

American Recovery and Reinvestment Act Program Plan Tax Provision Implementation Program

Objectives

The purpose of the program is to ready IRS systems and products to enable taxpayers to take advantage of the tax provisions of the Recovery Act in a timely manner and as they become available. Individual and business taxpayers will receive the intended benefit of the tax changes related to: individual credits; renewable energy and energy conservation incentives; tax incentives for business; and, premium assistance for COBRA benefits. State and local governments will benefit through increased allocations of existing tax exempt bonds and through new infrastructure financing mechanisms.

Activities

The activity to be performed is the implementation of all tax provisions in the Recovery Act. The appropriated \$123 million is for administrative expenses needed to carry out the implementation. Implementation of the tax provisions will be done via several avenues: education and outreach; guidance and instructions; IRS processing and programming; compliance; and reporting.

Education and outreach activities are designed to assist taxpayers in determining whether or not various provisions apply to them specifically. Examples of these activities include issuing news releases, providing up-to-date information on irs.gov, posting questions and answers on irs.gov, providing forums (conference calls, for example) for discussion with targeted groups such as tax preparers, creating specific toll-free assistance related to the Recovery Act, and publishing fact sheets for various provisions.

Guidance and instructional activities are designed to tell taxpayers how they can actually take or claim various credits that apply to them. Examples of these activities include updating the necessary tax forms, schedules, instructions, and publications as well as issuance of Internal Revenue Bulletin Notices and Revenue Procedures.

IRS processing and programming activities are designed to enable IRS systems to process returns and other claims for the various Recovery Act tax provisions, and to inform taxpayers when IRS is ready to process their returns and claims.

Compliance activities are designed to let the taxpayer know that IRS is working to ensure that the various tax credits claimed are correctly claimed and that these benefits are going to those for whom they were intended. Examples of these activities include identification and correction of inadvertent errors, determination of compliance processes that can be used to detect claims made by those not entitled to them, establishing compliance filters and validity checks during return processing, and implementing any applicable penalties.

Reporting activities are designed to track the Recovery Act tax provision benefits. The Department of the Treasury will provide an estimate of benefits to individuals, businesses, and state and local governments as data becomes available.

Characteristics

Implementation of tax provisions includes no financial awards. Appropriated funding is for administrative expenses. The tax provisions themselves provide assistance to the vast majority of American taxpayers.

Delivery Schedule

Schedule for major phases of the program's delivery:

	Milestone	Planned Completion Date	Actual Completion Date
1.	Complete all required activities to implement Individual Credits for 2009 filers	03/31/2009	03/31/2009
2.	Complete all required activities to implement Premium Assistance for COBRA Benefits	03/31/2009	03/31/2009
3.	Begin reporting data for Recovery Act credits and payments occurring during the 2009 filing season ¹	08/01/2009	
4.	Complete all required activities to implement Renewable Energy and Energy Conservation Incentives	12/31/2009	
5.	Complete all required activities to implement Tax Incentives for Business	12/31/2009	
6.	Complete all required activities to implement the various Bond Incentives related to Economic Recovery	12/31/2009	
7.	Complete all required activities to implement Individual Credits for 2010 filers	12/31/2009	
8.	Begin reporting data for credits claimed during the 2010 filing season	03/01/2010	

More detailed schedules for implementation of the tax provisions are in the files attached here. The tax provisions are stratified by five main categories: Individual Credits, Premium Assistance for COBRA Benefits, Renewable Energy and Energy Conservation Incentives, Tax Incentives for Business and Bond Incentives.

(Excel files sent separately)

¹ Reporting on Tax Year 2008 First Time Homebuyer's credit will begin August 1, 2009. Reporting on Recovery Act Premium Assistance for COBRA Benefits and Build America Bonds is expected to begin when data becomes available in August 2009.

National Environmental Policy Act Compliance

Implementation of the tax provisions does not have applicability to the National Environmental Policy Act, the National Historic Preservation Act, or related statutes.

Measures

The intent of the Recovery Act legislation related to tax provisions is to provide the American taxpayer with opportunities to take advantage of various tax credits to ease economic distress and spur economic recovery. In order to carry out this intent, these tax provisions must be implemented in a timely manner and made available to taxpayers according to the timing outlined in the enacted law. This outcome is quantified via two output measures, both of which will be gauged on a monthly basis:

Output Measure #1: Completion of plan activities affecting the 2009 filing season

This measure is reflected as the percent of activities needed to implement Recovery Act provisions affecting the 2009 filing season that are complete. Activities needed to implement are outlined in the detailed plans attached above under “E. Delivery Schedule” and are noted with a planned completion date for each.

Output Measure #2: Completion of plan activities affecting the 2010 filing season

This measure is reflected as the percent of activities needed to implement Recovery Act provisions affecting the 2010 filing season that are complete. Activities needed to implement are outlined in the detailed plans attached above under “E. Delivery Schedule” and are noted with a planned completion date for each.

Monitoring and Evaluation

All activity of the IRS relating to implementation of Recovery Act tax provisions is overseen by an Executive Steering Committee consisting of the highest-level executives in IRS, representing every major function and business. This committee, which met weekly through the end of March and now meets monthly, reviews all progress on program activity. Initial risk assessments and analyses were performed and documented timely, and all required mitigation actions identified. Risk assessments and analyses will continue during implementation. All Recovery Act expenditures are tracked via a unique code and reported weekly. In addition, the Department of the Treasury will provide an estimate of benefits to individuals, businesses, and state and local governments as data becomes available.

Transparency

IRS will be open and transparent in all expenditures of Recovery Act funding consistent with statutory and OMB guidance. Program costs and outlays are tracked via Chief Financial Officer reports and will be submitted as required by the Act.

Accountability

To ensure that managers are held accountable for achieving Recovery Act goals in implementing the tax provisions, IRS is using a two-pronged approach – executive oversight and the IRS

Legislative Analysis, Tracking and Implementation System. Senior IRS executives met weekly through March, and continue to meet monthly, to review progress on all activity. In-depth briefings to the Commissioner and Deputies are provided as needed. Executives in each IRS operating division are responsible for reviewing and approving Recovery Act plans, ensuring activities in those plans are completed timely, assessing and mitigating risks. The IRS Legislative Analysis, Tracking and Implementation System is an internal control infrastructure used to identify all actions necessary (beginning at the lowest level) to timely implement tax changes required by enacted legislation, plus, it tracks and monitors the progress and completion of these actions. This system is overseen by the Deputy Commissioners of IRS and has proven successful over several years in ensuring enacted legislation impacting tax administration is fully and timely implemented.

Barriers to Effective Implementation

No barriers that would impede implementation of the tax provisions have been identified to date.

Federal Infrastructure Investments

All Recovery Act funds for implementation of the tax provisions are for administrative expenses only.