



TAS RESEARCH REPORTS

A Review of Online Accounts and Web Services Offered by U.S. State and Foreign Country Taxing Authorities

EXECUTIVE SUMMARY

As part of its vested interest in IRS online operations, TAS Research and Analysis employees completed a broad overview of state taxing authority websites and review of a few foreign taxing authority websites during Spring and Summer 2022. Specifically, TAS reviewed the IRS website along with websites of 41 U.S. states that have an individual income tax, the District of Columbia, Puerto Rico, and three countries – Canada, Australia, and the United Kingdom (UK) (“entities”).

Overall, the IRS website offered several services in common with U.S. states and the three countries reviewed, but there were notable differences. Commonly available services across nearly all states included the option to set up an online payment plan, conduct refund inquiries, receive and respond to notices online, and provide third-party access.

The IRS website was a leader in secure features for online account creation, online payment options, and language translation options. The IRS website included the most secure requirements for setting up an online account compared to other taxing authority websites. Though requiring documentation and verifying identity via a photo or video is more time-consuming for taxpayers, it results in a higher level of security. The IRS exceeded the payment options offered by state and country taxing authority websites. The IRS offered online payment options even if a taxpayer had not established an online account. Taxpayers could pay online or over the phone, using bank transfers, credit cards, debit cards, and digital wallets such as PayPal and Click to Pay. The IRS emerged as a leader in offering language translation options, with information for basic tax questions in 20 languages and the IRS homepage in English and seven other languages.

However, we identified three areas in which the IRS website lags behind other taxing authority websites.

- First is the lack of a full online filing option. There is an ongoing discussion and consideration of adding such an option to the IRS website.
- Second, the IRS Taxpayer Online Account website lacks the ability to receive most notices online. The IRS does not permit a taxpayer to submit an online response to a notice. However, the IRS was not the only entity lacking such options. This is anticipated to improve during the 2023 filing season. In addition to increasing the functionality of the online accounts, the IRS should incorporate its 18-plus standalone applications. The IRS should consolidate these features into the taxpayer's online account and provide access to their representatives – a one-stop shop.
- Lastly, we found several differences between in-person or digital contact options on the IRS website and the options available on state and foreign country websites. Unfortunately, despite the clear demand for the ability to contact the IRS via email, the IRS does not make this a contact option available for general information or requests for appointments. Moreover, the IRS has limited availability for telephone or in-person appointments, made even more difficult by consistently low levels of telephone customer service, whereas U.S. states offered taxpayers the ability to schedule an in-person appointment, and a few entities went above and beyond by providing taxpayers with contact options via social media platforms.

The IRS can learn much from a review of its own digital services and that of others, finding common ground as well as inspiration and lessons learned for future improvements. This report can form a basis for reviews of future changes and can build upon future reviews of other local tax agencies, states, and countries.

BACKGROUND

The National Taxpayer Advocate's 2020 and 2021 Annual Reports to Congress include online accounts, digital services, and barriers in electronic filing as three of the ten Most Serious Problems facing taxpayers. In the IRS's 2021 Comprehensive Taxpayer Attitude Survey, 84 percent of taxpayers reported the desire for a personal IRS online account to access their tax information, and 81 percent wanted to email questions to the IRS. Eighty-six percent agreed with the statement, "The more information and guidance the IRS provides, the more likely people are to correctly file their tax returns."¹ TAS has a vested interest in the success of the IRS's online operations as it can provide taxpayers the ability to resolve issues without assistance from IRS or TAS employees, which can decrease workload demands, and provide prompt answers. But more importantly, a robust online account together with a tax professional online account will provide the level of quality service taxpayers deserve and crave.

According to the Organisation for Economic Co-operation and Development (OECD) 2022 Report, there has been a significant trend toward e-administration with an increasing uptake of online filing of tax returns, online payments, and, in many jurisdictions, a move toward the full or partial prefilling of tax returns.² This report also highlighted that around 75 percent of administrations have a digital transformation strategy in place.

TAS has worked with IRS Online Services (OLS) to stress the needs of taxpayers and preparers for a robust online system. TAS requested copies of research studies OLS completed when determining new features or offerings. It should be noted that a systemic review of similar systems from tax collecting authorities was not conducted. As part of this study, TAS collected information on the online services offered by state and foreign country taxing authorities as a comparison to the online services available at the IRS.

We supplemented this review with recent focus groups held by TAS to gather ideas from tax practitioners about taxpayers' needs and preferences for online services. Participants expressed feeling frustrated, exasperated, disappointed, and angry with their inability to effectively communicate with the IRS.³ The

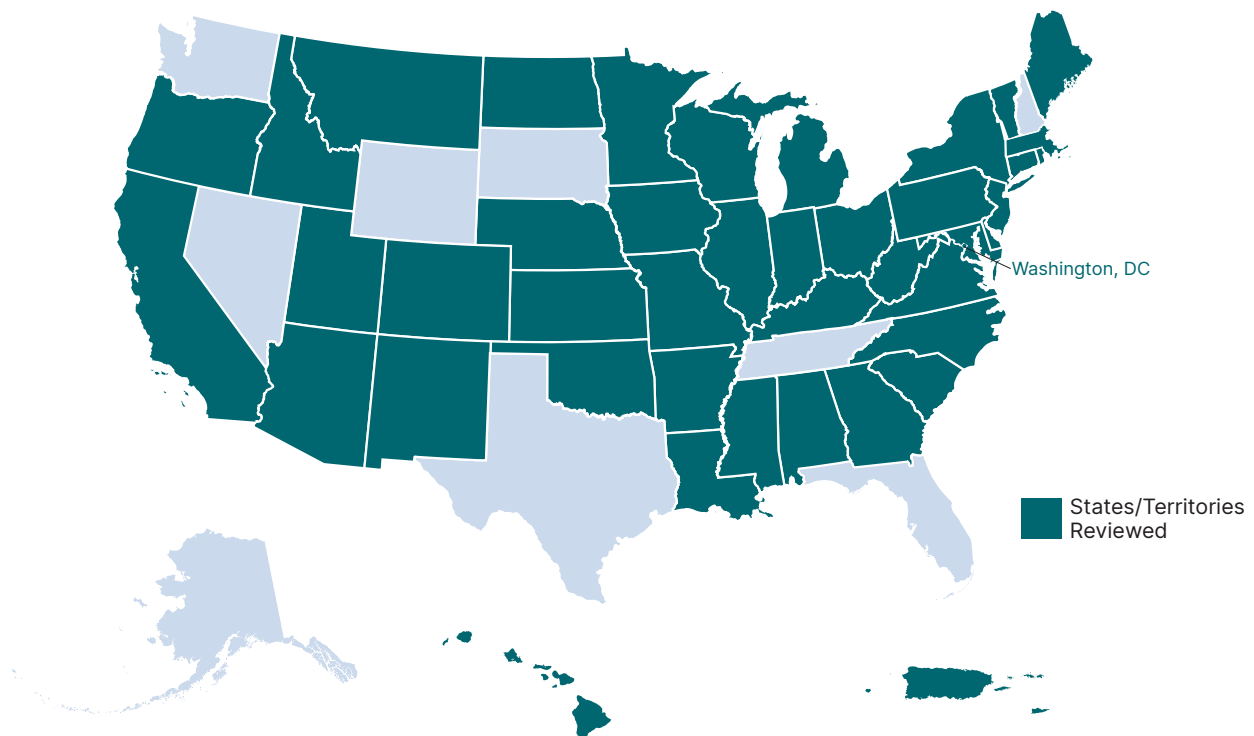
National Taxpayer Advocate has been consistently advocating for a robust online account for taxpayers and their representatives. Along with this report, TAS is leading several other research efforts including collecting information on other financial institutions, offering online account access, and conducting taxpayer focus groups on online services and authentication requirements. TAS plans to use the information gleaned from these focus groups to design surveys of taxpayers to better understand their needs and preferences for establishing an IRS Online Account and the desired functionality associated with that account. As the IRS makes further technological upgrades, it must prioritize the customer experience and make Online Account a hub for all taxpayer-IRS interactions. Through our research efforts, we hope the IRS implements highly desirable and easy-to-use online account features while ensuring the process to create an account is straightforward and painless.

