

**Prepared remarks from the IRS Taxpayer Advocacy Panel Advisory Committee
National Taxpayer Advocate Public Hearing on
Taxpayer and Stakeholder Needs and Preferences
Internal Revenue Service, 1111 Constitution Ave., NW, Washington DC
Feb. 23, 2016**

I want to begin by thanking Nina Olson, the National Taxpayer Advocate, for hosting this important public hearing and for including the Taxpayer Advocacy Panel to discuss tax administration needs from the taxpayer's perspective.

The Taxpayer Advocacy Panel, commonly referred to as TAP, is an advisory group representing individual citizens of the United States. It is composed of 75 volunteer members from every state as well as Puerto Rico. We also have one international member representing American citizens living abroad. The current international member resides in Switzerland.

The TAP's mission is to listen to taxpayers, identify taxpayers' issues, and make suggestions for improving IRS service and customer satisfaction. More specifically, the Panel acts as a two-way channel between the IRS and the general public that:

- Identifies taxpayer issues based on feedback from the general public and raises these issues directly to the IRS.
- Submits recommendations to the IRS to improve efficiency, adjust problematic systems or procedures, and improve taxpayer service.
- Works closely with IRS employees to resolve problems and monitor IRS progress in implementing and maintaining solutions.
- Listens to taxpayers through public events and meetings designed to gather information on IRS issues.

Anxious taxpayers regularly contact TAP members with issues or concerns they have in dealing with the Internal Revenue Service. We hear a recurring theme and it is that the agency is failing to provide the services ordinary taxpayers need and want. Again, this message is neither complicated nor isolated.

While TAP members understand the agency's budget constraints and its members continually seek to recommend creative solutions for providing improvements, a fundamental concern remains. The concern is that taxpayers are not receiving sufficient assistance from the IRS. The TAP believes this undermines the integrity of the entire voluntary compliance system.

Examples of concerns expressed to the Taxpayer Advocacy Panel members include:

1. Long wait times to receive help on the Toll Free telephone lines, which are troublesome in and of themselves, but adding insult to injury;
 - a. Callers must wade through numerous automated menus and all too often are not being assisted because their issue is out of scope of the employee or department answering the call or is an issue IRS has chosen not to address.
 - b. Calls are often terminated before IRS staff answers.
2. While the appointment system in the Taxpayer Assistance Centers might increase efficiency, many taxpayers are unaware they need appointments to receive assistance. Members have heard numerous stories and complaints of people traveling long distances only to be turned away and told to make an appointment for another day.
3. TAP's international panelist shared the hardship caused by the closing of IRS offices overseas. The number of American citizens living abroad is increasing, but IRS is limiting their customer service avenues. The agency is continuing its move to online informational services and limited personal assistance; yet, in many countries and remote areas, internet service is slow, limited or not available. One size does not fit all either abroad or domestically.
4. Tax professionals seek the Panel's assistance in requesting improvements to the Practitioner Priority Service (PPS) telephone lines. Prior to the 2016 filing season, practitioners' most common complaint regarding the PPS has been hold times in excess of an hour before reaching an IRS employee to assist them. The Tax professionals naturally pass on this increased cost of doing business and the increased costs may cause a hardship to their clients¹.

I hope these few examples illustrate the urgent need for Congress to consider the rippling and harmful effect that everyday taxpayers experience when the budget is insufficient to provide quality service.

There have been circumstances when a particular area of service may not be abysmal, but has definite room for improvement. In 2014, TAP requested that an online lookup tool be created for informational purposes regarding the American Opportunity Tax Credit. The IRS responded that although the idea "has good merit, due to funding constraints we are unable to currently pursue this undertaking" and the issue was rejected.

¹ To be fair, however, as a practitioner myself, I have found this service to be greatly improved since the beginning of 2016.

The TAP project committee that originally presented the referral pressed forward to research the number of tax returns filed with incorrect information regarding the American Opportunity Tax Credit (AOTC). The Panel was told that the IRS exam program which addresses the education credit as a primary audit issue reported opening 13,162 cases during fiscal year 2014. TAP was also informed that each case costs an average of \$281. This is a cost of approximately \$3.7 million in fiscal year 2014 alone. The IRS is incurring enforcement expenditures which could arguably be reallocated to preventing the erroneous behavior in the first place. The online lookup portal may possibly provide the “ounce of prevention” that is necessary to avoid compliance errors regarding the type of credit allowable for each student. This is especially important given that the AOTC has been made permanent. However, we find that even good common sense improvements are halted due to current budgetary constraints.

Budget shortfalls not only hamper services to taxpayers. Even TAP’s operation is impacted by the budget. Our funding is provided by the Taxpayer Advocate Service. While the National Taxpayer Advocate is generous in providing staff, resources, supplies and the opportunity for project committees to meet once a year, the budget crunch has driven the decision to cancel the face to face meeting for the 2016 Joint Committee. The Joint Committee is comprised of the TAP Chair and Vice-Chair, along with each project committee chair. These volunteer leaders, along with staff, have historically met once each year to perform a critical review of the past year and align the strategic plan for the coming year. While we will meet virtually, it is not as conducive to development and is not as efficient in engaging important dialogues. A face to face meeting allows day long conversations and interaction between members.

Another area of impact is the outreach funding for the Taxpayer Advocacy Panel. In order for the panel to “listen to taxpayers”, we must first reach them. We rely heavily on members performing outreach as a means to hear from the grassroots taxpayers. Our outreach budget is generally restricted to within commuting distances and limits our ability to participate in many events.

On a more positive note, IRS has worked to improve processes to protect taxpayers with identity theft issues. While there remains more to be done, the efforts made are a positive sign. We recognize the expense and pains associated with the protection and return of the transcript delivery program. There is much improvement in online services with more options available for information and self-help. However, our caution would be that these online services should not eliminate other more personal services and should not preclude use by taxpayer representatives. IRS cannot pick and choose its customers. It needs to serve all of them and there still remains a segment of the population that does not embrace computer use.

Another very positive accomplishment was the enactment of the Taxpayer Bill of Rights. This provides a clear description to all taxpayers of their tax related rights and is greatly appreciated. These rights must be real and held dear by the agency in order for taxpayers to be heard and to pay only the correct amount of tax, to reference just two of those rights. Lastly, with the complexity of the Affordable Care Act as it pertains to taxes, I would like to acknowledge the availability of various ACA calculators to assist taxpayers.

In conclusion, I appreciate the opportunity to share the insights of the Taxpayer Advocacy Panel. We look forward to continuing a positive and impactful relationship with the IRS as we search for ways to ensure that essential and quality service is provided to the American taxpayers.

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