

# **2016 IRS Nationwide Tax Forums TAS Focus Group Report**

## **Preparers' Thoughts about IRS's Proposed Future State**



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TAS Communications and Liaison

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# 2016 IRS Nationwide Tax Forums TAS Focus Group Report Ready for IRS Future State

## [Introduction](#)

Each year, the IRS hosts seminars to educate tax professionals about IRS processes, procedures, tax law changes and more. These seminars, known as the IRS Nationwide Tax Forums, are held in five metropolitan areas across the country from July through September. The five sites for the 2016 Tax Forums were Chicago, IL, New Orleans, LA, DC Metro (National Harbor, MD), Orlando, FL, and San Diego, CA. During each of the Tax Forums, the Taxpayer Advocate Service (TAS) conducted two focus groups. This report pertains to the groups discussing the IRS's proposal for its future state of IRS operations, which revolve around digital communications with taxpayers.

The primary purpose of these focus groups was to gather the tax practitioners' thoughts, opinions, and concerns with or support of the IRS's expansion into online access for individuals' tax accounts.

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## [Background](#)

The IRS is currently working on its organizational vision for the near future, known as the IRS Future State. A key component of the IRS's Future State vision involves transitioning taxpayers from using current IRS service channels (primarily phone or in-person) to communicating with the IRS through online accounts.

TAS wanted to obtain tax preparers opinions about the IRS's vision for future communications and the services they need to resolve tax issues for their clients. Some of the areas we explored included:

- how the IRS should incorporate technology and taxpayers' needs into its plans for the future;
- how the IRS should introduce technology changes;
- how the preparers & their clients will benefit from online accounts and what potential pitfalls await;
- how they would incorporate new features and delivery channels into their practice;
- what they would charge clients for these services, and
- what type of access preparers should be given to their clients' accounts?

The groups provided valuable feedback related to preparers concerns about the IRS's proposed Future State and how expected changes will affect their clients.

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## **Methodology**

Focus group interviews are a type of qualitative research in which people discuss their opinions on the identified topic. These groups create an interaction among participants, often increasing participants' engagement. Because these groups are a type of qualitative research, these opinions cannot be generalized to the population.

Participants volunteered to be part of the group discussion and they are not paid (most focus groups conducted outside the IRS Tax Forums compensate participants for their time). Focus group participants at the IRS Tax Forums represent a subset of tax preparers who attend the forums, not of all tax preparers.

Those attending the IRS Tax Forums received continuing professional education (CPE) credits for attending the various sessions. However, focus group participants don't receive CPEs for the discussion sessions. TAS held this focus group during the lunch break on Tuesday, the first day of the tax forum, from 11:30 a.m. to 12:30 p.m., to increase the likelihood of recruiting qualified participants.

TAS recruited tax forum attendees to participate in the focus group, securing between 18-22 volunteers. Focus groups typically consist of eight to twelve people to maximize synergy and efficiency. It is a common practice to over-recruit in an attempt to ensure the desired number of people actually attends the session. Recruiting was extremely easy for this topic due to the National Taxpayer Advocate's Public Hearings and other press releases on this topic by the IRS prior to the forums. The IRS also held a seminar and set up a demonstration booth to allow the practitioners to see the prototype for future state communications, and secure messaging.

TAS received Office of Management and Budget (OMB) approval to conduct these focus groups. The OMB Clearance Control Number is SOI-496 and approval number is 1545-1349.

The table below shows the number of people TAS recruited and those who participated in the focus group, by site. As the table shows, each group was at capacity or just under, and approximately 67 percent of those recruited ultimately participated in the group discussion.