INTRODUCTION

This report summarizes a review of state and foreign country taxing authority websites and compares the online services available on the IRS website from May to August 2022. Our review included the taxing authority websites of 41 U.S. states that have an individual income tax, the District of Columbia, and Puerto Rico. Figure 5.1.1 displays the states with individual income tax in this report.

FIGURE 5.1.1

Map of States and Territories Reviewed



We also reviewed the taxing authority websites of three countries – Canada, Australia, and the UK. Please see Figures 5.1.7 and 5.1.8 in Appendix A for the states and countries reviewed as well as the links to their websites.

We reviewed all entity websites to determine the online services available to taxpayers. Our objective was to survey the online services widely accessible to taxpayers and identify which services had limited availability. The findings section first summarizes the availability of the online service among state taxing authority websites, followed by foreign country taxing authority websites, and lastly, the availability of the online service on the IRS website. Where applicable, we have included responses from TAS's focus group interviews that occurred during the 2022 IRS Nationwide Tax Forums to illustrate some issues taxpayers experienced interacting with online services on the IRS website.

METHODOLOGY

TAS Research designed a data collection instrument (DCI) to capture information about online services offered on each entity website. Several TAS Research analysts reviewed U.S. state and foreign country government-sponsored taxing authority websites and captured data in the DCIs, and one analyst completed final review and edits for consistency.

Limitations and Disclaimer

Throughout this report, numerical references to U.S. states will include the District of Columbia and Puerto Rico in the count. In the self-governing commonwealth of Puerto Rico, *bona fide* residents are generally exempt from U.S. income tax on Puerto Rico-sourced income. Puerto Rico's tax system is patterned after the U.S. tax system, but there are variations in law and tax rates. U.S. citizens who have income derived from Puerto Rican sources may be liable for payment of Puerto Rican taxes. Though we considered other countries to include in this report, and their taxing authorities deserve future attention, language and access barriers prevented further review for this report.

The reviews were conducted during Spring and Summer 2022. Changes and enhancements to websites are likely and expected and are not reflected in this report. Limited interaction with the websites was possible, but we did not evaluate how well the websites worked in practice but rather focused on the services offered on the websites.

Some services were only available upon successfully logging into accounts, so it is possible there were services we could not determine without account access. TAS did not have account access to the states reviewed and relied on items posted on the website to determine services available for accounts. On many websites, help videos and how-to documents provided details about services that the reviewer could not see due to the lack of account access.

While payment and filing options existed, we did not make payments or file returns. Some sites offered notice responses; however, we could not determine the effectiveness or timeliness of processing those responses. Additionally, we did not test chat and other communication features on some websites. We merely noted chat and other features were or were not available, but we did not test their efficacy. We also did not evaluate the complexity of the tax obligations required of taxpayers.

FINDINGS

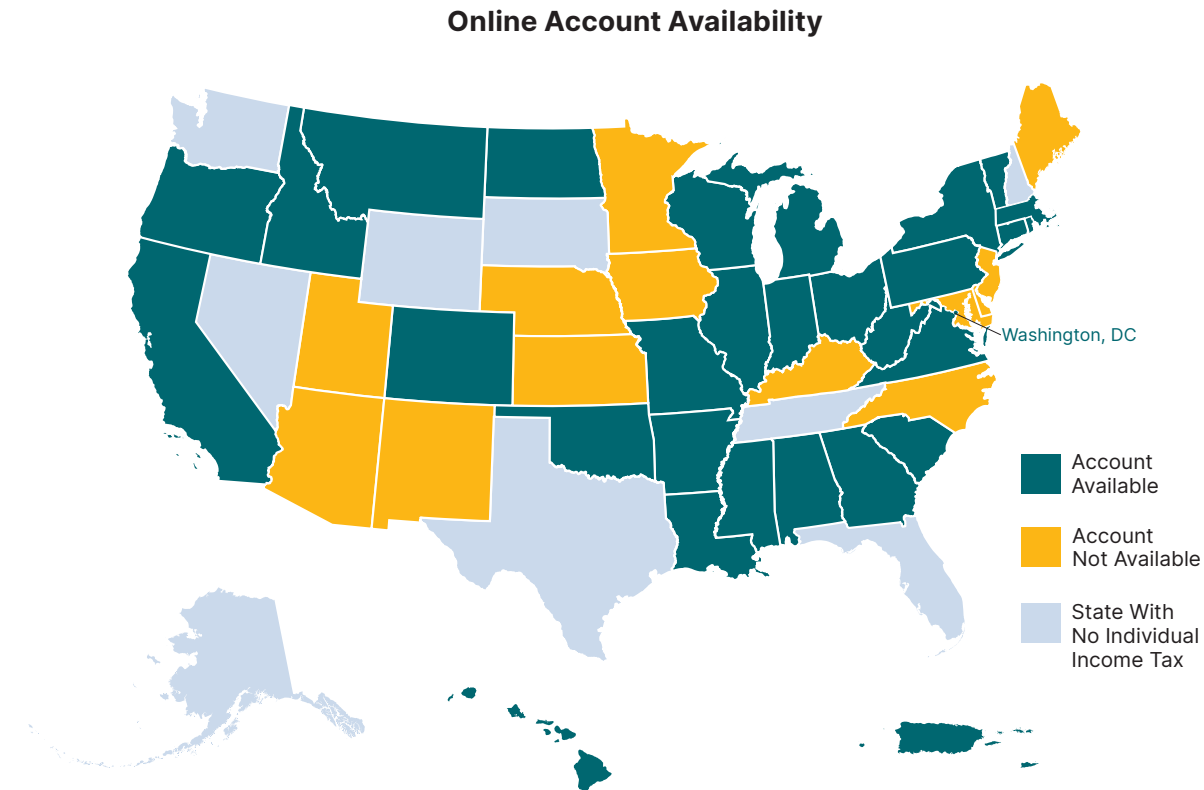
We provide findings in eight areas of online service functionality including creating an online account, online filing services, online payment options and payment plans, refund inquiries, online notice receipt and response, providing access to third parties, contact options, and language options. In each area, we include subheadings, which discuss the online account functionality offered by state taxing authorities, three foreign countries, and the IRS.

