

PREFACE: National Taxpayer Advocate's Introductory Remarks, Including an Update on the National Taxpayer Advocate Public Forums on Taxpayer Needs and Preferences

The Internal Revenue Code requires the National Taxpayer Advocate to submit two annual reports to the House Committee on Ways and Means and the Senate Committee on Finance.¹ The National Taxpayer Advocate is required to submit these reports directly to the Committees without any prior review or comment from the Commissioner of Internal Revenue, the Secretary of the Treasury, the IRS Oversight Board, any other officer or employee of the Department of the Treasury, or the Office of Management and Budget.² The first report, due by June 30 of each year, must identify the objectives of the Office of the Taxpayer Advocate for the fiscal year beginning in that calendar year.

In my 2015 Annual Report to Congress, I identified the IRS's Future State plan as the Number 1 Most Serious Problem for taxpayers.³ In doing so, I articulated several concerns, including the lack of transparency and coordination with stakeholders such as Congress, taxpayers, and tax practitioners. Commendably, in response to my Report, the IRS created a webpage dedicated to the Future State, on which it has placed a large volume of material.⁴ The IRS has also announced that it will make a presentation on the Future State at Tax Forums this summer,⁵ and the Commissioner has addressed the IRS Future State plans in several appearances before congressional committees and in speeches.⁶

Also in my Report, I announced that over the next year I would be holding Public Forums on Taxpayer Needs and Preferences throughout the country, some co-hosted by some Members of Congress, particularly those serving on committees actively engaged in IRS oversight. It has been my great privilege to host eight of these Public Forums to date, and we have several more planned through the end of the calendar year.⁷ I and my small team have been welcomed into communities large and small; our Congressional co-hosts were actively engaged in the planning and promotion of the Forums as well as attending and participating in them. I am deeply grateful to Congressmen Roskam, Serrano, and Meadows, and Senators Casey, Grassley, and Cardin for their generous support and personal commitment to this important endeavor.

We held two Public Forums at IRS headquarters in Washington, DC, at which we heard from representatives from four Federal Advisory Committees to the IRS and four major national organizations of tax

1 Internal Revenue Code (IRC) § 7803(c)(2)(B).

2 IRC § 7803(c)(2)(B)(iii).

3 See National Taxpayer Advocate 2015 Annual Report to Congress 3-13 (Most Serious Problem: *The IRS Has Developed a Comprehensive "Future State" Plan That Aims to Transform the Way It Interacts With Taxpayers, But Its Plan May Leave Critical Taxpayer Needs and Preferences Unmet*).

4 IRS, *IRS Future State*, <https://www.irs.gov/uac/newsroom/irs-future-state> (last visited June 29, 2016).

5 See IRS Press Release, *IRS Adds Future State Discussion to Nationwide Tax Forums*, IR-2016-8 (June 2, 2016), <https://www.irs.gov/uac/newsroom/irs-adds-future-state-discussion-to-nationwide-tax-forums>.

6 See *Can the IRS Protect Taxpayers' Personal Information: Hearing Before the H. Subcomm. on Research and Technology, 114th Cong. (2016)* (Statement of John Koskinen, Commissioner, Internal Revenue); John Koskinen, Commissioner, Internal Revenue, Address at the National Press Club (Mar. 24, 2016).

7 To date, we have held two Public Forums in Washington DC, and others in Glen Ellyn, IL; Bronx, NY; Hendersonville, NC; Harrisburg, PA; Red Oak, IA; and Baltimore, MD. Upcoming Public Forums include Wadsworth, OH and Los Angeles, CA.

practitioners, among other witnesses.⁸ I was particularly pleased to have two separate panels with witnesses that reported on various research studies about individuals' use of the internet and online services, as well as the digital divide in this country.⁹ I continue to be concerned that the IRS's design for the Future State ignores or dismisses the significant body of data that shows large portions of the taxpaying public either unable or unwilling to engage with government online services for anything other than the most routine tasks, if those.¹⁰

At each of the other Public Forums, we heard from a panel of witnesses representative of the community we were visiting. Each panel included a representative from a Volunteer Income Tax Assistance (VITA) site and a Low Income Taxpayer Clinic (LITC). We also included at least one attorney, Certified Public Accountant, or Enrolled Agent who is active in representing small businesses and individuals in the community. Finally, several of the Public Forums included witnesses focusing on particular topics: English-as-a-Second-Language (ESL) and immigrant taxpayers; the elderly and retirement; farming; international and United States citizens abroad; disabled taxpayers; identity theft victims; and victims of payroll service provider fraud.

Although the National Taxpayer Advocate has been charged by Congress to be the voice of the taxpayer inside the IRS, what we heard at the Public Forums were the voices of real taxpayers and their real representatives. They are compelling, articulate, and clear about what they need in order to comply with the tax laws. So I present in the pages that follow a sampling of those voices. Full transcripts of all of the Public Forums are available online at <http://taxpayeradvocate.irs.gov/news/national-taxpayer-advocate-public-forum-transcript>. They are worth reading in their entirety.

I've organized these comments around several of the concerns about the IRS Future State plans that either I identified in the 2015 Annual Report or consistently arose in the Public Forums. They are:

- IRS engagement with taxpayers and practitioners and how to increase trust in the tax agency.
- Building a Future State before the IRS current state of taxpayer service is fixed.
- The taxpayer experience as told by taxpayers.
- The continuing trend away from person-to-person and face-to-face taxpayer service and compliance activities, including audit, collection, and appeals, as well as a declining geographic IRS presence and increased centralization.
- The benefits and limitations of online accounts.
- Doing digital right.

⁸ On February 23, 2016, panelists included representatives from four IRS federal Advisory Committees (FACAs): Internal Revenue Service Advisory Committee (IRSAC), Information Reporting Program Advisory Committee (IRPAC), Electronic Tax Administration Advisory Committee (ETAAC) and Taxpayer Advocacy Panel (TAP). Federal Advisory Committees (FACAs) provide expert advice, ideas, and diverse opinions to the federal government. Federal Advisory Committee Act, Pub. L. 92-463, §2, 86 Stat. 770 (1972). On May 17, 2016, panelists included representatives of American Bar Association (ABA), American Institute of Certified Public Accountants (AICPA), National Association of Enrolled Agents (NAEA) and National Society of Accountants (NSA).

⁹ On February 23, 2016, we heard from Consumer Federation of America, Pew Research and Consumer & Community Development Research and Board of Governors of the Federal Reserve. On May 17, 2016, we heard from Forrester Research, Inc., NerdWallet and Council for Electronic Revenue Communication Advancement (CERCA).

¹⁰ Ironically, as I write this, major IRS systems are offline, including the Accounts Management System; in addition, my government email account was locked on all three of the electronic platforms accessible to me — my blackberry, my laptop, and my tablet. This recurring situation at the IRS should give anyone pause as we consider moving to a primarily online interaction.

- The lack of clarity around what will be offered as self-service online options, and the legal and due process implications of “self-corrections.”
- The implications of online accounts for taxpayers with limited online access or digital expertise, and the impact of security concerns on taxpayer online account usage.
- The implications of granting access to taxpayers’ online accounts to unregulated return preparers.
- The increasing workload for VITA sites and the compression of the filing season for professional tax preparers.
- The IRS Mission — what should the IRS be focusing on in the 21st century.

I have been pleased beyond all expectations at the sincerity and goodwill of the panelists and attendees at our Public Forums. The excerpts that follow are just a sampling.

For the rest of the year, I and my office will hold focus groups on the IRS Future State at the IRS Tax Forums, in addition to holding several more Public Forums. We will also conduct a nationwide survey of a statistically representative sample of U.S. taxpayers about their needs, preferences, and experiences with IRS taxpayer service.¹¹ We will also be conducting meetings with each Taxpayer Advocate Service (TAS) office, including Local Taxpayer Advocates, to hear their observations and concerns. With all this information in hand, we will then set forth our vision of the IRS Future State in the 2016 National Taxpayer Advocate’s Annual Report to Congress. This plan, I can say with confidence, will be based on taxpayers’ needs and preferences, as they and their representatives have expressed them to us.

Respectfully submitted,



Nina E. Olson
National Taxpayer Advocate
30 June 2016

¹¹ For more information about this study, see TAS Research Initiatives, *infra*.

IRS engagement with taxpayers and practitioners and how to increase trust in the tax agency

National Taxpayer Advocate Public Forum – Public Comments

MS. PAM OLSON:¹² ... [T]here is no agency of the federal government except perhaps the Post Office that we as citizens interact with more than with the IRS. And our views of the government are shaped by our interactions with them. And so I think what the IRS is doing here is more important than just for the tax system. I think it is important for us as citizens of this country as well. So it is really important that the IRS do what it can to get this right. ...

So there are two things that I put at the top of the list as being critically important to designing the IRS Future State. The first is opening the design process to the public which is what you are doing here today. Again my compliments.

And the second is building trust. I think that the two of them lead to and reinforce each other; the greater the transparency around the design, the greater the trust; the greater the trust, the greater the willingness to engage and participate in the process.

There is much to be gained from an open and collaborative process that includes taxpayers and tax professionals in the designs because we as taxpayers and tax professionals have needs and capabilities that should be taken into account. And the best way to understand them is through an open and transparent dialogue.

One comment on the future state vignettes that the IRS released and that is that they are premised on tax administration rather than law enforcement. Those of you who know me know that I've not been fond of use of the word enforcement when it comes to the IRS because I think enforcing the law is an action that compels people to do something and it is not something that has to be visited on the average taxpayer. The average taxpayer wants to voluntarily comply and we just need to make sure they have the tools and the resources to do it. They may need advice or assistance but rarely do they need an enforcement action to compel them to pay their tax or to punish them for failing to do so. [2/23/16, Washington DC, pages 18–19, 20–22]

PROFESSOR BOOK:¹³ I think a fundamental starting point in thinking about service is that the IRS needs to know whom it is serving and the characteristics and challenges associated with a particular group of taxpayers or parties it is regulating. It sounds easy enough but knowing the taxpayer actually is a very resource intensive endeavor. An agency fixated on efficiency and delivering services at lowest possible short term costs without knowing the impact and burdens of its actions may find itself pushing more serious problems down the road while at the same time jeopardizing taxpayer rights.

12 Pamela F. Olson, PWC Washington National Tax Services Practice Leader, Washington, DC.

13 Leslie Book, Professor of Law, Villanova University School of Law, Villanova, PA.

While taxpayers with resources can perhaps delegate responsibility to third parties to address a more distant and automated tax administrator, over time continued poor service has a potential for undermining respect and confidence in the tax system. Once the public loses trust in an agency charged with administering the tax system, it is difficult to recapture. As Pam mentioned I think trust is a fundamental theme that underlies service and thinking about service. [2/23/16, Washington, DC, pages 27–28]

MS. PAM OLSON: [T]rust is absolutely critical. And there is a perception from time to time that the IRS kind of goes into a shell generally speaking. It is never good to speak with too much in the way of a generality but sort of generally speaking there is a feeling sometimes that the IRS goes into a cocoon and closes down to interaction from outside.

And those are the times when I think tax administration suffers the most and taxpayers on the receiving end of tax administration suffer the most.

I think that the more we spend time talking with each other the more that we realize our similarities and the extent to which we have mutual goals. And so the more that we can do to open up the process to share information I think the better off we will all be.

And it certainly can feel risky to open up to discussion, put your ideas out there to allow somebody to criticize them, to take the criticism, to be willing to give criticism back. But I think it really is an essential part of operating a tax system that functions at the highest level. [2/23/16, Washington DC, pages 53–54]

PROFESSOR BOOK: I think, however, getting back to trust and how that relates to taxpayers there is no question that sanctions alone is really not the way, a sanctioned based approach is not the only way to encourage voluntary compliance. There needs to be an emphasis on insuring that interactions with taxpayers enhances trust and trust between the taxpayer and the IRS is a two-way street but if the taxpayers have an absence of trust in what the IRS is doing it leads to kind of spirals and increases noncompliance.

And without going in too deep in terms of the way the IRS manages its compliance with respect to many lower income taxpayers it is mostly done via automated correspondence examinations where there is very little personalized interaction between the IRS and claimants. And for many individuals it causes a lack of connection or understanding as to what, in fact, the IRS is doing or why it is doing it.

So if you are looking to education and educating taxpayers to comply going forward, a compliance-based, correspondence-based exam approach really falls short. And my experience with many individuals who may have mistakenly claimed a credit or taken a position or return they come out of the experience with the IRS not really understanding why, in fact, their position is incorrect. The point is that in thinking about trust and thinking about compliance it requires a more personalized engagement with individuals as well as in the pre-filing environment. [2/23/16, Washington, DC, pages 55–56]

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

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

Number three, they need to take steps to rebuild public trust in the IRS, to collect the tax according to the law as written, and hold those individuals who fail to do so accountable for their actions. Accountability is critical, in my view, not only for us as taxpayers. They are going to hold all of us accountable. If we did something wrong, we need to be able to hold them accountable as well. [4/4/16, *Hendersonville, NC, page 47*]

CONGRESSMAN ROSKAM:¹⁵ [W]e need an Internal Revenue Service that people have confidence in.

