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TAXPAYER ADVOCATE PUBLIC FORUM

Held at:

University of Maryland Ceremonial Moot Courtroom

500 W. Baltimore Street

Baltimore, Maryland

Friday, May 13, 2016

10:30 a.m.

Reported and transcribed by: Gervel A. Watts, CERT

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A P P E A R A N C E S

HOST

Nina E. Olson, National Taxpayer Advocate

and

The Honorable Benjamin Cardin, United State Senator

PANEL

Angela Armstrong

Elizabeth Atkinson

Adam Crandell

Robin McKinney

Beverly Winstead

PUBLIC COMMENTERS:

Jay Block, Esq., CPA

Stuart M. Schabes, Esq., Ober Kaler, PC

Ray Weinstein, Esq., Ober Kaler, PC

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## 1 P R O C E E D I N G S

2 MR. TOBIN: Good morning. Welcome,  
3 everyone to the Maryland Carey School of Law. I'm  
4 Donald Tobin. I'm the dean here and it's actually  
5 my honor to welcome you today. For me, this is  
6 like a kid in a candy store. I started my career  
7 on Capitol Hill doing tax. I then went to the  
8 Department of Justice as tax attorney. I then  
9 became a tax professor, and even now as dean, I  
10 have the privilege of working sometimes with the  
11 federal government in our tax clinic.

12 So to have such a great group of tax  
13 experts here and really be doing what we're doing  
14 today, hearing from people about tax  
15 administration, I think it incredibly important.  
16 It's such an honor today to have at our forum, the  
17 National Taxpayer Advocate, Nina Olson, and our  
18 senator and our alum, Senator Ben Cardin. So  
19 thank you, especially for the two of you, for  
20 coming today.

21 Most people don't understand the  
22 important role that the Taxpayer Advocate plays in

1 ensuring the just and equitable tax system. She  
2 is really the representative of the taxpayer. She  
3 and her office assist taxpayers when they have  
4 problems. But even more importantly, she's  
5 charged with monitoring the tax system and  
6 suggesting recommendations for all of us. In a  
7 sense, she works for us.

8           Ms. Olson is a longtime National Taxpayer  
9 Advocate within the IRS. She's an independent  
10 ombudsman and the only IRS employee allowed to  
11 propose legislation to Congress, and one of the  
12 most respected tax professionals in the country.  
13 In 2015, in her annual report to Congress, she  
14 urged that the IRS conduct a series of public  
15 forums to gather information before adopting a  
16 five-year plan to create an online taxpayer  
17 account and consultations that would substantially  
18 reduce the number of telephone calls and visits  
19 the IRS receives from taxpayers. And her call to  
20 public forums is part of the reason we're here  
21 today.

22           In light of that call, we are to connect

1 citizens with their government. There should be  
2 no surprise that Senator Ben Cardin is also here.  
3 Senator Cardin is a remarkable alumnus,  
4 policymaker, and most of all a public servant.  
5 That means he knows throughout -- he is known  
6 throughout the state for his outstanding service  
7 to constituents, whether it involves helping with  
8 taxes, Medicare, Social Security, VA benefits,  
9 Visas.

10           When I was a student doing a project on  
11 the Tax Reform Act of 1986, then Congressman  
12 Cardin was my congressman. I called that office  
13 to get information and discussed it with them.  
14 And I was talking about how great it was, how it  
15 simplified the tax code. And they stopped me and  
16 they said no, no, no; the congressman thinks the  
17 most important thing about that Act is it removes  
18 6 million people, 6 million low-income people from  
19 the tax bill. Six million. I've come to know  
20 that is what I call that is classic Cardin. It's  
21 the idea of looking at the big picture; how major  
22 impacts, how major legislation impacts people on

1 the ground.

2           I also want to welcome our other  
3 distinguished panelists here today who are  
4 representatives from small business and the  
5 taxpayer communities. We're delighted to have you  
6 all at the law school. And I'd like to give a  
7 special thanks to my colleagues, Professor Beverly  
8 Winstead, who directs our low income taxpayer  
9 clinic and who helped organize today's event, and  
10 who was kind enough to let me work with her and  
11 teach with her last semester.

12           Finally, I'd like to welcome all of you  
13 here today. I'm confident that the work of this  
14 forum and others in this series may help bring  
15 assistance to U.S. taxpayers. And your input is  
16 incredibly important. I commend Senator Cardin,  
17 Ms. Olson and everyone else here today for their  
18 commitment to seeking information they need to  
19 produce tax policies and procedures that are  
20 clear, consistent and fair.

21           Have a great day and thank you so much  
22 for coming.

1 MS. OLSON: All right. Good morning,  
2 everybody. And thank you, Dean Tobin, for those  
3 opening remarks. I'm just going to briefly  
4 explain to you all how we're going to proceed with  
5 this public forum. I will, after I'm done with my  
6 opening remarks, I will turn the panel over to  
7 Senator Cardin, who will make some remarks. And  
8 then I will introduce each of the speakers and  
9 they will do a more or less five-minute  
10 presentation. I won't pull you off of the stage,  
11 but I will send you little notes if you go over.

12 Then Senator Cardin will ask some  
13 questions of the panelists and I will have some  
14 questions of the panelists and then we will open  
15 it up for public discussion. So you can raise any  
16 issues that you want. We do have a microphone  
17 there. We do have a court reporter here, so this  
18 is entire hearing will -- this forum will be  
19 transcribed and we'll be posting the transcript on  
20 our tax forum website, and you can all see  
21 yourself in print, et cetera.

22 So Senator Cardin, I have worked with him

1 and his wonderful staff for several years now on  
2 taxpayer rights legislation. And I am so thrilled  
3 that he has authored the Taxpayer Rights Act  
4 Senate Bill 2333. And there are so many  
5 provisions in there. And if you haven't looked at  
6 that bill, then you really need to look at it  
7 because it is, in many ways, a roadmap to sound  
8 and effective administration.

9           Senator Cardin has done work on the  
10 Restructuring and Reform Act of 1998, a very  
11 important Act for taxpayer rights. And really,  
12 without further ado, I'm just going to turn it  
13 over to you, Senator Cardin.

14           SENATOR CARDIN: Well, first of all,  
15 Nina, let me thank you for bringing your public  
16 input opportunity here to Baltimore and to  
17 Maryland; we very much appreciate it. Nina has  
18 done an incredible job as the Taxpayer Advocate  
19 and we thank her for that. Dean Tobin, thank you  
20 for the hospitality here at the law school.

21           I remember this room with fondness. My  
22 moot court competition was here. I was facing the



1 other way getting drilled. So it's nice to be  
2 facing you all this way. It's good to be back.  
3 Nina mentioned my staff, Beth Bell is here, who is  
4 my tax counsel, who gets most of these challenges  
5 as we go forward. I just really want to make a  
6 couple of brief comments.

7           You mentioned the 1998 Act. I was a  
8 member of the House of Representatives when then  
9 Congressman Rob Portman came up to me and asked  
10 whether I would take on the responsibility of  
11 trying to get proper attention to the IRS so that  
12 they could do their job.

13           Senator Bob Kerry was the real leader on  
14 this effort in the United States Senate. And I  
15 worked with Congressman Portman, and we were able  
16 to pass a modernization act that tried to give the  
17 IRS the tools they need in order to be a consumer-  
18 friendly organization and be able to answer the  
19 questions of the taxpayers.

20           One of the major recommendations that  
21 came out of that legislation was Nina's position:  
22 that we had one person in one office who would be

1 there to advocate on behalf of the taxpayer and  
2 look at how we can make the system friendlier to  
3 the taxpayer. And yes, some of that is  
4 administrative. No question.

5 I'm sure we're going to get to a lot of  
6 the administrative burdens that are created and  
7 how we can make that work better, the 100 million  
8 calls that the IRS gets every year or the 5  
9 million visits they get every year and how they  
10 respond, the wait time. Whether you can do this  
11 online or whether you have the face-to-face  
12 contact. All that is going to be very important  
13 and that's going to be, I think, the major thrust  
14 of today's activities. But don't blame the IRS  
15 for what Congress should be doing.

16 We've given them a very complicated tax  
17 code. And every year we give them more and more  
18 responsibilities. We give them the responsibility  
19 for the Affordable Care Act. We give them the  
20 responsibility for the earned income tax credit,  
21 which is well-intended, but not that simple in  
22 order to make sure that the people who need the

1 help get it and those who shouldn't don't. And I  
2 think our numbers today are about 20 percent who  
3 are not getting that type of help. Part of it is  
4 the way that that program has been configured. We  
5 want the IRS to be able to get refunds quickly,  
6 but that can encourage identity theft and how we  
7 handle that.

8           And then, which is always amazing, is of  
9 course, we are the appropriators, Congress, not  
10 the IRS. We give them the tools, the financial  
11 tools. And every year, in real dollars, we've  
12 seen the IRS budget cut, cut, and cut even though  
13 our budget analysts tell us that if we gave them  
14 more money, we actually would bring in more money  
15 for our revenue. So it's been counterproductive  
16 to the functioning of the IRS, but it reflects an  
17 attitude by many of my colleagues that they really  
18 don't want the IRS to be as aggressive as maybe  
19 some of us would like to see.

20           I just really wanted you to understand  
21 that background so that when we get into this  
22 discussion, I'll try to defend Congress when I

1 should defend Congress, but otherwise, I won't.  
2 But I really do thank the men and women who work  
3 for the IRS. They really are trying to get their  
4 job done right. They are hardworking public  
5 servants who have been asked to do a lot more with  
6 less resources. And I hope together we could  
7 figure out a better way to make the system work  
8 fairly for all.

9           And today, I think is a great  
10 opportunity, and I again, thank Nina for reaching  
11 out to listen to individuals who are working on  
12 this every day. She mentioned legislation that  
13 I've authored.

14           The good news is that several of those  
15 provisions are moving through the United States  
16 Senate. They've been approved by the Senate  
17 Finance Committee that I serve on. I know Chris  
18 Van Hollen's representatives are here. He's been  
19 working on the House side on very similar issues.  
20 This is not political, but I hope soon he'll be  
21 working on the Senate side on these issues. But  
22 he has great knowledge on those matters.

1           One of the things that we've had  
2 bipartisan support on is the increase of the  
3 taxpayer assistance program to help low-income  
4 families. And we'll talk a little bit about how  
5 low-income families can get the type of help that  
6 they need and how we can deal with some of the  
7 levy issues, particularly as it relates to  
8 retirement income.

9           Can we make that fair? How do we deal  
10 with the release of information when consent has  
11 been given for a particular purpose? Are we sure  
12 it's not being abused in the privacy of taxpayers?  
13 How do we deal with some of the issues dealing  
14 with joint?

15           These are some of the issues that we're  
16 trying to correct, legislatively, through what we  
17 think is basically just technical legislation to  
18 carry out what we've always thought was the intent  
19 of our statutes. I can tell you that the Taxpayer  
20 Advocate has been extremely helpful in trying to  
21 get that legislation moving forward. So I look  
22 forward to the discussion. And it's good to be

1 able to ask questions rather than having to answer  
2 questions that I used to have to do in this room.  
3 Thank you.

4 MS. OLSON: Thank you very much, Senator  
5 Cardin. And I think that really sets up the  
6 purpose of this public forum, which is the IRS is  
7 working on a future state plan and a lot of that  
8 future state plan is being driven by the current  
9 budget situation.

10 Some of what we're trying to do in this  
11 public forum is to hear from taxpayers and their  
12 representatives to make the case to Congress, the  
13 appropriators, that if you really want an  
14 effective tax system and you want high compliance,  
15 this is what people need from the IRS in order to  
16 be able to comply with this very complex tax code.  
17 And that that would make the case in real stories  
18 from your constituents about the need for greater  
19 appropriation and where you might want to allocate  
20 those resources.