**Figure 1 – TAS's IRS Future State Focus Group Recruitment and Participation**

<b>Site</b>	<b>#Recruited</b>	<b>#Participated</b>	<b>Participation Rate</b>
<b>Chicago</b>	18	12	67%
<b>New Orleans</b>	17	10	59%
<b>DC Metro</b>	19	13	68%
<b>Orlando</b>	18	12	67%
<b>San Diego</b>	15	11	74%
<b>Total</b>	87	58	67%

A team consisting of the TAS Focus Group Coordinator, subject matter experts (SMEs), and Research developed a moderator guide for each focus group topic. Moderators used this guide to lead the participants through a discussion around various aspects of the topic. A scribe captured the participants' responses to the moderator's questions and audiotaped the responses as well for accuracy. Only participant's first names were used in the sessions, and participants were assured their names would not be included in any summary reports.

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## **[Conducting the Focus Group](#)**

TAS handed out copies of the IRS Future State proposals with individual and business scenarios' to each participant for information and reference during the group. Some participants attended a session on the IRS Future State or visited the exhibit booth for a demonstration of the proposed online system prior to the focus group discussion. They were more familiar with the proposal than those who only had the scenario provided in the session. Sessions began with the moderator introducing themselves and the scribe, and providing a brief description of TAS, and the nature and reason for conducting the focus group. The moderator also covered the ground rules for the session, stressing the importance of being able to hear everyone's opinion, noting the fact that only first names are used, and the session would be recorded to accurately capture the discussion. After the introductions and ground rules were established, moderators started the discussions by posing a series of open-ended questions. (See [Appendix A](#) for a copy of the moderator's guide.)

### ***Participants***

In an effort to reach a variety of preparers, we asked participants about their experience working with taxes, including their predominant type of clients (individuals, small business, etc.). Participant experience levels and type of tax professionals varied, however the majority of participants were very experienced in the tax profession, primarily with individual taxes, generally with 15 years or more working in a tax related business (over one of every three participants had 20 - 30 years' experience). Some participants' practices served only individual and small business owners, while others handled more complex entities including; trusts, non-profits, partnerships and Sub S corporations.

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## Findings

### **Thoughts on the Proposed Scenarios of IRS Future State Initiative**

We asked participants to review the provided scenarios ([Appendix B](#)) and for those who attended the IRS seminar on the future state to draw on that information, and share what they thought it meant for them and their clients. While there were positive aspects for the practitioners, they voiced many concerns as well.

The groups mentioned the IRS must realize the practitioners would most likely be the users of the new system. (While the individual tax scenario does not show the taxpayer's representative having online account access, the small business scenario implied some access. Participants often assumed that they would have access to their clients' accounts.) Preparers relish the thought of having access to all the information about a client's account, which would eliminate delays associated with obtaining needed information from the client. Many practitioners saw the 24/7 availability to information as a positive, rather than waiting on hold to speak with an IRS assistor.

Preparers expressed some common concerns about the IRS's envisioned Future State, regardless of the city where the groups were held. Concerns about security, fraud, and privacy with IRS electronic delivery systems were frequently raised during the groups. Taxpayers' lack of knowledge and understanding of tax laws, and reluctance to interact with the IRS were other common themes. Additional frequently mentioned items about the IRS's vision of the future included worries about leaving certain segments of taxpayers behind (poor, elderly, those with language barriers, limited internet access) and the IRS's approach having the potential to take preparers' livelihood away. Participants also saw the vision as having the ability to solve some problems by providing access to information from all IRS computer systems.

#### **Availability of Account Information**

Participants are excited about the prospect of having important account information available 24 hours a day. Secure messaging options were seen as a positive addition, allowing them to communicate quickly with the IRS. This would help reduce work delays related to obtaining documents from clients or waiting for the IRS to answer the phone. Another benefit of online accounts would be confirmation that the IRS received the documents practitioners and their clients submitted. Preparers were optimistic this would reduce the need to send the same materials multiple times.

- *“Looks like I will have the ability to look at my client's accounts, which would definitely streamline getting information.”*

#### **Security and Potential for Fraud**

Practitioners are extremely concerned with the security of all of IRS systems and feel the security issue needs to be addressed and resolved before offering more online services. This includes the identity theft problems in the tax system, and the latest scams involving phone calls and emails to taxpayers. The need for securing all systems and information was mentioned throughout each focus group session.

