

The National Taxpayer Advocate's Report to Congress

Fiscal Year 2004 Objectives

Internal Revenue Service



Working to Put Service First

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June 30, 2003

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INTRODUCTION

The Internal Revenue Code requires the National Taxpayer Advocate to submit two annual reports to the House Committee on Ways and Means and the Senate Committee on Finance.¹ The reports must be submitted directly to the Committees without any prior review or comment from the Commissioner of Internal Revenue, the Secretary of the Treasury, any other officer or employee of the Department of Treasury, the IRS Oversight Board, or the Office of Management and Budget. The first report, to be submitted by June 30 of each year, must identify the objectives of the Taxpayer Advocate Service for the fiscal year beginning in that calendar year.

The Office of the Taxpayer Advocate's statutory function is to assist taxpayers with resolving their problems with the IRS and to make administrative or legislative recommendations to mitigate those problems.² This dual mission leads to two very different types of relationships – partnership and adversarial – between Taxpayer Advocate Service (TAS) employees and other Internal Revenue Service (IRS) employees.³

In the partnership model, TAS employees work with the other Operating and Functional Divisions of the IRS to resolve both taxpayer-specific and systemic problems. However, this partnership should not be limited to problem solving. A true partnership between TAS and the rest of the IRS in program planning and implementation reduces the risk of delivering programs that meet taxpayer resistance or that must be substantially reworked after implementation. The Commissioner's recently announced EITC initiative and the proposal to use private collection agencies are two examples of successful partnering. Each of these proposals is highly controversial. The fact that the Office of the Taxpayer Advocate (OTA) was included from the very beginning of program research and

¹ IRC § 7803(c)(2)(B).

² IRC § 7803(c)(2)(A).

It shall be the function of the Office of Taxpayer Advocate to -- (i) assist taxpayers in resolving problems with the Internal Revenue Service; (ii) identify areas in which taxpayers have problems in dealings with the Internal Revenue Service; (iii) to the extent possible, propose changes in the administrative practices of the Internal Revenue Service to mitigate problems identified under clause (ii); and (iv) identify potential legislative changes which may be appropriate to mitigate such problems.

³ For a general discussion of this taxonomy as it relates to the nonprofit (or independent) sector, see Dennis R. Young, *Complementary, Supplementary, or Adversarial? A Theoretical and Historical Examination of Nonprofit – Government Relations in the United States*, in *Nonprofits and Government: Collaboration and Conflict*, 31, (Elizabeth T. Boris and C. Eugene Steuerle eds., 1999).

design has ensured that taxpayer concerns and taxpayer rights were and will continue to be seriously considered and protected during program implementation.

On occasion, the operating divisions or functions and TAS will not agree on the correct resolution to a problem, be it taxpayer-specific, or program- or system-wide. In these instances, TAS prods the agency to make administrative or case-specific changes. As the “loyal opposition” within the IRS, TAS encourages the agency to provide greater transparency to IRS operations, to promote lively discussion and debate, and to be accountable for its decisions and actions.⁴

TAS need not shy away from its differences of opinion with others in the agency. Indeed, Congress has specifically mandated the National Taxpayer Advocate to make recommendations about procedural or legislative programs. Congress also authorized the National Taxpayer Advocate to issue Taxpayer Assistance Orders (TAOs) where the National Taxpayer Advocate determines that the taxpayer suffers or is about to suffer a significant hardship that relates to the manner in which the internal revenue laws are being administered.⁵ Further, the Commissioner has delegated to the National Taxpayer Advocate the authority to issue a Taxpayer Advocate Directive, a mechanism through which the National Taxpayer Advocate can address needed systemic change.⁶ These tools support the dual mission of TAS – to help taxpayers solve their problems with the IRS and prevent the problems from reoccurring.

For Taxpayer Advocate Service employees to do their jobs effectively, they must have the necessary skills and tools. Foremost among these skills is the ability to listen carefully to what the taxpayer is saying; to identify the IRS’ position with respect to that taxpayer or program and to sift out rote or outdated approaches from fundamental and necessary program requirements; to identify and address related issues; to persuade both the taxpayer and the IRS that the TAS employee made an independent assessment; and to educate the taxpayer about

⁴ In the nonprofit sector, a third model exists – that of supplementary relationships. Here, nonprofits undertake activities that the government is unable or unwilling to do itself. The IRS, of course, is the tax administrator, and TAS must be ever vigilant to not take on the actual task of administering the tax system. However, within the tax administration system, TAS can sponsor certain activities that the IRS does not oppose but cannot fund or apply resources to. For example, in FYs 2003 and 2004, TAS is undertaking certain research studies that will ultimately inform and improve IRS processes. See pages 19-24 for a discussion of some of TAS’ research initiatives.

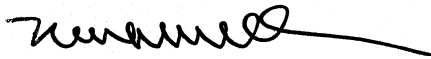
⁵ IRC § 7811(a).

⁶ IRM 1.2.2.150, Delegation Order No. 250 (Rev. 1). The Taxpayer Advocate Directive (TAD) generally allows the National Taxpayer Advocate to mandate administrative or procedural changes to improve the operation of a functional process or to provide relief to groups of taxpayers (or all taxpayers) when implementation will protect the rights of taxpayers, prevent undue burden, ensure equitable treatment, or provide an essential service to taxpayers. Only the Commissioner, Deputy Commissioner Services and Enforcement, or National Taxpayer Advocate can modify or rescind a Taxpayer Advocate Directive.

how to avoid the problem in the future and the IRS about how to improve its systems to correct the problem, if possible.

This is a tall order for any one entity, and yet Taxpayer Advocate Service employees do these things, with dedication and compassion, every single day. As the National Taxpayer Advocate, it is my responsibility to provide TAS employees with the tools, training, and other support they need to fulfill TAS' mission. Thus, in this report I describe not only the Office of the Taxpayer Advocate's program goals for Fiscal Year 2004 but also the means – in terms of personnel, training, technology, partnering, and advocating – by which we will achieve these goals.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Nina E. Olson", with a long horizontal flourish extending to the right.

Nina E. Olson
National Taxpayer Advocate
30 June 2003

SYSTEMIC ADVOCACY

The Office of Systemic Advocacy plays a vital role in the identification, analysis, and resolution of broad-based taxpayer problems. Projects arise from several venues including field offices within TAS; IRS employees in other functions; and external stakeholders. As noted in last year's Fiscal Year 2003 Objectives Report, TAS intends to enhance the critical role played by local offices through the establishment of Advocacy Liaisons, who will report to the Local Taxpayer Advocate and will solicit, develop and monitor the submissions from field and campus offices. Local Taxpayer Advocates and advocacy liaisons will the work with the IRS to address and correct specific problems.

GENERAL INITIATIVES

One of the major accomplishments of Systemic Advocacy in Fiscal Year (FY) 2003 was the creation and implementation of a project identification and workload delivery mechanism. The Systemic Advocacy Management System (SAMS) provides both internal and external stakeholders with a voice in the identification of issues. During FY 2003, Systemic Advocacy streamlined work processes and eliminated multiple database systems. SAMS is a new national, web-based system that was implemented to receive and work advocacy submissions. Contributors submit and receive on-going email notifications regarding their submissions. TAS placed significant emphasis on developing streamlined processes to readily identify, analyze, and recommend administrative or legislative solutions for these problems. These issues affect individual taxpayers, small and large businesses, non-profits and other entities, and the tax system overall.

Submissions to SAMS represent a broad range of complex tax law and administrative problems faced by taxpayers. All submissions are ranked and prioritized based on criteria related to equity, burden, complexity, and taxpayer rights. Once problems are identified, projects are assigned to analysts in TAS for further development. TAS analysts review data from TAS, IRS, and external sources to gain an understanding of the root cause of the problem. They then discuss the problem with and recommend solutions to IRS personnel responsible for the programs. Other submissions are directly forwarded to the IRS program owner for response and are monitored on SAMS. This new system verifies the most serious problems and captures legislative proposals that could potentially be included in the December 31st Annual Report to Congress.

TAS educational and training efforts have included various initiatives to increase awareness of IRS employees and managers about elevating systemic advocacy issues. This system also enables any IRS employee or manager to search the database of issues and identify proposals, projects, or trends relevant to his or her work. Analyzing these issues can provide a route to improve virtually every IRS program area.

TAS Systemic Advocacy has also developed a method for external stakeholders to submit systemic issues directly to TAS on email through its Internet site. This information is vital to the systemic advocacy function of the Taxpayer Advocate Service. Frequently, the public is the first to know of systemic problems. TAS' goal is to be proactive, and identify and eliminate potential problems before they become entrenched. For those instances where proactivity is not possible, TAS created a process where prompt identification reduces the effects of these issues as quickly as possible. Approximately 30 percent of the 2003 advocacy inventory originated from external sources. TAS is currently designing a user-friendly web-based solution called SAMS-NET for use on the Internet with implementation expected during the latter part of 2003. The web-based form will be more accessible and further streamline the submission process. The web-based submissions will be incorporated into the database automatically and worked in tandem with the internal receipts on SAMS.

Systemic Advocacy also provides TAS perspectives to IRS groups addressing current and prospective procedural and policy changes. This enables the National Taxpayer Advocate to interject a taxpayer-centered viewpoint into deliberations, prior to their implementation. TAS is committed to highlighting the concerns of representative taxpayers in all income and professional categories. To this end, in FY 2003 the National Taxpayer Advocate established a Small Business Liaison, whose charge is to initiate and maintain ongoing dialogues with small businesses, its representatives, and governmental and trade groups. The liaison provides the Director of Business Advocacy with valuable insights into the concerns of this market segment. Similarly, additional resources are being devoted to an assessment of the impact of IRS actions upon Large and Midsize Businesses. Some of the most critical business issues will be addressed in the National Taxpayer Advocate's Fiscal Year 2003 Report to Congress.

The Director of Individual Advocacy is aligning staffing with the issues representative of diverse income groups, in order to fully address the variety of individual taxpayer concerns. The National Taxpayer Advocate's proposals on the impact of the Alternative Minimum Tax (AMT), Offers in Compromise (OIC), and Appeals case processing are reflective of this broad focus, as are initiatives related to Earned Income Tax Credit (EITC), Individual Taxpayer Identification Numbers (ITIN) and the Federal Payment Levy Program (FPLP).

ADVOCACY INITIATIVES

Advocacy is a continuous process and the responsibility of each TAS employee. Consequently, the full scope of the Taxpayer Advocate Service's efforts cannot be recorded here. The National Taxpayer Advocate has designated the following issues as special priorities for TAS during FY 2004:

Earned Income Tax Credit

The National Taxpayer Advocate continues to be concerned with the level of taxpayer burden imposed by the current Earned Income Tax Credit (EITC)

examination process and the critical need to improve the clarity of IRS communications and notices in the EITC examination process. The length of time currently needed to complete these examinations (during which time the taxpayer's entire refund is withheld) and the frequent lack of taxpayer contact and participation in the examination process, significantly contribute to problems administering the EITC for taxpayers and the IRS.

IRS Commissioner Mark Everson has made "fixing" EITC administration one of his first and highest priorities. On June 13, 2003 the Commissioner outlined a five-pronged strategy to improve the administration of EITC and asked the Commissioner, Wage and Investment Division to work in close coordination with the National Taxpayer Advocate to effect changes through a balanced initiative, focusing on providing better service to taxpayers and improving participation while minimizing over-claims.

In addition to improving the timeliness and accuracy of EITC examinations, and the clarity and helpfulness of EITC notices, the EITC initiative will include a pilot study in which the IRS will ask 45,000 taxpayers for whom the IRS is unable to verify the EITC residency requirement to demonstrate eligibility either before or during the filing season. The National Taxpayer Advocate supports this initiative for the reasons outlined below.

First, a well-designed pilot will provide the IRS with information it has never before gathered in a systematic manner and yet is essential for the successful administration of the EITC program. For example, the IRS could learn what are the most effective methods for contacting this taxpayer population in order to elicit a response. The IRS could identify the types of documentation that the EITC population can easily obtain to prove eligibility. The IRS could learn the number of taxpayer contacts required to help the taxpayer and to clearly and accurately determine whether the taxpayer is eligible for the EITC. Further, the IRS could determine that certain groups of taxpayer are, in fact, more likely than not to be eligible for the EITC and thus should not be the subject of any further precertification initiatives.

Second, a precertification program provides the taxpayer and the IRS with the opportunity to discuss and (one hopes) resolve EITC eligibility outside of the filing season (when claims are backed up and refunds are frozen). If the taxpayer and the IRS disagree about the precertification determination, the taxpayer may still claim the credit on his or her return and press his or her claim through Appeals and the United States Tax Court, if necessary.

With proper training of IRS employees in a unit dedicated to this initiative, the accuracy of EITC precertification determinations should be much higher than the current examination process. The IRS can train this dedicated unit to "get to yes" – to be patient and flexible, working with the taxpayer to obtain information that will prove, to the IRS', GAO's and Congresses' satisfaction, that the taxpayer is

eligible for the credit. These employees can be trained to understand the particular difficulties of communication and proof that face taxpayers who speak English as a second language. On this smaller scale, the IRS can experiment with assigning cases to caseworkers, so the taxpayer can work one-on-one with the IRS. Once the success of these techniques is demonstrated and refined, the IRS can import them to other programs, including EITC examinations.

In fact, a successful EITC precertification program can result in a significantly reduced EITC examination program. Instead of the current EITC examination program that pulls in too many taxpayers who are eligible for the credit and subjects them to multi-year examinations, the EITC examination of the future should be narrowly focused on specific abuses.

The most important aspect of the precertification initiative is the recognition that the EITC is a benefits program delivered through the tax code, and that it provides an opportunity to improve taxpayers' standard of living. By partnering with community groups, including those that traditionally provide free tax return preparation during the filing season, the IRS can help bring taxpayers into the banking system and avail themselves of savings incentives as well as obtaining the EITC. Thus, between July and December of each year, taxpayers could go to a central community site, receive help in preparing EITC certification information, open a low-fee checking account and receive basic financial literacy training, and be prepared for direct deposit of their refund in the next filing season (thereby eliminating the need for a refund anticipation loan).

Finally, a successful precertification will incorporate a significant education and outreach component. Almost one-third of the EITC population changes its status and eligibility from year-to-year. This creates a challenge to the IRS to assist a constantly fluctuating population that cannot transfer what it has learned about EITC eligibility from one filing season to the next. Precertification provides the IRS and its partners with the opportunity to educate ineligible EITC claimants about how they might be eligible for the EITC when their circumstances change.

The National Taxpayer Advocate has taken the lead in seeking and engaging stakeholder input in developing parameters and gaining insight into difficulties in administering EITC and the needs of low income taxpayers. The National Taxpayer Advocate is represented by the Executive Director, Systemic Advocacy as an ad hoc member of the EITC Executive Steering Committee, an inter-functional group whose members assist the IRS EITC program office in program planning, assessment of business results, and strategic planning. The National Taxpayer Advocate has aggressively solicited the input of external EITC Stakeholders during FY 2003. She has hosted two roundtable discussions and has involved the Taxpayer Advocacy Panel, Low Income Taxpayer Clinics, and academics in substantive discussions of the issues. These and future groups will offer the opportunity to hear concerns and ensure a comprehensive discussion of relevant issues.

During 2004, the National Taxpayer Advocate will continue in a leadership role as the IRS implements the Commissioner's charge to reform administration of the EITC. She will personally train IRS employees involved in EITC examinations and the certification initiative. Under the National Taxpayer Advocate's direction, TAS Systemic Advocacy will work closely with the Wage and Investment Operating Division as the IRS reviews and revamps existing inventory, redesigns EITC forms and notices to better engage taxpayers and clarify their rights, and strengthens outreach efforts to reach an underserved and changing target population.

For a discussion of additional EITC systemic and research initiatives undertaken by the Taxpayer Advocate Service, see pages 21 through 24 of this report.

Federal Case Registry Study

The IRS is attempting to validate EITC eligibility through automated systems that would be transparent to the taxpayer. While this can potentially have a very salutary effect on the taxpayer by reducing burden and bureaucratic delays, the National Taxpayer Advocate is closely monitoring the tools to be employed, including the Federal Case Registry, and the concomitant use of Math Error Authority.⁷ The National Taxpayer Advocate's goal is to ensure that the databases are accurate, and that the IRS establishes efficient processes to address errors, and respond to taxpayer complaints. For additional discussion of the Federal Case Registry Study, see page 22 of this report.

Offer In Compromise

During FY 2003, the IRS Small Business/Self-Employed Operating Division (SB/SE) has been steadily reducing its Offer in Compromise (OIC) inventory backlog. Through the use of streamlined procedures at its two Centralized Offer in Compromise (COIC) sites, inventories are now current. In both the field and centralized sites, dispositions have exceeded receipts in each month of the past year. While these improvements are commendable, during FY 2004 TAS will continue to work with SB/SE to ensure that streamlining operations and inventory reduction objectives do not shortcut taxpayer rights or impair quality determinations.

However, there are a number of issues that continue to be of concern. The Taxpayer Advocate Service routinely receives complaints from taxpayers and practitioners concerning the process for determining an acceptable offer amount. Data from SB/SE's centralized quality review indicates that quality remains a problem with correct decisions on financial analysis at 72.1 percent, future ability to pay at 58.7 percent, and correct determination of the offer amount at 54.3 percent. SB/SE has acknowledged that its quality measures are inherently

⁷ See National Taxpayer Advocate, *FY 2002 Annual Report to Congress*, Publication 2104 (Rev. 12-2002) pages 185-197.

flawed and that they are in the process of redesign. SB/SE states that its own internal management reviews indicate that case outcome is correct in more than 90 percent of the cases reviewed. In FY 2004, TAS will be monitoring SB/SE's implementation of revised quality measures for both case processing and outcome.

One of the most common complaints to TAS by offer in compromise proponents relates to the Service's inflexibility in determining an acceptable compromise amount. The complaint is that SB/SE employees steadfastly adhere to Internal Revenue Manual (IRM) procedures that mechanically score a taxpayer's reasonable collection potential (RCP), without considering the specific circumstances of the taxpayer or whether the taxpayer is afforded reasonable basic living expenses under the RCP formula. There appears to be a disconnect between the application of the financial analysis guidelines provided in the IRM, which allow deviations from those guidelines consistent with the requirements of IRC § 7122(c), and actual practice.⁸ As a result, many offer in compromise proponents simply await their opportunity to have the offer considered in Appeals.

TAS has continually urged SB/SE to adopt more flexible procedures, provide training with respect to the application of the financial guidelines, and to provide more examples with respect to deviation in the IRM. TAS has also asked SB/SE to gather customer satisfaction data from taxpayers directly related to the OIC. Without this information, it is impossible for the function to measure or track customer concerns and more importantly, to make data driven decisions about the direction of the program and opportunities for improvement.

It is the National Taxpayer Advocate's view that the IRS has yet to fully embrace its offer in compromise policy.⁹ The policy, in part, recognizes the importance of the offer in compromise as a legitimate alternative to enforced collection, protracted installment agreements, and categorizing a case as currently not collectible. This policy should direct the offer in compromise program policy and implementing procedures. The National Taxpayer Advocate has requested that this policy statement be highlighted in the next version of Form 656, Offer in Compromise, the OIC instruction package, and in the OIC section on the SB/SE web site.¹⁰

SB/SE has not historically tracked the eventual collection outcome of rejected offers. Thus, the formula for reasonable collection potential has not been validated. At the urging of the National Taxpayer Advocate, SB/SE has

⁸ IRC § 7122(c)(2)(B) provides that "... officers and employees of the Internal Revenue Service shall determine, on the basis of facts and circumstances of each taxpayer, whether the use of schedules published under subparagraph (A) is appropriate..."

⁹ IRM 1.2.1.5.18, Policy Statement P-5-100.

¹⁰ <http://www.irs.gov/businesses/>

commenced such a study with the assistance of the OPERA.¹¹ Without such information, it is impossible to know whether the IRS is (i) accurately calculating reasonable collection potential, or (ii) missing opportunities to collect tax at the earliest possible time and at the least cost to the Government. For example, the IRS often enters into lengthy installment agreements with taxpayers – agreements for the maximum period allowed by law – when an offer in compromise might be a better collection alternative. An installment agreement theoretically ensures full payment of the tax liability and full payment is certainly preferable to compromise, when full payment can be achieved. Always viewing an installment agreement as preferable to a compromise, however, does not take into account the particular facts and circumstances of the taxpayer nor does it account for the historical default rate or collection activity on such long-term installment agreements. TAS continues to urge SB/SE to develop new IRM guidance that will give its employees more latitude in considering an OIC as an alternative to an installment agreement.

The IRS often issues a combined “proposed rejection” and “appeal” letter to taxpayers who have submitted an offer in compromise. Correspondence to the National Taxpayer Advocate indicates that some taxpayers do not realize that the “clock is running” on their opportunity to appeal when they receive this confusing combination letter. Though this single letter shortens SB/SE’s case processing time, it abridges the taxpayer’s right to resolve remaining issues with SB/SE, without having to resort to Appeals and clouds taxpayer understanding of what is necessary to preserve the right to appeal. Now that inventories are more current, SB/SE should implement separate proposed rejection and appeal letters. During the remainder of FY 2003 and in FY 2004, the National Taxpayer Advocate will continue to advocate for changes to the OIC procedures in this regard.

In the National Taxpayer Advocate’s FY 2003 Annual Report to Congress, the National Taxpayer Advocate cited a potential concern about SB/SEs inventory problem moving upstream to Appeals. At the end of May 2003, Appeals cases numbered 10,735. TAS has commenced discussions with Appeals concerning its OIC inventory and timetable for case resolution. In addition, the National Taxpayer Advocate plans to conduct a joint review with Appeals to determine if cases were fully developed in SB/SE prior to the taxpayer receiving the combination (or “reject with options”) letter. The National Taxpayer Advocate is also planning a follow-up visit to the Memphis campus to meet COIC management of both COIC sites and to review COIC processing procedures.

Despite differing perspectives on the processing of OIC cases, the National Taxpayer Advocate is pleased with the dialogue maintained with SB/SE concerning its operations. The IRS is moving toward implementing a user fee for the OIC program and even though the National Taxpayer Advocate is opposed to a user fee for OIC, TAS was invited to participate in planning implementation procedures for the proposed regulation. If this fee is ultimately imposed, we feel

¹¹ The Office of Program Evaluation, Research, and Analysis.

that SB/SE has developed adequate procedures to implement it and that SB/SE will quickly identify problems for correction as they arise. In this regard, TAS functioned as both an internal adversary as well as a partner.

At the request of the National Taxpayer Advocate, SB/SE has also formed a special group to consider all non-hardship OICs submitted on Effective Tax Administration grounds.¹² Compromise of tax for reasons of fairness and public policy is clearly a sensitive area and not intended to undermine tax legislation. A high level, cross-functional panel (including TAS) will review the outcome of cases from this group for consistency and for clarifying the scope of the regulation. The National Taxpayer Advocate appreciates the level of involvement that SB/SE has afforded TAS in implementing this important initiative. During FY 2004, TAS will continue to actively monitor the implementation of this team to ensure that non-hardship effective tax administration offers are properly administered.

Collection Due Process

The National Taxpayer Advocate believes that the Collection Due Process (CDP) Hearing was one of RRA 98's more significant improvements to IRS collection procedures.¹³ The opportunity to have an independent Appeals officer review these cases provides much needed protection of taxpayer rights in the collection arena. Appeals helps to ensure only appropriate collection action is taken and alternative collection procedures such as offer in compromise and installment agreements are considered.¹⁴

Appeals has experienced difficulty in handling the large volume of CDP cases received.¹⁵ Many taxpayers have experienced delays in receiving determinations. In addition, the National Taxpayer Advocate is concerned that Appeals officers are limiting their consideration in CDP cases to issues of proper procedure and not giving sufficient consideration to whether the proposed collection action balances the need for efficiency in collection with the taxpayer's concern that the collection action be the least intrusive means available.

The National Taxpayer Advocate is also concerned with a recent IRS directive to revenue officers instructing them to continue working collection cases after the CDP hearing request is filed. The National Taxpayer Advocate believes this directive should be changed to ensure appropriate protection of taxpayer rights and is working with Appeals, Chief Counsel and the IRS Operating Divisions concerning this issue.

¹² Treasury Reg. 301.7122-1 provides taxpayers with exceptional circumstances, an opportunity for compromise when they cannot qualify under hardship, doubt as to collectibility, or doubt as to liability.

¹³ See IRC §§ 6320 and 6330.

¹⁴ IRC § 6330(c)(2).

¹⁵ IRS had 19,199 CDP receipts in FY01, 26,666 CDP receipts in FY02, and 13073 CDP receipts through March 2003

During FY 2004, TAS will continue to monitor CDP case timeliness, processes, procedures and outcomes. TAS will work with the Office of Appeals to ensure that it is tracking the information necessary to enable it to monitor the quality as well as timeliness of case resolution. The proper administration of the CDP hearing procedure not only will improve tax administration but also will enhance the independence of Appeals.

National Research Program

The National Research Program (NRP) is studying a representative national sample of tax returns to evaluate current compliance rates and provide data for audit workload selection in the future. Representatives of the Taxpayer Advocate Service have served on the cross-functional team overseeing the implementation of this project. TAS will continue to monitor both the implementation and results of this program in FY 2004.

Some taxpayers will undergo face-to-face or correspondence audits as part of the NRP. At the request of TAS, these taxpayers will receive a one-page publication with the “first contact” letter that informs them about the availability of free representation through the Low-Income Taxpayer Clinic (LITC) Program and lists each clinic by state and phone number. The availability of representation for low income individuals may have a significant impact on the audit results obtained, particularly with respect to EITC audits. Thus, at the National Taxpayer Advocate’s urging, the EITC component of the NRP will be the first EITC compliance study that not only provides low income taxpayers with access to *pro bono* representation but also measures the effect of that representation on audit outcomes. (See pages 21 and 22 of this report for a more detailed description of the “The Impact of Representation on the Outcome of EITC Audits” research initiative.)

Private Collection Agencies

As of March 2003, approximately \$13 billion in individual income tax debt has been designated as uncollectible because of a lack of IRS collection resources. Consistent with current law, the National Taxpayer Advocate believes that the collection of taxes is an inherently governmental function and that Congress should provide sufficient funding to enable the IRS to do the job. Because sufficient funding has not been provided, however, the IRS and the Treasury Department have developed a proposal to employ private debt collection agencies (PCAs) to try to collect a portion of this \$13 billion tax debt. The use of PCAs would require congressional authorization. The Office of the Taxpayer Advocate was consulted during the development of the proposal and has tried to ensure that the proposal does not materially infringe on taxpayer rights.