21 So today, we have a wonderful panel. And  
22 the testimony on this panel is just very, very

1 strong. In each turn, I'll introduce each person.  
2 We're going to start with Angela Armstrong.  
3 Angela is the hospital administrator and founder  
4 of Animal Emergency Hospital, a 24-hour emergency  
5 hospital. So all of us who have dogs and cats and  
6 other small animals love Angela.

7 She is going to tell a very compelling  
8 story about her experience, being a victim of what  
9 we call payroll service provider fraud. And  
10 without further ado, I'll just turn it over to  
11 Angela.

12 MS. ARMSTRONG: Thank you. My hospital  
13 is an emergency critical care hospital. We had a  
14 third-party payroll company do our payroll. In  
15 January of 2013, we had a representative from the  
16 IRS come to our hospital and say you're not paying  
17 your taxes. What's going on. And we said we are.  
18 You know, we showed them all the appropriate forms  
19 that said we are, that the payroll company had  
20 given us. But the payroll company was embezzling  
21 the money.

22 So we told the IRS representative that

1 clearly, they were embezzling the money from it.  
2 We figured out what was going on, but she told us,  
3 "We're building the case. Stay with them because  
4 we're building the case." And we were like, we're  
5 putting tens and tens of thousands of dollars  
6 every payroll into their pockets. And she said,  
7 don't worry about it; just keep putting money in  
8 there. We're building our case. I had my  
9 accountant call her and she told my accountant the  
10 same thing, just keep putting the money in there,  
11 we're building our case.

12 Well, about two weeks later or so, my  
13 bookkeeper figured out how they were stealing the  
14 monies. This wasn't just federal, it was also on  
15 the state level too. And actually, in grander  
16 amounts of money. So we got my corporate attorney  
17 and my partner and my bookkeeper and I went to  
18 AccuPay.

19 And before this, I should say that in  
20 2010 and 2012, AccuPay had been -- they found out  
21 that AccuPay was also stealing money from two  
22 businesses in Hartford County. They got it all



1 straightened out and settled it, but the IRS never  
2 contacted the four to 500 other companies that  
3 AccuPay was embezzling from. So they worked it  
4 out with those two companies and then never said  
5 anything to us. We never knew anything.

6           So we felt sort of victimized twice;  
7 first by AccuPay. These are people that I've  
8 known for 20 years of doing this. They actually  
9 stole from their friends and family too. We were  
10 first victimized by them and then the IRS was  
11 telling us to keep your money in there. Keep your  
12 money in there, until we decided, no, we're not  
13 keeping our money in there. I mean, when an IRS  
14 person tells you to do it, we felt like we really  
15 should do it.

16           So we went into AccuPay and told them we  
17 knew what they were doing. We told them we had  
18 all the monies figured out that they had stolen  
19 from us, which on the federal level was \$32,000  
20 and the state was over \$80,000. They lied and  
21 said they didn't know. They didn't know. And  
22 that night they shut down. When they shut down,

1 they not only stole everyone that was still with  
2 them their tax money, they also stole their  
3 payrolls.

4           So it was a horrific, horrific situation.  
5 Then it came out in the newspapers and everyone  
6 knew. And of course, since we filed court cases  
7 against them and so forth, the people were calling  
8 us. Somehow they got my cell phone number and I  
9 was inundated with phone calls with people crying  
10 and begging for help. You know, what do we do?  
11 This is going to shut us down. They stole our  
12 payroll. And you know, these are payrolls of  
13 like, their taxes are \$20,000 and their payroll is  
14 \$48,000. So not little amounts of money.

15           So then they're going to have to pay all  
16 that twice because, you know, their employees  
17 weren't paid. So that is sort of the background  
18 of how I got to be here. So what we did after  
19 that AccuPay just shut down. We filed cases  
20 against them and it became publicly known what  
21 they were doing. We told everyone. We told  
22 everyone possible. We got it out there so that

1 everybody that was getting embezzled from also  
2 could know what was going on.

3           At that point, we started receiving late  
4 notices, threats of levying our accounts, threats  
5 of seizing our property. Like, a lot. So we're  
6 still trying to run our business. We're worried  
7 about making the next payroll while they have all  
8 this other money and the IRS is now telling us you  
9 have to pay it again. They might've stole it, but  
10 we still want it.

11           So we relentlessly contacted the IRS. We  
12 would get different people every time. Then those  
13 people would always have to talk to their boss and  
14 then they would get back with you. But the  
15 getting back with you was like, weeks sometimes  
16 and it just never happened. It just pushed from  
17 one person to another person.

18           So until about two months after all this  
19 happened -- and in between there, the FBI agent  
20 came to us. The Criminal Investigation Division  
21 of the IRS came to us. So we're just inundated  
22 with all these people coming.

1           Honestly, we did our best to try to  
2 educate ourselves about what was going on, but it  
3 was a mess. So about two months later, I get a  
4 call from a woman in Texas who told me she is now  
5 the representative, the IRS representative for the  
6 AccuPay scandal. That all the AccuPay  
7 embezzlements have sent to Texas and she now  
8 wanted the money and what was I going to do.

9           So it went from Delaware and Baltimore,  
10 where they knew everything that was going on about  
11 the scandal with AccuPay that made news  
12 everywhere, not just in Maryland. I was in my car  
13 driving and I had to pull over and talk to her. I  
14 was just, you know, I'm feverishly trying to  
15 explain to her you have no idea what you're  
16 talking about because we weren't just somebody  
17 from IRS that also got embezzled.

18           We shut them down. We found out what  
19 they were doing. We were paying even though we  
20 told the tax guy at IRS we shouldn't paying this  
21 money. They told us to keep going and paying the  
22 money.

1           So it was at that point -- sorry, I just  
2 want to get caught up with my notes. It was at  
3 that point the representative from the FBI, I  
4 stayed in touch with him and he said to contact  
5 the Taxpayer Advocate, as well as one of my  
6 partners, her husband knew somebody who had just,  
7 that same day, told her about the Taxpayer  
8 Advocate. So we contacted the Taxpayer Advocate  
9 and explained the whole story and they were about  
10 as angry as I was at this point.

11           We talked to them, explained what was  
12 going on. The first person that we spoke with was  
13 very sympathetic to the situation. She wanted  
14 copies of everything and at this point, there was  
15 a lot of copies of everything. We sent her  
16 whatever paperwork we had, explained the story to  
17 her and then she said she was going to talk to her  
18 boss who then called me.

19           In the meantime, we filed a congressional  
20 complaint-- and I don't even know what that means  
21 -- with Senator Mikulski and whatever it did, it  
22 lit a fire on somebody with the IRS because then

1 they wanted to have a conference call with five  
2 people about what was going on.

3           So while the Taxpayer Advocate, the boss  
4 -- I know I'm not supposed to use any names; it's  
5 really hard. The person in charge at the Taxpayer  
6 Advocate called me and said he understood what was  
7 going and he asked me do you need to do an Offer  
8 in Compromise? And of the \$32,000, he said 100.  
9 Just tell them 100 because, you know, they told us  
10 -- because they told us to keep paying them money  
11 or we would not have been into them for that  
12 money.

13           So we did the Offer in Compromise. In  
14 the meantime, we have that five-person meeting  
15 with the IRS which was extremely unproductive. It  
16 was worthless. So I don't mean no disrespect, but  
17 not everybody at the IRS is like that. The people  
18 that we got we got, but they fell short for us.

19           So we ended up doing all the paperwork  
20 and waiting and waiting and waiting. There was a  
21 lot of waiting and then finally the girl that  
22 initially came -- I guess she's called the agent

1 from the IRS that initially came and said hey,  
2 where's your taxes? She said that if we're doing  
3 an Offer in Compromise, it was to be sent directly  
4 to her. And I chose to go against the IRS person  
5 and didn't give it to her but instead dealt with  
6 the Taxpayer Advocate because my first dealings  
7 with her really weren't great.

8           So we did the Taxpayer Advocate and it  
9 ended up that we compromised for \$2,000, which is  
10 a whole lot better than \$32,000. And there is --  
11 and I know where there is concern about not having  
12 the Taxpayer Advocate. I could not have done this  
13 without the Taxpayer Advocate.

14           I cannot say enough about them, about how  
15 they helped me; how they educated me on what  
16 needed to be done. And, you know, they were there  
17 for me. If they said they would call you back,  
18 they called you back. We didn't always get that  
19 from the IRS. Or if I got a call back, it was  
20 with more questions or we're going to need some  
21 more time.

22           So they pretty much, I can't say enough

1 good about them. I would not have been able to do  
2 it. If I would've had to do that online, which I  
3 know is something that they're considering doing,  
4 it would have been impossible. There's no way  
5 that I could type something -- well, first of all,  
6 type the whole story. I don't know if you're  
7 planning on doing the tax, the Taxpayer Advocate,  
8 through the computer, there is no inflection in  
9 that and there's no -- you don't know who you're  
10 getting, so they don't know if you're local and  
11 know the stories and know what's happening. I  
12 guess that's probably most of the end of my story.

13 MS. OLSON: Thank you. I just want to  
14 guarantee to you that there is no way, as long as  
15 I'm at the helm of the Taxpayer Advocate that we  
16 will be dealing with taxpayers except personally.  
17 So you can rest assured of that. Thank you very  
18 much.

19 MS. ARMSTRONG: You're welcome.

20 MS. OLSON: Our next witness is Liz  
21 Atkinson. Liz is what I would say is a tax  
22 controversy lawyer. You can read the bio of her



1 breadth of practice. She started out as a revenue  
2 officer in the IRS in Detroit and then became a  
3 chief counsel attorney and then went into private  
4 practice in tax practice. And she also served as  
5 president of the Community Tax Law Project, the  
6 Low-Income Taxpayer Clinic in Virginia that I  
7 founded, and she is now on the Advisory Board. So  
8 Liz, do you want to talk about your experiences?

9 MS. ATKINSON: Thank you, Nina. And  
10 thanks for letting me be here today. I think  
11 Angela's story is really compelling and it's one  
12 that we see, as practitioners, that the IRS isn't  
13 always listening to the taxpayer who wants to  
14 resolve the problem and wants to tell the story.

15 I worked at the IRS prior to the  
16 enactment of the 1998 Restructuring Act and then  
17 went into private practice in 1998 right after the  
18 Restructuring Act, and I was blissfully optimistic  
19 that the Restructuring Act was really going to  
20 change the culture of the IRS because so many  
21 times as the IRS, there were legal impediments to  
22 doing things.

1           For example, prior to 1998, there was not  
2 the Offer in Compromise based on effective tax  
3 administration or for special circumstances. So  
4 the Act really did create a lot of opportunities,  
5 as the senator said, for the IRS to have the tools  
6 that they needed, administratively, to resolve  
7 cases. But unfortunately, I think that the IRS  
8 hasn't always embraced the spirit of the  
9 Restructuring Act and that's why we're ending up  
10 having these kinds of discussions now.

11           You know, part of that has been  
12 budgetary, but a lot of it is cultural. One of  
13 the things that I noticed in doing some background  
14 reading on the future state proposal is these  
15 vignettes that were created to try to explain the  
16 online accounts. And don't get me wrong, I think  
17 having online accounts is a really wonderful  
18 thing. As a practitioner, you know, having that  
19 kind of accessibility would be really great. Some  
20 of the other panelists will talk about the digital  
21 divide and the challenges that that's going to  
22 create. But when you even look at the vignettes

1 that the IRS has prepared about this, what's  
2 astounding to me is that they're unsuccessful.  
3 And they got to write them. So how is it that  
4 these are unsuccessful?