Preparers are concerned that by IRS using emails to contact taxpayers, they may be more susceptible to scammers. Previously preparers were able to say with confidence the IRS will not initially contact taxpayers by email or phone methods, but with the proposed secure emailing and private debt collection initiative, taxpayers and practitioners are confused. Preparers felt the IRS should educate the public on any communication changes. Further, many practitioners mentioned the concern that if all practitioners are given access to clients' online accounts that unscrupulous preparers will take advantage of taxpayers and may commit fraud.

### **Services**

An often-raised concern related to whether the IRS could produce a system with the capabilities envisioned. Many alluded to E-Services, the problems with that system, and how the IRS eliminated much of the functionality from the system several years ago. Participants feel the IRS should restore some of the previously phased out services, particularly E-Services, which they saw as a wonderful tool, when it was working, as an interim approach to Future State. Statements heard in the groups included:

- *“Bring back E-Services; it was valuable until it was gutted.”*
- *“If the move to online is to continue, having access to all of the IRS systems is paramount, because even now when talking to an IRS employee, they can't access all the systems to resolve a question or issue.”*

Participants also indicated the online system would need to be interactive to attract and benefit the taxpayer.

### **Implementing Online Accounts**

Many participants suggested phasing in the online concept. They felt this is needed because not all taxpayers have access to computers and the internet, or are comfortable handling their tax accounts. Additionally, many practitioners feel the IRS is trying to minimize or entirely bypass their involvement in the tax system.

- *“Is the IRS trying to take away my livelihood?”*
- *“Congress has been after the IRS for 25 years to make it easier for the taxpayer to do their own accounts. It appears we are getting pushed out...”*

### **Knowledge, Willingness, or Ability to Use Online Access**

Since the individual scenario showed taxpayers adjusting their own accounts, many participants acknowledged the younger demographics will likely take to the online accounts, but they raised concern about taxpayers' tax law knowledge and their ability to make informed actions or consents. Practitioners mentioned they take CPE credits to keep up on the latest tax changes, and the typical taxpayer will not be able to keep up with all the changes. This could cause mistakes that will take practitioner's help to unravel.

Participants expressed concern that the IRS will expect taxpayers to change their returns and fix problems on their accounts based on reviewing the IRS scenarios.

Participants believe taxpayers are not comfortable with taxes or contacting the IRS. Several preparers indicated they helped fix returns for taxpayers who originally used a software package such as TurboTax to prepare their return. They noted there would need to be more education for the taxpayers, possibly a video library explaining how to complete the tax return. At one site, a practitioner expressed concern the IRS may be motivated by profit. Several others at that venue agree with the statement.

- *“Many of the amended returns are caused by individual users of Turbo Tax, and the mistakes they make. This is a disservice. So is the IRS trying to get more revenue from the mistakes taxpayers will make by doing returns themselves? The clients don’t know what they should be deducting.”*
- *“I see this as helping us in the long term. Customers will be going back to preparers, because they will mess their return up.”*

Practitioners voiced their concern the “older generation” and less technically savvy taxpayers would be left out if the only way to receive services were online. They noted many people are not comfortable dealing with their taxes, or using online, even with appropriate access. Their clients prefer their practitioners to handle all things tax related.

Participants believe there are some taxpayers who are more reliant on the IRS for services than others. Taxpayers whose first language is not English, low- income, non-residents, and those that just fear anything to do with the IRS, may be left behind.

### ***Participants Views on Technology and Taxpayer Needs in Future Offerings***

#### **Online Accounts Supplement or Replace Current Services**

Throughout the discussions, participants indicated they thought the IRS should slowly phase in the online services for taxpayers. However, they also stressed the need to keep the traditional methods of communications with the IRS and to supplement these current delivery methods with more online options. Keep and enhance the current services (supplement) was the preference of nearly all the participants. None felt the ability to talk to the IRS, either on the phone or in person, should ever be eliminated. Some suggested adding a ‘chat line’ option to the website to help individuals understand issues and legal language.

