve cost-effective contracting solutions.

Simplify policies and processes to improve operational efficiency and coordination across business units.

- Streamline internal agreements and standard operating processes (e.g., internal Memoranda of Understanding, Internal Revenue Manual) and modernize the communication of those policies.
- Assess the IRS organizational structure to achieve proper functional alignment and appropriate spans of control.
- Encourage feedback and idea-sharing from employees on potential improvements to IRS processes.

Measuring Success

Aged Hardware Percentage – Quantity of hardware in operation past its useful life as a share of total hardware in use and

Efficient Space Utilization – Ratio that measures overall rentable square footage per person (includes contractors).

IRS Risk Appetite

Recognizing that risk is inherent to the operations of any organization, the IRS actively identifies and manages risks to the nation's tax administration system, with a focus on those that affect taxpayer data and the IRS mission and vision. As a large, complex, public-facing organization, the IRS acknowledges it must sometimes accept risk and uses thoughtful analysis to determine the level of risk it is willing to accept. The IRS is committed to preventing and mitigating risk exposure, particularly in areas that could affect our ability to:

- Administer the tax law fairly and with integrity,
- Protect taxpayer rights,
- Safeguard taxpayer data,
- Serve as a responsible steward of taxpayer dollars and
- Provide an inclusive, safe and secure workplace.

Each IRS employee plays an important role in supporting the identification and management of risk.

We recognize many emerging trends that offer challenges and opportunities for how the IRS operates, including:

- Changes in the taxpaying public and their expectations,
- Technological disruptions,
- Shifts in our workforce,
- An increasingly globalized and interconnected world and
- Changes in tax law.

These trends are discussed under each Strategic Goal.

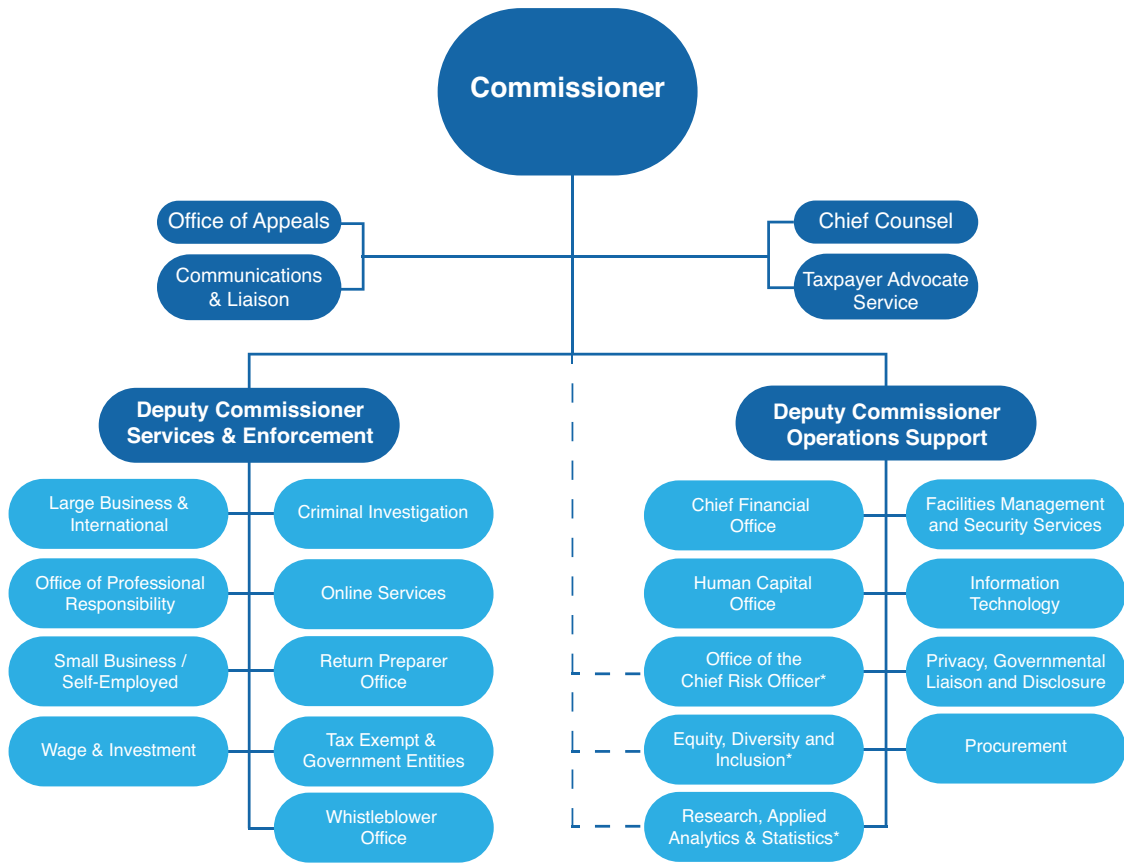
Conclusion

The mission of the IRS comes with a responsibility to operate with the utmost integrity, accountability and transparency. We embrace the responsibility while understanding the challenges ahead — including changes in tax law, aging technology infrastructure, staffing challenges, cybersecurity risks and fiscal uncertainty. We have confidence we'll achieve our mission and vision through a steadfast execution of our strategy. We have been and will continue to be successful because of our talented and dedicated workforce and the efforts of our partners in the tax community.

This five-year strategic plan will help us achieve our vision for the future to modernize the taxpayer experience and empower the workforce to operate more efficiently. We envision a future in which taxpayers will find information quickly and be able to adjust their accounts independently. This will result in a high rate of compliance and increased satisfaction with interactions with the IRS. Cases will be resolved faster and employees will continue to be engaged in their work. We believe this will allow the IRS to maintain and enhance our unique position as the administrator of the most effective voluntary compliance tax system in the world.

