Compliance, Assistance, and the SmartCard

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Smart Card
IRS
Department of the Treasury
Internal Revenue Service
CASOS

Purpose: a tool for the presentation and exploration of taxpayer issues and the effect of services on taxpayer behavior.

- Data is organized by urban areas (cities):
  - Cities are individual MSA/PMSAs as defined by the U.S. Office of Management and Budget (OMB)
  - 297 cities are included in the tool
- Data is summarized at the regional and national levels.

Data Sources: SmartCard combines real data, simulation outcomes, and model predictions of taxpayer behaviors.
- Real data:
  - U.S. Census Bureau:
    - Public Use Micro-Sample (PUMS) for individual and household characteristics
  - Additional sources for literacy, networks
- Modeled information
  - Literacy
  - Taxpayer errors
  - CMU Construct simulation
    - Impact of service activities on taxpayer behavior
    - Utilization of paid preparers from IRS

CONSTRUCT

Design Principles:
- Immediate usability
- Utility
- Customization
- Portability
- Extensibility

- Easy to integrate new empirical data
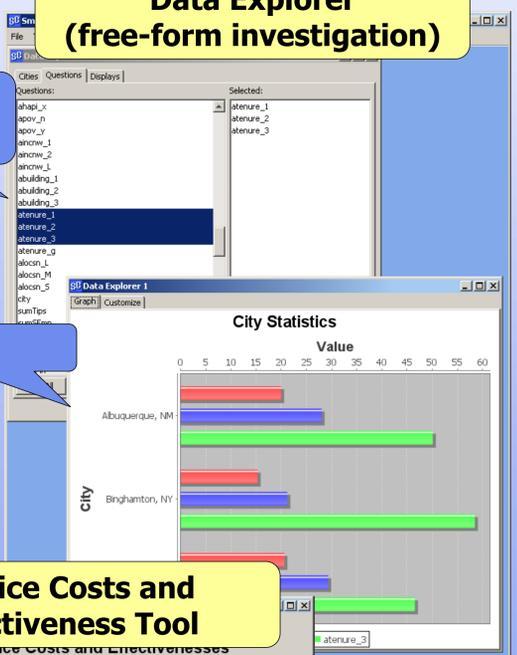- Periodically replace simulation results as improved forecasts become available

Potential Uses:
- IRS personnel are interested in identifying the best channels for education and outreach for a city.
- IRS personnel are doing training in new city and want to orient remarks to that city.

Data Explorer (free-form investigation)
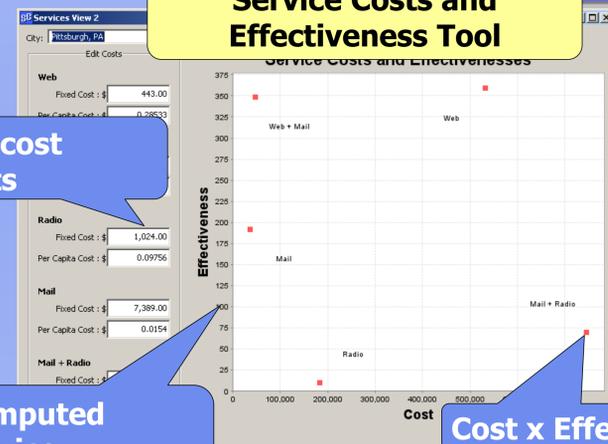
1. Select variables, cities.