Creating Online Accounts

U.S. States

Seventy percent of states reviewed (30 of 43) offered an account setup using various verification methods. At a minimum, taxpayers were asked for identifying information, such as name and Social Security number. Figure 5.1.2 displays the states with and without an online account service on their taxing authority website.

FIGURE 5.1.2



Several states offered account registrations by sending a letter to the taxpayer with an access code. For some states, any tax-related notice provided a reference number while other entities sent specific account setup notices. Many required information from filed tax returns, and a few asked for information about prior payments sent to the taxing agency.

We found no state requiring the use of photos or other biometric information to establish an online account. Figure 5.1.3 details the requirements by category, and several states offer multiple options.

- **Tax Return Information.** This can require specific line items from past filings, typically the adjusted gross income (AGI) amount.
- **Account Registration Letter.** This indicates the organization will mail a letter upon request specifically to set up an account.
- **Tax Account Letter.** This indicates taxpayers can refer to a tax-related notice that includes a number or PIN that taxpayer can use to enable access.
- **Past Payment Information.** This indicates a taxpayer needs to verify a prior amount paid to the state.
- **Online Registration.** This indicates there is a method for a signup without the need for receipt of a letter in the mail. As the figure indicates, some states have a choice of an online or letter receipt method.

FIGURE 5.1.3, Online Account Creation Requirements for U.S. State Taxing Authority Websites

ST	U.S. State or Territory	Tax Return Information Required	Account Registration Letter Option	Tax Account Letter Option	Past Payment Information Option	Online Registration Option
AL	Alabama	X				X
AR	Arkansas	X				X
CA	California	X	X			X
CO	Colorado	X	X	X		X
CT	Connecticut	X				X
DC	District of Columbia	X		X		X
GA	Georgia	X				X
HI	Hawaii	X		X	X	
ID	Idaho		X			
IL	Illinois		X	X		
IN	Indiana	X	X	X		X
LA	Louisiana		X	X	X	X
MA	Massachusetts	X	X			X
MI	Michigan	X				X
MO	Missouri	X	X			
MS	Mississippi	X				X
MT	Montana	X	X	X		
ND	North Dakota		X			X
NY	New York	X		X		X
OH	Ohio	X				X
OK	Oklahoma					X
OR	Oregon	X		X	X	X
PA	Pennsylvania		X			
PR	Puerto Rico	X		X	X	X
RI	Rhode Island		X	X		
SC	South Carolina	X		X	X	X
VA	Virginia	X				X
VT	Vermont					X
WI	Wisconsin	X	X			
WV	West Virginia	X		X		

As displayed in the figure, most states offered an online registration process to create an account. In addition, the user typically needed to have tax return information available to complete the registration process. Multifactor authentication was required for one-half of the states (15 of 30), and about one-quarter did not require it (seven of 30); it was unclear if it was required or not for the remaining eight states.

Countries

To create an online account in the Canada Revenue Agency Portal, taxpayers needed to:

- Provide personal information: social insurance number, date of birth, postal code;
- Enter an amount from a filed and assessed income tax and benefit return; and
- Create a user ID, password, and security questions and answers.

These initial steps provided access to limited features in the portal. As a final level of security, Canada would send taxpayers a security code they would then need to enter on the website to gain access to all features in the portal. In Australia, taxpayers could create an online account to link to a range of services with the Australian Taxation Office. Information required included an email address that only the taxpayers had access to and an Australian mobile number to receive SMS security codes to sign in. Taxpayers verified their identity by taking a live photo and providing information from identity documents such as their passport and birth certificate. In the UK, many government services are available through a Government Gateway account, requiring a name, email address, password, and a recovery word. Optional multifactor authentication is offered by receiving access codes by text message, by voice call, or through an app.

IRS

In contrast to many states and countries, the process for creating an IRS account is more involved, requiring more steps and information with the added benefit of providing a high level of security.⁴ To sign up for an IRS account, taxpayers are required to use the ID.me service, a private third-party company. This self-service process requires a photo of a government ID and either a video selfie, still photo selfie, or a live call with an ID.me video chat agent.⁵

The company administering the process, ID.me, explains the process:

The Internal Revenue Service (IRS) has partnered with ID.me, an IRS-trusted technology provider, to provide identity verification for IRS applications. Individual taxpayers and tax professionals are required to verify with ID.me to National Institute of Standards and Technology (NIST) 800-63-3 IAL2+Liveness and AAL2 for secure login. These identity proofing services are crucial for the IRS to ensure millions of taxpayers and tax professionals can securely access the IRS and its applications.

Taxpayers and tax professionals will be able to prove their identity with ID.me by uploading government documents, taking a video selfie, and filling out personal information. Once complete, taxpayers can access the IRS application for which they verified.⁶

For self-service, taxpayers need their email address, Social Security number, photo ID (driver's license, passport, passport card, or state ID), and a smartphone or computer with a camera to establish an IRS Online Account. After submitting the documentation, taxpayers must set up multifactor authentication to continue using one of the following multifactor authentication methods:

- Phone call;
- Text message;
- Push notification;
- Code generator; or
- Security key.