The National Taxpayer Advocate’s principal concern has been to ensure a “level playing field” – that is, PCAs must be required to respect taxpayer rights at least to the same extent as IRS employees. Through the Taxpayer Bill of Rights I, the Taxpayer Bill of Rights II, and the IRS Restructuring and Reform Act of 1998,

Congress has provided taxpayers with significant due process protections and imposed significant restrictions on IRS employees who collect taxes. PCAs must be subject to these same restrictions. If they are not, the IRS would be able to circumvent existing taxpayer protections simply by transferring tax collection work from IRS employees to PCAs.

The IRS and Treasury officials who developed the PCA proposal generally have agreed on the importance of maintaining a level playing field. One area of concern is whether PCAs should be able to make third party contacts in order to locate a taxpayer. Internal Revenue Code section 7602(c) generally requires the IRS to provide advance notice to the taxpayers before attempting to communicate with third parties. The same Code section also requires that IRS employees maintain lists of third parties contacted and provide those lists to the taxpayers upon request.

The National Taxpayer Advocate does not believe that it is necessary for PCAs to make third party contacts in order to locate a taxpayer. However, if Congress authorizes third party contacts, the IRS should give advance notice to the taxpayer that such contacts will be made, and PCAs must maintain lists of all third parties contacted.¹⁶ As with IRS third party contacts, the taxpayer must have the right to request a list of those contacts. Otherwise, private debt collectors will be able to use collection methods that Congress has expressly prohibited IRS employees from using.

If the use of PCAs is authorized by Congress, the National Taxpayer Advocate will continue to participate in the development and implementation of the proposal. The National Taxpayer Advocate has repeatedly emphasized that the success of the program rests on the proper selection of cases for referral to PCAs. She has also urged that PCAs be required to advise debtors that they may contact the Taxpayer Advocate Service if they are experiencing a significant hardship. The National Taxpayer Advocate has assigned an analyst to monitor the program. TAS will develop training materials for TAS employees to assist them in handling cases that arise from PCA collection activities. If the program is authorized and implemented in FY 2004, the National Taxpayer Advocate will assign specific groups of case advocates to work all case referrals to TAS from PCAs.

Federal Payment Levy Program

The Federal Payment Levy Program (FPLP) began in July 2000. However, the issuance of Notices of Levy to attach Social Security benefits was delayed until January 2002, as the National Taxpayer Advocate negotiated its proper

¹⁶ The National Taxpayer Advocate envisions that PCAs would be subject to the same rules and regulations with respect to third party contacts as IRS employees. For example, if IRS employees inadvertently contact a third party (such as calling a taxpayer's home and a third party answers), the IRS employee is supposed to terminate the conversation quickly and make a record of the third party contact. PCAs should be required to follow similar procedures. See, in general, Treas. Prop. Reg. § 301.7602-2.

implementation. During the negotiation, the National Taxpayer Advocate successfully prevailed upon the IRS to institute a screening process into the levy program designed to filter out inappropriate actions against Social Security recipients. At that time, both the National Taxpayer Advocate and the IRS acknowledged that this filter was a second-best solution, and the IRS committed to design a more accurate filter.

In March 2003, the General Accounting Office (GAO) determined the screening criterion inaccurate. Because of the flawed filter, there are instances when IRS failed to levy Social Security benefits of taxpayers who had the ability to pay. Conversely, taxpayers unable to pay did receive Social Security levies. The GAO report views this taxpayer treatment inequitable.¹⁷

To address GAO's concerns the IRS commissioned a task group to study the issue. The National Taxpayer Advocate is working with this group to ensure that a suitable replacement criterion is developed. While this replacement filter is developed, TAS will continue to monitor the implementation of the FPLP to ensure that taxpayers are not unduly burdened by this program.

Individual Taxpayer Identification Numbers

The issuance and appropriate use of Individual Taxpayer Identification Numbers (ITINs) has sparked considerable debate within the Internal Revenue Service and elsewhere. ITINs were originally designed for use by individuals who earned income in the United States where lack of citizenship prevented them from receiving a Social Security Number (SSN). ITINs enabled these individuals, such as foreign persons with investment income in the United States, to file a U.S. Income Tax Return. However, an individual must have an SSN to legally work in the United States, and some individuals who do not have authorization to work in the United States obtain ITINs to comply with the tax laws. These same individuals provide employers with false SSNs since an SSN is a requirement for employment. The IRS is considering proposals that place significant limitations on the issuance of and application process for ITINs.

The National Taxpayer Advocate has expressed serious reservations about any procedure that limits a taxpayer's ability to comply with United States tax laws despite the immigration status of the taxpayer. She has warned that burdensome procedures will drive undocumented workers toward the cash economy, will not eliminate the use of stolen SSNs, and will not protect the victims of such SSN theft. Plans to effectively exclude the ITIN community from IRS Taxpayer Assistance Centers and efforts to discourage community-based organizations from preparing returns and providing services to this market segment are also fundamentally flawed.

¹⁷ U.S. General Accounting Office, Tax Administration: Federal Payment Levy Program Measures, and Equity Can Be Improved, GAO-03-356 (Washington, DC March 2003).

The National Taxpayer Advocate acknowledges that there are legitimate concerns about misuse of Social Security Numbers, particularly where the SSN of another person is improperly used. She is also concerned about the use of the ITIN as an identity document, and supports efforts to limit the ITIN's use for tax administration purposes only. However, the National Taxpayer Advocate remains confident that appropriate safeguards can be incorporated into the tax system without forcing any group of U.S. taxpayers underground or imposing undue burdens on other users of ITINs.

During FY 2004, the TAS will continue working with the IRS, Social Security Administration, and others toward a resolution of these difficult issues. TAS will also focus on working with the Small Business/Self Employed Operating Division to improve the administration of the current ITIN program, including ensuring that applications are not erroneously rejected because of a too narrow interpretation of what constitutes "for tax administration purposes."

Small Business Initiatives

During FY 2003, the Taxpayer Advocate Service has expanded its outreach to small business taxpayers. These outreach efforts include public presentations and speeches by the National Taxpayer Advocate, Small Business Liaison, Local Taxpayer Advocates and other TAS officials. TAS outreach also included attendance by TAS employees at trade shows, radio broadcasts, practitioner meetings and presentations to civic and trade organizations. These small business groups include truckers, restaurateurs, small business forums, and SBA's Reg-Fair Hearings.

Last year the IRS was one of the three agencies to receive an "A" rating from the Small Business Administration (SBA) Ombudsman's office. (Twenty-five agencies were rated.) The IRS received this rating because of its attention to small business concerns in general and because of TAS' interest and attendance at SBA's Reg-Fair Hearings.

With the establishment of the Office of Business Advocacy, TAS is focused on specific advocacy issues relating to small business and self-employed taxpayers. Small business problems can be related to IRS processes, communications, policies, training, or the underlying tax law. During FY 2004, the National Taxpayer Advocate will continue to comment on proposed and final regulations impacting small business taxpayers. The Office of Business Advocacy will continue to work with the Small Business Administration and other outside stakeholders to identify small business concerns with the IRS and participate in various operational taskforces to address process improvements.

Electronic Filing

The Internal Revenue Service's partnership with the Free File Alliance has yielded a number of benefits for taxpayers. As indicated in the National Taxpayer Advocate's testimony before Congress, however, the National

Taxpayer Advocate has called for a renewed focus on disclaimers and procedures that clearly prohibit any government endorsement of the many products and services offered by participating companies. She remains committed to the goal of free electronic filing for taxpayers of all income groups, and has urged the IRS to pursue this objective.

The National Taxpayer Advocate will continue to explore strategies, both in conjunction with IRS functions and independently, to increase the number of taxpayers who file their returns electronically. Electronic filing is essential to the success of the IRS' computer modernization efforts. However, the National Taxpayer Advocate is concerned that current approaches are inadequate and do not adequately protect taxpayer rights. Further, there are conflicting views regarding the optimal approach to increase e-filing.

Under one approach, the IRS would, on its website, provide the basic infrastructure for all taxpayers, without charge, to file their returns electronically. This approach would provide comprehensive opportunities for e-filing but would require the IRS to expend funds to develop and support the website infrastructure.

Under the alternative approach adopted by the IRS, the IRS entered into an agreement with a consortium of private tax preparation companies (collectively, the Free File Alliance) that has agreed to provide free tax preparation software to a certain percentage of taxpayers without charge. This approach is relatively cost free for the IRS, but it suffers from at least two significant drawbacks. First, Free File is not available to all taxpayers. Some taxpayers must pay a fee for e-filing. Given that e-filing saves the IRS money and furthers the agency's computer modernization objectives, an inability to provide a free file option to all taxpayers does not make sense. Second, taxpayers wishing to use Free File initially go to the IRS website and then are redirected to the commercial websites of the consortium members, where in many cases they are subjected to offers for products marketed either by the software company or by a business affiliate.¹⁸ Among the products sold to taxpayers who begin their e-filing journey on the IRS website are audit protection, refund anticipation loans (RALs), Individual Retirement Accounts (IRAs), and mortgage refinancings. The National Taxpayer Advocate does not believe that the IRS should allow private industry to sell RALs and other commercial products to taxpayers who are going to the IRS website to file their tax returns electronically. Regardless of the clarity of IRS disclaimers, taxpayers will link the IRS to these product offers.

Apart from Free File, the National Taxpayer Advocate is concerned that commercial products made available to taxpayers in conjunction with the use of tax preparation software are being marketed to taxpayers, in some instances,

¹⁸ These product offers are present on both the software used by taxpayers eligible for "free" tax preparation programs and by ineligible taxpayers who download programs for a fee from commercial sites that are accessible from the Free File site, which in turn is accessed from the irs.gov website.

without the taxpayer's meaningful consent. Section 7216 of the Internal Revenue Code and its implementing regulations provide some specific rules relative to consent where a tax return preparer, which includes software companies, solicits other business unrelated to the Internal Revenue Service.¹⁹ In essence, this consent must be in writing, secured in advance, and must be meaningful. Generally, a consumer's consent is only considered meaningful if the marketing company provides adequate disclosure regarding the nature of the "consent" it is seeking.

In the case of some of the tax preparation software companies, the National Taxpayer Advocate believes that there are serious questions about the adequacy of disclosure. For instance, during the course of completing an item/line on his/her return, a screen may appear asking the taxpayer to grant consent to receive additional tax suggestions. If the taxpayer consents, he or she may then be subjected to a multitude of product offerings during the course of completing that return. The National Taxpayer Advocate believes that there is a significant difference between a taxpayer's agreement to receive additional tax suggestions and a taxpayer's agreement to allow a company to use his or her confidential tax and financial information to try to sell commercial products to him or her. Indeed, Congress believed strongly in the protection of a taxpayer's confidential tax information. The fact that section 7216 is a criminal statute makes this abundantly clear.

The National Taxpayer Advocate urges that any consent to use or disclosure of taxpayer information related to the solicitation of other business or business products unrelated to the Internal Revenue Service be conspicuously placed and clearly stated. Further, the National Taxpayer Advocate suggests that the IRS promulgate prescribed disclosure language to ensure that taxpayers understand what they are being asked to consent to. For companies that fail to provide clear and conspicuous disclosures, TAS will urge the IRS, together with the Federal Trade Commission and the Justice Department as appropriate, to take steps to enforce the law.

Finally, the National Taxpayer Advocate is concerned that the IRS does not have sufficient data to evaluate whether the Free File program is meeting its objectives. For example, the IRS states that approximately 2.7 million taxpayers filed through Free File. However, the IRS did not require Free File members to provide the SSNs of taxpayers who filed through Free File (which would enable the IRS to determine whether they are first-time e-filers). Thus, the IRS currently has no way to determine how many of these taxpayers would have filed electronically using different methods and how many taxpayers are new filers whom Free File brought into the e-filing system.

If Congress and the IRS want to encourage increasing numbers of taxpayers to file their returns electronically, the IRS must provide a means to allow *all*

¹⁹ Treas. Reg. §§ 301.7216-1(b)(2) and 301.7216-3.

taxpayers to e-file their returns without cost. And because a taxpayer's experience in complying with his or her tax obligations ultimately colors the taxpayer's judgment about the tax system itself, the IRS must be vigilant in ensuring that return preparers – both individual preparers and software companies – comply with all applicable legal requirements. Because of the importance of e-filing to the tax administration system and to the taxpayer's interface with and perception of the tax system, TAS will continue to give considerable attention to e-filing issues during FY 2004.

Tax Preparation and Financial Literacy

Our experience with EITC eligible taxpayers who, year after year, pay high fees for a refund anticipation loan rather than using the free IRS direct deposit option, indicates they often do so because they do not have and are unable to establish a bank account. TAS has joined forces with the Wage and Investment Stakeholder Partnerships, Education and Communication (SPEC) organization in an effort to encourage partners in the banking community to establish free or low cost bank accounts for low income taxpayers faced with these circumstances. TAS and SPEC are also working to partner with community organizations that provide free tax preparation to low income taxpayers.

During FY 2004, the National Taxpayer Advocate will continue to advocate for establishment of a special grant program to umbrella organizations that will coordinate the delivery of free tax preparation, EITC education and outreach, and financial literacy and savings incentives training in low income communities.

TAS RESEARCH INITIATIVES

The Taxpayer Advocate Service has identified a number of research initiatives addressing issues of significant concern to the National Taxpayer Advocate. Following is a discussion of the initiatives that TAS will sponsor or participate in between now and September 2004.

ABUSIVE TAX SCHEMES: THE “TIPPING POINT” STUDY

TAS is sponsoring research being conducted by the Office of Program Evaluation and Risk Analysis (OPERA) to identify what IRS is doing to detect and combat emerging abusive tax schemes, such as abusive tax shelters, and the slavery reparations scheme. The research study is divided into two phases.

The objective of Phase I is to identify the approaches, processes, and procedures the IRS has developed and/or implemented that:

- enable early identification of abusive tax avoidance schemes, and
- enable the IRS to mitigate the impact of these schemes before they proliferate.

The objective of Phase II will be to identify new methodologies that will enhance the IRS' ability to identify and minimize the impact of schemes that continue to be problematic.

During Phase I, which is still in progress, the team has conducted interviews with officials from various IRS Operating Divisions and Functional Units that are known to play an active role in detecting, assessing and/or mitigating abusive tax avoidance schemes. As others are identified during the course of interviews, they are also contacted and interviewed. Team members have also researched the IRS Intranet and reviewed various documents related to abusive tax schemes.

To date, the team has learned that numerous IRS units have identified abusive taxpayer behaviors as serious concerns and have strategic initiatives and internal structures to detect and mitigate abusive schemes. IRS has also initiated efforts to coordinate and leverage these unit activities, including establishing the Abusive Tax Evasion, Avoidance Schemes & Devices (ATEASD) Executive Steering Committee (ESC), and warning the public about the "Dirty Dozen" common scams for 2003, as well as others that have since been identified.

The team has compiled information about the schemes identified so far. The team is also documenting the identification and mitigation efforts being undertaken by the IRS Operating Divisions as well as operating unit structures and related activities.

After all the interviews have been conducted, the team will share its compilation with the ATEASD ESC and others from whom they have gathered information to make sure that its efforts are complete and accurate. TAS anticipates that Phase I will be complete within the next couple of months. Building upon the taxonomy of schemes developed in Phase I, the National Taxpayer Advocate envisions that the second phase of the study will track the course of "infection" of certain schemes among the taxpayer public. The study would identify who were the key "agents" of the scheme, what paths and fora provided the most fruitful dissemination, and what particular aspect of the scheme appealed to the population so that they were persuaded to participate. This analysis should enable the IRS to identify when, how, and with whom it should intervene in order to prevent the proliferation of certain types of abusive schemes.²⁰

THE IMPACT OF REPRESENTATION ON THE OUTCOME OF EITC AUDITS

Although the tax year 1999 Earned Income Tax Credit compliance study indicates that a significant proportion of claimants have historically not been

²⁰ This aspect of the study relies heavily on the concept that an idea can act as an epidemic, as discussed in Malcolm Gladwell's book, *The Tipping Point: How Little Things Can Make A Big Difference*, (2000).

entitled to the EITC,²¹ the National Taxpayer Advocate believes that the study overstates the overclaim rate because it relied exclusively on the outcome of EITC audits. TAS data suggests that audit outcomes are frequently incorrect and that a significant number of entitled taxpayers are being denied the credit in error.²² Evidence also suggests that represented taxpayers fare considerably better than unrepresented taxpayers in the tax controversy dispute resolution process.²³ In addition, TAS suspects that the EITC claimant population would especially benefit from representation because they are less able to bear the burden of proof placed on them by the audit process, due to their demographic attributes, namely:

- they are less likely to have English as their first language;
- their level of education is below the national mean; and,
- they are more likely to be transient and to repeatedly reestablish domicile.

TAS is therefore partnering with the IRS Office of Research to design and conduct a study to evaluate the impact of representation on the ultimate outcome of EITC audits. TAS is proposing to track the outcomes of EITC audits conducted during the National Research Program (NRP) initiative.

The NRP is studying a representative national sample of tax returns to evaluate current compliance rates and to provide data for audit workload selection in the future. Some of these taxpayers will undergo face-to-face or correspondence audits. At the request of TAS, these taxpayers will receive a stuffer with the “first contact” letter that informs them about the availability of free representation through the Low Income Taxpayer Clinic (LITC) Program.

TAS personnel will use IRS computer systems to track the NRP EITC audit population throughout the audit process. This will include monitoring cases that go to Appeals, Tax Court, the Court of Claims, and District Court to obtain the ultimate disposition of each case. The outcome at each stage of this process will be noted, and results for represented taxpayers will be compared to results for taxpayers that did not have representation.

The study is still in the design phase. TAS has shared the proposed design with NRP and has requested a list of the SSNs of taxpayers who will be undergoing

²¹ Department of the Treasury, Internal Revenue Service, *Compliance Estimates for Earned Income Tax Credit Claimed on 1999 Returns*, February 28, 2002.

²² In FY 2002, TAS closed 30,554 cases involving EITC Revenue Protection Strategy examinations, which represent eight percent of total FY 2002 EITC correspondence examination closures. In more than 50 percent of these cases, the IRS ultimately agreed to a change in the examination result.

²³ As reported by the National Taxpayer Advocate in her FY 2002 Annual Report to Congress, 26 percent of represented taxpayers prevailed in cases before the U.S. Tax Court, while only 15 percent of *pro se* taxpayers prevailed. National Taxpayer Advocate *FY 2002 Annual Report to Congress*, December 2002, p. 253.

NRP EITC audits. Next steps include sharing the proposed design with the Wage and Investment Operating Division for comment, and identifying a team of TAS personnel to conduct the monitoring and data collection processes.

FEDERAL CASE REGISTRY

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) expanded IRS math error authority.²⁴ Under the EGTRRA, beginning in 2004 the IRS is authorized to deny the EITC to a taxpayer if the Federal Case Registry of Child Support Orders (FCR) indicates that the taxpayer is the non-custodial parent of the child with respect to whom the credit is claimed. The purpose of the FCR study is to evaluate the accuracy and timeliness of the data contained in the FCR/Dependent Database (DDB). This effort is being conducted under the auspices of the Department of Treasury in consultation with the National Taxpayer Advocate. The Earned Income Tax Credit Program Office, the Kansas City Campus, and Wage and Investment Research are providing primary IRS support.

To conduct the study, a sample of EITC taxpayers was selected for correspondence audit based on FCR custodial parent information. The audits were conducted at the Kansas City Campus and have been completed. A final report on the results of this sample is scheduled for delivery by the end of July 2003.

During the course of this study, the Taxpayer Advocate Service has identified numerous deficiencies in the current FCR database that the National Taxpayer Advocate believes render it invalid as an independent basis for summary assessment as contemplated in IRC § 6213(g)(2)(M). In the FY 2002 Annual Report to Congress, the National Taxpayer Advocate called for repeal of IRC § 6213(g)(2)(M); during FY 2004, she will continue to advocate that the IRS not implement the math error authority for FCR.

EITC AUDIT RECONSIDERATION CASES

TAS Systemic Advocacy, in partnership with the Wage and Investment Operating Division, has designed a study of EITC audit reconsideration cases to determine why resolution of TAS audit reconsideration cases differs from those worked wholly in Examination.²⁵ In the National Taxpayer Advocate's FY 2002 Annual Report to Congress, the National Taxpayer Advocate observed that TAS-assisted taxpayers experienced more favorable treatment of their audit reconsideration requests.²⁶

²⁴ Pub. L. No. 107-016, Title III, § 303; IRC § 6213(g)(2)(M).

²⁵ See National Taxpayer Advocate *FY 2003 National Taxpayer Advocate Objectives Report to Congress*, Publication 4054 (Rev. 6-2002), p. 13.

²⁶ National Taxpayer Advocate, *FY 2002 Annual Report to Congress*, Publication 2104 (Rev. 12-2002), p. 54.

This study will attempt to:

- evaluate the causes of EITC audit reconsideration cases,
- validate treatments of TAS-assisted audit reconsideration cases,
- measure elements of casework that contributed to successful resolution,
- quantify the number and type of taxpayer contacts needed to resolve cases, and
- identify factors that inhibit correct determination during initial examinations.

The study team will seek to define aspects of casework that contribute to correct final outcomes in EITC examinations and will prepare recommended changes to the EITC audit process based on this analysis. TAS, working with IRS Operating Divisions, will consider the efficacy of the recommended changes in policy and work practices.

A draft research plan is currently under review. TAS case advocates and staff at three campuses (Atlanta, Memphis, and Andover) will be asked to assist in conducting case reviews of statistically valid samples from all campuses, and to serve as subject matter experts. Wage and Investment compliance policy analysts will also participate in the reviews. TAS expects this study to be completed by January 2004.

“NO RESPONSE” EITC AUDITS

Data provided by the EITC Program Office shows that during the last three years more than 30 percent of taxpayers undergoing EITC correspondence audits either failed to respond to IRS notices or did not receive them.²⁷ The National Taxpayer Advocate is concerned about the magnitude of this problem and about the lack of IRS knowledge concerning the reasons for taxpayer non-response.

TAS is sponsoring a study to be conducted by Wage and Investment Research to determine why taxpayers do not respond to EITC correspondence audit notices. The study will have two major objectives:

- to compile a profile of the major demographic characteristics of non-respondents; and
- to contact and survey non-respondents, if possible, to identify their reasons for not responding to IRS notices.

²⁷ EITC Program Office, 4/10/03.

Wage and Investment Research has just begun work on this study, and it is still in the preliminary design phase.

EITC CERTIFICATION PILOT

Representatives from TAS are participating in the design phase of the trial program to study the efficacy and impact on taxpayers of the EITC certification program. The Wage and Investment Operating Division has principal responsibility for this program.

A sample of 45,000 taxpayers will be asked to complete a certification process to establish qualifying child residency eligibility prior to filing. Completion of the certification process will enable these taxpayers to establish that their EITC qualifying children resided with them for more than six months during the tax year. Only taxpayers belonging to groups that have been identified as most likely to erroneously claim EITC will be asked to participate.

A proposed sample design is under review. The IRS plans to select the sample of 45,000 taxpayers and to begin mailing out notices later this summer.

EITC PARTIAL REFUND RELEASE

At the request of TAS, Wage and Investment Research has completed work that establishes that the majority of taxpayers subject to EITC audit are entitled to a refund of several hundred dollars, which consists primarily of tax withholding.

The Wage and Investment Operating Division has reviewed this research, and is evaluating implementation alternatives that would release all, or at least a part, of the non-EITC portion of the refund prior to completion of the audit. The current target for implementation of the selected alternative is January 2004. TAS strongly supports this approach to EITC audits.

EITC RECERTIFICATION

TAS Systemic Advocacy is participating with the Wage and Investment Operating Division in a research study to evaluate the reasons for increased rates of EITC recertification. The primary objective is to revise the Form 8862, Information to Claim Earned Income Credit After Disallowance, to reduce taxpayer burden and to improve communication. The study team completed case reviews in April 2003. The team expects to complete its analysis and report final results by the end of November 2003.

TAXPAYER ADVOCACY PANEL

BACKGROUND

The former Citizens Advocacy Panel (CAP) pilot program was established in 1998 and consisted of four geographic Panels: South Florida, Pacific Northwest,

Midwest and Brooklyn, which covered the four IRS regions. In June 2001, three of the four panels expanded geographic representation and panel membership increased.

In December 2001, the Department of Treasury's review of Federal Advisory Committees resulted in nationwide expansion of the CAP Program. The decision to expand the CAP was based upon the recognition that the CAP served as a valuable partner for the IRS and an effective way to receive input from citizens. The CAP was renamed the Taxpayer Advocacy Panel (TAP).

DESIGN STEERING COMMITTEE

In January 2002, the National Taxpayer Advocate established a Design Steering Committee to structure the nationwide expansion. In February 2002, the design steering committee began to design the National TAP with three primary objectives: development of a TAP charter, recommendation of an organization structure, and development of high-level operating guidelines. It was recommended that the TAP be aligned with the customer base of the Wage and Investment and Small Business/Self Employed Operating Divisions. As such, the TAP would provide input on initiatives and policies, assist in identification of issues facing taxpayers, create opportunity for collaboration, and identify grassroots issues.

In April 2002, Treasury and IRS announced the reorganization and expansion efforts and began recruitment. TAS received more than 1,300 applications that were reviewed and processed by June 30, 2002. Interviews of 300 applicants were conducted by existing CAP members and TAS employees. Panel recommendations were submitted to the National Taxpayer Advocate and Executive Office of Treasury for approval. Professionals represented on the panel include small business owners, retired military, tax professionals, and one former state legislative member. The entire Taxpayer Advocacy Panel attended orientation/training in October 2002. The meeting was held in conjunction with the IRS' Annual Business Meeting affording members the opportunity to meet face-to-face with the IRS Senior Leadership team.

