

Strategic Objective 1: Dramatically improve services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible.

Major Program | Service to the Taxpayer

In FY 2024, the IRS enhanced live assistance. After the passage of the IRA, the IRS hired thousands of new customer service representatives to ensure that call centers could effectively handle the millions of calls that the IRS receives annually. The improvement to taxpayer service was immediate. During the 2024 filing season, the IRS answered more than one million additional phone calls than the prior year and achieved a nearly 88% level of service (the percentage of callers that speak to a customer service representative), while maintaining an average call wait time of three minutes. The IRS introduced new voicebot technology, which helped taxpayers with a wide range of issues, including securing account transcripts, getting answers to questions about balances due, and getting help from the Taxpayer Advocate Service.

Without additional funding, the IRS estimates it can maintain the taxpayer services workforce at the level required to deliver exceptional service in FY 2025 but will not be able to sustain these efforts through FY 2026. Consequently, the IRS projects that the 85% level of service targeted for the 2025 filing season may drop to less than 30% in FY 2026, absent additional funding.

In FY 2024, the IRS launched additional efforts to ensure that taxpayers can access additional tax credits for which they may be eligible, such as:

- In November 2023, the IRS sent over 1.8 million reminder letters to individuals who received the advanced Child Tax Credit but did not file a 2021 return and could be eligible to claim the other 50% of the expanded Child Tax Credit.
- In January 2024, while expanding partnerships with tax software companies, paid preparers, philanthropies, employers, and state and local governments, the IRS launched a new annual Tax Professional Awareness initiative to educate tax professionals on refundable credit eligibility requirements and inform them of their due diligence obligations to help eligible taxpayers receive credits. The IRS also began a data sharing program with states that enables them to inform potentially eligible taxpayers about the Earned Income Tax Credit.

These efforts will not only support taxpayers with receiving Earned Income Tax Credits and other refundable tax credits but also support taxpayers' compliance with the complex eligibility rules for claiming those credits. This will assist taxpayers with claiming only those tax credits for which they are eligible and could lead to reductions in the IRS improper payment rates. More information on IRS improper payments can be found in [Other Information – Section C: Management and Performance Challenges](#).

Using IRA funding, in FY 2024, the IRS also expanded its online services. The IRS enhanced and created popular and convenient online tools that save taxpayers time and money, while also reducing phone calls, paper processes, and other burdens. The IRS added new features to the Online Account for individuals, giving individual taxpayers the ability to perform more interactions with the IRS without needing to speak to a customer service representative. These additional features allow taxpayers to view digital copies of most notices and letters, access forms, view status updates such as changes in refund status, expand secure two-way messaging, and view their previous year's tax return forms and information returns. It also allows individuals to process and monitor payments and apply for an identity protection personal identification number.

In FY 2024, the IRS launched its first-ever Business Tax Account, which focused on small business owners, sole proprietors, individual partners of partnerships, and individual shareholders of S corporations with an employer identification number. Now, eligible entities can view certain digital notices and letters, business tax records, business balance due, and request a tax compliance check.

Additionally, tax professionals can perform most of their interactions with the IRS through their online Tax Pro Account. These enhancements provide the ability to manage active client authorizations and view individual and business clients' tax information, such as business balance due and canceled and returned checks for individuals.

The IRS dramatically increased digital services. The 2024 Direct File pilot served as an important innovation in ongoing efforts to lead the IRS into a digital, taxpayer-focused future. The IRS incorporated a Secure Access Digital Identity authentication feature that enabled eligible taxpayers to sign and electronically file their federal tax return directly and securely with the IRS. Legacy paper processes are in the process of being converted to digital formats to further support digital services. To ensure paper filings are properly retained, the IRS developed a quality control review process with defined criteria and standards to ensure digitized paper is complete and correct prior to disposal.

The IRA and the Creating Helpful Incentives to Produce Semiconductors Act of 2022 represent the most significant actions taken on domestic manufacturing, clean energy, and climate change in U.S. history. Since enactment, the IRS and Treasury have collaboratively worked to implement the 34 clean energy provisions affecting both individual and business taxpayers.

In November 2023, the IRS successfully launched IRS Energy Credits Online, which is used for multiple clean energy IRA provisions and is part of the larger effort underway to make improvements to the taxpayer experience and to transform IRS operations. IRS Energy Credits Online provides an electronic method for users to register for a Clean Vehicle or Elective Payment/Transfer Election account. Account holders can register facilities and properties, request advance payments, and submit Clean Vehicle Time-of-Sale reports. The IRS also conducted numerous IRS Energy Credits Online registration efforts in partnership with industry organizations and shared valuable information through nine e-News bulletins focused on eligible clean energy credit communities that collectively have over 2.8 million subscribers.

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

made possible by an increase in enforcement staff of more than 8,000 since the passage of the IRA, bringing total enforcement staffing to nearly 43,000. This resulted in boosting enforcement capacity to ensure high-income individuals, large corporations, and complex partnerships pay what they legally owe, and to disrupt tax scams that prey on families, small businesses, and other taxpayers.

