Session Objective

IRS will provide a brief overview of the new Wage and Investment Division, profile the market segments, discuss strategic approaches, and taxpayer assistance initiatives. Issues for the payroll community will be discussed, followed by a discussion of the electronic tax administration program. Finally, there will be a discussion of the low-income assistance program.

Moderator and Panelists

Moderator:
Judith Akin, Vice President, National Association of Enrolled Agents, Gaithersburg, MD

Panelists:

Chuck Lacijan	*Senior Technical Advisor, The Implementation Group, Inc.*
Janet Spragens	*Tax Professor, American University, Washington College of Law*
John Dalrymple	*Commissioner Designee, Wage and Investment Division, Internal Revenue Service*
Sherrill Fields	*National Director, Diversified Filing Division, Electronic Tax Administration, Internal Revenue Service*
John Ressler	*Executive Officer for Service Center Operations, Internal Revenue Service*

Discussion Points

- The Wage and Investment organization will bring much more focus to servicing the 116 million taxpayers with strictly wage and investment income. This represents 90 million tax returns filed annually and tax revenue collections of $380 billion. The W&I taxpayers are largely compliant.

- There will be much greater focus on pre-filing assistance. We have a brand new unit called CARE. This stands for Communications, Assistance, Research and Education.

- CARE will emphasize strategic research to determine W&I taxpayer needs and focus on development of forms, publications and notices directed to better help the W&I taxpayer fulfill tax obligations.

- CARE will also be devoted to supporting and partnering with stakeholders such as practitioners, software providers, large employers, financial institutions and others who serve the W&I taxpayer. Volunteerism will be a critical part of W&I and we will enhance volunteer programs such as VITA, Tax Counseling for the Elderly and Low-income Tax Clinics. It will emphasize educational programs to provide information and assistance.

- CARE will have a much expanded field organization to carry out programs and services.

- The W&I organization will provide one-on-one assistance to taxpayers who need this type of help at Customer Service Taxpayer Assistance Sites. Offices will be geographically placed in locations following the path most convenient to the W&I taxpayer. Hours of operation will fit the needs of our customers.

- For pre-filing, filing, and post-filing the new Customer Account Services (CAS) organization in W&I will have significant operations to provide telephone, electronic and correspondence options for assistance. IRS will respond to taxpayer tax law, refund and account questions through a variety of means to facilitate compliance and maintain accurate taxpayer accounts. E-filing will be a primary objective to enhance speed and accuracy of filing. There also will be significant paper processing organizations in CAS.

- The W&I compliance organization will be much like the organization we have today with emphasis on matching programs to ensure integrity and fairness to all in applying the tax law.

- In its entirety W&I will have all the resources to focus on our fundamental goal of providing top quality service through an organization that supports end-to-end accountability.

Modernization Update
The New IRS Stands UP

Meet the New IRS
Wage & Investment Operating Division

W&I At-a-Glance

Mission:	To educate and assist our customers to understand and satisfy their tax responsibilities. We will provide this service in a high quality, fair, and equitable manner through partnership between management, employees, and stakeholders.
Headquarters:	Atlanta, GA
Management Team:	John Dalrymple, Commissioner
Area HQ Offices:	Buffalo, NY; Indianapolis, IN; St. Louis, MO; Greensboro, NC; New Orleans, LA; San Francisco Bay Area

Field Offices throughout the nation

Taxpayer Profile:

- Some 90 million filers, representing 116 million customers including those who file jointly
- Most pay taxes through withholdings
- More than half prepare their own returns
- Most interact with the IRS once a year
- Most receive refunds

The W&I Operating Division has been designed to enable IRS employees to focus on educating and assisting taxpayers in all phases of interactions with the IRS, through the following three organization offices:

1. Communications, Assistance, Research, and Education (CARE) will provide customers with the information, support, and assistance they need to understand and fulfill their tax obligations.

2. Customer Account Services (CAS) — will be responsible for taxpayer relationships through filing, including processing submissions and payments; providing taxpayers with information on the status of their returns, and, resolving the majority of problems and inconsistencies.

3. Compliance — will be focused on a relatively limited range of issues, concentrating on dependent exemptions, credits, filing status and deductions.