Taxpayer Advocacy Panel members serve on two committees: geographic committees and national issue committees as outlined below:

Geographic Committees

Area 1: Northeast
Area 2: Mid-Atlantic
Area 3: Southeast
Area 4: Mid-States

National Issue Committees

W&I: EITC (Earned Income Tax Credit)
W&I: Multilingual Initiative
W&I: Simplification of Notices Sent to Taxpayers
SB/SE: Increase Use of E-File Among Taxpayers & Tax Professionals

Area 5: Central

SB/SE: Compliance Issues – Schedule
C (sole proprietorship) Non-
Filers

Area 6: Mountain-Pacific

SB/SE: Payroll Taxes
Ad Hoc

ISSUE COMMITTEES

The renewed emphasis to have the TAP provide input on IRS initiatives has been embraced by the IRS. The TAP Director has worked closely with Wage and Investment and Small Business/Self Employed executives assigned ownership of the issue committees to ensure that they are kept abreast of meetings and requests made by the TAP. Since October 2002, the TAP has provided comments or served as a focus group on several IRS and TAS initiatives. For example:

- The Ad Hoc Committee provided input to the National Taxpayer Advocate on proposed legislation to regulate paid tax return preparers.
- The Ad Hoc Committee is currently reviewing IRS recommendations to address ITIN problems; recommendations will be provided to IRS.
- The Multilingual Initiative Committee is working with IRS on financial literacy issues as they relate to education about the tax system. The Committee is proposing a pilot, working with English as a second language teachers, to develop a continuing education program that teaches people to file tax returns.
- The Schedule C Committee is working with the Small Business/Self Employed Office of Taxpayer Burden Reduction on ideas to relieve taxpayer burden as it relates the estimated tax penalty.
- The E-File Committee is working jointly with IRS to review e-file marketing materials and provide input towards improving the “Free File” initiative.
- Two members of the Notice Committee attended working sessions with IRS staff for the prioritization of notices to be updated; they reviewed the notice on Social Security Number matching and provided comments.
- The EITC Committee was asked by the EITC Task Force to provide comments on EITC certification forms under revision. One of their suggestions was accepted and incorporated into the forms.

GEOGRAPHIC COMMITTEES

The Geographic Committees have been equally active, identifying issues of concern to the general taxpaying public from open meetings, taxpayer

correspondence and telephone contacts. Some of the issues being reviewed are:

- Childcare Providers,
- Estimated tax simplification,
- Income limits on dependent parents,
- Offer in Compromise Instructions (complexity),
- Small Business Outreach and Education,
- Husband and wife both filing Head of Household and claiming the EITC,
- Form 1041, U.S. Income Tax Return for Estate & Trust (instructions difficult to follow),
- Electronic Federal Tax Payment System (EFTPS) (payment posting issues and education),
- IRS Telephone system (improve instructions for telephone prompts, inconsistent answers, improve training, long hold times),
- Taxpayer Assistance Centers (poor customer service, quality of responses, and technical competency of employees),
- Direct Debit Installment Agreement (not receiving a monthly statement of account),
- Alternative Minimum Tax (the burden it places on taxpayers; including negative impacts on the wrong population),
- Financial literacy (particularly as it relates to Refund Anticipation Loans)
- 9/11 Grants in New York City (looking at equity as well as education),
- Form W-4, Employee's Withholding Allowance Certificate, worksheet (improvements needed to help people more accurately determine number of withholding allowances), and
- Withholding issues.

The TAP is in the process of prioritizing these and other issues and will elevate recommendations on selected issues to the IRS for consideration.

OUTREACH

In addition to the required public meetings, outreach efforts to increase awareness of the TAP have been extensive. The TAP Director provided a briefing on the TAP to all TAS area and headquarters directors, which was then delivered to TAS managers and employees. The TAP Director is scheduled to brief the Filing Season Readiness Group on the role of TAP in the next couple of months. Local Taxpayer Advocates have taken the initiative to include their local TAP members in outreach events and the TAP managers are providing briefings to IRS employees during group meetings and continuing professional education sessions.

The TAP Chair has attended the Internal Revenue Service Advisory Committee (IRSAC) meetings. Many TAP members have participated in Stakeholder

Relationship Management Council meetings and readily participate in congressional office visits with the Local Taxpayer Advocates.

FISCAL YEAR 2004 STRATEGY

During FY 2004, the Taxpayer Advocate Service will continue to promote the TAP within the IRS and actively encourage the IRS to consult with the TAP before making final decisions on programs and issues under study by the TAP. TAS is developing an aggressive internal/external communication strategy that will further increase the visibility and effectiveness of the TAP. Performance measures are also being developed for the TAP to ensure TAS can assess its effectiveness.

Additionally, the National Taxpayer Advocate will be working with the Executive Director of Systemic Advocacy and Information Technology to create a separate database for TAP that will allow TAS to archive past issues identified by TAP. The archive could be referenced to extract information for the Annual Report to Congress, and serve as a reference tool for TAP to avoid duplicity.

LOW INCOME TAXPAYER CLINICS

The responsibility for administering the Low Income Taxpayer Clinic (LITC) program moved from the Wage and Investment Operating Division to the Taxpayer Advocate Service on May 1, 2003. The LITC grant program is entering into its sixth year and is designed to help organizations provide free or low-cost legal assistance to taxpayers to resolve tax disputes and inform taxpayers for whom English is a second language about their tax rights and responsibilities.

Because of the complexity of the tax laws, it is difficult for low income taxpayers and taxpayers for whom English is a second language to exercise their rights in a tax controversy. These individuals are generally unable to afford professional assistance and frequently unable to effectively resolve controversies because they do not know their rights. English as second language taxpayers are particularly at a disadvantage and unable to comply with the law because they are often unaware of their tax responsibilities. LITCs are a safety net for low income taxpayers in that they provide them with access to tax-related advice that would not otherwise be available and by protecting their rights.

Several important changes are being made to the LITC program in 2003 and 2004. The National Taxpayer Advocate has established a new organization structure for the LITC program that places emphasis on three major areas of the program. The new organizational structure calls for a Program Director who reports directly to the National Taxpayer Advocate. The Program Director is the primary advocate for the LITC program and is responsible for the full range of advocacy activities related to the LITC program. Reporting to the Program Director will be a Grants Program Manager, a Controversy Program Manager,

and an English as a Second Language Program Manager. These managers will plan, coordinate, and perform significant managerial assignments to effectively implement the National Taxpayer Advocate administrative and management decisions regarding the LITC program to assure accomplishment of program objectives.

The National Taxpayer Advocate is developing standards of operation for LITC grant recipients. Organizations that are awarded a grant will be provided copies of these standards. The LITC program standards for clinic operation include a qualified tax expert on staff, a qualified business administrator, continuing professional education, mentoring program, tax library and qualified volunteers. TAS will conduct briefings for LITCs on these standards.

In FY 2004, TAS will periodically perform on-site assistance visits to selected clinics. Each new clinic can expect to receive a site visit during its first year of operation. Returning and continuing clinics will also be selected, as deemed appropriate. During assistance visits, the review process may include reviews of intake procedures, referral record keeping systems, communications and publicity plans and standards of operation. These assistance visits will help to expand and improve communications channels between the LITCs, TAS, and the IRS. The Taxpayer Advocate Service's current Service Level Agreements will be amended to ensure that other IRS Operating Divisions participate in the on-site assistance visits. TAS will train Local Taxpayer Advocates and Area Directors on the standards of operations and how to conduct and document an effective on-site assistance visit.

TAS is developing measures that allow for an accurate monitoring of the LITC program performance. Once TAS has developed LITC program measures, it will provide training to the grant recipients at the annual LITC conference. Measurements will also be stressed during on-site assistance visits.

The National Taxpayer Advocate has put a work group together to develop and define the roles and responsibilities of the Local Taxpayer Advocates, Territory Managers, and others with respect to the LITC program. Once the roles and responsibilities are defined, guidance will be provided and the Service Level Agreements will be revised to include the roles and responsibilities of each of the operating divisions. The roles and responsibilities include assisting with marketing efforts to promote the LITC program, assisting with the placement of clinic materials in IRS offices, maintaining a publication listing of LITCs, and coordinating meetings between IRS officials and LITCs. By working together with other IRS Operating Divisions, TAS can make the LITC program available to more low income taxpayers.

The National Taxpayer Advocate is working to educate low income taxpayers about the LITC program by providing an LITC stuffer with LITC locations and phone numbers in National Research Program notices. The National Taxpayer

Advocate has asked Local Taxpayer Advocates to work with Territory Managers in IRS Operating Divisions to ensure that they are providing the LITC Publication 4134, Free/Nominal Cost Assistance Availability for Low Income Taxpayers, in all National Research Program audits.

TAS plans to work with clinics to establish substantive issue committees. These committees will focus on local geographic issues and national initiatives. The committee members will provide support to one another on emerging trends, common problems, barriers and drawbacks to understanding tax obligations. Substantive issues committees may include Earned Income Credit (EITC), Individual Tax Identifying Numbers (ITIN) and Multilingual Initiatives to list a few.

TAS is working to expand the coverage of clinics into areas of the country where access for disadvantaged taxpayers is very limited including rural areas. TAS is looking to expand the coverage of clinics into all fifty states and the District of Columbia. TAS has actively recruited organizations in locations without clinic coverage through aggressive marketing presentations to organizations located in those areas.

CASE ADVOCACY

INDEPENDENCE, IMPARTIALITY, AND CONFIDENTIALITY

In the National Taxpayer Advocate's FY 2003 Objectives Report to Congress, the National Taxpayer Advocate identified three interrelated concepts that are fundamental to the operation of the Taxpayer Advocate Service – independence, impartiality, and confidentiality. The following sections describe how the Taxpayer Advocate Service is implementing these concepts with respect to its case advocacy function.

Here's how TAS is enhancing these three key elements:

Independence

In the National Taxpayer Advocate's FY 2003 Objectives Report the National Taxpayer Advocate discussed the crucial role that independence plays in TAS' ability to resolve taxpayer problems. During FY 2003, the National Taxpayer Advocate directed initiatives to enhance TAS' independence and the ability of TAS employees to advocate on behalf of taxpayers.

Significant Hardship Task Force

The Taxpayer Advocate Service is in the process of reviewing and revising its case acceptance criteria to ensure that TAS is focusing on assisting taxpayers who are experiencing significant hardships. The current criteria was established in response to the expanded authority granted to the National Taxpayer

Advocate by Congress in RRA 98.²⁸ As TAS has matured and now has a better understanding of the issues facing taxpayers, it is appropriate to review the cases that are worked in TAS to guarantee it is serving in the role Congress intended when it wrote “the Taxpayer Advocate serves an important role within the IRS in terms of preserving taxpayer rights and solving problems that taxpayers encounter in their dealings with the IRS.”²⁹

The significant hardship criteria determines if a case is accepted into the TAS program; thus, it is crucial that the criteria be expansive enough to give access to the taxpayers who need assistance. The task force convened to examine this issue has researched the evolution of TAS criteria and studied legislative history to determine if it is appropriate for TAS application of “Significant Hardship” criteria to be expanded to meet the intent of IRC § 7811.

It is anticipated that, if appropriate, TAS will begin utilizing the revised criteria in FY 2004. Implementation will include training for all TAS employees, focusing on using the facts and circumstances of individual taxpayers to determine significant hardship; tracking of case criteria usage via TAMIS; and customer satisfaction surveys.

Delegated Authorities

On January 17, 2001, the Commissioner delegated additional authorities to the National Taxpayer Advocate to perform routine accounts management and customer service actions on TAS cases. The Acting National Taxpayer Advocate, the Operating Division Commissioners and the Chiefs, Appeals and Counsel signed a Memorandum of Understanding (MOU) *Regarding Additional Delegation of Authorities to the National Taxpayer Advocate* to provide further guidance with respect to those new authorities. As a provision of the MOU, the original signers of the agreement, or their successors, committed to convening a short-term task force at an appropriate interval to determine whether recommendations for additional delegated authorities to handle routine cases should be made to the Commissioner of the IRS.

During the past one and one-half years, TAS has had the opportunity to become familiar with its additional authorities and the impact these authorities have on the ability to fulfill its role as advocates for the taxpayer. A key area that must be examined is whether it is appropriate for TAS to retain authorities that may result in a determination unfavorable to the taxpayer. For example, TAS now has the authority to allow or disallow claims, allow or reject installment agreements, and accept or deny requests for penalty abatements for reasonable cause. In each of these situations, the taxpayer may appeal TAS’ decision to the Office of Appeals. Are these authorities consistent with TAS’ mission as an independent, impartial and confidential voice for the taxpayer within the IRS, given that Section 7811 of

²⁸ IRC § 7811(a)(2)

²⁹ Senate Committee Report (S.Rep.No.105-174)

the Internal Revenue Code grants TAS the statutory authority to issue Taxpayer Assistance Orders to direct an Operating/Functional Division to take an action, cease taking an action, or review a decision already or about to be made on a taxpayer's issue?

The National Taxpayer Advocate has made it a priority to work with all levels of the TAS organization, particularly the front-line case advocates, on what it means to be an Advocate and how to properly apply both their statutory and delegated authorities in any given situation. The first step in this process was to provide multi-phase case study based training to all TAS employees. The goal of this training was to hone the critical thinking skills of TAS employees that would transfer to their actual casework. The training focused on the importance of "providing an impartial assessment of a situation and determine the appropriate course of action, free from influence of both the IRS and taxpayer."³⁰

The second step toward better understanding and defining TAS authorities was taken in anticipation of fulfilling the provision of the MOU to convene a task force to reexamine TAS' delegated authorities. In May 2003, the National Taxpayer Advocate chartered a team of Taxpayer Advocate employees from all levels of the organization who are charged with:

- Reviewing existing TAS delegated authorities to determine whether they are consistent with TAS' mission to provide an independent, impartial, and confidential voice for the taxpayer within the IRS.
- Reviewing existing authorities to determine whether there are additional authorities that should be delegated to TAS because it would enhance TAS' ability to advocate for the taxpayer.
- Preparing a report to the National Taxpayer Advocate with recommendations pertaining to these authorities.

The team will further meet with representatives from the IRS Operating Divisions and Functions to discuss their recommendations and the impact the recommendations would have on the Operating/Functional Divisions' resources and operations. The team's report to the National Taxpayer Advocate will include the results of these discussions, and the influence those discussions had on the team's recommendations.

It is the National Taxpayer Advocate's expectation to report the preliminary results of the team's data gathering and analysis by late summer.

³⁰ The National Taxpayer Advocate's Report to Congress, FY 2003 Objectives, page 3.

Impartiality

Taxpayers have a right to expect an impartial analysis of their situation. In furtherance of this impartial assessment and to aid TAS advocates in developing the appropriate course of action, training of advocates is paramount. In FY 2003, the course “Being an Advocate and Your Authorities” laid the groundwork for advanced courses developed and delivered in FY 2003 and prioritizing others for FY 2004. Staying with the proven case study approach to provide training to advocates, The National Taxpayer Advocate has selected tax law issues and procedures which taxpayers frequently come up against and have multiple solutions. Core courses are being enhanced. It is not enough for advocates to merely know what the operating divisions will do with respect to a particular program, procedure or law. They must know and understand the advocate’s perspective. In addition, they need to understand the tools, techniques, and resources available for achieving the correct course of action to achieve the right result.

Courses on liens and levies, reconsiderations of audit assessments, offers in compromise and other collection alternatives highlight some of the challenging problems faced by taxpayers. The National Taxpayer Advocate’s goal is to ensure that TAS advocates understand the meaning of an impartial assessment of the taxpayer’s problem and can advocate for the taxpayer with credibility, creativity and critical thinking with concern for the appropriate outcome.

Finally, courses are under development that are specific to the Taxpayer Advocate Service. Confidentiality, Taxpayer Assistance Orders, and case development are but a few of these and are discussed further in this report.

Confidentiality

During FY 2002 and FY 2003, TAS began implementation of the confidentiality provisions of IRC § 7803(c)(4)(A)(iv).³¹ TAS provided training during its Technical Advisor and All Managers Symposium in November 2002. An actual experience, related by a Local Taxpayer Advocate, led the walk-through discussion of the thought process needed to ensure the provisions of this code section are thoroughly understood and properly applied. TAS established a nine-member Confidentiality Advisory Committee with membership from management and the National Treasury Employees Union (NTEU). In addition to reviewing all non-routine cases that require a decision whether to disclose taxpayer provided information to the IRS (prior to final determination by the National Taxpayer Advocate), the committee will:

- develop further training materials (including a video);

³¹ IRC § 7803(c)(4)(A)(iv) provides that “... [each local taxpayer advocate] ... may, at the taxpayer advocate’s discretion, not disclose to the Internal Revenue Service contact with, or information provided by, such taxpayer.”

- develop internal procedures for application of this provision to TAS cases;
- develop materials for and maintain information on a TAS confidentiality web site; and
- develop outreach materials for IRS use in understanding this provision.

In addition to developing TAS' internal confidentiality processes and procedures, the National Taxpayer Advocate is concerned with maintaining confidentiality when taxpayers contact TAS. Taxpayers currently have the option to contact TAS by a variety of methods, including calling the National Taxpayer Advocate (NTA) toll-free number (877-777-4778). During the past year, TAS has been implementing the confidentiality provision of IRC § 7803(c)(4)(a)(iv). The NTA toll-free system, inaugurated prior to the implementation of this provision, depends on the staffing and technology used for IRS' toll-free system with Wage and Investment employees as call assistants.³² It is misleading to taxpayers, since they believe that they are talking with TAS employees when they call the NTA toll-free line. In fact, all NTA toll-free employees are in the Wage and Investment Operating Division; they usually work the NTA toll-free line in 14-day shifts and then rotate off to other phone services. TAS believes this approach for answering potential TAS customers does not support the confidentiality provision because non-TAS employees answer the line. Since the National Taxpayer Advocate has no direct authority over these employees, their interactions with TAS customers may potentially impact a Local Taxpayer Advocate's discretion not to disclose to an IRS contact information provided by a taxpayer.³³

During FY 2003, TAS performed a high level assessment to evaluate the impact of its ability to answer calls received on the NTA toll-free number. Over the last two fiscal years, an average of 782,000 net call attempts were made to the toll-free number; and an average of 333,000 calls were answered.³⁴ The assessment indicated that the TAS financial, human resources, and telecommunications costs required to meet the confidentiality requirement were significant.

In further evaluation of the concept of TAS employees answering the NTA toll-free number, TAS pursued a pilot program with the Joint Operation Center Council (JOCC) for TAS employees to answer the toll-free number through call routing by the Joint Operation Center, the function responsible for providing

³² The NTA toll-free number was implemented in December 1998 by TAS' predecessor – the Problem Resolution Program – and was negotiated with the Assistant Commissioner (Customer Service) to achieve the most cost-effective use of IRS' toll-free enterprise which included the use of customer service representatives and Customer Services' telecommunication equipment.

³³ TAS' newly redesigned management information system (see "Taxpayer Advocate Management Information System" on page 40 of this report) does restrict TAS documentation from the view of all non-TAS employees with the exception of the NTA toll-free assistants who enter new problems into the system.

³⁴ Net call attempts = total calls answered + (networks incomplete calls – prompter abandons) + emergency closed + VCR busies + courtesy disconnects + primary abandons + secondary abandons.

support and technology for operating and functional divisions to achieve desired service levels for all telephone, correspondence, and electronic media inquiries within agreed resource and staffing parameters. The JOCC indicated that the current platform used for routing configurations could not support this based on budget reductions, resource limitations, and infrastructure limits through FY 2005. As a result, TAS is exploring other ways to accomplish confidentiality on the NTA toll-free number while monitoring JOCC's commitments to its IRS customers' needs.

During FY 2000 and FY 2001, approximately 10 percent of the NTA toll-free calls answered resulted in new cases. These cases have increased to 21 percent in FY 2003. In conjunction with its redesign of NTA toll-free operations, TAS wants to provide employees interacting with potential TAS customers to enter cases into a national inventory scheduling system. This system will allow automatic routing of new cases to TAS offices nationwide depending on the type of problem, the skill set needed by the TAS employee to resolve the problem, resources available in the offices, and office inventory levels. By designing this intelligent routing/assignment system and eliminating the current on-line review system, taxpayers will realize an overall improvement in the time TAS requires to resolve their problems.

IMPROVING CUSTOMER SERVICE AND CASE QUALITY

Included in TAS' strategic plans for FY 2004 and FY 2005 are efforts to improve its customer service, which are reflected in its customer satisfaction and quality review measures. In February 2001, TAS began a telephone survey process to gauge the opinions of taxpayers and their representatives about a broad range of customer service issues (e.g., timeliness, quality, courtesy, etc.). To date, nearly 40,000 TAS customers have been interviewed and have provided comprehensive feedback that has enabled TAS to better match its program deliverables to its customer expectations. TAS has developed a process for assuring that this information is actionable and that its managers are accountable for achieving sustained improvement on issues that are driven by customers' feedback.

To a large degree, TAS represents IRS' last chance to achieve satisfaction for taxpayers and representatives who have experienced service anomalies in their dealings with IRS. Customer satisfaction literature strongly suggests that customers who have an effective "service recovery" experience often emerge with a higher opinion of an organization than customers who never experienced a problem at all. In this respect, TAS' initial customer satisfaction survey results are impressive. In 2002, 85 percent of TAS' customers reported that they were either satisfied or very satisfied overall with TAS' services.³⁵ Additionally, 59

³⁵ TAS customer satisfaction surveys are done on an anonymous and confidential basis by the Gallup Organization.

percent of those surveyed indicated that their opinions of IRS were more positive as a result of working with TAS.

Because the problems presented to TAS by taxpayers flow from issues with the IRS Operating Divisions, the data produced by TAS surveys portray the full customer service cycle. This information presents an opportunity for the IRS Operating Divisions to determine where their processes and procedures may have broken down or failed their clientele. In this respect, TAS has begun partnering with the IRS Operating Divisions to use this data to better understand the most significant subject areas and processes that require IRS improvement. This objective is consistent with TAS' FY 2005 objective to "partner/participate with operating divisions in examining opportunities for reducing inappropriate referrals to TAS."

Quality Task Force

TAS utilizes eight customer service quality standards to measure overall case quality.³⁶ These standards are yardsticks of performance that reflect the values of TAS customers because, ultimately, TAS' success is measured in the eyes of its customers and its mission requires timely, accurate actions and effective communication.

During the past year, TAS has undertaken a number of initiatives to positively affect service to its customers.

- TAS is developing a four-year strategic training plan that includes a focus on issues impacting quality. An inventory management training module for all case advocates will be delivered within the next year.
- Each area office was assigned a specific major issue to analyze for improvements of timely and accurate service to taxpayers. Cases with the largest volume and highest cycle time were targeted. Recommendations from these studies will be completed in FY 2003 and process changes will be implemented in FY 2004.

³⁶ TAS customer service quality standards are:

Standard 1 – Timely initial contact with the taxpayer.

Standard 2 – Timely initial action on the taxpayer's problem.

Standard 3 – Subsequent case actions are timely.

Standard 4 – Complete resolution of taxpayer's problem.

Standard 5 – All related issues are addressed.

Standard 6 – All actions taken to resolve the problem are technically and procedurally correct.

Standard 7 – Taxpayer is provided a clear, complete, correct explanation of the case resolution.

Standard 8 – Taxpayer is educated regarding actions that contributed to the problem to avoid future problems.

- The annual report on quality implemented as a result of a Treasury Inspector General for Tax Administration (TIGTA) audit³⁷ has enhanced the focus of office improvement efforts on data-driven initiatives.
- The National Taxpayer Advocate directed an analysis of cases over 100 days old with an emphasis on management intervention that should positively impact TAS adherence to its timeliness standards.
- TAS' quality newsletter communicates process improvements and educates case advocates on standards and technical references that impact quality.
- The FY 2002-2003 campus improvement study found consistent challenges in the campuses in accuracy and timeliness. Consequently, TAS implemented several improvement initiatives in the campuses. TAS campuses have made extensive strides in quality improvement moving from a FY 2002 cumulative rate of 63.2 percent (+/- 1.7 percent) to a March FY 2003 cumulative score of 79.3 percent (+/- 2 percent), an increase of 16 points over six months.
- TAS chartered a national team in March 2003 to develop recommendations on how to further enhance quality for various TAS standards (e.g., taking subsequent actions timely). This national improvement approach is related to suggestions in a TIGTA report dated March 10, 2003.³⁸ The team's initial focus is on the development of process enhancements for timely subsequent contact and actions, which was one of the targeted improvement areas in the TIGTA report. TAS' focus in this area will address some of the recent significant findings from the customer satisfaction surveys – handling the problem in a reasonable time frame, keeping customers informed about case progress, and providing phone accessibility to TAS case advocates – and should positively impact the time required to resolve TAS cases. Since the TIGTA review, TAS has consistently made its initial actions timely in over 90 percent of its cases³⁹ and addressed related issues 83.3 percent cumulatively as of March FY 2003.⁴⁰ Recommended process enhancements are in the final stages of development with implementation in FY 2003 and FY 2004.

³⁷ TIGTA report – 2000-10-007 – *The National Taxpayer Advocate Can Improve the Service Provided to Taxpayers*

³⁸ TIGTA report – 8008-70-017 – *The National Taxpayer Advocate Has Improved the Quality of Casework, but Continued Vigilance Is Needed to Increase Compliance with the Quality Standards*

³⁹ This percentage is based on TAS' quality review of a random sample of closed cases taken monthly at the local office and campus level.

⁴⁰ The 83.2% is a raw, unweighted score calculated by dividing the number of times the standard was met by the number of times the standard was applicable. This standard for addressing related issues was only applicable 46.2% of the time (March FY 2003 cum).

As a result of these efforts, TAS' March FY 2003 cumulative quality rate stands at 82 percent (+/- 1.1 percent). This is up five percent from FY 2002 (ending September 30, 2002) and continues a trend of continuous improvement and focus dating back to FY 2000 when TAS' quality score was 67 percent (+/- 1.2 percent). TAS has developed a quality goal of 90 percent for FY 2003 and FY 2004.

Future plans for TAS quality in FY 2003 and FY 2004 include validation of TAS' ability to take consistent and appropriate efforts to address related taxpayer issues and effectively educate its customers. TAS will reevaluate its quality standards to ensure they match the customer service standards that will be developed from the latest customer satisfaction survey data, TAS mission, and vision.

Service Level Agreements

National Service Level Agreements (SLA) with the four IRS Operating Divisions were implemented on September 1, 2002. Each SLA represents a significant recognition that Taxpayer Advocate Service cases are a corporate responsibility and demand priority treatment by IRS. The agreements also provide another avenue for the identification and resolution of systemic problems within the IRS and the commitment to training.