I told Commissioner Koskinen one time, you need to be like my fourth grade teacher, tough but fair. Just do the work, collect the taxes, and be done with it. There's all kinds of issues now that are coming to fore. There's issues in terms of identity theft. There's issues in terms of larger vision. There's issues in terms of use of information. There's issues as it relates to the IRS having certain types of data that they've collected, do they need this sort of information and so forth. [3/9/2016, *Glen Ellyn, IL, page 7*]

CONGRESSMAN SERRANO:¹⁶ The IRS is a very complex operation. It has a bad reputation, it has a bad name and lot of people, believe it or not would like it to disappear, the same people who want roads built, the same people who want hospitals, the same people who want school buildings built, universities and colleges. The same folks who want the government to continue to function in some way, but they don't want to pay taxes and they don't want the IRS to exist. ... I think somebody much smarter than I said, for every dollar the IRS spends in going after people who didn't pay their taxes or who are not paying what they should be paying, I think it's either \$6 or \$7, right, back that they get. So, it's a great investment. [3/18/16, *Bronx, NY, page 4*]

14 Robert Wall, Esq. Attorney, Member, Spilman Thomas & Battle, PLC, Winston-Salem, NC.

15 U.S. Congressman Peter Roskam (6th District, Illinois)

16 U.S. Congressman José E. Serrano, (15th Congressional District, New York)

CONGRESSMAN MEADOWS:¹⁷ I want to say this. It is real easy to be negative. The IRS has some of the most dedicated employees wanting to do what is best on behalf of the American taxpayer and certainly our country. They have been restricted. Where is the bureaucratic red tape? Where is the true financial need and resources? And then ultimately how do we fix that so that a four-hour, or a two-hour hold in getting reception is not the norm. [4/4/16, Hendersonville, NC, pages 101–102]

SENATOR GRASSLEY:¹⁸ The IRS has never been, and likely will never be, an agency that anyone is glad to hear from; however, American taxpayers should have confidence that they will receive a fair shake from the agency. ... Taxpayers also deserve topnotch service from the IRS that absolutely serves everyone. ... Ensuring the IRS is properly performing its job while adequately serving taxpayers and respecting their rights is an ongoing process. [5/5/16, Red Oak, IA, pages 3–5]

SENATOR CARDIN:¹⁹ [O]n the culture of the IRS, I agree with the concerns. Some of it is budgetary. There's no question about it. But the IRS needs to be in a consumer-friendly mode. It's a service industry. They have to be able to depend upon the relationships. Since our tax codes are so much voluntary, as far as compliance, as you've seen in some of the returns that are not accurate, and if you don't have that type of consumer-friendly service, you're not going to get the maximum amount of compliance, and that has to change.

We thought we did [in RRA 98]. We thought we were moving in that direction, but I do think it was the combination of additional responsibilities and lack of resources and just the anti-government feelings that have all built up a problem. And then the third point an observation that I think is very important about direct person-to-person exchanges rather than the online: the story told about the individual who finally understood his taxes and literally cried, we need public confidence in our tax system.

We need people to believe that the system is fair. That they're being treated fairly and its rationale. That they're being treated the same as their neighbor. A lot of the reaction against government today is that a lot of people just don't think it's fair, so they resent it. They resent government. They resent the paying of taxes. And I think the more people understand what we're doing, the better off that's going to be. And the one-on-one contacts, I think are very important. [5/13/16, Baltimore, MD, pages 57–59]

17 U.S. Congressman Mark Meadows (11th Congressional District, North Carolina)

18 U.S. Senator Charles Grassley (Iowa)

19 U.S. Senator Ben Cardin (Maryland)

Building a Future State before the IRS current state of taxpayer service is fixed

National Taxpayer Advocate Public Forum – Public Comments

MS. BORLAND:²⁰ I think there's a lot of problems that the IRS needs to solve about their customer service now, and if they improve their services as they stand now and then move to a web-based platform, or at least offering more web-based platform, then I think they will have a good model to build upon, but I don't think they're there yet. [5/5/16, Red Oak, IA, page 16]

MS. PAM OLSON: I think about the tax world and everything being in taxese and taxese is something that is difficult for those of us who are tax professionals to understand. When you take it and you send it out to the general public it is even more of a challenge.

So there is, I think it is a Dave Berry joke, the IRS is now printing forms in Spanish can English be far behind. [2/23/16, Washington, DC, page 59]

MR. VANSINGEL:²¹ Over the past few years, it's become increasingly difficult just to get a hold of somebody just to figure out what the problem is, let alone how to solve that problem. A client of mine recently told me she only gets a 30-minute lunch break and she's unable to get through to the IRS. Other clients have told me about these "courtesy disconnects," and whoever coined that phrase really needs to look up the word courtesy because I'm from the Midwest and if you hang up on somebody after making them wait for a long time, that's anything but courteous. [3/9/16, Glen Ellyn, IL, page 22]

AUDIENCE MEMBER [Glen Ellyn, IL]: I just [have] one little comment. I think the IRS should be forced to change the hold music every six weeks. [3/9/16, Glen Ellyn, IL, page 124]

MR. TEJEDA:²² On our intake we do ask, "What language would you prefer us to communicate with you in?" I don't know if it's possible, maybe you do, but if someone says to us, "I'd love to get a notice, if there isn't a problem, in Chinese" or "I'd love to get a notice in Spanish." That's a big barrier. You know, "Can you talk to me so I can understand you?" [3/18/16, Bronx, NY, page 43]

20 Tamara Borland, Esq., Director, LITC, Iowa Legal Aid, Des Moines, IA.

21 Andrew VanSingel, Director, LITC, Prairie State Legal Services, Inc., Rockford, IL.

22 German Tejeda, Director, NYC Food Bank Free Tax Assistance and Financial Empowerment Services Programs.

MR. HURST:²³ The [NYC] Department of Consumer Affairs has actually recently placed a notice on its licenses asking “What language would you like your inspections conducted in?” And we will send an inspector who speaks their language to conduct their inspections and it has been received very, very positively. It has been very successful. Now, New York City is a unique place, but we are really proud of the fact that we have done that. [3/18/16, *Bronx, NY*, page 48]

MR. TEJEDA: The bigger problem comes with the filing of their notices. We also need to address as much as possible to make sure we have enough language preparers, Chinese not just Spanish, or African, the French, they are in Harlem, they are moving in. We know communities try to address that and move forward and be sensitive to the communities that are out there. But when they get notices — at one time, one agency, literally someone said, “Oh, yes, we sent this out.” 50 percent of them don’t even respond because they didn’t understand what you sent them. That’s the problem and they count on the fact that 50 percent of the folks will simply not respond because they are just scared, or they didn’t read it, or understand it. If it is in their language they will read it, they will respond, and people will get the benefit that they deserve. So, I think it is the notices that are the problem. [3/18/16, *Bronx, NY*, pages 53–54]

MR. ALVEREZ [Bronx, NY Audience Member]: I’m a Latino tax preparer and also a practitioner for many years and I would like to address two issues. Number one, how come the IRS is downsizing in our community? There have been two offices that have been shut down, the one on 55 at 135th Street and 110 at 44th Street. Now, we used to have a 3000 White Plains Road. That used to be a big office and always they accommodate the population. Now, we have the one at 1200 Water Place that is kind of like play number to see someone to get an appointment, to have an opportunity to enter into the space.

Now that we have increasing issues with the IRS, people have to go in person. They need to go. There is no other way around it. They need to go in person and now that we have downsizing offices in our area it’s kind of an inconvenience for everybody. Tell them they are doing an ugly job for our community, downsizing the IRS. [3/18/16, *Bronx, NY*, page 79]

MR. QUINONES:²⁴ I want to say something in defense of the IRS publications. They are an excellent sleeping aid. [3/18/16, *Bronx, NY*, page 91]

23 James Hurst, Legal Ombudsman, NYC Department of Consumer Affairs.

24 Elliot Quinones, Elliot Quinones & Associates, Bronx, NY.

MR. BARTLETT:²⁵ We find that audit reconsiderations are now taking about a year to complete. This was not always the case, and it seems likely that fewer IRS employees are now working these requests.

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

The IRS could assist us in reaching taxpayers sooner by modifying its correspondence to prominently display information about taxpayer rights and available resources, like the Taxpayer Advocate Service and low income taxpayer clinic. In most instances this would certainly lead to fewer IRS resources being used over time to resolve the taxpayer's issues. [4/4/16, *Hendersonville, NC, page 16*]

It is harder today to deal with the IRS than it was when I started representing taxpayers nine years ago. Since 2010 the IRS has generally become worse at timely answering phone calls, and every call to the Practitioner Priority Service or collections is more of a game of chance. If you're lucky you get someone who is well trained and responsive. And if you're not, you're left to slog through the call or try again later.

In addition, the IRS is failing to timely reply to mail. We are now seeing many more "We need additional time" letters from all parts of the IRS. These issues must, at least to some extent, be the result of service cuts. More people and better training are the keys to fixing these issues, and they would go a long way to helping us expeditiously resolve our cases. [4/4/2016, *Hendersonville, NC, pages 17–18*]

MR. GROSECLOSE:²⁶ The hassle and process of working through situations and getting to a resolution has certainly gotten worse, as Arthur [Bartlett] mentioned, in the last nine years. I have been doing this about 20 years. It has gotten a lot more difficult to deal with the IRS and find answers. But still, telephone, in our experience, gets us the most answers. [4/4/16, *Hendersonville, NC, page 29*]

25 Arthur Bartlett, Director, LITC, Legal Services of Southern Piedmont, Charlotte, NC.

26 Rollin Groseclose, CPA, Johnson, Price, Sprinkle, PA, Asheville, NC.

NATIONAL TAXPAYER ADVOCATE NINA OLSON: Can I ask a follow up question? On the Practitioner Priority Line, for those of you who call it, what things would be helpful on it that they are not doing now? I know that when you call with a collection issue they hand you over to ACS, automated collection directly, rather than dealing with you, but are there things that you would find very helpful that you're not able to do through the line right now?

MR. GROSECLOSE: I think the challenge that I have a lot of times is figuring out what triggered what, and how we got to this point? We have had correspondence two or three times, responded based on the request, and then we get something else back or we get a repeat of that. And finally we speak with someone to try to figure out exactly where is this originating. Sometimes it might say, it's a service center, or it might say it's under reporting or something, but a lot of times it doesn't add up. We are getting information — conflicting information, if it is something on appeals, or we are getting two different offices that are still keeping the appeals file active. Who are we supposed to respond to and trying to navigate that we use practitioner priority as kind of a police, and they can't always find the answer, or they will give a recommendation and it doesn't quite line up with the documentation we received. So they seem to have limited, either training in some instances, or access to information within the databases that the IRS has. Those seem to be the two sources of difficulty. We try to use them largely like a referee to give us some direction on where to go when we can't piece together the information we have. [4/4/16, Hendersonville, NC, pages 64–65]

MR. LEROY (Hendersonville, NC Audience Member): I have always been one that thinks beyond the box. There is no thinking beyond the box anymore. There used to be a lot of that. We used to have what we call — you've heard about the IRS manual it has gone from this much to — as Reagan would put it out there — tons of stacks of books, which is terrible. But we used to talk about the spirit of the manual. Now all they want to talk about are little Is and Ts. One part of the manual may say one thing, and another say another. And because it is in a different section, even though it pertains to the same issue, they don't honor it. In other situations, other than the little cubby hole they want to look at it from. [4/4/16, Hendersonville, NC, pages 99–100]

MS. ATKINSON:²⁷ [T]here's a lot of resources wasted on, you know, doing things over and over again. And part of it is because employees at the IRS — when I worked at the IRS, there were a lot of really good IRS employees who want to do the right thing for the taxpayer.

Often, they are unable to do that because there is a gap in authority. For instance, in the walk-in centers you've got very capable people. And back in the old days when I worked at the IRS, they had something called Office Branch. And Office Branch took care of most things very, very well, even before computers. And then when there was something that was really complicated that they couldn't handle, they would go fetch somebody who could deal with it in that same building. And so things got resolved and all of this automation has — you know, people think automation is the answer to everything and it does do some things very, very well, but when there's an exception, as

27 Elizabeth Atkinson, Esq., LeClairRyan, PC, Baltimore, MD.

she said, if you're missing a form or whatever, it is extraordinarily difficult. [5/13/16, *Baltimore, MD*, 82–83]

MR. BAILEY:²⁸ So when I look at the Internal Revenue Service, one of the things — one of the challenges that they have is, in this continuous education business, being able to reach everybody in the way that they learn how to do things.

Now, this is not the time for the Internal Revenue Service to be reducing the communications they have with the public and with the taxpayers, and so the Internal Revenue Service really needs to — use every means — and by the way, they have a tremendous plethora of means to communicate with the public now, with the Internet and all of those other things — and so they really — Internal Revenue Service really needs to get creative in the way that they interface with the general public. [5/5/16, *Red Oak, IA*, pages 8–9]

MS. MAITRE:²⁹ I loved my job at IRS, and — but I also saw that every single time there was budget issues, the first thing that fell victim to that was customer service. IRS — this might be hard to believe, but IRS taught me customer service. When I came in in '86, I can't remember how many times I said, IRS, Kristy Maitre, how can I help you, that sort of thing, on the telephones. But I've seen customer service slowly dwindle away and employee training also dwindle. And outreach has pretty much disappeared. ... [5/5/16, *Red Oak, IA*, pages 23–24]

So as we talk about this future state, the IRS must recognize that preparers have certain needs. Our taxpayers have certain needs. They need to understand our system is fair and just, and it's difficult to attain this if there isn't any type of education out there. Education is all about understanding. They want to be informed, and they should have services that meet those needs. Can these on-line systems do that? I doubt it. Also, the security of the data is so concerning with all the breaches IRS has had recently.