More on Communications, Assistance, Research and Education (CARE):

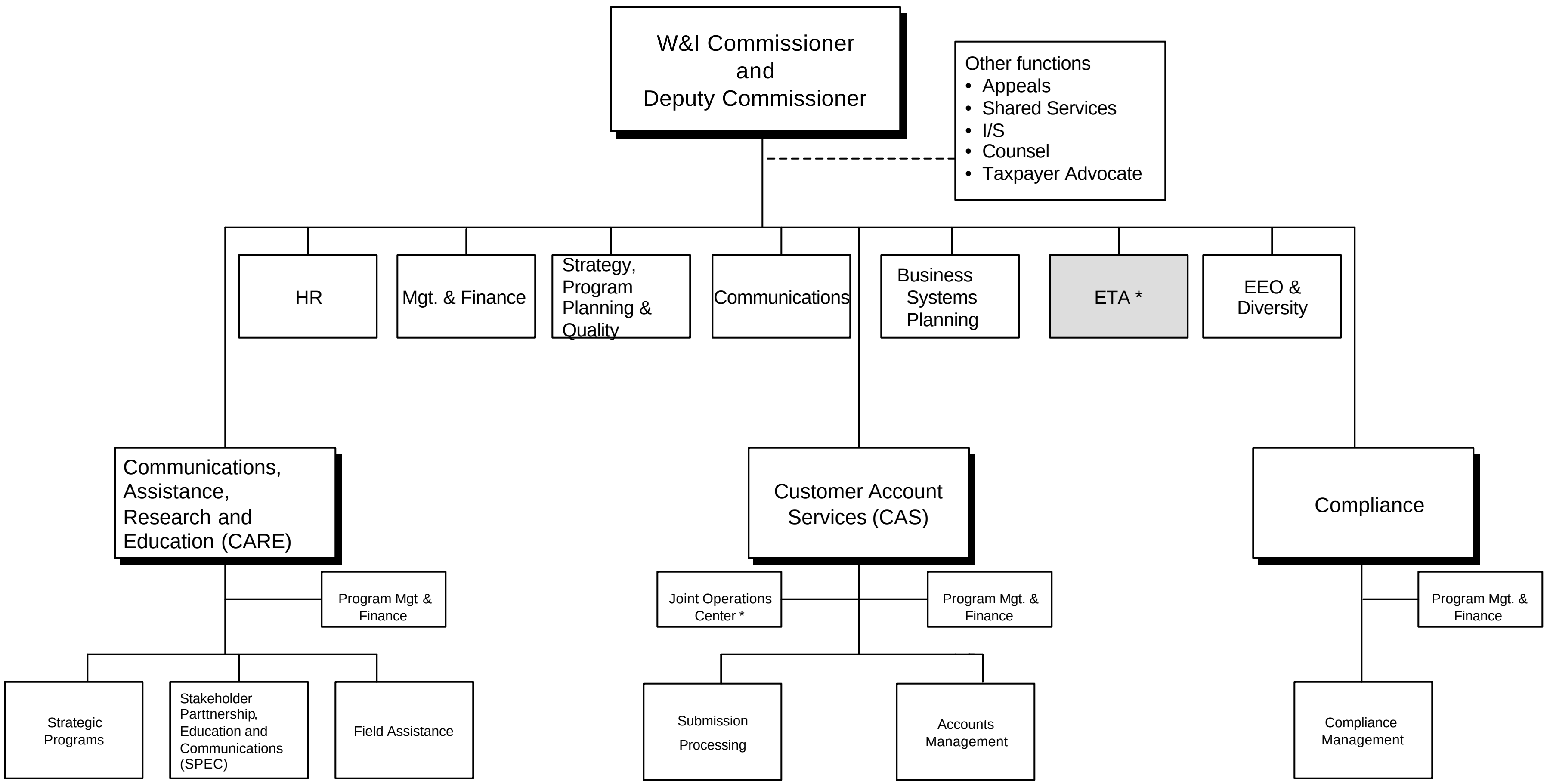
CARE will focus on better service to customers through a three pronged strategic approach:

- **Strategic Programs** – This office will focus on improving service to customers through the application of strategic and tactical research aimed at identifying customer needs and developing programs to address these needs. Feedback from both internal and external stakeholders will be analyzed. Key elements:
    - Demographic and sociological research
    - Sub-segmentation at national and local levels
    - Coordination and collaboration with internal and external customers
    - Assessing the “voice of the customer”
    - Internal “consultant” role – developing programs, refining current processes
    - Working with “partners” to implement programs that were developed

