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TAXPAYER ADVOCATE FORUM (TAS)
PUBLIC FORUM

Monday, August 22, 2016

9:30 a.m.

Boyle Heights City Hall

2130 East 1st Street

Los Angeles, California 90033

REPORTED BY: SUDNY J. GALLARDO, CSR No. 14023

1 APPEARANCES

2 HOST

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4 Nina Olson, National Taxpayer Advocate

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PROCEEDINGS

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3 XAVIER BECERRA: It is 9:30. Thank you all for
4 being here on time, and I want to both thank you for being
5 interested today, but most importantly, I am going to thank
6 you in advance for what I believe will be a good session
7 where you'll ask some great questions and make some important
8 comments so that, not only the Taxpayer Advocate Nina Olson
9 will have great information, but all those individuals who
10 are experts who are on this panel will be able to take good
11 information back as well.

12 My name is Xavier Becerra. I have the privilege to
13 represent this part of Los Angeles in Congress. I have
14 served now for -- this is my 24th year. I have served on the
15 Ways and Means Committee for about 20 years, and so I've had
16 an opportunity to work on issues involving the Tax Code for
17 quite some time, and I've had the great pleasure to work with
18 our taxpayer advocate for -- oh gosh, so many of those years.

19 We are fortunate that Nina Olson has taken on the
20 task of being America's advocate when it comes to the tax
21 laws of our country, and she is phenomenal. She's just the
22 best, and she knows her stuff, and she cares about people,
23 and the fact that she is going around the country doing these
24 forums is another sign of exactly how she cares, and how her
25 office really does try to be an advocate for Americans

1 throughout the country.

2 This session is going to give us a chance to build
3 on what the taxpayer advocate is doing with the IRS to try to
4 get a sense of how the IRS moves forward. We can talk about
5 any number of things, but certainly the issue of cyber
6 security, the fact that most Americans' deepest personal
7 information is contained in the tax filing, and that a hack
8 of this agency could be as detrimental to Americans as any
9 hacking that you can think of.

10 And so the work that's going to be done by the IRS
11 to guarantee Americans not just their security and their
12 privacy, but that we can trust that we can provide to our
13 government our most personal information really becomes a
14 pivotal issue that we have to discuss.

15 And, hopefully, at some point Congress working with
16 the IRS and the taxpayer advocate and all those who work in
17 the agencies involved in the tax collection could come up
18 with a good plan moving into the future.

19 There are other issues, of course, that we have to
20 tackle. I think the Tax Code is becoming more and more
21 bloated. It's growing in size rather than shrinking as the
22 politicians -- and I am among those, of course -- as we go
23 out and talk about making the Tax Code simpler and fairer, we
24 make it bigger and bigger.

25 And so I hope at some point we talk about the fact

1 that we spend more money at the federal government level
2 through the Tax Code than we spend through the regular budget
3 process. So as you think about all the departments and
4 agencies that represent our federal government, the
5 Department of Defense, which is obviously the biggest of all
6 the spenders in our federal government, or the Department of
7 Education, or the Department of Housing and Urban
8 Development, or if you think of Social Security; there is no
9 part of government that spends more money than the part of
10 government that is managed through the Tax Code through what
11 we call the "Tax Expenditure Program."

12 Our federal budget for all those agencies and
13 departments and all those services that are out there totals
14 about a trillion dollars, a little over a trillion dollars,
15 1.1 trillion or so.

16 We spend through the Tax Code through the Tax
17 Expenditure Program, which many of you know is good programs
18 and not so good programs: The mortgage interest deduction,
19 the property tax deduction, the charitable contribution
20 deduction.

21 All the things that we are very familiar with, those
22 and many others total more in expenditures than the amount
23 that is spent in our department and agencies all put
24 together. And so we should learn as much as we can about the
25 Tax Code because it impacts our day-to-day lives.

1 I am looking forward to hearing from all of our
2 panelists, but I want at this stage both thank Nina Olson,
3 our tax payer advocate and welcome her to Los Angeles.

4 You are in Boyle Heights. A great place filled with
5 a lot of tradition, and I hope that what you find in your
6 short stay here in Los Angeles is that while we are probably
7 as far away from the day-to-day in Washington, D.C. as you
8 can get most cases unless you get to go all the way to Hawaii
9 or Guam or the Virgin Islands and some of these other places,
10 we care a lot about what Washington, D.C. is doing.

11 And so we are thrilled that Nina Olson the taxpayer
12 advocate would come today. As I said to you, she has been a
13 champion for American taxpayers for a long time. Let me now
14 ask you to help me in welcoming to Los Angeles our taxpayer
15 advocate, Nina Olson.

16 NINA OLSON: Thank you so much. And I am thrilled
17 to be in Los Angeles. We have been trekking all over the
18 country, and this is our 8, 9, 10, 11th public forum. It's
19 the next to last public forum. And this is Monday, so next
20 Monday we'll be in San Antonio, and then that's it.

21 But I am just really thrilled to be here
22 particularly in Los Angeles and to see the great turnout that
23 we've had. So I just want to level set what we are trying to
24 do in these public forums, and then I'll turn to the panel
25 folks.

1 In my December annual report to Congress, each year
2 I am required to submit two reports to Congress, and I give
3 it to the Ways and Means and the Senate Finance Committee
4 before I give it to anyone in the IRS, in treasury, or in
5 federal government at all.

6 I identified as the number one most serious problem
7 for taxpayers -- the IRS is designed for the future state of
8 tax administration. For the last two years it's been looking
9 at how it will be operating five years in the future.

10 And it wasn't so much the plans, themselves, some of
11 it was that this planning had been done pretty much in secret
12 without consulting with Congress and certainly without
13 talking to taxpayers and their representatives.

14 And since they were the folks who would have to
15 interact with the IRS in the future, I felt it was very
16 important to get this out publicly. And so these public
17 forums are a part of that. Going around the country and
18 hearing from folks who are representatives of the community
19 and then talking to the community to hear from us what you
20 need today in order to help you comply with the tax laws and
21 what you would need going forward.

22 Now front and center in the IRS plan is the creation
23 of an online taxpayer account where taxpayers would have
24 access to their information and practitioners and maybe even
25 preparers would have access to that information.

1 And that raises a whole bunch of issues including
2 whether the online accounts will replace face-to-face or a
3 person-to-person like telephone assistance or what. And so
4 we really want to turn to you all to hear what you are
5 experiencing.

6 At the end of these public forums, I will be rolling
7 everything that we found out through our conversations with
8 folks into my next year's 2016 December report to Congress in
9 which I make my recommendation saying, Okay I talked about
10 the IRS's plans last year. Here's what we heard from
11 taxpayers. Here is what we recommend the future state of the
12 IRS look like, and it's based on all sorts of expert
13 testimony as well as what we hear from you.

14 So I am looking at this audience, and I know you
15 won't be shy when we turn it to public comment. We're going
16 to start with -- each of our panelists are going to have five
17 minutes to talk. And unlike when I testify before Congress
18 and there's a little red light that goes off, I won't push
19 them off their chairs, but I will slide a little sign down
20 that says you've got one minute, and so wind up.

21 And then we'll have some questions and answers. I'm
22 sure the congressmen will have some questions, I will, and
23 then we'll open it up to you all to have comments. Okay?

24 So let me first introduce our first speaker. Our
25 first speaker is Audrey Casillas. And Audrey has launched,

1 implemented, and managed the growth of Koreatown Youth and
2 Community Center successful Volunteer Income Tax Assistance
3 VITA program and that includes over 300 volunteers with close
4 to 40,000 tax returns prepared at multiple sites since 2007.

5 In addition to overseeing the operations of six tax
6 centers, Ms. Casillas has provided year-long technical
7 assistance to tax site managers, staff, and hundreds of
8 volunteers, over 20 VITA sites throughout Los Angeles County
9 as lead of the Los Angeles Tax Collaborator.

10 Under her tenure the VITA program, KYCC's VITA
11 program, earned acknowledgements from the Internal Revenue
12 Service and United Way of Greater Los Angeles for highest
13 quality services, highest accuracy, and best VITA site model,
14 so...

15 AUDREY CASILLAS: Good morning. Thank you for that
16 introduction, and I also wanted to take a moment to thank
17 Xavier Becerra for his ongoing support for tax credits that
18 are in particularly important to the low income tax payers
19 that we serve.