The agreements also contain the provision for an executive level steering committee to monitor the implementation of the agreements. Many issues have surfaced since the initial implementation. TAS continues to partner with the IRS to resolve these issues. Many issues elevated to date include those common with any new process or procedure. Examples include:

- IRS Operating Divisions do not always notify TAS when they receive an Operations Assistance Request (OAR). The SLA provides that the advocate who sends the OAR must receive an acknowledgement of receipt and the name of the operating division employee who will be working the case.
- IRS Operating Division employees do not have secure email and TAS is unable to email additional information to the employee working the case. Many of the issues facing the taxpayer are time sensitive and using the fastest means possible to get information where it needs to be evaluated would result in time savings and other efficiencies (i.e., postage costs, overnight delivery costs, etc.)
- Documentation is lost or not associated with the case. TAS employees may have to send documentation to the IRS Operating Division employee multiple times thereby delaying the resolution process. Operating division liaisons must have better controls and delivery methods to ensure prompt resolution to the OAR.

- The agreements contain specific time frames for processing and resolving cases that meet TAS financial or economic hardship criteria. Systemic hardship case resolution time frames are negotiated individually. TAS provided each IRS Operating Division executive committee member with its top ten major issues identified by TAS cases received in FY 2002. In FY 2004, the committee agreed to review these issues and develop expected time frames for resolving these issues.

The agreements have already initiated many positive by-products. TAS is working with representatives from the Small Business/Self-Employed and the Wage and Investment Operating Divisions on the processing and disposition of TAS cases assigned to the Automated Collection System (ACS). Some of the issues resolved include:

- clarification on the type of actions that TAS can request through a phone call versus preparing the Form 12412, Operations Assistance Request;
- type of documentation which should be secured by TAS and provided to ACS when requesting a release of a levy; and
- educating the operating division on the extent of TAS' delegated authorities.

In FY 2004, TAS will be identifying, evaluating, and revising the service level agreements. Topics to be addressed include: Navigating the IRS and locating the correct place for the OAR to be resolved; work process transition issues as a result of the IRS campus realignment initiatives; the number and frequency of changes to addenda; clarifying TAS authority issues; structuring of joint quarterly meetings and data sharing, including reports and analysis from the Taxpayer Advocate Management Information System (TAMIS); and the Commissioner's requirement for IRS Operating Divisions to include business assessments of their TAS casework during their business performance reviews.

Operations Assistance Request

TAS completed the development of the revised Form 12412, Operations Assistance Request (OAR), with cooperation and input from the IRS Operating Divisions. The new form allows a better flow of needed information to resolve TAS cases. It will enable TAS to provide meaningful, data-driven reports for all parties' use in controlling inventories and making enhancements to the OAR process and other work processes. TAMIS Phase II enhancements will automate this form's production and report generation.

Taxpayer Advocate Management Information System

As noted above, in April 2003 TAS implemented a redesigned and improved Taxpayer Advocate Service Management Information System (TAMIS) to better provide customer satisfaction, employee satisfaction, and improved business results. The new system includes many enhancements to improve documentation, timeliness, and accuracy of casework and to provide significant data for analysis by Systemic Advocacy and IRS Operating Divisions to determine reasons why IRS cannot resolve taxpayers' problems the "first time around." Other improvements were necessary to establish new TAS business measures and to track performance results.

TAS has implemented new codes to capture the type of problems taxpayers experience with the IRS. TAS has expanded the TAMIS coding structure to include specific types of issues. In addition, TAS has added codes to capture and track the taxpayer's perception of the problem, as well as TAS' identification of the taxpayer's primary and secondary problems. These enhancements will allow us to provide additional information to the IRS assisting in the identification of systemic and procedural problems facing taxpayers. TAS has also added codes to identify cases where TAS is unable to provide relief to taxpayers, but provides other assistance that reduces taxpayer burden.

The new system empowers employees to better manage their inventories and to set reminders for taxpayer contacts and case actions, thus allowing easier control and monitoring of cases and reducing time needed to resolve taxpayer problems. The extensive coding system allows analysis of taxpayers' perceptions of IRS problems, the systems causing the problems, the relief and assistance given to taxpayers, and the effectiveness of TAS' outreach efforts. TAS can now provide better service by identifying languages needed for communication (including hearing impairment) and by more consistently and fully documenting Congressional and power of attorney data.

In August 2003, TAS will automate its OAR forms production and report generation processes on TAMIS. Future TAMIS enhancements include an interface with IRS' Integrated Case Processing (ICP) system. Front-line IRS assistors will be able to more expediently refer taxpayer's to TAS when they are experiencing a hardship. For TAS, this electronic referral will reduce the time expended on data input to TAMIS.

Campus Processes

The Taxpayer Advocate Service is actively engaged with representatives from the IRS Campus Submission Processing Sites in research procedures currently used for ten campus sites. The objective of this study is to identify issues that cause undue time or burden for taxpayers as a result of inconsistent processes among the sites.

Initial research has shown that process procedures vary dramatically among campuses. Although campus representatives uniformly cite adherence to current Internal Revenue Manual requirements, there is apparent disparity in timely completion of work. During FY 2004, TAS will collaborate with campus representatives and establish liaisons to further investigate inconsistent procedures and recommend possible solutions, including acceptable timetables to implement improvements. It is anticipated that if improvement processes are not timely implemented, intervention by the National Taxpayer Advocate may be required.

Case Advocacy Staffing

Case Advocate Position

Case Advocacy presently has two different General Schedule (GS) grades of case advocate positions, a senior associate advocate and associate advocate. In FY 2004, TAS will begin the process of combining the requirements of these two positions into a case advocate position that creates a career ladder opportunity for employees.

TAS will continue to utilize the skills and abilities of generalists and will further expand its expertise in specialized programs to address the constantly changing IRS climate and better align with IRS program locations. In conjunction with the TAS strategic training plan that incorporates position-specific professional development plans leading to individual learning plans, employees will progress from generalists to specialists. These four-year training plans provide a footprint for the learning, education, and experience evolution of a case advocate through initial generalized TAS case assignments to case specialization based on prior experience, self-identified areas of interest, and targeted training.

TAS will continue to take advantage of previous recruitment efforts that targeted hiring case advocates from various experience, program knowledge, and educational backgrounds.

Intake Advocate

Recruitment for the entry-level intake advocate positions will compliment the conversion from two case advocate positions to one case advocate position and will allow case advocates to focus on researching and resolving cases. New dedicated intake personnel will speak with the customer to understand their hardship issue, accept and/or redirect potential cases that come to TAS by walk-in, phone, voice mail, email, efax, electronic forms, and scanned forms.

Inventory Balancing and Specialization

TAS case inventory levels fluctuate vastly since they are driven by several uncontrollable factors, two of which are IRS systemic procedural problems (systemic hardship) and the nation's economic climate (economic hardship). To optimize the talents, skills and abilities of its case advocates, TAS will develop

business rules to address its program-wide inventory balancing need. These business rules will incorporate geographic constraints, case advocate skills, case differentiation by issue, and workload/availability. They will be designed to ensure that within 24 hours of receipt, TAS cases are assigned to the 'right' employee in the 'right' location, eliminating inconsistent inventory levels between employees, groups, and offices and delivering better service to taxpayers. It is anticipated that this approach will lead to a business systems modernization proposal in FY 2004 for later years.

Advocacy Liaisons

The National Taxpayer Advocate believes that Local Taxpayer Advocates and front-line TAS employees are the key to problem-identification and problem-solving. To support their work, in FY 2004, advocacy liaison positions will be realigned from systemic advocacy to case advocacy to assist Area Directors and Local Taxpayer Advocates in developing advocacy issues and coordinating with the Office of Systemic Advocacy to ensure issues are clearly articulated and developed.

Technical Advisors

Presently, Revenue Officer Technical Advisors and Revenue Agent Technical Advisors are located in geographic Local Taxpayer Advocate offices support case advocates. In FY 2004, the program will be expanded to place technical advisors, who are campus program subject matter experts, in TAS campus Local Taxpayer Advocate offices. These advisors, located in both geographic and campus locations, will be available to assist all TAS case advocates, depending on the case issue and complexity.

TAXPAYER ASSISTANCE ORDERS

Four Taxpayer Assistance Orders were issued between October 1, 2002 and March 31, 2003. The IRS complied with two and TAS rescinded the other two. The National Taxpayer Advocate rescinded one TAO because the basis of the hardship had not been validated. The other TAO was rescinded because the Operating Division complied with the requested action prior to receiving the TAO. The Taxpayer Assistance Orders were issued on the following type of cases: release of levy proceeds (2), processing amended returns (1), and subordination of a federal tax lien (1).

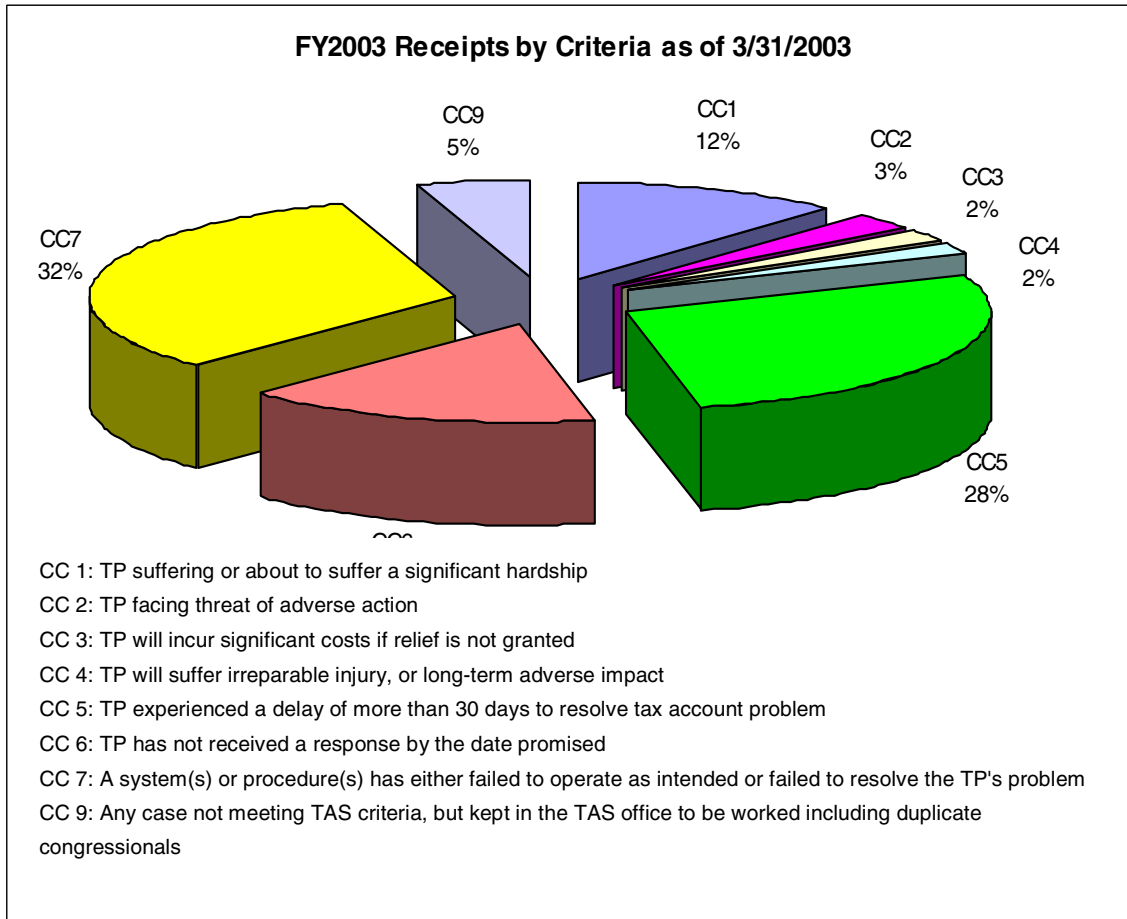
The TAO is the most valuable tool available to the Taxpayer Advocate Service. TAS and the IRS will not always agree on case resolution and the TAO is an appropriate tool to resolve some of those disagreements. The TAO is the leverage Congress provided TAS to ensure taxpayers experiencing significant hardships with the manner in which tax laws are administered, have an avenue to receive an impartial and independent assessment of their tax issue.

In February 2003, TAS began development of a TAO training course including a video to be delivered later this year. The course provides the foundation and legislative history of the TAO and a comprehensive overview of how the TAO process should be employed, including identifying the point in case resolution when the issuance of a TAO is appropriate and most effective. Several case studies supplement the learning process. The studies stress the importance of case building, issue identification and development (including related issues), and the need to explore and evaluate all avenues of relief available. The training emphasizes the essence of case advocacy – impartial analysis of the information and independent, critical thinking on the taxpayer’s behalf. The course concentrates on the proper development and documentation of the TAO to ensure that it withstands the challenges it faces throughout any potential elevation process. This air-tight case development is necessary since the TAO spotlights the taxpayer’s problem with IRS in a very unique, high-profile way.

TAXPAYER ADVOCATE SERVICE INVENTORY

Receipts

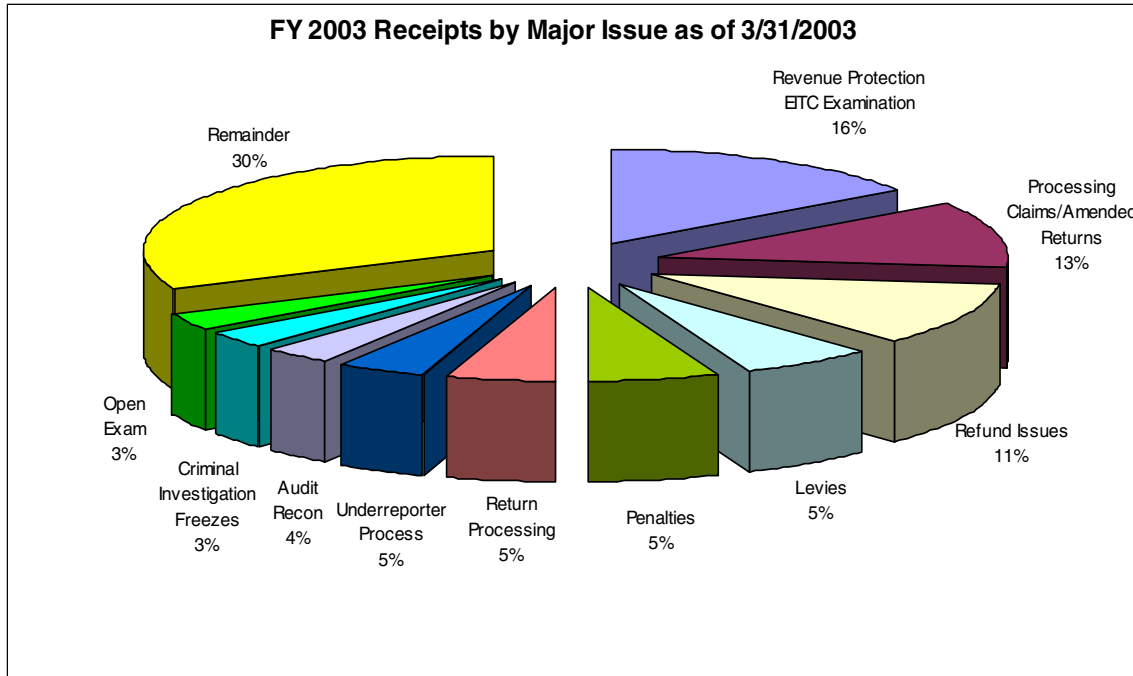
As of March 31, 2003 in FY 2003, the Taxpayer Advocate Service received 93,166 new taxpayer cases. Ninety-five percent (88,517) of the new cases met TAS statutory “significant hardship” criteria. As of March 31, 2003, 19 percent of the receipts met significant hardship criteria as defined in Internal Revenue Code section 7811(a)(2)(A), (C), and (D), more commonly referred to as economic or financial hardship. This compares to 13 percent from the same period last fiscal year. The following chart illustrates receipts by criteria:



Despite the increase in financial or economic hardship cases, the data indicates that most taxpayers continue to contact the Taxpayer Advocate Service as a result of systemic or procedural problems (including delays). However, the cases resulting from systemic or procedural problems delays in both the Wage & Investment and Small Business/Self-Employed Operating Divisions have decreased 23 percent and 16 percent, respectively during FY 2003 to date.

Of the 88,517 new cases meeting TAS criteria, almost 50 percent were the result of a few key program areas of the Internal Revenue Service. These areas include Earned Income Tax Credit examinations due to the Revenue Protection Strategy, processing of claims or amended returns (including Injured Spouse claims), refund issues (lost/stolen, expedited request, etc.), levies, and penalty adjustments.

The following chart illustrates receipts by major issues.



The Earned Income Tax Credit examinations continue to be a significant source of Taxpayer Advocate Service casework. However, During FY 2003, TAS experienced significant increases in receipts involving levy issues and criminal investigation cases.

For the period from October 1, 2002, to March 31, 2003, TAS received 4,639 new cases involving levy issues. This compares to 2,544 received during the same period last year. This increase can be directly attributed to the increase in levies issued by the IRS Automated Collection System (ACS).⁴¹ ACS has issued approximately 73 percent more levies in FY 2003, as of March 31, 2003, compared to the same period in FY 2002. Going back to FY 2001, ACS levy issuance has increased approximately 491 percent. The IRS ACS office has also reinstated the procedure of issuing multiple levies on taxpayer accounts. For example, if a taxpayer has wages and a bank account, they could be levied at the same time. Multiple levies increase the likelihood that the taxpayer may experience an economic hardship and come to TAS.

Of the 4,639 levy receipts in TAS, 73 percent were accepted under significant hardship criteria as defined in Internal Revenue Code section 7811(a)(2)(A), (C), and (D) (financial/economic hardship). As of March 31, 2003, TAS resolved 3,174 of the levy cases and was effective in providing relief in approximately 68 percent of those cases. Relief in most levy cases includes either a full or partial release of the levy.

⁴¹ ACS Customer Service Activity Reports FY01, FY02, FY03.

Another area where TAS has experienced a significant increase in case receipts involves IRS Criminal Investigation cases. For FY 2003, as of March 31, 2003, TAS has received 2,904 new cases compared to 1,595 during the same period in FY 2002. This represents an increase of 82 percent in case receipts. The majority of these taxpayers contacted TAS because their refunds were frozen pending the investigation. The increase in Criminal Investigation activity and resulting TAS cases validate the importance of TAS negotiating a Service Level Agreement with the Criminal Investigation division. The current procedures on these cases limit the effectiveness of TAS to assist these taxpayers. The National Taxpayer Advocate will negotiate a Service Level Agreement with Criminal investigation by the beginning of FY 2004.

Sources of Taxpayer Advocate Service Casework

The following table compares the top sources of casework for FY 2001 and FY 2002 and FY to date 2003.

SOURCE OF CASEWORK	RANKING			PERCENT OF TOTAL OF RECEIPTS		
	FY-03 thru 3/03	FY-02	FY-01	FY-03 thru 3/03	FY-02	FY-01
EITC Revenue Protection Strategies Examination	1	2	2	16%	11%	13%
Processing of claims and amended returns	2	3	3	13%	11%	11%
Refund Issues	3	1	1	11%	15%	12%
Levies	4	10	14	5%	3%	2%
Abatement of penalties	5	4	5	5%	6%	6%
Processing of original individual returns	6	5	4	5%	6%	8%
Automated Underreporter Process	7	8	10	5%	3%	3%
Audit reconsiderations	8	7	8	4%	4%	3%
Criminal Investigation	9	20	23	3%	2%	1%
Open examination of tax return	10	9	7	3%	3%	3%

Closures

The Taxpayer Advocate Service resolved 92,783 taxpayer cases through March 31, 2003 of this fiscal year. The following table depicts the resolution of these cases:

Application for Taxpayer Assistance Order (TAO) Disposition	Volume	Percent of Total
Relief Granted- Including Taxpayer Assistance Orders	63,254	68.2%
No Relief Granted-Advocate does not deem relief appropriate.	15,101	16.3%

Application for Taxpayer Assistance Order (ATAO) Disposition	Volume	Percent of Total
No Relief Granted- No response from taxpayer.	8,011	8.6%
No Relief Granted- Hardship not validated or documentation/verification that the Advocate deems necessary not provided by taxpayer.	705	.8%
No Relief Granted- Advocate determined relief appropriate, but current law prevents granting relief.	755	.8%
Advocate Relief Not Required- Relief provided by Operations prior to receipt of ATAO or relief determination.	2,524	2.7%
Advocate Relief Not Required- Taxpayer rescinds ATAO, no longer requires Advocate relief.	730	.8%
Advocate Relief Not Required- Taxpayer hardship did not involve in any way the administration of internal revenue laws.	129	.1%
Total	92,783	100.00%

APPENDIX I: EVOLUTION OF THE OFFICE OF THE TAXPAYER ADVOCATE

The Office of the Taxpayer Ombudsman was created by the Internal Revenue Service in 1979 to serve as the *primary advocate*, within the IRS, for taxpayers. This position was codified in the Taxpayer Bill of Rights (TBOR 1), included in the Technical and Miscellaneous Revenue Act of 1988, (TAMRA), Pub. L. 100-647. In TBOR 1, Congress granted the Ombudsman the statutory authority to issue a Taxpayer Assistance Order (TAO) if, “in the determination of the Ombudsman, the taxpayer is suffering or about to suffer a significant hardship as a result of the manner in which the IRS is administering the internal revenue laws.”¹ Further, the Taxpayer Ombudsman and the Assistant Commissioner (Taxpayer Services) were directed to jointly make an annual report to the Congress about the quality of taxpayer services provided by the IRS. This report was made directly to the Senate Finance Committee and the House Committee on Ways and Means.²

Taxpayer Bill of Rights 2 (TBOR 2) replaced the Office of the Taxpayer Ombudsman with the Office of the Taxpayer Advocate.³ The Joint Committee on Taxation set forth the following reasons for change:

To date, the Taxpayer Ombudsman has been a career civil servant selected by and serving at the pleasure of the IRS Commissioner. Some may perceive that the Taxpayer Ombudsman is *not an independent advocate* for taxpayers. In order to ensure that the Taxpayer Ombudsman has the necessary stature within the IRS to represent fully the interests of taxpayers, Congress believed it appropriate to elevate the position to a position comparable to that of the Chief Counsel. In addition, in order to ensure that the Congress is systematically made aware of recurring and unresolved problems and difficulties taxpayers encounter in dealing with the IRS, the Taxpayer Ombudsman should have the authority and responsibility to make independent reports to the Congress in order to advise the tax-writing committees of those areas.⁴

In TBOR 2, Congress not only established the Office of the Taxpayer Advocate but also described its functions:

1. To assist taxpayers in resolving problems with the Internal Revenue Service;

¹ TAMRA, Pub. L. 100-647, Section 6230, Conference Committee Report.

² TAMRA, Pub. L. 100-647, Title VI, Sec. 6235(b), Nov. 10, 1988, 102 Stat. 3737.

³ Pub. Law 104-168, Sec. 101, July 30, 1996.

⁴ Joint Committee on Taxation, *General Explanation of Tax Legislation Enacted in the 104th Congress* (JCS-12-6), December 18, 1996, p. 20. (Emphasis added).

2. To identify areas in which taxpayers have problems in dealings with the Internal Revenue Service;
3. To the extent possible, propose changes in the administrative practices of the IRS to mitigate those identified problems; and
4. To identify potential legislative changes which may be appropriate to mitigate such problems.

Congress did not provide the Taxpayer Advocate with direct line authority over the regional and local Problem Resolution Officers (PROs) who handled cases under the Problem Resolution Program. At the time of the enactment of TBOR 2, Congress believed that it was sufficient to require that “all PROs should take direction from the Taxpayer Advocate and that they should operate with sufficient independence to assure that taxpayer rights are not being subordinated to pressure from local revenue officers, district directors, etc.”^{5 6}

TBOR 2 also replaced the joint Assistant Commissioner—Taxpayer Advocate report to Congress with two annual reports to Congress issued directly and independently by the Taxpayer Advocate. The first report is to contain the objectives of the Taxpayer Advocate for the next calendar year. This report is to contain full and substantive analysis, in addition to statistical information and is due not later than June 30 of each year. The second report is on the activities of the Taxpayer Advocate during the previous fiscal year. The report must identify the initiatives the Taxpayer Advocate has taken to improve taxpayer services and IRS responsiveness, contain recommendations received from individuals who have the authority to issue a Taxpayer Assistance Order (TAO), describe in detail the progress made in implementing these recommendations, contain a summary of at least 20 of the most serious problems which taxpayers have in dealing with the IRS, include recommendations for such administrative and legislative action as may be appropriate to resolve such problems, describe the extent to which regional problem resolution officers participate in the selection and evaluation of local problem resolution officers, and include other such information as the Taxpayer Advocate may deem advisable. The stated objective of these reports is “for Congress to receive an unfiltered and candid report of the problems taxpayers are experiencing and what can be done to address them. The reports by the Taxpayer Advocate are not official legislative recommendations of the Administration; providing official legislative recommendations remains the responsibility of the Department of Treasury.”⁷

⁵ Id. at p. 21.

⁶ It is interesting to note that the proposed Revenue Bill of 1992 proposed that all problem resolution officers be part of the Office of Taxpayer Advocate within the IRS and be under the supervision and direction of the Taxpayer Advocate. (Revenue Act of 1992, H.R.11, 101 Cong. § 5001, Establishment of Position of Taxpayer Advocate within Internal Revenue.)

⁷ Joint Committee on Taxation, *General Explanation of Tax Legislation Enacted in the 104th Congress* (JCS-12-6), December 18, 1996, p. 21.

Finally, TBOR 2 extended the scope of the Taxpayer Assistance Order (TAO), by providing the Taxpayer Advocate with broader authority “to affirmatively take any action as permitted by law with respect to taxpayers who would otherwise suffer a significant hardship as a result of the manner in which the IRS is administering the tax laws.”⁸ For the first time, the TAO could specify a time period within which the IRS must act on the TAO. The statute also provided that only the Taxpayer Advocate, the IRS Commissioner or the Deputy Commissioner could modify or rescind a TAO; and that any official who so modifies or rescinds a TAO must respond to the Taxpayer Advocate with his or her reasons for such action.