- **Stakeholder Partnership Education and Communication (SPEC)** – This office will provide assistance to W&I customers by building and maintaining partnerships with key stakeholder groups. This unit will also be responsible for developing educational materials for use in pre-filing, filing and post-filing customer interactions, and developing products for use in marketing and working with local and national media to ensure that our customers are aware of tax law changes and IRS services. Key elements:
    - Building and managing partnerships with key stakeholder groups
    - Working with partners to market and deliver educational products and services
    - Developing mass media materials
    - Developing marketing programs
    - Working with Strategic Programs to identify taxpayer education needs
    - Delivering education programs and materials

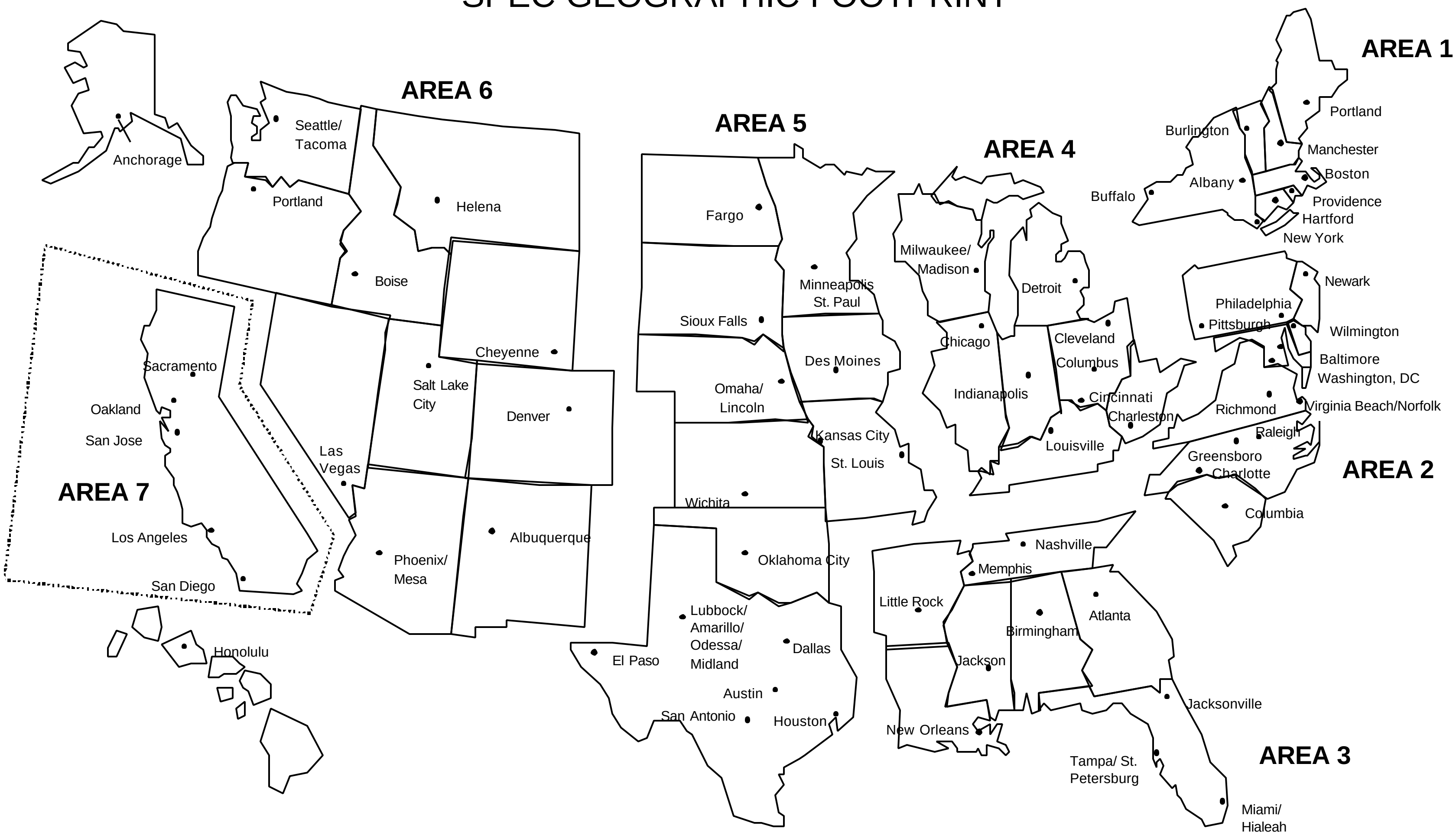
- **Field Assistance** – This office will provide comprehensive, face-to-face assistance with taxpayers as well as assistance through telephone and written correspondence. Key Elements:
    - Ownership and management of Taxpayer Assistance Centers
    - Assistance of W&I and SB/SE customers
    - Exam, collection and other compliance activities
    - Taxpayer education activities in conjunction with SPEC
    - Technical assistance to SB/SE customers