- *“I feel face-to-face is very important. I just used Case Resolution Program to resolve a problem I had been trying to resolve for over 10 months. Calling and writing, I couldn’t get it done. Being able to meet and talk with CRP worker, she got it done in 20 minutes!”*
- *“Some issues are just too complicated and you have to be an expert in written communication to get across your position. I think I am clear but IRS still gets my position wrong. You have to have face-to-face, verbal communication to get your point across.”*

Practitioners would like to see the current phone lines enhanced (less wait times and assistants that are more experienced) and particularly improve the Practitioner Priority Service line, which helps practitioners solve their clients' tax problems. Additionally, practitioners were overwhelmingly supportive of improving electronic services available to tax preparers.

The following shows how the participants felt online services would be most beneficial and areas in which they would not likely help. Practitioners' thoughts include:

**Most Useful:**

- Acknowledge notices received from the IRS
- Request more time to respond
- Confirm receipt of information.
- Access information available 24/7
- Reduce the amount of time needed to resolve issues (CP2000)
- Add missing schedules or forms
- Settle payroll return issues
- Help overseas taxpayers
- Ability to work with the same employee
- Verify identity for ID theft cases
- Document correspondence with IRS employees (secured email)

**Least Useful:**

- Taxpayers doing their own account changes without technical tax knowledge
- Transcripts that aren't in plain understandable language
- Audits
- Balance Due breakdowns and all the options for taxpayers to pay
- Tax treaty issues

Some participants cautioned the IRS about how best to introduce an online system. They indicated the IRS needs to be clear and manage the expectations of the younger generation who are used to quick and easy access, quick answers to their inquiries, and accurate information.

- *“Clients are going to expect the IRS to have all the information at the time they want it to file, which will be February and March.”*
- *“They think they have all the information, relying on the IRS, they file their return and then get a notice. They will be disillusioned.”*

### ***Any Service More Important than Others***

Practitioners felt it is important to be able to communicate with the IRS, and if possible be assigned to one person to resolve issues. The access to information was paramount to the practitioners, such as transcripts (current information on transcripts with state tax information), ability to see entire filing history, ability to get information to amend 1040's, and to have experienced IRS staff working the phone lines.

### ***Benefits and Drawbacks to Taxpayers giving Practitioners Access to Accounts***

Practitioners at all sites stated clients trust them to handle their tax issues and this would include giving them access to their accounts, much like a power of attorney. The benefits would include allowing them to see what the IRS has and be able to explain it to the taxpayer. With the practitioners having instant access, it could mean lower fees to taxpayers because they can access it without having to wait on hold. It would be important that the information available is current and includes all the IRS systems, for a complete picture. Practitioners expressed concern about making changes or obligating the taxpayer to changes without getting their concurrence. They would secure a signature on an agreement before making any changes.

The downside mentioned at all the sites, which was very disconcerting to the participants, was the IRS's ability to secure the site and the issues that unscrupulous practitioners could cause the taxpayers "*given the keys to their accounts.*" Concern that being allowed to make changes to the taxpayers account could open the door to fraudulent claims. Several practitioners mentioned the IRS scenario for individuals does not mention 3<sup>rd</sup> party representatives being available to help them. They expressed concerns about the taxpayer's lack of tax knowledge and allowing them to adjust their accounts was counterproductive.