Thus, as a result of TBOR 2 changes, the Taxpayer Advocate was a career position within the IRS. Problem Resolution Officers and field employees who worked Problem Resolution cases did not report to the Taxpayer Advocate. In 1997, The National Commission on Restructuring the Internal Revenue Service called the Taxpayer Advocate the “voice of the taxpayer.” In its discussion of the office of the Taxpayer Advocate, the Commission noted:

Taxpayer Advocates play an important role and are essential for the protection of taxpayer rights and to promote taxpayer confidence in the integrity and accountability of the IRS. To succeed, the Advocate must be viewed, both in perception and reality, as an independent voice for the taxpayer within the IRS. Currently, the national Taxpayer Advocate is not viewed as independent by many in Congress. This view is based in part on the placement of the Advocate within the IRS and the fact that only career employees have been chosen to fill the position.⁹

In response to these concerns, in the IRS Restructuring and Reform Act of 1998, Pub. L. 105-206 (July 22, 1998), Congress renamed the Taxpayer Advocate as the National Taxpayer Advocate and mandated that the NTA could not be an officer or an employee of the IRS for two years preceding or five years following his or her tenure as the NTA. (Service as an employee of the Office of the Taxpayer Advocate is not considered IRS employment under this provision.)

The Restructuring and Reform Act provided for Local Taxpayer Advocates to be located in each state, and mandated a direct reporting structure for local taxpayer advocates to the National Taxpayer Advocate. As indicated in IRC § 7803(c)(4)(B), each Local Taxpayer Advocate must have phone, facsimile, electronic communication, and mailing address separate from those of the IRS. The Local Taxpayer Advocate must advise taxpayers at their first meeting of the fact that “the taxpayer advocate offices operate independently of any other Internal Revenue Service office and report directly to Congress through the

⁸ Id. at p. 22.

⁹ Report of the Commission on Restructuring the Internal Revenue Service: *A Vision for a New IRS: Report of the National Commission on Restructuring the Internal Revenue Service*, June 25, 1997, p. 43.

National Taxpayer Advocate.”¹⁰ Congress also authorized the Local Taxpayer Advocates, at their discretion, to not disclose the fact that the taxpayer contacted the Office of the Taxpayer Advocate or any information provided by the taxpayer to that office.¹¹

The definition of “significant hardship” in IRC § 7811 was expanded in 1998 to include four specific circumstances: (1) an immediate threat of adverse action; (2) a delay of more than 30 days in resolving taxpayer account problems; (3) the taxpayer’s incurring of significant costs (including professional services fees) if relief is not granted; and (4) the taxpayer will suffer irreparable injury or a long-term adverse impact. The committee reports make clear that this list is a non-exclusive list of what constitutes significant hardship.¹²

¹⁰ IRC § 7803(c)(4)(A).

¹¹ *Id.*

¹² H.R. Conf. Rep. No. 105-599, at 26, 28 (1998).

APPENDIX II: TAXPAYER ADVOCATE SERVICE SIGNIFICANT HARDSHIP CRITERIA

1. Taxpayer is suffering or about to suffer a significant hardship.
2. Taxpayer is facing an immediate threat of adverse action.
3. Taxpayer will incur significant costs if relief is not granted.
4. Taxpayer will suffer irreparable injury, or long term adverse impact.
5. Taxpayer experienced a delay of more than 30 calendar days in resolving an account-related problem or inquiry.
6. Taxpayer did not receive a response or resolution by the date promised.
7. A system or procedure has either failed to operate as intended or failed to resolve the taxpayer problem.

APPENDIX III: TAS MAJOR STRATEGIES, OPERATIONAL PRIORITIES AND IMPROVEMENT PROJECTS FOR FY 2004

MAJOR STRATEGIES	OPERATIONAL PRIORITIES	IMPROVEMENT PROJECTS
<p>1. Advocate Changes in Tax Law or Procedures That Protect Taxpayer Rights, Reduce Taxpayer Burden, and Improve IRS Effectiveness</p>	<ul style="list-style-type: none"> ▪ Report to Congress on the most serious problems facing taxpayers. ▪ Develop and recommend legislative proposals to address tax law complexity, equity, and taxpayer burden. ▪ Advise Congress' Joint Committee on Taxation on the complexity of legislation being considered ▪ Continue to work with operating divisions and Congress to achieve a less burdensome process in key areas of the tax law; assist in simplifying forms and instructions. ▪ Systematically analyze the inventory of advocacy projects to improve overall IRS service to taxpayers and to reduce the number of cases coming to TAS. 	<ul style="list-style-type: none"> ▪ Partner with Research and W&I on a study of the most significant errors on individual tax returns. ▪ Participate with W&I to measure the impact of a more integrated approach to EITC and Innocent Spouse services. ▪ Review the implementation of TAS' confidentiality/non-disclosure procedures. ▪ Review the FY03 Systemic Advocacy Tracking System.
<p>2. Improve TAS' Ability to Identify and Respond to Taxpayer Concerns</p>	<ul style="list-style-type: none"> ▪ Seek resource support through Research to develop an improved process for gathering and analyzing data to report to Congress on the top 20 taxpayer concerns. ▪ Review/revise case criteria guidelines to ensure that TAS workload is focused on taxpayers with hardships. ▪ Develop supporting information for legislative recommendations that address underlying causes of workload. ▪ Increase public awareness of TAS. 	<ul style="list-style-type: none"> ▪ Conduct a quality assessment of campus/local office casework to determine why the Casework Quality Index scores of some offices are lower than others. ▪ Participate with SB/SE on developing a cross-functional non-filer strategy. ▪ Participate with SB/SE on providing enhanced education and outreach activities.

MAJOR STRATEGIES	OPERATIONAL PRIORITIES	IMPROVEMENT PROJECTS
		<ul style="list-style-type: none"> ▪ Develop TAMIS automated case inventory and management application to enhance TAS' ability to distribute and balance its inventory nationwide. ▪ Continue to implement a national outreach strategy. ▪ Examine the root causes of incoming cases at the campus/local level.
<p>3. Identify Significant Sources of TAS Casework and Work With Operating Divisions on Strategies to Reduce Inappropriate TAS Workload</p>	<ul style="list-style-type: none"> ▪ Propose content for operating division procedures, manuals, and training that leverages TAS experience. ▪ Examine the sources of TAS casework to determine whether work being performed is in accord with TAS' legislative mandate. ▪ Conduct ongoing TAS inventory study and consult regularly with Operating Divisions to analyze underlying causes of taxpayer problems and identify changes to mitigate those problems. 	<ul style="list-style-type: none"> ▪ Partner/participate with Operating Divisions in examining opportunities for reducing inappropriate referrals to TAS. ▪ Participate in SB/SE projects to improve Business Results through revamping SB/SE operational practices and processes.
<p>4. Ensure that HR Component of TAS is adequate to meet its workload demands</p>	<ul style="list-style-type: none"> ▪ Ensure that the human resources component of the TAS organization is adequately sized, trained, and supported. ▪ Ensure continued alignment of TAS' multi-year training program with workload demands. 	<ul style="list-style-type: none"> ▪ Coordinate with operating divisions to cross-train TAS and OD employees during formal training sessions and CPE. ▪ Train TAS employees in utilizing the redesigned TAMIS. ▪ Complete implementation of changes to career path progression for case advocates.

APPENDIX IV: TAS CLOSED CASE REPORTS BY IRS OPERATING DIVISION

TAXPAYER ADVOCATE SERVICE CLOSED CASES - WAGE AND INVESTMENT
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY CRITERIA CODE

MAJOR ISSUE (MI) DESCRIPTION	HARDSHIP AS DEFINED BY RRA 98 (SECT. 7811(G))						OPERATIONAL DELAYS						7 - Systemic or Procedural Failure						
	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	
Account/Notice Inquiry	22.5	6	1.2	96.0	4	0.8	11.0	2	0.4	55.2	11	2.3	65.8	94	19.3	78.3	33	8.8	
Audit/Reconsiderations	102.7	66	3.5	122.4	26	1.1	32.4	2	1.1	123.1	11	0.9	111.4	108.9	339	17.7	131.5	848	44.4
Bankruptcy Issues	40.0	54	17.3	70.9	8	2.6	15.0	4	1.3	29.7	2	2.2	90.4	50	16.0	62.2	47	15.1	
Backup Withholding	134.9	12	11.2	149.7	3	2.8	63.7	3	2.8	119.2	6	5.6	135.4	23	21.5	102.9	16	15.0	
BW/TIN Merges	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	144.8	5	55.6	64.0	2	22.2	
CAWR Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	87.0	15	44.1	43.5	4	11.8	
CP 2000 Issues	64.8	54	2.3	54.2	33	1.4	53.6	35	1.5	79.6	20	0.8	70.9	74.0	31.1	71.7	360	15.1	
Criminal Investigation	27.5	221	9.7	33.2	27	1.2	70.3	15	0.7	24.0	12	0.5	59.5	71.9	31.6	60.2	95.7	42.0	
Document Requests/Handling	21.6	51	6.4	17.6	5	0.6	37.7	13	1.6	23.2	14	1.8	49.4	17.9	22.5	49.9	143	17.9	
EP/EO Technical Issues	93.0	1	5.9	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	6.0	1	5.9	38.0	2	11.8	
ETDES Payment Issues	60.5	6	2.3	31.5	2	0.8	29.7	3	1.1	14.0	1	0.4	69.6	72	27.4	62.3	50	19.0	
ETD Penalty Issues	0.0	0	0.0	27.6	1	2.2	67.0	1	2.2	74.9	1	2.2	79.9	16	34.8	75.4	9	13.6	
EUTA Issues	0.0	0	0.0	332.0	1	1.8	0.0	0	0.0	0.0	0	0.0	88.4	22	40.0	82.9	8	14.6	
Incorrect Spouse (Form 8857)	232.7	57	9.5	341.0	8	1.3	210.7	11	1.3	382.8	13	2.2	302.8	161	26.9	262.7	109	13.2	
Installment Agreements	43.3	37	7.5	78.8	22	4.3	49.2	26	5.3	46.1	7	1.4	54.2	88	17.3	44.2	50	10.2	
Invalid Dependent/TIN/Meth Error	4.0	1	4.1	124.0	1	4.4	89.0	0	0.0	47.6	0	0.0	47.6	10	43.3	70.2	2	3.7	
Invalid Primary SSN/TIN Merge	62.0	19	35.2	57.0	4	7.4	0.0	0	0.0	37.0	3	5.6	131.0	6	11.1	169.9	8	16.7	
TIN-Denial W/7 or TIN Requests	51.0	3	0.7	32.0	3	0.7	15.3	4	1.0	0.0	1	0.2	39.0	37.2	88	21.0	40.1	109	
Lien Issues	68.1	1322	48.4	62.4	375	13.7	65.3	100	3.7	78.8	197	7.2	88.8	93	3.4	83.4	43	1.6	
Lien Issues	72.9	78	12.2	51.7	46	7.2	48.0	49	7.6	59.8	59	9.2	71.3	59	9.2	35.3	41	6.4	
Lost/Misapplied Payment Issues	81.8	21	1.7	50.8	12	1.0	49.0	13	1.1	57.3	7	0.6	79.9	361	29.7	77.6	171	14.1	
Lost or Stolen Refunds	41.2	142	7.8	41.6	19	1.1	48.8	13	0.9	53.9	581	32.0	52.1	482	26.5	62.1	281	26.8	
Math Error/ EIC Issues	60.9	55	6.2	42.7	11	1.2	62.9	10	1.1	81.9	8	0.9	88.9	307	34.5	76.1	201	22.8	
Non-Filer Issues	28.3	273	37.2	28.5	36	4.5	68.5	2	1.8	60.0	3	2.7	68.7	17	15.2	66.6	10	8.9	
Offer in Compromise Issues	102.1	45	4.9	52.8	22	2.4	29.2	9	1.0	111.3	32	3.5	99.0	99.1	176	19.3	99.1	375	25.6
Open Audits	69.3	109	7.4	99.2	12	0.8	90.3	11	0.8	90.8	541	36.7	81.0	179	26.7	103.5	512	56.2	
Other	51.9	27	4.7	64.6	8	1.4	22.0	2	0.4	19.9	7	1.2	90.1	115	20.1	113.4	62	10.8	
Other Collection Issues	69.5	33	8.5	80.7	6	1.5	75.4	11	2.8	39.5	6	1.5	99.4	69	17.7	63.2	44	11.3	
Other Entity Changes	13.8	4	2.0	0.0	0	0.0	44.0	1	0.5	14.0	1	0.5	87.8	52	25.4	85.5	32	15.6	
Other Interest Issues	24.0	1	0.5	0.0	0	0.0	26.5	2	0.9	0.0	0	0.0	74.8	26	88.9	100.9	28	13.2	
Other Penalty Issues	83.3	12	1.0	123.5	13	1.1	92.2	17	1.4	71.2	14	1.2	68.6	383	32.3	57.9	181	15.3	
Other Examination Determinations	118.2	12	5.9	134.5	2	1.0	39.0	1	0.5	115.6	5	2.5	76.9	29	14.4	125.0	28	13.9	
Processing BMF Returns	13.2	6	10.5	0.0	0	0.0	17.0	1	1.8	0.0	0	0.0	84.2	17	29.8	63.6	8	14.0	
Processing IMF Returns	49.9	775	9.9	53.3	106	1.4	60.4	82	1.1	43.7	48	0.6	75.3	2603	33.2	71.5	1982	25.3	
Processing Other Returns/Amended Returns	45.7	427	13.3	54.3	44	1.4	54.1	47	1.5	68.7	30	0.9	84.7	902	26.0	76.0	476	14.8	
Processing Other Returns/Documents	50.4	11	3.3	59.7	7	2.1	63.0	4	1.2	21.0	5	1.5	82.2	9	27.2	65.2	49	14.8	
Refund Inquiry/Requests	30.9	1382	30.8	28.2	135	3.0	36.5	78	1.7	55.2	78	1.7	59.8	916	20.4	61.4	626	13.9	
Restricted Interest Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	59.8	9	19.2	63.8	10	21.3	
Rebate Issues	49.0	11	15.9	263.0	1	1.5	0.0	0	0.0	328.0	1	2.1	150.0	1	0.0	0.0	0	0.0	
Rebate Returns Invalid SSN	49.0	11	15.9	263.0	1	1.5	0.0	0	0.0	328.0	1	2.1	150.0	1	0.0	0.0	0	0.0	
RPS Exam Project Codes	64.3	1638	12.6	62.1	186	1.4	62.3	135	1.9	64.0	107	0.8	76.8	505.8	38.9	73.9	357.9	27.5	
Scrambled SSN	143.1	23	3.7	221.6	5	0.8	111.0	4	0.7	249.4	13	2.1	183.6	206	35.3	176.6	106	17.2	
Seized Property	0.0	0	0.0	1.0	1	33.3	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	
Seized Property	0.0	0	0.0	1.0	1	33.3	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	
SSR Determinations	90.0	47	5.7	124.3	20	2.4	101.1	10	1.2	119.7	20	2.4	129.2	230	28.0	118.2	112	13.6	
SSR ASFR 8020b Assessments	108.5	3	8.8	0.0	0	0.0	117.0	1	2.5	0.0	0	0.0	87.6	1	32.4	48.3	9	26.9	
Subchapter S Corp (FC 2553)	61.9	11	14.1	45.0	2	8.7	85.0	2	3.9	28.0	2	2.6	43.6	16	20.5	82.6	5	6.4	
TDI Notices	20.8	5	1.9	40.8	5	1.7	133.5	6	2.2	9.0	2	0.7	71.0	47	17.3	58.2	43	15.9	
TFR Request for TechPloc Explanation	119.0	2	1.4	175.9	7	4.9	285.0	1	2.1	83.5	2	1.4	116.3	28	19.7	100.6	17	12.0	
Trust Fund Recovery Penalty (TFRP)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	70.3	25	36.2	99.3	8	11.6	
Taxpayer Treatment	0.0	0	0.0	0.0	0	0.0	20.0	1	2.0	0.0	0	0.0	31.0	4	7.8	31.0	3	5.9	
Unable to Pay Issues	54.8	134	19.3	63.1	48	6.9	40.7	21	3.0	84.5	39	5.6	93.7	90	13.0	63.8	20	2.9	
Underserved Refunds	30.5	40	21.9	47.8	6	3.3	36.5	2	1.1	60.0	1	0.6	67.6	36	19.7	42.8	23	12.6	
Unprocessed Return Math Error	49.5	4	2.7	0.0	0	0.0	59.9	50	1.0	59.9	50	1.0	59.9	39	39.3	50.1	25	16.7	
SUMMARY	54.8	7284	13.0	61.4	1290	2.3	59.7	813	1.5	75.5	848	1.5	79.3	1827.9	29.2	74.7	11216	20.1	85.0
Total of operational delay categories (Criteria 5-7)																			82%

**TAXPAYER ADVOCATE SERVICE CLOSED CASES - WAGE AND INVESTMENT
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE**

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Account/Notice Inquiry	66.3	140	28.7	68.9	328	67.2	0.0	0.0	30.5	17	3.5	31.3	3	0.6	66.6	488	0.9	
Audit Reconsiderations	100.4	840	44.0	135.9	1044	54.6	0.0	0.0	88.9	15	0.8	92.0	12	0.6	119.6	1911	3.4	
Bankruptcy Issues	52.5	82	26.3	94.0	199	63.8	0.0	0.0	19.5	22	7.1	18.0	9	2.9	75.6	312	0.6	
Backup Withholding	45.7	19	17.8	134.8	84	78.5	0.0	0.0	18.5	4	3.7	0.0	0	0.0	114.6	107	0.2	
BMF TIN Merges	116.0	1	11.1	125.0	7	77.8	0.0	0.0	12.0	1	11.1	0.0	0	0.0	111.4	9	0.0	
CAWR Issues	56.5	2	5.9	74.6	32	94.1	0.0	0.0	0.0	0	0.0	0.0	0	0.0	73.5	34	0.1	
CP 2000 Issues	71.0	601	25.2	74.9	1714	72.0	0.0	0.0	28.6	59	2.5	83.4	7	0.3	72.8	2381	4.3	
Criminal Investigation	45.2	1240	54.4	74.7	991	43.5	0.0	0.0	20.0	25	1.1	37.0	22	1.0	57.7	2278	4.1	
Document Requests/Handling	50.0	149	18.7	37.3	616	77.3	0.0	0.0	21.5	28	3.5	61.0	4	0.5	39.2	797	1.4	
EP/EO Technical Issues	48.3	4	23.5	91.3	11	64.7	0.0	0.0	27.5	2	11.8	0.0	0	0.0	73.7	17	0.0	
FTDES Payment Issues	63.5	40	15.2	73.7	217	82.5	0.0	0.0	34.8	6	2.3	0.0	0	0.0	71.2	263	0.5	
FTD Penalty Issues	63.9	11	23.9	75.0	33	71.7	0.0	0.0	141.0	1	2.2	7.0	1	2.2	72.3	46	0.1	
FUTA Issues	72.3	7	12.7	93.9	47	85.5	0.0	0.0	33.0	1	1.8	0.0	0	0.0	90.0	55	0.1	
Innocent Spouse (Form 8857)	184.0	196	32.8	304.7	374	62.5	993.0	1	0.2	149.7	12	2.0	235.9	15	2.5	261.5	598	1.1
Installment Agreements	68.2	123	25.0	54.3	341	69.3	0.0	0.0	28.7	28	5.7	0.0	0	0.0	56.3	492	0.9	
Invalid Dependent ITIN/Math Error	54.3	3	13.0	80.0	19	82.6	0.0	0.0	24.0	1	4.4	0.0	0	0.0	74.2	23	0.0	
Invalid Primary SSN TIN Merge	89.5	21	38.9	121.9	32	59.3	0.0	0.0	20.0	1	1.9	0.0	0	0.0	107.4	54	0.1	
ITIN- Denial W-7 or ITIN Requests	48.2	139	33.1	36.3	256	61.0	0.0	0.0	7.9	25	6.0	0.0	0	0.0	38.6	420	0.8	
Levy Issues	59.0	641	23.5	75.6	1897	69.5	0.0	0.0	32.7	175	6.4	52.8	16	0.6	68.8	2729	4.9	
Lien Issues	68.5	215	33.5	65.5	381	59.4	0.0	0.0	25.9	39	6.1	40.0	6	0.9	63.9	641	1.2	
Lost/Misapplied Payment Issues	72.9	153	12.6	80.1	1019	83.8	0.0	0.0	35.6	42	3.5	27.5	2	0.2	77.6	1216	2.2	
Lost or Stolen Refunds	49.3	425	23.4	58.5	1273	70.1	0.0	0.0	31.1	103	5.7	35.8	16	0.9	54.6	1817	3.3	
Math Error EIC Issues	77.3	316	35.6	88.0	546	61.4	0.0	0.0	32.2	22	2.5	87.2	5	0.6	82.8	889	1.6	
Non-Filer Issues	62.7	38	33.9	80.3	66	58.9	0.0	0.0	17.0	8	7.1	0.0	0	0.0	69.8	112	0.2	
Offsets	37.7	234	31.9	75.2	375	51.1	0.0	0.0	18.7	47	6.4	9.6	78	10.6	52.7	734	1.3	
Offer in Compromise Issues	85.8	308	33.8	114.3	547	60.0	0.0	0.0	47.8	48	5.3	21.5	8	0.9	100.3	911	1.6	
Open Audits	72.9	544	36.9	99.4	890	60.3	0.0	0.0	68.8	35	2.4	27.2	6	0.4	88.6	1475	2.7	
Other	57.6	216	37.7	98.8	315	55.0	0.0	0.0	18.5	30	5.2	41.9	12	2.1	77.9	573	1.0	
Other Collection Issues	91.8	143	36.7	104.0	223	57.2	0.0	0.0	38.7	20	5.1	54.3	4	1.0	95.7	390	0.7	
Other Entity Changes	84.4	20	9.8	102.1	176	85.9	0.0	0.0	20.5	8	3.9	81.0	1	0.5	97.1	205	0.4	
Other Interest Issues	81.4	68	31.9	94.6	120	56.3	0.0	0.0	46.9	9	4.2	60.3	16	7.5	85.8	213	0.4	
Other Penalty Issues	63.3	284	23.9	72.7	858	72.3	0.0	0.0	31.7	38	3.2	34.2	7	0.6	68.9	1187	2.1	
Other Examination Determinations	106.4	56	27.7	136.9	138	68.3	0.0	0.0	51.3	7	3.5	58.0	1	0.5	125.1	202	0.4	
Processing BMF Returns	52.7	6	10.5	86.2	44	77.2	0.0	0.0	12.3	7	12.3	0.0	0	0.0	73.6	57	0.1	
Processing Claims/Amended Returns	73.3	1549	19.8	74.3	5950	76.0	1983.0	1	0.0	43.5	275	3.5	78.6	55	0.7	73.1	7830	14.1
Processing IMF Returns	65.6	504	15.6	83.1	2574	79.9	0.0	0.0	25.5	127	3.9	44.7	17	0.5	77.9	3222	5.8	
Processing Other Returns/Documents	83.1	62	18.7	73.4	253	76.4	0.0	0.0	18.9	14	4.2	71.0	2	0.6	72.9	331	0.6	
Refund Inquiry/Request	45.0	1003	22.3	59.7	2969	66.1	108.0	1	0.0	17.9	414	9.2	16.9	106	2.4	51.6	4493	8.1
Restricted Interest Issues	49.3	15	31.9	117.0	31	66.0	0.0	0.0	0.0	0	0.0	76.0	1	2.1	94.5	47	0.1	
Release Refund Invalid SSN	46.1	9	13.0	79.6	58	84.1	0.0	0.0	5.5	2	2.9	0.0	0	0.0	73.1	69	0.1	
RPS Exam Project Codes	66.6	6140	47.3	82.8	6622	51.0	0.0	0.0	34.2	189	1.5	58.4	38	0.3	74.4	12989	23.3	
Scrambled SSN	118.0	95	15.5	194.8	511	83.1	0.0	0.0	28.8	8	1.3	43.0	1	0.2	180.5	615	1.1	
Seized Property	4.0	3	100.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	4.0	3	0.0	

**TAXPAYER ADVOCATE SERVICE CLOSED CASES - WAGE AND INVESTMENT
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE**

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																				
	5 - No Change			6 - Change			7 - Enforced TAO Complied			14 - No Change with Relief			15 - Law Prevents Chg			Total Count					
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code			
Seizure Issues	24.5	2	66.7	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	173.0	1	33.3	0.0	0	0.0	74.0	3	0.0
SFR ASFR 6020b Assessments	109.3	198	24.1	135.6	607	73.8	0.0	0	0.0	56.8	11	1.3	144.4	7	0.9	128.3	823	1.5	74.0	34	0.1
SS8 Determinations	49.5	13	38.2	98.9	18	52.9	0.0	0	0.0	21.5	2	5.9	49.0	1	2.9	74.0	34	0.1	74.0	34	0.1
Subchapter S Corp (F 2553)	41.3	4	17.4	83.1	17	73.9	0.0	0	0.0	1.0	1	4.4	101.0	1	4.4	73.1	23	0.0	73.1	23	0.0
TDI Notices	56.9	19	24.4	67.6	56	71.8	0.0	0	0.0	15.3	3	3.9	0.0	0	0.0	62.9	78	0.1	62.9	78	0.1
TP Request for Tech/Proc Explanation	56.7	79	29.2	60.4	178	65.7	0.0	0	0.0	49.8	5	1.9	32.3	9	3.3	58.2	271	0.5	58.2	271	0.5
Trust Fund Recovery Penalty (TFRP)	109.3	52	36.6	133.3	79	55.6	0.0	0	0.0	46.0	7	4.9	122.5	4	2.8	119.9	142	0.3	119.9	142	0.3
Taxpayer Treatment	54.0	23	45.1	85.8	25	49.0	0.0	0	0.0	22.7	3	5.9	0.0	0	0.0	67.7	51	0.1	67.7	51	0.1
Unable to Pay Issues	64.0	225	32.4	78.6	437	62.9	0.0	0	0.0	22.4	26	3.7	12.3	7	1.0	71.1	695	1.3	71.1	695	1.3
Undelivered Refunds	45.9	16	8.7	51.2	149	81.4	0.0	0	0.0	23.5	16	8.7	7.5	2	1.1	47.9	183	0.3	47.9	183	0.3
Unprocessed Return Math Error	79.3	29	19.3	66.0	119	79.3	0.0	0	0.0	44.0	1	0.7	7.0	1	0.7	68.0	150	0.3	68.0	150	0.3
SUMMARY	67.9	17325	31.1	83.4	35866	64.4	433.0	3	0.0	31.1	1991	3.6	46.2	503	0.9	76.4	56688	100.0	76.4	56688	100.0