Wage and Investment Operating Division



THE RANKING SYSTEM METHODOLOGY RESULTED IN 72 SPEC OFFICES, WHICH COVERS EVERY STATE AND MAJOR METROPOLITAN AREA

SPEC GEOGRAPHIC FOOTPRINT



IRS Modernization Conference

Electronic Tax Administration Advisory Committee (ETAAC)

by
Chuck Lacijan, ETAAC Chair

January 14, 2000

ETAAC Background

- Recommended by IRS Restructuring Commission
- Mandated by RRA 98
- Provides private sector advice to IRS on electronic tax administration goals
- Submits annual report to Congress

Membership

- **Payroll**
  - **Fran Bartlett , President & CEO, Federal Liaison Services, Inc.**
  - **John A. Stauffer , Sr. VP of Product Planning, Ceridian Corporation/Ceridian Tax Service**

- **Tax preparation software companies**
  - **Edward B. Feinstein, , AVP, Electronic Commerce, H&R Block Tax Services**
  - **William C. Shepard, VP & General Manager, Professional Products Group, Intuit, Inc.**

Membership- Cont.

- **Tax preparation**
  - **Sandra A. Abalos, Owner, Abalos & Associates**
  - **Connie L. Grimes , President, Grimes Income Tax, Inc.**
  - **Theron Gilden, President, T. Gilden, Inc.**
  - **Mary B. Harris, Jackson Hewitt Tax Service, franchise owner in Arkansas**
  - **Yvonne D. Kirkendall, Co-owner, W. R. Kirkendall, EA**
  - **Robert O. Lewis , President, Tax Back, Inc.**
  - **Helen P. O'Planick, General Partner, HELJAN Associates**
  - **John D. Stoller, President, John D. Stoller, CPA, Inc.**

Membership- Cont.

- Financial community
  - Peter E. Hosokawa, President, First Data Corporation – Cash Tax Inc
  - Bette Rice, Director, Enterprise Technology Services, Merrill Lynch
  - Elizabeth M. Seymour, Vice President, Wachovia Bank, N.A
- Big business
  - Michael P. Boyle , Chief Tax Counsel & General Auditor, Microsoft Corp.
- Academic community
  - Keith T. Dusenbery , Professor of Accounting and Information Systems, Johnson State College
  - Susan W. Martin , Professor of Accounting & Taxation, Grand Valley State University

Membership-Cont.

- State government
  - Frank L. Lanza, Director, Processing Services, California Franchise Tax Board
  - Issac A. Nooe, III , Administrator, Information Resources Management Division, South Carolina DOR
- Other
  - Margaret Drescher , National Advisor, Chair National Technology Committee, AARP
  - Charles A. Lacijan , Sr. Technical Advisor, The Implementation Group