20 At Koreatown Youth and Community Center, I run the
21 Volunteer Income Tax Assistance program. This service
22 provides free income tax preparation to working families
23 making \$60,000 or less. We're able to serve about 40,000
24 clients over the last nine years with the help of about 2- to
25 300 volunteers annually.

1 This program is supported by the IRS, and it's not
2 just a one-time visit transaction where the clients come in
3 and have their taxes done. We're building meaningful
4 relationships, listening to the taxpayer about what they are
5 going through, what their experiences and their relationship
6 is with the IRS.

7 And what I hear when I hear the future state of the
8 IRS and this tool being more the services online, I think
9 it's great. I think it's moving. However, some of these
10 cost-saving measures are a little bit worrisome.

11 We have many clients that are limited English
12 speaking, have limited access to technology or knowledge of
13 computer systems, and as it is now, we are seeing a huge
14 influx of clients needing more tax preparation assistance.

15 In addition to that VITA is a tax preparation
16 assistance program, but since there are so many budgets cuts
17 what we are noticing is that clients cannot access the IRS
18 for basic services like getting transcripts, getting
19 clarification on a correspondence that they received. Maybe
20 they need to find a lost refund or take on an issue with you
21 identity theft. So they are coming in to a VITA site.

22 We are mostly all nonprofit or university ran, so
23 you could imagine the limited budget, limited time, and if we
24 are funded by the IRS or the VITA grant program, it doesn't
25 cover all of the expenses of the program neither or -- and it

1 doesn't cover all twelve months either. So once tax season
2 is done, we get a rush of clients, and this has happened for
3 the last couple of years for services other than tax
4 preparation.

5 We are addressing issues that were started -- tax
6 returns started with a private preparer that may have closed
7 up shop or disappeared. Maybe they are unregulated or charge
8 exorbitant fees, and they didn't do a good job, and so we're
9 helping issues related to -- or issue that originated at one
10 of our sites, one of our program sites, and then also at
11 these private paid preparer sites.

12 You know, I am here to stress a little bit more
13 about the importance of the VITA program in the community.
14 The great work that the volunteers are doing, the great work
15 that the community centers are doing to help taxpayers in
16 claiming tax refunds and tax credits that they are owed.

17 And as I look at the future state of the IRS, there
18 are many opportunities that seem very promising. I just want
19 to stress that with this plan that we really consider the
20 millions of low income taxpayers out there. Those with
21 limited English speaking ability, and the opportunity that
22 exists with the VITA program.

23 With the opportunity we can recruit more volunteers,
24 open up more centers, and also continue to work together with
25 paid preparers and the IRS to address some of the

1 shortcomings that have come about with recent budget cuts.

2 Our clients -- I really believe want to become tax
3 compliant. If they are told that what they are submitting
4 has fraudulent information or that they may get a tax credit
5 back that are being incorrectly claimed, they most likely
6 will not turn in that tax return.

7 And I think with the opportunity with VITA and this
8 new future of the IRS, there is a really good opportunity for
9 increased resources and partnership so that families and all
10 taxpayers really don't need to have to contact the IRS
11 regarding a correspondence or come to one of the VITA sites
12 to address an issue with the return from a paid preparer
13 that's no longer valid.

14 So I am going to speak briefly a little bit about
15 the VITA program and its accuracy rate. We have a 94 percent
16 accuracy rate, probably the highest among all tax
17 practitioners, and I think the population out there has a
18 reasonable concern when it comes to identity theft.

19 There is some issues in the last couple of years
20 with the IRS system being hacked, and the VITA program is
21 already something that our community trusts, and I know that
22 with this discussion today, we can talk more about what
23 resources and program planning we can do to increase the VITA
24 program in the Los Angeles area and across the nation. Thank
25 you.

1 NINA OLSON: Our next speaker is Isai Cortez, and
2 Professor Cortez is an active professor at Pepperdine
3 University School of Law, supervising attorney at Pepperdine
4 Low Income Taxpayer Clinic, and a lead attorney at the
5 boutique tax firm Bismark Tax, Inc.

6 His focus is in the tax controversy area primarily
7 representing clients for the Internal Revenue Service, and he
8 has handled cases in the state and federal level which
9 includes collection in various levels, employment tax
10 examination, appeals, cases referred to the taxpayer
11 advocate, off-shore cases, and tax court cases.

12 As a Spanish speaking attorney, he is focusing his
13 role at Pepperdine LITC on reaching the Spanish speaking
14 demographic of low income tax payers. He has firsthand
15 knowledge of the struggles Spanish speaking tax payers have
16 when dealing with any government agency, specifically the
17 IRS.

18 ISAI CORTEZ: First and foremost, I want to thank
19 Nina Olson for asking me to speak today. I have been
20 following the forums this year, and I am just so happy to
21 share my experience representing taxpayers before the IRS.
22 How exciting is this? A place where someone actually wants
23 to hear me talk about tax. Usually when I talk about tax, my
24 finance is asleep, and I have to make sure she is awake, so I
25 am just really happy about that.

1 As an attorney, I've represented hundreds of clients
2 before the IRS, the Employment Development Department, the
3 Franchise Tax Board, and the Board of Equalization. I want
4 to start off by saying that in my experience I have had very
5 positive interactions with government representatives and
6 really respect their employees and their hard work. I am
7 really happy to be able to share about the current and future
8 state of the Internal Revenue Service.

9 However, as Nina stated, I have also seen the
10 struggles that taxpayers face representing an uncooperative,
11 unapathetic, or unqualified government employee in their
12 position when I reach out to them for assistance only to have
13 them to refuse to help a taxpayer. I don't mean provide the
14 taxpayer with favors, I mean just do their job.

15 Reflecting on my experience as a tax attorney, it
16 became clear that although I think non-english speaking
17 taxpayers are at a disadvantage, it's all taxpayers that are
18 at a disadvantage when a government employee doesn't want to
19 help. So when you hear statistics, it's easy to forgot that
20 those numbers represent people.

21 I can tell you that honestly 95 percent of my
22 experiences with the IRS are positive. So what about the
23 other 5 percent? I actually invited some of my previous and
24 current clients to come in and attend the forum because 5
25 percent can mean disastrous results for families let alone

1 the stress that it causes to them.

2 For example, for fear of (speaking Spanish). He is
3 a Spanish speaker. He was in the middle of an IRS audit and
4 was getting nowhere because the agent did not understand him.
5 You see Porfilio only speaks Spanish.

6 The agent refused all his expenses which would have
7 caused a huge tax credit. Because Porfilio could not explain
8 the discrepancies to him. It took me one minute to explain
9 the issue to the agent. The representative said, "Oh, I
10 understand," but for six months Porfilio had been going
11 through just a really challenging time.

12 As a result part of the case was taken care of, but
13 now the other part of the case is unnecessarily in tax court,
14 and that was unnecessary.

15 Second and probably the worst case I have ever seen
16 is Miguel and his family. Miguel came to me because he owed
17 over 50,000 to the IRS and 20,000 to the state.

18 However, Miguel said he never made a huge amount of
19 money. There was an amount of 180,000 on his IRS transcript.
20 I told the revenue officer about my concern, and to be
21 honest, I wasn't sure if maybe Miguel was wrong. The state
22 had taken over \$14,000 from Miguel's paycheck and now the IRS
23 wanted their money.

24 As I started doing my research, I found an error in
25 the transcript. I saw that the EIN numbers didn't match up.

1 As I started doing more research, I started speaking with the
2 agent, and I realized this 180k did not belong to Miguel. It
3 belonged to his neighbor also named Miguel with the same job,
4 similar address, and similar last name.

5 Miguel had been going through this for three years,
6 and nobody found that error until I did my research. We got
7 Miguel all his money back and closed the case, but the
8 turmoil that he endured is going to remain.

9 And that is not to say that all issues are caused by
10 the IRS. I also have issues where the tax preparers create
11 huge issues for the taxpayer, so it can come from any
12 different area, but I do want to share an instance where an
13 IRS representative was extremely helpful.

14 And this is the case of Judith. She was under tax
15 examination. You see Judith was going blind, has cancer and
16 has lupus. One day she tells me that she was crying in her
17 kitchen. Her daughter walked in and asked her, "Mommy, are
18 you scared because of the cancer?" She says, "No, Miha, I am
19 scared because of the IRS."

20 And I just want to say it was great to have an agent
21 that was empathetic, and knowledgeable, and just really
22 wanted to help the taxpayer. This is what I want to see more
23 of with all government representatives is someone who wants
24 to help the taxpayer.