TAXPAYER ADVOCATE SERVICE FINANCIAL HARDSHIP CLOSED CASES - WAGE AND INVESTMENT
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO Compilled			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of Code	Avg Age	# of Cases	% of Code	Avg Age	# of Cases	% of Code	Avg Age	# of Cases	% of Code	Avg Age	# of Cases	% of Code	Avg Age	# of Cases	% of Code
Account/Notice Inquiry	49.4	5	21.7	55.1	14	60.9	0.0	0.0	0.0	36.3	3	13.0	41.0	1	4.4	50.8	23	0.2
Audit Reconsiderations	89.5	58	44.6	125.6	67	51.5	0.0	0.0	0.0	10.5	2	1.5	120.7	3	2.3	107.6	130	1.3
Bankruptcy Issues	25.7	16	21.9	58.1	40	54.8	0.0	0.0	0.0	17.0	11	15.1	12.3	6	8.2	41.1	73	0.7
Backup Withholding	62.8	5	20.8	140.0	19	79.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	123.9	24	0.2
BMF TIN Merges	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
CAWR Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
CP 2000 Issues	55.3	49	34.5	66.0	91	64.1	0.0	0.0	0.0	18.0	2	1.4	0.0	0	0.0	61.7	142	1.4
Criminal Investigation	20.5	141	51.3	42.6	116	42.2	0.0	0.0	0.0	15.6	11	4.0	45.3	7	2.6	30.2	275	2.7
Document Requests/Handling	56.2	5	6.0	22.4	74	89.2	0.0	0.0	0.0	15.3	4	4.8	0.0	0	0.0	24.1	83	0.8
EP/EO Technical Issues	99.0	1	100.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	99.0	1	0.0
FTD/ES Payment Issues	24.5	4	33.3	53.9	8	66.7	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	44.1	12	0.1
FTD Penalty Issues	0.0	0	0.0	56.0	3	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	56.0	3	0.0
FUTA Issues	0.0	0	0.0	132.0	1	100.0	0.0	0.0	0.0	89.5	2	2.3	215.7	3	3.4	256.7	89	0.9
Innocent Spouse (Form 8857)	159.2	27	30.3	310.9	57	64.0	0.0	0.0	0.0	32.5	4	4.4	0.0	0	0.0	53.5	92	0.9
Installment Agreements	44.6	18	19.6	56.9	70	76.1	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	75.0	3	0.0
Invalid Dependent ITIN/Math Error	0.0	0	0.0	75.0	3	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Invalid Primary SSN TIN Merge	42.9	10	38.5	71.2	15	57.7	0.0	0.0	0.0	20.0	1	3.9	0.0	0	0.0	58.4	26	0.3
ITIN- Denial W-7 or ITIN Requests	30.2	5	45.5	31.2	5	45.5	0.0	0.0	0.0	4.0	1	9.1	0.0	0	0.0	28.3	11	0.1
Levy Issues	56.5	405	20.3	74.4	1457	73.1	0.0	0.0	0.0	29.2	125	6.3	61.6	7	0.4	67.9	1994	19.5
Lien Issues	69.9	74	31.9	58.5	140	60.3	0.0	0.0	0.0	22.5	15	6.5	65.3	3	1.3	59.9	232	2.3
Lost/Misapplied Payment Issues	85.8	11	20.8	59.8	40	75.5	0.0	0.0	0.0	14.0	2	3.8	0.0	0	0.0	63.5	53	0.5
Lost or Stolen Refunds	33.1	48	24.2	48.2	121	61.1	0.0	0.0	0.0	23.8	27	13.6	93.0	2	1.0	41.6	198	1.9
Math Error EIC Issues	45.8	31	36.9	75.3	48	57.1	0.0	0.0	0.0	15.5	4	4.8	6.0	1	1.2	60.8	84	0.8
Non-Filed Issues	38.3	9	26.5	65.3	21	61.8	0.0	0.0	0.0	12.3	4	11.8	0.0	0	0.0	51.9	34	0.3
Offsets	20.9	136	38.5	51.3	128	36.3	0.0	0.0	0.0	10.9	31	8.8	8.2	58	16.4	29.0	353	3.5
Offer in Compromise Issues	58.0	39	36.1	119.1	60	55.6	0.0	0.0	0.0	22.7	7	6.5	5.0	2	1.9	88.7	108	1.1
Open Audits	51.2	51	35.4	87.2	86	59.7	0.0	0.0	0.0	52.2	5	3.5	23.5	2	1.4	72.3	144	1.4
Other	43.2	17	38.6	57.7	23	52.3	0.0	0.0	0.0	9.8	4	9.1	0.0	0	0.0	47.7	44	0.4
Other Collection Issues	57.7	20	35.7	82.6	32	57.1	0.0	0.0	0.0	12.5	4	7.1	0.0	0	0.0	68.7	56	0.6
Other Entify Changes	0.0	0	0.0	24.3	4	66.7	0.0	0.0	0.0	8.0	2	33.3	0.0	0	0.0	18.9	6	0.1
Other Interest Issues	27.0	1	33.3	25.0	2	66.7	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	25.7	3	0.0
Other Penalty Issues	74.4	18	32.1	100.8	38	67.9	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	92.3	56	0.6
Other Examination Determinations	147.7	6	30.0	108.9	13	65.0	0.0	0.0	0.0	3.0	1	5.0	0.0	0	0.0	115.3	20	0.2
Processing BMF Returns	1.0	1	14.3	19.8	4	57.1	0.0	0.0	0.0	8.0	2	28.6	0.0	0	0.0	13.7	7	0.1
Processing Claims/Amended Returns	43.3	189	18.7	54.3	760	75.2	198.0	1	0.1	26.2	51	5.0	33.0	10	1.0	50.8	1011	9.9
Processing IMF Returns	36.0	125	22.8	57.6	361	65.9	0.0	0.0	0.0	13.7	53	9.7	51.6	9	1.6	48.4	548	5.4
Processing Other Returns/Documents	23.3	3	11.1	56.9	22	81.5	0.0	0.0	0.0	3.5	2	7.4	0.0	0	0.0	49.2	27	0.3
Refund Inquiry/Request	23.8	440	26.3	44.7	875	52.3	108.0	1	0.1	11.7	287	17.2	8.5	70	4.2	32.1	1673	16.4
Restricted Interest Issues	155.0	3	50.0	326.0	1	50.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	240.5	2	0.0
Release Refund Invalid SSN	32.3	3	25.0	99.2	7	58.3	0.0	0.0	0.0	5.5	2	16.7	0.0	0	0.0	66.8	12	0.1
RPS Exam Project Codes	50.8	861	41.7	75.7	1148	55.7	0.0	0.0	0.0	22.3	43	2.1	30.5	11	0.5	64.0	2063	20.2
Scrambled SSN	58.6	8	17.8	219.8	34	75.6	0.0	0.0	0.0	22.0	3	6.7	0.0	0	0.0	178.0	45	0.4
Seized Property	1.0	1	100.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	1.0	1	0.0

TAXPAYER ADVOCATE SERVICE FINANCIAL HARDSHIP CLOSED CASES - WAGE AND INVESTMENT
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

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	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Seizure Issues	7.0	1	50.0	0.0	0	0.0	0.0	0	0.0	173.0	1	50.0	0.0	0	0.0	90.0	2	0.0
SFR ASFR 6020b Assessments	96.1	23	23.7	120.7	70	72.2	0.0	0	0.0	22.0	2	2.1	82.5	2	2.1	112.1	97	1.0
SS8 Determinations	194.0	1	25.0	148.7	3	75.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	160.0	4	0.0
Subchapter S Corp (F 2553)	0.0	0	0.0	119.0	5	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	119.0	5	0.1
TDI Notices	69.6	5	27.8	62.5	13	72.2	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	64.5	18	0.2
T/P Request for Tech/Proc Explanation	27.3	3	16.7	77.9	13	72.2	0.0	0	0.0	0.0	0	0.0	16.5	2	11.1	62.7	18	0.2
Trust Fund Recovery Penalty (TFRP)	91.5	2	16.7	173.8	10	83.3	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	160.1	12	0.1
Taxpayer Treatment	0.0	0	0.0	20.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	20.0	1	0.0
Unable to Pay Issues	56.5	80	33.1	64.1	153	63.2	0.0	0	0.0	27.4	7	2.9	3.5	2	0.8	60.0	242	2.4
Undelivered Refunds	37.8	9	18.4	36.8	34	69.4	0.0	0	0.0	17.0	5	10.2	4.0	1	2.0	34.3	49	0.5
Unprocessed Return Math Error	51.5	2	40.0	44.7	3	60.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	47.4	5	0.1
SUMMARY	46.4	2968	29.1	68.6	6313	61.8	153.0	2	0.0	18.5	730	7.2	23.4	202	2.0	57.7	10215	100.0

TAXPAYER ADVOCATE SERVICE SYSTEMIC HARDSHIP CLOSED CASES - WAGE AND INVESTMENT
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)												Total Count					
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Avg Age	# of Cases	% of MI Code
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code			
Account/Notice Inquiry	66.9	135	29.0	69.5	314	67.5	0.0	0.0	29.2	14	3.0	26.5	2	0.4	67.4	465	1.0	
Audit Reconsiderations	101.2	782	43.9	136.6	977	54.9	0.0	0.0	100.9	13	0.7	82.4	9	0.5	120.5	1781	3.9	
Bankruptcy Issues	58.9	66	27.6	103.0	159	66.5	0.0	0.0	22.1	11	4.6	29.3	3	1.3	86.2	239	0.5	
Backup Withholding	39.6	14	16.9	133.2	65	78.3	0.0	0.0	4.8	4	4.8	0.0	0	0.0	111.9	83	0.2	
BMF TIN Merges	116.0	1	11.1	125.0	7	77.8	0.0	0.0	12.0	1	11.1	0.0	0	0.0	111.4	9	0.0	
CAWR Issues	56.5	2	5.9	74.6	32	94.1	0.0	0.0	0.0	0	0.0	0.0	0	0.0	73.5	34	0.1	
CP 2000 Issues	72.4	552	24.7	75.4	1623	72.5	0.0	0.0	28.9	57	2.6	83.4	7	0.3	73.5	2239	4.9	
Criminal Investigation	48.4	1099	54.9	78.9	875	43.7	0.0	0.0	23.5	14	0.7	33.1	15	0.8	61.4	2003	4.4	
Document Requests/Handling	49.8	144	20.2	39.3	542	75.9	0.0	0.0	22.5	24	3.4	61.0	4	0.6	41.0	714	1.6	
EP/EO Technical Issues	31.3	3	18.8	91.3	11	68.8	0.0	0.0	27.5	2	12.5	0.0	0	0.0	72.1	16	0.0	
FTDES Payment Issues	67.8	36	14.3	74.4	209	83.3	0.0	0.0	34.8	6	2.4	0.0	0	0.0	72.5	251	0.6	
FTD Penalty Issues	63.9	11	25.6	76.9	30	69.8	0.0	0.0	141.0	1	2.3	7.0	1	2.3	73.5	43	0.1	
FUTA Issues	72.3	7	13.0	93.1	46	85.2	0.0	0.0	33.0	1	1.9	0.0	0	0.0	89.3	54	0.1	
Innocent Spouse (Form 8857)	187.9	169	33.2	303.6	317	62.3	993.0	1	0.2	161.7	10	2.0	241.0	12	2.4	262.3	509	1.1
Installment Agreements	72.2	105	26.3	53.6	271	67.8	0.0	0.0	28.1	24	6.0	0.0	0	0.0	56.9	400	0.9	
Invalid Dependent ITIN/Math Error	54.3	3	15.0	80.9	16	80.0	0.0	0.0	24.0	1	5.0	0.0	0	0.0	74.1	20	0.0	
Invalid Primary SSN TIN Merge	131.9	11	39.3	166.5	17	60.7	0.0	0.0	0.0	0	0.0	0.0	0	0.0	152.9	28	0.1	
ITIN - Denial W-7 or ITIN Requests	48.9	134	32.8	36.4	251	61.4	0.0	0.0	8.0	24	5.9	0.0	0	0.0	38.9	409	0.9	
Levy Issues	63.3	236	32.1	79.6	440	59.9	0.0	0.0	41.5	50	6.8	46.0	9	1.2	71.3	735	1.6	
Lien Issues	67.8	141	34.5	69.6	241	58.9	0.0	0.0	28.0	24	5.9	14.7	3	0.7	66.1	409	0.9	
Lost/Misapplied Payment Issues	71.9	142	12.2	81.0	979	84.2	0.0	0.0	36.7	40	3.4	27.5	2	0.2	78.3	1163	2.6	
Lost or Stolen Refunds	51.4	377	23.3	59.6	1152	71.2	0.0	0.0	33.6	76	4.7	27.6	14	0.9	56.2	1619	3.6	
Math Error EIC Issues	80.8	285	35.4	89.3	498	61.9	0.0	0.0	35.9	18	2.2	107.5	4	0.5	85.1	805	1.8	
Non-Filer Issues	70.3	29	37.2	87.3	45	57.7	0.0	0.0	21.8	4	5.1	0.0	0	0.0	77.6	78	0.2	
Offsets	61.0	98	25.7	87.5	247	64.8	0.0	0.0	33.9	16	4.2	13.8	20	5.3	74.6	381	0.8	
Offer in Compromise Issues	89.8	269	33.5	113.7	487	60.7	0.0	0.0	52.1	41	5.1	27.0	6	0.8	101.9	803	1.8	
Open Audits	75.1	493	37.0	100.7	804	60.4	0.0	0.0	71.5	30	2.3	29.0	4	0.3	90.3	1331	2.9	
Other	58.8	199	37.6	102.0	292	55.2	0.0	0.0	19.9	26	4.9	41.9	12	2.3	80.4	529	1.2	
Other Collection Issues	97.3	123	36.8	107.6	191	57.2	0.0	0.0	45.2	16	4.8	54.3	4	1.2	100.2	334	0.7	
Other Entity Changes	84.4	20	10.1	103.9	172	86.4	0.0	0.0	24.7	6	3.0	81.0	1	0.5	99.4	199	0.4	
Other Interest Issues	82.2	67	31.9	95.8	118	56.2	0.0	0.0	46.9	9	4.3	60.3	16	7.6	86.7	210	0.5	
Other Penalty Issues	62.6	266	23.5	71.4	820	72.5	0.0	0.0	31.7	38	3.4	34.2	7	0.6	67.7	1131	2.5	
Other Examination Determinations	101.4	50	27.5	139.9	125	68.7	0.0	0.0	59.3	6	3.3	58.0	1	0.6	126.2	182	0.4	
Processing BMF Returns	63.0	5	10.0	92.8	40	80.0	0.0	0.0	14.0	5	10.0	0.0	0	0.0	82.0	50	0.1	
Processing Claims/Amended Returns	77.5	1360	19.9	77.3	5190	76.1	0.0	0.0	47.5	224	3.3	88.8	45	0.7	76.4	6819	15.0	
Processing IMF Returns	75.4	379	14.2	87.3	2213	82.8	0.0	0.0	33.9	74	2.8	37.0	8	0.3	84.0	2674	5.9	
Processing Other Returns/Documents	86.2	59	19.4	74.9	231	76.0	0.0	0.0	21.5	12	4.0	71.0	2	0.7	75.0	304	0.7	
Refund Inquiry/Request	61.6	563	20.0	66.0	2094	74.3	0.0	0.0	32.1	127	4.5	33.2	36	1.3	63.2	2820	6.2	
Restricted Interest Issues	41.7	14	31.1	110.0	30	66.7	0.0	0.0	0.0	0	0.0	76.0	1	2.2	88.0	45	0.1	
Release Refund Invalid SSN	53.0	6	10.5	76.9	51	89.5	0.0	0.0	0.0	0	0.0	0.0	0	0.0	74.4	57	0.1	
RPS Exam Project Codes	69.2	5279	48.3	84.3	5474	50.1	0.0	0.0	37.8	146	1.3	69.7	27	0.3	76.3	10926	24.0	
Scrambled SSN	123.4	87	15.3	193.0	477	83.7	0.0	0.0	32.8	5	0.9	43.0	1	0.2	180.7	570	1.3	
Seized Property	5.5	2	100.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	5.5	2	0.0	

TAXPAYER ADVOCATE SERVICE SYSTEMIC HARDSHIP CLOSED CASES - WAGE AND INVESTMENT
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Seizure Issues	42.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	42.0	1	0.0
SFR ASFR 6020b Assessments	111.1	175	24.1	137.6	537	74.0	0.0	0	0.0	64.6	9	1.2	169.2	5	0.7	130.5	726	1.6
SS8 Determinations	37.4	12	40.0	89.0	15	50.0	0.0	0	0.0	21.5	2	6.7	49.0	1	3.3	62.5	30	0.1
Subchapter S Corp (F 2553)	41.3	4	22.2	68.2	12	66.7	0.0	0	0.0	1.0	1	5.6	101.0	1	5.6	60.3	18	0.0
TDI Notices	52.3	14	23.3	69.1	43	71.7	0.0	0	0.0	15.3	3	5.0	36.9	0	0.0	62.5	60	0.1
TP Request for Tech/Proc Explanation	57.9	76	30.0	59.0	165	65.2	0.0	0	0.0	49.8	5	2.0	122.5	7	2.8	57.9	253	0.6
Trust Fund Recovery Penalty (TFRP)	110.1	50	38.5	127.4	69	53.1	0.0	0	0.0	46.0	7	5.4	116.2	4	3.1	116.2	130	0.3
Taxpayer Treatment	54.0	23	46.0	88.5	24	48.0	0.0	0	0.0	22.7	3	6.0	0.0	0	0.0	68.7	50	0.1
Unable to Pay Issues	68.1	145	32.0	86.4	284	62.7	0.0	0	0.0	20.5	19	4.2	15.8	5	1.1	77.0	453	1.0
Undelivered Refunds	56.4	7	5.2	55.5	115	85.8	0.0	0	0.0	26.4	11	8.2	11.0	1	0.8	52.8	134	0.3
Unprocessed Return Math Error	81.4	27	18.6	66.5	116	80.0	0.0	0	0.0	44.0	1	0.7	7.0	1	0.7	68.7	145	0.3
SUMMARY	72.4	14357	31.6	86.5	29553	65.0	993.0	1	0.0	38.4	1261	2.8	61.5	301	0.7	80.6	45473	100.0

**TAXPAYER ADVOCATE SERVICE CLOSED CASES - SMALL BUSINESS/SELF-EMPLOYED
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE**

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Account/Notice inquiry	79.8	137	23.8	80.0	413	71.7	0.0	0.0	57.7	19	3.3	47.6	7	1.2	78.8	576	1.6	
Audit Reconsiderations	113.6	348	38.1	151.0	554	60.6	0.0	0.0	119.3	10	1.1	66.0	2	0.2	136.2	914	2.6	
Bankruptcy Issues	60.6	48	23.8	127.7	134	66.3	0.0	0.0	22.0	16	7.9	35.5	4	2.0	101.6	202	0.6	
Backup Withholding	87.0	7	6.3	84.9	101	90.2	0.0	0.0	38.8	4	3.6	0.0	0	0.0	83.4	112	0.3	
BMF TIN Merges	89.4	16	8.6	130.8	166	88.8	0.0	0.0	9.4	5	2.7	0.0	0	0.0	124.0	187	0.5	
CAWR Issues	84.1	109	11.4	71.1	823	86.2	0.0	0.0	26.3	23	2.4	0.0	0	0.0	71.5	955	2.7	
CP 2000 Issues	72.6	309	21.0	70.2	1119	75.9	0.0	0.0	17.3	44	3.0	41.5	2	0.1	69.1	1474	4.2	
Criminal Investigation	33.3	424	64.5	80.9	219	33.3	0.0	0.0	22.8	10	1.5	24.3	4	0.6	49.0	657	1.9	
Document Requests/Handling	51.1	75	14.2	39.9	430	81.6	0.0	0.0	30.5	19	3.6	95.0	3	0.6	41.5	527	1.5	
EP/EO Technical Issues	45.5	18	20.2	75.7	60	67.4	0.0	0.0	14.4	10	11.2	259.0	1	1.1	64.8	89	0.3	
FTD/ES Payment Issues	79.9	122	12.0	87.3	861	85.0	0.0	0.0	27.7	30	3.0	0.0	0	0.0	84.6	1013	2.9	
FTD Penalty Issues	77.4	148	18.2	76.5	638	78.5	0.0	0.0	29.9	23	2.8	58.5	4	0.5	75.2	813	2.3	
FUTA Issues	67.9	66	10.9	74.9	524	86.8	0.0	0.0	23.7	13	2.2	7.0	1	0.2	72.9	604	1.7	
Innocent Spouse (Form 8857)	129.3	53	25.7	294.4	140	68.0	0.0	0.0	216.2	6	2.9	97.1	7	3.4	242.9	206	0.6	
Installment Agreements	76.7	122	26.4	79.1	311	67.3	0.0	0.0	33.5	27	5.8	6.0	2	0.4	75.5	462	1.3	
Invalid Dependent ITIN/Math Error	48.8	4	16.0	43.5	18	72.0	0.0	0.0	9.0	2	8.0	127.0	1	4.0	44.9	25	0.1	
Invalid Primary SSN TIN Merge	63.4	5	29.4	126.0	12	70.6	0.0	0.0	0.0	0	0.0	0.0	0	0.0	107.6	17	0.1	
ITIN- Denial W-7 or ITIN Requests	40.2	29	39.7	46.3	43	58.9	0.0	0.0	44.0	1	1.4	0.0	0	0.0	43.8	73	0.2	
Levy Issues	52.1	562	31.2	73.8	1087	60.3	0.0	0.0	34.7	142	7.9	39.0	13	0.7	63.7	1804	5.1	
Lien Issues	62.0	265	30.8	67.7	519	60.4	0.0	0.0	25.6	63	7.3	29.2	13	1.5	62.3	860	2.5	
Lost/Misapplied Payment Issues	81.9	203	11.0	84.5	1566	84.7	0.0	0.0	27.8	73	4.0	54.1	7	0.4	81.9	1849	5.3	
Lost or Stolen Refunds	55.3	110	18.2	54.6	463	76.8	0.0	0.0	28.5	27	4.5	27.7	3	0.5	53.5	603	1.7	
Math Error EIC Issues	89.9	91	34.6	86.7	169	64.3	0.0	0.0	18.5	2	0.8	101.0	1	0.4	87.3	263	0.8	
Non-Filer Issues	49.2	15	39.5	109.7	22	57.9	0.0	0.0	80.0	1	2.6	0.0	0	0.0	85.0	38	0.1	
Offsets	45.8	52	24.4	82.1	152	71.4	0.0	0.0	20.6	5	2.4	28.5	4	1.9	70.8	213	0.6	
Offer in Compromise Issues	91.6	285	30.9	111.6	579	62.7	0.0	0.0	71.9	48	5.2	88.6	11	1.2	103.0	923	2.6	
Open Audits	78.1	373	30.9	107.5	796	65.8	0.0	0.0	84.5	37	3.1	34.3	3	0.3	97.5	1209	3.5	
Other	75.2	159	28.1	98.6	372	65.8	0.0	0.0	39.8	22	3.9	131.9	12	2.1	90.4	565	1.6	
Other Collection Issues	94.5	141	30.4	102.2	295	63.6	0.0	0.0	70.0	21	4.5	9.1	7	1.5	97.0	464	1.3	
Other Entity Changes	50.8	35	7.3	64.3	398	82.6	0.0	0.0	16.7	45	9.3	36.3	4	0.8	58.6	482	1.4	
Other Interest Issues	118.9	65	25.7	87.7	171	67.6	0.0	0.0	105.0	5	2.0	89.1	12	4.7	96.1	253	0.7	
Other Penalty Issues	63.8	501	18.4	70.5	2108	77.5	0.0	0.0	42.1	97	3.6	65.8	14	0.5	68.2	2720	7.8	
Other Examination Determinations	105.6	50	29.1	137.9	119	69.2	0.0	0.0	54.0	2	1.2	33.0	1	0.6	126.9	172	0.5	
Processing BMF Returns	86.7	83	7.7	103.6	988	89.5	0.0	0.0	24.7	29	2.7	75.0	2	0.2	100.2	1082	3.1	
Processing Claims/Amended Returns	84.8	714	15.3	86.8	3772	81.0	0.0	0.0	38.6	144	3.1	85.7	26	0.6	85.0	4656	13.3	
Processing IMF Returns	72.9	196	12.5	83.0	1316	84.1	0.0	0.0	23.8	48	3.1	116.8	4	0.3	80.0	1564	4.5	

TAXPAYER ADVOCATE SERVICE CLOSED CASES - SMALL BUSINESS/SELF-EMPLOYED FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003 MAJOR ISSUE CODE BY ATAO CODE																	
ATAO CODE (CLOSURE ACTION)																	
MAJOR ISSUE (MI) DESCRIPTION	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count	
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases
Processing Other Returns/Documents	74.9	95	20.5	63.9	346	74.7	0.0	0.0	16.5	20	4.3	76.5	2	0.4	64.2	463	1.3
Refund Inquiry/Request	47.7	311	17.9	61.9	1288	72.8	0.0	0.0	19.1	123	7.1	31.5	39	2.2	55.7	1741	5.0
Restricted Interest Issues	107.4	14	20.9	123.0	47	70.2	0.0	0.0	200.7	3	4.5	40.7	3	4.5	119.6	67	0.2
Release Refund Invalid SSN	34.7	3	15.0	107.8	16	80.0	0.0	0.0	38.0	1	5.0	0.0	0	0.0	93.4	20	0.1
RPS Exam Project Codes	65.6	918	43.8	89.3	1153	55.0	0.0	0.0	39.3	20	1.0	67.3	4	0.2	78.4	2095	6.0
Scrambled SSN	104.0	27	18.1	188.4	122	81.9	0.0	0.0	0.0	0	0.0	0.0	0	0.0	173.1	149	0.4
Seized Property	41.5	2	100.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	41.5	2	0.0
Seizure Issues	39.1	16	51.6	77.0	12	38.7	0.0	0.0	18.3	3	9.7	0.0	0	0.0	51.8	31	0.1
SFR ASFR 6020b Assessments	99.8	90	22.3	126.4	308	76.2	0.0	0.0	31.4	5	1.2	146.0	1	0.3	119.4	404	1.2
SS8 Determinations	78.0	4	19.1	41.6	14	66.7	0.0	0.0	15.3	3	14.3	0.0	0	0.0	44.8	21	0.1
Subchapter S Corp (F 2553)	67.8	77	20.9	69.1	279	75.6	0.0	0.0	21.1	11	3.0	69.5	2	0.5	67.4	369	1.1
TDI Notices	70.3	13	18.8	102.0	51	73.9	0.0	0.0	27.2	5	7.3	0.0	0	0.0	90.6	69	0.2
TP Request for Tech/Proc Explanation	75.2	60	29.6	72.0	136	67.0	0.0	0.0	16.2	5	2.5	92.0	2	1.0	71.7	203	0.6
Trust Fund Recovery Penalty (TFRP)	105.7	62	33.3	185.8	122	65.6	0.0	0.0	27.0	1	0.5	4.0	1	0.5	157.3	186	0.5
Taxpayer Treatment	67.1	20	44.4	65.3	24	53.3	0.0	0.0	7.0	1	2.2	0.0	0	0.0	64.8	45	0.1
Unable to Pay Issues	66.3	135	31.5	96.1	274	64.0	0.0	0.0	76.4	16	3.7	28.3	3	0.7	85.5	428	1.2
Undelivered Refunds	33.2	5	6.4	51.4	71	91.0	0.0	0.0	5.0	2	2.6	0.0	0	0.0	49.1	78	0.2
Unprocessed Return Math Error	30.9	11	11.7	71.7	82	87.2	0.0	0.0	8.0	1	1.1	0.0	0	0.0	66.3	94	0.3
SUMMARY	72.1	7803	22.2	85.6	25763	73.4	0.0	0.0	36.1	1293	3.7	60.4	232	0.7	80.6	35091	100.0