The other thing that I feel very strongly about is there also has to be a cultural change within IRS where compliance is not king. I was very concerned yesterday when I heard that IRS is going to hire 700 more compliance individuals. What about customer service? I mean, those are the calls that aren't being taken. Those are the people that aren't being served. Examination and collection brings in the money. That can be measured. So consequently, Congress, there's funding; okay? Yet crucial funding for more intangible things like customer service is generally the first to be cut. Customer service educates, it empowers, not only you as an individual taxpayer, which all of us are, but also our tax professional community to understand the complex laws that we have to face and maneuver through. It improves the quality of filing, it increases the accuracy, reduces the IRS work on the back end, yet it's more difficult to measure the impact of the education or the value of understanding. [5/5/16, *Red Oak, IA*, pages 25–26]

28 Varel Bailey, President, Bailey Farms, Inc., Anita, IA.

29 Kristy Maitre, Tax Specialist, Agricultural Education & Studies, Iowa State University, Ames, IA.

MS. DEIBER [Red Oak, IA, Audience Member]: My name is Audra Deiber, and I am a tax practitioner here in Iowa. And the first area I'm concerned with and I've seen as a concern of my clients is courtesy disconnects. When I call the IRS, if I'm willing to wait on the phone for two hours, at the two-hour mark that IRS phone system will cut you off and drop the call. We need to know that we can reach the IRS and that we can speak to the IRS. I'm asking that they discontinue that practice. If I can wait, three, four, five hours, I will do it, but I need to know that I can get through to the IRS.

The second part of that with communication is face-to-face hearings. We received a lot of pushback lately where they deny them. They require that I give a reason why. The taxpayers want to meet with the IRS face-to-face. They want to go through their documents. They want to give them the proof that they have submitted a return that is accurate, and we're asking that the IRS give less pushback for face-to-face meetings. ...

The third area — and I'm kind of looking a little bit at Senator Grassley for this one — is that the fraudulent tax preparers out there, there's a lot of them. The IRS cannot require a minimum amount of education, training, CLEs, anything, but other states have started to set up requirements for just a few courses, something that would give the people of Iowa confidence that their tax preparers actually know what they are doing. I represent tax preparers who are accused criminally of fraudulently preparing returns, and we need this. We need to know that individuals are actually qualified to be preparing these returns. [5/5/16, Red Oak, IA, pages 36–37]

[Red Oak, IA, Audience Member]: [Regarding improved phone service.] Define “improve.” I had faster response time; however, I had to be prepared to educate almost every agent that I reached on the phone. And if we're going to ask taxpayers, Go ahead and have this phone call contact, you're still dealing with fairly uneducated people on those lines. If it's not on their checklist, and I can literally hear them going down the — okay, what are you talking about, okay, let me get my — I hear pages flipping or something or the computer system is slowing down. I cannot imagine how another taxpayer without some basis of knowledge would be able to get satisfaction or resolution to the question. [5/5/16, Red Oak, IA, pages 47–48]

[Red Oak, IA, Audience Member]: Kristy, you talked about a cultural change and compliance is not king, which I wrote in capital letters on my notes, in measuring the impact of customer service, which we all know is difficult. And Mr. LaMar talked about a knowledgeable and sympathetic ear being important, and several of you talked about educated staff. And my question is: why can't compliance staff be customer service staff? I mean, do you think that that is possible? Because everybody in this room who talks about complicated farm returns wants to talk to somebody who understands complicated farm returns. Do I need to educate an auditor on complicated farm returns and a customer service agent, or can I teach my educated auditor to be a customer service agent? Because isn't future compliance the goal? [5/5/16, Red Oak, IA, page 51]

MS. BRUCKNER:³⁰ Our survey [of participants in the on-demand economy], taken together with our additional research indicates that at best, a number of these small business operators are short changed from filing their taxes. At worst, they fail to file altogether. Moreover, a significant percentage of these taxpayers face potential audit and penalty exposure for failing to comply with filing rules that are triggered by relatively low amounts of earned income.

The population we surveyed can generally be considered experienced, self-employed taxpayers when viewed in terms of their NASE membership, yet their responses indicate a need for better outreach and education of taxpayer filing requirements. Consequently, we think that the IRS should focus, not only on the convenience of online accounts in its “Future State” plan, but also on the education and outreach needed to educate taxpayers about their filing responsibilities prior to tax day. [05/17/16, *Washington, DC*, page 19]

MS. HARNETT:³¹ [Y]ou know the work that we’ve been doing with the VITA and the community-based partners is truly a social impact model. It has involved a federal agency, thousands of local community-based organizations, and then a private sector that’s been doing the funding. And I think that the infographics that you shared here, that have been put forth by the “Future State” really need to provide additional infographics that look at you know Larry, the hourly service worker and what some of the issues that he might have, which are very different than what was portrayed here.

Or Mary, the waitress taxpayer, has two children, one with a disability, and has recently lost her apartment, and access to even our available services that are on the ground right now through VITA. I think the existing tax services for the low income really need — and I didn’t address this in my testimony because it’s its own testimony, is communications.

We have done a very poor job of communicating what is available to our low income taxpayers with and without disabilities. [5/17/16, *Washington, DC*, page 47]

MR. LEWIS:³² This filing season, I had a personal experience that exemplifies what taxpayers need. A client brought me a standard; computer-generated notice the IRS had sent requesting information about capital gain income.

The income, which was reported to the IRS on a Form 1099-B, was properly reported on my client’s tax return, and the appropriate amount of income tax had actually been paid. There was no error on the return. However, due to requirements in its matching system, the IRS needed additional information to verify the income was indeed properly reported.

The notice was a mere case of matching the third party information reported to the IRS with information reported on the return. However, it took me two letters and four months to resolve

30 Caroline Bruckner, Executive-in-Residence, Accounting & Taxation Managing Director, Kogod Tax Policy Center, Kogod School of Business, Washington, DC.

31 Johnette Harnett, Ed.D., Senior Director, Strategy & Research, National Disability Institute, Washington, DC.

32 Troy K. Lewis, Chair, Tax Executive Committee, AICPA; Lewis & Associates, CPAs, LLC, Draper, UT.

this notice. It was a highly inefficient experience and an example of where change is clearly needed.

You may ask why I just didn't pick up the phone and call the IRS. It's been my experience that the IRS representative, who probably would have answered my call, would not have had the necessary tools or training to resolve the issue. Eventually, after some discussion, the representative will revert to the default position of asking me to provide my entire explanation and any related documentation in a letter. It is not efficient for either party, if the IRS representative is not able to deal with specific issues over the phone.

In today's environment after mailing the requested information, I still do not have the ability to speak with the representative who is specifically assigned this case, or someone who even has access to the documentation I submitted. The IRS' current technology does not allow for the sharing of information from one department to another; at best, they can only confirm receipt of the documents. The IRS must have modern and secure technology. [5/17/16, Washington, DC, pages 72–73]

NTA OLSON: Well, you know I, every year, in preparing my own return, like to get a paper copy of the 1040 Instructions. And before this filing season, I was able to walk into my place of business, namely here, the main IRS headquarter, and pick up a copy of the 1040. And I thought that was much wiser because it was printed with soy ink and it was on thinner recycled paper than anything I could print out on my laser printer at home with thicker paper and more trees killed.

And lo and behold, the IRS was not stocking paper forms in the headquarters of the IRS so I couldn't get my copy of the 1040 from them. We have heard a lot of complaints from taxpayers in walk-in sites all over the United States that forms have run out, on the shelves and the stacks at the walk-in sites, the paper forms. And the IRS's position has been, well what's causing the problem is that those stacks are empty, so we're going to remove the stacks and that will solve the problem.

You know I'm very concerned about this because I do believe we should go with what the taxpayers are saying they need. And there is a group of taxpayers who are saying that they need paper forms, that they want paper forms. And I don't know why we would get into an argument with taxpayers about that. [5/17/16, Washington, DC, pages 125–126]

The taxpayer experience as told by taxpayers

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MS. ARMSTRONG [Victim of Payroll Service Provider Embezzlement]:³³ My hospital is an emergency critical care hospital. We had a third-party payroll company do our payroll. In January of 2013, we had a representative from the IRS come to our hospital and say you're not paying your taxes. What's going on. And we said we are. You know, we showed them all the appropriate forms that said we are, that the payroll company had given us. But the payroll company was embezzling the money.

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

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

And before this, I should say that in 2010 and 2012, AccuPay had been — they [IRS] found out that AccuPay was also stealing money from two businesses in Hartford County. They got it all straightened out and settled it, but the IRS never contacted the four to 500 other companies that AccuPay was embezzling from. So they worked it out with those two companies and then never said anything to us. We never knew anything.

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

So we went into AccuPay and told them we knew what they were doing. We told them we had all the monies figured out that they had stolen from us, which on the federal level was \$32,000 and the state was over \$80,000. They lied and said they didn't know. They didn't know. And that night they shut down. When they shut down, they not only stole everyone that was still with them their tax money, they also stole their payrolls. [5/13/16, Baltimore, MD, pages 15–17]

33 Angela Armstrong, Hospital Administrator and Founder, Animal Emergency Hospital, Bel Air, MD.

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

So we relentlessly contacted the IRS. We would get different people every time. Then those people would always have to talk to their boss and then they would get back with you. But the getting back with you was like, weeks sometimes and it just never happened. It just pushed from one person to another person. [5/13/16, Baltimore, MD, page 19]

So about two months later, I get a call from a woman in Texas who told me she is now the representative, the IRS representative for the AccuPay scandal. That all the AccuPay embezzlements have sent to Texas and she now wanted the money and what was I going to do.

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

We shut them [Accupay] down. We found out what they were doing. We were paying even though we told the tax guy at IRS we shouldn't paying this money. They told us to keep going and paying the money. [5/13/16, Baltimore, MD, page 20]

I could not have done this [offer in compromise] without the taxpayer advocate.

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

So they pretty much, I can't say enough good about them. I would not have been able to do it. If I would've had to do that online, which I know is something that they're considering doing, it would have been impossible. There's no way that I could type something — well, first of all, type the whole story. I don't know if you're planning on doing the tax, the taxpayer advocate, through the computer, there is no inflection in that and there's no — you don't know who you're getting, so they don't know if you're local and know the stories and know what's happening. [5/13/16, Baltimore, MD, pages 26–30]

MR. EBERLIN [Victim of Identity Theft]:³⁴ On May 19th of 2014, after suffering a lot of setbacks from surgeries, being hospitalized many times, my wife passed away. As you can imagine, this was an incredibly painful and stressful time of my life, further complicated by being a victim of identity theft. With medical bills, funeral expenses, property taxes coming up to pay for, I was unable to obtain my refund from my taxes that I had filed earlier in 2014.

34 Roger Eberlin, Identity Theft Victim, West Grove, PA.

I might have not have the exact time frames correct, as it was extremely stressful for me during that time for several months. I electronically filed my return with Turbo Tax, got the message back that my return had been accepted, and then that it had been approved, on the same day that I filed it.

After not receiving my refund for a month, I called the IRS help line. And after hearing, your call is very important to us, please continue to hold and someone will be right with you, after 20 minutes or so I heard, we are presently receiving a high volume of calls, please call back later, and then I heard the click. This happened to me several of times, quite a number of times, before I was finally able to reach a human being on the other end.

When I did finally speak to someone, I explained to her that I had not received my refund from my return I had filed months earlier. I was then put back on hold while they researched it, and once she came back online, I would be told, your return is in process. That same scenario happened several times. When I was lucky enough to get somebody on the other end, never once was I told there was a problem or when I might receive my return.

My niece, Brenda Lackey, had just started working for the Taxpayer's Advocate Services that year, so I called her and asked if this is normal. She connected me with the proper people and got them involved, and after that I had my return that followed within a few days. I thank goodness for that department, or, who knows, I might still be waiting. [4/8/16, Harrisburg, PA, pages 31–33]

Being a victim of identity theft myself at a time that my life had already been turned upside-down, I needed a human person to help me through the process. I did not need the added stress of having to call several times and getting through sometimes after lengths of hold time.

When I reached the person on the other end, it would have been far more helpful to have somebody that was able to help me and tell me what was going on.

I didn't get the answers that I needed for the refund I needed them to help me through the very stressful time until I went through Taxpayers Advocate Office.

Speaking from personal experience, identity theft is already a large issue with the IRS. I can't help but worry that going primarily online in the future will cause the identity theft issue to grow larger and will cost the taxpayers a lot more money. [4/8/16, Harrisburg, PA, page 32]

The continuing trend away from person-to-person and face-to-face taxpayer service and compliance activities, including audit, collection, and appeals, as well as a declining geographic IRS presence and increased centralization

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MS. MACMILLAN:³⁵ While enhancement of digital tools may create new efficiencies it does not justify cutting the level of other account specific services such as the practitioner priority support hotline.

Digital tools and electronic communications which are fully accessible to unrepresented taxpayers are also critically important but we cannot overemphasize the need for face-to-face, voice-to-voice communications and interactions will not disappear regardless of the depth, breadth and quality of digital tools deployed by the IRS.

