

The IRS established a historic collaboration with the Department of Energy where they assumed the role of service provider to the IRS for energy projects, including:

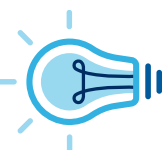
- \$4 billion in tax credits to advanced energy projects in the first allocation round of the Qualifying Advanced Energy Project Credit (48C) Program.
- The approval of more than 40,000 Low-Income Communities Bonus Credit program applications for eligible solar and wind projects, allocating more than 1,100 megawatts of capacity.

Another major IRS transformation effort is to accelerate digitalization by moving to a digital experience and paperless IRS. As part of the Paperless Processing Initiative, the IRS made an additional 20 forms eligible for electronic filing. The IRS replaced aged scanning equipment and automated mail sorters in high-volume locations, positioning for a future of digitizing paper returns at the point of receipt.

The IRS achieved a significant milestone in FY 2024 when the Document Upload Tool accepted its one-millionth taxpayer submission. Launched in FY 2021 and expanded in FY 2023, the tool offers taxpayers and tax professionals the option to respond digitally to eligible IRS notices by uploading documents securely online through IRS.gov. The IRS estimates more than 94% of individual taxpayers will no longer have to send mail to the IRS, because they can now submit all correspondence and responses to notices and letters that do not have a filing or payment action online.

In FY 2024, taxpayers could submit 30 mobile-friendly forms on their mobile devices. This is an important milestone toward the goal of meeting taxpayers where they are. An estimated 15% of Americans rely solely on mobile phones for their Internet access, so it is important to make forms available in mobile-friendly formats.

DID YOU KNOW?



MOBILE-FRIENDLY FORMS



Mobile-friendly forms are HTML versions of IRS forms that can be filled out on cell phones and tablet devices. These forms adapt to all necessary screen sizes and ensure information is entered into all data fields. Visit [IRS.gov/mobilefriendlyforms](https://www.irs.gov/mobilefriendlyforms) to learn more.

Objective 1 Performance Results

The IRS met or exceeded 7 out of 7 of its Objective 1 key performance measures.

TABLE 1: Summary of key performance measure results for FYs 2020–2024.

Key Performance Measures	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Target	2024 Actual
Customer Service Representative Level of Service ¹	53.1%	18.5%	17.4%	51.8%	60.0%	65.1%
Level of Service(A)*, ²	71.6%	38.2%	39.3%	66.4%	65.0%	76.5%
Customer Accuracy – Tax Law (Phones) ³	91.0%	92.8%	92.0%	91.4%	89.0%	90.4%
Customer Accuracy – Accounts (Phones) ⁴	93.5%	93.0%	91.8%	89.2%	89.0%	90.2%
Timeliness of Critical Individual Filing Season Tax Products to the Public ⁵	78.4%	92.0%	96.4%	96.4%	89.0%	96.6%
Timeliness of Critical Tax Exempt and Government Entities & Business Tax Products to the Public ⁶	96.0%	92.9%	96.0%	86.5%	87.0%	94.8%
Enterprise Self-Assistance Participation Rate ⁷	90.6%	92.3%	93.9%	94.2%	94.0%	95.8%

■ Target met, or indicator trending in the desired direction compared to the prior year result.

■ Target not met, or indicator not trending in the desired direction compared to the prior year result.

* Historical data provided for comparative purpose.

¹ The number of toll-free callers that either speak to a Customer Service Representative or receive informational messages divided by the total number of attempted calls. From October 1, 2023, through September 30, 2024, Customer Service Representative Level of Service was 65.1%, which exceeded the target of 60%, and was an increase of around 26% over the prior year actual level of service of 51.8%. The level of service for the 2024 filing season was 87.6%. Customer service representatives answered around 19.9 million calls in FY 2024. Customer service representative phone demand, which includes services offered and disconnects, was around 34.5 million, which was an 11% decrease from last year's demand of 38.8 million. In FY 2024, around 17.2 million taxpayers were offered a callback and 66.1% accepted. This resulted in around 5.3 million hours saved for the taxpayer, providing a better experience.

² The relative success rate of taxpayers that call seeking assistance and receive a response to their inquiry by an assistor or through automated responses divided by the total number of attempted calls. This indicator was added to performance reporting in FY 2023.

³ The percentage of correct answers given by a live assistor on toll-free tax law inquiries.

⁴ The percentage of correct answers given by a live assistor on toll-free account inquiries.

⁵ The percentage of critical individual filing season tax products available to the public seven calendar days before the official IRS start of the individual filing season.

⁶ The percentage of critical Tax Exempt and Government Entities and business tax products available to the public seven calendar days before the official IRS start of the individual filing season.