TAXPAYER ADVOCATE SERVICE FINANCIAL HARDSHIP CLOSED CASES - SMALL BUSINESS/SELF-EMPLOYED
 FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
 MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count	
	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases
Account/Notice inquiry	53.4	7	30.4	69.8	16	69.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	64.8	23	0.5
Audit Reconsiderations	72.9	13	24.5	171.5	37	69.8	0.0	0.0	22.0	2	3.8	61.0	1	1.9	139.6	53	1.2
Bankruptcy Issues	20.4	8	20.0	102.5	26	65.0	0.0	0.0	23.0	6	15.0	0.0	0	0.0	74.1	40	0.9
Backup Withholding	0.0	0	0.0	102.2	13	100.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	102.2	13	0.3
BMF TIN Merges	173.0	1	14.3	71.6	5	71.4	0.0	0.0	13.0	1	14.3	0.0	0	0.0	77.7	7	0.2
CAWR Issues	42.2	5	14.7	55.9	28	82.4	0.0	0.0	2.0	1	2.9	0.0	0	0.0	52.3	34	0.7
CP 2000 Issues	49.1	19	33.3	67.3	38	66.7	0.0	0.0	0.0	0	0.0	0.0	0	0.0	61.2	57	1.2
Criminal Investigation	17.0	45	60.0	57.8	27	36.0	0.0	0.0	15.0	3	4.0	0.0	0	0.0	31.6	75	1.6
Document Requests/Handling	85.0	3	7.9	24.6	33	86.8	0.0	0.0	8.5	2	5.3	0.0	0	0.0	28.5	38	0.8
EP/EO Technical Issues	8.0	1	10.0	45.3	9	90.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	41.6	10	0.2
FTD/ES Payment Issues	18.8	8	13.3	60.8	50	83.3	0.0	0.0	39.0	2	3.3	0.0	0	0.0	54.5	60	1.3
FTD Penalty Issues	33.4	5	19.2	77.4	21	80.8	0.0	0.0	0.0	0	0.0	0.0	0	0.0	69.0	26	0.6
FUTA Issues	0.0	0	0.0	70.3	11	100.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	70.3	11	0.2
Innocent Spouse (Form 8857)	40.0	5	29.4	339.0	11	64.7	0.0	0.0	0.0	0	0.0	9.0	1	5.9	231.7	17	0.4
Installment Agreements	78.1	30	34.1	65.4	52	59.1	0.0	0.0	20.2	6	6.8	0.0	0	0.0	66.7	88	1.9
Invalid Dependent ITIN/Math Error	0.0	0	0.0	7.0	1	100.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	7.0	1	0.0
Invalid Primary SSN TIN Merge	1.0	1	50.0	138.0	1	50.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	69.5	2	0.0
ITIN- Denial W-7 or ITIN Requests	0.0	0	0.0	25.0	3	100.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	25.0	3	0.1
Levy Issues	48.5	400	30.9	68.4	780	60.2	0.0	0.0	32.3	106	8.2	42.3	10	0.8	59.1	1296	28.3
Lien Issues	45.4	127	32.8	68.3	219	56.6	0.0	0.0	20.3	33	8.5	20.9	8	2.1	55.7	387	8.4
Lost/Misapplied Payment Issues	84.2	10	16.4	73.2	42	68.9	0.0	0.0	38.3	8	13.1	4.0	1	1.6	69.3	61	1.3
Lost or Stolen Refunds	33.2	14	24.6	56.1	40	70.2	0.0	0.0	5.0	3	5.3	0.0	0	0.0	47.8	57	1.2
Math Error EIC Issues	62.3	10	41.7	70.9	14	58.3	0.0	0.0	0.0	0	0.0	0.0	0	0.0	67.3	24	0.5
Non-Filer Issues	36.0	3	27.3	54.3	7	63.6	0.0	0.0	80.0	1	9.1	0.0	0	0.0	51.6	11	0.2
Offsets	26.3	17	32.1	34.5	31	58.5	0.0	0.0	41.0	2	3.8	19.0	3	5.7	31.3	53	1.2
Offer in Compromise Issues	102.8	36	33.0	122.4	64	58.7	0.0	0.0	67.5	8	7.3	17.0	1	0.9	110.9	109	2.4
Open Audits	38.5	25	34.3	83.2	46	63.0	0.0	0.0	10.0	1	1.4	25.0	1	1.4	66.1	73	1.6
Other	32.1	13	37.1	61.0	21	60.0	0.0	0.0	0.0	0	0.0	181.0	1	2.9	53.7	35	0.8
Other Collection Issues	76.0	20	28.6	81.4	44	62.9	0.0	0.0	26.8	5	7.1	8.0	1	1.4	74.9	70	1.5
Other Entity Changes	45.0	3	8.1	77.6	33	89.2	0.0	0.0	75.0	1	2.7	0.0	0	0.0	74.9	37	0.8
Other Interest Issues	16.0	1	20.0	45.3	4	80.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	39.4	5	0.1
Other Penalty Issues	110.8	17	27.0	62.8	42	66.7	0.0	0.0	16.3	4	6.4	0.0	0	0.0	72.8	63	1.4
Other Examination Determinations	120.5	2	25.0	117.3	6	75.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	118.1	8	0.2
Processing BMF Returns	47.3	6	13.6	70.6	35	79.6	0.0	0.0	36.0	3	6.8	0.0	0	0.0	65.0	44	1.0
Processing Claims/Amended Returns	50.2	62	17.4	73.2	279	78.4	0.0	0.0	25.7	15	4.2	0.0	0	0.0	67.2	356	7.8
Processing IMF Returns	31.9	25	15.8	69.2	120	76.0	0.0	0.0	18.3	12	7.6	281.0	1	0.6	60.8	158	3.5
Processing Other Returns/Documents	49.0	5	17.2	28.0	23	79.3	0.0	0.0	17.0	1	3.5	0.0	0	0.0	31.3	29	0.6

TAXPAYER ADVOCATE SERVICE FINANCIAL HARDSHIP CLOSED CASES - SMALL BUSINESS/SELF-EMPLOYED
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)												Total Count					
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Avg Age	# of Cases	% of MI
	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI			
Refund Inquiry/Request	32.3	100	22.7	51.1	258	58.5	0.0	0.0	0.0	13.2	63	14.3	15.2	20	4.5	39.8	441	9.6
Restricted Interest Issues	0.0	0	0.0	154.5	2	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	154.5	2	0.0
Release Refund Invalid SSN	0.0	0	0.0	111.5	2	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	111.5	2	0.0
RPS Exam Project Codes	35.6	201	47.7	75.0	213	50.6	0.0	0.0	19.3	6	1.4	5.0	5.0	1	0.2	55.3	421	9.2
Scrambled SSN	23.3	3	42.9	460.5	4	57.1	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	273.1	7	0.2
Seized Property	49.0	1	100.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	49.0	1	0.0
Seizure Issues	41.1	11	44.0	83.4	11	44.0	0.0	0.0	18.3	3	12.0	0.0	0.0	0	0.0	57.0	25	0.6
SFR ASFR 6020b Assessments	86.4	11	32.4	124.6	22	64.7	0.0	0.0	14.0	1	2.9	0.0	0.0	0	0.0	109.0	34	0.7
SS8 Determinations	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Subchapter S Corp (F 2553)	40.0	2	15.4	72.8	11	84.6	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	67.8	13	0.3
TDI Notices	17.0	1	20.0	65.8	4	80.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	56.0	5	0.1
TP Request for Tech/Proc Explanation	30.0	3	33.3	25.9	6	66.7	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	27.2	9	0.2
Trust Fund Recovery Penalty (TFRP)	86.7	9	47.4	356.0	10	52.6	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	228.4	19	0.4
Taxpayer Treatment	80.0	2	28.6	50.2	5	71.4	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	58.7	7	0.2
Unable to Pay Issues	68.0	49	34.5	91.4	85	59.9	0.0	0.0	10.9	6	4.2	4.2	24.0	2	1.4	78.9	142	3.1
Undelivered Refunds	20.0	1	5.9	32.8	14	82.4	0.0	0.0	5.0	2	11.8	0.0	0.0	0	0.0	28.8	17	0.4
Unprocessed Return Math Error	0.0	0	0.0	71.2	5	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	71.2	5	0.1
SUMMARY	47.7	1341	29.3	73.1	2884	62.9	0.0	0.0	25.0	307	6.7	30.6	30.6	52	1.1	62.0	4584	100.0

TAXPAYER ADVOCATE SERVICE SYSTEMIC HARDSHIP CLOSED CASES - SMALL BUSINESS/SELF-EMPLOYED
 FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
 MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)												Total Count					
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with			15 - Law Prevents			Avg Age	# of Cases	% of MI Code
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code			
Account/Notice inquiry	81.2	130	23.5	80.4	397	71.8	0.0	0.0	57.7	19	3.4	47.6	7	1.3	79.4	553	1.8	
Audit Reconsiderations	115.2	335	38.9	149.5	517	60.1	0.0	0.0	143.6	8	0.9	71.0	1	0.1	136.0	861	2.8	
Bankruptcy Issues	68.6	40	24.7	133.8	108	66.7	0.0	0.0	21.4	10	6.2	35.5	4	2.5	108.3	162	0.5	
Backup Withholding	87.0	7	7.1	82.4	88	88.9	0.0	0.0	38.8	4	4.0	0.0	0	0.0	80.9	99	0.3	
BMF TIN Merges	83.8	15	8.3	132.6	161	89.4	0.0	0.0	8.5	4	2.2	0.0	0	0.0	125.8	180	0.6	
CAWR Issues	86.1	104	11.3	71.7	795	86.3	0.0	0.0	27.4	22	2.4	0.0	0	0.0	72.3	921	3.0	
CP 2000 Issues	74.1	290	20.5	70.3	1081	76.3	0.0	0.0	17.3	44	3.1	41.5	2	0.1	69.4	1417	4.6	
Criminal Investigation	35.2	379	65.1	84.2	192	33.0	0.0	0.0	26.1	7	1.2	24.3	4	0.7	51.2	582	1.9	
Document Requests/Handling	49.7	72	14.7	41.2	397	81.2	0.0	0.0	33.1	17	3.5	95.0	3	0.6	42.5	489	1.6	
EP/EO Technical Issues	47.7	17	21.5	81.1	51	64.6	0.0	0.0	14.4	10	12.7	259.0	1	1.3	67.7	79	0.3	
FTD/ES Payment Issues	84.2	114	12.0	88.9	811	85.1	0.0	0.0	26.9	28	2.9	0.0	0	0.0	86.5	953	3.1	
FTD Penalty Issues	79.0	143	18.2	76.4	617	78.4	0.0	0.0	29.9	23	2.9	58.5	4	0.5	75.5	787	2.6	
FUTA Issues	67.9	66	11.1	75.0	513	86.5	0.0	0.0	23.7	13	2.2	7.0	1	0.2	72.9	593	1.9	
Innocent Spouse (Form 8857)	138.6	48	25.4	290.6	129	68.3	0.0	0.0	216.2	6	3.2	111.8	6	3.2	244.0	189	0.6	
Installment Agreements	76.3	92	24.6	81.8	259	69.3	0.0	0.0	37.3	21	5.6	6.0	2	0.5	77.6	374	1.2	
Invalid Dependent ITIN/Math Error	48.8	4	16.7	45.6	17	70.8	0.0	0.0	9.0	2	8.3	127.0	1	4.2	46.5	24	0.1	
Invalid Primary SSN TIN Merge	79.0	4	26.7	124.9	11	73.3	0.0	0.0	0.0	0	0.0	0.0	0	0.0	112.7	15	0.1	
ITIN- Denial W-7 or ITIN Requests	40.2	29	41.4	47.8	40	57.1	0.0	0.0	44.0	1	1.4	0.0	0	0.0	44.6	70	0.2	
Levy Issues	61.0	162	31.9	87.5	307	60.4	0.0	0.0	41.5	36	7.1	28.0	3	0.6	75.4	508	1.7	
Lien Issues	77.2	138	29.2	67.3	300	63.4	0.0	0.0	31.4	30	6.3	42.4	5	1.1	67.7	473	1.6	
Lost/Misapplied Payment Issues	81.8	193	10.8	84.8	1524	85.2	0.0	0.0	26.5	65	3.6	62.5	6	0.3	82.3	1788	5.9	
Lost or Stolen Refunds	58.5	96	17.6	54.5	423	77.5	0.0	0.0	31.4	24	4.4	27.7	3	0.6	54.0	546	1.8	
Math Error EIC Issues	93.3	81	33.9	88.1	155	64.9	0.0	0.0	18.5	2	0.8	101.0	1	0.4	89.4	239	0.8	
Non-Filer Issues	52.4	12	44.4	135.6	15	55.6	0.0	0.0	0.0	0	0.0	0.0	0	0.0	98.6	27	0.1	
Offsets	55.2	35	21.9	94.3	121	75.6	0.0	0.0	7.0	3	1.9	57.0	1	0.6	83.9	160	0.5	
Offer in Compromise Issues	89.9	249	30.6	110.2	515	63.3	0.0	0.0	72.8	40	4.9	95.7	10	1.2	102.0	814	2.7	
Open Audits	80.9	348	30.6	109.0	750	66.0	0.0	0.0	86.6	36	3.2	39.0	2	0.2	99.6	1136	3.7	
Other	79.1	146	27.6	100.8	351	66.2	0.0	0.0	39.8	22	4.2	127.5	11	2.1	92.8	530	1.7	
Other Collection Issues	97.6	121	30.7	105.9	251	63.7	0.0	0.0	83.5	16	4.1	9.3	6	1.5	101.0	394	1.3	
Other Entity Changes	51.4	32	7.2	63.1	365	82.0	0.0	0.0	15.4	44	9.9	36.3	4	0.9	57.3	445	1.5	
Other Interest Issues	120.5	64	25.8	88.7	167	67.3	0.0	0.0	105.0	5	2.0	89.1	12	4.8	97.2	248	0.8	
Other Penalty Issues	62.1	484	18.2	70.6	2066	77.8	0.0	0.0	43.2	93	3.5	65.8	14	0.5	68.1	2657	8.7	
Other Examination Determinations	105.0	48	29.3	139.0	113	68.9	0.0	0.0	54.0	2	1.2	33.0	1	0.6	127.3	164	0.5	
Processing BMF Returns	89.7	77	7.4	104.9	933	89.9	0.0	0.0	23.3	26	2.5	75.0	2	0.2	101.7	1038	3.4	
Processing Claims/Amended Returns	88.1	652	15.2	87.9	3493	81.2	0.0	0.0	40.2	129	3.0	85.7	26	0.6	86.5	4300	14.1	
Processing IMF Returns	78.9	171	12.2	84.4	1196	85.1	0.0	0.0	25.6	36	2.6	62.0	3	0.2	82.2	1406	4.6	
Processing Other Returns/Documents	76.3	90	20.7	66.5	323	74.4	0.0	0.0	16.4	19	4.4	76.5	2	0.5	66.4	434	1.4	

**TAXPAYER ADVOCATE SERVICE SYSTEMIC HARDSHIP CLOSED CASES - SMALL BUSINESS/SELF-EMPLOYED
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE**

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)												Total Count				
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with			15 - Law Prevents			Avg Age	# of Cases
Refund Inquiry/Request	54.9	211	16.2	64.7	1010	77.7	0.0	0.0	25.3	60	4.6	48.7	19	1.5	61.0	1300	4.3
Restricted Interest Issues	107.4	14	21.5	121.7	45	69.2	0.0	0.0	200.7	3	4.6	40.7	3	4.6	118.5	65	0.2
Release Refund Invalid SSN	34.7	3	16.7	107.3	14	77.8	0.0	0.0	38.0	1	5.6	0.0	0	0.0	91.3	18	0.1
RPS Exam Project Codes	74.0	717	42.8	92.5	940	56.2	0.0	0.0	47.9	14	0.8	88.0	3	0.2	84.2	1674	5.5
Scrambled SSN	114.0	24	16.9	179.1	118	83.1	0.0	0.0	0.0	0	0.0	0.0	0	0.0	168.1	142	0.5
Seized Property	34.0	1	100.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	34.0	1	0.0
Seizure Issues	34.8	5	83.3	7.0	1	16.7	0.0	0.0	0.0	0	0.0	0.0	0	0.0	30.2	6	0.0
SFR ASFR 6020b Assessments	101.6	79	21.4	126.6	286	77.3	0.0	0.0	35.7	4	1.1	146.0	1	0.3	120.3	370	1.2
SS8 Determinations	78.0	4	19.1	41.6	14	66.7	0.0	0.0	15.3	3	14.3	0.0	0	0.0	44.8	21	0.1
Subchapter S Corp (F 2553)	68.5	75	21.1	69.0	288	75.3	0.0	0.0	21.1	11	3.1	69.5	2	0.6	67.4	356	1.2
TDI Notices	74.8	12	18.8	105.0	47	73.4	0.0	0.0	27.2	5	7.8	0.0	0	0.0	93.3	64	0.2
TP Request for Tech/Proc Explanation	77.6	57	29.4	74.1	130	67.0	0.0	0.0	16.2	5	2.6	92.0	2	1.0	73.8	194	0.6
Trust Fund Recovery Penalty (TFRP)	108.9	53	31.7	170.6	112	67.1	0.0	0.0	27.0	1	0.6	4.0	1	0.6	149.2	167	0.6
Taxpayer Treatment	65.6	18	47.4	69.3	19	50.0	0.0	0.0	7.0	1	2.6	0.0	0	0.0	65.9	38	0.1
Unable to Pay Issues	65.3	86	30.1	98.2	189	66.1	0.0	0.0	115.7	10	3.5	37.0	1	0.4	88.7	286	0.9
Undelivered Refunds	36.5	4	6.6	56.0	57	93.4	0.0	0.0	0.0	0	0.0	0.0	0	0.0	54.7	61	0.2
Unprocessed Return Math Error	30.9	11	12.4	71.8	77	86.5	0.0	0.0	8.0	1	1.1	0.0	0	0.0	66.0	89	0.3
SUMMARY	77.2	6462	21.2	87.1	22879	75.0	0.0	0.0	39.6	986	3.2	69.1	180	0.6	83.4	30507	100.0

TAXPAYER ADVOCATE SERVICE CLOSED CASES - LARGE/MID-SIZE BUSINESS
FOR THE PERIOD OCTOBER 1, 2002 TO MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents			Total Count	
	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases
Account/Notice inquiry	116.5	2	22.2	122.7	7	77.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	121.3	9	1.4
Audit Reconsiderations	0.0	0	0.0	93.8	4	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	86.2	5	0.8
Bankruptcy Issues	50.0	1	100.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.0	1	0.2
Backup Withholding	17.5	2	66.7	59.0	1	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.3	3	0.5
BMF TIN Merges	0.0	0	0.0	100.3	3	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.3	3	0.5
CAWR Issues	63.2	6	13.0	68.2	39	84.8	0.0	0.0	0.0	2.0	1	2.2	0.0	0.0	66.1	46	7.0
CP 2000 Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Criminal Investigation	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Document Requests/Handling	87.3	3	12.5	14.0	19	79.2	0.0	0.0	0.0	273.0	2	8.3	0.0	0.0	44.7	24	3.7
EP/EO Technical Issues	0.0	0	0.0	19.5	2	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	2	0.3
FTD/ES Payment Issues	76.0	2	6.3	107.3	29	90.6	0.0	0.0	0.0	1.0	1	3.1	0.0	0.0	102.0	32	4.9
FTD Penalty Issues	70.1	8	17.0	80.9	38	80.9	0.0	0.0	0.0	7.0	1	2.1	0.0	0.0	77.5	47	7.2
FUTA Issues	0.0	0	0.0	61.1	18	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	61.1	18	2.7
Innocent Spouse (Form 8857)	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Installment Agreements	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Invalid Dependent ITIN/Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Invalid Primary SSN TIN Merge	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
ITIN- Denial W-7 or ITIN Requests	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Levy Issues	117.0	1	20.0	70.0	3	60.0	0.0	0.0	0.0	61.0	1	20.0	0.0	0.0	77.6	5	0.8
Lien Issues	42.0	1	50.0	41.0	1	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41.5	2	0.3
Lost/Misapplied Payment Issues	123.5	2	6.1	86.0	31	93.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	88.3	33	5.0
Lost or Stolen Refunds	12.0	2	28.6	85.4	5	71.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	64.4	7	1.1
Math Error EIC Issues	0.0	0	0.0	201.0	1	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	201.0	1	0.2
Non-Filer Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Offsets	0.0	0	0.0	134.5	2	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	134.5	2	0.3
Offer in Compromise Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Open Audits	64.0	2	9.1	131.8	17	77.3	0.0	0.0	0.0	36.3	3	13.6	0.0	0.0	112.6	22	3.4
Other	28.0	1	10.0	97.6	9	90.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	90.6	10	1.5
Other Collection Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Other Entity Changes	43.0	5	31.3	47.1	10	62.5	0.0	0.0	0.0	28.0	1	6.3	0.0	0.0	44.6	16	2.4
Other Interest Issues	75.3	3	23.1	133.5	10	76.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	120.1	13	2.0
Other Penalty Issues	79.4	16	20.3	84.9	61	77.2	0.0	0.0	0.0	149.0	1	1.3	141.0	1	85.3	79	12.0
Other Examination Determinations	0.0	0	0.0	330.7	3	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	330.7	3	0.5
Processing BMF Returns	108.6	5	8.1	101.3	55	88.7	0.0	0.0	0.0	1.5	2	3.2	0.0	0.0	98.7	62	9.5
Processing Claims/Amended Returns	91.2	10	8.1	124.6	106	86.2	0.0	0.0	0.0	57.5	6	4.9	6.0	1	117.7	123	18.8
Processing IMF Returns	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Processing Other Returns/Documents	0.0	0	0.0	56.6	8	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	56.6	8	1.2

**TAXPAYER ADVOCATE SERVICE CLOSED CASES - LARGE/MID-SIZE BUSINESS
FOR THE PERIOD OCTOBER 1, 2002 TO MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE**

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents			Total Count		
	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI
Account/Notice inquiry	116.5	2	22.2	122.7	7	77.8	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	121.3	9	1.4
Refund Inquiry/Request	0.0	0	0.0	86.5	49	89.1	0.0	0	0.0	34.0	4	7.3	106.0	2	3.6	83.4	55	8.4
Restricted Interest Issues	160.0	1	25.0	310.3	3	75.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	272.8	4	0.6
Release Refund Invalid SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
RPS Exam Project Codes	35.0	1	50.0	74.0	1	50.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	54.5	2	0.3
Scrambled SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Seized Property	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Seizure Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SFR ASFR 6020b Assessments	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SS8 Determinations	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Subchapter S Corp (F 2553)	0.0	0	0.0	43.0	5	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	43.0	5	0.8
TDI Notices	0.0	0	0.0	107.8	4	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	107.8	4	0.6
TP Request for Tech/Proc Explanation	62.0	2	33.3	58.0	4	66.7	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	59.3	6	0.9
Trust Fund Recovery Penalty (TFRP)	0.0	0	0.0	201.0	2	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	201.0	2	0.3
Taxpayer Treatment	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Unable to Pay Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Undelivered Refunds	0.0	0	0.0	39.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	39.0	1	0.2
Unprocessed Return Math Error	0.0	0	0.0	27.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	27.0	1	0.2
SUMMARY	75.6	76	11.6	95.2	552	84.2	0.0	0	0.0	60.1	24	3.7	89.8	4	0.6	91.6	656	100.0