- *"For me, plain and simple, needs to have great security. When you are giving access to your account, now two people know how to get information and could use it for or against you."*

### ***Granting Blanket Access or Check-the-Box Options and Notification***

Discussions moved to the specifics of an online service and what type of access practitioners should be granted to their clients' accounts. Most participants felt there should be some limits to account access on an online system, unless the taxpayer granted access. Initially participants did not think that blanket access to a taxpayer's account was a good idea, they didn't want that liability. They felt the taxpayer should be specific about the areas they wanted the preparer to access, but after discussions the groups thought the decision would need to be made on a case-by-case basis. Many felt it "depends on the situation." Blanket access would allow the IRS to talk about other issues, and would be especially helpful in multiple year situations. However, whenever expanded access was discussed, participants expressed concerns about the unscrupulous preparers who would take advantage of the taxpayer. Preparers are concerned that some taxpayers would not understand the power they are giving to the

preparer. The language barrier could cause additional problems. Some suggested defining access like it is on the power of attorney form. Taxpayers would have to initial for some of the access.

All of the participants agreed that some notification should be sent to the taxpayer when a preparer accesses the account. This is a matter of checks and balances. The notice should identify who accessed the account and when, especially if changes were made to the account. Opinions varied on the timing, frequency, and type of notifications. Many felt every time a preparer accesses the account, a notice should be sent to the taxpayer. Others offered only sending notices at the start of access and when the issue was resolved. Many felt the taxpayer should decide when and how often they were notified. Some felt since the taxpayer knew the practitioner was working on the account; the taxpayer did not need to be notified. The following statements came up in the discussion:

- *“It lets my client know I am working on the account.”*
- *“Not a good idea, the amount of time I spend on a return and problems, will not be reflected by how often I access an account. I may spend a lot more time.”*

### ***Limiting Access to Circular 230 Preparers***

Concern for the protection and safety of the taxpayer were of paramount importance to the vast majority of practitioners and they strongly felt access should be limited to Circular 230 preparers. Accountability, licensing, professionalism, and continuing education were among the reasons raised for limiting the access to Circular 230 preparers. Most agreed that some type of registered preparer program was needed to protect the taxpayers if it were not limited to Circular 230 practitioners.

- *“This would keep taxpayers from going down the street to unenrolled preparers.”*
- *“This way you can make sure that they have all their CPE credits. This way the IRS can control who has access.”*

Those who felt account access should not be automatically limited reminded the group that not everyone needs that level of preparer.

- *“As an EA, I take my responsibilities seriously. However, some clients do not need to pay for the services of an EA or CPA.”*

### ***Compensation for Practitioners Getting Access for Clients***

When determining the cost to clients associated with online account access, practitioners indicated would consider their relationship with the taxpayer. If the person requesting their assistance were an existing client, that would make a difference in the cost structure. For existing clients, most practitioners will either build the fee into their pricing or charge by the hour. Some will just offer it as another service included in their

flat fee. It also depends on who “caused” the problem and the time it might take to resolve the issue. If the client failed to give them everything and it looked like it would take some time, they would charge by the hour. Bottom line for the practitioners is they would have to make a decision based on case-by-case basis.

### ***Final comments on IRS Future State Initiative***

When asked for any last comments pertaining to the Future State of the IRS, identity theft and possible opportunities for fraud/hacking online accounts was at the forefront of their concerns. Security of taxpayer information was paramount for the preparers. The participants recognized the budget situation would continue to cause problems for all departments at the IRS and jeopardize getting a robust online system. Other comments or suggestions mentioned:

- The IRS will have to manage expectations of online services.
- Realize there is no such thing as a typical taxpayer: there are too many variables.
- Provide education for taxpayers concerning responsibilities of preparers signing returns. Develop training for taxpayers on how to complete their easy returns online, to minimize mistakes.
- Urge Congress to move up the dates for information returns, including K1s and brokerage statements. Additionally, make the brokerage companies provide cost basis for every transaction to help the individual and preparers.
- Require W2 information submitted to Social Security Administration and IRS to include the state income tax withholding. *“Trying to secure that information is burdensome for taxpayers on past years and in some cases impossible.”*
- The IRS needs to acknowledge taxpayers have a fear of anything IRS and it keeps them from taking care of their obligations.
- Imperative that IRS keep and even enhance the types of services it offers; face-to-face appointments and assistance at TACs, phone assistance, and the Get Transcripts services. Not all taxpayers have access to computers and internet to use online assistance.
- *“Make computers available at the TAC offices for taxpayers to use.”*
- Bring about a system where once you talk with an IRS employee on the phone to resolve a problem, you work with just that employee until the account is resolved.
- Issue a PIN to every taxpayer, like the numbers given after to taxpayers who verify their identity after they were a victim of ID theft.
- The move to online needs to be phased in and not at the expense of the current services.
- Practitioner’s involvement in the future state needs to be acknowledged and encouraged.

