



## Treasury Inspector General for Tax Administration

### INTERIM RESULTS OF THE 2008 FILING SEASON

Issued on March 31, 2008

## Highlights

Highlights of Report Number: 2008-40-100 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

### IMPACT ON TAXPAYERS

The filing season is critical for the Internal Revenue Service (IRS) because it is the time when most individuals file their income tax returns and contact the IRS if they have questions about specific tax laws or filing procedures. The IRS estimates that it will process more than 137 million individual returns in the 2008 Filing Season.

### WHY TIGTA DID THE AUDIT

This report presents selected information related to the IRS 2008 Filing Season results as of March 8, 2008. TIGTA has a number of ongoing audits related to the 2008 Filing Season. Individual audit reports will be issued at the completion of each audit.

### WHAT TIGTA FOUND

In general, the IRS had processed returns accurately and issued timely refunds through March 8, 2008. The IRS faced two significant challenges in this filing season: late passage of a law to limit the number of taxpayers subject to the Alternative Minimum Tax and implementation of the Economic Stimulus Act of 2008.

Due to late passage of the Alternative Minimum Tax legislation, the IRS could not process five tax forms affected by the legislation until February 11, 2008. The week ending February 15, 2008, was the first week for processing returns with the five affected forms. As a result, receipts increased by 20.9 percent over the same week last year.

The IRS is trying to ensure that everyone who is entitled to the stimulus payment knows what to do to receive it. The IRS sent an advance notice to more than 130 million taxpayers who filed a Tax Year 2006 income tax return. These notices were mailed on March 4 through March 21, 2008, and cost an estimated \$45 million. The advance notice was informational only and did not require a response from the taxpayer. The IRS also created a new tax package (Package 1040A-3) to be

mailed to more than 20 million individuals who normally do not have to file tax returns (e.g., those who receive Social Security Administration and Department of Veterans Affairs benefits) but may qualify for the stimulus payment. As of March 8, 2008, the IRS had received an estimated 379,000 tax returns from individuals filing returns solely to receive the stimulus payment.

As of March 8, 2008, TIGTA had identified 149,078 taxpayers who had attached a Direct Deposit of Refund to More Than One Account (Form 8888) to split their tax refunds into up to 3 different bank accounts. While the number of taxpayers choosing to split their refunds is higher than last year at this time (52,696 taxpayers), it still represents less than 1 percent of all direct deposits through March 8, 2008.

Millions of taxpayers borrow against all or part of their expected refunds using a Refund Anticipation Loan. TIGTA is conducting a telephone survey of taxpayers whose IRS records indicate they applied for a Refund Anticipation Loan during the 2008 Filing Season. As of March 8, 2008, TIGTA had completed 141 surveys. Most survey respondents understood that they had received loans and they obtained them to receive the money from their tax refunds sooner so they could pay their bills. However, 79 percent of the respondents stated that they were unaware of IRS free tax return preparation services for which they qualify.

The Taxpayer Assistance Centers served 2.6 million taxpayers from October 1, 2007, through March 8, 2008. As of March 8, 2008, the IRS had reported a 60 percent accuracy rate for tax law questions and an 83 percent accuracy rate for tax account questions.

The performance measures and service indicators for the Toll-Free Telephone Program are currently lower than in the 2007 Filing Season because of increased demand related to the upcoming stimulus payment. Through March 8, 2008, the Level of Service provided on the IRS toll-free telephone lines (79.5 percent) was slightly lower than that provided during the same period in the last filing season (82.2 percent). The Average Speed of Answer is currently at 327 seconds (5.5 minutes). The number of blocked calls (489,967) had increased over that in the 2007 Filing Season (323,364).

### WHAT TIGTA RECOMMENDED

This report was prepared to provide interim information only. Therefore, it includes no recommendations. However, key IRS management officials reviewed it prior to issuance and agreed with the facts and conclusions presented.

### READ THE FULL REPORT

To view the report, including the scope and methodology, go to:

<http://www.treas.gov/tigta/auditreports/2008reports/200840100fr.pdf>.

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