TAXPAYER ADVOCATE SERVICE FINANCIAL HARDSHIP CLOSED CASES - LARGE/MID-SIZE BUSINESS
 FOR THE PERIOD OCTOBER 1, 2002 TO MARCH 31, 2003
 MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)												Total Count					
	5 - No Change			6 - Change			7 - Enforced TAO Completed			14 - No Change with Relief			15 - Law Prevents Change			Avg Age	# of Cases	MI Code
	Avg Age	# of Cases	MI Code	Avg Age	# of Cases	MI Code	Avg Age	# of Cases	MI Code	Avg Age	# of Cases	MI Code	Avg Age	# of Cases	MI Code			
Account/Notice inquiry	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Audit Reconsiderations	0.0	0	0.0	154.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	154.0	1	1.4
Bankruptcy Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Backup Withholding	8.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	8.0	1	1.4
BMF TIN Merges	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
CAWR Issues	113.0	1	50.0	132.0	1	50.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	122.5	2	2.7
CP 2000 Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Criminal Investigation	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Document Requests/Handling	28.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	28.0	1	1.4
EP/EO Technical Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
FTD/ES Payment Issues	0.0	0	0.0	13.5	2	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	13.5	2	2.7
FTD Penalty Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	7.0	1	100.0	0.0	0	0.0	7.0	1	1.4
FUTA Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Innocent Spouse (Form 8857)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Installment Agreements	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Invalid Dependent ITIN/Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Invalid Primary SSN TIN Merge	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
ITIN- Denial W-7 or ITIN Requests	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Levy Issues	117.0	1	33.3	10.0	1	33.3	0.0	0	0.0	61.0	1	33.3	0.0	0	0.0	62.7	3	4.1
Lien Issues	42.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	42.0	1	1.4
Lost/Misapplied Payment Issues	0.0	0	0.0	37.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	37.0	1	1.4
Lost or Stolen Refunds	19.0	1	50.0	19.0	1	50.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	19.0	2	2.7
Math Error EIC Issues	0.0	0	0.0	201.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	201.0	1	1.4
Non-Filer Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Offsets	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Offer in Compromise Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Open Audits	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	44.0	1	100.0	0.0	0	0.0	44.0	1	1.4
Other	0.0	0	0.0	251.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	251.0	1	1.4
Other Collection Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Other Entity Changes	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Other Interest Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Other Penalty Issues	24.0	1	20.0	51.5	4	80.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	46.0	5	6.9
Other Examination Determinations	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Processing BMF Returns	27.0	2	20.0	51.3	7	70.0	0.0	0	0.0	2.0	1	10.0	0.0	0	0.0	41.5	10	13.7
Processing Claims/Amended Returns	73.0	3	15.0	73.2	14	70.0	0.0	0	0.0	14.7	3	15.0	0.0	0	0.0	64.4	20	27.4
Processing IMF Returns	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Processing Other Returns/Documents	0.0	0	0.0	37.0	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	37.0	3	4.1

TAXPAYER ADVOCATE SERVICE FINANCIAL HARDSHIP CLOSED CASES - LARGE/MID-SIZE BUSINESS
FOR THE PERIOD OCTOBER 1, 2002 TO MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)												Total Count					
	5 - No Change			6 - Change			7 - Enforced TAO Complied			14 - No Change with Relief			15 - Law Prevents Change			MI Code	# of Cases	Avg Age
	Avg Age	# of Cases	MI Code	Avg Age	# of Cases	MI Code	Avg Age	# of Cases	MI Code	Avg Age	# of Cases	MI Code	Avg Age	# of Cases	MI Code			
Refund Inquiry/Request	0.0	0	0.0	90.2	14	87.5	0.0	0	0.0	37.0	2	12.5	0.0	0	0.0	83.6	16	21.9
Restricted Interest Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Release Refund Invalid SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
RPS Exam Project Codes	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Scrambled SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Seized Property	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Seizure Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SFR ASFR 6020b Assessments	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SS8 Determinations	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Subchapter S Corp (F 2553)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
TDI Notices	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
TP Request for Tech/Proc Explanation	0.0	0	0.0	9.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	9.0	1	1.4
Trust Fund Recovery Penalty (TFRP)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Taxpayer Treatment	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Unable to Pay Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Undelivered Refunds	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Unprocessed Return Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SUMMARY	52.0	12	16.4	73.1	52	71.2	0.0	0	0.0	25.8	9	12.3	0.0	0	0.0	63.8	73	100.0

TAXPAYER ADVOCATE SERVICE SYSTEMIC HARDSHIP CLOSED CASES - LARGE/MID-SIZE BUSINESS
FOR THE PERIOD OCTOBER 1, 2002 TO MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

ATAO CODE (CLOSURE ACTION)

MAJOR ISSUE (MI) DESCRIPTION	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Account/Notice inquiry	116.5	2	22.2	122.7	7	77.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	121.3	9	1.5	
Audit Reconsiderations	0.0	0	0.0	73.7	3	75.0	0.0	0.0	0.0	56.0	1	25.0	0.0	0.0	69.3	4	0.7	
Bankruptcy Issues	50.0	1	100.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	50.0	1	0.2	
Backup Withholding	27.0	1	50.0	59.0	1	50.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	43.0	2	0.3	
BMF TIN Merges	0.0	0	0.0	100.3	3	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	100.3	3	0.5	
CAWR Issues	53.2	5	11.4	66.5	38	86.4	0.0	0.0	2.0	1	2.3	0.0	0.0	0.0	63.5	44	7.6	
CP 2000 Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Criminal Investigation	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Document Requests/Handling	117.0	2	8.7	14.0	19	82.6	0.0	0.0	273.0	2	8.7	0.0	0.0	0.0	45.4	23	4.0	
EP/EO Technical Issues	0.0	0	0.0	19.5	2	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	19.5	2	0.3	
FTD/ES Payment Issues	76.0	2	6.7	114.2	27	90.0	0.0	0.0	1.0	1	3.3	0.0	0.0	0.0	107.9	30	5.2	
FTD Penalty Issues	70.1	8	17.4	80.9	38	82.6	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	79.0	46	7.9	
FUTA Issues	0.0	0	0.0	61.1	18	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	61.1	18	3.1	
Innocent Spouse (Form 8857)	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Installment Agreements	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Invalid Dependent ITIN/Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Invalid Primary SSN TIN Merge	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
ITIN- Denial W-7 or ITIN Requests	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Levy Issues	0.0	0	0.0	100.0	2	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	100.0	2	0.3	
Lien Issues	0.0	0	0.0	41.0	1	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	41.0	1	0.2	
Lost/Misapplied Payment Issues	123.5	2	6.3	87.6	30	93.8	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	89.9	32	5.5	
Lost or Stolen Refunds	5.0	1	20.0	102.0	4	80.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	82.6	5	0.9	
Math Error EIC Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Non-Filer Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Offsets	0.0	0	0.0	134.5	2	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	134.5	2	0.3	
Offer in Compromise Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Open Audits	64.0	2	9.5	131.3	17	81.0	0.0	0.0	32.5	2	9.5	0.0	0.0	0.0	115.9	21	3.6	
Other	28.0	1	11.1	78.4	8	88.9	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	72.8	9	1.5	
Other Collection Issues	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	
Other Entity Changes	43.0	5	31.3	47.1	10	62.5	0.0	0.0	28.0	1	6.3	0.0	0.0	0.0	44.6	16	2.7	
Other Interest Issues	75.3	3	23.1	133.5	10	76.9	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	120.1	13	2.2	
Other Penalty Issues	83.1	15	20.3	87.3	57	77.0	0.0	0.0	149.0	1	1.4	0.0	0.0	0.0	88.0	74	12.7	
Other Examination Determinations	0.0	0	0.0	330.7	3	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	330.7	3	0.5	
Processing BMF Returns	163.0	3	5.8	108.6	48	92.3	0.0	0.0	1.0	1	1.9	0.0	0.0	0.0	109.7	52	8.9	
Processing Claims/Amended Returns	99.0	7	6.8	132.4	92	89.3	0.0	0.0	100.3	3	2.9	0.0	0.0	0.0	128.0	103	17.7	
Processing IMF Returns	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0.0	

TAXPAYER ADVOCATE SERVICE SYSTEMIC HARDSHIP CLOSED CASES - LARGE/MID-SIZE BUSINESS
FOR THE PERIOD OCTOBER 1, 2002 TO MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Processing Other Returns/Documents	0.0	0	0.0	68.4	5	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	68.4	5	0.9
Refund Inquiry/Request	0.0	0	0.0	85.1	35	89.7	0.0	0	0.0	31.0	2	5.1	106.0	2	5.1	83.4	39	6.7
Restricted Interest Issues	160.0	1	25.0	310.3	3	75.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	272.8	4	0.7
Release Refund Invalid SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
RPS Exam Project Codes	35.0	1	50.0	74.0	1	50.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	54.5	2	0.3
Scrambled SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Seized Property	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Seizure Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SFR ASFR 6020b Assessments	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SS8 Determinations	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Subchapter S Corp (F 2553)	0.0	0	0.0	43.0	5	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	43.0	5	0.9
TDI Notices	0.0	0	0.0	107.8	4	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	107.8	4	0.7
TP Request for Tech/Proc Explanation	62.0	2	40.0	74.3	3	60.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	69.4	5	0.9
Trust Fund Recovery Penalty (TFRP)	0.0	0	0.0	201.0	2	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	201.0	2	0.3
Taxpayer Treatment	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Unable to Pay Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Undelivered Refunds	0.0	0	0.0	39.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	39.0	1	0.2
Unprocessed Return Math Error	0.0	0	0.0	27.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	27.0	1	0.2
SUMMARY	80.0	64	11.0	97.5	500	85.8	0.0	0	0.0	80.7	15	2.6	89.8	4	0.7	95.1	583	100.0

TAXPAYER ADVOCATE SERVICE CLOSED CASES - TAX EXEMPT/GOVERNMENT ENTITIES
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY CRITERIA CODE

MAJOR ISSUE (MI) DESCRIPTION	HARDSHIP AS DEFINED BY RRA 98 (SECT. 7811(g))										OPERATIONAL DELAYS													
	1 - Significant Hardship	2 - Adverse Action	3 - Significant Cost	4 - Irreparable Injury	5 - Delay >30 Days	6 - No Response By	7 - Systemic or Procedural Failure	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Total Count				
Account/Notice inquiry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Audit Reconsiderations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Bankruptcy Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Backup/Withholding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
BMF TIN Merges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
CAWR Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
CP-2000 Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Criminal Investigation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Document Requests/Handling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
EPI/EOT Technical Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
ETDES Payment Issues	21.0	1.9	86.3	3	5.7	46.7	3	2.8	48.5	16	14.8	31.3	10	9.3	69.5	75	69.4	60.2	108	8.7				
ETD Penalties Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
FUTA Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Innocent Spouse (Form 8857)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Installment Agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Invalid Dependent TIN/Math Error	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Invalid Primary SSN/TIN Merge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
TIN - Denial IV-7 or ITIN Requests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Levy Issues	41.4	12	37.5	125.4	7	21.9	0.0	0	0.0	5.0	1	3.1	50.0	1	3.1	14.0	1	3.1	66.3	10	31.3	65.9	32	2.6
Lien Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lost/Misapplied Payment Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lost or Stolen Refunds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Math Error EIC Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Filer Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Offsets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Offer in Compromise Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Open Audits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Collection Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Entry Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interest Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Penalty Issues	28.0	8	1.8	42.3	3	0.7	148.0	2	0.5	61.8	6	1.4	55.7	146	33.6	61.7	42	9.7	46.5	228	52.4	51.3	435	34.9
Other Examination Determinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Processing BMF Returns	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Processing Claims/Amended Returns	37.0	1	1.9	22.0	1	1.3	38.0	1	1.3	201.0	1	1.3	98.3	19	24.4	139.9	12	15.4	76.4	44	56.4	94.0	78	6.3
Processing IMF Returns	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Processing Other Returns/Documents	182.0	1	2.0	0.0	0.0	0.0	118.0	1	2.0	14.0	2	4.1	191.0	11	22.5	95.3	3	6.1	79.6	31	63.3	105.7	49	3.9
Refund Inquiry/Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restricted Interest Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Release Refund Invalid SSN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RPS Exam Project Codes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Scrambled SSN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Seized Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Seizure Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SFR ASFR 6020b Assessments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SSB Determinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subchapter S Corp (F 2563)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TDI Notices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TP Request for Tech/Proc Explanation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trust Fund Recovery Penalty (TFRP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taxpayer Treatment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unable to Pay Issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Undelivered Refunds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unprocessed Return Math Error	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SUMMARY	41.8	23	1.9	76.0	25	2.0	94.3	14	1.1	49.2	22	1.8	66.1	362	29.1	76.0	134	10.8	67.4	665	53.4	1,245	100.0	

Total of operational delay categories (criteria 5-7): 93%

TAXPAYER ADVOCATE SERVICE CLOSED CASES - TAX EXEMPT/GOVERNMENT ENTITIES
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI
Account/Notice inquiry	85.0	2	11.1	67.0	15	83.3	0.0	0	0.0	1.0	1	5.6	0.0	0	0.0	65.3	18	1.5
Audit Reconsiderations	0.0	0	0.0	232.3	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	232.3	3	0.2
Bankruptcy Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Backup Withholding	35.0	1	11.1	118.5	6	66.7	0.0	0	0.0	28.5	2	22.2	0.0	0	0.0	89.2	9	0.7
BMF TIN Merges	0.0	0	0.0	163.3	13	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	163.3	13	1.0
CAWR Issues	85.6	13	11.6	67.5	97	86.6	0.0	0	0.0	9.5	2	1.8	0.0	0	0.0	68.6	112	9.0
CP 2000 Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Criminal Investigation	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Document Requests/Handling	14.5	2	16.7	82.3	9	75.0	0.0	0	0.0	12.0	1	8.3	0.0	0	0.0	65.2	12	1.0
EP/EO Technical Issues	34.6	14	13.0	69.4	85	78.7	0.0	0	0.0	21.4	8	7.4	0.0	1	0.9	60.7	108	8.7
FTD/ES Payment Issues	103.7	9	17.0	74.0	40	75.5	0.0	0	0.0	50.0	3	5.7	17.0	1	1.9	76.6	53	4.3
FTD Penalty Issues	53.6	14	14.1	60.4	81	81.8	0.0	0	0.0	6.0	4	4.0	0.0	0	0.0	57.2	99	8.0
FUTA Issues	62.0	1	6.7	43.1	12	80.0	0.0	0	0.0	16.0	2	13.3	0.0	0	0.0	40.8	15	1.2
Innocent Spouse (Form 8857)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Installment Agreements	78.3	3	50.0	112.7	3	50.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	95.5	6	0.5
Invalid Dependent ITIN/Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Invalid Primary SSN TIN Merge	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
ITIN- Denial W-7 or ITIN Requests	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Lien Issues	43.8	6	18.8	73.2	25	78.1	0.0	0	0.0	14.0	1	3.1	0.0	0	0.0	65.9	32	2.6
Lien Issues	36.0	1	20.0	11.7	3	60.0	0.0	0	0.0	7.0	1	20.0	0.0	0	0.0	15.6	5	0.4
Lost/Misapplied Payment Issues	45.0	2	6.9	81.0	27	93.1	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	78.5	29	2.3
Lost or Stolen Refunds	0.0	0	0.0	34.0	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	34.0	3	0.2
Math Error EIC Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Non-Filer Issues	0.0	0	0.0	52.3	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	52.3	3	0.2
Offsets	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Offer in Compromise Issues	241.0	3	37.5	97.6	5	62.5	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	151.4	8	0.6
Open Audits	59.0	3	60.0	167.5	2	40.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	102.4	5	0.4
Other	67.0	4	22.2	66.6	11	61.1	0.0	0	0.0	22.0	2	11.1	142.0	1	5.6	65.9	18	1.5
Other Collection Issues	53.0	3	21.4	86.3	10	71.4	0.0	0	0.0	20.0	1	7.1	0.0	0	0.0	74.4	14	1.1
Other Entity Changes	60.5	2	7.1	65.9	26	92.9	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	65.5	28	2.3
Other Interest Issues	161.0	1	25.0	33.3	3	75.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	65.3	4	0.3
Other Penalty Issues	52.7	48	11.0	53.1	365	83.9	0.0	0	0.0	19.6	22	5.1	0.0	0	0.0	51.3	435	34.9
Other Examination Determinations	0.0	0	0.0	97.5	2	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	97.5	2	0.2
Processing BMF Returns	57.3	4	5.1	96.6	72	92.3	0.0	0	0.0	93.0	1	1.3	62.0	1	1.3	94.0	78	6.3
Processing Claims/Amended Returns	107.7	6	11.5	83.9	45	86.5	0.0	0	0.0	50.0	1	1.9	0.0	0	0.0	86.0	52	4.2
Processing IMF Returns	0.0	0	0.0	140.0	1	50.0	0.0	0	0.0	7.0	1	50.0	0.0	0	0.0	73.5	2	0.2
Processing Other Returns/Documents	102.6	7	14.3	115.4	38	77.6	0.0	0	0.0	24.7	4	8.2	0.0	0	0.0	106.1	49	3.9
Refund Inquiry/Request	56.0	1	7.7	135.0	11	84.6	0.0	0	0.0	14.0	1	7.7	0.0	0	0.0	119.6	13	1.0
Restricted Interest Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0

TAXPAYER ADVOCATE SERVICE CLOSED CASES - TAX EXEMPT/GOVERNMENT ENTITIES
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Release Refund Invalid SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
RPS Exam Project Codes	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
Scrambled SSN	0.0	0	0.0	88.0	2	100.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	2	0.2
Seized Property	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
Seizure Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
SFR ASFR 6020b Assessments	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
SS8 Determinations	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
Subchapter S Corp (F 2553)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
TDI Notices	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
TP Request for Tech/Proc Explanation	141.5	4	57.1	99.3	3	42.9	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	123.4	7	0.6
Trust Fund Recovery Penalty (TFRP)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
Taxpayer Treatment	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
Unable to Pay Issues	21.0	3	37.5	85.6	5	62.5	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	61.4	8	0.6
Undelivered Refunds	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
Unprocessed Return Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	0.0
SUMMARY	67.6	157	12.6	70.3	1,026	82.4	0.0	0	0.0	0	0.0	21.5	58	4.7	56.8	4	0.3	100.0

TAPXAYER ADVOCATE SERVICE FINANCIAL HARDSHIP CLOSED CASES - TAX EXEMPT/GOVERNMENT ENTITIES
FOR THE PERIOD OCTOBER 1, 2002 TO MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO Complied			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Account/Notice inquiry	0.0	0	0.0	8.0	1	50.0	0.0	0	0.0	1.0	1	50.0	0.0	0	0.0	4.5	2	2.4
Audit Reconsiderations	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Bankruptcy Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Backup Withholding	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
BMF TIN Merges	0.0	0	0.0	63.3	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	63.3	3	3.6
CAWR Issues	0.0	0	0.0	19.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	19.0	1	1.2
CP 2000 Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Criminal Investigation	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Document Requests/Handling	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
EP/EQ Technical Issues	72.0	1	14.3	43.3	4	57.1	0.0	0	0.0	4.0	1	14.3	6.0	1	14.3	36.4	7	8.3
FTD/ES Payment Issues	129.0	2	33.3	55.5	4	66.7	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	80.0	6	7.1
FTD Penalty Issues	12.0	1	33.3	112.5	2	66.7	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	79.0	3	3.6
FUTA Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Innocent Spouse (Form 8857)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Installment Agreements	52.0	1	50.0	69.0	1	50.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	60.5	2	2.4
Invalid Dependent ITIN/Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Invalid Primary SSN TIN Merge	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
ITIN- Denial W-7 or ITIN Requests	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Levy Issues	45.5	4	20.0	79.0	15	75.0	0.0	0	0.0	14.0	1	5.0	0.0	0	0.0	69.0	20	23.8
Lien Issues	0.0	0	0.0	13.0	2	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	13.0	2	2.4
Lost/Misapplied Payment Issues	13.0	1	50.0	281.0	1	50.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	147.0	2	2.4
Lost or Stolen Refunds	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Math Error EIC Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Non-Filer Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Offsets	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Offer in Compromise Issues	70.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	70.0	1	1.2
Open Audits	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Other	67.0	1	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	67.0	1	1.2
Other Collection Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	20.0	1	100.0	0.0	0	0.0	20.0	1	1.2
Other Entity Changes	0.0	0	0.0	82.0	2	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	82.0	2	2.4
Other Interest Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Other Penalty Issues	83.7	3	15.8	48.0	16	84.2	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	53.6	19	22.6
Other Examination Determinations	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Processing BMF Returns	0.0	0	0.0	143.0	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	143.0	3	3.6
Processing Claims/Amended Returns	0.0	0	0.0	30.0	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	30.0	3	3.6
Processing IMF Returns	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Processing Other Returns/Documents	0.0	0	0.0	87.0	4	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	87.0	4	4.8
Refund Inquiry/Request	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Restricted Interest Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0

TAPXAYER ADVOCATE SERVICE FINANCIAL HARDSHIP CLOSED CASES - TAX EXEMPT/GOVERNMENT ENTITIES
FOR THE PERIOD OCTOBER 1, 2002 TO MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO Complied			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Release Refund Invalid SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
RPS Exam Project Codes	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Scrambled SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Seized Property	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Seizure Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SFR ASFR 6020b Assessments	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SS8 Determinations	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Subchapter S Corp (F 2553)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
TDI Notices	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
TP Request for Tech/Proc Explanation	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Trust Fund Recovery Penalty (TFRP)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Taxpayer Treatment	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Unable to Pay Issues	23.0	1	50.0	114.0	1	50.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	68.5	2	2.4
Undelivered Refunds	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Unprocessed Return Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SUMMARY	62.5	16	19.1	68.4	63	75.0	0.0	0	0.0	9.8	4	4.8	6.0	1	1.2	63.8	84	100.0

TAXPAYER ADVOCATE SERVICE SYSTEMIC HARDSHIP CLOSED CASES - TAX EXEMPT/GOVERNMENT ENTITIES
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI	Avg Age	# of Cases	% of MI
Account/Notice inquiry	85.0	2	12.5	71.2	14	87.5	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	72.9	16	1.4
Audit Reconsiderations	0.0	0	0.0	232.3	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	232.3	3	0.3
Bankruptcy Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Backup Withholding	35.0	1	11.1	118.5	6	66.7	0.0	0	0.0	28.5	2	22.2	0.0	0	0.0	89.2	9	0.8
BMF TIN Merges	0.0	0	0.0	193.2	10	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	193.2	10	0.9
C-AWR Issues	85.6	13	11.7	68.0	96	86.5	0.0	0	0.0	9.5	2	1.8	0.0	0	0.0	69.0	111	9.6
CP 2000 Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Criminal Investigation	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Document Requests/Handling	14.5	2	16.7	82.3	9	75.0	0.0	0	0.0	12.0	1	8.3	0.0	0	0.0	65.2	12	1.0
EP/EO Technical Issues	31.7	13	12.9	70.7	81	80.2	0.0	0	0.0	23.8	7	6.9	0.0	0	0.0	62.4	101	8.7
FTD/ES Payment Issues	96.5	7	14.9	76.0	36	76.6	0.0	0	0.0	50.0	3	6.4	17.0	1	2.1	76.2	47	4.1
FTD Penalty Issues	56.9	13	13.5	59.1	79	82.3	0.0	0	0.0	6.0	4	4.2	0.0	0	0.0	56.5	96	8.3
FUTA Issues	62.0	1	6.7	43.1	12	80.0	0.0	0	0.0	16.0	2	13.3	0.0	0	0.0	40.8	15	1.3
Innocent Spouse (Form 8857)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Installment Agreements	91.5	2	50.0	134.5	2	50.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	113.0	4	0.3
Invalid Dependent ITIN/Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Invalid Primary SSN TIN Merge	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
ITIN - Denial W-7 or ITIN Requests	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Lien Issues	40.5	2	16.7	64.6	10	83.3	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	60.6	12	1.0
Lien Issues	36.0	1	33.3	9.0	1	33.3	0.0	0	0.0	7.0	1	33.3	0.0	0	0.0	17.3	3	0.3
Lost/Misapplied Payment Issues	77.0	1	3.7	73.3	26	96.3	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	73.4	27	2.3
Lost or Stolen Refunds	0.0	0	0.0	34.0	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	34.0	3	0.3
Math Error EIC Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Non-Filer Issues	0.0	0	0.0	52.3	3	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	52.3	3	0.3
Offsets	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Offer in Compromise Issues	326.5	2	28.6	97.6	5	71.4	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	163.0	7	0.6
Open Audits	59.0	3	60.0	167.5	2	40.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	102.4	5	0.4
Other	67.0	3	17.7	66.6	11	64.7	0.0	0	0.0	22.0	2	11.8	142.0	1	5.9	65.9	17	1.5
Other Collection Issues	53.0	3	23.1	86.3	10	76.9	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	78.6	13	1.1
Other Entity Changes	60.5	2	7.7	64.5	24	92.3	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	64.2	26	2.2
Other Interest Issues	161.0	1	25.0	33.3	3	75.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	65.3	4	0.3
Other Penalty Issues	50.7	45	10.8	53.3	349	83.9	0.0	0	0.0	19.6	22	5.3	0.0	0	0.0	51.2	416	35.8
Other Examination Determinations	0.0	0	0.0	97.5	2	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	97.5	2	0.2
Processing BMF Returns	57.3	4	5.3	94.5	69	92.0	0.0	0	0.0	93.0	1	1.3	62.0	1	1.3	92.1	75	6.5
Processing Claims/Amended Returns	107.7	6	12.2	87.8	42	85.7	0.0	0	0.0	50.0	1	2.0	0.0	0	0.0	89.5	49	4.2
Processing IMF Returns	0.0	0	0.0	140.0	1	50.0	0.0	0	0.0	7.0	1	50.0	0.0	0	0.0	73.5	2	0.2
Processing Other Returns/Documents	102.6	7	15.6	118.7	34	75.6	0.0	0	0.0	24.7	4	8.9	0.0	0	0.0	107.8	45	3.9
Refund Inquiry/Request	56.0	1	7.7	135.0	11	84.6	0.0	0	0.0	14.0	1	7.7	0.0	0	0.0	119.6	13	1.1
Restricted Interest Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0

TAXPAYER ADVOCATE SERVICE SYSTEMIC HARDSHIP CLOSED CASES - TAX EXEMPT/GOVERNMENT ENTITIES
FOR THE PERIOD OCTOBER 1, 2002 THROUGH MARCH 31, 2003
MAJOR ISSUE CODE BY ATAO CODE

MAJOR ISSUE (MI) DESCRIPTION	ATAO CODE (CLOSURE ACTION)																	
	5 - No Change			6 - Change			7 - Enforced TAO			14 - No Change with Relief			15 - Law Prevents Chg			Total Count		
	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code	Avg Age	# of Cases	% of MI Code
Release Refund Invalid SSN	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
RPS Exam Project Codes	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Scrambled SSN	0.0	0	0.0	88.0	2	100.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	88.0	2	0.2
Seized Property	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Seizure Issues	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SFR ASFR 6020b Assessments	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SS8 Determinations	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Subchapter S Corp (F 2553)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
TDI Notices	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
TP Request for Tech/Proc Explanation	141.5	4	57.1	99.3	3	42.9	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	123.4	7	0.6
Trust Fund Recovery Penalty (TFRP)	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Taxpayer Treatment	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Unable to Pay Issues	20.0	2	33.3	78.5	4	66.7	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	59.0	6	0.5
Undelivered Refunds	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
Unprocessed Return Math Error	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
SUMMARY	68.2	141	12.1	70.5	963	83.0	0.0	0	0.0	22.3	54	4.7	73.7	3	0.3	68.0	1,161	100.0



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