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## **APPENDIX A- Moderator Guide**

### **Taxpayer Advocate Service Future State Vision – Moderator’s Guide 2016 Tax Forums**

**Precursory Language:** (5-10 minutes includes: introduction, purpose statement, focus group interviewing / moderating, ground rules and warm-up)

#### **Introduction**

Hi! My name is \_\_\_\_\_ and I work for the Taxpayer Advocate Service, an independent organization within the IRS. The Taxpayer Advocate Service (TAS) helps practitioners and taxpayers resolve problems with the IRS and recommends changes that will prevent problems. I would like to welcome you to this focus group and thank you for your participation.

#### **Purpose Statement**

TAS values your opinion and wants to gather your thoughts and perceptions on the future state vision that the IRS has for taxpayer service. This focus group is one of several focus groups convened at each of the five tax forums. Our discussion today will last no more than 80 minutes, and we will explore your thoughts and views concerning the changes the IRS is envisioning. We want to discuss what your expectations of being able to handle your client’s tax obligations.

#### **Focus Group Interviewing & Moderating**

I would like to start out with a show of hands from those of you who have participated in a focus group before....Thanks! For those of you who don't know, a focus group is simply a qualitative research tool that uses a group of people gathered to brainstorm views, ideas, and opinions about a certain topic.

As the moderator, my job is to: help guide the flow of conversation, make sure everyone’s comments are heard, and ensure questions about various topics areas are covered during our session. I will make sure that each of you has an opportunity to share your thoughts and experiences as we work through our questions.

## Ground Rules

Let's go over some ground rules:

- **There is no right or wrong answer.** Everyone's opinion is valuable so I'd like everyone to participate. If you find yourself having a different opinion from the rest of the group, I need to hear it, because you represent a number of people in the real world who don't happen to be here to support your view. I also ask that we respect the opinion of everyone, even if we strongly disagree. We are not here to reach an agreement or make any final decisions.
- We will be here about an hour. I will be **watching our time and directing our conversation.** At times, I may need to interrupt the conversation and move on to a different topic since our time is limited and we have a lot of material to cover.
- Please **speak loudly and clearly, one-at-a-time**, and avoid side conversations.
- We will be **recording this session**, because it's hard to listen to your comments and capture everything, since we are conducting similar groups in four other cities. We will write a report summarizing the groups and the recordings will be used to refresh our memories and to make sure that we accurately present your ideas and opinions in the report. **(No names will be used in the report)** Once the report is written, the recordings are destroyed.
- There will be **no formal break** due to the group just lasting an hour; however, if you need to stretch, go to the restroom, or walk around a little, please feel free to do so but please come back quickly. Your comments are very important to us.
- Please **silence any cell phones** and/or other devices.
- One last item, as a government agency we are required to obtain approval to gather information from you. The Office of Management and Budget approved this research effort. The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is **1545-1349**. Also, if you have any comments regarding the time estimate associated with this study or suggestions on making this process simpler, please write to the Internal Revenue Service, Special Services Section, SE:W:CAR:MP:T:M:S Room 6129, 1111 Constitution Ave. NW, Washington, DC 20224.

## Warm-Up / Introductions

Some colleagues are assisting me today so I can focus on our discussion. Let's begin our discussion by going around the table and introducing ourselves.