Whether working directly with taxpayers or with their representatives, the range of necessary explanations, guidance and problem resolution will always require knowledgeable assisters who can advise on the best solutions to a vast array of issues particularly in the post-filing environment. [2/23/16, Washington, DC, pages 66–67]

MS. MACMILLAN: [T]he number one issue that I think builds trust among taxpayers and practitioners with the IRS is to have a person that they can deal with either by phone or face-to-face. I think that is the most crucial thing required. And I don't see that going away even with advances in the digital tools. [2/23/16, Washington, DC, page 93]

MR. GONZALEZ:³⁶ [C]onsumers have various options about how they interact with their bank. We visit a branch, go to an ATM, online banking, mobile phone, telephone. And what we find was that consumers like them all to a varying degree. We found that about 82% of reported using four or five of the channels, that is again over 80% use combination of channels. Only two percent used one or two. So very few people stick to one type or two types; most use various combinations.

You would think well what about mobile banking people, those are kind of slightly self-selected in terms of technology maybe that is how they choose to interact with financial institutions. Well among them usage of other channels is still quite high. We asked them what kind of channels

35 Jennifer MacMillan, Chair, Internal Revenue Service Advisory Committee (IRSAC), Santa Barbara, CA.

36 Arturo Gonzalez, Chief, Consumer & Community Development Research, Board of Governors of Federal Reserve System, Washington, DC.

they use. 95% said that they used online banking, not surprising, 92% used an ATM, 85% visited a branch and spoke with a teller, 36% used a telephone. So all those other channels aside from the telephone seem to be utilized by mobile bankers throughout the previous 12 months of the survey, telephone less likely to be used than the other ones. But this again suggests as already has been mentioned that channels are more than likely used and viewed as substitutes rather than as compliments for each other. [2/23/16, Washington, DC, pages 170–171]

MR. CAREW [Glen Ellyn, IL, Audience Member]: So, getting to this [the vignettes], what I don't like about this is as soon as there is a dispute, this isn't going to work. It will work great for the IRS because now you have no human to talk to. We counsel our clients you have got to get a face-to-face meeting, we have got to talk to a human. If we can't talk to a human, it's far too easy to tell you no over the phone, sorry but no, and your choices, you have options, you can pay the penalty amounts and go to court, there's the options. You have to have a face-to-face experience when there's a dispute. It looks like from this plan, there's no option for that. [3/9/16, Glen Ellyn, IL, page 73]

NTA OLSON: I'm following up on James's [Hurst, Legal Ombudsman, NYC Department of Consumer Affairs] opening statement about the agency making a conscious decision to meet face-to-face with small business owners and I'd really like to hear a little more from you about that. What was the thinking behind that? What are you hoping to achieve from that?

MR. HURST: Well, what we are achieving is increased compliance with our laws and rules because there is more clarity. What we are talking about is not businesses who are looking to get around avoiding compliance, businesses who in advance, before they were issued a violation, contacted us saying, "What do I do to avoid getting a violation?" Or, they received a violation and they are saying, "I need to make corrections they way I do business. What do I need to do to make those corrections?" So we provide them with assistance and help them and direct them to the resources online and then give them personal assistance on how to comply. Sometimes it's simply, "I'm confused. I received a violation. I don't know how your tribunal operates. I don't know what my choices are? Can I settle?" It can be very confusing dealing with these documents. So, they will be connected with me and I'll walk them through the process or I'll put them in touch with a settlement officer who they can talk with one-on-one. People are very positive and appreciative of being able to speak with someone.

NTA OLSON: So, the City has budget constraints just like the IRS does. So, you have obviously decided this isn't a waste of money?

MR. HURST: Yes, that is definitely the case. We are doing the measuring and the metrics on the additional service that we are providing but I think the main thing is we are getting a lot of positive feedback from the business owners about being able to communicate with an inspector in their own language, being able to be in touch with a translator when they call us who is going to be able to communicate with them more effectively than they have in

the past, having someone who can answers their questions quickly if they come to the office. [3/18/16, *Bronx, NY, pages 52–53*]

MR. WALL: The golden ticket, when dealing with the IRS, as everyone will back me up, is when you get a letter with someone's name and phone number on it. And when that happens, I would say nine times out of 10 you can get an answer within 15 minutes. [4/4/16, *Hendersonville, NC, pages 59–60*]

NTA OLSON: I'm wondering what you think might be the impact of this shrinking geographic footprint and this expanding, you know, service center, 10 sites in Fresno, and Brookhaven, and Andover and where those are the employees that you're increasingly talking to. Does anyone want to weigh in on that?

MR. GROSECLOSE: I'm in Asheville, and with Asheville IRS office was for many years the resource for us to get issues resolved. We knew the people there. We could call them. Speak directly with them. We still have a couple of those contacts, but there is no phone answered anymore. It is just a repository of voice messages. And you may or may not get through, and if you know someone, that is great. You kind of apologize for constantly bugging that one person, but they will make a connection that's not as effective as it used to be because you don't have as much representation locally. Greensboro as well, we have some contacts there to go through. It is typically a spring board. We are trying to get in and we are trying to get information. We are trying to get somewhere else. And so having that connection has been critical in the past. It has been more difficult to leverage those in the last few years, whether the person has moved on or retired. You don't know who that next person is because they are not open and available. [4/4/16, *Hendersonville, NC, pages 71–72*]

MR. WALL: You know, I have a tremendous amount of concern with centralization of the process to the effect that we might have where, you know, you can call Ogden, Utah — we are all familiar with Ogden. Ogden has a large IRS office there, or there is an IRS office known as the fort up in Philadelphia. And I do have concern that you route everything through there. There is not enough personal interaction. When I'm dealing with the IRS, and this is who I am, I'm from middle Georgia, I'm a kind of awe shucks kind of guy. My father always taught me you can catch more flies with honey. That doesn't necessarily resonate with people in Ogden or in Philadelphia. But it does work a little better when you're dealing with people locally. And these are people who maybe our kids — they're in the community. Maybe our kids play soccer together. That is an important component, because it does humanize the process. It is a necessary thing to do. To me it's scary to think about a process where you just punch in a few keys and then it's all mechanical. I grew up in '80s watching those movies about robots taking over the world. It does frighten me that you have less personal interaction. Number one, it impacts my ability to negotiate and argue. But number two, it leaves a bad impression for me as a taxpayer to think there is just some big

Watson, or whatever the computer Hal, whatever you want to call it there, that is determining how much I actually owe my government. [4/4/16, *Hendersonville, NC, pages 73–74*]

MS. MCKINNEY:³⁷ When I first started doing taxes, I'll never forget, when I was working in East Baltimore, I had a taxpayer who started to cry at the end. He was getting a refund, which was good because sometimes if you owe, you're getting a very different reaction. He was getting a refund and he started to cry. And it wasn't that much money, it was like, maybe \$150. And I said oh, my gosh, why are you crying? Did I do something to upset you? He said, "I've been filing taxes for 45 years and you're the first person that ever explained them to me."

And to me, that is the value of in-person assistance. You know, you can go through some flow chart. There can be some online decision tree, but in the end, and you know, this was a person that was in their later 60s. No one had ever explained how and why he was getting a refund or why he didn't. And that was so meaningful. [5/13/16, *Baltimore, MD, pages 40–41*]

The social worker side of me says that there's an emotional component to that too to say I am looking at someone that is seeing me as a human being and giving me information about my personal case, not just generating the tax law that this has to do with. I think that that is a really important part. [5/13/16, *Baltimore, MD, pages 41–42*]

MS. WINSTEAD:³⁸ [O]ne of the things that we have to do to be successful is that we have to get proximate to the community that we're trying to help. We have to get close to them.

So I see IRS as moving farther and farther away. They have already created these centralized units, which I absolutely hate, where if I file an Offer in Compromise, it gets reviewed somewhere in Alabama or Florida or New York, where they don't know the local economy of what's going on here in D.C. or Maryland. So to now put people in the position where they have to go to the computer, I think is definitely the wrong move. [5/13/16, *Baltimore, MD, pages 55–56*]

MS. HARNETT: A reduction in the number of IRS taxpayer assistance walk-in centers serving taxpayers, and for many of you that don't know this that was a hot place for people with disabilities to go because they had, like screen readers and they helped people do their taxes. They actually would hire an interpreter. Now, appointments have to be made.

We had concern about what would happen to those taxpayers. Where did they go? The community-based partners were thinking, "How can we handle more taxpayers?" As the IRS designs the "Future State," my IRS account, similar to my social security account, it is imperative that a tool is developed that is customized and personalized based on the taxpayer's socioeconomic profile and experience of the VITA/EITC eligible user.

37 Robin McKinney, Director and Co-founder, Maryland CASH Program, Baltimore, MD.

38 Beverly Winstead, Director and Clinical Law Director, LITC, University of Maryland Carey School of Law, Baltimore, MD.

Taxpayers with disabilities with sensory, deaf, and/or blind, physical, mental health, developmental cognitive challenges often experience barriers to access, whether through inaccessible technology websites, complicated content, lacking interpreters, English as a second language, or tax volunteers and personnel unfamiliar with accommodation strategies for taxpayers with disabilities. Many of the challenges raised by Congress in the late 1990s continue to plague American taxpayers and are heightened because of the growth of technology. [5/17/16, *Washington, DC*, pages 31–32]

The benefits and limitations of online accounts

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MR. MIRSKY:³⁹ During my busiest time of year, it would be beneficial to run the wage and income statement for taxpayers who believe they have other income and have not received their Form 1099 but want to report other income properly to avoid future notices and complications. [3/9/16, *Glen Ellyn, IL*, page 18]

GLEN ELLYN, IL, AUDIENCE MEMBER: This sounds great, I mean I'm kind of in the middle of my career, early to mid of my career, so I have many years still. So, I think eventually this could be great. The execution though of it, I'm not sure. If like healthcare.gov is behind this, I wouldn't be an advocate of it. But if there was a strong, you know, at the back end that was going to make this a secure portal for everyone, you know, all taxpayers, accountants, you name it, I think it would be great. It's just the execution.

NTA OLSON: Right, right. Yes, and I'm glad you said it. You know, I actually had proposed an online account about a decade ago and I'm very supportive of it. You know, I'm just, we need to be very careful about what we do. I think also, you know, particularly for the practitioners, it would be very helpful.

I think for myself when I was a practitioner, to be able to look online and see, okay, there's a notice, to be able to go online and sort of figure out the problem, that would save me a phone call and 45 minutes waiting on the IRS. Now, when I get a notice, I have to call the IRS to find out just what even the problem is. But I personally, and this is just me personally, once I figure out the problem in most instances, unless it was something very simple, I would want to talk to somebody. I would use the online account to make sure that what they said they were going to do they actually did. I'd be checking it and it would save me those phone calls.

So, I think there's real benefits for that, absolutely.

AUDIENCE MEMBER: Or even having the initial interaction being the letter saying there is something amiss, something afoot.

NTA OLSON: Right.

AUDIENCE MEMBER: Go to this website, you know, if you have the means. If not, send us back, you know, the regular 18th century way of doing things, that's fine. But if you have the means of going online and doing this, we'll be posting up these letters and correspondence and you can send stuff through there.

39 Mark Mirsky, Managing Director, ROI Business Services, LLC, Bartlett, IL.

NTA OLSON: Right, right.

AUDIENCE MEMBER: So, I don't know, that's just –

NTA OLSON: To be able to take digital pictures of the documentation and e-mail them in would be fabulous from everybody's point of view, depending on your camera, depending on the steadiness of your hands, you know. I mean, but I'm saying there are real benefits of that.

AUDIENCE MEMBER: Right. [3/9/16, *Glen Ellyn, IL, pages 117–119*]

MR. MIRSKY: [W]e definitely have clients that try to resolve their issues on their own sometimes. When they do, it almost always leads to a much more complex situation than it otherwise would have been had they come to us first.

NTA OLSON: So, if they have the ability to log on to an account and agree to things online that are sort of explained online in the traditional way that the IRS sends notices, just what do you think? Can you project —

MR. MIRSKY: Well, it comes back to the trust issue. I just honestly don't think that at this point my clients would truly trust that what they are being told is accurate and complete when you have, you know, fake, fraudulent firms calling my clients at their home trying to get their Social Security number over the phone which we have to tell our clients that the IRS will not call you at home, but yet they still sometimes will answer those questions. So, I think there's a trust issue, and I don't know that just because they're told that it belongs there they're necessarily going to agree. [3/9/16, *Glen Ellyn, IL, page 67–68*]

MR. SCHRYVER:⁴⁰ You're going to hear a little bit about the IRS's vision in the Future State and this is, I think of our middle school math teacher here [indicating EITC Vignette], but it's designed to work. It's sort of an online system. That could have some benefits for us. Right now we use an IRS system called e-Services. I have to have my clients sign a power of attorney on a piece of paper. I have to fax it to an office in Connecticut somewhere. I have to wait a couple of weeks for the IRS to process it to make sure they know I'm supposed to represent them and then I can go into the IRS system and get some limited information. Sometimes it's useful, some of it is not so useful, some of it is even confusing even for a professional.