For those preferring an alternative to self-service, a live call with an ID.me video chat agent that does not require biometric data is available.

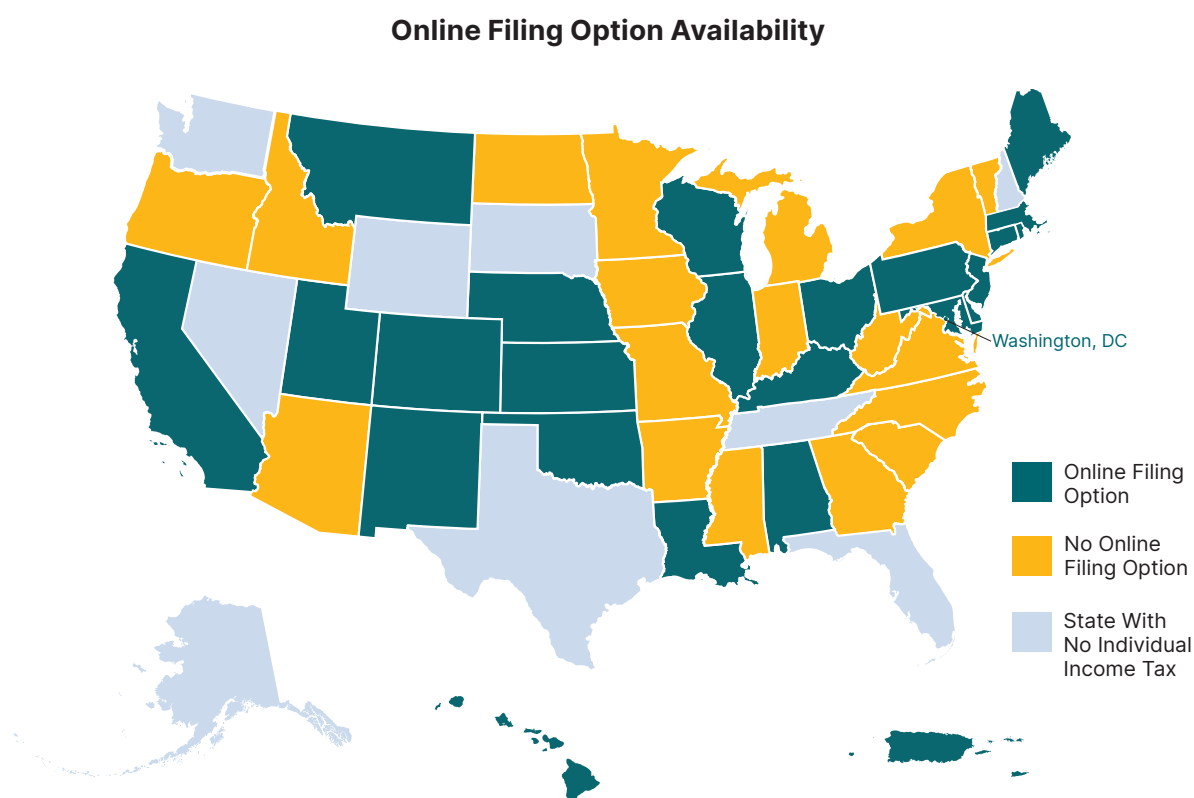
Participants from the tax forum focus groups shared that the process for setting up an online account was unintuitive and seemed to change frequently.⁷ Some participants stated they set up their account in ten to 15 minutes, while others had spent weeks trying to get an account.

Online Filing Options

U.S. States

Over half of the states reviewed (25 of 43, or 58 percent) offered an online filing option for individuals. We did not include those websites that simply referred visitors to third-party filing options, such as Free File or commercial service providers. Figure 5.1.4 displays the states with and without the online filing service on their taxing authority website.

FIGURE 5.1.4



Several state websites included logos to signify their own specific online filing platforms, while other states provided an option for filing directly by logging into their online account. While some states offered online filing for all taxpayers, several states had limiting requirements, such as residency, income levels and types, and histories of prior filings on their websites. For example, to complete online filing in Nebraska, taxpayers could not have any income or withholding from another state, claim a refund for a deceased taxpayer who is not their spouse, file married filing jointly with their deceased spouse, or claim certain credits or adjustments.

Countries

Australia and Canada offered online filing options on their websites. Despite tax information being directly reported to the government, making individual filing rarely required, the UK still lists an online filing option on its website for those who need to file.

IRS

When we compared onsite filing on state websites to the IRS, we found that although the IRS website was not set up to accept online filings of Form 1040, it offered Fillable Forms and links to Free File partners available to taxpayers whose AGI was \$73,000 or less in 2022. When completing Fillable Forms, taxpayers are required to know how to prepare their own tax return using form instructions and IRS publications. Taxpayers are able to submit Fillable Forms electronically; however, Fillable Forms doesn't provide an option to walk the taxpayer through the process with a question-and-answer type experience.

The Inflation Reduction Act mandates the IRS to study options to provide a free tax filing option for all taxpayers. The bill provides \$15 million to study how the IRS could implement such a program, how much it would cost, and how taxpayers would view it. The report, which must include the input of an independent third party, is due to Congress by May 2023.⁸

Online Payment Options**U.S. States**

All states reviewed offered online payment options for individual taxpayers. Most states did not require taxpayers to create an account before accessing the payment portal. All payment portals accepted direct payments from bank accounts, and 42 accepted payments via credit cards. Only 16, or about 37 percent, accepted payments via debit cards.

Countries

All three countries provided online payment options. Australia and Canada accepted credit cards and direct transfers from bank accounts. In the UK, bank transfers and personal debit cards were accepted, but personal credit cards were not. Australia required logging into an account to pay, but Canada and the UK did not.

IRS

The IRS matched or exceeded the offerings of the websites reviewed. The website did not require taxpayers to create an account before accessing the payment portal. The IRS accepted payments via bank transfers, credit cards, debit cards, and digital wallets such as PayPal and Click to Pay.

Online Payment Plans**U.S. States**

The majority of states reviewed (41 of 43, or 95 percent) provided information on online payment plans for taxpayers who could not fulfill their tax obligations. Of those 41 states, 33 (80 percent) provided an option for requesting the payment plan directly through the website. Only three states allowed for online modification of existing plans, with most requiring contact by mail or phone for modifications.

Countries

Australia and the UK offered the option to set up an online payment plan depending on the amount and time needed to pay. Canada required a phone call to set up or modify a plan.