Please share with the group:

- your first name;
- how long you have been in practice;
- the average number of returns you prepare per year; and
- what types of returns you primarily prepare.

Now that we have a little background on everyone, let's turn our discussion to the future state of taxpayer service.

## **Main Topic Discussion**

The technology world is rapidly evolving and these changes impact the way the IRS interacts with taxpayers. Items such as technology and user abilities/education/comfort level with the internet and interactive systems affect taxpayers' expectations for IRS services. The IRS is currently working on its vision of the organization for the future, known as the IRS Future State.

A key component of the Future State vision the IRS has described involves transitioning taxpayers from talking to IRS employees to communicating with the IRS through online taxpayer accounts. The IRS has published scenarios, referred to as vignettes, to show taxpayers' future interactions with the IRS. Such interactions include agreeing to audit or similar adjustments by checking a box in their online accounts without ever speaking to an IRS employee. (Hand out vignettes - both small business and individual vignettes) The paper you just received is a copy of a couple of IRS's vignette. Please take a few moments to review the document and the proposed process. In a moment, we will discuss your thoughts on the envisioned future of IRS interactions.

### **Let's start out by discussing IRS's plan for the future, what do you think this proposed scenario will mean for you and your clients?**

Probe:

What is your understanding of the proposal? Based on the proposal, how would you interact with the IRS in the future? Would that be the case for all issues or needs? What other options would be available?

Do you see the services you/your clients need reflected in the materials the IRS has published about the evolving future state vision? If not, what else would you like to see explained?

Are some taxpayers more reliant than others on the IRS for service (e.g., low income, disables, LEP)? What services do these taxpayers need and how should the IRS deliver these services? Why? Should the IRS specifically address this issue (some taxpayers need more help from IRS) in its planning and policies? If so, how?

### **How do you think the IRS should incorporate technology and taxpayers' needs into its plans for future service offerings?**

Probe:

Do you prefer any particular delivery channels over others? How do your clients want to interact with the IRS? Does the tax issue or information needed impact how you/your clients want to interact with the IRS? If so, how?

**What are your thoughts regarding whether online services should supplement or actually replace telephone and face-to-face services? Are all services and transactions equally suited to online delivery?**

In which circumstances do you think online services will be most useful?

In which circumstances do you think online services will be least useful?

**Of the taxpayers you represent/study /advocate for, is any particular service more important than others that these taxpayers must have in order to comply with the tax laws?**

How would your clients want to use/receive this service (e.g. by phone, online)?

**How do you think taxpayers will benefit by giving their preparers access to their online account?**

Can you think of any drawbacks to providing the preparer access to the taxpayer's online account?

**If you were given account access, how would you seek compensation for any additional time spent on the taxpayer's online account?**

Would you build the cost into the preparation fees or charge based on the transaction conducted?

**Should the taxpayer give the preparer blanket access to the account or should the taxpayer provide a check-the-box type authorization detailing exactly what types of transactions are authorized?**

Do you foresee preparers by default checking off all such boxes without spending adequate time explaining each type of authorization to the taxpayer? If so, how do you prevent this from happening?

**Should the taxpayer receive a notification every time the preparer has taken an action on the account?** If not, how often should the taxpayer receive a notification of a preparer's action on the account?

**Do you think the IRS should limit account access to Circular 230 preparers (attorneys, CPAs, enrolled agents, enrolled retirement plan agents and enrolled actuaries with a valid PTIN) and Annual Filing Season Program – Record of Completion holders?**

Please describe how such limitations would impact taxpayers?

**Wrap-up Language & Question:** (5 minutes includes closeout language and one question to ensure that we did not omit any topics or areas that participants feel should have been covered.)

I want to thank you for your thoughts and comments today. Before we close, I want to give everyone one last opportunity to share any additional feedback they have pertaining to the future state of the IRS.