It would be great if we could have a way for people to come in and get onto their records online and appoint us their representative on the spot and they can see that I am a licensed attorney, other people are enrolled agents with the IRS and are already subject to the IRS's authority, we are known to them. If we do something wrong the IRS can take steps to discipline us. So, those types of representatives would be able to get access to a lot more things a lot more quicker.

40 Erik Schryver, Senior Staff Attorney, Esq., Bronx LITC, Legal Services NYC, Bronx, NY.

But, I think there are a lot of problems with this Future State as well. The number one and the most obvious is there are just unequal access to online services in the community. A lot of people don't have experience with computers. They may not own a computer or a tablet or a smart phone. If they have a phone they might have limited data or minutes to use on it. Again, I think, people who are faced with this sort of system and not much other choice will probably just give up and end up with worse problems. [3/18/16, Bronx, NY, pages 26–27]

MR. HURST: I just want to point out that it's my experience working with businesses, it's a very diverse set of opinions about technology and the ways they interact with technology. We have a number of businesses who want us to be more technologically adept with the Department of Consumer Affairs and have more electronic communication with us and that's great and others once we started doing it they wanted to know what's happening and they wanted to speak to someone on the phone. So, I think providing services that are flexible to those diverse needs of different members of the community, is great, this is fantastic and this can be very helpful for some people but we have to recognize that others are going to interact with this and need to speak to someone about it. [3/18/16, Bronx, NY, pages 71–72]

MR. BARTLETT: The future vision of the IRS assumes that taxpayers have access to technology and will be able to navigate the IRS's online system to resolve their tax issues. We know from representing vulnerable populations, such as the poor, disabled and elderly, in dealing with our current tax system that they will have no easier time navigating some new online system. There will still be barriers created by poor literacy, mental and physical impairments in the complicated nature of our tax system, as well as new ones, such as access to technology and understanding how to use it. Given this, the IRS's future state vision could make the tax issues of low income and otherwise vulnerable taxpayers worse if they use the online system without fully appreciating what they are agreeing to and what rights they may be foregoing.

In addition, given the issues the IRS has in replying to mail, I do not have much confidence that electronic communications will be acted upon in a timely manner either. [4/4/16, Hendersonville, NC, pages 20–21]

MR. GROSECLOSE: Our first choice of action, typically, if it is fairly straightforward we can compare numbers and see, okay, yeah, there was a mistake, something was missing. Maybe we didn't have certain information when preparing the tax return. Whatever it might be. We would probably handle that by correspondence. Write a check or write a letter. We will get it resolved, but a lot of times we need to get on the phone.

So one concern that I have, I think our office has in general with the future state is really looking towards heavy reliance on electronics, technology, to be able to tell us the information that we need.

Our experience has been that tells us half the story. It tells us what the IRS thinks is going on or what's in their system that might be causing a problem. But it doesn't actually resolve everything. We have had access to online services in the past, and it gives us some information about what is going on, why the IRS is sending this notice, what might have triggered it, that we can maybe

troubleshoot and figure out here is what is missing, or here's what they don't have. But the rest of the story typically takes a phone call. [4/4/16, Hendersonville, NC, pages 25–26]

MS. MCKINNEY: And again, because people need back tax help, they need to get copies of their transcripts. In looking at the different ways that the IRS is considering how to get transcripts, I think if you're there on a Tuesday online, the moon is waxing and, you know, there's like a gerbil in the room, you qualify. I think it's like a very narrow set of people that are going to be able to use that. And again, for the folks that we have, the more hoops that you put through, it makes it more complicated. And if you already have a busy life and you're trying to figure out something stressful, putting more hoops in front of folks, they're just not going to do it. They're not going to move forward. And then they're actually going to end up in even more of a tax compliance situation. [5/13/16, Baltimore, MD, page 44]

MS. MCKINNEY: I think what would be particularly challenging for is actually thinking through these vignettes, which is resolving a problem. I think resolving a problem would be incredibly difficult, especially just seeing the complex problems that we have dealing with. If you got the EITC and someone else claimed your dependent, you can't resolve that through an online platform. That's just way too technical. [5/13/16, Baltimore, MD, page 64]

MR. CRANDELL:⁴¹ I have a hard time imagining, you know, interacting with, you know, the tax return on a mobile phone. I mean, I consider myself fairly tech savvy and I had a hard enough time ordering a pizza last night on the mobile app, you know. And I'm trying to imagine Beverly's 87-year-old client on a smart phone trying to file a tax return. But it is true, I mean, the majority of my clients, they have access to mobile data technology but not a computer. So the emails are quick. The communication is there, but to do that level of interaction, I think is just – would be impossible. [5/13/16, Baltimore, MD, page 68]

MR. LAMAR:⁴² I've looked at these vignettes that have been distributed to everybody, if you picked one up, and considered the possibilities of each taxpayer having an online account as presented there. I think the ability to store and retrieve documents and the actions related to the return intrigues me, and I can see the possibilities of that type of a system. And it could facilitate resolution of errors if for no other reason as that the IRS would have a written record of communication of what has happened up to that point in time, which those of you have called and it's been alluded to, we find that we don't talk to the same person twice, and so we start from scratch. [5/5/16, Red Oak, IA, page 18]

For those that have the resources, the knowledge, the comfort, it could be a part of the solution, but it's never going to replace a knowledgeable, sympathetic ear on the phone. The IRS needs to

41 Adam Crandell, Esq., Law Office of Adam N. Crandell, LLC, Baltimore, MD.

42 Alvin LaMar, Enrolled Agent, Iowa Farm Business Association, Iowa Falls, IA.

have people that fill that bill. And it would also be nice if the representative I talk to could address the issue and take it to a conclusion. I know this would necessitate sorting the calls by the type of business that I'm working with, but I think it could be done so I got a knowledgeable rep on the phone. [5/5/16, *Red Oak, IA, page 20*]

MR. HAMILTON:⁴³ I think the future state plan addresses the real need for the IRS to provide a more complete online experience, as stated in the future state plan, both for taxpayers and tax professionals.

Major sources of delay in helping our clients is attempting to locate their notices, letters or records from the IRS, but the IRS already has, or should have, on file, particularly those documents submitted in connection with an audit.

The Form 2848, Power of Attorney, which our clients fill out at the beginning of representation, allows me to have access to their online transcripts, where I can obtain a clearer picture of what has transpired on their IRS account and where the taxpayer stands in the audit process; however, these transcripts only provide me with the dates of a notice or a letter that was issued, a short phrase summarizing that notice and the amount of the adjustment made to the client's account.

It would be much more useful if, for example, all of these documents could actually be uploaded, opened and viewed directly through the online services function; however, while these online upgrades and online interfaces could surely enhance my representation of taxpayers, I have serious doubts about taxpayers utilizing and relying exclusively on online services as a replacement to direct person-to-person contact with the IRS representatives.

The future state plan assumes that since other financial transactions, such as those involving the transfer of funds from a bank account or a consumer purchase have shifted online, every American would prefer online interactions when dealing with issues concerning the IRS. Not only is this assumption based on shaky logic, in my experience, the majority of low income taxpayers either do not have equal access to online services or they overwhelmingly prefer a human connection to assist them with a tax problem. For some of our clients, an internet connection is a luxury they just simply cannot afford. They are scraping by, living paycheck to paycheck, trying to support their families, often relying on a single source of income. In addition, some of our elderly clients do not use the internet to access information at all. Many others simply do not trust providing financial or personal information through a computer.

There are some clients who may be more tech-savvy than others and thus fit in the archetype of the future state taxpayer, but the overwhelming majority first contact the IRS by calling the number listed on their notice or letter, and it is rare that one of them will read the entire notice to know exactly what they need to do in order to comply with the IRS demands. Rather, they want a live person to explain to them exactly what they need to do. This builds a sort of trust with the IRS and that particular agent they're working with. [4/8/16, *Harrisburg, PA, pages 10–12*]

43 Robert Hamilton, Managing Attorney MidPenn Legal Services LITC, Carlisle, PA.

I think the IRS future state plan envisions a simple, self-explanatory experience, where the taxpayer is both informed and up-to-date about tax rules and regulations, and is tech-savvy enough to navigate a revised online interface, is more idealized fantasy than accurate portrayal. [4/8/16, *Harrisburg, PA, pages 14–15*]

MS. DIEHL:⁴⁴ What I have observed is that the new individual and business taxpayer experience of the future model seemed to provide little room for personal contact. Granted, this will fit well into the constraints of the budget, but I fear that many will suffer and suffer greatly.

Let's consider retirees who have extremely involved questions. Who will help them? Will this model result in more unanswered phone calls with no resolution, or a resolution that comes too late leaving the taxpayer in a penalty situation. [4/8/16 *Harrisburg, PA, page 18*]

MR. HUDAK:⁴⁵ So much time and energy's wasted with improper narrative. It's important that we don't forget that the Taxpayers' Bills of Rights includes the right to representation. The future plan doesn't put proper emphasis on that right.

Oftentimes, during the course of an audit, the taxpayer is — has taken a position on an issue that is perfectly fine, but because they don't understand the language of the law, they don't understand the language of regulations, they inaccurately communicate their point, their perspective, their position. And it isn't because they're taking an improper position, but because they don't know how to communicate it properly.

The future plan ignores that phenomenon, which is very real. Those who are the practitioners, those who have been through an audit have all experienced that, where the taxpayer might say something and it has to be immediately clarified to ensure that the revenue agent properly understands what he's trying to communicate. That happens almost with every audit that I do, the 30-second conversation. We know our clients, we know our customers. After detailed review of the tax matter, we could have a 30-second conversation with a revenue officer, cut to the chase and clear it up instantly. Much of the correspondence audits can be done automatically, but you have to properly structure the information that's given. The average taxpayer, no matter how much coaching, will find it very, very difficult to put it together properly so that it can be done in a very systematic and effortless way. [4/8/16, *Harrisburg, PA, pages 24–25*]

MS. SERRATO:⁴⁶ The human element is critical for this community [of US citizens and US taxpayers abroad]. The ability to speak with the person for an individual guidance cannot be underestimated, especially with a complex tax code. For many coming into compliance, English is not their native language, resources for this need to be expanded. Reliance on mail delivery is a problem due to the lag times and errors in addressing; notifications often arrive after the due date for action.

44 Susan Diehl, President, PenServ Plan Services, Inc., Horsham, PA.

45 Warren Hudak, EA, President, Hudak & Company, New Cumberland, PA.

46 Marylouise Serrato, Executive Director, American Citizens Abroad, Rockville, MD.

We support the creation of online tax accounts, where taxpayers can check the status of their tax affairs and self-correct. Done correctly and with the caveats I will outline, these can be a big help for our community. Consider high-speed Internet is not available in many geographic regions. Think of aid workers in Africa.

Using Internet cafes, public libraries for filing sensitive tax information is not acceptable for obvious security risks. The use of cutting edge technology may offer solutions, but many do not have access to these costly up-to-date software and computer systems. Security is a big issue. Identity theft monitoring systems are not widely available overseas.

In addition, exposure and loss of personal data can lead to Americans overseas being identified and targeted for terrorist actions. Holiday schedules differ from the U.S. People work on their tax returns in their free time. A need for 24/7 support service in different time zones and an 800 number with minimal wait times. A team within the IRS dedicated to overseas Americans, staff with individuals who have lived overseas and are knowledgeable in international tax filing. [5/17/16, *Washington, DC, pages 23–25*]

MR. KERR:⁴⁷ As the IRS moves forward with online accounts, which are an integral part of its “Future State,” it must include access by those with unrestricted rights, to represent taxpayers in order for the strategy to be successful. The agency must find practical methods to authenticate practitioners and to authorize them to solve their clients’ problems. A solution that omits practitioners fails to recognize that many taxpayers benefit from representation because they:

- (a) Do not want to represent their selves;
- (b) Recognize that they are not proficient enough to represent themselves; or
- (c) Are afraid to engage with IRS enforcement staff.

A portal that faces taxpayers-only will place represented taxpayers at a disadvantage, force practitioners to continue to be parked on phone lines, and significantly impede taxpayers’ rights to be represented before the agency. [5/17/16, *Washington, DC, pages 77–78*]

47 Robert Kerr, Senior Director, Government Relations, National Association of Enrolled Agents, Washington, DC.

MR. LEWIS: It's a great question: "What do those accounts look like? I think, first of all, you have to take one step back though and say, "Does one size really fit all?" And the answer is no.

So I envision an account that provides a lot of robust information for those that choose and have access, but it's not exclusive. It's only one element, just like today's financial institutions, you can bank several ways. And we need to recognize that we're going to have taxpayers that are going to choose for various reasons; some which we've heard and some that you can speculate. It's going to be different.

So in my mind, the kinds of things that I envision that an account would provide would be the types of information that we're now spending endless hours waiting on the phone trying to talk to somebody about. Things such as payment history, their filing history; what have you shown? [5/17/16, Washington, DC, page 95]

Doing digital right

National Taxpayer Advocate Public Forum – Public Comments

MR. PARRISH:⁴⁸ I'd like to talk to you about some of the results of that information, which I think really flies in the face of a lot of the conventional wisdom we often hear in D.C., about the public's attitude toward digital government, and I use it to kind of sound a cautionary note. [5/17/16, Washington, DC, page 132]

So interestingly, people are still more satisfied with dealing with federal agencies in person than they are either with mobile apps or websites. And then we ask more specific questions such as: "Should the government offer more digital services?" And this is one of those things where if you grab somebody off the street around here and ask them, they're going to say, "Oh, yeah. The public thinks the government should definitely offer more digital. People love digital."