25 So what would I want to see for the IRS future

1 state? More funding for the IRS which would allow for
2 shorter hold times on the phone, more resources for
3 non-english speakers, more offices where people can walk in
4 to, and smaller case loads where agents can actually sit
5 there and help the taxpayers.

6 Also I would love to see an environment where the
7 IRS representatives work with the taxpayers and not against
8 the taxpayers. That is what I would love to see in the IRS
9 future state. Thank you.

10 NINA OLSON: Okay. Our next speaker is Robert
11 Horwitz, and Robert started his legal career with the
12 Department of Justice Tax Division and has over 35 years of
13 experience in representing clients in civil and criminal tax
14 cases including civil audits and appeals, criminal
15 investigations, administrative hearings, and in civil and
16 criminal trials and appeals in federal and state courts.

17 A partner with Hochman Salkin Rettig & Perez, P.C.,
18 that's a lot of names, in Beverly Hills, California. He is
19 the current chair of the taxation section of the State Bar of
20 California. So Robert...

21 ROBERT S. HORWITZ: Thank you, Nina. I think most
22 IRS employees try to do a decent job, but they are
23 over-worked, under-funded, untrained. You have people going
24 out in the field doing audits who have not received -- who
25 probably received less training in taxation than people who

1 do your returns at H&R Block.

2 I think one of the main problems that I have with
3 the future state of the IRS is since the IRS has been gung ho
4 on electronic files, we have seen the rise of a new major
5 crime which is basically stolen identity.

6 Where gangs will get higher pay from someone to get
7 names and Social Security numbers from a bank, from a
8 doctor's office, from an insurance company, and then in the
9 beginning of the year they'll input -- have eight or nine
10 people on computers doing 20, 30, 40 returns a day, then
11 they'll electronically file them, and they will get a refund
12 in a few days.

13 It's costing the government billions of dollars.
14 The people whose identities are stolen when they finally a
15 month or two, three months later, they send in their return
16 for the IRS. The IRS rejects it on the grounds that they've
17 already filed their return. This is improper.

18 They have to go -- it's difficult for them to even
19 contact the IRS. You call the IRS on one of its 800 numbers,
20 you can't get through. They have special practitioners
21 offlining your call that are instructed for discovery after
22 7:00 p.m. Pacific time. If you call between 7:00 and 7:05,
23 you can get someone in about 5 to 10 minutes. If you call
24 after 7:05, you are probably on the phone for next hour, and
25 then they will just cut you off without even taking a

1 message.

2 At least in the FTB on their hotline if you call and
3 you have to wait more than 10 minutes, they'll say expected
4 wait time is 25 minutes. Please, if you don't want to wait,
5 leave your name and number, and we will call you back at this
6 time, and they actually do call you back, which is something
7 that's amazing.

8 Each of the functions of the IRS -- I used to do a
9 lot of work representing the United States governments since
10 I was with the Department of Justice and Internal Revenue
11 Service. We represented the United States in tax cases, and
12 I worked with a number of extremely good IRS agents, revenue
13 agents who do audits, revenue officers who do collections in
14 the state income employment tax returns, criminal
15 investigators.

16 And in each of those functions quality and training
17 has gone down, the workload has increased, the ability to
18 deal with people at the IRS has become more and more tenuous.

19 The only function that the IRS that has retained any
20 semblance of what I say with confidence is criminal
21 investigation, which is one service you don't want to deal
22 with in the IRS.

23 They have been competent, but a lot of their work
24 time now is money laundering and stolen identify refund
25 fraud, so they are doing less and less of tax fraud

1 investigation which is detrimental to a voluntary system of
2 taxation.

3 I think the biggest problem the IRS has and has had
4 for the last seven or eight years is the continual cut in
5 funding with the increasing workload including the Affordable
6 Care Act and the Foreign Account Tax Compliance Act, both of
7 which have -- would have required, normally required the
8 creation of an entire new government agency, instead was just
9 dumped on the IRS with a funding cut.

10 And I think I spoke last year with Nina about that.
11 In my own view of the funding cut was because there are
12 members of Congress who basically, they don't want to abolish
13 tax collection, they want to make the IRS so dysfunctional
14 that they can then justify outsourcing collection and even
15 audits to private firms.

16 In last November as part of one of the pieces of tax
17 pieces of legislature, there was a piece in there mandating
18 that the IRS outsource collections in cases in part due to
19 the theft or the lack of resources which is Congress
20 basically saying we are not going to fund collection
21 adequately. Oh, you can't collect like you are supposed to,
22 we are going to have our buddies in the department of
23 financial services handle the collections.

24 And they will get a complete action which is sort of
25 like the farming tax system that existed in France before the

1 revolution, so I think members of Congress should think about
2 that.

3 NINA OLSON: Okay. So our next panelist is Susan
4 Maples, and Susan is the Taxpayers' Rights Advocate for the
5 Franchise Tax Board of California and is responsible for
6 assuring taxpayers' rights are protected.

7 As the advocate, her responsibilities include
8 coordination and resolution of taxpayer complaints and
9 problems, an education and outreach efforts to taxpayers and
10 tax practitioners. She has been with the FTB for 20 plus
11 years working in both Sacramento and in Southern California
12 field offices.

13 She started as an auditor and has experience with
14 personal income tax and corporate tax law. She has worked
15 closely with the practitioner community in her previous role
16 as the Taxpayer Practitioner Liaison to FTB and presented a
17 variety of topics with the Education and Outreach program.
18 She is also a certified public accountant.

19 SUSAN MAPLES: Thank you, Nina. Hi, everyone, I am
20 happy to be here today I really want to address the part that
21 deals with online accounts.

22 Some of you may know that FTB has embarked on a
23 five-year modernization program which culminated this past
24 year with a role of web-based system, so we are now using
25 this web-based system called "MyFTB," and the idea and goal

1 for us is really to allow taxpayers and tax professionals
2 easier software.

3 Much like the IRS we have been having a hard time
4 with customer service due to lack of funding. So wait time
5 on the practitioner hotline and the taxpayer service center
6 has been long, and it was even more so this past filing
7 season.

8 So when we roll out the MyFTB program, our goal is
9 to have the tax professionals come online and self serve.
10 So, for example, they could view their taxpayers, they could
11 see copies of returns they filed, they could protest
12 assessment, view notes that they may have received from
13 Franchise Tax Board online.

14 So essentially I think a lot of those things that
15 the IRS is still looking at actively. The problem is that
16 it's very difficult to balance security with ease of access,
17 and that's one of the challenges that FTB faces. So again we
18 rolled out in January this past week because we have these
19 challenges with identity theft.

20 Identity theft is a huge, huge problem and, in fact,
21 they have targeted practitioners to get that information
22 about their clients. So we have begun some education as well
23 because in order to make this secure and have taxpayer
24 information online, we have to make security as our number
25 one priority. Unfortunately though that means making it less

1 easy for practitioners and taxpayers to get information.

2 So let me give you an example. You get a letter
3 from a client, you are a practitioner, and you need to review
4 it right away. You can't just go online and see that
5 client's information right away. We have to implement
6 taxpayers to actually give the practitioner to give the
7 taxpayer time to tell us that the practitioner is authorized
8 to view their account information.

9 So one of the things that I suggestion are --
10 something that the IRS should really keep in mind when they
11 are thinking about putting online access out there, is that
12 taxpayers should have a right for fear of identity theft
13 because any time that you have taxpayer information online,
14 there is the risk of identity theft.

15 I am not going to go into all of the different
16 scenarios that we see in the Franchise Tax Board, but it's
17 amazing how crafty these people are. They find every time
18 you think you are upping the bar on security, they find a new
19 way to get in.

20 Most recently the IRS put something out and we also
21 had a tax that there are software vendors and they are
22 sending practitioners pretending to be software vendors so
23 that you click on them and you thinking you are updating the
24 software and really installing key locking onto the
25 practitioner's computer so they can get their client's

1 information. It's amazing how far they are willing to go and
2 identity theft is a huge problem.

3 As I shared with Nina earlier, I think it's one of
4 the biggest taxpayer burdens that we can, you know, put on
5 the taxpayer is losing their information and subjecting them
6 to identity theft.

7 So while a lot of people have said to roll out the
8 web based portal system. Could you please talk to the IRS
9 because this is a really great system? The key as I
10 mentioned earlier is looking -- finding that space spot
11 between ease of access and security and that's really, really
12 key.

13 Some of the other challenges that we have is making
14 sure that it's useable. One of the things that we found is
15 we threw an incredible marketing campaign. We did YouTube
16 videos. We put out publications. We created pamphlets and
17 brochures, put out information on our website about how to
18 use this new system.