Quickly, summarize topics covered and ask the following:

**Are there any topic areas that we - as a group - should have covered, but did not?**

**Note: proceed around the room one more time.**

**Thank you for participating in our focus group! You have provided a lot of insight and we appreciate your willingness to share your knowledge with us. Please enjoy the rest of the forum.**

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## **APPENDIX B - Handouts**

### **Individual taxpayer experience of the future (we will pass out the associated PDF files)**

**Imagine Jane is an individual taxpayer who works as a teacher at a local middle school.**

Having no previous teaching experience, Jane's income is low. Her son turned 19 years old this year and lives with her part time.

Jane has historically used a tax preparer to file her taxes, but this year she's switching to a third-party application that her new neighbor recommended. Since Jane is filing her own taxes for the first time, she's unfamiliar with many tax laws.

#### **Jane's tax journey:**

##### **Pre-filing:**

- Jane's friend informs her that the IRS recently established secure online accounts. Jane decides to go to IRS.gov to create her online account.
- Once she completes her profile, she's directed to a dashboard that provides her with personalized notifications and guidance.
- She sees a notification that she should review her Earned Income Tax Credit qualifications this year and clicks on a link to review the guidance.
- Later, Jane receives a memo from her school district explaining tax deductions for school supplies based on information the district received from an IRS outreach program.

##### **Filing:**

- Jane uses the third-party tax software to download her previous year's tax information from the IRS and to enter current-year information. She sees that she's owed a refund.
- Jane receives a digital notification from the IRS confirming the receipt of her return, which is being processed.

##### **Post-filing:**

- Later, Jane receives a digital notification that she may not qualify for an EITC since the IRS doesn't have record of her son being a full-time student. The notification asks her to validate and self-correct as necessary.
- She talks to her son and determines that he doesn't take enough credits to be considered a full-time student. As a result, Jane isn't eligible for the EITC.
- Jane logs onto her account, clicks on the notification, updates and resubmits her return instantly. As a result, she now owes taxes.
- Jane chooses an IRS installment plan that she can use to pay off her balance.
- Jane receives a digital notification that her return has been processed and approved.
- Jane monitors her payment plan throughout the tax year. She receives payment reminders through her IRS online account and is notified when she has met her tax obligation.

## Small business taxpayer experience of the future

Imagine Bennett is a small business taxpayer and sole proprietor of Method Learning, an education software company. Bennett has a good understanding of what he needs to provide to the tax representative he uses to prepare his return (Schedule-C). But he isn't sure of the details of some tax laws, and he isn't up-to-date on recent additions to the tax code.

### Bennett's tax journey:

#### Pre-filing:

- Bennett attends a small business conference and learns he can set up an online account with the IRS.
- He sets up his IRS account and designates his tax representative to receive third-party access.
- Bennett and his tax representative are notified through his online account that he missed an employment tax payment.
- Bennett makes the employment tax payment electronically using the IRS app on his mobile device.
- Later in the year, Bennett doesn't know if a recent legislative change will affect his taxes, and he calls his tax representative for guidance.
- Having already received tailored digital communication from the IRS, Bennett's tax representative clarifies the tax law questions for him.

#### Filing:

- Bennett's tax representative electronically files the return and both get notification that the IRS received it.
- Later, Bennett and his tax representative receive a digital notification that he has a higher likelihood of being examined because of an unusually high increase in his other expenses.

#### Post-filing:

- Bennett reviews his expenses, makes no changes and receives his refund. In a couple of months, Bennett and his representative are notified that Bennett will undergo a limited-issue exam based on his business expenses.
- An agent from across the country conducts the examination virtually. Using his online account, Bennett both gives and receives the necessary information electronically. Ultimately, the agent proposes a tax adjustment based on changes to Bennett's expenses.
- Bennett and his preparer agree with the proposed changes and make the payment electronically.

#### Actual PDF files:



IRS - Individual  
Vignette - Version A.1



IRS - Small Business  
Vignette - Version A.1

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