

## Identifying Prospective TAS Taxpayers

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The Taxpayer Advocate Service (TAS) was created to help taxpayers resolve problems with the IRS, protect taxpayer rights, reduce taxpayer burden, and encourage overall service improvement at the IRS. Taxpayers typically seek TAS assistance with specific issues when: 1) they experience a tax problem that causes financial difficulty; 2) they are unable to resolve their issues directly with the IRS through normal channels; or 3) an IRS action or inaction caused or will cause them to suffer a long-term adverse impact, including a violation of taxpayer rights.<sup>1</sup> TAS receives cases through a number of different channels, including referrals from other IRS employees and congressional offices. In fiscal year 2019, TAS received approximately 40 percent of its cases from direct contacts, and 60 percent from referrals from congressional offices and other IRS employees.<sup>2</sup>

While TAS exists to serve all taxpayers, we recognize that there are large numbers of taxpayers across the country with IRS-related issues who do not request TAS assistance. To better serve all taxpayers, TAS has studied taxpayer populations to identify changes over the years and to better understand where TAS should be focusing its resources and outreach and advocacy efforts.

### BACKGROUND

TAS defines “underserved taxpayers” as individuals who have not requested TAS assistance even though they met one of the nine qualifying criteria allowing them to receive such assistance. TAS completed a research project in 2002 to help quantify the “underserved taxpayer population” (hereinafter “TAS taxpayers” or “prospective TAS taxpayers”) in the United States and to identify certain characteristics of those taxpayers to help TAS assess the services it provides. Based in part on the results of the 2002 study, TAS implemented its initial outreach program.

In 2007, TAS wanted to understand the impact of its outreach program and update its knowledge of the size and shape of the TAS taxpayer population in the United States. TAS commissioned another multi-phase research project to update the information from the prior study and used the results to further refine its outreach efforts over the years.

Understanding that the size, demographics, and other characteristics of TAS taxpayers has continued to change, TAS commissioned a similar multi-phase research project that was completed in 2019.

The objectives of this research project were to:

- Update the national estimate of the underserved taxpayer population as well as the awareness of TAS;
- Resegment the underserved taxpayer population;
- Assess awareness and likelihood of utilizing TAS among the underserved;
- Understand why underserved taxpayers do not request TAS services and what TAS can do to better reach them; and

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<sup>1</sup> See Internal Revenue Manual (IRM) 13.1.7.2, TAS Case Criteria (Feb. 4, 2015).

<sup>2</sup> According to Taxpayer Advocate Management Information System (TAMIS) data obtained October 1, 2019, in FY 2019, TAS received 240,777 cases. Of those, 144,453 were referred by IRS employees (133,833) or congressional offices (10,620). The remaining 96,324 came from telephone calls to the NTA Toll-Free line, direct calls to local TAS offices, correspondence, walk-in, and direct requests for TAS assistance.

- Explore why TAS assistance was not requested, including whether underserved taxpayers were aware of the existence of TAS or the benefits TAS can provide to taxpayers.

## METHODOLOGY

Russell Research completed three phases to collect data.<sup>3</sup> In the first phase, data was collected from a total of 1,015 respondents of U.S. taxpayers. The study used a hybrid data collection methodology, interviewing 60 percent of the respondents by telephone, with the balance surveyed online. In the second phase, data was collected from 1,006 underserved taxpayers using the same hybrid data collection methodology.<sup>4</sup>

To qualify, respondents were screened to ensure that they:

- Reside in the United States;
- Are adults (*i.e.*, ages 18+);
- Have ever filed federal income taxes or are aged 65 or older and plan to file federal income taxes in 2019 for the tax year 2018;
- Experienced one or more (of nine) situations in the past two years that may result from the application of federal tax laws; and
- Have never used TAS.

In addition to collecting quantitative data from these interviews, the third phase of the research project had a qualitative aspect where the researchers utilized focus groups. Russell Research conducted four 90-minute focus groups of eight persons each in the cities of New York, Chicago, Denver, and Los Angeles.

## FINDINGS

The findings<sup>5</sup> showed that:

- The number of prospective TAS taxpayers in the United States continues to grow;
- The composition of the TAS taxpayer population is not skewed to one language or socioeconomic class; rather, it includes a mix of incomes and personal circumstances; and
- Lack of awareness of TAS remains a significant issue.