19 But the bottom line is you have to really, you know,
20 put those resources into a wide variety of folks because some
21 people are not computer savvy at all. Some people are very
22 computer savvy.

23 So you are trying to go find, you know, trying to
24 address the trainee that people could put out any new
25 software. You know, so that they have the ability to

1 actually use it, so that they know what information or items
2 are theirs so that they know how to go in and find their tax
3 information.

4 How to, you now, send us correspondence because
5 that's one of the things we have been able to have is the
6 ability to chat online with us and the ability to send us
7 correspondence and have anyone at the FTB be able to view
8 that correspondence. So there really are a lot of great
9 things, but it doesn't come without challenges.

10 Another thing is making sure that it's intuitive.
11 We wrote something out, and we immediately got feedback that
12 they really didn't understand, you know, how do certain
13 functions. How to find things online, how to file a power of
14 attorney.

15 So there's been a lot of, you know, issues with the
16 functions and the look and feel of software. If, like I
17 said, it took us five years to get this proactive
18 modernization system together. I would hope that the IRS
19 would spend a lot of time, you know, with focus groups and
20 asking practitioners what is it they need, what information
21 they need to get online and what would best work for you.

22 Some of other things that have been issues for us is
23 that while we put up this web based portal system to help
24 with self service that can mean our calls went down.

25 In fact, our calls went up 20 percent last filing

1 season alone, and that was from people trying to figure out
2 how to use the system. Like I mentioned earlier, not all
3 issues can be handled online, so I think it's not -- it
4 wouldn't be prudent to assume that just because you had a web
5 based portal system, that phone calls are going to go down.

6 There's so many that still need to call. Taxpayers
7 need to have that face-to-face communication -- or not
8 face-to-face, but, you know, that verbal communication
9 because sometimes it's really difficult to explain a problem
10 online.

11 So and then, you know, and then of course we have
12 filing. The fact that 50, 60 percent of elderly people in
13 California have in Internet access. Only 69 percent of the
14 Hispanic culture has Internet access. So you are looking at
15 a lot of people who are excluded when you go to an online
16 service.

17 It is a really great tool. It can be as we are
18 still trying to work out at FTB, but I think that there is a
19 lot of things that need to be done and considered before
20 rolling something like that out. And this is something
21 that's going to be a calling service challenge. The phone
22 calls to customer service are still a crucial part to get
23 their tax issues resolved. Thank you.

24 NINA OLSON: Thank you. So our last panelist, but
25 not our least in the corner, is Nancy Remo and she has been a

1 tax preparer since she moved to Los Angeles in 2004, and has
2 been an enrolled agent since 2011. That being an enrolled
3 agent allows her to represent taxpayers for the IRS and has
4 had some incredibly difficult subject examinations to hold
5 this accommodation.

6 She holds a degree in accounting from University of
7 California Los Angeles, a master's degree from University of
8 St. La Salle. She is a member of the National Association of
9 Enrolled Agents and the California Society of Enrolled
10 Agents, and she is also a fellow of the National Tax Practice
11 Institute. So Nancy...

12 NANCY REMO: Good morning, Congressman Becerra and
13 Ms. Olson. My name is Nancy Remo, and I am pleased to take
14 part in the discussion focused on the IRS future state both
15 as an enrolled agent and as Mr. Becerra's constituent.

16 Time is short, and I will focus on one issue only
17 and that is online accounts. Online accounts should be
18 important part of the IRS future state. Taxpayers or their
19 authorized representatives should be able to access taxpayer
20 account information.

21 I understand that the IRS focus today is providing
22 direct taxpayer access, which with all due respect, is a
23 problem. The agency must provide equal access to
24 practitioners, EAs, CPAs, attorneys, and individual
25 taxpayers.

1 The agency must find practical methods to
2 practitioner and authorize them to solve their client's
3 problems. Taxpayers benefit from representation because they
4 do not want to interpret themselves. They recognize that
5 they are not proficient enough to represent themselves, and
6 they are afraid of the IRS enforcement.

7 At the risk of reminding two people who don't need
8 reminded, taxpayers have a fundamental right to
9 representation. A portal that faces taxpayers will only
10 place represented taxpayers a disadvantage, force
11 practitioners to continue to be parked on phone lines, and
12 significantly impede the taxpayers' rights to be represented
13 before the agency.

14 Enrolled agents are deeply concerned that the IRS
15 will launch an account for individual taxpayers only and fail
16 to follow through with a practitioners account making it easy
17 for taxpayers to pay balances the agencies suggest are due
18 while making it difficult and expensive for representatives
19 mired in paper and phone process that takes weeks if not
20 months to pursue statutorily provided due process rights.

21 Further, I suggest the authentication that the IRS
22 is using to allow taxpayers access to get transcript is too
23 tight. Those without text-enabled cell phones in their own
24 names cannot get access. Those without ten-digit phone
25 numbers cannot get access.

1 I strongly encourage the IRS to develop individual
2 and practitioner online accounts at the same time, possibly
3 using California as a model. Allow Circular 230
4 practitioners to execute authorizations electronically and
5 immediately represent those clients.

6 To close, I thank you for encouraging a conversation
7 between the IRS and stakeholders. We all benefit from a real
8 conversation between the agency and practitioners whose
9 privilege and responsibility is to represent many of those
10 taxpayers.

11 Everyone wins if the IRS works with the Circular 230
12 practitioner community to break down barriers that move
13 toward online account resolution. Attorneys, EAs, and CPAs
14 are known, trusted professionals on whom IRS may reasonably
15 rely to move forward its vision, to improve tax
16 administration and taxpayer service online. Thank you.

17 NINA OLSON: Thank you. Now, I am going to turn
18 this over to the Congressman to see if he has any questions
19 for the panel, and then I'll follow up with some questions
20 too.

21 XAVIER BECERRA: Thank you very much. And to all
22 the panelist thank you very much for your presentations and
23 for being here. Actually, you know, I think I will begin by
24 first asking the audience to see who we have in the audience.

25 Can you raise your hand if you are simply as a

1 consumer, as an American who has to file your own returns and
2 just interested in information? Okay.

3 How many of you are here as tax preparers, people
4 who help others on their returns? Okay.

5 How many are here in another capacity, probably
6 somehow related to the work the IRS does or helping to
7 provide services? Okay.

8 It's probably an audience that is fairly informed
9 about the IRS, and the process of filing returns and the laws
10 themselves, and so that's good.

11 So let me just ask one quick, two questions out
12 there. One, I think, is pretty easy because if you're
13 talking to a very informed audience here, but these fake IRS
14 calls, I can't tell you how many times I've received them
15 along with all my constituents who are always asking, Should.
16 I return these phone calls?

17 And if someone could give a quick comment on that
18 after posing a couple of quick questions so that maybe
19 somebody can give us as to the best tactic on those guys.
20 How you try to go after them, or track them down, or what we
21 simply need to do to avoid them.

22 The second question I'd like to ask has to do with
23 tax preparers because I think without tax preparers, whether
24 nonprofit or for profit, it would be almost impossible for
25 Americans to be able to accomplish their voluntary job of

1 paying their taxes.

2 And so it's important work, but I think we're also
3 finding that as the Code is so complex, more and more
4 Americans must turn to tax preparers, yet there is consistent
5 system to ensure that taxpayers are skilled in what they say
6 they are doing.

7 And so a number of us in congress and I work with
8 the National Tax Advocate to try to pursue some policies and
9 enact laws that would guarantee the competence of those who
10 put themselves out as professionals in tax preparation.

11 And I am hoping that maybe we'll hear some quick
12 comments on how we ensure the competence of the tax
13 preparers, how we can go about selecting the best one.

14 I am thrilled that Mr. Horwitz made his comments
15 about the resources or lack thereof that the IRS has to do
16 it's work. It has less money today to do all its services
17 than it had in 2010. It has more people filing taxes than it
18 had then, and it has more responsibilities.

19 Mr. Horwitz mentioned the Affordable Care Act. It
20 now has to go through the process of helping verify item
21 numbers for folks who don't have Social Security numbers.

22 And it has more and more to do with fewer and fewer
23 personnel and less and less money, and so I am going to ask
24 you all out there to help us because some of you may have
25 heard that there is an effort on the way right now in

1 Congress to impeach the commissioner of the IRS.

2 And it has nothing to do with the services being
3 provided. It has to with the situation involving something
4 unrelated to basic services and is their work done and
5 investigating how money is used under a tax status
6 organization.