Not true. Our dataset shows that when you ask people, "Should the government offer more digital services?" only 39 percent say yes. And that's actually down from 41 percent last year. Again this is real trend downward.

Fewer people think government should offer more digital services this year than they thought it last year. And by the way, this isn't people age 45 or age 60 and up. It's millennials too. You ask millennials: "Should the federal government offer more digital services?" only 39 percent say yes, down from 41. All right, so again a downward trend there. [5/17/16, Washington, DC, pages 133–135]

Then you ask people if you had the choice between trying to find the answer to a government question online, yourself, or just picking up the phone and calling somebody, which would you prefer? Sixty percent of people say they prefer to pick up the phone, including half of millennials. Not the story we usually hear about millennials, right? [5/17/16, Washington, DC, pages 116]

It doesn't mean don't do digital, right. What it means is you actually have to do digital right. Like I said at the beginning: good digital, not more digital, because after all — and it's a shame that I've been having to say this an awful lot lately, but I have — customers don't want digital.

What they want is the things that digital can provide if done right; right? They want ease, they want convenience, they want effectiveness. They want to feel safe, they want to feel good, right? They want to feel confident, right?

They don't want digital. They want the things digital can provide if it's done right, and too often it's not done right. So I'll offer a few pieces of advice here, on how to do digital right, and provide those things that people want:

- (1) First of all, find the right channel for each service. ...

48 Rick Parrish, Senior Analyst, Customer Experience Professionals, Forrester Research, Inc., Cambridge, MA.

- (2) Second, design mobile services more strategically. ...
- (3) Third, you've got to market this stuff. Explain the benefits of digital channels. ...
- (4) And fourth, you've got to make sure that group of people that is not going to engage with you digitally is still able to interact with you as easily and conveniently, as effectively as possible because there is some group of people, whether it's because of Internet connectivity, or whether it's because of language skills or reading issues or whatever, might be unwilling to engage with you digitally. Don't forget about those people. [5/17/16, Washington, DC, pages 135–141]

MS. OREM:⁴⁹ [Our] survey asked more than 1,600 U.S. adults a variety of questions about how they file, who helped them, and what they did with their refunds last year, as well as what they plan to do with their refunds this year. We also asked the respondents how they felt about taxes; namely, what they were afraid of and how confident they were that they would get the maximum refund, if they were in fact, entitled to a refund.

The results were segmented by gender and region, income, education, employment status, and other factors, and that revealed a variety of interesting findings. And one of them is that millennials are afraid of taxes, like really afraid. A whopping 80 percent said they're fearful about some aspect of preparing their taxes. [5/17/16 Washington, DC, page 144]

So what are the millennials afraid of? We found that about a quarter, so 22 percent said they're afraid of making a mistake on their tax returns. About one-in-six said they're afraid, they're leaving money on the table, and that they won't get the biggest possible refund.

And perhaps surprisingly, only 11 percent were worried about being audited. [5/17/16, Washington, DC, page 145]

What's also interesting is that the survey found that when they have tax questions, more millennials turned to tax professionals than go online for answers. And so this suggests that when things get complex, millennials still prefer humans to screens. However, millennials are leaving one authoritative source out in the cold, and that is the IRS.

Just nine percent said they'd turn to it with questions, which incidentally, is right in line with what other age groups reported in our survey. Perhaps most interesting, however, is our finding that millennials, who are digital natives, like filing paper returns more than most taxpayers do. An incredible 17 percent said they did a paper return last year and mailed it in, which is more than double the rate of those 35-and-older. [5/17/16, Washington, DC, pages 145–146]

So what does this all suggest? This all suggests there's definitely an opportunity to create a system that's less scary and more understandable for the largest generation in the history of the U.S., one that is still learning the ropes of adulthood. It also suggests that for many millennials, not everything revolves around a screen. Paper is still relevant, personal interaction is still valuable, and for some younger people, some things are best done the old-fashioned way. [5/17/16, Washington, DC, page 148]

49 Tina Orem, Staff Writer, NerdWallet, San Francisco, CA.

MS. OREM: The good digital versus not-more digital, I think is spot-on. So often we characterize millennials as addicted to the screen. And it is really about quality, and not so much quantity, as we can see that sometimes they do opt for the paper returns. [5/17/16, *Washington, DC, page 156*]

MR. PARRISH: One is this idea of paper rather than digital, you know there's some really interesting academic research. It's maybe two or three years old now, that showed that people's reading comprehension was a lot higher if they read in hard copy rather than on a screen, and that also cognition is better when you're handwriting rather than typing.

NTA OLSON: They handwrite it?

MR. PARRISH: Yes, indeed. [5/17/16, *Washington, DC, pages 157–158*]

MR. PARRISH: Forrester has some really great data that show that if you provide people with a good experience when they have to deal with you, they are far more likely to come back to deal with you, even when they don't have to. ... One of the best things the IRS can do, is provide a much better experience when people do have to deal with them, and they will be much more likely to come back when they don't have to. [5/17/16, *Washington, DC, pages 158–159*]

MR. PARRISH: You know one thing that I think works very well, and could build, dare we say, trust? And definitely works well in a digital format, is wizards. You know they guide people through tasks? ...

You know the IRS website is not you know a paragon of user-centric design at the moment, right? And so these sorts of wizards can be really valuable in helping people get comfortable with self-service in something that is scary, make it not scary, and help them see you guys as a trusted advisor. [5/17/16, *Washington, DC, page 163*]

MS. OREM: I think that it's important to acknowledge that there are sort of two levels of tax preparation. First, you've got the mechanical level, which is calculations and you know completing the form, but there's also a strategic level that is important to consider. And with something like a wizard — or you know this is why human interaction is so important, is many people are — it's okay to file jointly, or separately, but should I?

I can physically do both, but which one should I choose: Should I itemize? Should I take the standard deduction? Those are things people are searching, for information for, all the time online. Basic strategic decisions like that. So it's important for any kind of online assistance or wizard to kind of acknowledge, you know to go beyond just helping with the mechanics, but walking people through, how to think about their tax situation in general. [5/17/16, *Washington, DC, pages 164–165*]

MR. SAPP:⁵⁰ I think your previous panel pointed this out very well, the needs of the tax professional are different from the digital standpoint than the needs of the taxpayer, so we couldn't have one-size-fits-all, for example.

In our development of software, we have learned that a taxpayer doing their own taxes, they have a lot of questions and they want a lot of wizards, and they want a lot of pop-ups, and they want a lot of suggestions. They want, you're about to pick your filing status, here's some — whereas, the tax preparer, if we did that to them, they would be outside our doors with pitchforks because all they want is efficiency.

They know where they're going. They know what they want to do. They want to see how they got it done. So I think the approach digitally from the IRS side, would need to be the same.

Tax preparers, after all the hoops were jumped through, would want multiple access to multiple taxpayers, multiple clients dealing with multiple issues. Whereas a taxpayer usually would have a single issue, that they need to understand the issue, and they need someone to walk them through that. I think the wizard is a tremendous idea for the individual taxpayers, a way to walk them through those issues and get them the information they need. [5/17/16, Washington, DC, pages 167–168]

MR. PARRISH: People have to walk away, not only with ease, not only with effectiveness, but also with the right emotion. You have to hit the right emotional quotient. We call these the “Three E’s of customer experience: (1) Ease; (2) Effectiveness, and; (3) Emotion.” Right?

And our data shows that emotion is, in government, the most important one. You can make the experience as easy and effective as you want; unless it hits the right emotional triggers with people, they aren't going to walk away saying that was a good experience. And that doesn't mean it has to be melodramatic.

NTA OLSON: Right.

MR. PARRISH: It just means people have emotional needs, and those needs need to be met.

MS. OREM: I think that's 100 percent true. I was just going to say, I looked at — I was pulling more numbers out of the research the other night — that emotional connection and that need for acknowledgement that your situation may be unique to you, is important to people. [5/17/16, Washington, DC, pages 171–172]

MS. OREM: You know that people fear that which they don't understand. So introducing fear into the formula, you know there's a perceived lack of transparency that drives this need, I think, for a human interaction that is so important.

MR. PARRISH: And a human interaction that actually appears human, right? So often it's really easy to get stuck in that script — you know that script that was written by a committee of fifty lawyers, forty years ago, right? Sure that's technically, I suppose, a human interaction,

⁵⁰ John Sapp, CPA, Chair, Council for Electronic Revenue Communication Advancement (CERCA); Vice President of Strategic Development, Drake Software, Franklin, NC.

but it doesn't actually have the hallmarks of a human interaction. And so it actually has to be a human interaction that feels human.

MR. SAPP: And that could include technology, such as a chat, right?

MR. PARRISH: Yes.

MR. SAPP: I mean a chat is done poorly then it's obvious that it's not a real human or at least a human doing fifty chats and not really paying attention.

MR. PARRISH: Right. Stop using macros and actually pay attention to me. [5/17/16, *Washington, DC, pages 176–177*]

The lack of clarity around what will be offered as self-service options, and the legal and due process implications of “self-corrections”

National Taxpayer Advocate Public Forum – Public Comments

MR. VANSINGEL: If you think eligibility for the earned income credit, the premium tax credit, or education credits are easy to figure out, then I have a bridge to sell you. [3/9/16, *Glen Ellyn, IL*, page 23]

MR. MARZAH:⁵¹ I mean this example here [Jane, the Wage and Investment Taxpayer], the one that I’m just floored at is, you know, okay, I’d love to really see the sample communication that the IRS sends out saying your son does not have enough credits to be considered a full-time student. Because any time I look at an IRS notice, and I myself have gotten a number of them, it usually takes me three or four or five times to figure out what are they really trying to say. I think that gets to the crux of it and that’s why you need both the customer service from the IRS over the phone, and then the level of assistance that the clinics provide, or clinicians and representatives who really are providing a good service to say this is what this really means. All you need to do is go get the transcript.

I think in three-quarters of cases, whatever that notice would be, it would not be, you would not discern right away what it actually is asking you to do.

NTA OLSON: You know, in both of the vignettes, both in the Jane vignette and the small business vignette, there is this Jane resubmits her, she agrees with the IRS and she resubmits her return. In the small business vignette, everybody agrees with this assessment and you submit, you know, you agree to that virtually.

I have just been wondering what actually just happened in that, and particularly in the Jane scenario, and I think this goes to with getting W-2s and 1099s very early, so much work in the vision of the future is going to be frontloaded before you get past the refund and past the return being filed. So, this Jane scenario is very important. She agreed to changes on a return that has not yet been accepted. What does that mean? And if she didn’t agree since it’s in the pre-refund environment, it will automatically go to the notice of deficiency. She will not get the right to an administrative appeal. She will not get a 30-day letter because it is pre-refund environment.

You think about what’s being frontloaded in the pre-refund area, and I think that that’s something that we really need to be careful and think about and talk about. Even on that

51 David Marzahl, President and CEO, Center for Economic Progress, Chicago, IL.

online stuff, even in the actual audit, you know, does the person actually understand what they're agreeing to? You know, if they're just accepting an adjustment, you know, do they actually understand what they're agreeing to online? [3/9/16, *Glen Ellyn, IL*, pages 79–81]

MS. ATKINSON: One of the things that I noticed in doing some background reading on the future state proposal is these vignettes that were created to try to explain the online accounts. And don't get me wrong, I think having online accounts is a really wonderful thing. As a practitioner, you know, having that kind of accessibility would be really great. Some of the other panelists will talk about the digital divide and the challenges that that's going to create. But when you even look at the vignettes⁵² that the IRS has prepared about this, what's astounding to me is that they're unsuccessful. And they got to write them. So how is it that these are unsuccessful?

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

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

The other vignette⁵³ involving the small business owner, Bennett, really is even more disturbing to me because in this one, there is a bit more interaction and there's this discussion about how his business expenses may be excessive. And certainly, you know, when audit algorithms are created and things, the IRS is looking for situations where someone is over-claiming expenses. Those of us who work in the tax world are very familiar with that.

So here's an opportunity, prior to the return being filed to correct that behavior. And if the deductions are excessive, to educate the taxpayer and to get it right before the return is submitted. But in this example, that apparently doesn't work. And Bennett reviews the items and still claims them, which leads me to believe that he probably was entitled to claim those deductions. We don't really know.

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

52 IRS Taxpayer Experience of the Future Vignette – Individual Taxpayers, <https://taxpayeradvocate.irs.gov/public-forums>.

53 IRS Taxpayer Experience of the Future Vignette – Small Business Taxpayers, <https://taxpayeradvocate.irs.gov/public-forums>.

So then in the course of the audit, tellingly, he's assigned to someone on the other side of the country. And this is sort of back to Angela's experience. Well, is this person on the other side of the country, however well-meaning they may be, however smart they may be, really familiar with Bennett's situation? Maybe his business expenses are high because of the particular business he's in, his geographic location, other factors. We don't really know.