IRS

Similar to state-sponsored websites, taxpayers were able to request online payment plans through the IRS website.⁹ The IRS provided taxpayers the ability to view their outstanding balance, due date, and payment history in their online accounts. Taxpayers could also make modifications to their payment plans under certain conditions, including a request for reinstatement if in default. Fees applied to plans and modifications, depended on the outstanding amount, payment type, repayment length of time, and taxpayer income level.¹⁰

Refund Inquiry

U.S. States

All states with an individual income tax offered an online refund inquiry service on their websites. The service was typically an onsite form for taxpayers to enter personal information along with the expected refund amount for the latest, and possibly earlier, tax years.

Consider the examples of three states:

- In Hawaii, taxpayers needed to enter the Social Security number and the refund amount requested on the original tax return. Refund status was provided online for returns filed within the last six months. For older returns, taxpayers needed to contact the Customer Service Administration to inquire about the status of their refund. We could not determine the types of responses online, but the site indicated taxpayers can access their online account and offered a refund tracing option.
- In Indiana, taxpayers could check the status of a refund online by providing their Social Security number and exact amount of refund. Refund status updates were available for returns filed as early as 2017. The service asks taxpayers “to allow two to three weeks before inquiring about status, as some returns may take longer due to factors like return errors or incomplete information. Every return is screened to protect taxpayer identities and refunds. You can rest assured that DOR is processing your return and refund as quickly as possible while ensuring your information is accurate and safe. Once DOR initiates a direct deposit, our system will reflect the date it was processed. Normally, it takes seven business days for your financial institution to receive and process the funds.”
- In New York, taxpayers could check the status of a refund online by entering their Social Security number, identifying the form filed from a dropdown menu, and entering the exact amount of refund. Possible responses included:
 - We do not have any information about your return at this time.
 - We have received your return and it is being processed.
 - We received your return and may require further review. This may result in your New York State return taking longer to process than your federal return.
 - A refund is scheduled to be issued or mailed on mm/dd/yyyy.

Countries

All three countries allowed for online refund inquiries under their respective tax systems. Taxpayers needed to provide their ID number, amount expected, and filing information.

IRS

In comparison, for an online refund inquiry, the IRS required the tax year (2019, 2020, or 2021), Social Security number, filing status, and refund amount as shown on the tax return. The service was available for original returns 24 hours after e-filing for tax year 2021 and three or four days after e-filing for tax years 2019 or 2020. System updates were made daily, usually overnight. Inquiries resulted in a personalized refund date after processing the return and approving the refund. Inquiries provided progress updates through three stages: Return Received, Refund Approved, and Refund Sent. In other cases, when the IRS was still reviewing the return, the response screen would display instructions if further action was needed by the taxpayer or provide a progress update.

Refund information regarding Form 1040X, Amended U.S. Individual Income Tax Return, was not available on Where’s My Refund?, but the Where’s My Amended Return? service provided the status of an amended return that could reflect “in process” for months at a time without any explanation.

Online Notice Receipt

U.S. States

Sixty percent (26 of 43) of the states offered taxpayers the option to receive notices within taxpayer online accounts. Not all notices were available for this option, and it did not necessarily opt taxpayers out of receiving such notices via U.S. mail.

Countries

All three countries offered an option to receive notices in their online accounts.

IRS

The IRS offered taxpayers an option to receive certain notices in their online accounts, but we could not find a specific list on the website. For some notices, taxpayers could opt out of having them mailed to them.

Online Notice Response

U.S. States

Of the states that provided online notices, 24 of 26 (92 percent) offered taxpayers the option to respond to notices with an online method of communication, such as replying by email, filling out an online form, or even using a chat function. For the remaining two states, we could not determine if an online response option was available. For some states, taxpayers could respond to all notices through an online method of communication. For others, the availability of online response options was limited by the type of notice. For example, the New York website included instructions for responding to at least ten notices. The Ohio website had an Online Notice Response Service portal for taxpayers to securely respond to most notices through an online account.

Countries

Canada offered taxpayers the ability to respond to notices through their online accounts. Australia and the UK did not appear to offer a response service in their online accounts.

IRS

Although the IRS allowed some notices to be received and viewed online, taxpayers could not respond with an online method of communication. However, this is expected to change for the 2023 filing season.¹¹

Providing Access to Third Parties

U.S. States

Sixty-three percent of states (27 of 43) offered online methods to authorize third-party representatives to access accounts. For many, it was a matter of adapting an authorization form for online submission. Others had specific user login features for third parties. Fourteen states did not appear to have an online method, and we could not determine the answer for two states. Of the 27 states with an online method to authorize third parties, 22 states (81 percent) allowed the taxpayer to view the authorization online.

Access could expire or be canceled for nearly all the states by submitting a paper form, while an in-app or online option was noted for at least 16 states. Access expired automatically for some states: Ohio expired after one year; Indiana expired after five years; and California expired after six years.

Countries

Australia and Canada provided online methods for approving, viewing, and changing access to third parties. The UK required taxpayers to send a form by mail to establish and modify account access.

IRS

The IRS allowed two methods for authorizing third-party representatives. Taxpayers could submit a paper version of Form 2848, Power of Attorney and Declaration of Representative, via fax or U.S. mail. Alternatively, taxpayers could submit an authorization with taxpayer signature through their online account. The authorization remained in effect until the taxpayer revoked the authorization or the representative withdrew it.

Practitioners are a vital part of the U.S. tax system; there are over 783,000 tax professionals who prepare tax returns for a fee.¹² They also assist with other tax administration issues and alleviate taxpayer barriers to compliance. Through a Tax Pro Online Account and appropriate authorization, tax professionals should have the ability to perform actions such as request an installment payment agreement, view the status of a tax return, respond to a notice, request penalty relief or abatement for their client, apply for an extension of time to file, obtain a tax balance, and much more. While the IRS ultimately plans to expand additional functionality, a robust Tax Pro Online Account must be a priority as the agency moves toward a digital tax system. Participants from the tax forum focus groups shared a desire to review a list of all client accounts to which they have access in one location. Additionally, practitioners want to request and receive power of attorney access through their online accounts without the need for their clients to establish their own online account.¹³

Contact Options**U.S. States**

State websites displayed several methods for contacting the tax organizations for assistance. All states provided a contact option by telephone. Most state websites displayed this option prominently, though a few required some searching to find the phone number. A few state websites offered a callback service. Seventy-seven percent of state websites listed email as another contact option, via a specific address or through an online contact form. In-person locations for taxpayer assistance were listed on 74 percent of state websites, with some offering or requiring the scheduling of an appointment. Fax numbers were listed on 13 state websites. An online chat feature was a contact option on at least one state website, and another state included several social media options. Figure 5.1.6 displays the contact options available by state website.