7 And I would urge you all to pay attention to what's
8 going on right now with the IRS because I think Rob is
9 absolutely correct. I think there's an effort to make the
10 IRS look incompetent, so that more and more Americans become
11 infuriated with the service, and therefore rebel against it
12 and so when we see Congress trying to cut it's funding,
13 please say, Yeah, go cut it. More, more, more.

14 It's like a gladiator being in a Roman colosseum as
15 they say thumbs up or thumbs down. Of course, with the IRS,
16 too many Americans would say thumbs down.

17 So I hope we don't lower the standard lower because
18 if we don't have any competent personnel within the IRS with
19 the resources they need to take care of identity theft, going
20 after the folks that are really trying to cheat, making sure
21 that they all get to mistakes and actually auditing you,
22 we're going to have to make sure they have the right
23 resources and it's unfair to ask people to do more, more work
24 with fewer, fewer resources as things get more, more
25 complicated. So on that, those are the two questions I had.

1 NINA OLSON: So anybody in the audience want to
2 stand and talk about the scam calls, people representing the
3 IRS, and then also the regulation of the Tax Code?

4 Sir, can we give him a microphone someone?

5 CARL GATES: I think you can hear me very well.

6 XAVIER BECERRA: If you could use the microphone
7 because we have been recording.

8 NINA OLSON: Oh, thank you because we do have a
9 court reporter here because we've been recording all of the
10 public forums and post the transcripts online so that you
11 that can read yourself later.

12 XAVIER BECERRA: Give us your name.

13 CARL GATES: My name is Carl Gates and my question
14 is: What do you think about the tutorial accounting programs
15 that exist to help individuals with their process? What do
16 you think about the tutorial programs they have like when you
17 talk about the tutorial programs you can use, you know, and
18 follow the instructions. What do you think about those?
19 TurboTax?

20 NINA OLSON: Well, sir, do you use one of them?

21 CARL GATES: Well, I haven't. I've done TurboTax
22 before, and I know accounting but I know they have these
23 TurboTax programs that exist, and I am just wondering how you
24 feel about them being accepted by the public, or do you think
25 the public shouldn't utilize these programs?

1 NINA OLSON: Well, there's a large percentage of
2 taxpayers who do use those programs. The IRS has a program
3 called "FreeFile" in which 19 or so of these programs exist.
4 It's not just the two that you mentioned, but it comes
5 together as a consortium to make available for free of charge
6 for people with certain income level these programs.

7 And the problem with that is that you have to choose
8 between 19, and how do you choose between 19. And you get
9 into the program, so you think it's free, and then suddenly
10 you're a sole proprietor and program doesn't support sole
11 proprietor, and it wants to charge you money for that.

12 But then you pull your information in the program
13 you pull back out. So that free file site is vastly
14 under-utilized. I think now it's standard about 2 million
15 taxpayers use it out of a 150 million taxpayers that we got.

16 The thing about the software programs is: They are
17 written -- you've got lots of questions, but if you've got an
18 issue that the program hasn't asked you a question about,
19 then you plough through the program, and you may get the
20 wrong answer, and the IRS will know that.

21 And courts have said very clearly that you can
22 rely -- you can't argue to the court that the software
23 program gave me the wrong answer. They are still going to
24 say that that was negligent or that was a penalty. So in
25 addition to paying the additional tax, you have a penalty.

1 If you rely on a preparer, you might be able to
2 argue that I relied on the preparer, so I wouldn't have to
3 pay a penalty. So that's one of the things that people don't
4 think about.

5 Does anybody else want to talk about the scams or
6 regulation return affairs?

7 Yes. I am going to go there, and then there, and
8 then there.

9 MS. ALCOA: I think that it would be helpful -- my
10 name is Ms. Alcoa. I think that it would be very helpful if
11 the IRS made the announcements in different ways because in
12 the Latino community, they get these calls, and they get
13 panic. Then I think if they were to do it several languages,
14 it would be helpful for the consumer to know about these
15 scams. Thank you.

16 NINA OLSON: That's a very good suggestion, and I
17 will take that back.

18 While we're getting to you, sir, I wanted to just
19 say, you know, Isai, you had said that one of your clients
20 was being, you know, audited, and there was a communication
21 barrier and the IRS has bilingual auditors and that no one
22 offered that.

23 ISAI CORTEZ: No. I even asked him that it was my
24 understanding that they would offer that, and he said no.

25 ROBERT S. HORWITZ: Well, not only that, but I've

1 had several cases where I was representing clients who were
2 Chinese who did not speak English very well, and I'd tell the
3 auditor we need a translator and the auditor would want to
4 begin without a translator and expect my client to have
5 relatives there or to come in with, like, the office clerk
6 who is 23 three years old, who spoke some Korean, but
7 couldn't translate beyond "Hello, how are you?"

8 NINA OLSON: Just so everybody in the audience
9 knows, the IRS has a contract with and an over-the-phone
10 interpreter service, and you can ask for that in any of -- I
11 tell you, it's over a hundred languages because we do that in
12 Taxpayer Advocate Services so that there would be an expert
13 translator in that language on the phone and even in an
14 office audit, something like that.

15 You can have that person on the phone who could do
16 the translation. So remember to ask for an over-the-phone
17 interpreter service, and if they refuse that, the office --
18 the IRS has offices of civil rights, and that's for taxpayers
19 whose civil rights have been violated.

20 And failure to get an interpreter when that is
21 essential, you can then file a claim with the office of civil
22 rights in the IRS because that is key. They want to speak to
23 the taxpayer at the IRS service, and before we miss -- I
24 think we're missing lunch, I don't want to miss it.

25 We have at the taxpayer association, we have two

1 case advocates outside and inside. And at the end of the
2 program, we'll be outside, and if you have cases that you
3 haven't been able to get resolved or you particularly want to
4 share anything, my folks can do an intake here, and then
5 we'll call you back in the next week to get more details and
6 get your case under way in the Taxpayer Advocate Service.

7 Okay. So who is my next speaker?

8 STAFF: Some people submitted their names to ask
9 questions, so I am going to give those to Nina so she can
10 call you by name. If you did not submit your name, our staff
11 of Becky and Irene have sheets. Write your first name, last
12 name, and then give it back to them and then they'll bring it
13 back to me. Then we'll be more organization, and then we'll
14 call you and I'll come by with a mic.

15 NINA OLSON: So I'm in love with her because that's
16 the most organized we have ever been.

17 So John Sitch. Great. Okay.

18 JOHN SITCH: I will give you one comment on the --
19 I'll give you one comment on the -- one comment regarding
20 the -- all employment calls. I'd like to ask them why
21 they're waiting for the FBI to be formal. Now they're
22 getting to the point where they don't even talk to you, the
23 whole call is recorded.

24 NINA OLSON: Okay. Olivia Mitchell.

25 OLIVIA MITCHELL: No question.

1 NINA OLSON: Okay. Barbara Allen.

2 BARBARA ALLEN: You asked about the scams. This is
3 kind of funny and really sad all at the same time. I have an
4 88 year old client who got an erroneous notice from the IRS
5 charging herself employment tax on something that was not
6 employment taxable. That was about 10:00 o'clock in the
7 morning. She got one of the scam calls 2:00 p.m. that scared
8 her so much, that she wrote a check for \$3,000 to the IRS and
9 mailed it to the IRS. So now I get to try to straighten that
10 out.

11 NINA OLSON: Okay. Raymond Gee.

12 RAYMOND GEE: Here.

13 NINA OLSON: You want to say something?

14 RAYMOND GEE: Hi, I am from China Press, so I'd like
15 to opportunity today on taxes, one topic I heard from you in
16 another topic is gun control; is that right?

17 XAVIER BECERRA: Not today.

18 RAYMOND GEE: Okay. Then forget about that. In
19 Chinese community there are also some tax forms like this,
20 and the main issue that I am concerned about is tax scam, and
21 they are very much interested in how to avoid become victim
22 of such scam because they have -- most of them have language,
23 so do you offer interpreter, or do you have a Chinese person
24 document for such program?

25 NINA OLSON: So, first, let me explain. Although I

1 am within the IRS, I do not speak for the IRS. But I would
2 almost put this back to you which is the IRS puts up on it's
3 website whatever current scam has been identified. So
4 there's a list of scams so you can see. So what would help
5 you to be able to get out to your community that information,
6 and I am hearing a lot that we need it in lots of different
7 languages.