⁷ The percentage of taxpayer assistance requests resolved using self-assisted automated services.

1 out of 2 of the Objective 1 key performance indicators are trending in the desired direction compared to the prior year result.

TABLE 1.1: Summary of key performance indicator results for FYs 2020-2024.

Key Performance Indicators	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Target	2024 Actual
Taxpayers Satisfied with the IRS ¹	74	70	69	75	Indicator	N/A**
Total Ending Inventory (Thousands)*,2	1,100	4,100	2,156	2,923	Indicator	3,242
Percent of Closures to Receipts*,3	99.6%	71.9%	116.4%	93.8%	Indicator	96.5%

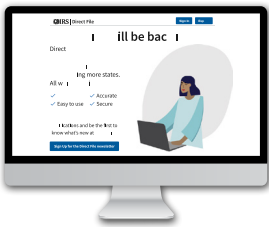

- Target met, or indicator trending in the desired direction compared to the prior year result.
- Target not met, or indicator not trending in the desired direction compared to the prior year result.
- * Historical data provided for comparative purpose.
- ** Results not available and are not included in the total Key Performance Indicators count above. Results will appear in the IRS FY 2026 Congressional Budget Justification & Annual Performance Report and Plan.

¹ The score of taxpayers satisfied with the IRS according to the American Customer Satisfaction Index survey. The All-Individual Tax Filer score is calculated from separate American Customer Satisfaction Index Individual Paper Filer and Electronic Filer Customer Satisfaction Index Scores. Based on a 100-point scale. There was a methodology change made in 2023, which shifted the American Customer Satisfaction Index data collection from telephone interviews to online panel surveys and made efforts to improve representation. American Customer Satisfaction Index is conducted by Claes Fornell International Group, founding partner of the American Customer Satisfaction Index and sole licensee in the U.S. to use the patented American Customer Satisfaction Index methodology.

² The total number of accounts management and correspondence work to be processed in inventory. This indicator was added to performance reporting in FY 2022.

³ The number of adjustment cases closed compared to the number received. This indicator was added to performance reporting in FY 2022.

DID YOU KNOW?



DIRECT FILE WON FEDSCOOP'S INNOVATION OF THE YEAR AWARD

The [award](#) (fedscoop.com) celebrates cutting-edge, innovative applications of technology that have disrupted traditional government operations and processes leading to an enhanced impact on mission and service delivery.

File your taxes online — for free — directly with the IRS. Visit [IRS.gov/directfile](https://irs.gov/directfile) to learn more.

Strategic Objective 2: Quickly resolve taxpayer issues when they arise.

Major Program | Enforcement of Tax Legislation

Correspondence issued via mail or, more recently, via online accounts, remains one of the most critical methods the IRS has for engaging taxpayers. With IRA funding, the IRS is focused on improving communications with taxpayers by making IRS notices easier to understand and providing online access to those who choose to engage with the IRS electronically.

The IRS redesigned 31 notices for the 2024 tax season. These included notices to taxpayers who may be eligible for tax deferment, including those who served in combat zones, notices reminding a taxpayer they may have unfiled returns, and notices reminding a taxpayer about their balance due and where they can go for assistance.

The IRS continues to detect and disrupt tax scams through data analytics and private sector partnerships. In FY 2024, the IRS offered a withdrawal option to help small business owners and others who were misled or pressured by the marketers or promoters to file ineligible Employee Retention Credit claims. Claims that were withdrawn were treated as if they were never filed, and the IRS did not impose penalties or interest. The IRS also partnered with the Department of Veterans Affairs to support the disruption of tax scams and schemes that specifically target U.S. military veterans. These initiatives protected more than \$1 billion in improper claims.

DID YOU KNOW?



TAX SCAMS – WHAT TO KNOW, WHAT TO DO



You can avoid falling victim to a tax scam. Know what to watch out for and how the IRS contacts you. Visit [IRS.gov/scams](https://www.irs.gov/scams) to learn more.

Objective 2 Performance Results

The IRS did not meet the target of its Objective 2 key performance measure.

TABLE 2: Summary of key performance measure results for FYs 2020–2024.

Key Performance Measures	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Target	2024 Actual
Collection Coverage ¹	34.9%	41.2%	38.3%	34.9%	40.7%	39.1%

■ Target met, or indicator trending in the desired direction compared to the prior year result.

■ Target not met, or indicator not trending in the desired direction compared to the prior year result.

* Historical data provided for comparative purpose.

¹ The volume of collection work disposed compared to the volume of collection work available. FY 2024 performance was 39.1%, which was an increase from 34.9% in FY 2023. Collection Coverage finished below the target of 40.7%. While total closures have increased compared to FY 2023, total ending inventory has also increased by around 13%.