The 2019 study showed that the overall size of the TAS taxpayer population has continued to grow over the years. The 2007 study estimated this population to be approximately eight percent of total taxpayers, which increased to 11 percent of total taxpayers in 2019 (approximately 17 million

3 Russell Research (Russell) is a custom research firm in the market research industry. For more information, see Russell Research, *About*, <https://russellresearch.com/> (last visited June 4, 2020). Russell provides both quantitative and qualitative research, with in-house telephone and focus group facilities. TAS has conducted three different studies with Russell on taxpayers eligible for, but not seeking, TAS assistance, since 2002.

4 The confidence interval for this sample size is +/- 3.1 percent.

5 Russell Research, *Findings from the Taxpayer Advocate Service Research Program* (Dec. 27, 2019).

taxpayers).<sup>6</sup> Although prospective TAS taxpayers' awareness of TAS has improved over that same time period, lack of TAS awareness is still the primary reason why those taxpayers are not utilizing TAS.

The study also showed that the demographics of this taxpayer population are like the demographics found in 2002 and 2007, with a few differences noted as well. Some of the demographic information shows that these taxpayers today are:

- Less likely to be employed;
- More likely to have health insurance;
- More likely to self-prepare returns; and
- More likely to file their taxes separately if married.

One finding in the 2019 study was particularly surprising. Approximately 58 percent of this taxpayer population (roughly ten million taxpayers) are considered middle-income, upper-middle income, or wealthy taxpayers, with low financial stress. For many years, TAS has focused its efforts on lower income taxpayers, many of whom are most likely to experience significant financial hardships. While those taxpayers continue to need TAS assistance, there are large numbers of higher income taxpayers who can benefit from knowing about TAS and the services we provide. Oftentimes, these taxpayers have complex tax issues and have trouble reaching or working with the IRS to resolve their issue without assistance.

TAS needs to expand its outreach efforts to reach those taxpayers who are in the middle- to upper-income levels to educate them on how TAS may be able to assist them. In the wake of the current economic issues experienced by taxpayers at all economic levels, awareness of TAS services will be particularly critical.

## TAS AWARENESS

The previous research studies have shown that the primary reason taxpayers are not using TAS is due to lack of TAS awareness. Over the years, TAS implemented and has maintained a targeted outreach program while working to increase its visibility to taxpayers. Between 2002 and 2019, the percentage of total taxpayers who were aware of TAS by name increased from 13 percent to 25 percent. However, between 2007 and 2019, the percentage of taxpayers who were aware of TAS by name did not show a statistically significant change. Taxpayers in the 2019 study also indicated that they did not use TAS because IRS Customer Service did not tell them about TAS; their tax preparer did not tell them about TAS; or they did not think they qualified for TAS assistance.

Although some indicators of TAS awareness have been increasing, there is still room for improvement. According to the 2019 study, approximately 80 percent of prospective TAS taxpayers feel that TAS should market itself better. Taxpayers who were surveyed indicated that they primarily get their information/advertisements from local and national newspapers, cable news channels, subscription video services, Facebook, YouTube, and FM radio stations. They also suggested that the most preferred vehicles for TAS marketing would be on the official IRS notices sent to taxpayers and

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<sup>6</sup> The 95 percent confidence interval ranged from 13.8 million to 19.6 million taxpayers.

on IRS and TAS websites. It is important to note that TAS already has its information on official IRS notices; however, taxpayers could easily overlook the TAS-specific information because there is so much competing information included in IRS correspondence and on its webpages. Survey respondents also suggested TAS advertise in tax software packages, on free tax help websites, on television and radio, and on social media sites such as Facebook. While it is often not feasible for TAS to advertise in the traditional way of print, radio, or television, TAS should pursue efforts to improve visibility on IRS webpages and within IRS correspondence, highlighting messaging that will resonate most positively with taxpayers when describing the services TAS has to offer.

Although overall awareness of TAS has been increasing, there is room for improvement, and TAS needs to continue to expand its outreach efforts.

## FOCUS GROUP FINDINGS

Taxpayers who participated in the focus groups as part of the 2019 study who were previously unaware of TAS were skeptical when informed about TAS and what TAS does for taxpayers. Taxpayers' skepticism revolved around the use of three main "trigger words" — independent, free, and qualify.<sup>7</sup>

First, the idea of TAS working *independently* but existing *within* the IRS was a challenging concept for these taxpayers to grasp. Many saw this verbiage as creating a dichotomy that painted an unclear picture of how TAS operates. The word "independent" or the phrase "independent organization within the IRS" created a sense of skepticism that TAS would be truly unbiased and advocate on behalf of the taxpayer.