5           For example, the woman, Jane, who checks  
6 into the earned income tax credit goes through  
7 these online educational steps. You know, if  
8 those had been done, perhaps, in a more  
9 interactive way -- and this is why person-to-  
10 person contact or even telephone contact is so  
11 important, she might've realized before her tax  
12 return was submitted that she couldn't claim this  
13 earned income tax credit for her son. It's only  
14 later after she's already filed her return,  
15 there's this data matching and all of that. And  
16 even then, I question whether is this really a  
17 correct result because we don't have enough facts  
18 to really know whether there might've been some  
19 other qualifying criteria for her to claim the  
20 earned income tax credit in this case. And these  
21 online kind of flow charts and things like that  
22 are helpful and good, but they often miss the

1 nuance.

2           Our tax code is very, very complicated  
3 and it's better for the IRS to be in a position of  
4 listening to the taxpayer than having an  
5 authoritarian type of regime that not only makes  
6 the taxpayer feel like he or she is not being  
7 listened to, but sometimes leads to incorrect  
8 results and downstream compliance problems because  
9 the person is so turned off to the tax system by  
10 their experience, they don't feel like complying  
11 anymore.

12           The other vignette involving the small  
13 business owner, Bennett, really is even more  
14 disturbing to me because in this one, there is a  
15 bit more interaction and there's this discussion  
16 about how his business expenses may be excessive.  
17 And certainly, you know, when audit algorithms are  
18 created and things, the IRS is looking for  
19 situations where someone is over-claiming  
20 expenses. Those of us who work in the tax world  
21 are very familiar with that.

22           So here's an opportunity, prior to the

1 return being filed to correct that behavior. And  
2 if the deductions are excessive, to educate the  
3 taxpayer and to get it right before the return is  
4 submitted. But in this example, that apparently  
5 doesn't work. And Bennett reviews the items and  
6 still claims them, which leads me to believe that  
7 he probably was entitled to claim those  
8 deductions. We don't really know.

9           So then he gets audited. And if I were  
10 Bennett, I would find that to be a very negative  
11 experience because here I've gone through what the  
12 IRS asked me to do and I was told about these  
13 deductions and I did review them very carefully  
14 before I submitted, but now I'm being audited  
15 anyway.

16           So then in the course of the audit,  
17 tellingly, he's assigned to someone on the other  
18 side of the country. And this is sort of back to  
19 Angela's experience. Well, is this person on the  
20 other side of the country, however well-meaning  
21 they may be, however smart they may be, really  
22 familiar with Bennett's situation? Maybe his

1 business expenses are high because of the  
2 particular business he's in, his geographic  
3 location, other factors. We don't really know.

4 He then goes on and ends up conceding  
5 this audit after a bevy of "electronic  
6 communications." So we don't really know at the  
7 end of this whether this has been an outcome where  
8 the deductions were denied and that was proper.  
9 And even so, it was a negative experience for  
10 Bennett. Or whether really those expenses may  
11 have been valid and he just had such a poor  
12 experience that he gave up because he was paying a  
13 representative to handle the audit and it maybe  
14 just got too costly for him.

15 You know, that's a situation I see very  
16 frequently with my clients in private practice.  
17 And it's very fortunate that the clinics exist to  
18 provide pro bono assistance in cases where it  
19 really, from a cost benefit standpoint, wouldn't  
20 make sense to contest the adjustments.

21 So this kind of negative experience,  
22 to me, is where we really need to change the

1 IRS. And it's that cultural change that I  
2 think will make the IRS more successful in  
3 perhaps, getting a better budget to implement  
4 tools to help taxpayers because I think if we  
5 as citizens feel that we're listened to, even  
6 if it's a result of you can't do this or you  
7 can't do that, a lot has to do with the way  
8 something is said to someone. And, you know,  
9 the Taxpayer Advocate, on a daily, they don't  
10 necessarily agree with the taxpayer's legal  
11 standpoint in every case, but they spend a lot  
12 of time counseling the taxpayer as to why the  
13 situation is the way it is; what the correct  
14 law is and how it applies. And even though  
15 you might not get what you want, you at least  
16 know you've been treated fairly and  
17 consistently with other taxpayers and that's  
18 all we can really ask for.

19 So I do find these vignettes, at the  
20 outset, to be, you know, kind of a disturbing  
21 mark of the culture. I think there are some  
22 other things with the walk-in offices that are

1 very disturbing because I'm hearing that  
2 people are being pushed to go online and to  
3 not deal with the walk-in office because of  
4 this looming future state. That's another  
5 situation that I think really needs to have a  
6 hard look because taxpayers don't go stand in  
7 line, go through security at the federal  
8 building, take a number and wait just for a  
9 lark. They go there because they're honestly  
10 seeking help, and help should be provided when  
11 they walk in that office.

12           Thanks very much for having me here  
13 today. And I look forward to hearing from the  
14 other panelists.

15           MS. OLSON: Thank you. Our next  
16 witness is Adam Crandell. Adam is a  
17 Baltimore-based immigration attorney. Again,  
18 you can read Adam's bio in the handout, but he  
19 is a graduate of the University of North  
20 Carolina, but he went and got his law degree  
21 from right here. So I'm sure everybody's glad  
22 to have him back.



1           We invited him because of the work  
2 that he does and the issues that are raised by  
3 immigrants in the tax system since the United  
4 States taxes, you know, U.S. citizens on their  
5 worldwide income and U.S. residents on their  
6 worldwide income. And the term, "U.S.  
7 resident" in the Internal Revenue Code means  
8 something very different from how it's defined  
9 in the immigration laws. Meaning that if  
10 you're here in the United States for a long  
11 enough period of time, regardless of whether  
12 you have a green card or any other kind of  
13 Visa that allows you to be in the United  
14 States, you are still taxable on your  
15 worldwide income.

16           So Adam?

17           MR. CRANDELL: Thank you. Just  
18 briefly, not only am I a graduate of the law  
19 school here, but I very happily and eagerly  
20 completed my Cardin requirement upstairs on  
21 the third floor in the Immigration Clinic. So  
22 thank you for that, Senator.

1           So I am an immigration practitioner  
2 and hopefully we'll figure out what I'm doing  
3 here today. I want to say first that by and  
4 large, my clients, I found, even those that  
5 are here, without legal status, my  
6 undocumented clients, they pay their taxes,  
7 and they file their tax returns regularly. I  
8 don't know if there's some moral component to  
9 it or what it is, but I have found that that's  
10 the case. Like many of us, maybe not in this  
11 room, but the rest of us, they do so without  
12 full knowledge and understanding of the  
13 system, of the tax code. And perhaps, like  
14 some of us as well, they do so in spite of  
15 their own fears and apprehensions of  
16 interacting with a large federal government  
17 agency.

18           So what do they do? They, by and large,  
19 rely on third-party preparers and that's what I  
20 want to sort of talk about today, in terms of my  
21 clients' interactions with the IRS. So why does  
22 it matter for me and for my clients and our cases,

1 this interaction with third-party preparers?

2 Well, because tax returns and tax compliance are  
3 crucial components of many, many immigration  
4 cases. A couple of examples: tax returns are a  
5 requirement for the affidavit of support component  
6 of any immigrant visa application filed on behalf  
7 of a family member. We use, in my practice and my  
8 cases, tax returns to prove continuous residence,  
9 which is a requirement for many benefit  
10 applications.

11 We use tax returns to prove the bona  
12 fides or the legitimacy of a marriage in a  
13 marriage-based Visa case. Tax returns are used to  
14 satisfy the required element of discretion that's  
15 inherent in most, if not all, immigration benefit  
16 applications. And, indeed, this was found -- and  
17 Senator Cardin would know this as well, in the  
18 bill that passed the Senate in 2013, the  
19 Immigration Reform Bill, there was a tax  
20 compliance component to the registered provisional  
21 immigrant status that that bill created. The  
22 returns themselves and the compliance issues are

1 really important for my client and their cases.

2           The problems arise when these clients,  
3 when my clients rely on third-party preparers who  
4 aren't, frankly, good. They either give bad  
5 advice or misfile returns, or are otherwise  
6 maleficent or fraudulent.

7           So what does this mean for the  
8 immigration cases? Well, imagine you're in my  
9 position representing your clients and you're  
10 trying to prove the bona fides of a marriage and  
11 USCIS, Citizenship and Immigration Services, asks  
12 to see tax returns and you ask your clients for  
13 those tax returns and you get them back and  
14 they're all filed head of household instead of  
15 married.

16           Imagine the implications on discretion  
17 when we file 10 years of tax returns with a  
18 cancellation of removal case in removal  
19 proceedings, and my client is asked on the stand  
20 why his cancellation application lists two  
21 dependent children but his 10 years of tax returns  
22 list five. Or imagine trying to meet the

1 requirements of the Affidavit of Support when the  
2 preparer has lowered the taxable income, somewhat  
3 dubiously, to next to nothing, so we can't meet  
4 the income requirements.

5           When I talk to my clients when these  
6 issues come up and I ask my clients about it,  
7 they very credibly plead ignorance and say  
8 well, my tax guy told me to do that. And  
9 usually, when it's necessary, and oftentimes  
10 it is, they're eager to go and fix the  
11 problem. I think, as I said earlier, they  
12 want to be compliant, especially when that  
13 compliance matters for their immigration case.

14           So what does this mean in terms of  
15 what we're here for today and the discussions  
16 about the future state vision and the Taxpayer  
17 Advocate's office? I personally would advise  
18 and advise to proceed with some caution with  
19 this. I think that I see this taxpayer  
20 experience of the future as actually sort of  
21 widening the gap, especially when it also, you  
22 know, takes away the human interaction between

1 the taxpayer and the agency. And I'm  
2 concerned about those people who fill the gap  
3 because I see it in my practice every day. My  
4 concerns would be proceeding with this with  
5 some degree of caution. And I'd also like to  
6 note, the Department of Homeland Security  
7 specifically, citizenship and immigration  
8 services embarked on an endeavor a couple of  
9 years ago that was the unauthorized practice  
10 of immigration law initiative. And I think  
11 something along those same lines could be  
12 beneficial for coming out of the IRS, possibly  
13 the advocate's office. And what CIS did is  
14 they used targeted ad campaigns, certain  
15 agency outreach events and enhanced online  
16 telephonic and in-person assistance to sort of  
17 guide customers away from those who were  
18 practicing immigration law without  
19 authorization.

20           So perhaps the IRS could consider  
21 doing something like this as well to help  
22 combat some of these issues, which really, my

1 clients' case, again, it's a matter of they  
2 want to be compliant with the IRS and they  
3 have that component, but there's also the  
4 effect that that non-compliance has on their  
5 immigration case that's very serious for many  
6 of them.

7 I know that my clients have many  
8 other concerns, this is just one, but I think  
9 it's an important one and I'm really grateful  
10 for the opportunity to have shared it today.  
11 So thank you.

12 MS. OLSON: Thank you. Our next  
13 witness or panelist is Robin McKinney. Robin  
14 is the director and co-founder of the Maryland  
15 Cash Campaign, a nonprofit that promotes  
16 financial security for low-income working  
17 families. And they annually prepare, through  
18 their statewide network, about 20,000 free tax  
19 returns. So Robin is going to speak on her  
20 experiences with the Cash Campaign and the  
21 population she serves.

22 MS. MCKINNEY: Great. Thank you so

1 much. And thank you so much, Senator Cardin  
2 and Nina, for pulling this panel together and  
3 for your leadership. I think when you think  
4 about tax issues, I'm a social worker across  
5 the street. You know, we don't always think  
6 about how this impacts low to moderate income  
7 families, you know, what's on the news, in  
8 terms of taxes. Unless it's about the earned  
9 income tax credit, you don't really hear it.

