

# Capital Reporting Company

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TAXPAYER ADVOCATE SERVICE (TAS)

PUBLIC FORUM

Monday, April 4, 2016

5:30 p.m.

Henderson County King Street Meeting Room

100 North King Street

Hendersonville, North Carolina

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1 A P P E A R A N C E S

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3 HOSTS:

4 Nina E. Olson, National Taxpayer Advocate, Taxpayer  
5 Advocate Service, Washington, DC

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7 Rep. Mark Meadows, Member of Congress,  
8 11th Congressional District, North Carolina

9

10 Panelist

11 Arthur Bartlett, Program Director/Attorney, LITC  
12 Legal Services of Southern Piedmont,  
13 Charlotte, NC

14

15 Rollin J. Groseclose, CPA, CGMA, Shareholder, Johnson  
16 Price Sprinkle PA,  
17 Asheville, NC

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19 Bob Smith, Volunteer Coordinator, AARP Tax  
20 Aide - Henderson County,  
21 Hendersonville, NC

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1           Robert Wall, Esq. Attorney, Member, Spilman  
2           Thomas & Battle, PLC,  
3           Winston-Salem, NC.  
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1           So this is a public forum that we are  
2           having about the taxpayer needs, what  
3           taxpayers need in order to comply with the tax  
4           laws, also, what practitioners need in order  
5           to help taxpayers comply with the tax laws.

6           What precipitated this was the work that  
7           the IRS has been doing on its future state  
8           vision, which I covered in my annual report  
9           to Congress this year, and raised concerns  
10          and identified it as a number one most  
11          serious problem for taxpayers, not so much  
12          that anything was a problem about the future  
13          state vision today, because it is still a  
14          future state vision, but I had some concerns  
15          about how things were going, what they were  
16          conceiving of. Even more importantly, there  
17          was a lack of communication about specifics  
18          both with Congress, but also with members of  
19          the taxpayers and their representatives and  
20          the preparers.

21          So I announced in my report that I  
22          would like to go around and hold public

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1 forums in communities to hear directly from  
2 the taxpayers and the representatives. And  
3 in conjunction with members of Congress.

4 Before the report was even written, I  
5 mentioned it to Chairman Meadows. He said  
6 "sign me up." That is a direct quote. So  
7 now you have me here in Hendersonville. I'm  
8 thrilled to be here.

9 I'm going to turn it over to Chairman  
10 Meadows. I will introduce the panel and  
11 sort of lay out some of the -- like the  
12 order of the evening.

13 REPRESENTATIVE MEADOWS: Thank you so  
14 much, Nina. I'm going to keep my remarks  
15 very brief. I want to start off by saying  
16 thank you for showing up tonight. Thank you  
17 for participating. Generally what happens  
18 is when you have a public forum, you have  
19 only a few people that come, and they have  
20 very determined ideas on either being for  
21 or against whatever you're going to talk  
22 about.

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1           And yet, this particular forum was one  
2           that Nina had shared with me many months  
3           ago in terms of wanting to get not only  
4           input, but really helping Congress, the IRS  
5           more closely together to serve the  
6           taxpayers.

7           When you talk about the IRS, the only  
8           person that actually has lower approval  
9           ratings than the IRS would be a member of  
10          Congress. So as I'm here tonight to say  
11          thank you and participate, I think the  
12          other aspect that is critically important  
13          is for you as you hear from the experts --  
14          and really we have some great experts that  
15          are here -- to jot down a note or two or  
16          some concerns or some of the things you  
17          just hear. I know for me, I had someone  
18          even earlier today say, "well, you know,  
19          what about the service? I'm having this  
20          person. They're having to go all the way to  
21          Greenville, South Carolina to get an answer  
22          on X." So part of it is trying to make

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1           sure that we not only fund the IRS  
2           appropriately, but that we are focused in  
3           terms of what those needs might be.

4           Nina is very kind to compliment  
5           everyone else. So I want to share, in  
6           earnest, my appreciation not only for you  
7           coming here, but for your work.

8           A lot of you may have heard of Nina and  
9           her work as a taxpayer advocate. I was  
10          really unfamiliar with the role in terms of  
11          when you think of the IRS, you think of it  
12          as this one entity, and yet, Nina, really,  
13          her responsibility is to make sure that she  
14          is indeed an advocate, whether that is for  
15          a preparer or for individuals in trying to  
16          work through the maze of a tax code, and  
17          that sometimes can be very, let's say,  
18          voluminous. We will use that word instead  
19          of anything else. But also, Nina is one  
20          that you can trust who she is and what she  
21          says. And in Washington, D.C. that is very  
22          rare. When Nina tells you something she is

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1 always willing to not only express her  
2 opinion but to back it up and to follow up.  
3 And that is one of the reasons why we are  
4 here tonight. It was a follow up from a  
5 conversation we had in my office in  
6 Washington, D.C. And when she signed us up,  
7 she really did indeed do that. Thank you  
8 for taking all this down. Your comments  
9 tonight, just so you will know, will  
10 ultimately be put out on the web and for  
11 others to be able to look and learn from  
12 your experiences. So your questions or  
13 comments are critical. But I want to thank  
14 you for being here. Nina, thank you. And I  
15 will turn it back over to you.

16 MS. OLSON: What we are going to start  
17 with is we have a panel of four folks who  
18 are going to -- they made some prepared  
19 remarks. Then I will turn it over to the  
20 Chairman to ask some ques-tions, and then I  
21 will have some ques-ions. Then we want to  
22 open up it up to the floor. I think there

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1 is a micro-  
2 phone that is working right there. So we  
3 can make hear everyone.

4 And again, the focus of this is, you  
5 know, not just about what the IRS needs to  
6 do in the future, but what are you  
7 experiencing today, and what are the  
8 strengths and weaknesses of what you're  
9 experiencing, and any and all  
10 recommendations are welcome and  
11 observations.

12 I will also let you know that there  
13 are a few members of my Greensboro office,  
14 I have an office in Greensboro that serves  
15 North Carolina. And there are a few folks  
16 out there in the front hallway. So if  
17 anyone has particular cases that you  
18 haven't been able to get resolved, we won't  
19 be able to do the resolution here tonight,  
20 but we can take your basic information and  
21 call you back tomorrow or the next day and  
22 open a case and work with you if you

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1 haven't been able to get things resolved  
2 through the normal channels. We wanted to  
3 offer that service to you.

4 I think we'll start with Arthur.  
5 Arthur Bartlett is the Low Income Taxpayer  
6 Clinic Director at Legal Services in  
7 Southern Piedmont. He has a degree in  
8 political science and history from the  
9 University of Vermont and a J.D. from the  
10 University of Michigan Law School. And  
11 prior to joining the legal services of  
12 Southern Piedmont, which serves this area,  
13 and that is particularly why we wanted  
14 Arthur here, he worked at private law firms  
15 in Buffalo, New York and Charlotte  
16 specializing in ERISA and executive  
17 compensation. And now he also, in the  
18 legal services entity, supervises work on  
19 the elderly and HIV/AIDS legal assistance  
20 project. So he has a broad scope. But he  
21 is the director of the Low Income Taxpayer  
22 Clinic. Arthur.

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1                   MR. BARTLETT:  It's good to be  
2                   here.  I'm happy you invited me to come down  
3                   and speak.  I'm the director of the Low  
4                   Income Taxpayer Clinic at Legal Services.  
5                   I have been the director for the past nine  
6                   years of the program.

7                   Our program has been in existence  
8                   since 2002.  Since that time we've worked  
9                   all sorts of cases at our clinic,  
10                  everything from simple balance due cases to  
11                  more complicated audits and Tax Court  
12                  representation.  The tax clinic's outreach  
13                  and educational activities complement this  
14                  work by providing valuable information to  
15                  low income taxpayers and people for whom  
16                  English is a second language about their  
17                  rights and responsibilities as taxpayers.

18                  We seek to assist taxpayers trying to  
19                  navigate our complicated tax system,  
20                  whether they already have a tax problem or  
21                  are simply trying to understand how to  
22                  avoid creating one.

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1           Our low income taxpayer clinic  
2 provides a full range of controversy  
3 services. We prepare documents such as Tax  
4 Court petitions, formal protests and offers  
5 in compromise, as well as requests for  
6 collection due process hearings, audit  
7 reconsiderations, payment plans, hardship  
8 relief, worker misclassification  
9 determinations, and innocent spouse and  
10 injured spouse relief.

11           We see taxpayers both pre- and post-  
12 assessment. They are being audited or are  
13 in collections. In the vast majority of  
14 cases they are confused. They don't often  
15 understand the notices they received, nor  
16 how to deal with them.

17           For example, many taxpayers think that  
18 they owe the IRS money even before an  
19 additional assessment is made. They often  
20 don't understand that audit notices refer  
21 to proposed changes to their original tax  
22 returns and proposed liabilities. They are

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1 often frustrated because they have tried  
2 unsuccessfully to resolve their issues on  
3 their own by calling the IRS, sending in  
4 information, and in some cases going to the  
5 local IRS service center.

6 They don't understand why they are  
7 getting mail from the IRS or why they owe.  
8 They don't know how to fix it. But mostly  
9 they don't understand their rights as  
10 taxpayers. All of this leaves them feeling  
11 that our tax system is too complicated  
12 and unfair.

13 We serve low income taxpayers. These  
14 taxpayers often lack basic reading skills,  
15 suffer from mental or physical impairments  
16 or simply lack the resources necessary to  
17 hire a tax professional to assist them in  
18 navigating our complicated tax system.  
19 These factors, as well as transportation  
20 issues, under or unemployment, domestic  
21 abuse, and lack of access to information  
22 about their situation make it even more

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1           difficult for our clients to effectively  
2           deal with their tax issues on their own.

3                   All of these factors can make even  
4           corresponding with the IRS difficult for  
5           many taxpayers. With these things in mind,  
6           the level of collaboration we expect from a  
7           taxpayer who comes to us for assistance  
8           varies with their situation. We let them  
9           know upfront that all our services are  
10          provided at no cost to them. So paying us  
11          is never a concern for our clients.

12                   To better assist taxpayers, that are  
13          low income -- our low income tax clinic  
14          needs greater visibility to taxpayers  
15          when their journey within the IRS begins.  
16          It is much easier to prevent a tax  
17          liability before it arises rather than  
18          eliminate one after the fact through  
19          audit reconsideration or otherwise.

20                   We find that audit reconsiderations  
21          are now taking about a year to complete.  
22          This was not always the case, and it

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1           seems likely that fewer IRS employees are  
2           now working these requests.

3           A whole year is far too long to wait  
4           in order to correct a tax liability that  
5           we have determined should not exist.  
6           Even if we determine that a taxpayer will  
7           owe, having the client come to us for  
8           assistance before an assessment is made  
9           gives us and the taxpayer time to plan  
10          for how to deal with their liability.