8 But are there ways that we can get information to
9 you? Or what are the hubs in the community that we should be
10 getting the information to so that you can disseminate in
11 your own languages rather than having it be on an English
12 website.

13 So would it be you through your China News? Would
14 it be going to China news or other suggestions? This would
15 be very valuable for me.

16 ISAI CORTEZ: With respect, I've represented the
17 Chinese speaking people, and I seen their own community
18 target them; right? So you have their Chinese, you know,
19 some type of bookkeeper or accountant prey on another Chinese
20 and take advantage of them.

21 So when I help a taxpayer -- when I try to send them
22 on their way when I am done helping them, I try to always say
23 do your research on who you are hiring. Like, that's the
24 most important thing I can recommend.

25 Especially for someone who is not native to the

1 United States. Just do your research. Look online for
2 reviews, look for any complaints on people. That would
3 really help you find a really good person because when I look
4 up these Chinese accountants and bookkeepers, they have
5 really bad reviews on them, for example, Yelp.

6 So when people are saying, like, these people took
7 advantage of me, this person took advantage of me, maybe find
8 someone else. You can still find a Chinese-speaking person,
9 but I'll look for someone else. I'll find someone for you
10 who speaks Chinese and has really good reviews. That would
11 really help in the Chinese community.

12 NINA OLSON: You know, one of the things that isn't
13 highlighted a lot is the IRS used to have a community
14 relations and safe hold relations person in every single
15 major community, and now they are actually twelve states that
16 don't have a community relations outreach person in their
17 entire state, and so that, you know, somebody in one state is
18 covering three states. And for them to have to do that
19 outreach, you know, is just impossible. It's set up to
20 failure.

21 I would say can CJ or my local taxpayer I have raise
22 your hands? So if you look at the back of the room you will
23 see my local taxpayer advocate, and they are responsible for
24 the outreach in their location. So we have L.A. and we have
25 Laguna. We have Oakland. We just opened an office in San

1 Diego, California, and an office in Sacramento.

2 And so that means when you are going out, you can
3 give them your card, and have them give information to you.
4 If you are part of a community group that wants to share
5 information, we can get that information out to you.

6 See this is how they get work assignments. They
7 come to a meeting, I give them work. So there you go.

8 Okay. Moving right along. Reuben De La Vega?

9 REUBEN DE LA VEGA: Yes. Thank you very much for
10 coming. This question is for the Congressman. It seems like
11 there is very little deterrent for these people that form
12 scams and tax frauds and identity -- identification fraud,
13 and it's been such a hectic mess in my life personally, being
14 a victim two years ago, I'm still working my way through the
15 mess. And I would like to get some more information on how
16 to make my way through this process.

17 But one thing that I would request or comment on to
18 the Congressman is to promote more community awareness of how
19 to prevent along the lines of what Mr. Raymond said, but with
20 that also, we need to, I think, raise the penalties for when
21 we capture these people that performs the scams and
22 identification fraud.

23 I currently don't even know what is the cost or the
24 penalty when caught -- when they are finally caught and
25 penalized and brought to justice. So it seems like they are

1 working with bad ideas that are highly profitable, and they
2 are actually encouraged, and they can get away with it
3 continuously, and that is sort of like a growing business, as
4 a matter of fact.

5 So I'd like to know what the current penalties are
6 for people when they are caught, and if we could work with
7 people in Congress to increase those penalties, but not only
8 that, make it more aware, community-wise, put out community
9 notices of strict penalties that are on the books now, and
10 that we're actually going after these people aggressively.
11 Thank you.

12 XAVIER BECERRA: I expect that Tax probably has a
13 good idea of what some of the penalties are, but they vary;
14 right? It depends on the degree of the fraud that was
15 committed and what you are prosecuted under, what kind of
16 code section you are prosecuted under.

17 But I will tell you this: I think we all need to do
18 a better job in trying communicate the information to our
19 constituents, to our families, our relatives, our neighbors.

20 I know that whenever we do sessions, I do tell
21 townhall meetings to get support information out. I suspect
22 the centers and the tax clinics do a great job of trying to
23 communicate to people that information, but if there are some
24 way that we could use all of those, people who help prepare
25 returns, if there were some way to replicate information to

1 all of our constituents and clients, and probably do a much
2 better job of trying to go prevent the person who gets caught
3 at this.

4 Because probably the best way is to avoid this is to
5 be aware of what they should and shouldn't do, but it's
6 harder to go after it after you had your privacy invaded.
7 It's a lot easier to be aware so you don't have to worry
8 about having been defrauded.

9 NINA OLSON: The thing that I am most disturbed
10 about in these scams is people actually believe that the IRS
11 would make a phone call saying if you don't pay up in 45
12 minutes, the sheriff is going to come arrest you.

13 First of all the sheriff does not arrest you for
14 federal crimes, so that's the first one. Second, if you are
15 going to be getting attention of the criminal investigation
16 division, everybody is talking about the risk like Bob talked
17 about. They have to come and introduce them selves and show
18 you their badge and show you their identification.

19 And there are criminal -- I mean, there are civil
20 and constitutional protections that you have.

21 But how is it that has become an accepted thing that
22 you would believe that the IRS would do that shows how far
23 we've come in fear of the agency and the lack of trust, and
24 that really disturbs me.

25 So I also wanted to ask a question because people

1 sort of talked about, you know, the -- you talked about the
2 preparers in the community, so there's an interaction between
3 the scams and the preparers.

4 Because we are seeing in a lot of communications
5 unregulated preparers who are using payday loans or what we
6 call paystub loans who are people coming in before the end of
7 year with the their last paycheck to get a loan against this
8 paycheck.

9 And then they're using -- those companies are using
10 that information to prepare returns for those taxpayers and
11 getting their refund, so when their taxpayer actually goes
12 and files their return, there's a file and then they have to
13 spend X amount of time.

14 So also this gentleman Reuben, you should talk to a
15 case advocate outside so they can help you with your identity
16 theft case. Okay? After this session, absolutely.

17 All right. William Morrison.

18 WILLIAM MORRISON: We're talking about scams,
19 unfortunately, I had one of those scammers call me. I have
20 addressed it to actually Congress office, the Senate office
21 because I have sent it directly to California Governor's
22 Office.

23 This hasn't been actually taken care of for
24 constituents, and I am going to give you that number
25 afterwards, so you can address it because the last time I

1 tracked one of the numbers down, went online, got the
2 physical address, caught them in person, but since there's no
3 federal or state laws that can prosecute these individuals.

4 And you are actually the IRS, you should actually do
5 something about this for consumers. This is actually your
6 job. This is the Congressman's job. This is everybody's
7 job, so there's no fraudulent stuff going on.

8 So where is the integrity of going beyond this
9 building and changing this and making sure these individuals
10 get prosecuted. This is very frustrating to see, and I spoke
11 to a Katie Lee, Officer Katie Lee. Her number is
12 (888) 826-9683, and she said her ID No. 24471.

13 And that is calling from Washington D.C. from your
14 office. And I heard all this background noise, so I know
15 it's, like -- it's all -- but other individuals who are not
16 even indicated in this history, and there's not many seniors.
17 You know, it's disappointing in that.

18 But this means our elected officials are not doing
19 their job correctly. Here we have taxpayers and everybody in
20 the majority, but our seniors and other individuals that
21 should be here, Mr. Congressman, are not here. But I am here
22 because I do represent the city as well. So how can we fix
23 this problem?

24 NINA OLSON: I want to say that there are certainly
25 criminal statutes that address these actions, and there are

1 people who have been prosecuted, and if you go on the IRS
2 website you will see major, major convictions. I think the
3 issue is with any law enforcement, and I'll tell you a story.

4 I came home from one of my trips and now every time
5 I take a trip there's a message on my answering machine from
6 someone or other threatening to send the sheriff out to
7 arrest me for IRS. And for the record, I don't owe the IRS
8 anything. I would lose my job if I owed the IRS anything,
9 seriously.

10 But one day the first message that I got I, e-mailed
11 the inspector general for tax administration, and I e-mailed
12 the sly chief of criminal investigations and said, I saved
13 this message. You can wire me. I'd be glad to be part of a
14 sting operation. And they said thank you. Send the e-mail.
15 We'll look into it, et cetera. And that's the last I heard
16 of it.

17 They get so many of these calls, what they are
18 looking at are large schemes. They are not looking at a one
19 or two or even five-person operation. And that is the
20 difficulty. How you deal with something that the minute that
21 you call back they shut down that line, or they shut down
22 something else.