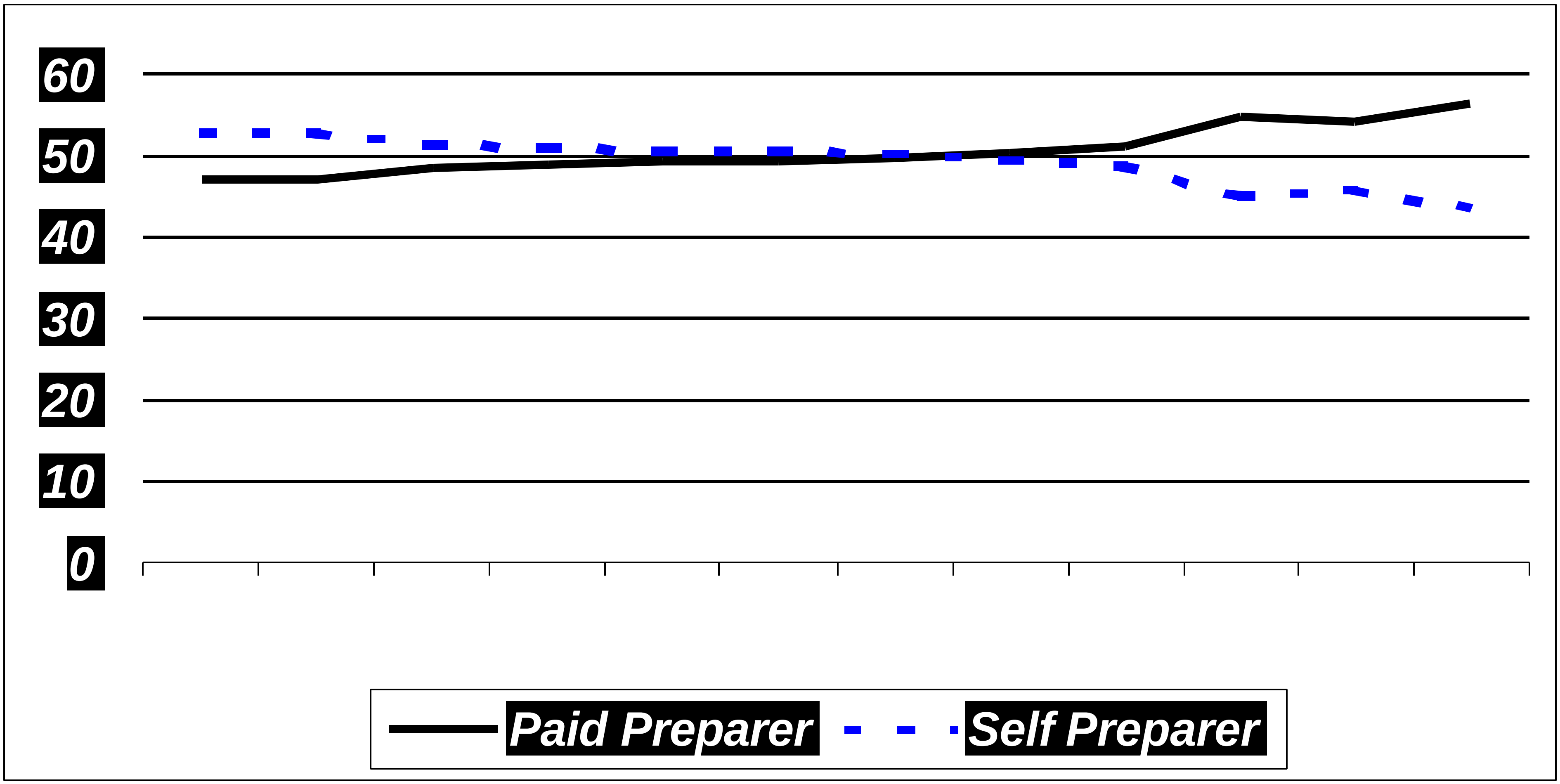
June 1999 ETAAC Report to Congress

- IRS faces business, management, and technology challenges to meet the 80 percent goal
- Broader set of initiatives needed
- Goal for all tax practitioners to enroll as Electronic Return Originators needed
- Internet strategy needed
- Security and privacy initiatives should be a high priority

Plans for Upcoming Year

- **Organized around five subgroups**
  - **Electronic Return Originator (ERO) Strategy**
  - **Self-Preparer Strategy**
  - **Strategic Planning**
  - **Business E-Commerce Strategy**
  - **Alliance Strategy**
- **Each subgroup is addressing a key electronic tax administration strategic issue**

Preparer Trends



Subgroup Objectives

- **ERO Strategy**
  - **Recommend a set of strategies aimed at getting every professional tax preparer to enroll as an ERO and file all returns electronically**
- **Self-Preparer Strategy**
  - **Recommend a set of strategies aimed at increasing electronic filing among self-preparers to at least 70 percent**