11          The IRS could assist us in reaching  
12          taxpayers sooner by modifying its  
13          correspondence to prominently display  
14          information about taxpayer rights and  
15          available resources, like the taxpayer  
16          advocate service and low income taxpayer  
17          clinics. In most instances this would  
18          certainly lead to fewer IRS resources  
19          being used over time to resolve the  
20          taxpayer's issues.

21          The IRS should also do a better job  
22          communicating with taxpayers. Greater use

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1 of plain English in the IRS correspondence  
2 would help us resolve some confusion that  
3 many taxpayers experience. This, in turn,  
4 would allow more taxpayers to resolve  
5 their issues on their own.

6 Taxpayers in our low income taxpayer  
7 clinic also need more help from local IRS  
8 service centers. In the past we were  
9 able to send taxpayers to IRS service  
10 centers to get back tax returns prepared,  
11 pick up account transcripts and obtain  
12 other information. Now, because of deep  
13 cuts to service much of this is no longer  
14 possible or if still available is greatly  
15 restricted and more difficult to access.

16 It is harder today to deal with the  
17 IRS than it was when I started  
18 representing taxpayers nine years ago.  
19 Since 2010 the IRS has generally become  
20 worse at timely answering phone calls,  
21 and every call to the Practitioner  
22 Priority Service or Collections is more

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1 of a game of chance. If you're lucky you  
2 get someone who is well trained and  
3 responsive. And if you're not, you're  
4 left to slog through the call or try  
5 again later.

6 In addition, the IRS is failing to  
7 timely reply to mail. We are now seeing  
8 many more, "we need additional time  
9 letters" from all parts of the IRS.  
10 These issues must, at least to some  
11 extent, be the result of service cuts.  
12 More people and better training are the  
13 keys to fixing these issues, and they  
14 would go a long way to helping us  
15 expeditiously resolve our cases.

16 A current example of our  
17 difficulties in dealing with the IRS  
18 comes from the IRS's offer in compromise  
19 unit. We now find that many offer in  
20 compromise reviewers are failing to send  
21 us a letter with their contact  
22 information when they begin reviewing our

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1 client's offer in compromise. This is  
2 important because the reviewers are then  
3 calling us and leaving us voice mail  
4 messages with only their names and phone  
5 numbers. Without the taxpayer's name or  
6 reviewer's fax number or address, our  
7 only option to communicate with the  
8 reviewer is to call them back and if they  
9 don't answer, leave them a voice mail  
10 message with our contact information.  
11 There is no way for us to follow up on  
12 our message with a fax or letter. This  
13 situation is made even more frustrating  
14 when the reviewer fails to call us back  
15 and then sends us a letter without their  
16 fax number, threatening to return rather  
17 than reject our client's offer in  
18 compromise unless we contact them within  
19 12 days of the date of letter. At least  
20 we know that they received our call and  
21 at least we know which client the  
22 reviewer is contacting us about, but by

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1           the time we receive their letter we  
2           typically only have a few days to  
3           respond. And then we are limited to  
4           either calling them or sending them a  
5           letter.

6           Given the considerable amount of  
7           effort and time we spend in preparing and  
8           waiting to hear about our offer in  
9           compromise submissions, the threat of  
10          having one returned to us in this manner,  
11          which does not afford us appeal rights,  
12          is maddening. The future vision of the  
13          IRS assumes that taxpayers have access to  
14          technology and will be able to navigate  
15          the IRS's online system to resolve their  
16          tax issues. We know from representing  
17          vulnerable populations, such as the poor,  
18          disabled and elderly, in dealing with our  
19          current tax system that they will have no  
20          easier time navigating some new online  
21          system. There will still be barriers  
22          created by poor literacy, mental and

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1 physical impairments in the complicated  
2 nature of our tax system, as well as new  
3 ones, such as access to technology and  
4 understanding how to use it. Given this,  
5 the IRS's future state vision could make  
6 the tax issues of low income and  
7 otherwise vulnerable taxpayers worse if  
8 they use the online system without fully  
9 appreciating what they are agreeing to  
10 and what rights they may be foregoing.

11 In addition, given the issues the  
12 IRS has in replying to mail, I do not  
13 have much confidence that electronic  
14 communications will be acted upon in a  
15 timely manner either. Thank you.

16 MS. OLSON: Thank you. All  
17 right. So our next speaker is going to  
18 be Rollin Groseclose. Rollin is a  
19 shareholder at Johnson, Price, Sprinkle  
20 Public Association, right?

21 MR. GROSECLOSE: Professional.

22 MS. OLSON: Professional

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1 Association, a leading accounting firm in  
2 Western North Carolina. Rollin has  
3 significant expertise in the areas of tax  
4 and business advisory services and focuses  
5 his energy on family and closely-held  
6 businesses and their owners. Industry  
7 concentrations include manufacturing and  
8 distribution, construction and real estate  
9 development and hospitality. His  
10 experience is also extensive in purchasing  
11 marketing cooperatives, as well as his  
12 clients that have multistate and  
13 international activity.

14 Rollin.

15 MR. GROSECLOSE:

16 Thank you. I appreciate the opportunity to  
17 be here. We have been able to work the  
18 Taxpayer Advocate Office in the past. As  
19 Congressman Meadows said, they truly do act  
20 as an advocate for taxpayers.

21 Typically when we get to the end of  
22 our rope, or hopefully before, then we will

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1 reach out to them either in Greensboro or  
2 even calling the national office and try to  
3 get some attention on an issue. It has  
4 been very helpful. Our experience has been  
5 that when we involve the Taxpayer Advocate,  
6 the IRS becomes more responsive and  
7 suddenly  
8 we start getting the help we need.

9 So as Nina mentioned, we work  
10 primarily with closely-held businesses,  
11 family- owned businesses, business owners.  
12 We are a local firm based in Asheville. We  
13 represent what is here in Western North  
14 Carolina. So family owned-businesses,  
15 closely-held businesses, and business  
16 owners. We also Work with a lot of  
17 individuals, a lot of taxpayers.

18 I'd say as a general rule, that when  
19 someone receives a letter from the IRS,  
20 they don't want to deal with it. They want  
21 us to deal with it. I would say that is  
22 the case probably 90 percent of the time.

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1           The IRS is scary to them. They don't want  
2           to get into something that they might not  
3           understand. They feel like they might  
4           misstep somewhere along the way. Doesn't  
5           matter if it's a few hundred dollars or  
6           thousands of dollars. They generally don't  
7           want to deal with it. We cater to our  
8           clients that way. We want to help them  
9           out. We want them to feel comfortable so  
10          we take care of it.

11                 I will say that we also often have to  
12          make an educated judgment of whether or not  
13          we think the issue can be resolved very  
14          quickly. Sometimes if it is a matter of a  
15          couple hundred dollars, a few hundred  
16          dollars, we will actually tell our clients  
17          we can try to help you through this, but  
18          you might be better off just paying the  
19          couple hundred dollars.

20                 That threshold kind of varies from  
21          one person to the next, but a lot of times  
22          the amount of time and energy and effort

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1           it will take to get through is not  
2           worthwhile. So we just recommend, if you  
3           want this to go away, they are telling us  
4           what it takes to go away, just pay the  
5           \$200 or whatever that might be, and that  
6           will probably be a lot less hassle and  
7           headaches.

8                     That is one thing we see. As a  
9           general rule we get copies of notices  
10          from our clients. They rarely will try  
11          to deal with those themselves. Income tax  
12          issues, sometimes a payroll tax issue.  
13          We will typically do not work with  
14          payroll matters very much.

15                    Our first choice of action,  
16          typically, if it is fairly  
17          straightforward we can compare numbers  
18          and see, okay, yeah, there was a mistake,  
19          something was missing. Maybe we didn't  
20          have certain information when preparing  
21          the tax return. Whatever it might be. We  
22          would probably check or write a letter.

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1 We will get it resolved, but a lot of  
2 times we need to get on the phone.

3 So one concern that I have, I think  
4 our office has in general with the  
5 future state is really looking towards  
6 heavy reliance on electronics,  
7 technology, to be able to tell us the  
8 information that we need. Our experience  
9 has been that tells us half the story.  
10 It tells us what the IRS thinks is going  
11 on or what's in their system that might  
12 be causing a problem. But it doesn't  
13 actually resolve everything. We have had  
14 access to online services in the past,  
15 and it gives us some information about  
16 what is going on, why the IRS is sending  
17 this notice, what might have triggered  
18 it, that we can maybe troubleshoot and  
19 figure out here is what is missing, or  
20 here's what they don't have. But the  
21 rest of the story typically takes a phone  
22 call.

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1           As Arthur mentioned, Practitioner  
2           Priority Service is an access point that  
3           practitioners have to a group of folks to  
4           deal specifically with practitioners.  
5           That is helpful to a degree, when you can  
6           get through. I've heard the stats the  
7           last year or so have been about 40 to 50  
8           percent of the time you can expect to  
9           actually have your phone call answered.  
10          The rest of the time you get their lovely  
11          hold music and it lasts 45 minutes to an  
12          hour. Then you hope someone immediately  
13          asks your name and phone number so they  
14          can call you back if disconnected. If  
15          not, we generally offer that up.

16          So our clients have a tough time  
17          understanding why it is so difficult to  
18          resolve something. Why does it take so  
19          long. I will say probably one of the more  
20          recent challenges we've had, aside from  
21          just the routine notices, is identity  
22          theft. We have seen a lot more identity

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1 theft, a lot more clients in general being  
2 affected. We see the news taxpayers  
3 regularly being the victim of fraud, where  
4 someone has captured some or enough of  
5 their information and been able to file a  
6 tax return before we could file a tax  
7 return, say, in January or February and  
8 submit fraudulent information and get  
9 refunds.

10 It typically doesn't actually, affect  
11 the taxpayer's information, but it makes it  
12 very hard to submit an accurate tax return  
13 later on. We have a number of cases right  
14 now that are going on six and eight months  
15 where we are still waiting for the IRS to  
16 accept the 2015 tax return, because there  
17 was a fraudulent return filed.

18 Hearing stories like the IRS's own  
19 system getting hacked and compromised, some  
20 of their security systems being compromised  
21 leads to greater concern on our part when  
22 we try to help taxpayers work through those

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1 issues.

2 Then we also have people besides the  
3 IRS attempting to behave like the IRS  
4 making phone calls, but they have also been  
5 sending letters. They have stolen the IRS,  
6 Treasury Department logos, created  
7 letterhead and figured out what the text  
8 should look like, make it look very much  
9 like an IRS letter.

10 Fortunately, most of our clients reach  
11 out to us, and we start the forensics  
12 trying to figure out is this legitimate or  
13 not. Sometimes it is hard to tell.  
14 Sometimes we just ignore the notice and  
15 call and is this something valid.