He then goes on and ends up conceding this audit after a bevy of "electronic communications." So we don't really know at the end of this whether this has been an outcome where the deductions were denied and that was proper. And even so, it was a negative experience for Bennett. Or whether really those expenses may have been valid and he just had such a poor experience that he gave up because he was paying a representative to handle the audit and it maybe just got too costly for him. [5/13/16, *Baltimore, MD*, pages 29–30]

MS. MCKINNEY: And I also think the margin of error, anyone that's used a smart phone knows you swipe, you click in the wrong place — I have a lot of Facebook friends right now that my 4-and-half-year-old has requested for me. ... So I think now the margin for error for me is I guess I have some more friends now. But on your tax return, you know, if you're trying to handle complaints, there's a really serious implication if you're hitting something wrong or if you think you have the box lit up and it's not totally mobile-optimized. You could really mess up and make things actually worse. [5/13/16, *Baltimore, MD*, pages 68–69]

MR. HUDAK: You know, in a tax matter you can take more than one position. We had a client in appeals. We came in late just for the appeal, and we actually took a position contrary to their previous attorney. And the client said, what are you doing? And when we presented a clear business case of why we had to take this position, she agreed, and we ended up saving the taxpayer \$60,000 because we took a position contrary to another practitioner.

This idea of an individual taxpayer solving their own problems, how would they know? Even when practitioners and revenue agents don't even agree sometimes, taking that dynamic out is dangerous. Millennials love to use their information, but there's ways to look at problems, tactically, strategically, which position should I take?

My partner Google isn't really good at that. [4/8/16, *Harrisburg, PA*, page 43]

MR. KERR: We are deeply concerned the IRS will launch an account for individual taxpayers and then fail to follow through with the practitioner account, making it easy for taxpayers to pay balances the agency suggests are due, while making it difficult and expensive for representatives who are mired in a paper-and-phone process that takes weeks, if not months, to pursue statutorily-provided due process rights. [5/17/16, *Washington, DC*, page 79]

NTA OLSON: So much of what's going on in the online account is viewed in the pre-refund environment. So if you file a return and there's an issue with it: you left off a 1099, or maybe, as in the vignette, with Jane, we've run you through the dependent database and we think you're not eligible for it this is all happening in pre-refund. The taxpayer is probably not going to be with a representative at that point, a practitioner, as you say, Bob.

So you're going to have these taxpayers, if they sign onto an online account, agreeing to things that will have lots of consequences going forward, that will become a self-assessed liability. And then when you, as a practitioner, go in to say, "Well that was wrong," the IRS will say, "Well, the taxpayer agreed to that." And then if you disagree, you will not get the right to an appeal because it's pre-refund. The next thing you'll get is a Notice of Deficiency. So I mean you can all comment, but I'm throwing it out to John, and then anybody who wants to.

MR. AMS:⁵⁴ Well, we've all gone online, you know every time there's a new app, or something that you download, and you have to agree to the you know, seventy-eight pages of legalese.

MR. KERR: And say that you read them, too.

MR. AMS: Oh, absolutely. And you know forget understanding them. But that is going to be a problem, especially if you're talking about not uneducated, but undereducated for that purpose, kind of a taxpayer. They're signing away rights that are on page 45 that you know they have no idea what it is. And this assumes that they know what their rights are before they even start down that path, which you know is not an assumption I'm willing to make. [5/17/16, Washington, DC, pages 100–102]

54 John Ams, Executive Vice President, National Society of Accountants, Alexandria, VA.

The implications of online accounts for taxpayers with limited online access or digital expertise, and the impact of security concerns on taxpayer online account usage

National Taxpayer Advocate Public Forum – Public Comments

MR. VANSINGEL: Indeed, the future state vision makes many assumptions. It assumes that people trust the government enough to engage with them online. It assumes that those people have the capacity, both from an access and connectivity standpoint and also from a literacy and computer proficiency standpoint. It also assumes that all problems can be fixed through this medium without the need for personal interaction. It assumes that we do not have vulnerable populations such as the elderly, the disabled, and those with language barriers. Taxpayers falling into these groups will have difficulty participating in the online interface.

If the IRS gets out of the business of talking to taxpayers through these traditional mediums, they will force some of our most vulnerable populations to pay someone just to comply with the tax laws. It is unknown if the Service will even have the authority to regulate these people that they're paying to help. [3/9/16, *Glen Ellyn, IL, pages 23–24*]

MR. MARZAH: I will say in carefully reviewing the scenarios that the IRS has presented as part of its potential future state, that it does not mesh in any way with the reality that we experience at the Center for Economic Progress, our 70 staff who are at the front lines of providing taxpayer assistance and services, and the thousand volunteers who we deploy in the rolls from doing tax representation cases down to tax preparation assistance or just answering everyday questions. [3/9/16, *Glen Ellyn, IL, page 30*]

MR. SMITH [reporting on Pew Research Center data]:⁵⁵ So at a broad level the first thing I think is worth noting is that even in the year 2016, 15% of Americans when we asked them if they use the internet from any device from any location tell us that they do not do that. So if you leave with nothing else the notion that everyone out there is even online regardless of what type of device they are using that should hopefully disabuse you of that notion. [2/23, *Washington, DC, pages 152–153*]

And when you look at the barriers to adoption for people who are not currently online what you find is that most of them have a number of challenges to accessing the online world. So many of them face challenges around digital literacy or technology skills so for instance if you ask people who don't currently use the internet whether they would be able to do that on their own the vast

55 Aaron W. Smith, Associate Director, Pew Research Center Internet Project, Washington, DC.

majority of them tell you that they would not be able to do that without assistance. [2/23/16, *Washington, DC, page 153*]

[A]bout two-thirds of Americans say they have broadband at home and so obviously broadband at home is kind of the gold standard for online access. The FCC and various government entities have spent a lot of effort promoting increased broadband adoption.

And when you look at the data that we've collected what we've found is that broadband adoption has really plateaued in many ways in the last couple of years. So broadband adoption today is about what we found it to be three or four years ago.

And there is sort of an interesting kind of trend going on here. So we've seen broadband adoption plateau. At the same time when we ask people about the importance they place on broadband we see significantly more non broadband adopters today saying that a lack of broadband at home is a real disadvantage for doing various things. So whether that is getting access to government services, getting health information, accessing job information over the last five years we've see a big uptick in the perceived importance of broadband to non-broadband adopters. Broadband is seeming more important at the same time adoption has actually plateaued. [2/23/16, *Washington, DC, pages 154–155*]

MR. SMITH: [P]eople's ability to engage with sort of complex activities or kind of cognitively challenging things that they need to do online can be much more difficult when they don't have access to a broadband subscription at home either because they are operating through a small smart phone screen or because they have to re-route their lives in order to get to a library or a coffee shop or I don't know if any of you read the New York Times article on school children without broadband. And they are literally sitting up against the wall of the school after hours trying to access the public wi-fi from the school so that they can do their homework.

So that is one impact of lack of adoption in a meaningful sense; it is just much more challenging for people to do anything beyond sort of basic activities. [2/23/16, *Washington, DC, pages 158–159*]

MS. MACMILLAN: [T]axpayers who at least understand what they are doing and can understand the language of what their account is telling them, the fact that they will be able to self-correct I think will be a huge advance.

But also I know I am on the IRS website daily and I know what I'm looking for and where to find it and how to read what's on there. And last year's IRSAC, the 2014 report, we had looked at the language and how difficult it is to understand notices and Flesch-Kincaid reading level of both notice and all the letters that come from the IRS are somewhere around a 12th grade level whereas most American taxpayers read at a 9th grade or lower level. [2/23/16, *Washington, DC, page 99*]

MR. SMITH: So I was thinking about examples of this that I could talk about in this discussion and picturing myself as a single mom whose got her kids home all day and needs to be able to talk to a representative during 8:00 to 5:00 business hours so that she can address her issue that she is having with her return. And you know for someone like me that is super easy; right. I've got a computer in front of my face literally 24 hours a day if I wanted one. For someone like that if they don't have a computer in the house they are going to have to find a way to park the kids somewhere for a few hours so they can go to a library or manage their kids running around at McDonald's. That is kind of a subpar user experience in a lot of way and doesn't really lend itself to being able to engage with sort of in many cases sort of crucial life decisions in a thoughtful informed way. So I think that would be my kind of take on what's the impact of that in terms of people's lives and how they can navigate these types of services. [2/23/16, Washington, DC, pages 178–179]

MR. GONZALEZ [reporting on Federal Reserve data]: [F]olks in more rural areas tend to have about the same ownership of mobile phones, slightly less but not much different. But we see a large difference in the ownership of smart phones. Much lower incidence of smart phone ownership among rural Americans. It is about, if I can find that number, 54% smart phone ownership in rural areas as opposed to 63% in more urban areas. You need a smart phone to undertake more complicated transactions quite frankly. And then also once you do have a smart phone you need to have that mobile broadband access and folks in more rural areas say that they are less likely to always have available online access than those in urban areas. So at least these two factors might be contributing but of course there could be other reasons like are people in rural areas older? That alone is a demographic factor that explains overall lower usage in mobile banking, mobile payments, smart phone ownership, et cetera. [2/23/16, Washington, DC, page 186]

MR. GONZALEZ: What I find intriguing is that non-users feel that the transactions that they are not undertaking are unsafe. So they are making an assessment about a transaction that has not occurred or methods that have not occurred. Second when you give them an option of saying well, those transactions have now been magically made more secure they are still not interested. [2/23/16, Washington, DC, page 181]

MR. HURST: So, we [NYC Department of Consumer Affairs] are keenly aware of the budgetary challenges the IRS continues to face and the budget cuts that have been involved with some of these decisions. But we firmly believe that those resources that it does have should not be taken from the taxpayer engagement, outreach or VITA services. We think these are critical services being provided to New York City taxpayers. We share the NTA's concerns that the IRS's deliberations to reduce telephone and face-to-face interactions will leave low income and middle-class taxpayers, who may not have the resources to pay for individualized attention, without guidance or confidence to navigate the tax code. This may put further strains on localities, like New York City, to help facilitate preparer access and will undoubtedly open the door to further predatory behavior by some commercial tax preparers.

As Legal Ombudsman, I can speak to the importance of maintaining individualized services. Even though we may have a number of resources available online people, many New Yorkers, need to speak to someone directly. They want to talk to someone on the phone who will explain it to them and I see this with business owners all the time. Further, DCA would caution that the IRS not assume the technological improvements such as a self- service e-portal, will reduce taxpayers' need for personal service when, in fact, experience shows otherwise. New York City SPEC data shows that 76 percent of the EITC recipients in New York City used pay preparer services and this compares to 56 percent of EITC recipients nationally and we believe that this indicates that many low and middle income taxpayers want personal, one-on-one support in tax matters. [3/18/16, *Bronx, NY, pages 40–41*]

MS. SERRATO: [I]dentity theft, data theft, just the same things that people are faced with here domestically, having you know your social security picked up, your bank account numbers, but sort of the added component that we feel for Americans overseas is being identified as an American. Somebody has your address.

They know where you are. They know your bank account. And in the heightened world of terrorist threats this is a big concern. [5/17/16, *Washington, DC, page 38*]

MS. BRUCKNER: I think that with the population sharing economy, it would be a mistake to think that these people, while they are tech-savvy, that they have internet access in their homes. They primarily have internet access through their phones. And trying to figure out, whether or not you can expense a certain expense that you incurred in generating your business income, trying to do that research on your phone is incredibly frustrating, and I think we can all relate to that. [5/17/16, *Washington, DC, page 39*]

MR. SAPP: Also, when we talk about promoting the different portals and those types of things, I found it interesting, that back-to-back weeks on *60 Minutes* — one week they talked about how the banking industry is going to cellular telephones; everybody has one, everybody can bank. You can send money phone-to-phone. The next week, they're talking about how every phone in the United States can be hacked, just like that.

So everyone that changed to digital currency, and changed to digital banking, the next week, was scared to death and had to turn it all off. We give mixed messages. We have to have a secure system that's in place, and provide taxpayers with methods, and partnerships with private industry, where appropriate, to help them comply with their tax obligation and do it in a way that they feel secure. [5/17/16, *Washington, DC, page 154*]

The implications of granting access to taxpayers' online accounts to unregulated return preparers

National Taxpayer Advocate Public Forum – Public Comments

MR. BEST:⁵⁶ [B]efore we're expanding the role for unregulated preparer or unenrolled preparers we should be first making sure the role they have now even is working. We have to establish some kind of minimum standards for these folks. [2/23/16, *Washington, DC, page 150*]

MR. RAGHAVAN:⁵⁷ So, some problems I [and Illinois Attorney General Office] see with IRS modernization for low income taxpayers, at least the ones that I deal with, they tend to have their returns prepared at brick and mortar stores that are out there in their neighborhood. These preparers are largely unregulated. They tend not to be CPAs or enrolled agents or attorneys. Many of them tend not to have any qualifications at all, often they're just high school dropouts that took maybe some online training course if their organization provided for it that some of the bigger chains do. [3/9, *Glen Ellyn, IL, page 37*]

[T]he ones that I see take advantage of low income taxpayers, price insensitivity and lack of sophistication by charging an exorbitant fee for really simple return items. These large fees can create really bad incentives. So, a lot of these preparers, they don't compete on price, they compete on size of refund and other incentives. So, when you compete on size of refund, it gives the preparer a real incentive to inflate income items because they're not going to bear any of the cost of an audit.