The IRS will use this plan to guide operations across our organization. We will monitor our progress against the plan on a recurring basis, review our organizational performance, study changes in our environment and update the plan as needed.

Appendix A: Organizational Chart and Description of IRS Offices



*Identifies reporting relationship direct to the Commissioner

Note: With respect to tax litigation and the legal interpretation of tax law, the Chief Counsel also reports to the General Counsel of the Treasury Department. On matters solely related to tax policy, the Chief Counsel report to the Treasury General Counsel.

Internal Revenue Service Organizational Chart

The IRS is organized into two primary organizations, Services and Enforcement and Operations Support, and four functions reporting directly to the IRS commissioner. The IRS is a bureau of the United States Department of the Treasury. The commissioner reports to the Deputy Secretary of the Treasury.

The Deputy Commissioner for Services and Enforcement (DCSE) oversees the four primary operating divisions responsible for the major taxpayer segments as well as other taxpayer-facing functions. The offices in this area include:

Office	Function
Criminal Investigation	Investigates potential criminal violations and financial crimes in a manner that fosters confidence in the tax system.
Large Business & International (LB&I)	Serves approximately 250,000 corporations, subchapter S corporations and partnerships with assets greater than \$10 million. LB&I also serves U.S. citizens and residents with offshore activities and non-residents with U.S. activities.
Office of Professional Responsibility	Administers the laws and regulations governing the practice of tax professionals before the Department of the Treasury and the Internal Revenue Service.
Online Services	Delivers strategy, policy and initiatives to strengthen the IRS online services experience.
Return Preparer Office	Oversees preparer tax identification numbers (PTINs), enrollment programs, IRS approved continuing education providers and the Annual Filing Season Program for tax return preparers.
Small Business/Self-Employed	Serves the approximately 57 million filers who are fully or partially self-employed individuals and small businesses.
Tax Exempt & Government Entities	Serves approximately 3 million entities across three distinct segments —Employee Plans, Exempt Organizations and Government Entities.
Wage & Investment	Serves approximately 123 million taxpayers, including those who file jointly, with wage and investment income only.
Whistleblower Office	Assesses and analyzes incoming tips received from individuals who spot tax problems in their workplace or day-to-day business.

The Deputy Commissioner for Operations Support (DCOS) oversees the IRS's integrated support functions, facilitating economy of scale efficiencies and better business practices. Offices under DCOS include:

Office	Function
Chief Financial Office	Manages a portfolio of corporate activities including strategic planning, performance measurement, budget formulation, budget execution, accounting, financial management and internal controls.
Equity, Diversity and Inclusion	Provides strategic planning, management, direction, and execution of the full range of activities related to the Equal Employment Opportunity and Diversity function.
Facilities Management and Security Services	Manages real estate, physical security and cross-functional administrative support for all organizations within the IRS.
Human Capital Office	Provides human capital strategies and tools for recruiting, hiring, developing and retaining a highly skilled and high performing workforce to support IRS mission accomplishments.
Information Technology	Manages Servicewide information resources and technology and the Service's long-range objectives and strategies for improving tax administration through modernizing tax administration systems.
Office of the Chief Risk Officer	Oversees the Enterprise Risk Management Program, providing a strategic framework to effectively deal with risk across the agency.
Privacy, Governmental Liaison and Disclosure	Protects the sensitive information and privacy of taxpayers and employees, ensuring only authorized disclosures and data sharing.
Procurement	Provides acquisition services for all IRS business units and other bureaus and offices within Treasury.
Research, Applied Analytics & Statistics	Provides leading research, analytical, statistical and technology services.

Finally, certain key functions report directly to the IRS commissioner. These include:

Office	Function
Office of Appeals	Works to resolve tax controversies without litigation on a basis that is fair and impartial to both the taxpayer and the government.
Chief Counsel	Provides advice to the IRS commissioner on all matters pertaining to the interpretation, administration and enforcement of the Internal Revenue laws, represents the IRS in litigation and provides all other legal support needed by the IRS to carry out its mission of serving America's taxpayers.
Communications & Liaison	Supports the IRS mission by building relationships and understanding between IRS and its stakeholders through effective information sharing.
Taxpayer Advocate Service	Helps taxpayers resolve problems with the IRS and recommends systemic changes.

Appendix B: Endnotes

- 1 The gross tax gap is the amount of true tax liability that is not paid voluntarily and timely.
- 2 Source: Table 29, IRS Data Book 2016.
- 3 Caroline Bruckner, “Shortchanged: The Tax Compliance Challenges of Small Business Operators Driving the On-Demand Platform Economy,” Kogod Tax Policy Center, 23 May 2016.
- 4 Ibid.
- 5 Pew Research Center, “Record 60.6 Million Americans live in Multigenerational Households,” 11 August 2016.
- 6 Treasury Inspector General for Tax Administration, “Management and Performance Challenges Facing the Internal Revenue Service for Fiscal Year 2017,” 6 October 2016.
- 7 Joanna Heiberg, “FATCA: Toward a Multilateral Automatic Information Reporting Regime,” 69 Wash. & Lee L. Review 1685, 2012, <http://scholarlycommons.law.wlu.edu/wlulr/vol69/iss3/7/>.
- 8 U.S. Government Accountability Office, GAO-16-501, Information Security: Agencies Need to Improve Controls over Selected High-Impact Systems, May 2016, 3-4.



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