23 It's not an easy task. It is taking an enormous
24 amount of their attention, but I think they are very, very
25 clever. You were telling me, Susan, about a scam that they

1 were doing with credit cards and estimated taxes.

2 SUSAN MAPLES: So as you are mentioning, we have had
3 a lot of these folks come in, and a lot of them are coming in
4 as practitioners and adding taxpayers to their practitioner
5 account. That is the way they are getting access.

6 And I mentioned key locking because one of the
7 things, you know, in order to get access to the perspective
8 petitioner, you need to have his one of the last four years
9 of the tax information, and they are getting it from
10 practitioners.

11 On there are a number of ways of identity theft,
12 they are getting this information. So once they get it, they
13 can do all kinds of things, and they can file a return, and
14 do it quickly. They do it very, very quickly, and it's very
15 difficult.

16 Our criminal investigation has been going after
17 these folks, but the problem is, like many others have said,
18 as soon as we follow the, you know, IP address, they shut
19 that one down. There's scooping, there's something called
20 the "black web" which I am not very familiar with. It's very
21 scary when can you start to look at things.

22 And we have IT forensic people. Their job is just
23 to try track these people down, but it's very, very difficult
24 which is why identity theft is such a hard thing to fight.

25 We are trying to go fight and it's all shadow

1 boxing. Where did they go? Who is this person? And for us,
2 it's about trying to find the people at the top because they
3 do hire a lot of low-level people to go out and commit
4 various parts of these scams.

5 And trying to the get the leaders of these
6 operations is extremely difficult and our criminal
7 investigation has been trying to find these dealers, and
8 that's why, again, online, you know, accounts, is very --
9 it's scary to protect to information basis they just keep
10 coming with all these different things, and you close one
11 door they find a new way in and they find a crack and they
12 start coming.

13 Nina was mentioning credit card scams where they
14 were using fake credit cards to make estimated payments so
15 that they could file returns. They file so credit card
16 company knows that this is a stolen credit card. These are
17 fraudulent charges and then they are requesting money back.

18 I mean it's just amazing to the length that they go
19 to create this, that they have on these scams. So it's not
20 as easy as just finding an address on the person because they
21 are using the IPs and -- I don't know. I am not an IT
22 person, but it's very complicated, it's very complex.

23 ROBERT S. HORWITZ: And a number of these scams
24 originate overseas. We have a lot of these refund scams
25 where the people who are needing it are located overseas.

1 There's maybe ten, fifteen people who are almost
2 drugged typing in and getting the identities of taxpayers and
3 downloading money onto debit cards and then shipping them
4 overseas. And they a few thousand dollars and the IRS or
5 state local law enforcement goes after these people, they are
6 getting the low level people, and the higher ups, they don't
7 catch.

8 XAVIER BECERRA: First, when I mentioned that the
9 IRS is lacking resources, this is the problem that they lack
10 the recourses to handle the telephones for the 1 (800) number
11 they have. They are going to have to cut back on that.

12 Right now Congress is proposing a budget that would
13 cut them a additional 290 million which would require them to
14 continue to reduce resources and continue to drop some of the
15 things they are doing.

16 So these small incidents of fraud which would
17 require a lot of intense activity are the one that's are the
18 least likely to get investigated because they don't have the
19 resources to go after that, and they have to go after, as
20 Nina mentioned, the bigger -- big time fraud.

21 And so I hope you recognize that for you to do your
22 service for representing and providing good services to
23 consumers out there who come to you to make sure they are
24 doing the right thing by filing their taxes, we need to have
25 an agency that's equipped to work with you the right way.

1 And so the biggest feeling that right now I see with
2 regard to the IRS is not the IRS's doing. It's Congress's
3 doing because Congress is choking this agency to be able to
4 do the work they should.

5 And so please fight back against that because there
6 is no way that when a consumer contacts a member of Congress
7 like me or the Taxpayer Advocate like Nina or the IRS office,
8 that they are going to get satisfy responses when the
9 resources aren't there to pursue those who are committing
10 these fraudulent crimes.

11 And so I urge you to help us ensure that we get not
12 just a decent budget put together but I believe IRS that way
13 they can have competent professionally trained individuals
14 that are servicing you through the IRS. It is important that
15 we have an agency that does it's job well.

16 And by the way, as tough as it is now, this fiscal
17 climate from the IRS, I defy you find a revenue collection
18 agency anywhere in the world that works as hard and does as
19 good a job as the IRS does.

20 It's a voluntary compliance system. But you need to
21 have a system that works right in order for folks to feel
22 good about volunteering to pay their taxes. So please help
23 us in that regard and work with your tax payer advocate who
24 does a tremendous job in trying to make sure the interest of
25 the American taxpayers are protected and promoted.

1 So I am going to have to run, but I know the
2 Taxpayer Advocate will stay. The panel is going to be here.
3 I would as you to do one last thing. Time is running out. I
4 see a ton of people who want to ask questions. Please go
5 right to your question or your comment. That way you get a
6 quick response, otherwise a whole bunch of you will leave
7 unsatisfied that you didn't get to ask your question.

8 Thank you all for being here.

9 NINA OLSON: Thank you, Congress Becerra for being
10 here. It's wonderful that you pulled this together and your
11 staff is great, so yay to your staff.

12 All right. CP Cruz. Is that right? Do have I that
13 correct? Maybe I mispronounced that. I couldn't read the
14 handwriting.

15 All right. Susan Marlowe. Okay.

16 SUSAN MARLOWE: Hi, I am not in favor of a taxpayer
17 online system for those fellows and the reason is one is
18 taxpayers do not know the tax law, and they also do not know
19 procedure and both are important in solving their own
20 problems.

21 And so the way I would see this falling out if it
22 were to be rolled out is that the taxpayer would try to go
23 online, try to sign up, and then they would get frustrated
24 and call us. I am a preparer and therefore they would end up
25 giving us a call and say, hey, I can't solve the problem, and

1 we end up going to those prepares who would do it right in
2 the first place.

3 If there was something I want to say logical to have
4 it, it would be an easy system that works great, especially
5 one that accesses transcripts, and expand that a little bit
6 for us, but I do not see an online system for taxpayers.

7 And also we have done nothing but talk about fraud.
8 You think that's going to cut down the fraud? No. It's just
9 going to speed it up, and the whole system will collapse.

10 NINA OLSON: I really appreciate that comment, and
11 we've heard that along those vignettes, and just so you know
12 the vignettes were developed by the IRS to explain how the
13 future state would work for taxpayers.

14 And at some of our townhall meetings people had said
15 interesting by the vignettes is that in both instances the
16 taxpayers agreed to pay more money. If the online system
17 didn't work, so the taxpayers were going to pay more money,
18 they were right actually. And that's my concern is that
19 taxpayers won't call a representative.

20 What they will do is that they will get so flustered
21 that they will read something online that they shouldn't have
22 to agree with or will write something online, and you'll
23 spend as a representative the next five, six years trying to
24 get unwind some offhand comment that a taxpayer made that the
25 agent is hearing in a different way because they don't

1 understand what they're are saying.

2 So I see a lot of increased risk here. I think
3 that's also why the federal agents are talking about if you
4 are going to do an online account, focus on the
5 representatives because that will really help you be able to
6 get a better sense of what's going on, you can see the
7 notices or the transaction that's are going out, rather than
8 increase the risk of taxpayers.

9 Okay. Grant Ochalren. Yes, sir.

10 GRANT OCHALREN: This one is mostly for Susan. I am
11 filing 2013-14 returns electronically, late obviously, but
12 what's happening about a week after the file, the FTB is
13 sending the notices to the taxpayer saying we have no record
14 of any of your withholding, but we have a record of all your
15 income. And then it states you need -- and it takes us
16 through calling and doing all that work.

17 Is that something you are aware of because it's
18 happened like four times in the last month.

19 SUSAN MAPLES: So, again it is something we have
20 been aware of, we had it -- as I mentioned it access
21 modification system what happened is she ended up relying on
22 one of other information systems. That's the different
23 between last year and this year in a nutshell.

24 Previously, you know, we had are -- we were getting
25 the information from the EDD, but we were not so much relying

1 specifically on what we were getting as much as we have this
2 year.

3 So we had a huge problem. We had a joint task force
4 working on it for EDD and it wasn't just an online account
5 modernization program. We monitored as to all our systems,
6 started scanning everything, so the process for the regular
7 return was different this year.