10           So the organizations that I support,  
11 some of which are here in the room today,  
12 primarily serve a population that makes less  
13 than \$20,000. So more than 50 percent of our  
14 taxpayers across the state make less than  
15 \$20,000. And a super majority of those 20,000  
16 returns that are prepared across the state are  
17 prepared in person. One thousand of them were  
18 prepared through online platforms, through My  
19 Free Taxes. So a super majority are coming  
20 in. And why are they coming in? Because  
21 taxes are complicated. And for our clients  
22 trying to figure out, you know, who they



1 should claim, who they can't, they need help  
2 doing that, but they also need that  
3 reassurance.

4           When I first started doing taxes,  
5 I'll never forget, when I was working in East  
6 Baltimore, I had a taxpayer who started to cry  
7 at the end. He was getting a refund, which  
8 was good because sometimes if you owe, you're  
9 getting a very different reaction. He was  
10 getting a refund and he started to cry. And  
11 it wasn't that much money, it was like, maybe  
12 \$150. And I said oh, my gosh, why are you  
13 crying? Did I do something to upset you? He  
14 said, "I've been filing taxes for 45 years and  
15 you're the first person that ever explained  
16 them to me."

17           And to me, that is the value of in-  
18 person assistance. You know, you can go  
19 through some flow chart. There can be some  
20 online decision tree, but in the end, and you  
21 know, this was a person that was in their  
22 later 60s. No one had ever explained how and

1 why he was getting a refund or why he didn't.

2 And that was so meaningful.

3           And I think that for the folks that  
4 we work with who are often caught up in many  
5 bureaucratic systems, especially if they're  
6 getting public benefits, you know, so much is  
7 now done online through that, in terms of  
8 eligibility, you have your prepaid card. You  
9 know, there are all these systems. And that  
10 for our population, they need that navigation  
11 help, especially with taxes. The social  
12 worker side of me says that there's an  
13 emotional component to that too to say I am  
14 looking at someone that is seeing me as a  
15 human being and giving me information about my  
16 personal case, not just generating the tax law  
17 that this has to do with. I think that that  
18 is a really important part.

19           You know, as the tax obligations have  
20 become more complex, we know the IRS needs more  
21 money. There are really wonderful people that  
22 work for the IRS and we have incredible

1 relationships with many of them, but they don't  
2 have enough money. In the division that we work  
3 with, which is called SPEC, Stakeholder  
4 Partnerships, Education and Communication --  
5 right, is that the C? It is the C because I  
6 always tell them to keep the C in SPEC and to keep  
7 us in the loop about different things. They can't  
8 even come out to do trainings. We have a  
9 coalition meeting that has 50 people from across  
10 the state, they can't even drive from Prince  
11 George's County to Columbia to come to a meeting  
12 because they don't have money. Well, how are they  
13 supposed to support this network of partners?  
14 There are almost 500 volunteers across the state  
15 that are doing this work? That's just to support  
16 our program.

17 For a lot of the folks that we work with,  
18 many, many people need help with back taxes.  
19 Sometimes that's because they've gotten a letter  
20 from the IRS. Sometimes it's because they need to  
21 be complaint for their immigration case or for  
22 other reasons. The Dream Act, I think has brought

1 a lot of people out who needed back taxes for  
2 different reasons. And our VITA sites have a sort  
3 of limited capacity to be able to do that. And as  
4 the taxpayer assistance centers have closed, all  
5 of that burden has gone on the vita sites because  
6 they are proactively sending people to us.

7           In Baltimore, you may have seen the news  
8 that there was a lot of closures with a particular  
9 set of firms. And that caused a huge spike in  
10 calls. And all of that demand was then falling on  
11 the free tax sites. There wasn't all this set in  
12 a huge flux of people that said you know what, I'm  
13 going to go to the free file alliance and do this  
14 myself. That's not where these folks go. So it's  
15 really important that that in-person support  
16 helps. And the same with customer service.

17           And again, because people need back tax  
18 help, they need to get copies of their  
19 transcripts. In looking at the different ways  
20 that the IRS is considering how to get  
21 transcripts, I think if you're there on a Tuesday  
22 online, the moon is waxing and, you know, there's

1 like a gerbil in the room, you qualify. I think  
2 it's like a very narrow set of people that are  
3 going to be able to use that. And again, for the  
4 folks that we have, the more hoops that you put  
5 through, it makes it more complicated. And if you  
6 already have a busy life and you're trying to  
7 figure out something stressful, putting more hoops  
8 in front of folks, they're just not going to do  
9 it. They're not going to move forward. And then  
10 they're actually going to end up in even more of a  
11 tax compliance situation.

12           So the person-to-person really helps  
13 people to process what is incredibly difficult  
14 information. And online services are just simply  
15 not enough. I'm not saying there shouldn't be,  
16 but I think there should be a role for online  
17 services, but it should not be the only way that  
18 people can deal, especially with compliance  
19 issues. Even getting transcripts, because  
20 sometimes things are complicated. Think about  
21 issues of divorce.

22           Who can get copies of the transcript when

1 -- and explaining that, sometimes, can get  
2 complicated. And sometimes you just have to talk  
3 to someone and say well, I should get a copy of  
4 the transcript. Well, I need your ex-wife to sign  
5 off. Does anyone who is divorced want to call up  
6 their ex-wife or their ex-husband to say can you  
7 please let me get a copy of our transcript?  
8 That's probably not going to be the best  
9 conversation.

10           Also, a lot of our clients don't have  
11 access to the internet. I know that with mobile  
12 technology, many people may have cell phones, but  
13 they often have cell phones that are prepaid that  
14 don't have data plans. Data plans are getting  
15 increasingly more expensive also. So to be able  
16 to do these different functions, people have to go  
17 to public places like libraries, like VITA sites,  
18 like other centers.

19           And just from a security standpoint, if  
20 it's all done through public access, you know,  
21 what's the security both on the IRS side and then  
22 also in those places? If you're standing in a

1 panel like this and we all have computers and I'm  
2 dealing with personal tax information, it doesn't  
3 take much for someone to look over and see what's  
4 happening on my screen. So I think there's a lot  
5 that would need to be done to protect people's  
6 identity.

7           We saw some particular challenges around  
8 the Affordable Care Act. This year, taxpayers  
9 receive notices that they had purchased insurance  
10 through the health exchange and would need to  
11 submit additional documents. Most did not  
12 understand this notice and they didn't know what  
13 they needed to do to resolve it. So a significant  
14 number of those folks came to the tax sites and  
15 needed help recreating that form to figure it out.  
16 It wasn't something, again, that just a decision  
17 tree could've helped them to map through.

18           One of our big concerns with the future  
19 state is who's going to have access to the  
20 information in addition to the taxpayer. Here in  
21 Maryland, we've done a lot of work around paid tax  
22 preparers. It's incredibly important that they be

1 regulated. We're really fired up that they're not  
2 yet at the federal level despite incredible  
3 leadership and some momentum. And I think that  
4 this could even more open up challenges for people  
5 to go to regulated or unregulated tax preparers.

6           Who would have access to this  
7 information? It is only people that are enrolled  
8 in front of the IRS? For our folks, many of them  
9 aren't going to a CPA. They're not going to an  
10 enrolled agent; they're going to an unregulated  
11 preparer.

12           So then the question will be will those  
13 preparers say that they access? Or will they  
14 somehow get a consent sign on the taxpayer's  
15 behalf so that they can get access to it. I think  
16 there's just incredible room for fraud in those  
17 situations. And because tax preparers aren't  
18 regulated, just how much advise they can and  
19 should be providing I think is incredibly  
20 dangerous.

21           Lastly, I just wanted to talk about the  
22 current pressure that's felt by our programs.



1 Anytime there's a significant tax law change or a  
2 significant change in the IRS, the burden falls to  
3 the VITA sites. It's the first set of calls that  
4 come out whenever there's a change. We almost  
5 speak in code in the VITA community. We'd be  
6 like, "Oh, yeah, do you remember the Schedule M  
7 year? Yeah, that was a rough year."

8           There are just these sort of moments I  
9 think the Affordable Care Act was certainly one  
10 also. You know, all of that burden is coming to  
11 the VITA site who are way under water, in terms of  
12 capacity. Just here in Baltimore City alone,  
13 there were 21,000 calls for free tax assistance.  
14 So 21,000 calls, and they were able to serve 9,300  
15 people. So think about all of those folks that  
16 were out there needing assistance and didn't have  
17 access to it. Couldn't get it through the  
18 Taxpayer Assistance Center, couldn't get it  
19 through a free tax preparation program. Where do  
20 those folks end up?

21           So with that, I would say we understand  
22 budgets. We understand, you know, needing to move

1 to additional models and that there should be a  
2 role for online accounts, but I think it needs to  
3 be incredibly cautious and think about the  
4 particular needs for us of the low to moderate  
5 income community.

6 MS. OLSON: Thank you. So last but not  
7 least is Beverly Winstead. Beverly is the  
8 director and clinical law instructor for the Low-  
9 Income Taxpayer Clinic at the University of  
10 Maryland Carey School of Law. That is a very  
11 important provision grant program that came in  
12 with the Restructuring Act of 1998. My office  
13 administers it and I'm thrilled to have her here  
14 as a panelist. So Beverly, you want to wrap up  
15 the panel?

16 MS. WINSTEAD: Sure. First of all, I  
17 just want to say thank you, Nina, and Senator  
18 Cardin for putting this forum together and  
19 inviting me to be a part of it. I just want to  
20 piggyback off of what Robin said because a lot of  
21 the communities that she serves we also serve. So  
22 when someone files a tax return, typically what

1 happens next is if there's a mistake on the  
2 return, someone may contact us, a taxpayer may  
3 contact us. Not necessarily if VITA make the  
4 mistake but --

5 MS. MCKINNEY: We have very high accuracy.

6 MS. WINSTEAD: Yes, I know. VITA has  
7 very high accuracy. But maybe from an unregulated  
8 tax preparer or a CPA. A taxpayer will contact us  
9 and see whether or not we can provide them  
10 assistance. We typically provide assistance with  
11 someone who is getting maybe an audit notice, a  
12 correspondence audit or someone who may want to  
13 file a Tax Court petition. Or in some instances,  
14 sometimes people haven't filed for a number of  
15 years, so we also help bring them into compliance.

16 We represent some of the most vulnerable  
17 clients. Our clients have income less than 250  
18 percent of the poverty level. So what does that  
19 mean in laymen's terms? Typically, our clients  
20 make, for a single person, about \$29,000. So  
21 imagine trying to live off \$29,000 in this  
22 particular area or D.C. or somewhere like that.

1           So you can see what type of clients --  
2 they have bigger challenges than just getting  
3 their tax returns filed or becoming compliant  
4 because a lot of times they're just trying to  
5 figure out how they're going to live day-to-day.

6           So even with the income, sometimes it's  
7 an issue of whether or not they have the ability  
8 to read. We have lots of clients where English is  
9 a second language. So in those instances, we have  
10 to bring in interpreters, whether it be a student  
11 interpreter or whether it be maybe a paralegal or  
12 an outside individual. So our concern is always  
13 going to be if they have so many challenges that  
14 they're dealing with, whether it be language  
15 barriers or whether it be medical, we have lots of  
16 clients that have medical issues or physical  
17 impairments. So to have them to go to a computer  
18 system where they don't get that face-to-face  
19 interaction, that certainly can be an additional  
20 barrier to wanting to be in a taxpayer in good  
21 standing, so to speak.