FIGURE 5.1.6, Contact Options Provided on U.S. State Taxing Authority Websites

U.S. State	Phone	Email	In Person	Other
Alabama	X		X	
Arizona	X	X	X	
Arkansas	X	X		
California	X		X	Chat
Colorado	X	X	X	
Connecticut	X	X	X	
Delaware	X	X	X	
District of Columbia	X		X	Social media
Georgia	X	X	X	
Hawaii	X	X	X	
Idaho	X	X	X	
Illinois	X	X	X	
Indiana	X	X	X	

U.S. State	Phone	Email	In Person	Other
Iowa	X	X	X	
Kansas	X	X	X	
Kentucky	X	X	X	
Louisiana	X		X	
Maine	X	X		
Maryland	X	X	X	Virtual appointment
Massachusetts	X	X	X	
Michigan	X			
Minnesota	X	X		
Mississippi	X	X		
Missouri	X	X		Scheduled call back
Montana	X	X		
Nebraska	X		X	
New Jersey	X	X	X	
New Mexico	X	X	X	
New York	X	X		
North Carolina	X		X	
North Dakota	X	X	X	
Ohio	X	X	X	
Oklahoma	X	X	X	
Oregon	X		X	
Pennsylvania	X	X	X	Scheduled call back
Puerto Rico	X		X	
Rhode Island	X	X	X	
South Carolina	X	X	X	
Utah	X	X	X	
Vermont	X	X		
Virginia	X			
West Virginia	X	X		
Wisconsin	X	X	X	

Countries

Each country's taxing authority website listed several contact methods taxpayers could use for assistance. In Australia, online and phone methods were promoted first. Further options include office visits, with or without an appointment, and mail. The website also offered the opportunity to participate in online discussion groups via social media platforms, though with several cautions about privacy and information sharing. In Canada, taxpayers could use their online account, call by phone, use postal mail, or visit an office in person. In the UK, options varied by topic, with options to use online services available for most of them. Its website presented an extensive list of topics with specific methods allowed. Methods included online forms, email, and webchat. Taxpayers could also call by telephone or send postal mail.

IRS

The IRS website included phone and in-person contact options for taxpayers to seek assistance. Phone numbers were listed on the IRS homepage. The website listed phone and address information for each walk-in Taxpayer Assistance Center nationwide along with a national number for requesting appointments. Even though the website included phone and address information, according to the IRS's 2021 Comprehensive Taxpayer Attitude Survey, 81 percent of taxpayers surveyed wanted to be able to email questions to the IRS. Despite such preferences, there was no option to email the IRS.

When discussing the payment options in the tax forum focus groups, participants gave examples of having the client in the office and being on hold for an hour or longer.¹⁴ Participants expressed that if there was an option for online chat or email or availability to self-help through a Tax Pro account, they could resolve the issue more quickly and reduce the client's frustration with the process.

Language Options**U.S. States**

Twenty-four state websites (57 percent) offered language translation from English. The most common option offered was translation via Google Translate. While many languages were offered, a disclaimer was commonly added to note that incorrect translation that misrepresented the intended meaning was not the responsibility of the taxing authority. The taxing authority website for Puerto Rico was only available in Spanish and English.

Countries

Australia provided 35 language options, listed as follows:

Arabic, Assyrian, Bengali, Burmese, Chaldean, Chinese, Hrvatski Croatian, Dari, Dinka, Filipino, Greek, Gujarati, Hazaragi, Hindi, Indonesian, Italian, Japanese, Karen, Khmer, Korean, Macedonian, Nepali, Persian (Farsi), Portuguese, Punjabi, Russian, Serbian, Sinhalese, Somali, Spanish, Tamil, Thai, Turkish, Urdu, and Vietnamese.

Canada provided an option for a version of its website in French, and the UK provided a version in Welsh. No disclaimers were noted on the three country websites.

IRS

The IRS website displayed answers to basic tax questions in 20 languages, and the homepage allowed taxpayers to select from eight languages in a dropdown list: English, Spanish, Chinese (Simplified), Chinese (Traditional), Korean, Russian, Vietnamese, and Haitian Creole. Unlike most states, the website did not have a disclaimer.

Unique Website Features

Several state websites featured unique methods for providing taxpayer assistance that went above and beyond offerings on the IRS website. In Montana, taxpayers could watch a video of Director Brendan Beatty describing Montana values and reminding them to file an income tax return:

We leave gates how we find them. We wave to the people we meet on our country roads. And we're good neighbors. And, if you worked in Montana in the last year, and if you earned any income – including by teleworking – you need to file a Montana income tax return.

In Georgia, taxpayers could receive a notification by email or phone when a return was filed with their Social Security number. In Louisiana, taxpayers could electronically submit penalty waivers via an online

form. In Nebraska, taxpayers could e-file a Petition for Redetermination (Protest). This applied to Notices of Deficiency Determination issued by the Nebraska Department of Revenue. In Ohio, the Ohio Attorney General website included a link to apply for an offer in compromise. A speaker service was also available. In Puerto Rico, taxpayers could view W-2s directly in their online accounts after the forms had been processed.

SUMMARY OF FINDINGS AND DISCUSSION

Overall, the IRS offered several services in common with U.S. states and the three foreign countries reviewed, but there were notable differences.

The most notable difference was the IRS's more stringent requirements for **setting up an online account** through the ID.me process. While this partnership with a private entity raised concerns from Congress and others, it is currently in place and active. More stringent verification by other governmental entities is a trend attracting more adherents, such as the requirement to obtain a REAL ID by the Department of Homeland Security.¹⁵ Compared to the IRS website, Canada, Australia, and the UK had similar processes for taxpayers to create online accounts. All three countries required taxpayers to provide personal information such as full name, date of birth, and an email address. Like the IRS, taxpayers were required to complete a multistep authentication process, either by entering a code sent to their email or phone or by receiving a voice call through an app. Only Australia required taxpayers to take a live photo, similar to the ID.me registration process at the IRS.