16 The hassle and process of working  
17 through situations and getting to a  
18 resolution has certainly gotten worse, as  
19 Arthur mentioned, in the last nine years. I  
20 have been doing this about 20 years. It has  
21 gotten a lot more difficult to deal with  
22 the IRS and find answers. But still,

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1 telephone, in our experience, gets us the  
2 most answers. Practitioner priority is  
3 very good in our experience, helping us get  
4 a resolution, finding out what the problem  
5 is or what to recommend that we do as far  
6 as next steps. But with the cuts it has  
7 been very hard to get through.

8 MS. OLSON: Thank you very much.

9 A taxpayer approached us and shared  
10 with us a letter that had the Taxpayer  
11 Advocate Service on it under my signature.  
12 It wasn't my signature, but with Nina E.  
13 Olson, National Taxpayer Advocate signature  
14 telling the taxpayer to send in a certain  
15 amount of money we were working on -- and  
16 this is very bizarre -- a real estate --  
17 real estate tax issue. If they sent the  
18 money and we needed them to send us the  
19 money, so we get the issue resolved and  
20 refund the money.

21 When I saw that letter, I thought,  
22 wow, when you get to that point you have a

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1 letterhead; you have my name; you have my  
2 title. That is very difficult to combat.

3 Next we will hear from Bob Smith.

4 Robert Smith graduated from Texas A&M with  
5 an engineering degree, and Auburn  
6 University with an MBA, and spent his  
7 career in the U.S. Army retiring, in 1989  
8 with the rank of Colonel. I should be  
9 calling you "Colonel."

10 His specialty was command and staff as  
11 a field artillery officer. He spent almost  
12 one half of his career serving overseas  
13 mostly in Europe. Following retirement from  
14 the Army, he discovered and moved to  
15 Hendersonville in 1990 and worked for H & R  
16 Block for 17 years, 13 as a senior tax  
17 advisor before leaving them in 2006. After  
18 leaving H & R Block he wanted to remain  
19 active in the income tax preparation area  
20 and discovered the AARP Tax Aid Program.  
21 He has been with the program for nine years  
22 and serves as an instructor/quality control

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1 and is presently local coordinator for  
2 Hendersonville, North Carolina supervising  
3 68 volunteers. Thank you so much, Colonel.

4 MR. SMITH: Thank you very much,  
5 Nina. I've got to say right off the outset,  
6 we do operate to provide tax assistance and  
7 tax preparation services to the low and  
8 middle income senior folks. We operate  
9 within the charter of the IRS's SPEC office  
10 and AARP, but we do not turn away anyone at  
11 the door as long as they fall within the  
12 specifications of our scope and our ability  
13 to do their tax returns.

14 Those 68 volunteers do the greeting,  
15 the interview, the tax preparation, the  
16 electronic filing, and they all do it with  
17 a smile on their face. And everyone is  
18 appreciative of what we do. For that I'm  
19 grateful.

20 All the returns receive a quality  
21 review by a second person, which is an IRS  
22 requirement in accordance with the

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1 guidance.

2 Last year we were the largest Tax Aid  
3 site in the state of North Carolina, and  
4 purportedly, the fourth in the nation. So  
5 it's a pretty good-size organization to be  
6 associated with it. And I'm really pleased  
7 to be with it.

8 I noticed, with interest, the remarks  
9 by the IRS commissioner before the National  
10 Press Club on the 24th of March. He did  
11 talk about the future of IRS, but he spent  
12 about a quarter of the time, if not a half  
13 the time, praising the works and efforts of  
14 his paid employees. And I would be remiss  
15 if I didn't also express my great  
16 appreciation for the unpaid folks that I  
17 work with. They do a magnificent job. I  
18 just wanted to make that a matter of  
19 record.

20 MS. OLSON: Duly noted.

21 MR. SMITH: I do not interact  
22 with IRS directly, as my colleagues on this

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1 panel do. We do respond to letters, but we  
2 rarely get on the phone and try to wait  
3 that 45 minutes to talk to someone.

4 But Nina, in a recent conference call  
5 that we had last week, kind of said, you  
6 know, what do you hear from the clients  
7 about IRS? What are their issues? And  
8 also what are your issues, Bob, with regard  
9 to how we can help? We being IRS.

10 The biggest -- one of the biggest  
11 problems we have is the Affordable Care  
12 Act. Those that don't have so-called  
13 minimum essential coverage may be  
14 responsible for a shared responsibility  
15 payment. I think Justice Roberts called  
16 that a tax, didn't he? I would call it  
17 something else, but for volunteers it is a  
18 heavy burden on us to sort through all of  
19 the exceptions that we can come up with  
20 that are available for a person who may be  
21 subject to the shared responsibility  
22 payment. The worst being the affordability

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1           exception.

2                   Our clients, quite frankly, don't  
3           understand the whole process. I find the  
4           IRS language in some cases not very clear  
5           on the Affordable Care Act issues. There  
6           are a group of volunteers north of  
7           Charlotte, Salisbury, I believe it is, who  
8           came up with a flowchart and a decision  
9           matrix and passed it on to the rest of us,  
10          which I found invaluable. And if I didn't  
11          have that, and my preparers didn't have  
12          that, I'm afraid we would be lost in the  
13          entire Affordable Care Act procedures  
14          because of the nuances of everything.  
15          Besides that, it is very time consuming.

16                   Now, the fact that we do serve senior  
17          citizens, that is not an issue, because  
18          they're covered by Medicare. Many of the  
19          clients that come into us have insurance -  
20          health insurance from their employer. So  
21          that is not an issue. It's this person  
22          that falls in low income traditionally, 138

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1 to 400 percent of the federal poverty level  
2 and they don't have insurance. How do we  
3 keep them from doing the shared  
4 responsibility payment?

5 As an example, we had a gentleman and  
6 his wife in a couple weeks ago; English was  
7 not their first language. They went to the  
8 marketplace to get their insurance, so they  
9 could get the subsidy, they lowballed their  
10 income. At the end of the day, when the  
11 reconciliation process took place, he got  
12 presented with a \$5,000 tax bill. He just  
13 didn't believe us.

14 And so I said, well, if you don't  
15 think we're doing the correct thing, please  
16 go to our local Legal Services Advocate and  
17 get their opinion. He came back two days  
18 later and he said, "I'm ready to send my  
19 return in. You guys did the right thing."  
20 Most of our clients are confused about this  
21 entire procedure, as I mentioned.

22 The second issue that we wrestle with

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1 is education credits and the possibility of  
2 income on their tax returns from  
3 scholarships.

4 Educational institutions have to give  
5 a form; it is reported to IRS. It is also  
6 reported to them. It is called a 1098T,  
7 which lists the bills and/or expenses that  
8 the institution charged and also lists the  
9 scholarship that they have received. But  
10 that is only the tip of the iceberg. What  
11 we have to do is find out what are the  
12 qualified education expenses, and whether  
13 those scholarships are restricted or  
14 unrestricted. And frequently we need to  
15 send them back home, access their student  
16 accounts, come back in and explain  
17 everything to them, and try to rationalize  
18 with them, that just because they paid  
19 \$20,000 for last year's semester, those are  
20 not all qualified expenses and, therefore,  
21 you don't get education credits on some of  
22 them. They have a hard time understanding

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1           that. They don't understand why they can't  
2           get credit for room and board, for  
3           instance.

4           Nina also asked me what IRS can do for  
5           us. The software that we use is IRS  
6           sponsored. They provide it to all  
7           registered sites. The software -- the bids  
8           for the software, as I understand it, are  
9           on a competitive basis. We have been using  
10          a software package called Tax Wise for the  
11          entire period that I have been associated  
12          with the program, which is nine years. It  
13          is a CCH package.

14          They lost their contract for 2016. I  
15          have seen a noticeable decrease in support  
16          by CCH because of that. Now, what I'm  
17          asking for IRS is that to get an efficient  
18          proper tax return done, carry- forward data  
19          is very important, because it gives you a  
20          good check on what was done last year.

21          We are not going to have that next  
22          year for 2016 tax returns. And I would

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1           ask IRS or AARP to somehow make out an  
2           arrangement with CCH to see if we cannot  
3           have access to the 2015 carry-forward  
4           data, so we can efficiently prepare  
5           quality returns in 2017.

6                     That is a request. That is what I  
7           see the biggest issue for us. I noticed,  
8           Nina, you wanted a victim of identity  
9           theft on this panel. I don't see one,  
10          except that I am one. So if needed, I can  
11          fill in the void on what is required,  
12          because I'm stuck with now filing a tax  
13          return for the rest of my life with an  
14          IRS-provided PIN. And the resolution on  
15          mine took 11 months.

16                    MS. OLSON: We will certainly  
17          come back to that. So thank you. You  
18          were a double witness.

19                    MR. SMITH: Thank you very much  
20          for allowing me to share my remarks.

21                    MS. OLSON: Our last panelist is  
22          Robert Wall. And Mr. Wall, his primary

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1 areas, he is an attorney, and his primary  
2 area of practice are tax and corporate  
3 law. He has experience counseling advising  
4 high-net worth clients regarding estate  
5 and tax planning matters, including  
6 succession issues for closely-held  
7 business clients and preparation of estate  
8 planning documents, advising clients on  
9 matters pertaining to federal income tax  
10 laws, to minimize the impact of taxes on  
11 business transactions, advocating matters  
12 before the IRS on client issues, including  
13 audits and appeals, compliance,  
14 collections and United States Tax Court  
15 matters, counseling clients on federal tax  
16 exempt issues and representing businesses  
17 and individuals in business dealings such  
18 as acquisitions, divestitures, business  
19 combinations and entity selection matters.

20 He is a member of Forsyth County Bar  
21 Association and the North Carolina Bar  
22 Association, and he was selected as CLE,

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1 continuing legal education volunteer of the  
2 year by the North Carolina Bar Association  
3 Foundation in 2016. So yay.

4 MR. WALL: That one came as a  
5 surprise. Thank you, Nina.

6 A little bit more background on me.  
7 I did my undergraduate work at Wake Forest  
8 University, so also thank you.

9 But as you can tell by my tie, my  
10 wife who graduated from University of  
11 North Carolina, picks my ties, and picked  
12 my children's clothes as well.

13 Another note, I got my J.D. from  
14 University of Alabama. When you've got an  
15 Auburn graduate and an Alabama graduate -- I  
16 got my Master's of Law in Taxation from the  
17 University of Denver. And around the office  
18 -- Nina read my introduction -- but around  
19 the office the many litigators I work with  
20 don't really understand what that means  
21 either, so they simply refer to me as the  
22 tax nerd. And I'm okay with that.

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1           For my first eight years as attorney  
2           I practiced in Macon, Georgia in a firm  
3           with eight attorneys. We were a boutique  
4           tax firm, meaning everything we did in one  
5           way or the other involved taxes. For the  
6           last five years I practiced in Winston-  
7           Salem. I represent clients across the  
8           spectrum. When that intro said I represent  
9           high-net worth clients that's not  
10          necessarily the case. Obviously when  
11          you're a lawyer you like to represent  
12          high-net worth clients. I like to  
13          represent anyone who needs my help. I  
14          certainly don't turn anyone away. We have  
15          other panelists here that I may often turn  
16          to, if need be, if the financial issues  
17          come into play.