22           I also want to mention the fact that part

1 of, I guess, our responsibilities as attorneys are  
2 to bring up the future generation. And one of the  
3 things that makes the clinic such a great  
4 experience is the fact that we have students and  
5 student attorneys. We teach a class each semester  
6 about dealing with cultural biases. And it helps  
7 the students to basically not see the taxpayers  
8 just as a taxpayer, it helps the student to  
9 basically see not see the taxpayers just as a  
10 taxpayer, but it helps a student to actually see  
11 the taxpayer as an individual and try to get to  
12 know his or her client as someone other than  
13 someone who just isn't a taxpayer in tax  
14 compliance.

15           So it's extremely helpful in making the  
16 community itself a more compassionate community.  
17 The next generation, someone who can, you know,  
18 definitely make the world a better place, in our  
19 opinion.

20           So again, our concern has to do with if  
21 this future plan is implemented is the lack of  
22 student involvement and the lack of having, you

1 know, that face-to-face interaction. I had a  
2 client last year, actually, she was 87 years old  
3 and she had not filed in seven years.

4 She contacted us and I actually went down  
5 to her home because I wanted to talk to her. She  
6 had just gotten out of the hospital and she said I  
7 gotta get my taxes, I gotta get my taxes straight.  
8 And I asked her, why she had waited seven years to  
9 get her taxes done. And she said that up until  
10 she was 80 years old, IRS always mailed her a  
11 booklet. When she turned 80,000 in refunds they  
12 asked her to basically go online and file your  
13 taxes online.

14 So it was because they transitioned her  
15 to a computer, that's the reason why she didn't  
16 file her tax returns in seven years. Now, we  
17 prepared her tax returns. This lady had almost  
18 80,000 for those seven years. She could only  
19 claim about \$32,000 because of the statute of  
20 limitation, you can only claim three years. T

21 This lady is bedridden now. She has to  
22 have 24 hours nursing care. She has to pay for

1 that nursing care. Someone has to pay for that  
2 nursing care. Just imagine if she was able to get  
3 those refunds how less of a burden it would be for  
4 her. How less of a burden it would be for her  
5 family? But because there's no exception in the  
6 code for her to get these refunds, I mean, they're  
7 basically lost.

8           So this is a situation where maybe she  
9 could've reached out and hired a tax preparer, but  
10 the interesting thing, when I looked at her tax  
11 returns, they were very complicated. She had a  
12 Schedule E, which was rental property. Before  
13 when she did her own returns, she had these  
14 detailed depreciation schedules that she did by  
15 hand. I was totally fascinated by it.

16           So it wasn't the fact that she didn't  
17 have the intelligence to do it, it was just the  
18 fact that this computer was something foreign to  
19 her. So just think about that she's just one  
20 taxpayer. Just think about how many more  
21 taxpayers are similarly situated to her.

22           So that was, I guess, a good experience,

1 in terms of us, as a clinic, trying to understand  
2 how, as IRS continues to try to implement future  
3 technology, how people get left behind. Oh, it's  
4 funny because I was at an event early this week  
5 and Brian Stephenson, I don't know if you know  
6 him, but he spoke at the event at the Public  
7 Justice Center. And he said one of the things  
8 that we have to do to be successful is that we  
9 have to get proximate to the community that we're  
10 trying to help. We have to get close to them.

11           So I see IRS as moving farther and  
12 farther away. They have already created these  
13 centralized units, which I absolutely hate, where  
14 if I file an Offer in Compromise, it gets reviewed  
15 somewhere in Alabama or Florida or New York, where  
16 they don't know the local economy of what's going  
17 on here in D.C. or Maryland. So to now put people  
18 in the position where they have to go to the  
19 computer, I think is definitely the wrong move.

20           Thank you.

21           MS. OLSON: Okay. Thank you very much.  
22 I think that last point is very important and



1 we'll develop that a little later. Senator  
2 Cardin, I know you have some time restriction, so  
3 I'm going to turn it over to you.

4           SENATOR CARDIN: Well, thank you. First,  
5 let me thank all the panelists. There are some  
6 common themes here. I just really want to make  
7 one or two observations that I have a question on  
8 in regards to the paid preparers. First, it's  
9 outrageous that the IRS did not take action to  
10 stop the fraud on AccuPay. There's no excuse for  
11 that. And then to give you advice to continue to  
12 make payments is absolutely outrageous. So that  
13 cannot continue. That has to change. There needs  
14 to be immediate action taken by every governmental  
15 entity once we have discovered fraud to protect  
16 those who have been victimized. That failed in  
17 your case and that's just not acceptable. I'm  
18 sorry that you had to pay a couple thousand  
19 dollars. I don't think you should've.

20           MS. ARMSTRONG: Right.

21           SENATOR CARDIN: Clearly, the Advocate  
22 was able to resolve this case at the lower ends,

1 which was --

2 MS. ARMSTRONG: Yes. But unfortunately,  
3 while she was still doing that, we also paid to  
4 the state, so we still owe the state.

5 SENATOR CARDIN: And the state is  
6 somewhat more of an innocent player here because  
7 they weren't the ones who were notified of the  
8 problem.

9 MS. ARMSTRONG: Right.

10 SENATOR CARDIN: Believe me, that message  
11 was heard here today, so I will be using that.  
12 Secondly, on the culture of the IRS, I agree with  
13 the concerns. Some of it is budgetary. There's  
14 no question about it. But the IRS needs to be in  
15 a consumer-friendly mode. It's a service  
16 industry. They have to be able to depend upon the  
17 relationships. Our tax code is voluntary, as far  
18 as compliance, as you've seen in some of the  
19 returns that are not accurate, and if you don't  
20 have that type of consumer-friendly service,  
21 you're not going to get the maximum amount of  
22 compliance, and that has to change.

1           We thought we did. We thought we were  
2 moving in that direction, but I do think it was  
3 the combination of additional responsibilities and  
4 lack of resources and just the anti-government  
5 feelings that have all built up a problem. And  
6 then the third point on an observation that I  
7 think is very important about direct person-to-  
8 person exchanges rather than the online: the story  
9 told about the individual who finally understood  
10 his taxes and literally cried, we need public  
11 confidence in our tax system.

12           We need people to believe that the system  
13 is fair. That they're being treated fairly and  
14 its rationale. That they're being treated the  
15 same as their neighbor. A lot of the reaction  
16 against government today is that a lot of people  
17 just don't think it's fair, so they resent it.  
18 They resent government. They resent the paying of  
19 taxes. And I think the more people understand  
20 what we're doing, the better off that's going to  
21 be. And the one-on-one contacts, I think are very  
22 important.

1           So let me get to my question. Now, that  
2 deals with our immigrants and those that are using  
3 paid preparers who have an interest in getting  
4 maximum amounts of refunds because their ability  
5 to collect fees very much depends upon that. The  
6 way they advertise, it will be very much enhanced  
7 by their success.

8           So adding a couple more dependents or not  
9 including some income, why not, if that's going to  
10 help them in their immediate advertising to get  
11 more immediate money. And next year, they may not  
12 even be there, the same preparers. They may be  
13 going to another community, so they've gotten what  
14 they needed.

15           It's a challenge to ask an immigrant to  
16 come forward and challenge the system because they  
17 don't necessarily believe that there is protection  
18 in the system if they come forward. So they're  
19 not the best to be able to raise some of these  
20 concerns. That's one of the reasons we've been  
21 working to restore the ability of the IRS to get  
22 information on paid preparers.

1           We thought we had bipartisan agreement on  
2 that and it collapsed. And we're very  
3 disappointed about that and we're going to  
4 continue to try to restore the powers the IRS had  
5 until a court decision.

6           My question is, basically, Adam, the  
7 State of Maryland has taken some action here.  
8 Other states have taken action on consumer  
9 protection and dealing with paid preparers who are  
10 not doing everything that they could. How is that  
11 working? How is the state regulating paid  
12 preparers? Can we use federalism here to get all  
13 of the states to at least move forward on consumer  
14 protection to protect particularly vulnerable  
15 communities such as the immigrant community?

16           MR. CRANDELL: Yeah, I do think so. In  
17 Maryland, we have seen that. The Attorney  
18 General's Office, a couple of years ago, cracked  
19 down on the notorios, who, by the way, do the  
20 unauthorized practice of immigration law and tax  
21 law. They're sort of the one-stop shop.

22           So we have seen some successes in

1 Maryland. I know I've had several clients who I  
2 dealt with, who I represented, who were  
3 fraudulently represented by particular notorios in  
4 the Baltimore area. And it really wreaked havoc  
5 on their cases for a decade until we were finally  
6 able to come in at the end and reconcile it. And  
7 part of that reconciliation was being able, in  
8 this case, the immigration case, was being able to  
9 point to the prosecution at the state level of  
10 this particular individual who had filled out all  
11 of these bad applications for years and years.

12           So there has been success. I've  
13 certainly seen it on the immigration side. Again,  
14 these people are doing the tax and the immigration  
15 part. So at the state level, it has been  
16 successful. Whether the federal government should  
17 put all of that on the states to do, I don't know.  
18 Again, there are budgets. It's always about  
19 budgets, right? But I do think that Robin's  
20 comments get to it as well that there's got to be  
21 -- I liked what USCIS did a few years ago, in  
22 terms of just at the very basic level, informing

1 the community, you know, some very  
2 straightforward, targeted advertising to let  
3 people know that this is an issue. To let the  
4 community know that it is an issue. But that's  
5 not enough; there has to be enforcement, which,  
6 perhaps, can be done through the state. But then  
7 those people still need someone to rely on because  
8 they can't do their taxes themselves.

9           When Robin can only take half of the  
10 people who are calling her and the clinic, I'm  
11 sure, turns away people all the time, somebody  
12 needs to fill that void. So those are sort of the  
13 three components that I would see, and perhaps,  
14 the state can work on the enforcement side, but I  
15 think the federal government still has to help  
16 with the education and then providing the  
17 resources for the taxpayers.

18           SENATOR CARDIN: Thank you.

19           MS. OLSON: Anymore questions?

20           SENATOR CARDIN: No.

21           MS. OLSON: Okay. Well, I'm just very  
22 struck by so much of your conversations. I do

1 have some questions that I've been asking each of  
2 the panels. Since I've been going around the  
3 country, I want to sort of pick if there are any  
4 geographic differences. One of them is since a  
5 key component of the future state is this online  
6 account, I was wondering if you all could sort of  
7 visualize, and anyone can answer this, what kinds  
8 of things you think an online account would be  
9 most useful for and what things it really won't  
10 work for. I'll turn it over to anyone who wants  
11 to speak about this.

12 MS. MCKINNEY: Getting information that  
13 already exists would be really helpful to get  
14 through online. So copies of -- you know, folks  
15 lose their W-2s or 1099s, you know, different  
16 forms. People said they mailed it or they didn't  
17 get in time. So things that already exist,  
18 transcripts. You know, things that are already  
19 there. I think what would be particularly  
20 challenging for is actually thinking through these  
21 vignettes, which is resolving a problem. I think  
22 resolving a problem would be incredibly difficult,



1 especially just seeing the complex problems that  
2 we have dealing with. If you got the EITC and  
3 someone else claimed your dependent, you can't  
4 resolve that through an online platform. That's  
5 just way too technical.

6 MS. OLSON: Right. Does anybody else  
7 want to weigh in on that? Any other thoughts?

8 How do you communicate with your clients?  
9 Do you use email, texts, letters, phone calls or  
10 all of the above?

11 MS. WINSTEAD: We use all of the above.  
12 I mean, we even have student attorneys that will  
13 physically drive to clients, a taxpayer's house to  
14 get the necessary information because sometimes  
15 they don't have access to fax the information.  
16 They're unable to email the information. Or, you  
17 know, they keep saying they're going to mail it  
18 and it never comes. So typically, you know, a  
19 student only has -- how long is a semester, Jack?

