



## Treasury Inspector General for Tax Administration Office of Audit

### INTERIM RESULTS OF THE 2009 FILING SEASON

Issued on March 30, 2009

## Highlights

Highlights of Report Number: 2009-40-058 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. During the 2009 Filing Season, the IRS expects to receive nearly 140 million individual income tax returns.

### WHY TIGTA DID THE AUDIT

This report presents selected information related to the IRS 2009 Filing Season results as of either March 6 or March 7, 2009. TIGTA has a number of ongoing audits related to the 2009 Filing Season. Individual audit reports will be issued at the completion of each audit.

One of the challenges the IRS confronts each year in processing tax returns is the implementation of new tax law changes. Before the filing season begins, the IRS must identify new tax law and administrative changes and, when possible, revise the various tax forms, instructions, and publications. It must also reprogram its computer systems to ensure tax returns are accurately processed. The 2009 Filing Season presented additional challenges for the IRS due to the enactment of two significant tax laws that provide a new refundable First-Time Homebuyer Credit and a massive bailout and tax relief package that included 116 different tax provisions. In addition, much like last filing season, the IRS is responsible for processing tax returns that include the Recovery Rebate Credit (RRC).

### WHAT TIGTA FOUND

TIGTA found no significant problems with the IRS' processing of individual income tax returns during the 2009 Filing Season through March 6, 2009. While we have some concerns that are discussed in the report, in general, the IRS accurately processed the returns it had received and issued refunds in a timely manner.

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As of March 6, 2009, the IRS had received approximately 63.9 million tax returns—51.8 million electronically filed (*e-filed*) and 12.1 million paper filed. *E-filing* has increased by 6.1 percent compared to the same period in 2008; the largest part of this increase is taxpayers *e-filing* from their home computers which increased by 19.9 percent.

In addition, a total of 11.4 million tax returns included a claim for the RRC. Claims for the RRC totaled approximately \$7.1 billion and our analysis shows that the IRS correctly computed the RRC on 99.6 percent of tax returns processed. However, taxpayers are having difficulty in determining whether they qualify to receive the RRC and, if they qualify, the amount of their credit. As of March 6, 2009, the IRS had identified approximately 5.4 million tax returns with RRC errors.

Finally, as of March 6, 2009, the IRS had identified 67,780 returns with \$421,487,654 being claimed in fraudulent refunds and was able to prevent the issuance of \$376,987,935 of the fraudulent refunds being claimed.

Taxpayers have several options to choose from when they need assistance from the IRS, including telephone assistance through the toll-free telephone lines, face-to-face assistance at the Taxpayer Assistance Centers and Volunteer Program sites, and self-assistance through the IRS public Internet site (IRS.gov). Interim results of these options are as follows:

- As of February 28, 2009, the Taxpayer Assistance Centers had served 2.4 million taxpayers since October 1, 2008—1.3 million taxpayers for the 2009 Filing Season.
- Some performance measures and service indicators for the Toll-Free Telephone Program are currently lower than in the 2008 Filing Season because of increased demand related to prior year Adjusted Gross Income and the RRC.
- As of March 7, 2009, we had 22 tax returns prepared at Volunteer Program sites with a 64 percent accuracy rate, which is approaching the 69 percent accuracy rate we reported for the 2008 Filing Season.
- As of the week ending March 7, 2009, the IRS had reported a 28.7 percent increase in the number of visits to IRS.gov (the IRS public Internet site) over the same period in the prior filing season.

### WHAT TIGTA RECOMMENDED

This report was prepared to provide interim information only. Therefore, we made no recommendations in the report.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2009reports/200940058fr.pdf>

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