18                 But I represent individuals with tax  
19                 issues or planning needs. I also represent  
20                 corporations, partnerships, nonprofits,  
21                 trust, estates and other entities. My  
22                 clients do range from start-up business to

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1 Fortune 50 companies.

2 My preference in my tax practice is  
3 to work with clients prior to a client  
4 developing an issue with the IRS. It is  
5 much more cost effective and much less  
6 expensive for the client to avoid  
7 controversy with the IRS all together.

8 As an aside, I have worked with a --  
9 there's a liaison here in North Carolina;  
10 her name is Ivette Davis. She is with  
11 the Internal Revenue Service. She works  
12 with small business incubators. I've  
13 actually been down in Jackson County at  
14 Southwest Community College to speak down  
15 there with the small business incubator  
16 down there in Franklin, I believe, and  
17 I've spoken with several other people,  
18 the other small businesses around the  
19 state. The IRS does have some materials  
20 that are available to get out in front of  
21 issues when you have to when someone is  
22 starting a business.

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1           You know, the cost effective part of  
2           it is always going to be -- is always  
3           going to be a component of what I do.  
4           But like I said, you know, the start-up  
5           businesses of today are the Googles and  
6           Facebooks and the Walmarts, and the other  
7           large businesses of tomorrow. And I take  
8           that into account and factor that into  
9           account when I'm working with them.

10           Over the course of my career I've  
11           interacted with hundreds of IRS  
12           employees, from revenue agents, revenue  
13           officers, to chief counsel's office, to  
14           manager and others within the structure.  
15           I will say that the vast majority of my  
16           interactions have been excellent. Once  
17           you can get with someone and you can meet  
18           with someone, the majority of the time  
19           they are very good at what they do.  
20           Whether or not my client and I prevail,  
21           most interactions are professional and  
22           sometimes even cordial.

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1           One thing that I often have to  
2           explain to my clients, however, is that  
3           most of the employees at the IRS are just  
4           like me, just like you. They have a job.  
5           They have a family, and they want to do  
6           their job. They want to do the job to the  
7           best of their ability, go home and spend  
8           time with their family.

9           Their job, like my job, is to ensure  
10          the tax administration and in fact,  
11          justice is administered properly and  
12          taxpayers are treated equally and fairly  
13          under the law.

14          I can give you an example of  
15          something that went wrong with the IRS  
16          and how Nina's office worked with me on  
17          it. I kind of want to skip that. I  
18          don't want to really dwell on the  
19          negative, other than comments moving  
20          forward, because fortunately, many of  
21          those issues turn out positive, even  
22          though they do leave a lasting negative

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1 impression with taxpayers.

2 I have, I can tell you thousands of  
3 positive stories about interactions with  
4 the IRS. It's interesting; I have one I  
5 would consider her a friend. She is  
6 actually in the Criminal Investigation  
7 Division in the Greensboro office. And  
8 trust me, you don't ever want to interact  
9 with the CID if you can avoid it. I have  
10 gotten to be good friends with her,  
11 because I had a client who was not my  
12 client when he did this, but I had a  
13 client who pulled a gun on her, and she  
14 called me the next day and said, "Mr.  
15 Wall, I was just trying to do my job."

16 I said, "Whatever you do, don't go  
17 back to his house."

18 Fortunately we worked that out in a  
19 manner that was favorable to everyone  
20 concerned. She and I have had several,  
21 unfortunately -- interacting with the CID  
22 -- we have had several interactions very

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1 cordial because she's very good at her  
2 job, and those people at the IRS are very  
3 professional.

4 I'm also probably the closest to  
5 Greensboro. I get over to the Greensboro  
6 office fairly frequently and know a lot of  
7 those folks fairly well.

8 I do understand that the IRS has been  
9 under significant budget cuts which  
10 resulted in staffing and training issues  
11 and technology issues. In my view, the  
12 IRS must do several things regardless of  
13 their budget. Number one, they must  
14 maintain the highest standard for employee  
15 integrity and hold those who fall short.

16 Number two, they must administer tax  
17 justice in a fair and unbiased manner and  
18 hold those who fail to do so accountable.

19 Number three, they need to take steps  
20 to rebuild public trust in the IRS, to  
21 collect taxes according to the law and as  
22 written, and hold those individuals who

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1 fail to do so accountable for their  
2 actions. Accountability is critical, in  
3 my view, not only for us as taxpayers.  
4 They are going to hold all of us  
5 accountable. If we did something wrong,  
6 we need to be able to hold them  
7 accountable as well. Many of y'all, I  
8 guess, you saw in the packet out front, I  
9 review the proposal for future integration  
10 of taxes and for small businesses --

11 (Interruption by the reporter.)

12 MR. WALL: I will say this: I'm  
13 an attorney, but I'm not the kind that goes  
14 to court. I have real lawyers in my firm  
15 that go to court for me. I just set things  
16 up. While the proposals are headed in the  
17 right direction, there are two main issues  
18 that concern me. First, the technological  
19 component of the plan presents a multitude  
20 of problems. I think everyone on the panel  
21 agrees with me on that.

22 As those of us who work with the IRS

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1 know, technology within the IRS is woefully  
2 inadequate at this point. It will take  
3 years to bring them up to equal technology  
4 with most Americans. As those of us in  
5 North Carolina know, and I don't know if  
6 you know this, but I deal with the  
7 Department of Revenue as well. Our state  
8 attempted a technology upgrade three years  
9 ago, and the system became obsolete about  
10 two weeks after it was implemented and  
11 withdrew it. It cost -- I don't want to  
12 say B, but it might have been in the  
13 billion dollar range. It was very  
14 disappointing for us in the tax  
15 professional arena, because we were looking  
16 forward to a great system. I'm not here to  
17 bad mouth the Department of Revenue. It's  
18 just proof positive that technology expands  
19 exponentially. It is very difficult for  
20 some of these bureaucratic systems to be  
21 brought on line.

22 In addition to that, as we know, we

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1 have cyber security threats. I have a  
2 colleague who I have spoken with and had  
3 come speak on my behalf for me, who is the  
4 head of cyber security office for the FBI in  
5 Charlotte, Jim Granozio, and Jim will give  
6 you horror stories. I had him come speak to  
7 a room of lawyers and CPAs in Winston back  
8 in November, and they were shaking in their  
9 boots by the horror stories. He was  
10 nonchalant, flippant about it, while the  
11 rest of us were panicked.

12 Cyber security is very real threat.  
13 From that perspective, cyber security at any  
14 government agency is a threat. As we have  
15 seen in the last few months, the IRS  
16 reported that there was a hack in which I  
17 think 700,000 was the number of identities  
18 that were taken or tax information that was  
19 obtained. I don't expect that to stop. I  
20 expect that we live in a world where there  
21 are numerous parties that are knocking on  
22 doors looking for that information in any

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1 way they can use it to exploit any number of  
2 us.

3 Further, as other panelists have said,  
4 identity theft has been an issue -- I'm  
5 trying to slow down. And at one point I  
6 think that these statistics where there was  
7 an estimated \$4 billion in losses one year  
8 annually to fraudulently filed returns. And  
9 to me, that is a critical component when  
10 you're considering we will go all tech,  
11 because it just doesn't work that way. That  
12 leads to my second point. The proposal, as I  
13 see, lacks some human interactive element  
14 that is a key component to the mission of  
15 the IRS.

16 The American taxpayer needs to have  
17 trustworthy and professional individuals  
18 within the government assisting in tax  
19 administration in order to build and gain  
20 the trust that should be expected. That is  
21 not to say that those folks are not there  
22 today. As I said, they are, the majority of

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1 the folks that work with the IRS are  
2 fantastic and very professional. However, as  
3 my fellow panelists have said, accessing  
4 those people is very difficult, if not  
5 impossible sometimes.

6 I acknowledge in my comments that the  
7 human element is a double-edge sword in that  
8 human error is a predominant cause with a  
9 lot of issues with the IRS. However, the  
10 professional individuals working at the IRS  
11 have critical and positive outcomes within  
12 the system.

13 Lastly, and I will say this, without  
14 question, no matter who I'm dealing with,  
15 whether my clients got millions or  
16 billions of dollars or whether my clients  
17 may not have two nickels to rub together,  
18 the Taxpayer Advocate Services is one of  
19 the most critical components to our tax  
20 system. While I, as an attorney, can  
21 fight for justice for the American  
22 taxpayer, demand our government

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1 institution be held to a higher standard,  
2 the advocate -- this is Nina and her staff  
3 -- are fighting from the inside of the  
4 government to hold the system accountable  
5 to be fair for all. To me that is  
6 absolutely critical. And I will tell you  
7 in one of the biggest cases I've ever had,  
8 I did involve the advocate. We were able  
9 to work together. This was for a client  
10 who could have paid the tax. They could  
11 have paid -- they could have continued to  
12 pay me hundreds of thousands of dollars if  
13 they wanted to the resolve the issue. But  
14 it was much more efficient for me to work  
15 within the system and work with the  
16 advocate to do it that way.

17 So we are -- you may or may not know  
18 -- we're incredibly fortunate to have Nina  
19 here, and to have her as our advocate,  
20 because she is excellent at her job. She  
21 staffs her office excellently, even though  
22 sometimes they might not give her two

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1 nickels to rub together for them to do the  
2 job they need to do.

3 I have several very good friends in  
4 that office in Greensboro, as well as a  
5 very good friend of mine that just moved  
6 to Pennsylvania now and is heading an  
7 office up in Philadelphia. I just want to  
8 emphasize to all of you that they are  
9 fantastic at what they do.

10 Yes, they are stressed and they have  
11 a very difficult time as well because of  
12 budget issues, but I can't say enough good  
13 about them.

14 MS. OLSON: Thank you. Well,  
15 would you like to have questions?

16 REPRESENTATIVE MEADOWS: Sure.  
17 I'm going to follow up, and mainly because  
18 I was watching a lot of you as I heard the  
19 testimony. When someone hits on something  
20 you get uh-huh. The eyes start to roll,  
21 and you go, boy, that is not the half of  
22 it.

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1           So I guess my question to each of you  
2           is it sounds like we have a recurring  
3           theme here. One is that it is critically  
4           important that we talk to individuals to  
5           get some resolution. I think you  
6           mentioned the personal interaction.  
7           Colonel, you have mentioned the personal  
8           interaction as well, but Arthur talked  
9           about how when that phone call comes back  
10          and there is not a taxpayer that -- is  
11          that something that you would experience  
12          on a regular basis, where they actually  
13          call back and say, "please return the call  
14          and you're not sure as a preparer who  
15          their talking about?" Show of hands how  
16          many? One, two, three. Okay.