20 UNIDENTIFIED SPEAKER: Fourteen weeks.

21 MS. WINSTEAD: A semester is 14 weeks.  
22 They have 14 weeks to basically try to help the

1 taxpayer and bring some resolution to that case.

2 MS. OLSON: Continuing on this thing  
3 about the online account, we've identified some  
4 things that are useful. At our first public forum  
5 in Washington, D.C., we had a speaker from Pew  
6 Research. Their studies, their research shows  
7 that about 32 percent of U.S. households do not  
8 have broadband access, which is really an  
9 astonishing figure. Only two-thirds have  
10 broadband access.

11 SENATOR CARDIN: Amazing.

12 MS. OLSON: And of the people who don't  
13 have broadband access, only about 13 percent of  
14 them have a smart phone. Many of them, they  
15 found, are pay as you go. So what I'm wondering  
16 is, as we set up this account, going forward, who  
17 is really going to be able to access this. Some  
18 of you raised this that they will be accessing it  
19 in public settings, sitting in a library, maybe  
20 forgetting to sign off of their account, you know,  
21 logging out. Or sitting in a coffee shop where  
22 someone is just looking over their shoulder to

1 read what's on their little phone. And that's  
2 leaving aside the fact that the entire 155,000 web  
3 pages and pdfs on irs.gov are not mobile friendly  
4 at this point.

5           So if you are trying to access this on  
6 your little account, you're seeing two inches of a  
7 page and then scrolling over and scrolling down.  
8 So what do you think is the impact on the  
9 taxpayers that you're serving? I know everybody  
10 talks about the 92-year-old, but I'm also  
11 interested in average people who may not have an  
12 account, you know, that's broadband because of the  
13 cost. You have five kids, you're going to pay as  
14 you go.

15           MS. ATKINSON: Sure. And I think, Nina,  
16 the statistics from Pew also say that it's  
17 actually declining that people have online -- see,  
18 people are going to their mobile phones. And a  
19 mobile phone can be a good device, but it's  
20 limited by the pay as you go. And what I think  
21 what's really telling, what I'm really worried  
22 about is our law firm did a whole security

1 training for everyone, every employee of the law  
2 firm and it was generated because there were  
3 people falling for phishing scams. And these are  
4 lawyers falling for phishing scams through email  
5 and that kind of thing.

6           So the minute this gets advertised as the  
7 IRS has an online account that you can set up, do  
8 you know how many phishing emails are going to be  
9 out there where people voluntarily provide their  
10 personal information to some scammer offshore and  
11 you have more identify theft cases to deal with,  
12 on top of what's already being dealt with.

13           And I think our population are most  
14 vulnerable to that because they're going to be  
15 doing that in the public library.

16           MR. CRANDELL: I have a hard time  
17 imagining, you know, interacting with, you know,  
18 the tax return on a mobile phone. I mean, I  
19 consider myself fairly tech savvy and I had a hard  
20 enough time ordering a pizza last night on the  
21 mobile app, you know. And I'm trying to imagine  
22 Beverly's 87-year-old client on a smart phone

1 trying to file a tax return. But it is true, I  
2 mean, the majority of my clients, they have access  
3 to mobile data technology but not a computer. So  
4 the emails are quick. The communication is there,  
5 but to do that level of interaction, I think is  
6 just -- would be impossible.

7 MS. MCKINNEY: And I also think the  
8 margin of error, anyone that's used a smart phone  
9 knows you swipe, you click in the wrong place -- I  
10 have a lot of Facebook friends right now that my  
11 4-and-half-year-old has requested for me. So I  
12 think now the margin for error for me is I guess I  
13 have some more friends now. But on your tax  
14 return, you know, if you're trying to handle  
15 complaints, there's a really serious implication  
16 if you're hitting something wrong or if you think  
17 you have the box lit up and it's not totally  
18 mobile-optimized. You could really mess up and  
19 make things actually worse.

20 MS. OLSON: So to pick up on an issue  
21 that Senator Cardin raised about the unregulated  
22 return preparers, you know, part of the future

1 state vision is built on this idea that people  
2 will move from the phones or the walk-in sites to  
3 this online account.

4           And if they're not doing it themselves,  
5 then their preparers will be able to do it. And  
6 it's built to be able to deal with the funding  
7 issues that we've got now. Like, the idea that  
8 this might be where we are, going forward. But it  
9 seems to me that the only way that that will work,  
10 you will only get the movement from the phones if  
11 you allow unregulated preparers to have access to  
12 those accounts because the taxpayers aren't really  
13 going to be able to do it themselves. And very  
14 few people -- you know, the percentage of people  
15 who go to enrolled agents, CPAs, attorneys are  
16 very few, actually. The bulk of the population  
17 uses unregulated preparers.

18           So what are your concerns about  
19 unregulated preparers, non-attorneys, non-CPAs,  
20 non-enrolled agents being able to get access to  
21 these accounts?

22           MS. MCKINNEY: We're here for like, five

1 hours, right?

2 MS. OLSON: No, we're not.

3 MS. MCKINNEY: That's how long it takes  
4 to answer these questions. I mean, from what we  
5 see, just in Baltimore City, 66 percent of EITC  
6 recipients in Baltimore City use a paid preparer.  
7 So that's a majority of folks who are using one.  
8 And here in Maryland, when we first passed the  
9 bill back in 2008, for us, it was about education,  
10 figuring out initial competency then continuing it  
11 over time and the accountability. You have to  
12 have all of those factors working in place. You  
13 can't just have somebody pass a test once, sign on  
14 the bottom line that sure, I go to something. You  
15 have to have that accountability. And that has  
16 actually been the hardest part here in the State  
17 of Maryland is everyone is sort of good to go on  
18 getting things up and running, but then we were  
19 trying to get law off actually at the very same  
20 time as the IRS was doing their piece, which has  
21 sort of slowed us down. But it took until we  
22 passed legislation last year -- the first bill

1 passed in 2008.

2           In 2015, we passed the final law that  
3 gave full authority to the Board to be able to go  
4 after people that were basically breaking the  
5 rules and not registering. So I think there will  
6 be rampant fraud. And people will come in,  
7 they'll fill the gap. They'll do it out of the  
8 back of their car. You know, if you don't have  
9 that accountability in place in those checks and  
10 balances, I think people are going to end up in a  
11 lot worse situation than they are trying to even  
12 do it themselves.

13           MS. OLSON: Anybody else want to weigh in  
14 on that or has she pretty much said it?

15           MS. ATKINSON: Well, I think we already  
16 see a concern where in our clinic, at The  
17 Community Tax Law Project, that there are  
18 fraudulent returns that the taxpayer never sees.

19           MS. OLSON: Right.

20           MS. ATKINSON: And we try to get those  
21 dealt with within the IRS system. With online,  
22 how is the IRS going to prosecute those cases?



1 How are they going to prove who did this because  
2 you're removing a lot of the barriers?

3           When I've talked to CI folks in the  
4 electronic environment, they say there are  
5 tremendous problems with prosecuting those types  
6 of cases because they are electronic. Not to say  
7 they're impossible, but they are much, much more  
8 challenging. And if the IRS allows these  
9 unenrolled folks to get on there, it's already  
10 incredibly bad.

11           I went and spoke to a Welfare to Work  
12 group, and almost everyone in that group had some  
13 kind of frozen refund because of an identity theft  
14 problem that they were trying to work through,  
15 right then. It's crazy.

16           MS. OLSON: You know, Angela, I mean, you  
17 have experienced it from the payroll service  
18 provider perspective. And one of the things that  
19 the payroll service providers and AccuPay and  
20 others were able to do where we've had  
21 embezzlements in other cases is that because they  
22 had access to your account, you know, to make

1 payments and they had a limited Power of Attorney,  
2 they were able to change your address.

3 MS. ARMSTRONG: And that's what they did  
4 to us. So we never received any notices saying  
5 that we're late because they changed the address  
6 and all those notices went to them.

7 MS. OLSON: So if one of these preparers  
8 gets access to the individual taxpayer's account,  
9 they could prepare these fake returns and all the  
10 information would go to that preparer's address,  
11 and the taxpayer wouldn't know it until they  
12 started getting daunting notices from the IRS.

13 I wanted to follow up with your  
14 testimony, Angela, because it's very interesting,  
15 the first payroll service provider case that I  
16 have ever worked on in TAS was several years ago,  
17 before AccuPay, in Maine, and it brought this  
18 issue to our forefront. And it was another  
19 example where, in this instance -- and I do have  
20 permission to talk about the general facts of this  
21 case from the taxpayer, they've given me the  
22 consent -- that it was a criminal investigation

1 that asked the taxpayer. They didn't even ask the  
2 taxpayer. CI told the IRS, the revenue officer  
3 who wanted to notify the taxpayer that this was  
4 going on that their payments were being stolen.  
5 CI told them they couldn't notify the taxpayer for  
6 about a year so that the taxpayer would continue  
7 to make payments in.

8           And then when they finally brought the  
9 indictment and everything against this preparer,  
10 the taxpayers were faced with that mantra of well,  
11 you didn't pay the tax yet so you have to pay it  
12 to us again. And the taxpayer is saying but I did  
13 pay the tax.

14           In that case, and our argument, Jim  
15 Leith, the Maryland LTA made in your case, is  
16 that, you know, this taxpayer was a guinea pig for  
17 you making your case and there is no way in heck  
18 that you're going to hold this taxpayer liable  
19 for, you know, payments that weren't paid over to  
20 you -- if you had told that person they would've  
21 stopped paying it to that payroll service  
22 provider.

1           And I'm very concerned about the culture.  
2   That even after all the time that we've worked to  
3   get the IRS to understand that these are compliant  
4   taxpayers who are paying their taxes to an entity  
5   that is supposed to be helping them. That you  
6   should not be penalizing these compliant taxpayers  
7   and you should figure out a way to compromise it  
8   because they want to comply going forward. I'm  
9   just stunned by how hard it was for you to find  
10  someone.

11           MS. ARMSTRONG: Right. It was extremely  
12  hard. And not only was it hard, but the stress on  
13  us every day and people calling us, other people  
14  that had been embezzled from. And it was just so  
15  sad. I mean, so many people were going out of  
16  business because of it and it just, you know, I  
17  don't know how the IRS looks at it. Well, that  
18  group of people will just go out of business.  
19  Well, these were livelihoods from very small  
20  businesses. And it was really sad and it was  
21  really hard and it was so frustrating to have an  
22  IRS person tell you keep paying, keep paying. And

1 you know, I kept paying because they told me to.

2 MS. OLSON: Did anyone other than the  
3 Taxpayer Advocate Service ever mention to you the  
4 possibility of an Offer in Compromise, what we  
5 call an effective tax administration Offer in  
6 Compromise?

7 MS. ARMSTRONG: From the IRS, no.

8 MS. OLSON: So that is, to me, appalling.  
9 There is actually guidance to IRS employees that  
10 we worked very hard to get into the Internal  
11 Revenue Manual covering specifically, victims of  
12 payroll service providers and the factors that you  
13 look at in order to grant them an effective tax  
14 administration Offer in Compromise, based on  
15 public policy and equity. You know, that you were  
16 trying to comply with the laws. You were paying  
17 this. We can find a way to make this go away and  
18 have you be a viable business going forward.

19 MS. ARMSTRONG: The CI agent who had  
20 stayed in touch with me because he lived locally  
21 and was also pretty upset about the situation, he  
22 was the person that told me about that. And then

1 honestly, after talking to Jim, he was, the first  
2 time after a year and-a-half that we had some hope  
3 in the whole thing.