Second, the word "free" caused taxpayers to be skeptical of TAS. Many taxpayers equated TAS services being free to the services of a public defender. In society in general, the word "free" attached to products and services is viewed as a positive. However, in the context of TAS's offerings, the word "free" prompted concerns about the quality of the organization's services. Because the services are free, taxpayers also assumed that TAS would be overwhelmed with cases, meaning they would not be able to get the level of service they felt necessary to remedy their issue.

Finally, taxpayers were concerned when they heard the word "qualify" in relation to TAS's services. The idea of qualifying for TAS's services prompted some mixed reactions, and most taxpayers interviewed assumed they would not qualify based on their income levels or the amount of taxes they pay. The idea of possibly *not* qualifying to work with the organization was off-putting for many, creating an "I can't believe I'm not getting picked" feeling.

As the focus group participants learned more about TAS, they were able to recognize several benefits to using its services. The primary benefit that taxpayers recognized was the access to one dedicated

<sup>7</sup> Participants in the focus groups were read the following statement: "The Taxpayer Advocate Service is an independent organization within the Internal Revenue Service that helps Taxpayers and protects Taxpayer rights. Its job is to ensure that every Taxpayer is treated fairly, and that Taxpayers know and understand their rights under the Taxpayer Bill of Rights. The Taxpayer Advocate Service helps Taxpayers resolve problems that they can't resolve with the IRS. And the service is free. If Taxpayers qualify for TAS assistance, the Taxpayer is assigned to one advocate who works with the Taxpayer throughout their entire process doing everything possible to resolve their issue...."

advocate. Most taxpayers reported that they were often “bounced around” or transferred from department to department when calling the IRS, so having a dedicated advocate was an appealing feature that many assumed would help efficiently solve their problem.

## CONCLUSION

The results of this most recent study on prospective TAS taxpayers raised several issues, including the need for TAS to expand its outreach efforts to help more taxpayers. TAS will use the study results as a guide to help with future outreach and marketing and communications efforts.

Based on the 2019 study, TAS will be looking at expanding its outreach program to help reach more taxpayers, including prospective TAS taxpayers in the middle- to upper-middle income levels and small business owners. Other future TAS outreach activities may include:

- Contacting local news stations or radio stations to cover TAS outreach events based around the TAS Mobile Outreach Van<sup>8</sup> and during events such as the Pre-Filing Season Awareness Week;
- Contacting large employers within the state or local community and ask that TAS information be disseminated to employees or added to company websites with contact information for the Local Taxpayer Advocate office;
- Partnering with the Small Business Administration and local unemployment offices to inform and educate individuals and businesses about the benefit of utilizing TAS and the services it provides; and
- Exploring ways to expand TAS’s social media outreach efforts.

TAS is uniquely positioned to assist all taxpayers in resolving issues with the IRS. TAS employees understand how the IRS is organized and how it works, and many of our employees worked for other parts of the IRS before coming to TAS. We have processes and procedures in place with other IRS operating divisions regarding how our casework is handled, and we work with them daily to resolve taxpayer problems more quickly than taxpayers could do on their own.<sup>9</sup> Many taxpayers will never have a problem with the IRS, but when they do have a problem and need TAS assistance, we want to be sure they are aware of TAS and that they understand the value we bring and how we can help.

It is the National Taxpayer Advocate’s goal to ensure that TAS is no longer the IRS’s “best kept secret.” TAS plans to expand its outreach and communications efforts based on the results of the 2019 study. This expanded outreach will help increase awareness of TAS for taxpayers who need our advocacy.

<sup>8</sup> TAS planned to unveil the new TAS Mobile Outreach Van, which will be used to raise taxpayer awareness of TAS and provide TAS assistance in remote locations, during the celebration of TAS’s 20th anniversary in March 2020. The unveiling was postponed due to COVID-19, but TAS will target outreach and media efforts around the TAS van as it travels to different events across the country in the future. Bridget T. Roberts, The Taxpayer Advocate Service Celebrates 20 Years of Advocating for Taxpayers, NTA Blog, [https://taxpayeradvocate.irs.gov/news/NTA\\_Blog\\_TAS\\_Celebrates\\_20\\_Years\\_of\\_Advocating\\_for\\_Taxpayers](https://taxpayeradvocate.irs.gov/news/NTA_Blog_TAS_Celebrates_20_Years_of_Advocating_for_Taxpayers) (Mar. 13, 2020).

<sup>9</sup> IRS, Taxpayer Advocate Service Level Agreements (SLAs), <https://www.irs.gov/advocate/taxpayer-advocate-service-level-agreements-slas> (last visited June 4, 2020).