17          So I guess my question is, and part  
18          of this is a budget item. I have been one  
19          of the few fiscal conservatives that say  
20          we need to make sure we give the IRS the  
21          financial resources to provide good  
22          customer service. It doesn't normally get

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1           you a lot of votes back home when you do  
2           that. But in hearing this, it sounds like  
3           that really the vast majority is that  
4           response time. So I would like to ask  
5           very quickly in two sentences or less, the  
6           average response time when you call in  
7           trying to get a real person to answer your  
8           question, is that a matter of days, hours,  
9           weeks? Arthur, we'll start with you.

10                       MR. BARTLETT: I'm an attorney,  
11           so it depends. If we are calling for a  
12           simple matter for someone who has an  
13           outstanding balance, we call collections  
14           and are already in collections, the  
15           average wait time can -- sometimes they  
16           answer quickly, sometimes not. Sometimes  
17           five minutes, sometimes 45 minutes, an  
18           hour. Then you get someone on the call,  
19           on the other end of the phone and you  
20           start to have a conversation about the  
21           client's case, and that could take another  
22           half an hour. And if the person is well

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1           trained, which they usually are, and they  
2           understand the systems they are working  
3           with, which are antiquated, you can get  
4           the appropriate result with the  
5           information that they have and the  
6           information you have.

7           Other times you wait 45 minutes, they  
8           get on the other end, they answer the  
9           call, and they are not well trained. They  
10          don't know how to navigate the system in  
11          front of them, because the system is  
12          antiquated and you're left frustrated and  
13          you have to call back. It is sometimes --

14                    REPRESENTATIVE MEADOWS:  When you  
15                    get frustrated, who do you call?

16                    MR. BARTLETT:  Well, --

17                    REPRESENTATIVE MEADOWS:  Is there  
18                    anybody?

19                    MR. BARTLETT:  -- I call back.

20                    REPRESENTATIVE MEADOWS:  Hoping  
21                    that the next call you don't get  
22                    frustrated? Colonel.

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1                   MR. SMITH: I have no interaction  
2 with IRS, except in my own personal case.  
3 Because we have someone else in our --

4                   REPRESENTATIVE MEADOWS: Is this  
5 the real Colonel or the other Colonel? I  
6 know it isn't funny.

7                   MR. SMITH: In the volunteer  
8 capacity of AARP tax aid we have someone else  
9 who is in contact with IRS if necessary.

10                  Generally speaking, and that is an  
11 IRS term, generally speaking, when a  
12 person comes in with a letter from the  
13 IRS, we tell them what to do with that  
14 letter. If it's a math problem, if it's  
15 explanatory, then we just augment that  
16 and tell them, yes, this is the case. We  
17 can also call up that year -- particular  
18 year's tax return, if we have done it,  
19 and we are able to say, yes, they're  
20 right or, no, I think they made a  
21 mistake, that \$3000 estimated payment  
22 that you made was not counted. Did you

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1 put on their 2014 form 1040 ES? Oh, no, I  
2 didn't do that. Well, it went into  
3 someone's else's bailiwick. We try to get  
4 them to contact IRS. And the reason is,  
5 we have one phone in our group.  
6 Traditionally we have about 18 to 20  
7 volunteers at a time at the site with one  
8 phone, and we are handling anywhere  
9 between 30 on a slow day, to 65 or 70  
10 clients on a heavy day. We don't have  
11 time to sit on the phone with anybody.

12 MR. GROSECLOSE: I would say if  
13 phone call is the route to go, two thirds of  
14 the time we will get someone. We just plan  
15 on we are not going to call till we know we  
16 have 45 minutes to an hour of hold music,  
17 put it on hold. And then typically, I would  
18 say most the time when we get through, that  
19 person can give us enough information to get  
20 us in the right direction. It's a little bit  
21 hit or miss whether you will get through.

22 MR. WALL: The golden ticket,

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1           when dealing with the IRS, as everyone will  
2           back me up, is when you get a letter with  
3           someone's name and phone number on it. And  
4           when that happens, I would say nine times  
5           out of 10 you can get an answer within 15  
6           minutes. You call that person. You leave  
7           them a voice mail. They may call you back  
8           when it is more convenient.

9                    On the flip side of that, if I know  
10           that I have to call the IRS, I will  
11           purposefully arrive at the office early, so  
12           I can call the taxpayer professional line  
13           early so my wait time is 30 minutes as  
14           opposed to being two hours. And I might  
15           add, I prefer the 1812 Overture as the hold  
16           music. That is just my preference.

17                   Again, it is all in the timing. It is  
18           typically timing of year as well. Sometimes  
19           these times of year, it may be much more  
20           difficult to get someone, but if I'm  
21           calling, I'm calling early in the morning.

22                   MS. OLSON: I just have a story to

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1 tell about the music. So having represented  
2 taxpayers for 27 years, I was so sick of  
3 hearing the Nutcracker Suite on hold that one  
4 of the first things I wanted to do when I  
5 became National Taxpayer Advocate was get the  
6 music changed. It took me six months, but I  
7 fussed and fussed and fussed, and they finally  
8 said, good news, Nina, we are changing the  
9 music. I had been saying, give people  
10 selections, like jazz, heavy metal, whatever  
11 you could choose what you wanted to listen to,  
12 but they came up with the 1812. I was like,  
13 "are you going to change it periodically?" And  
14 that had never occurred to anyone. I have to  
15 go back and do some more advocating. So you  
16 like it, so we will leave it.

17 REPRESENTATIVE MEADOWS: Let me ask  
18 one other questions. It sounds like if we  
19 increase the staffing on the professional  
20 side, and that is not to say that we are not  
21 having the same issue with a normal taxpayer  
22 line, I've heard a number of stories there as

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1 well, but if we are to increase response time  
2 where it's not a 45-minute hold each time you  
3 call in or, and/or that when a letter comes in  
4 that you actually get a person's name and  
5 phone number to respond to instead of a  
6 generic, that would be helpful.

7 MR. WALL: That's correct. Let me  
8 add this. This is a little lawyer secret as  
9 well. If you're not aware of this --

10 REPRESENTATIVE MEADOWS: This is  
11 public forum. Once you hear it, it's no  
12 longer a secret.

13 MR. WALL: The IRS does publish  
14 a list of contact information for North  
15 Carolina and South Carolina and the Bar  
16 Association sends it to us. They do it  
17 every couple of years. And I have had  
18 interactions to where I could not get  
19 anybody on the phone, so I had, I know the  
20 collection people locally, and I know some  
21 of the heads of the groups, but I pick up  
22 the phone and said, well, this person is

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1 the head of this group. This is an action  
2 that's going on in the eastern part of the  
3 state or over here, I'm just going to call  
4 them. And I pick up the phone and I call  
5 them and they answered. I said -- you  
6 know, I introduce myself and go through  
7 the spiel. The first thing they say is,  
8 "how did you get this number?" I have to  
9 explain, by the way, this is published and  
10 all the lawyers have it. But that is a --  
11 it's a useful tool when we have it. I  
12 will say this though, Congressman, the  
13 issue with the wait times for me and for  
14 my clients, as my clients understand, if  
15 I'm on hold, I'm billing on an hourly  
16 rate, that is costing them money. And for  
17 a cash strapped client, a start-up  
18 business or an individual -- all clients  
19 are cash strapped, that is not something  
20 they want to have to do. That money can  
21 go towards when you wrack it up, that  
22 money can go to other things for their

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1 business.

2 MS. OLSON: Can I ask a follow up  
3 question? On the Practitioner Priority  
4 Line, for those of you who call it, what  
5 things would be helpful on it that they are  
6 not doing now? I know that when you call  
7 with a collection issue they hand you over  
8 to ACS, automated collection directly,  
9 rather than dealing with you, but are there  
10 things that you would find very helpful  
11 that you're not able to do through the line  
12 right now?

13 MR. GROSECLOSE: I think the  
14 challenge that I have a lot of times is  
15 figuring out what triggered what, and how we  
16 got to this point? We have had  
17 correspondence two or three times, responded  
18 based on the request, and then we get  
19 something else back or we get a repeat of  
20 that. And finally we speak with someone to  
21 try to figure out exactly where is this  
22 originating. Sometimes it might say, it's a

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1 service center, or it might say it's under  
2 reporting or something, but a lot of times it  
3 doesn't add up. We are getting information -  
4 - conflicting information, if it is something  
5 on appeals, or we are getting two different  
6 offices that are still keeping the appeals  
7 file active. Who are we supposed to respond  
8 to and trying to navigate that we use  
9 practitioner priority as kind of a police,  
10 and they can't always find the answer, or  
11 they will give a recommendation and it  
12 doesn't quite line up with the documentation  
13 we received.

14 So they seem to have limited, either  
15 training in some instances, or access to  
16 information within the databases that the IRS  
17 has. Those seem to be the two sources of  
18 difficulty.

19 We try to use them largely like a  
20 referee to give us some direction on where to  
21 go when we can't piece together the  
22 information we have.

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1 MS. OLSON: I think, depending  
2 on who you talk to the IRS has between 60  
3 or I saw one estimate of 200 different  
4 case management systems. And any given  
5 employee has access only to a limited  
6 number. So they can say I can see that  
7 something happened, but I can't see what  
8 happened. You're thinking that's nuts. I  
9 do wonder about the future state, how we  
10 were going to build it so that the system  
11 itself can see if you logged into that  
12 account, to try to figure out what was  
13 going on, would it be like an electronic  
14 Practitioner Priority Service where you  
15 can see something happened but you don't  
16 know what that is. And then you still have  
17 to make that phone call. That is an  
18 unanswered question.

19 MR. BARTLETT: You can certainly  
20 tell when you're on the phone with them  
21 when they are lost. They can't make sense  
22 of the information they have.

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1                   MS. OLSON: Well, I do want to  
2                   hear about your identity theft experience,  
3                   since we have a live victim here.

4                   MR. SMITH: It happened about  
5                   three years ago. I used an online service,  
6                   which is secure. I had been using it  
7                   before. So I did the electronic filing on  
8                   a Friday night. Saturday morning got up to  
9                   make sure it had been accepted. On  
10                  Saturday morning it said, Whoop, it has  
11                  been rejected. It was rejected because  
12                  either the primary or secondary Social  
13                  Security was used by someone else filing a  
14                  tax return. They wanted -- the letter went  
15                  on -- the message went on to explain that  
16                  it could have been a typo or you could be a  
17                  victim of identity theft.

18                  In the meantime, what do I do?  
19                  Fortunately, the IRS has some pretty good  
20                  guidelines on that. Our organization also  
21                  has in the book that IRS publishes  
22                  information where to proceed. So the

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1 first thing we had to do was fill out an  
2 affidavit to the Federal Trade Commission,  
3 notify every single credit card and bank  
4 account that you have that you had been a  
5 victim, to make sure they monitor your  
6 accounts. The return had to be sent in by  
7 paper along with a copy of a photo ID card  
8 and Social Security card, and a police  
9 report.