A second difference between the IRS and other entities was the lack of **online filing** options. Congress recently mandated that the IRS conduct a study of its ability to offer direct online filing to taxpayers without using an intermediary, which is currently available with the IRS Free File Alliance. Specifically, the Inflation Reduction Act set aside \$15 million for the Treasury Department to study a free federal tax-filing website. Treasury Secretary Janet Yellen expressed support for simplifying the process, saying: "Tax filing should be simple: I recently came across a statistic it takes an average American 13 hours to file a tax return," she said during a visit to an IRS facility in Maryland. "Compare that with Sweden. Some taxpayers can file simply by replying to a text message. We can and must do better."¹⁶ While the IRS is exploring the feasibility of direct online filing of federal income, there is still no certainty on when or if such an option is feasible or will be made available. This is not a simple task, as there are many considerations that must be accounted for in the short term and long term. And if the IRS designs and creates a direct online filing option, questions remain:

- Will it be for simple returns such as Form W-2 wage earners only?
- Will it have a dollar limitation?
- Will it be for individuals only or will it include joint returns, Head of Household returns?
- Will it apply to returns with a Schedule A or Schedule C, or will it expand to business returns?
- Would the direct file online software be designed for federal income tax returns only, leaving taxpayers in the position of having to use different software for federal and state returns and having to access multiple websites to file all of their annual filings?
- Will the taxpayer be able to download third-party forms such as Forms W-2 and 1099 provided to the IRS and directly download into the online filing option?
- Will the taxpayer be able to upload his or her federal return information into a state return direct file online software?

Another difference was the **lack of online notice receipt and response options**, though the IRS was not the only entity lacking such an option. While some notices can be received and viewed in a taxpayer's IRS online account, there is no online response option. This may change for the 2023 filing season. On September 15, Treasury Secretary Yellen stated, "The IRS will also build online capabilities to enable taxpayers to fully interact with the agency digitally. Currently, when taxpayers receive a notice from the IRS, they generally

must respond via mail.”¹⁷ Adding online capabilities would provide taxpayers access to key data, provide a portal for responses and chats, and reduce the need for telephone contacts.

The option to provide **third-party access** to individual accounts was commonly available for nearly all sites, including the IRS. Over half of individual federal income tax returns are prepared by a tax professional.¹⁸ However, these professionals cannot generally interface with the IRS regarding their clients’ returns unless their clients also have an online account. This prevents many tax professionals from providing adequate service to their clients. Through a Tax Pro Account and appropriate authorization, tax professionals should have the ability to access all of their client’s tax information in one portal. That would be a game changer for tax administration.

As for **payment options**, the IRS exceeded the options offered by the entities reviewed. The IRS offered online payment options regardless of whether a taxpayer had established an online account. Taxpayers could pay online or over the phone, using bank transfers, credit cards, debit cards, and digital wallets such as PayPal and Click to Pay, or use a self-assisted voicebot to create an installment agreement with a **payment plan**. The option for setting up a payment plan was common to most, including the IRS.

All states and the three countries, along with the IRS, allow for online **refund inquiries** under their respective tax systems. The information required was relatively simple with the need for an ID number, amount expected, and filing information. However, the IRS’s Where’s my Refund? application was not able to address any outstanding issues that may be holding up the refund, the timeframe involved with the delay, or actions required by a taxpayer. If there were no delays or issues, the application provided useful information such as return received, payment made, and date of payment.

Reviewing in-person or electronic **contact options**, we found several differences between current offerings on the IRS website and the options available on state and foreign country websites. One difference was that the IRS required a phone call to set up an in-person appointment, made difficult by consistently low levels of telephone customer service. Several states offered taxpayers the ability to schedule an in-person appointment via an online appointment system, while others did not require an appointment. Another difference captured was how non-IRS entities allowed in-app communications that included account information. This was another contact option not available in IRS online accounts. Finally, the District of Columbia and Australia went above and beyond by providing taxpayers with contact options via social media platforms. Unfortunately, despite the clear demand for the ability to contact the IRS via email, the IRS did not make this a contact option for general information or request for appointments.

The IRS emerged as a leader in offering language translation options, with information for basic tax questions in 20 languages and the homepage in eight languages, including English.

Throughout the review process, we saw the advancement of offerings on the websites, as many seemed to add or refine features as we collected the information. The IRS was no exception, with more features expected to roll out. Much more can be learned from additional reviews of those websites in this report as well as from additional countries and taxing authorities beyond income tax-based agencies. The IRS should be the gold standard for tax agencies and needs to find innovative ways to successfully interact with taxpayers and their representatives in the digital environment while also ensuring it provides the online functionality that taxpayers need, expect, and deserve in a secure environment.

Appendix A

FIGURE 5.1.7, State Taxing Authorities and Their Websites

State	Link
Alabama	https://revenue.alabama.gov/
Arkansas	https://www.dfa.arkansas.gov/
Arizona	https://azdor.gov/
California	https://www.ftb.ca.gov/
Colorado	https://tax.colorado.gov/
Connecticut	https://portal.ct.gov/drs
District of Columbia	https://otr.cfo.dc.gov/
Delaware	https://revenue.delaware.gov/
Georgia	https://dor.georgia.gov/
Hawaii	http://tax.hawaii.gov/
Iowa	https://tax.iowa.gov/
Idaho	https://tax.idaho.gov/index.cfm
Illinois	https://www2.illinois.gov/rev/Pages/default.aspx
Indiana	https://www.in.gov
Kansas	https://www.ksrevenue.gov/
Kentucky	https://revenue.ky.gov/Pages/index.aspx
Louisiana	https://revenue.louisiana.gov/
Massachusetts	https://www.mass.gov/orgs/massachusetts-department-of-revenue
Maryland	https://www.marylandtaxes.gov/index.php
Maine	https://www.maine.gov/revenue/
Michigan	https://www.michigan.gov/taxes
Minnesota	https://www.revenue.state.mn.us
Missouri	https://dor.mo.gov/online-services
Mississippi	https://www.dor.ms.gov/
Montana	https://mtrevenue.gov/
North Carolina	https://www.ncdor.gov/
North Dakota	https://www.tax.nd.gov/
Nebraska	https://revenue.nebraska.gov/
New Jersey	https://www.nj.gov/treasury/taxation/
New Mexico	https://www.tax.newmexico.gov/
New York	https://www.tax.ny.gov/
Ohio	https://tax.ohio.gov/
Oklahoma	https://oklahoma.gov/tax.html
Oregon	https://www.oregon.gov/dor/Pages/index.aspx
Pennsylvania	https://www.revenue.pa.gov/Pages/default.aspx