The Objective 2 key performance indicator data is not yet available.

TABLE 2.1: Summary of key performance indicator results for FYs 2020–2024.

Key Performance Indicators	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Target	2024 Actual
Time to Start Compliance Resolution ^{*1}	66.3%	66.0%	68.0%	72.0%	Indicator	N/A ^{**}
Time to Resolve Compliance Issue after Filing ^{*2}	491	484	404	372	Indicator	N/A ^{**}
Repeat Noncompliance Rate ^{*3}	35.6%	30.7%	28.1%	18.9%	Indicator	N/A ^{**}
Cost to Collect \$100 ⁴	\$0.35	\$0.33	\$0.29	\$0.34	Indicator	N/A ^{**}

■ Target met, or indicator trending in the desired direction compared to the prior year result.

■ Target not met, or indicator not trending in the desired direction compared to the prior year result.

* Historical data provided for comparative purpose.

^{**} Results not available and are not included in the total Key Performance Indicators count above. Results will appear in the IRS FY 2026 Congressional Budget Justification & Annual Performance Report and Plan.

¹ The percentage of all individual income tax enforcement cases started within six months of the return posting date. This indicator was added to performance reporting in FY 2020.

² The median time it takes to close all individual income tax enforcement cases in days (excluding disaster, bankruptcy and Tax Equity and Fiscal Responsibility Act cases for exam and collection cases that are not closed as full paid) starting from filing date. This indicator was added to performance reporting in FY 2020.

³ The percentage of individual taxpayers in a fiscal year with noncompliance two years after the initial tax year that contains a filing, payment or reporting compliance issue, compared to total taxpayers. This indicator was added to performance reporting in FY 2020.

⁴ The cost of collecting \$100 is computed as total operating costs divided by gross collection multiplied by 100.

Strategic Objective 3: Focus expanded enforcement on taxpayers with complex tax filings and high-dollar noncompliance to address the tax gap.

Major Program | Enforcement of Tax Legislation

Prior to funding provided by the IRA, more than a decade of budget cuts prevented the IRS from keeping pace with the sophisticated ways that some taxpayers attempt to evade taxes. The IRS is moving more swiftly to improve tax compliance in areas where the IRS did not have adequate resources; however, small businesses and households earning \$400,000 or less will not see audit rates increase relative to historical levels.

In continuing efforts to improve tax compliance and ensure fairness, the IRS used IRA funding to reduce the number of high-income nonfilers. The IRS is working to ensure priority taxpayer segments, which include large corporations, complex partnerships, high-income and high-wealth individual filers pay the taxes they owe. New compliance efforts are focused on 125,000 high-income taxpayer cases where federal income tax returns have not been filed since 2017. This work is directly in line with the IRS's vision to minimize attempts at tax evasion by complex filers. The IRS estimates that approximately \$63 billion, or 9% of the gross tax gap, is due to nonfilers. More information on the tax gap can be found in [Other Information – Section B: Tax Burden, Tax Gap, and Tax Expenditures](#). In FY 2024, the IRS sent more than 25,000 compliance letters to the priority nonfiler population with more than \$1 million in income, and over 100,000 letters to nonfilers who had incomes between \$400,000 and \$1 million for tax years 2017 through 2021.

The IRS expanded enforcement for priority taxpayer segments in FY 2024 by increasing total trained staff and making compliance work more efficient with new tools and processes. This included identifying and implementing strategic options for rapidly increasing enforcement activities to supplement hiring and training. The IRS introduced a pilot to utilize refined approaches and treatments for priority taxpayer segments. High-income nonfilers received tailored, proactive outreach before receiving automated assessments or penalties.

In FY 2024, the IRS ramped up efforts to pursue high-income and high-wealth individuals who have either not filed their taxes or failed to pay recognized tax debt, concentrating on taxpayers with more than \$1 million in income and more than \$250,000 in recognized tax debt. The IRS opened examinations on 76 of the largest partnerships in the U.S., representing a cross section of industries including hedge funds, real estate investment partnerships, publicly traded partnerships, large law firms, and other industries. The selection of these returns is the result of groundbreaking collaboration among experts in data science and tax enforcement. In addition, the IRS expanded the large corporate compliance program, focusing on noncompliance by using data analytics to identify large corporate taxpayers for audit. The large corporate compliance program includes the largest and most complex corporate taxpayers with average assets of more than \$24 billion and average taxable income of approximately \$526 million per year.

With the funding provided by the IRA, the IRS has already begun to rebuild capacity and deliver results to improve tax fairness, including collecting over \$1 billion from millionaires with delinquent tax debt and examining the returns of large partnerships with questionable balance sheets. This has been