2. Graph.

City Statistics

Service Costs and Effectiveness Tool

User cost inputs

Computed service effectiveness

Service Costs and Effectivenesses

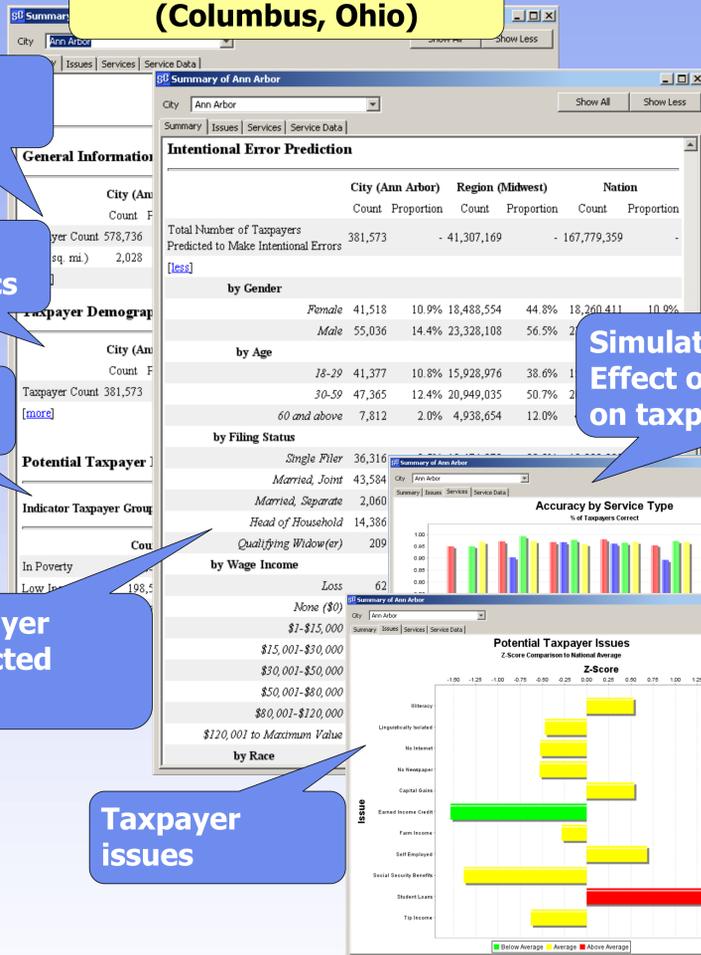Cost x Effectiveness

City Summary Report (Columbus, Ohio)

General city information

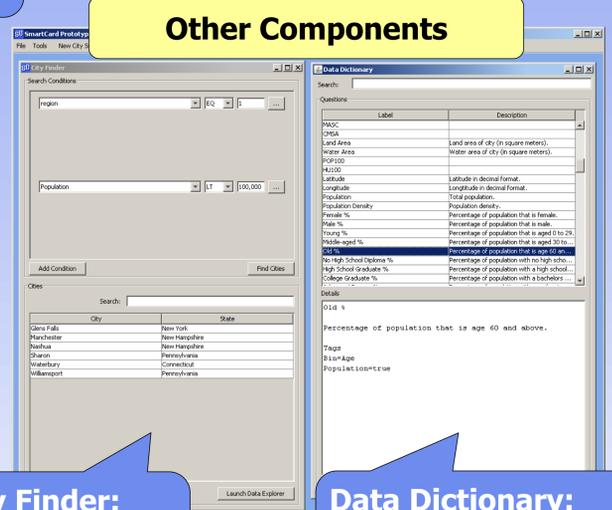Taxpayer demographics

Taxpayer issues

Taxpayer predicted errors

Taxpayer issues

Simulation: Effect of IRS services on taxpayer accuracy

Accuracy by Service Type
% of Taxpayers Correct

Potential Taxpayer Issues
Z-Score Comparison to National Average
Z-Score

Intentional Error Prediction

	City (Ann Arbor)		Region (Midwest)		Nation	
	Count	Proportion	Count	Proportion	Count	Proportion
Total Number of Taxpayers Predicted to Make Intentional Errors	381,573	–	41,307,169	–	167,779,359	–

[less]

by Gender						
Female	41,518	10.9%	18,488,554	44.8%	18,260,411	10.9%
Male	55,036	14.4%	23,328,108	56.5%	29	2%

by Age						
18–29	41,377	10.8%	15,928,976	38.6%		
30–59	47,365	12.4%	20,949,035	50.7%	2	
60 and above	7,812	2.0%	4,938,654	12.0%		

by Filing Status						
Single Filer	36,316					
Married, Joint	43,584					
Married, Separate	2,060					
Head of Household	14,386					
Qualifying Widow(er)	209					

by Wage Income	
Loss	62
None ($0)	
$1–$15,000	
$15,001–$30,000	
$30,001–$50,000	
$50,001–$80,000	
$80,001–$120,000	
$120,001 to Maximum Value	

by Race

Other Components

City Finder: Select cities by data searching

Data Dictionary: Variable definitions and tag information

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