State	Link
Puerto Rico	https://hacienda.pr.gov/
Rhode Island	https://tax.ri.gov/
South Carolina	https://dor.sc.gov/
Utah	https://incometax.utah.gov/
Virginia	http://www.tax.virginia.gov
Vermont	https://tax.vermont.gov/
Wisconsin	https://www.revenue.wi.gov/Pages/home.aspx
West Virginia	https://mytaxes.wvtax.gov/

FIGURE 5.1.8, Countries and Their Websites

Country	Link
Australia	https://www.ato.gov.au/
Canada	https://www.canada.ca/en/revenue-agency.html
United Kingdom	https://www.gov.uk/income-tax

Appendix B

DATA COLLECTION INSTRUMENT – STATE AND COUNTRY WEBSITE REVIEWS

- A. Who is completing this DCI? Select your initials**
- B. State or Country (if outside U.S.)**
- C. Organization Name:**
- D. Web Link for organization:**
- E. Are other languages offered?** If yes, (please list, if any in addition to English)
- F. Is website available to the following user type? Choose only one and complete a separate DCI for each.**
- Individual
 - Business
 - Tax Professional
- G. Can an account be established on the website?**
Describe process for setting up account
Are communication preferences available?
- H. Can a POA be designated on the website?**
Can user view any authorization requests from tax professionals?
Can user approve and electronically sign Power of Attorney and Tax Information Authorization for your tax professional?
How can the POA Expire?
 - Form submittal
 - Timed Expiration
 - Other method (If Other Method, please list)
- I. Is a Terms of Service available to read?**
- J. Is account Information available on the website?**
Can the user see the account refund status?
What can be viewed?
 - View key data from the most recently filed tax return,
 - Account Transcripts
 - View digital copies of notices
 - View the amount you owe and a breakdown by tax year
 - View payment history, including your estimated tax payments
 - Paste any other account features not listed above
What can be changed?

K. What communication options are available?

- Receive In App notifications
- Receive SMS Alerts
- Received notices digitally
- Chat or correspond In App
- Callback feature
- Other (If Other, please list)

L. Is a Notice Response option available?

If yes, how can user respond?

M. Describe Authentication Requirements?

What are the Authentication Methods?

- In-person
- Online
- Phone
- Other
- If other, please describe

N. Can a payment be made from the website?

What payment methods are available?

- Credit Card
- Debit Card
- Direct from Bank Account
- PayPal or other online Service
- Other (If other, please describe)
- What are Payment Plan Options?
- Learn about payment plan options
- Apply for a new payment plan
- View details of your existing payment plan
- View any pending or scheduled payments
- Renegotiate or Reinstate Plan
- Receive payment reminders
- Other (If other, please describe)

What is cost to set up plan?

O. Can a user file on the website?

- What types of filings are available?
- Original Filing
- Amended Filing
- Are there qualifications to file?
- What is the cost to file?

P. What Other Features are available?

Q. Are there any other items you thought were interesting or useful on the website that were not part of this form?

Endnotes

- 1 IRS, Pub. 5296, Comprehensive Taxpayer Attitude Survey (CTAS) 2021, at 34, 41, 43 (Apr. 2022), <https://www.irs.gov/pub/irs-pdf/p5296.pdf>, (last visited Nov. 22, 2022).
- 2 OECD, *Tax Administration 2022: Comparative Information on OECD and Other Advanced and Emerging Economies*, <https://www.oecd-ilibrary.org/sites/3991b5f3-en/index.html?itemld=/content/component/3991b5f3-en#section-d1e985>, (last visited Nov. 22, 2022).
- 3 Observations from TAS's Focus Group Interviews, 2022 IRS Nationwide Tax Forums.
- 4 In 1996, Congress directed the National Institute of Standards and Technology (NIST) to develop and issue best practices and other guidance for secure operation of U.S. Government systems. Six years later, Congress further strengthened requirements by enacting the Federal Information Security Management Act (FISMA) of 2002. FISMA requires federal agencies to safeguard systems based on the impact categorization (FIPS 199) such that residual information security risk is mitigated to an acceptable level.
- 5 IRS, Accessibility and Compatibility Features for Signing In and Creating an Account, <https://www.irs.gov/help/accessibility-and-compatibility-features-for-signing-in-and-creating-an-account> (last visited Dec. 19, 2022).
- 6 ID.me, IRS – What does ID.me do for the IRS? – ID.me Help Center, <https://help.id.me/hc/en-us/articles/4402754222615-IRS-What-does-ID-me-do-for-the-IRS> (last visited Nov. 22, 2022).
- 7 Observations from TAS's Focus Group Interviews, 2022 IRS Nationwide Tax Forums.
- 8 An Act to Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14 (commonly referred to as the "Inflation Reduction Act of 2022"), Pub. L. No. 117-169, 136 Stat. 1818 (2022).
- 9 IRS, Apply Online for a Payment Plan, <https://www.irs.gov/payments/online-payment-agreement-application> (last visited Nov. 22, 2022).
- 10 *Id.*
- 11 On September 15, 2022, Treasury Secretary Yellen stated, "The IRS will also build online capabilities to enable taxpayers to fully interact with the agency digitally. Currently, when taxpayers receive a notice from the IRS, they generally must respond via mail. During this coming filing season [FY 2023], millions of taxpayers will be able to receive and respond to notices online." U.S. Department of the Treasury, Remarks by Secretary of the Treasury Janet L. Yellen at the IRS facility in New Carrollton, Maryland (Sept. 15, 2022), <https://home.treasury.gov/news/press-releases/jy0952> (last visited Dec. 20, 2022).
- 12 IRS response to 2022 Return Preparer Oversight Most Serious Problem (Sept. 30, 2022).
- 13 *Id.*
- 14 Observations from TAS's Focus Group Interviews, 2022 IRS Nationwide Tax Forums.
- 15 U.S. Department of Homeland Security, REAL ID Information Page, <https://www.dhs.gov/real-id> (last visited Nov. 22, 2022).
- 16 U.S. Department of the Treasury, Remarks by Secretary of the Treasury Janet L. Yellen at the IRS facility in New Carrollton, Maryland (Sept. 15, 2022), <https://home.treasury.gov/news/press-releases/jy0952> (last visited Dec. 20, 2022).
- 17 See U.S. Department of the Treasury, Remarks by Secretary of the Treasury Janet L. Yellen at the IRS Facility in New Carrollton, Maryland (Sept. 15, 2022), <https://home.treasury.gov/news/press-releases/jy0952> (last visited Nov. 22, 2022).
- 18 IRS, Compliance Data Warehouse (CDW) Individual Returns Transaction File Table (IRTF) Tax Year (TY) 2021 (Dec. 20, 2022).