The IRS continues to rebuild trust and fairness in enforcement. When researchers from Treasury and several academic institutions [published a study](https://siepr.stanford.edu/publications/working-paper/measuring-and-mitigating-racial-disparities-tax-audits) (https://siepr.stanford.edu/publications/working-paper/measuring-and-mitigating-racial-disparities-tax-audits) that found Black taxpayers were three to five times more likely to be audited than other taxpayers, the IRS dedicated resources to evaluate the extent to which exam priorities, automated processes, and the data it relies on, contributed to this disparity. The IRS's findings supported the conclusion that Black taxpayers are audited at higher rates than other taxpayers. The IRS is revamping compliance efforts to advance its commitment to fair, equitable, and effective tax administration and hold itself accountable to taxpayers. The IRS is investing IRA resources in research that can help identify disparities across dimensions of race, ethnicity, age, gender, and geography, and is using that research to continuously refine approaches to compliance and enforcement.

Concerns about the IRS's Whistleblower Program have been raised by Congress, the whistleblower practitioner community, and the news media regarding the decline in the total dollar amount of whistleblower awards, the total proceeds collected attributed to whistleblower awards paid, the number of awards paid, and the length of time it takes to pay out an award. To address these concerns, the IRS introduced several steps during FY 2024 to improve the Whistleblower Program by increasing the capacity to use high-value whistleblower information effectively, awarding whistleblowers fairly and as soon as possible, and keeping whistleblowers informed of the status of their claims and the basis for IRS decisions.

The IRS is strengthening collaboration with all whistleblower program stakeholders. In FY 2024, the IRS updated Form 211, Application for Award for Original Information, based on feedback from whistleblower program stakeholders. Form 211 revisions included *updated alleged violation issue* options to improve data capture of key compliance work areas and the option for multiple whistleblowers to file jointly. The IRS is working to make it easier for whistleblowers to file a claim by developing a digital intake solution. The IRS took steps to help improve awareness of the program and is developing a multi-year IRS Whistleblower Office Strategic Plan that is also based on feedback from internal and external stakeholders. In FY 2024, the IRS paid awards totaling \$123.5 million based on whistleblower information attributable to tax and other amounts collected of \$474.7 million. Since issuing its first award in 2007 through September 2024, the IRS has paid over \$1.3 billion in awards based on the successful collection of \$7.4 billion from noncompliant taxpayers.

DID YOU KNOW?



THE IRS WHISTLEBLOWER OFFICE

The IRS Whistleblower Office processes tips received from individuals who spot tax problems in their workplace, while conducting day-to-day personal business or anywhere else they may be encountered. Monetary awards are paid to eligible individuals whose information is used by the IRS. Visit [IRS.gov/whistleblower](https://irs.gov/whistleblower) to learn more.

Objective 3 Performance Results

The IRS met or exceeded 1 out of 6 of its Objective 3 key performance measures.

TABLE 3: 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
Examination Efficiency – Individual ¹	76	108	101	103	106	82
Exam Starts – High-Income Individuals ^{*,2}	2,693	2,227	3,625	4,326	4,398	4,052
Exam Starts – Partnerships ^{*,3}	4,106	4,327	3,155	6,709	4,074	2,285
Exam Starts – Large Corporations (Assets >= \$250M) ^{*,4}	1,700	1,490	1,365	1,400	1,250	1,263
Criminal Investigations Completed ⁵	2,624	2,766	2,552	2,584	2,500	2,481
Conviction Rate ⁶	90.4%	89.4%	90.6%	88.4%	92.0%	90.0%

■ 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 sum of all individual 1040 returns closed by Small Business/Self-Employed, Taxpayer Services, and Large Business and International (Field Exam and Correspondence Exam programs) divided by the total full-time equivalent expended in relation to those individual returns. FY 2024 performance was 82. Examination Efficiency – Individual finished below the target of 106. This was due to training new hires and working complex cases, which take more time to complete.

² The number of examinations of individual returns started during the fiscal year with a total positive income of \$10 million and above. This indicator was added to performance reporting in FY 2021. FY 2024 performance was 4,052, which was a 6.3% decrease from FY 2023. Exam Starts – High-Income Individuals finished below the target of 4,398. This was due to hiring and experienced examiners being taken offline to serve as on-the-job instructors, reducing overall direct exam time. Exam starts are expected to increase in FY 2025 and subsequent years as new hires complete training and trainers resume their normal work.

³ The number of examinations of partnership returns started during the fiscal year. This indicator was added to performance reporting in FY 2021. FY 2024 performance was 2,285, which was a 65.9% decrease from FY 2023. Exam Starts – Partnerships finished below the target of 4,074. This was due to a delay in partnership training. Per directive, IRA funding was not to be used to increase exams on small businesses. Thus, partnership examinations will move towards more complex organizations requiring long cycle times and resulting in fewer starts.

⁴ The number of examinations of large corporate returns started during the fiscal year reporting assets of \$250 million and above. This indicator was added to performance reporting in FY 2021. There was significant hiring in FY 2024, which required new hire training. Exam starts are expected to increase in FY 2025 and subsequent years as new hires complete training and trainers resume their normal work.

⁵ The total number of subject criminal investigations completed during the fiscal year, including those that resulted in prosecution recommendations to the Department of Justice as well as those discontinued due to a lack of prosecution potential. FY 2024 performance was 2,481, which was a 4% decrease from FY 2023. Criminal Investigations Completed finished below the target of 2,500 because there was a bigger shift toward training as a result of much needed hiring. Experienced agents served as on-the-job instructors and academy instructors, thereby impacting productivity.

⁶ The percent of adjudicated criminal cases that result in convictions.

DID YOU KNOW?



IDENTITY THEFT CONTROL

Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Visit [IRS.gov/idtheft](https://www.irs.gov/idtheft) to learn more.