10 The police -- the local police,  
11 asked, what are you here for? We don't  
12 have anything to do with that. Sorry,  
13 guys, here is what it says. Get a police  
14 report. So I did, and they reluctantly  
15 did so.

16 I did not hear from them for -- IRS -  
17 - seven months. I finally called and they  
18 said, well, you will be -- your case will  
19 be assigned to someone. And you will hear  
20 from them soon.

21 About nine months into the process I  
22 did get a letter, and the lady from IRS

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1 identified herself and said, "I'm your  
2 contact and we are here to resolve the  
3 issue." And told me, furthermore, I would  
4 be receiving for next year's returns a  
5 taxpayer identification number, which goes  
6 on the tax return.

7 Never was I told whether it was an  
8 actual identity theft or not. Never was I  
9 told anything about whether it's being --  
10 someone was caught and prosecuted. It  
11 just suddenly -- I finally -- not  
12 suddenly, about 11 months later I got a  
13 letter that says, "the issue has been  
14 resolved. Your refund will be directly  
15 deposited as requested."

16 Fortunately, it was a small amount.  
17 It's the issue that it was all about. It  
18 was an extremely frustrating and  
19 troublesome issue, because quite frankly,  
20 I felt violated.

21 MS. OLSON:

22 It's your identity. Nothing more personal.

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1 I have some questions, and I want to pick  
2 up one thing that, Robert, you were  
3 talking about, which was that your ability  
4 to sort of go to, you know people in the  
5 Greensboro office and you have established  
6 relationships with them. So you're able  
7 to talk to them about what sounds like  
8 very difficult situations.

9 I'm wondering how many of you out  
10 there who are practicing have that same  
11 sort of experience. Because my concern  
12 is that the IRS, as it moves to this  
13 digital future, is looking at really  
14 concentrating its employees in more  
15 centralized functions. There is an  
16 absence of a geographic presence,  
17 understanding what is going on in  
18 the communities and things like  
19 that.

20 My own office has at least one office  
21 in each state, in many states we have more  
22 than one when there is a very large

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1 population. We are actually going in the  
2 opposite direction of trying to grab  
3 some real estate so that we can open up  
4 additional offices where we know that  
5 there are populations that really need  
6 our assistance.

7 And so I'm wondering what you think  
8 might be the impact of this shrinking  
9 geographic footprint and this expanding,  
10 you know, service center, 10 sites in  
11 Fresno, and Brookhaven, and Andover and  
12 where those are the employees that you're  
13 increasingly talking to.

14 Does anyone want to weigh in on that?

15 MR. GROSECLOSE: I'm in  
16 Asheville, and the Asheville IRS office was  
17 for many years the resources for us to get  
18 issues resolved. We knew the people there.  
19 We could call them. Speak directly with  
20 them. We still have a couple of those  
21 contacts, but there is no phone answered  
22 anymore. It is just a repository of voice

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1 messages. And you may or may not get  
2 through, and if you know someone, that is  
3 great. You kind of apologize for  
4 constantly bugging that one person, but  
5 they will make a connection that's not as  
6 effective as it used to be because you  
7 don't have as much representation locally.  
8 Greensboro as well, some contacts there to  
9 go through. It is typically a spring board.  
10 We are trying to get in and we are trying  
11 to get information. We are trying to get  
12 somewhere else. And so having that  
13 connection has been critical in the past.  
14 It has been more difficult to leverage  
15 those in the last few years, whether the  
16 person has moved on or retired. You don't  
17 know who that next person is because they  
18 are not open and available.

19 MS. OLSON: Folks don't go out  
20 any more and do presentations. When I was  
21 in practice the revenue agents and the  
22 revenue officers were going out to the

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1           Kiwanis Club and Rotary and talking about  
2           things.

3                     MR. WALL: I think you get much  
4           less of that.

5                     AUDIENCE MEMBER: They come out  
6           to audit.

7                     MR. BARTLETT: I hear from them  
8           when I have a client that is being  
9           audited.

10                    MR. WALL: There is outreach by  
11           the IRS, like I said before, Ivette Davis  
12           does a very good job. But there is not as  
13           much outreach from the actual -- from the  
14           people doing exams and audits. You know, I  
15           have a tremendous amount of concern with  
16           centralization of the process to the  
17           effect that we might have where, you know,  
18           you can call Ogden, Utah -- we are all  
19           familiar with Ogden. Ogden has a large IRS  
20           office there, or there is an IRS office  
21           known as the fort up in Philadelphia. And  
22           I do have concern that you route

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1 everything through there. There is not  
2 enough personal interaction.  
3 When I'm dealing with the IRS, and this is  
4 who I am, I'm from middle Georgia, I'm a  
5 kind of awe shucks kind of guy. My father  
6 always taught me you can catch more flies  
7 with honey. That doesn't necessarily  
8 resonate with people in Ogden or in  
9 Philadelphia. But it does work a little  
10 better when you're dealing with people  
11 locally. And these are people who maybe  
12 our kids -- they're in the community.  
13 Maybe our kids play soccer together. That  
14 is an important component, because it does  
15 humanize the process. It is a necessary  
16 thing to do.

17 To me it's scary to think about a  
18 process where you just punch in a few keys  
19 and then it's all mechanical. I grew up  
20 in '80s watching those movies about robots  
21 taking over the world. It does frighten  
22 me that you have less personal

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1 interaction. Number one, it impacts my  
2 ability to negotiate and argue. But  
3 number two, it leaves a bad impression for  
4 me as a taxpayer to think there is just  
5 some big Watson, or whatever the computer  
6 Hal, whatever you want to call it there,  
7 that is determining how much I actually  
8 owe my government.

9 MR. SMITH: We train in January.  
10 And four of five years ago we used to have  
11 a fellow from Asheville who would come and  
12 give us an update on the tax year coming  
13 up. And he also provided us with a point  
14 of contact in Asheville. And if we had  
15 questions, even during the training  
16 process, we could call him and get an  
17 opinion. And it was great dealing with  
18 him. He was a very personable individual.  
19 I enjoyed dealing with him. We don't have  
20 that anymore.

21 And the only people that come to talk  
22 to us, even at the state level, is North

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1 Carolina Department of Revenue. So that is  
2 a missing component. I agree with you 100  
3 percent.

4 MR. BARTLETT: I would say having  
5 any point of contact on a particular  
6 client's case is very helpful. In the  
7 course of working one of our typical cases,  
8 there is usually a point in the process  
9 where you get an actual person's name. You  
10 get a phone number, and then you can  
11 usually resolve their case. No matter what  
12 the case is.

13 The key for me is finding some point  
14 in the process where I can talk to one  
15 person who is assigned to my client's case.  
16 That is usually the way that we get our  
17 cases solved. There are lots of cases we  
18 get solved otherwise. But that is a very  
19 helpful thing to have, someone to talk to  
20 who is assigned to your client's case, no  
21 matter where it is in the process.

22 MS. OLSON: We have recommended

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1           that, particularly in correspondence exam,  
2           where you never get the same person when  
3           you get through. We felt that that would  
4           create accountability.

5                     The IRS has said that you can never  
6           be guaranteed that that person is  
7           available. And our recommendation was,  
8           well, you can give the taxpayer an option.  
9           Do they want to speak to the next  
10          assister, or do they want to wait for a  
11          call back from this person. Taxpayers are  
12          rational most of the time and can make  
13          that choice. What is the best thing for  
14          them. And we have not been successful.  
15          We have not been successful in getting  
16          that through.

17                    I have lots of questions, but I  
18          think I would like to open it up to the  
19          floor, because you all have been very  
20          quiet and very patient. If you have  
21          comments or observations and you want to  
22          share with us, I'd love -- we would all

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1 love to hear from you. Don't be shy.

2 MS. RIEDLINGER: I don't want to  
3 butt in. My name is Cheryl Riedlinger and  
4 I'm actually a Wake Forest law grad.

5 These are my comments.

6 MS. OLSON: Thank you so much.

7 MS. RIEDLINGER: I'm probably the  
8 only person in the room who is going to say  
9 anything about financial institutions that I  
10 represent, and the issues that we have as a  
11 lot of the issue, is with the information  
12 returns program.

13 And what is happening with the financial  
14 institutions is we receive penalties every  
15 year for information returns. Those are your  
16 1099s, your 1042S, various types of --  
17 financial institutions, banks, credit unions,  
18 basically file with the billions -- with a B -  
19 - of information returns every year.

20 So two years after the filing year, we  
21 get our 972CG notice of proposed penalty and  
22 have 45 days to respond, and then we should

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1 get a response back from the IRS within --  
2 if I heard something within months, I would  
3 be absolutely thrilled. We have gotten as  
4 many as -- my personal clients, as many as  
5 six so-called 60-day letters, saying we need  
6 more time, we need more time.

7 The problem is, I understand that  
8 everyone needs more time. However, these  
9 notices are coming two years after the  
10 filing date in the first place. When you  
11 then add on 100s more days you're almost  
12 running out of the statute of limitations  
13 here. And they want to extend the statute,  
14 which to me doesn't seem fair, just as an  
15 equitable thing, to require the taxpayer,  
16 financial institution to respond within 45  
17 days to something that is two years old.  
18 And then wait. But the real problem is, at  
19 the same time they are sending the 60-day  
20 letters, collections is sending out a notice  
21 of intent to levy, and an actual levy  
22 notice, and they are offsetting other

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1 credits the institution may have, payroll,  
2 945s, your backup withholding. Even so far  
3 as to withhold money from one of the  
4 financial institutions' customers, not even  
5 the financial institution itself. And so  
6 they are offsetting and there is no legal  
7 right to offset, first of all, because there  
8 has not even been an assessment. But if you  
9 can't get a response to your reasonable  
10 cause defense, there is nothing you can do.  
11 And you can't get to appeals where someone  
12 might actually be able to help, because  
13 there has not been an assessment.

14 So I wrote down here, I didn't know  
15 what to call it, an issue or action plan. It  
16 would just be helpful if collections knew  
17 what the other area of the IRS who issues  
18 the penalties, that they have been sending  
19 out these 60-day -- and that could be a very  
20 automated process, to say, don't send out a  
21 notice of intent to levy or a levy notice to  
22 someone who has responded. And we have the

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1 certified mail. We have everything. And I  
2 have several examples of that, and the  
3 particular notices that can occur.

4 This has gotten worse and worse in the  
5 last three years. I have been doing this for  
6 a long time. I was in-house counsel for a  
7 bank, and we used to get them and now I'm  
8 outside for banks across country. It isn't  
9 just a regional thing. And I would be  
10 thrilled to have a 45-minute call with  
11 response time. It is nowhere near.

12 And the other issue is -- I hate to be  
13 negative -- but when you actually get ahold of  
14 the person, get after hours, literally, they  
15 don't even know what you're talking about.