8 So we did have a lot of problems. I have business
9 cards up here. I would be happen to help your clients, sort
10 out this issue, and I promise a lot of people are working on
11 this so this will not happen again next year.

12 And just for the future state of the IRS, this is
13 one of those areas where people went online to try to figure
14 out what's going on and the online was virtually useless in
15 helping them understand, so then they end up having to call,
16 and we were flooded, I think I said 20 percent of our calls
17 this year because we had that problem, and the online didn't
18 help this self serve process at all.

19 NINA OLSON: Lucy Lu? All right.

20 Paul DeKline.

21 PAUL DEKLINE: All right. Thank you so much for
22 coming to L.A. I am a small business owner here in the City
23 of L.A. I own and operate a tax preparation office in San
24 Pedro. My experience with the IRS is that they have been
25 great. They have a job to do, and they are well trained, and

1 if they were so this, and I do have a lot of comments, so
2 maybe not so many questions.

3 I want to say I do my ZIP Code tax returns for free.
4 I did 123 last year, so people IRS. Go get free returns.
5 Essentially, it's a lie because there's not enough access to
6 get that returns so you put it out there, you put it out
7 there, you put it out there, and why are you charging me?

8 You know, if you don't have the capacity to do it,
9 it should not be promoted. In a way it is because it makes
10 false expectations.

11 I want to talk about future state, head start with
12 publications disappearing. This is the most important
13 publication the IRS puts out, and it's not available, and
14 that is -- I have horrible words to describe that as I am
15 telling my clients that they -- it's really nice to be able
16 to show them where the IRS publication is. I am not making
17 up the Obama Tax Initiatives. That's -- I want people to be
18 able to know what's real. That resource is critical.

19 What do we say, 50-something percent of it all
20 going. My mom is 80. She has Internet access. She is
21 online, so the IRS has made some bad choices about what to
22 get rid of, and if this is the future, how do you expect to
23 get voluntary compliance when the customer can't figure out
24 what it is you want from them?

25 Tax credits -- in order to have tax credits, and now

1 you are trying to decipher what is it. So if you have a tax
2 return -- lines set up 7, but there's no line 7 on the tax
3 transcript. I just want the IRS to make things more
4 accessible in the future. We will make things more
5 accessible if the tax transcript actually said line 7 says
6 this, line 8 said this, line 9. It would be simple. People
7 could then relate --

8 NINA OLSON: Okay. I am going to cut you off. I
9 just want to give other people a chance.

10 PAUL DEKLINE: One thing I have to say.

11 NINA OLSON: And also let me note you can submit
12 comments. We have a website, and we've listed on our sheet
13 of paper that you can submit comments, and we are posting
14 everything that everybody submits.

15 PAUL DEKLINE: Are we running out of time?

16 NINA OLSON: We're running out of time.

17 PAUL DEKLINE: Fox News and Public Party paid the
18 IRS. This country is built on taxes being paid,
19 infrastructure. We in California understand that, and it's a
20 travesty 70,000 employees cut since 2004. It's horrible.
21 Thank you.

22 NINA OLSON: I do want to say that on the tax issue
23 he was talking about how calls went up this year. When the
24 IRS first put out the transcripts, we had this huge spike of
25 calls. They thought that the transcripts were going to get

1 rid of calls, but as you noted, nobody could understand what
2 the transcripts were saying. And they called the office and
3 said, What is this that I am looking at? Could you please
4 explain it to me.

5 So it goes with without saying, you have to do your
6 own amount of planning to make this work, and if the
7 technology is the least of your problems is that you got to
8 come out with a new design of whatever you're making
9 available.

10 So it looks like I've got Sandra Anderson.

11 Yes, ma'am.

12 SANDRA ANDERSON: I have several comments. Okay?
13 Part of the taxes system is based on voluntary compliance,
14 and this future state, development is taking away the
15 taxpayers ability to comply. Basically is forcing taxpayers
16 more to third parties, and when you force them to rely on
17 thirty parties, that third party is not ethical, the taxpayer
18 is the one that's off, and they are the one that's are going
19 to be left holding the bag, per se. Okay?

20 When you -- the taxpayers, a lot of taxpayers don't
21 want to go online because of various reasons to access to
22 security, and as so to understand that, but you hear every
23 year more and more of the people, you know, ethically
24 different accounts. Also regarding what you were talking
25 about the basically the different calls regarding the

1 security, the different calls and also there are stamps
2 dealing with online.

3 Now what we say -- what the IRS says right now is
4 that we won't contact you online. Okay? We don't contact
5 you on the telephone until we send you a letter, and now you
6 are talking about online. What's a scam? What's not a scam?
7 Okay?

8 You know, and because of the budget, big things to
9 the left to budget, then you have -- even when you have
10 someone contacting you on the phone, and they tell you that
11 or access the choice, but then if you didn't, if you do not
12 fall for them, they can say, Oh, oh, okay. All right. They
13 are not that some people are not proactive.

14 I don't doubt to get these individuals or get to 50
15 percent of the taxpayer. So these calls or online
16 information, and so if you do have the resources that the IRS
17 needs, then they can be more proactive to limit the different
18 scams that is going on.

19 Again, I'm involved with being a site coordinator
20 for 29 years. Also what's the problem is shifting the tax
21 payer's more to third-party information. There is a lot -- I
22 have seen a lot more unethical taxpayers out there. There's
23 good ones, but there's a lot of unethical tax preparers, and
24 they take advantage not only of their own race, but across
25 the board.

1 And so here your need the tax -- you say you could
2 access online and all that, and have representatives. A lot
3 of people don't realize that a tax preparer, they will put
4 their number as a person to contact what they did, and so
5 allowing, basically we, this is said to the taxpayer.

6 You signed under penalty of perjury that you
7 understand now. If I don't understand the tax laws even if I
8 am looking at something, I don't even know what I am signing
9 to say that I am liable for something that I didn't
10 understand.

11 It's just like if you go to the doctor and the
12 doctor gives you a diagnosis. If the doctor knows this.
13 Somebody is in paying a person to prepare that tax return,
14 they are trying to put that on the individual and so --

15 NINA OLSON: We are running out of time, so I want
16 to give you just one last point so I could call on the last
17 person for today.

18 SANDRA ANDERSON: Okay. One last point that's been
19 brought up. Don't have the taxpayers be problem in the
20 system because of the lack of budget and funding and so let's
21 do other ways to touch them and have access to -- for the
22 taxpayers in buildings. I mean, that's access. That's not
23 just access for when you have law cases. When you have law
24 cases you have them in the building, not just because that
25 also frustrates individuals.

1 NINA OLSON: Thank you. Actually you hit on a lot
2 of stuff in your comments, and I appreciate that, and I think
3 you said things about the reduced person-to-person service to
4 also put an incredible amount moonlight sites so the previous
5 speaker said don't publicize things unless you can actually
6 deliver.

7 People really didn't understand a lot of what was
8 told the IRS. Maybe you can start not doing return
9 preparation in walk-in sites, so we stopped doing that. You
10 are going to put the burden on their own sector, and they are
11 not going to be able to absorb it unless you increase funding
12 to them. There are no walk-in sites.

13 So I do want to call on John Christianson from are
14 the California site of enrolled agents and that will be our
15 last speaker.

16 JOHN CHRISTIANSON: Thank you very much for coming
17 to Los Angeles. I am John Christianson, enrolled agent. I
18 am here representing the California Society of Enrolled
19 Agents. I don't want to take anything on Instagram about
20 what she was saying, but basically we want to ask that
21 whatever you need to take, you involve your community, and
22 prepare 30 enrolled people like myself, and tax attorneys,
23 and CPA's because I think we work well in trying to implement
24 this here in California, and we're more than happy to help
25 the IRS in whatever they need to do because we want the same

1 thing you do, taxpayer compliance.

2 NINA OLSON: So I want to thank everybody who stayed
3 here, and say this has been a great public forum. You have
4 all been very noble, but I knew that from looking at you.

5 And I want to thank you our wonderful panel and
6 Congressman Becerra for pulling this together and his
7 wonderful staff and my wonderful staff.

8 Don't forget that we have case advocates outside
9 and -- oh, they're in the back of the room, and so we can
10 certainly take cases in and we don't want to -- we're not
11 online because of concern of identity theft, but we will be
12 taking your information reaching back to you again.

13 And also there is a website, so you'll be able to
14 read the transcript of this public forum in a couple of
15 weeks, a month just to get it through, and also you can
16 submit comments there.

17 Thank you so much for coming out.

18 (Meeting concluded at 11:03 a.m.)

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