4 MS. OLSON: So I do want to open this up  
5 to the floor. I do have one question for the  
6 entire panel. You know, the IRS has been  
7 described, variously, as an enforcement agency,  
8 customer service agency. I've heard it described  
9 as a processing agency. What do you think -- how  
10 do you view it today and how do you think it  
11 should define itself, going forward?

12 I'll start with you at the very far end,  
13 Beverly.

14 MS. WINSTEAD: Okay. Well, today, I  
15 actually view IRS more so as a processing agency.  
16 There is not a whole lot of interaction. Even  
17 when we file Offer in Compromises, you know, they  
18 get the information. They evaluate it, they  
19 process it. Once in Offer in Compromise, if they  
20 want additional information, then they'll just  
21 send a letter, in a lot of instances. They don't  
22 even pick up the phone and call. They just send a

1 letter and say hey, send us this additional  
2 documentation.

3           So the actual ability to kind of tell our  
4 client's story, and particularly, like face-to-  
5 face to someone, I think would be a lot more  
6 helpful because we're advocates. We're supposed  
7 to advocate for our client. And a lot of times  
8 we're not in the best position to advocate when  
9 we're just sending papers back and forth.

10           Now, what I'd like to see is more of a  
11 customer service, a consumer-friendly  
12 organization, where we all are trying to get to  
13 the right result for the taxpayer.

14           MS. OLSON: Okay.

15           MR. CRANDELL: You know, it's interesting  
16 when you pose the question that way. I don't know  
17 if I ever thought about it, but it kind of strikes  
18 me as actually being sort of all three, right.  
19 It's enforcement, it's processing and it's  
20 customer service.

21           To analogize the agency that I deal with  
22 most often in my line of work is the Department of

1 Homeland Security. And there are actually  
2 divisions within that department between  
3 enforcement and customer service and processing.  
4 There are subagencies within Homeland Security  
5 that tackle the different tasks.

6           So I'm sure it's difficult, from within  
7 the IRS to -- if you're tasked with sort of doing  
8 all three of those at the same time, you know,  
9 without the clear divisions, I'm sure it's  
10 difficult. What I would like to see going forward  
11 is, I mean, really, you need all three. And you  
12 can't really -- I don't think you can single out  
13 one aspect over the others. You really need all  
14 three. And whether there needs to be more clear  
15 divides within the agencies or bringing in other  
16 agencies to handle different tasks, you know, that  
17 would, I guess, remain to be seen.

18           MS. ARMSTRONG: I'm not as well spoken in  
19 this area as they are, but --

20           MS. OLSON: You're a taxpayer.

21           MS. ARMSTRONG: Yes. But I would say  
22 that the tax code needs to not be so complicated



1 and then maybe things would not be so hard for  
2 everyone because it's just gotten harder and  
3 harder. I know I have numerous employees that  
4 struggle to get their taxes done because of the  
5 Affordable Care Act. They try to be compliant to  
6 the Affordable Care Act and then it didn't get  
7 marked on the last paper and now she doesn't know  
8 what to do and it's a mess.

9 MS. MCKINNEY: Well, they're definitely  
10 doing a bit of three. I think they definitely see  
11 themselves in the compliance business and I think  
12 that that leads to complicated customer service.  
13 I think on the compliance side, what I'd love to  
14 see, and I heard some conversations before, is a  
15 way to sort of triage out some of their  
16 compliance. If the people just missed a form, a  
17 student loan interest and it doesn't actually  
18 impact the return but someone just didn't include  
19 it or download it, you know, that there's a way of  
20 dealing with that that doesn't get caught up in  
21 the compliance channel. Because I think that  
22 there is a lot of money wasted chasing after folks

1 that are sort of small potatoes, right.

2           So if there is a way to sort of focus on  
3 the big fish. And I think that focusing on the  
4 customer service side, the Taxpayer Assistance  
5 Center, like, people liked going into them and  
6 provided a really good service. Not that they  
7 weren't ever challenges, but to not have that on  
8 the front lines in communities is a really big  
9 hole that this future state will not fix.

10           MS. OLSON: All right. Liz.

11           MS. ATKINSON: I agree totally with that  
12 comment about the walk-in centers. You know, the  
13 processing side, it seems that the IRS does such a  
14 poor job of things that there's a lot of resources  
15 wasted on, you know, doing things over and over  
16 again. And part of it is because employees at the  
17 IRS -- when I worked at the IRS, there were a lot  
18 of really good IRS employees who want to do the  
19 right thing for the taxpayer.

20           Often, they are unable to do that because  
21 there is a gap in authority. For instance, in the  
22 walk-in centers, you know, you've got very capable

1 people. And back in the old days when I worked at  
2 the IRS, they had something called Office Branch.  
3 And Office Branch took care of, you know, most  
4 things very, very well, even before computers.  
5 And then when there was something that was really  
6 complicated that they couldn't handle, they would  
7 go fetch somebody who could deal with it in that  
8 same building. And so things got resolved and,  
9 you know, all of this automation has -- you know,  
10 people think automation is the answer to  
11 everything and it does do some things very, very  
12 well, but when there's an exception, as she said,  
13 if you're missing a form or whatever, it is  
14 extraordinarily difficult.

15 I had a friend who had one of these  
16 identity theft things and he went into the walk-in  
17 center to try to resolve it. He was there in  
18 person with all his ID and the person there tried  
19 to help, but he still couldn't get his refund  
20 released. So they need to fix those messes.

21 MS. OLSON: You know, on the walk-in  
22 site, the IRS has announced that it's moving to

1 all appointment only for next filing season at the  
2 walk-in site. And the other day, I got an email  
3 from a certified public account who said that he  
4 went into his walk-in site to make a payment of  
5 \$15,000 to get a levy released for his client and  
6 he was told to go away and call for an appointment  
7 and then come back and pay.

8           And you just have to wonder what, you  
9 know, the taxpayers of the United States think  
10 about that when we're turning money away. So that  
11 just really impacts me. It used to be that when  
12 there was overflow at the walk-in sites, you  
13 pulled the revenue agent and the revenue officers  
14 in because it's the filing season. Taxpayers are  
15 coming in. Why are we not meeting them where they  
16 are?

17           This is an opportunity to work with them.  
18 And it was also very good for the revenue agents  
19 and revenue officers to see taxpayers and what  
20 they have to go through to try to comply with the  
21 laws. And then it changes how they interact with  
22 the taxpayers that they're auditing or that

1 they're collecting with. We've lost all that.

2           So I want to just open this up, just a  
3 little bit for comment from the floor. You can go  
4 to the microphone so we can pick this up. That  
5 would be great. Thank you.

6           MR. BLOCK: Thank you. So I'm a  
7 practitioner. I'm a CPA and an attorney. You  
8 talk about turning money away. There used to be a  
9 tech advisory unit in Baltimore. I had a client  
10 that had rental real estate and we were looking to  
11 sell that in order to pay the proceeds toward an  
12 outstanding tax liability. The Service had a tax  
13 lien on file which encumbers and runs with the  
14 real estate.

15           So we were trying to get a win/win/win by  
16 selling the property, having a conditional release  
17 of the lien just with regard to this property.  
18 The Service would get money instead of an  
19 intangible interest in land. And then the  
20 purchaser would get this land unencumbered by the  
21 IRS lien. And for a long time, there was a  
22 competent, efficient tech advisory unit. You

1 would go through the protocols, you submit the  
2 paperwork and appraisal, ProForm HUD-1, Maryland  
3 State Department of Assessment and Taxation, real  
4 estate info, et cetera.

5           And if you do all that and you go through  
6 the dots of the I's and cross of the T's, within  
7 30 to 45 days, you get your conditional lien  
8 release and give it to the title company. The  
9 title company would keep the proceeds at  
10 settlement and then turn it over to the IRS and  
11 then you would get your formal release of the lien  
12 and everybody's happy.

13           So unbeknownst to me and where I had  
14 submitted one of these prior to Thanksgiving of  
15 2014 -- and we were looking to apply a six-figure  
16 amount of proceeds to the taxpayer's unpaid taxes.  
17 And I had no idea the tech advisory unit in  
18 Baltimore had been disbanded and that thinking  
19 that there was a delay just because of  
20 Thanksgiving, people needing to use their holiday  
21 time before the new year, but following up  
22 affirmatively, not having heard anything, I then

1 find out that the unit had been disbanded.

2           The work had been shipped off to  
3 Richmond where other IRS employees were not just  
4 sitting around with nothing to do, now they have a  
5 higher queue, a higher number of volume in their  
6 inventory. And what would usually take 30 or 35  
7 days is now anywhere from 75 to 90 days. I was  
8 lucky that the purchaser in this case hung in  
9 there. With real estate, time is of the essence.  
10 And if the buyer had walked away and said we're  
11 not going to do this deal, then instead of a  
12 win/win/win, it would be a lose/lose/lose and the  
13 service would not have gotten six figures in Do-  
14 Re-Mi cash to go apply against the taxpayer's  
15 liability.

16           I don't understand why the tech advisory  
17 unit had been disbanded. It's been effective, not  
18 just in this particular anecdotal case, but in  
19 many cases to get real money on the table quickly  
20 to the Service instead of these amorphous liens of  
21 legal interest in land that are hard to reduce  
22 down to cash otherwise.

1           MS. OLSON: Well, I think that the IRS's  
2 position would be resources, resources, resources.  
3 We're centralizing these functions. We're, you  
4 know, saving real estate. We're bringing all  
5 these people into this centralized unit. And I  
6 think what we've heard, you know, is that the  
7 local knowledge, the local presence, the ability  
8 to get things done is essential to effective tax  
9 administration. That you need to know the real  
10 estate economy of this community.

11           I mean, I lived in Richmond. I don't  
12 know the real estate economy of Baltimore. And if  
13 you're in Fresno, you certainly don't know it.  
14 And that costs the taxpayers of the United States,  
15 as you've just described, the risk of losing a  
16 six-figure payment.

17           I think that some of what we're trying to  
18 do with these panels is make the case that yes,  
19 real estate costs, but there's a reason for having  
20 as presence, a taxpayer service presence, a  
21 compliance presence, a technical presence in these  
22 communities. And your case just makes the case.



1           MR. BLOCK: Also, I've seen a lot of  
2 innocent spouse cases that we haven't talked about  
3 that is centralized in Covington, Kentucky.  
4 Again, a lot of paperwork. It's facts and  
5 circumstances-oriented. There are often stories  
6 to be told about these people's lives that are  
7 applying for innocent spouse relief. And we get  
8 some nameless/faceless in Covington, Kentucky.  
9 And despite significant submission of facts and  
10 circumstances, eventually you get a two-sentence  
11 conclusory discussion, not even with the rationale  
12 as how they came to, amazingly, a rejection. And  
13 then we go to appeals at that point.

14           So it's not as if there's even a  
15 discussion as to the rationale for the conclusion,  
16 it's a perfunctory two-sentence rejection of the  
17 innocent spouse claim.

18           MS. OLSON: Right. Well, that goes to  
19 the issue of the online accounts. One of our  
20 witnesses in Iowa last week basically said before  
21 you start doing online stuff, why don't you fix  
22 what's broken now in the analog environment?

1           And we were particularly talking about  
2 the incomprehensible notices, or to your point,  
3 the conclusory two-sentence notices, or the  
4 revenue agent's reports, the audit reports, that  
5 don't tell you really any information. And my  
6 response is well, what you can look forward to in  
7 the online account is you will get those things  
8 that much faster.

9           Okay. Yes, sir?

10           MR. SCHABES: Thank you. I happen to  
11 have the pleasure of working with the IRS for over  
12 25 years. The joke that we have is I used to be  
13 much taller before I started. But be that as it  
14 may, truth be told, we're very appreciative, Nina,  
15 of your group, your efforts. The Taxpayer  
16 Advocate oftentimes is a breath of fresh air. It  
17 used to be, before the predecessor to the TAS  
18 office, we had a problem resolution.