16 And so my comment is not just finding the  
17 right person, but someone who knows what the  
18 issue even is. And the best I have been able  
19 to come up with through collections, because  
20 there's major dollars, and I know probably  
21 Congress and IRS and financial institutions  
22 are on the same level of popularity at the

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1 current time, but there are literally banks  
2 incurring significant hardships because of the  
3 offset program. And this is an ongoing thing.  
4 So that is my first thing.

5 And then quick, other issue, is with the  
6 ITINs, individual taxpayer ID numbers. The new  
7 PATH Act that calls for expiration of an ITN,  
8 ITINs are issued to nonresident aliens, people  
9 who need a bank account or have some filing  
10 due to the IRS but aren't eligible for Social  
11 Security numbers.

12 So it's been, since 1999 that there have  
13 been acceptance agents who could help getting  
14 the ITIN.

15 The problem from the financial  
16 institution standpoint with this idea that  
17 it is going to expire, is there is no  
18 database to tell us that. So we have a  
19 customer either renewing a W8 or a W9 form  
20 so they can avoid backup withholding or NRA  
21 30 percent withholding on a payment, but we  
22 don't know whether their documentation,

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1           their W8 or W9 is valid with the ITIN on  
2           it, because there is no database.

3           So this idea that they're going to  
4           expire that I think, you know, great people  
5           who have ITINs should file tax returns, but  
6           the legitimate purpose of the ITIN is to  
7           open a bank account. And if we can't tell,  
8           and we are responsible for the -- meaning  
9           financial institution as the paying agent -  
10          - responsible for the amount that should be  
11          withheld, if we don't have proper  
12          documentation we should be withholding 28  
13          percent of reportable payment and become  
14          actually responsible for that ourselves.  
15          And so there needs to be a database. And  
16          I'd suggest -- I have seen it now with  
17          FATCA with, the Global Intermediary  
18          Identification Number (GIN), the global  
19          intermediary and foreign financial  
20          institutions. There is a database you can  
21          look up a GIN that is updated every month,  
22          or even the online matching program the IRS

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1 has, if we could go to that and see if a  
2 customer is giving us an ITIN that has  
3 expired.

4 MS. OLSON: Can I ask you a  
5 question? On the penalties, is this because  
6 the taxpayer's name and social don't match  
7 or is it something else?

8 MS. RIEDLINGER: It can be that.  
9 The penalties under 67.1.4 can be missing or  
10 incorrect taxpayer ID numbers, late filing,  
11 improper filing, for example, file on paper  
12 when you should have filed electronically,  
13 information returns, address information is  
14 wrong. What you're referring to is probably  
15 the B notice program on your Section 3401.  
16 And that is where there is a name mismatch  
17 and we send -- that is a whole other issue I  
18 could address because it interacts with  
19 Social Security Administration where they  
20 have to go and get something from the Social  
21 Security Administration to show their name  
22 and proper tax ID number.

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1           We accept whatever, at our peril, to  
2           stop withholding. But these 972CG  
3           penalties are across the board for  
4           information return filing failures. And  
5           in the vast majority the penalties, at  
6           least up until three years ago, when we  
7           would get a response within a year or two  
8           from the IRS -- and I'm not exaggerating -  
9           - we came to expect a year or two could be  
10          fine, but this is now I'm still working on  
11          2011 penalties and have not received any  
12          word back.

13                 So it has become worse and worse.

14                         MS. OLSON: I would say you  
15           should talk to the people out in the  
16           hallway, because this is actually  
17           something that my group is very  
18           experienced with. And we have best  
19           friends who are financial institutions,  
20           because we wade into there and get this  
21           kind of stuff straightened out. That  
22           would be one thing. The other thing I was

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1 going to ask you -- you can all write it  
2 down -- I was going to give you my e-mail  
3 address and I would like you to e-mail  
4 this to me. Don't all e-mail me at once,  
5 because then I can't answer the e-mails.  
6 My e-mail is nina.e.olson@irs.gov.

7 MS. RIEDLINGER: So this is a big  
8 issue. But we haven't gotten any response on  
9 this particular issue from the IRS directly.

10 MS. OLSON: This is very helpful.

11 MS. RIEDLINGER: Thank you.

12 MS. OLSON: You have given me  
13 your e-mail address too?

14 MS. RIEDLINGER: No. It's at the  
15 top -- I will put it Cheryl S. Riedlinger.

16 MS. OLSON: Does anyone else want  
17 to have any comments about anything you're  
18 experiencing? Yes, sir, please come up.

19 AUDIENCE COMMENT: Just a quick  
20 60-second comment. I mailed my taxes,  
21 federal and state this morning. I always  
22 try to use a computerized program to do my

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1 taxes. But when I did mine this year, I  
2 had a couple questions.

3 Bob Smith is a good friend of mine  
4 and my golfing buddy. So I asked him to  
5 come over and help me with these minor  
6 errors. We worked on this for about an  
7 hour, hour and 15 minutes.

8 MR. SMITH: Two hours.

9 AUDIENCE MEMBER: I now owe the  
10 IRS \$3000. It was my mistake. It wasn't  
11 Bob. It was my mistake.

12 MR. SMITH: He was getting a  
13 refund until I finished with it.

14 MS. OLSON: Anybody else,  
15 comments? Yes, sir.

16 AUDIENCE MEMBER: Good  
17 afternoon. I heard a lot of horror  
18 stories. We have 12 sites in Winston-  
19 Salem, VITA sites. What we are running  
20 across is we have students in Wake Forest  
21 who work and do taxes, as the Colonel  
22 mentioned earlier. Volunteers are very

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1           valuable and we want to make sure that we  
2           respect them and their time.

3                    What we've seen is that the pay  
4           preparers are referring clients to the  
5           VITA sites as a means of go to your local  
6           VITA site instead of figuring it out or  
7           whatever the problem may be.

8                    So I wanted some feedback from the  
9           IRS as to what we could convey, because  
10          my volunteers sent me here from Winston-  
11          Salem saying, make sure you bring this to  
12          the table. So we have a --

13                    REPRESENTATIVE MEADOWS: We  
14          swear you weren't here.

15                    AUDIENCE MEMBER: We have a  
16          great relationship with Greensboro. We  
17          have monthly morning meetings. Clearly  
18          we wanted to address that concern as to,  
19          because we don't turn anybody away. If  
20          you come to get your tax prepared, we  
21          will make sure you get them done.

22                    What we run across is a very, very

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1 big influx, compared to last year, this  
2 year, I know we've had probably about 150  
3 returns come from the -- I don't want to  
4 call any names -- the big boys who do pay  
5 the taxes and say, you need to go over  
6 there by Wake Forest to get your taxes  
7 done.

8 MS. OLSON: Are these like  
9 higher income people?

10 AUDIENCE MEMBER: No. These  
11 folks qualify for the 50 below. But we  
12 don't turn them away. We have seen an  
13 influx. So we wanted to get some feedback.

14 MS. OLSON: This is the first I  
15 have heard of that. I'm wondering whether  
16 we need to talk to people in the CPA  
17 department about doing pro bono, although  
18 it is hard to do it in the filing season.

19 I do have a question. It's a little  
20 bit of a wrinkle on this. At one of our  
21 other public forums, one of the VITA  
22 sites, the rules of IRS -- for you accept

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1 cases that you have to look at the income  
2 for the year that you're filing. So the  
3 2015 income on the return. And that is  
4 how you apply for free tax preparation,  
5 whether they're eligible and that they  
6 were finding people who were currently  
7 unemployed, and maybe they had more income  
8 the year before, but they felt the VITA  
9 folks could not take that taxpayer because  
10 their income on the tax return was  
11 greater. And I'm wondering whether you --  
12 do you just ignore that?

13 MR. SMITH: Income has no  
14 limitation on our work. TCE. That's the  
15 difference. VITA has an income limitations.

16 AUDIENCE MEMBER: We have an  
17 income limitation, however, we don't turn  
18 anybody away.

19 MS. OLSON: I think we should go  
20 back and make that clear. That was a  
21 takeaway I had. It just seems to me, if  
22 you have someone who is in dire straights

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1 now, even though they made some income, the  
2 year before, you're looking at their  
3 ability to pay a preparer today.

4 MR. WALL: Is there a pattern you  
5 see in these individuals that get referred?  
6 Is it they are not getting a refund or more  
7 complex work?

8 AUDIENCE MEMBER: It's a  
9 technicality. We troubleshoot. If there is  
10 any trouble with the return, you go ahead, you  
11 need to go to your local VITA site. It's not  
12 so much as the return itself, but if there are  
13 some issues we are the troubleshooter. That's  
14 what our volunteers are concerned with.

15 MR. WALL: And to Nina's point I  
16 will add, that I'm not sure the NCACPA  
17 request pro bono work during the most  
18 wonderful time of the year, but I do know  
19 that the North Carolina Bar Association --  
20 I have several colleagues on the tax  
21 section council who helped train VITA  
22 volunteers as well, particularly on

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1 military bases as well.

2 I did income tax returns for a while.  
3 As I mentioned, I like to review them. But  
4 I really don't like to prepare them. I  
5 think your point is well founded.

6 MR. GROSECLOSE: I sat on the  
7 board of the North Carolina Association of  
8 CPAs. I could float that out there. I'm  
9 not aware of that myself, like in our own  
10 firm we actually have one of our tax  
11 preparers volunteer at the VITA site on  
12 Saturday morning for that as well.

13 But I think, you know, I would say in  
14 general my expectation is returns have  
15 gotten a lot more difficult. Just  
16 affordable care, for example, what do I do  
17 with this 1095? So there has been a lot  
18 more complexity. And compression -- what  
19 we call compression, the work compression,  
20 January through April 15 has been a  
21 problem for our industry for a lot of  
22 years. Adding more complexity makes it

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1 more difficult for our pipeline. Our  
2 pipeline can only expand so much within  
3 four months. It's hard to find  
4 experienced people available for only four  
5 months of the year.

6 So either we staff up and hire for 12  
7 months or we just extend. Some people --  
8 a lot of people don't like extending. They  
9 feel it puts them on the hit list with the  
10 IRS. We try to convince them there's no  
11 statistics of that. So it is very  
12 difficult. I'm not aware of a program,  
13 per se, to encourage referring clients  
14 somewhere else. I can sort of understand  
15 how that could be happening, because of  
16 workload compression and the volume of  
17 complexity. The volume of returns is the  
18 same, but they are a lot more difficult.  
19 So people might be coming to preparers  
20 more saying, "I can't handle this myself  
21 anymore." So I can see that being  
22 difficult.

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1 MS. OLSON: And you might be  
2 saying to them, I can't fit you in, and if  
3 you need to get it done before an  
4 extension you might try...

5 MR. SMITH: We don't have that  
6 problem. We just go ahead and take them,  
7 and I'm finding that we are having people  
8 who had a paid preparer, not a CPA, a paid  
9 preparer to do their return and they will  
10 come to us the following year by word of  
11 mouth, because they paid too much for what  
12 they did. And, obviously, our service is  
13 free. And suddenly we have a loyal client  
14 because they realize we did just as good a  
15 return as the one who charged him \$200 to  
16 \$500.

17 MS. OLSON: Did I see someone  
18 else? Yes, sir.

19 AUDIENCE MEMBER LEROY: Well, I  
20 hate to be negative. But anyway, my name  
21 is Leroy. I'm an enrolled agent. I have  
22 worked in Asheville now in that role since

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1           2001. Before that, beginning in 1975, I  
2           was a revenue officer for the IRS. I  
3           later became a manager of the Asheville  
4           office. And I retired at the end of --  
5           the last day of the millennium. Anyway,  
6           from my observations the IRS, at least in  
7           the section that I work, and I do tax  
8           representation usually for people that owe  
9           money, federal and state, but this is the  
10          lowest point I have ever seen the service  
11          since 1975 when I've been a part of. I  
12          think a lot of that does go back to budget  
13          cutbacks, et cetera, but I will give you a  
14          few examples, and they are just too many  
15          to mention really. An example, your  
16          website, I bet I have plugged all kinds of  
17          little notes in there, phrases and not one  
18          time could the IRS figure what I was  
19          talking about. The phone contacts that you  
20          talk about with the representatives, my  
21          experience lately has been more like two  
22          hours. Then we get automated calls, which

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1 is really antagonizing. The prompts that  
2 they give us, the 1,2,3,4 numbers, of  
3 which area we want the speak to, sometimes  
4 they are incorrect. And then sometimes we  
5 even end up, after about 45 minutes or so,  
6 with a receptionist who then says, "oh,  
7 you're not at the right place, but I will  
8 connect you." And we wait another 45  
9 minutes.

10 So those are some of the problems  
11 that we have just getting through it. As  
12 you point out, the clients are paying for  
13 this, at least to some extent.

14 Another problem we have is that we  
15 will call in, and after we wait for about  
16 two hours, we will talk and we will say we  
17 have some taxpayers to talk about. They  
18 say, you get one. Because we know there  
19 is someone else waiting to talk to us  
20 after you, which makes it just  
21 unbelievably impossible.

22 The local IRS office in Asheville, is

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1           our example. Those people don't have time  
2           to talk to us about regular cases that we  
3           are experiencing, because they already  
4           have huge backlogs of work themselves. So  
5           when you call, like you say, the first  
6           thing is, how did you get the number, they  
7           know how I got the number because I used  
8           to work there. But the thing is that they  
9           really don't have time.

10                   I asked for a telephone number one  
11           time for an attorney in whatever used to  
12           be District Counsel Greensboro and it took  
13           them two weeks to say, "you know, we  
14           really can't give this out. We will have  
15           to let them call you."

16                   I waited and waited and nothing  
17           really happened. These are the type of  
18           examples that I get into. And then I  
19           question now like -- I think really the  
20           thing that is really wrong with the  
21           service is you have too many that are  
22           under trained. The ones that are really

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1            knowledgeable are probably burned out, and  
2            they just are doing the work that other  
3            people can't do. So they are just -- it  
4            is just depressing.

5            So anyway, yes, I'm negative, but, I  
6            mean, this is the way I see it from my  
7            life experience. As you can tell, I have  
8            been around a while. I started when I was  
9            26 years old with the service. I'm 67  
10           now. And this is absolutely the pits.

11           MS. OLSON: From your experience  
12           as a revenue officer and a group manager  
13           of revenue officers, how are you -- you  
14           mentioned the training. When you're  
15           bringing an issue that you know, based on  
16           your experience, what would be the best  
17           way -- the best resolution from the  
18           government's perspective and the  
19           taxpayer's perspective, are you having  
20           receptivity? Is there someone there to  
21           talk to? Are you stuck with ACS? Where  
22           are you with that? What are you finding?

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1                   AUDIENCE MEMBER LEROY: Well, I  
2                   just, I find a lot of people just really  
3                   don't have time to deal -- I have always  
4                   been one that thinks beyond the box. There  
5                   is no thinking beyond the box anymore.  
6                   There used to be a lot of that. We used  
7                   to have what we call -- you've heard about  
8                   the IRS manual it has gone from this much  
9                   to -- as Reagan would put it out there --  
10                  tons of stacks of books, which is  
11                  terrible. But we used to talk about the  
12                  spirit of the manual. Now all they want  
13                  to talk about are little Is and Ts. One  
14                  part of the manual may say one thing, and  
15                  another say another. And because it is in  
16                  a different section, even though it  
17                  pertains to the same issue, they don't  
18                  honor it. In other situations, other than  
19                  the little cubby hole they want to look at  
20                  it from.

21                  REPRESENTATIVE MEADOWS: I see  
22                  some people nodding their head with regards

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1 to your comment. Here is what I -- you're  
2 here locally?

3 LEROY AUDIENCE MEMBER: Yes.

4 REPRESENTATIVE MEADOWS: You're  
5 retired?

6 LEROY AUDIENCE MEMBER: I wish I  
7 was. There are lots of people that need my  
8 help now.

9 REPRESENTATIVE MEADOWS:  
10 Here is what I would offer. I want to say  
11 two things. One is Nina and her group are  
12 committed to not only making the process  
13 more user friendly, but looking outside  
14 the box. I think some of the things she  
15 shared with me is, well, let's look at  
16 this and let's look at this. Here is what  
17 I would offer is if, some of those  
18 recommendations -- you have a unique  
19 perspective, in that you were part of the  
20 IRS as a revenue agent and in management,  
21 and now on the outside looking in. Some  
22 of those recommendations could be very

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1 easily incorporated, and they may be  
2 things that just get overlooked. So I  
3 would ask if you send those to me, I will  
4 make sure I get them to Nina and  
5 Commissioner Koskinen. I have a regular  
6 meeting with him. I go to -- I've been  
7 out to visit with some of their employees,  
8 some of the greatest employees. I want to  
9 say this. It is real easy to be negative.  
10 The IRS has some of the most dedicated  
11 employees wanting to do what is best on  
12 behalf of the American taxpayer and  
13 certainly our country. They have been  
14 restricted, sometimes financially, by  
15 Congress. But sometimes by their own  
16 bureaucracy as well.

17 What I'm trying to do is, we drew where  
18 is the bureaucratic red tape? Where is the  
19 true financial need and resources? And then  
20 ultimately how do we fix that so that a  
21 four-hour, or a two-hour fold in  
22 getting reception is not the norm.

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1           If you're willing to work -- that goes to  
2 all of you. I would offer that if you will  
3 send that to us, I promise that we will follow  
4 up and make sure that not only Nina and her  
5 team has it, but the appropriate people within  
6 the IRS. I thank you for speaking up.

7           LEROY AUDIENCE MEMBER: Never  
8 been shy about that.

9           REPRESENTATIVE MEADOWS: I kind  
10 of figured that.

11           LEROY AUDIENCE MEMBER: I appreciate  
12 the opportunity to be here and hear you folks  
13 as well. Greatly appreciated.

14           MS. OLSON: Thank you. Anybody  
15 else? Does anyone on the panel want to make  
16 any comment?

17           REPRESENTATIVE MEADOWS: I want  
18 to make one - - Obama Care was mentioned  
19 and many of you are truly getting to deal  
20 the first time with some of the -- and the  
21 only reason I bring it up is my mom called  
22 me and said she had a friend at church that

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1 got this tax bill of \$1500, and, by gosh,  
2 you have that public hearing tomorrow  
3 night. Will you talk to Nina about this  
4 problem. I'm being an obligatory son to  
5 bring this up. I wanted to mention as  
6 preparers in some of the issues that are  
7 out there. With regards to the amount of  
8 money that has been paid to an individual  
9 taxpayer as support for some of the  
10 premiums, they're now getting these tax  
11 bills that are very high in some respects,  
12 unexpected in others, and one of the other  
13 concerns that I wanted to make sure I  
14 mentioned to all preparers is we have  
15 mentioned it to the IRS. We mentioned it  
16 to CMS. Some of the re-enrollment that  
17 your tax preparer -- your taxpayers have  
18 had is they have been reenrolled in another  
19 plan without their knowledge. And now when  
20 that happens, is they potentially could  
21 have been getting the correct amount of  
22 money coming back. They have been

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1       reenrolled without their knowledge in  
2       another plan and they're getting the  
3       incorrect amount. So this may be a shock.  
4       And so do not automatically assume that  
5       they have fudged on their income or  
6       anything else. There is some issues out  
7       there that we are trying to work through  
8       with the IRS to make them -- and it has to  
9       do with the way CMS is reenrolling people,  
10      versus the subsidy and the way the laws  
11      requires it. I want to make sure, if  
12      you're a preparer, you're aware of that.  
13      The other is with regards to IRS problems.  
14      Not all members of Congress advocate with  
15      Nina and their group and others on IRS, but  
16      our office does that. So if you happen to  
17      be in our congressional district, we want  
18      you to let us know. We will go through and  
19      try to get through some of the red tape.  
20      Obviously we are not going to be preparing  
21      your tax returns for you. This was only if  
22      it is a last resort. But we would

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1           certainly be willing to help. So I just  
2           want to say thank you, Nina. I will let you  
3           close out. Thank you for coming.

4                       MS. OLSON: Thank you all very  
5           much. I want to thank our panel. I want  
6           to thank our CPA for coming here and all of  
7           you who are CPAs taking up your time in  
8           this very busy season. I have learned a  
9           lot. I have taken lots of notes. There's  
10          a website, just as Congressman Meadows  
11          said, sending information to him. Our  
12          website, which is at  
13          taxpayeradvocate.irs.gov/public-forums. Is  
14          it on our -- we have a sheet with the site.  
15          There is a sheet with site information.  
16          And we will have the transcript of this  
17          forum up, as well as all the others and the  
18          testimony that's come up so you can read  
19          what people are doing. Next Friday I have  
20          a hearing where I'm on the other side of  
21          the table before the committee that  
22          Chairman Meadows chairs. I will be talking

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1           about what I have learned from you all. So  
2           thank you so much for coming. I really  
3           appreciate it.

4                               (The meeting was adjourned at  
5           7:15 p.m.)

6  
7  
8  
9  
10  
11

12           STATE OF NORTH CAROLINA  
13           CERTIFICATE OF TRANSCRIPT  
14           COUNTY OF HENDERSON}

15                       I, Randi Garcia, RPR and Notary  
16           Public in and for the aforesaid county and  
17           state, do hereby certify that the foregoing  
18           pages are an accurate transcript of the  
19           proceedings which were reported by me in  
20           machine shorthand and transcribed by  
21           computer aided transcription. I further  
22           certify that I am not financially

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1 interested in the outcome of this action, a  
2 relative, employee, attorney or counsel of  
3 any of the parties, nor am I a relative or  
4 employee of such attorney or counsel.

5 This 13th day of April, 2016.

6

7 <%Signature%>

8 Randi Garcia

9 Registered Professional Reporter

10

11