19           Truthfully, we wish you had more power.  
20 And that's part of the problem. Once it became  
21 more of an Advocate as opposed to resolution-  
22 oriented, unfortunately, it has exacerbated a lot

1 of the issues. And truth be told, I think if you  
2 poll a fair amount of the more seasoned people in  
3 your office, you'd get the same reaction: "We wish  
4 we could, but our hands are tied." If somehow  
5 that logjam can get reopened again with more  
6 authorization -- and also, the fact remains is, as  
7 you pointed out, centralization is great, but  
8 unfortunately, what gets harmed is the local  
9 cases.

10           We have a national practice. We have the  
11 opportunity, however, at the same time, to work  
12 with your colleagues all over. And you have to  
13 really push hard to get the cases brought back.  
14 It's not impossible, but it's not easy. And in  
15 the process, you may be ruffling some feathers.  
16 And part of the problem really becomes one of what  
17 can we generally do in order to enhance 1) the  
18 education side, 2) the staffing. Because I think  
19 if you ask the local folks, and again, we are  
20 blessed, to be candid with you.

21           We have a wonderful TAS office here,  
22 headed by Mr. Leith and his colleagues, but

1 they're only a small group. They need more  
2 resources. They need more power and they need the  
3 opportunity to work the cases because the  
4 caseloads are through the roof.

5 MS. OLSON: Well, you know, I really  
6 appreciate you raising those. Let me address the  
7 issue of the authority because this has been  
8 something since 2001 when I came in. The obstacle  
9 is me. And as long as I'm here, I'm not going to  
10 give them more authority, and I'll tell you why.  
11 It's that what Congress did by making us  
12 advocates, the law says we help taxpayers solve  
13 their problems with the IRS. And we cannot be a  
14 mini IRS and take these cases in and fix them.

15 And I believe the case advocacy side of  
16 TAS is also systemic advocacy. That our job is to  
17 make that IRS employee who either didn't do  
18 something or that IRS employee, who did something  
19 but didn't do it right. That that employee needs  
20 to learn from this case. So it has to go back to  
21 that employee and we get them to do it right.  
22 It's not efficient, necessarily, in the short run,

1 but it does mean that employee won't do that to  
2 every other taxpayer that they get a similar case.

3           If we just fixed it, like problem  
4 resolution did, it means that problem resolution  
5 will get another case like that from that employee  
6 because there is no pain, there is no gain. And  
7 it's unfortunate for the taxpayers.

8           Now, the issue that we've got, however,  
9 is that we do need more staffing in TAS. We need  
10 a better case management system, and I've written  
11 about that. I have certainly been making my case  
12 to the IRS that we need more funding. And I've  
13 certainly made my case to Congress and will  
14 continue to do so.

15           As far as training, I will say that I  
16 have been really bringing people from outside the  
17 IRS, practitioners such as yourself, in to conduct  
18 training with my employees. And we have really  
19 been doing, over the last few years, a case study  
20 approach where we will actually take cases that  
21 maybe didn't work out so well in TAS that we  
22 didn't do well and use them as training for every

1 single one of my employees so that they can learn  
2 the technical skills on an actual case.

3 I personally think that's the only way,  
4 is to bring people from outside so that our folks  
5 can hear what you need done as we advocate.

6 MR. SCHABES: My colleagues and I, I'm  
7 sure, would be glad to participate. Please  
8 understand, Nina, at the same time, that while the  
9 job of the TAS office is to ensure that these  
10 issues get resolved, query, it doesn't necessarily  
11 mean that the TAS office has to get exclusive  
12 authority to fix it. But at the same time, how  
13 many victims are there in the process?

14 MS. OLSON: How many what?

15 MR. SCHABES: Victims are there in the  
16 process because there isn't that ability to say  
17 listen, we all know that mistakes were made here.  
18 Lets' just get it done.

19 MS. OLSON: Right.

20 MR. SCHABES: And sometimes emotions and  
21 individual personalities get in the way. One  
22 other thought, if I could share it with you, the

1 Offer in Compromise program is obviously designed,  
2 whether it's from the tax efficiency perspective  
3 or at the same time from inability to full pay  
4 based on the criteria. Those cases are now taking  
5 anywhere between 12 to 18 months to as much as 24  
6 months to have them initially looked at.

7 MS. OLSON: Right.

8 MR. SCHABES: Over 90 percent -- maybe  
9 I'm a little bit high, not so sure -- of those  
10 cases are rejected at the first level --

11 MS. OLSON: Right.

12 MR. SCHABES: -- and are resolved at the  
13 appellate level. So you're going out several more  
14 years.

15 MS. OLSON: Right.

16 MR. SCHABES: That's a travesty.

17 MS. OLSON: I fully agree with you and we  
18 are really looking at that issue. I appreciate  
19 that. I would also say, just to go back to TAS  
20 for a minute, that we are really working with our  
21 employees and making some process changes to free  
22 up our case advocate time so that they actually

1 can do the advocacy and get to their case a lot  
2 faster. And sometimes I think it just -- our  
3 folks are struggling and they aren't reaching out  
4 for the assistance that they need to really  
5 understand an issue. Because unlike anywhere else  
6 in the IRS -- and this is what's so remarkable  
7 about my employees, is that they see everything.  
8 They have to be generalists, as opposed to  
9 specialists.

10 MR. SCHABES: Sure.

11 MS. OLSON: And they may not be the  
12 specialist in this issue, but what we need to do  
13 is make sure they reach out to the folks.  
14 Sometimes I think people hold onto it a little bit  
15 longer as they're trying to figure out what to do  
16 and that causes time.

17 MR. SCHABES: Understood.

18 MS. OLSON: But I appreciate your  
19 comments.

20 MR. SCHABES: Thank you. Appreciate it.

21 MS. OLSON: Could you say your name so  
22 the transcriber can get it?



1           MR. SCHABES: Oh, sure. It's Stuart  
2 Schabes from the law firm of Ober Kaler.

3           MS. OLSON: Thank you. Is there anybody  
4 else wanting to come up? Good. Okay.

5           MR. WEINSTEIN: Hello. Ray Weinstein,  
6 also with Ober Kaler. I just wanted to thank Mr.  
7 Leith and his staff. Over the years, they've been  
8 extremely helpful. I will go on a little bit of  
9 what Stuart said.

10           A couple of items that come up, we had a  
11 client who was attempting to refinance his house.  
12 Unfortunately, he got identity fraud. He filed  
13 his '14, he filed it right at the extension time  
14 and he gets a letter that there's identity fraud.  
15 So he had a \$9,000 refund which he wasn't real  
16 concerned with. His concern was strictly  
17 refinancing his house.

18           He needed, in order to refinance it,  
19 copies of his '13 and '14 income tax returns. He  
20 gets a letter that says it's going to take 180  
21 days and he cannot get any copies of anything.  
22 Everything is frozen for 180 days. Well, there

1 aren't too many lenders that are going to wait for  
2 180 days. He wasn't locked in for that long.

3 Well, fortunately for him, we have to  
4 have copies. We delivered his '13 and '14  
5 returns. He owed payroll taxes, but that's  
6 another matter. But we had date-stamped copies of  
7 his '13 and '14 returns in the file, which we  
8 submitted to him and he forwarded them to the  
9 lender.

10 The lender accepted those two years'  
11 return without getting any certified copies or any  
12 account transcripts because they were delivered  
13 timely. But there are little things like that,  
14 you know, to get a letter that says it's going to  
15 take 180 days to resolve a matter that was not his  
16 -- that he had nothing to do with.

17 MS. OLSON: Right. And today you would  
18 not be able to get that date-stamped return  
19 because the walk-in sites do not want to do that  
20 anymore, unless you have a nice walk-in site.

21 MR. WEINSTEIN: Well, we have a very nice  
22 walk-in site in Baltimore. The only problem is,

1 the walk-in site is going to appointments only on  
2 May the 23rd. And it's not difficult to get an  
3 appointment, but you talked about low-income  
4 taxpayers leaving their job, coming downtown,  
5 parking their car if they have a car, and then  
6 having to wait an hour and-a-half in an office to  
7 get a certified copy of an account transcript or  
8 to find out why they got this bill. It's going to  
9 be difficult when you got 80 people in an hour  
10 coming in there and they say to them, oh, you  
11 don't have an appointment. We can't see you until  
12 August the 7th.

13 MS. OLSON: Right.

14 MR. WEINSTEIN: It's not going to make a  
15 lot of people happy. There's got to be some way  
16 to get this information out to the public that  
17 they must make an appointment to come down and see  
18 the IRS face-to-face or walk-in area. But I  
19 compliment again, Mr. Leith and his staff.  
20 They've been very helpful to our office on many  
21 matters that we've had.

22 MS. OLSON: And to come back to another

1 point, and I don't have this problem with Jim's  
2 office, but some of the delays that you may  
3 experience or not getting things paid attention to  
4 is because our people are still a little nervous  
5 and shy of issuing Taxpayer Assistance Orders.  
6 And I just wanted you to know that my message is  
7 directly to my employees and they have heard it  
8 many times, is you give the folks in the IRS  
9 function a chance to do what you need them to do.  
10 If they push back and you believe that this is  
11 right thing to do, elevate it to your manager  
12 immediately. They'll have a conversation with the  
13 manager on the other side. If you get no  
14 movement, you issue that TAO. End of  
15 conversation.

16           Congress gave us the tool; we should be  
17 using it. It clarifies the mind wonderfully of  
18 the function. We've been finding that even the  
19 threat of issuing a TAO really brings about action  
20 because that TAO isn't going to the employee, it's  
21 going to the manager of the employee. And if the  
22 manager disagrees with us, it goes very quickly up

1 the chain of command. It's just two steps to get  
2 to the operating division commissioner. An  
3 operating division commissioner is going to look  
4 at what you're doing, then that really changes  
5 things. So there are a lot of reasons for pushing  
6 for the TAO.

7 I will do this on the transcript; let me  
8 give you my email address: nina.e.olson@irs.gov.  
9 nina.e.olson@irs.gov. And if you have a case  
10 where someone is not pushing, please email me.  
11 Don't give me taxpayer information, just give me a  
12 description. Don't give me the social or anything  
13 like that.

14 We don't punish anybody; we just go back  
15 and we just give a gentle nudge and say what's  
16 going on. I have my D.C. Local Taxpayer Advocate  
17 who does that for us. We use it as a learning  
18 opportunity, it's a teaching opportunity and it  
19 tells us what's going in the cases out there and  
20 that's very helpful because it helps us identify  
21 training opportunities as well.

22 So please do that. Okay. Anybody else?

1 (No response.)

2 If not, I want to thank the panelists. I  
3 want to thank Senator Cardin and his wonderful  
4 staff. I'm just so grateful for everyone coming.  
5 You will see the transcript. It takes about a  
6 month or so to get the transcripts up on our  
7 website. Thank you all. This has been really  
8 terrific.

9 (Whereupon, at 12:15 p.m., the meeting  
10 was adjourned.)

11 \* \* \* \* \*

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CERTIFICATE OF NOTARY PUBLIC

I, GERVEL A. WATTS, the officer before whom  
the foregoing public forum was taken, do hereby certify  
that the testimony that appears in the foregoing pages  
was recorded by me and thereafter reduced to  
typewriting under my direction; that said public forum  
is a true record of the proceedings; that I am neither  
counsel for, related to, nor employed by any of the  
parties to the action in which this deposition was

taken; and further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

GERVEL A. WATTS

Notary Public in and for the

District of Columbia

My Commission expires: January 31, 2016