So, some examples, People v. Mo' Money. If you want to see, actually the perfect way to crystallize my talk, just Google Mo Money and look at one of their ads and you'll see why I'm concerned about exploitation in the neighborhoods. Mo' Money surprisingly was a large chain and it had 250 stores which is really frightening. So, in 2012, Mo' Money did this phantom bait and switch loan program. Basically, what they did is in December of 2011, they were advertising on television that you could get quick cash through these loans that they were offering. They had no financing for these loans, so what happened is consumers would go into their stores, they would apply for a loan and they would give their Social Security number, and then Mo' Money would say sorry, you've been rejected. Then Mo' Money would just file their return without their authorization and take 10 to 15 percent of their refund.

So, this next slide, this just shows Mo' Money's really complicated fee distribution chain. The main thing to takeaway from this is Mo' Money and all their friends, many of these were just Mo' Money's friends' companies, were just feeding off of people's refunds with these fake fees. Some of these entities are real.

56 Michael Best, Senior Policy Advocate, Consumer Federation of America, Washington, DC.

57 Vijay Raghavan, Assistant Attorney General, Consumer Fraud Bureau, Office of the Illinois Attorney General, Chicago, IL.

So, we [Illinois Attorney General] sued Mo' Money in March of 2012. The Department of Justice filed a civil suit on December 5th and they also filed some criminal actions. We were able to recover a lot of this money. But Mo' Money can be a good example of how a bad prep can exacerbate noncompliance. [3/9/16, *Glen Ellyn, IL*, pages 37–40]

[B]ased on what I see, I'm concerned that though modernization may have many benefits, it could potentially put up great hazards for low income taxpayers that have to go to these brick and mortar stores and may have to give their information to these unscrupulous preparers. So, in the absence of any kind of regulation of these preparers, I worry about exploitation. [3/9/16, *Glen Ellyn, IL*, page 42]

MR. QUINONES: I'm sure that the United States will never allow a mechanic to perform an open heart surgery or to have a surgeon prepare oil transmissions and cleaning. That is exactly what is happening right now. The bus driver prepares or anyone else, can prepare taxes. Sometimes a police officer comes to me and tell me there is a policeman in the precinct who does everybody's taxes. I think it's about time that the Department of the Treasury, the Internal Revenue Service, the United States Congress puts sufficient pressure to have qualified people preparing taxes and we have to educate our population to don't allow anyone to prepare your taxes unless you know that that person is qualified, that their name is on your return and that person is going to be there when you need their services again. That is the biggest problem that I have encountered. [3/18/16, *Bronx, NY*, page 20]

MR. HURST: Finally, I would be remiss not to raise a concern regarding a proposal to provide tax preparers with greater access to taxpayer online accounts. In light of the complaints we have received regarding preparers filing taxes without an authorization, we are concerned that unscrupulous preparers may use this additional access to engage in further misconduct. Without strict security measures, there is an increased risk of identity theft and greater opportunities for unauthorized tax filing. [3/18/16, *Bronx, NY*, page 42]

The increasing workload for VITA sites and the compression of the filing season for professional tax preparers

National Taxpayer Advocate Public Forum – Public Comments

MR. MARZAHL: We believe that there are unnecessary program grant restrictions on Volunteer Income Tax Assistance provided by organizations like Center for Economic Progress. We prepare Schedule C as our experienced staff will attest, we do a very good job of it. One in ten filers we serve has self employment income. The IRS traditionally does not allow most VITA organizations to do Schedule C returns. Furthermore, we think with the kind of experience we have in doing this work and the training we provide to our volunteers, we could be doing Schedule D's and F's and also more work preparing ITINs, individual taxpayer identification numbers for immigrants or others who qualify.

A few other points. We believe that grant funding is unnecessarily restrictive. We have to play games with our budgets in order to move the money around. Technically, under the VITA grant program, funding is not allowed for quality review of tax returns, and we have a very rigorous commitment to quality review. We do not want any of our returns to go through the system, to get rejected or otherwise end up as a tax clinic case that Andrew has to handle or that Paul who runs our tax clinic takes care of. So, the ability to do quality review, to serve as a certified acceptance agent for ITINs, and year-round services. [3/9/16 *Glen Ellyn, IL, pages 32–33*]

Under the VITA program, everyone has to fall under a very strict income standard. So, for example, technically, we could not serve a tax filer right now coming to us who has no job, no source of income, but who made \$60,000 last year. They would have to go pay a paid preparer. We think that's undue burden on us and really unfair on taxpayers. [3/9/16, *Glen Ellyn, IL, page 35*]

MR. TEJEDA: [The VITA grant] has some limits on it. It doesn't allow us to pay for a quality reviewer which is critical, even as we use our volunteers we have to have quality reviewers who make sure that every tax return is seen by two people before it walks out the door, and we really want to have the ability to use that money to pay to strengthen that service and it doesn't allow us to use that same money to pay for the post season work. So, as you may think about reducing some of the calling centers realize that is just going to shift to the VITA sites. [3/18/16, *Bronx, NY, pages 15–16*]

MR. GROSECLOSE: I would say in general my expectation is returns have gotten a lot more difficult. Just affordable care, for example, what do I do with this 1095? So there has been a lot more complexity. And compression — what we call compression, the work compression, January through April 15 has been a problem for our industry for a lot of years. Adding more complexity makes it more difficult for our pipeline. Our pipeline can only expand so much within four months. It's hard to find experienced people available for only four months of the year.

So either we staff up and hire for 12 months or we just extend. Some people — a lot of people don't like extending. They feel it puts them on the hit list with the IRS. We try to convince them there's no statistics of that. So it is very difficult. [4/4/16, *Hendersonville, NC*, page 93]

MR. HUDAK: Compression is a really serious issue. You have practitioners making serious mistakes because they're really tired. There's a lot of pressure with the refundable tax credits. People want their money and they want it now. But the due dates and when they get the refund, those are arbitrary numbers. The first year there will always be transition pain, but, going forward, what's the difference if you get your money every February, as opposed to every April or every June? We could stagger some of this, you know, maybe by birth dates, maybe have two filing seasons; people born on odd dates and people born on even dates. It would improve the situation for the practitioner, and we would be able to do a better job. It certainly would serve the government's purpose.

The delaying the refundable tax credit is a very good move. Accelerating the dates is a terrible move. I liked your [NTAs] February suggestion in the 2013 report, as opposed to the January, because then at least we would have another month to help clean that stuff up. It serves nobody's purpose putting junk into the thing. And they are using all of this information, with filters, to determine whether or not it's a fraudulent return or it's actually connected to a real taxpayer. So to the extent that the information doesn't match is a problem. [4/8/16, *Harrisburg, PA*, pages 55–56]

The IRS Mission – what should the IRS be focusing on in the 21st century?

National Taxpayer Advocate Public Forum – Public Comments

MR. BAILEY: But there's another aspect of Internal Revenue Service that is unique, I think, as a government agency in that it is — whether it realizes it or not, is in the education business. As we check off the exemptions, the deductions, and the way that we make our investments and our savings and our expenses and everything, the Internal Revenue Service actually shapes society and it actually shapes business. [5/5/16, Red Oak, IA, pages 8–9]

MS. PAM OLSON: I have often thought that the reality is that given everything that we've put into the IRS's territory to administer for us that we actually need to divide the IRS into two separate agencies. We'll call one Revenue America be responsible for collecting the tax we need to fund the government. We'll call the other one Finance America and it will be the one that distributes all of the benefits. Because I think it does get to be a very difficult situation to have an agency charged with doing both of those things.

But so I think the most important thing is for the IRS to fully embrace the multifaceted responsibilities that it has with respect to both collecting tax as well as administering benefit system and administering lots of other things and making sure that it is factoring that into how it plans its service. [2/23/16, Washington, DC, pages 46–47]

NATIONAL TAXPAYER ADVOCATE PUBLIC FORUMS PANELS

WASHINGTON, DC

February 23, 2016

Nina E. Olson, *National Taxpayer Advocate*, Taxpayer Advocate Service, Washington, DC

John A. Koskinen, *Commissioner*, Internal Revenue Service, Washington, DC

Pamela F. Olson, *Washington National Tax Services Practice Leader*, PwC, Washington, DC

Leslie Book, *Professor of Law*, Villanova University School of Law, Villanova, PA

Jennifer MacMillan, *EA*, Chair, Internal Revenue Service Advisory Committee (IRSAC),
Santa Barbara, CA

Timothy J. McCormally, *Vice Chair*, Internal Revenue Service Advisory Committee (IRSAC),
Director, Washington National Tax, KPMG LLP, Washington, DC

Michael Gangwer, *Chair*, Information Reporting Program Advisory Committee (IRPAC),
Tax Advisor, The Vanguard Group, Inc., Valley Forge, PA

Jim Buttonow, *Chair*, Electronic Tax Administration Advisory Committee (ETAAC), HR Block,
Greensboro, NC

Gina Jones, *EA*, Chair, Taxpayer Advocacy Panel (TAP), Delhi, LA

Michael Best, *Senior Policy Advocate*, Consumer Federation of America, Washington, DC

Aaron W. Smith, *Associate Director*, Research, Pew Research Center, Washington, DC

Arturo Gonzalez, *Chief*, Consumer & Community Development Research, Board of Governors,
Federal Reserve, Washington, DC

GLEN ELLYN, IL

March 9, 2016

Nina E. Olson, *National Taxpayer Advocate*, Taxpayer Advocate Service, Washington, DC

Rep. Peter Roskam, *Member of Congress*, 6th Congressional District, Illinois

Andrew VanSingel, *Director*, Low Income Taxpayer Clinic, Prairie State Legal Services, Inc.,
Rockford, IL

David Marzahl, *President & CEO*, Center for Economic Progress, Chicago, IL

Vijay Raghavan, *Assistant Attorney General*, Consumer Fraud Bureau, Office of the Illinois Attorney
General, Chicago, IL

Mark Mirsky, *Managing Director*, ROI Business Services, LLC., Bartlett, IL

BRONX, NY

March 18, 2016

Nina E. Olson, *National Taxpayer Advocate*, Taxpayer Advocate Service, Washington, DC

Rep. José E. Serrano, *Member of Congress*, 15th Congressional District, New York

Elliot Quinones, *Tax Accountant*, Elliot Quinones & Associates, Bronx, NY

Erik Schryver, *Senior Staff Attorney*, Bronx Low Income Taxpayer Clinic, Legal Services NYC, Bronx, NY

German Tejada, *Senior Director*, Income Policy, Food Bank for New York City, New York, NY

James Hurst, *Legal Ombudsman*, New York City Department of Consumer Affairs, New York, NY

HENDERSON COUNTY KING STREET MEETING ROOM, HENDERSONVILLE, NC **April 4, 2016**

Nina E. Olson, *National Taxpayer Advocate*, Taxpayer Advocate Service, Washington, DC

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

Arthur Bartlett, *Program Director / Attorney*, LITC Legal Services of Southern Piedmont, Charlotte, NC

Rollin J. Groseclose, *CPA, CGMA, Shareholder*, Johnson Price Sprinkle PA, Asheville, NC

Bob Smith, *Volunteer Coordinator*, AARP Tax Aide – Henderson County, Hendersonville, NC

Robert Wall, *Esq. Attorney, Member*, Spilman Thomas & Battle, PLC, Winston-Salem, NC

HARRISBURG, PA **April 8, 2016**

Nina E. Olson, *National Taxpayer Advocate*, Taxpayer Advocate Service, Washington, DC

Senator Bob Casey, United States Senate, Pennsylvania

Robert Hamilton, *Managing Attorney*, MidPenn Low Income Taxpayer Clinic, MidPenn Legal Services, Carlisle, PA

Susan D. Diehl, *CPC, QPA, ERPA, President*, PenServ Plan Services, Inc., Horsham, PA

Warren Hudak, *Enrolled Agent, Owner*, Hudak & Company, LLC, New Cumberland, PA

Roger Eberlin, *Identity Theft Victim*, West Grove, PA

RED OAK, IA **May 5, 2016**

Nina E. Olson, *National Taxpayer Advocate*, Taxpayer Advocate Service, Washington, DC

Senator Charles Grassley, United States Senate, Iowa

Varel Bailey, *President*, Bailey Farms, Inc., Anita, IA

Tamara Borland, *Director*, Low Income Taxpayer Clinic, Iowa Legal Aid, Des Moines, IA

Alvin LaMar, *Enrolled Agent*, Iowa Farm Business Association, Iowa Falls, IA

Kristy Maitre, *Tax Specialist*, Agricultural Education & Studies, Iowa State University, Ames, IA

Wendy Smith, *VITA Program Coordinator*, United Way of Wapello County, Ottumwa, IA

BALTIMORE, MD **May 13, 2016**

Nina E. Olson, *National Taxpayer Advocate*, Taxpayer Advocate Service, Washington, DC

Senator Ben Cardin, United States Senate, Maryland

Angela Armstrong, *Hospital Administrator and Founder*, Animal Emergency Hospital, Bel Air, MD

Elizabeth Atkinson, *Attorney*, LeClairRyan, PC, Norfolk, VA

Adam Crandell, *Attorney*, Law Office of Adam N. Crandell, LLC, Baltimore, MD

Robin McKinney, *Director and Co-founder*, Maryland CASH Campaign, Baltimore, MD

Donald B. Tobin, *Dean and Professor of Law*, University of Maryland, Maryland

Beverly Winstead, *Director*, University of Maryland Carey School of Law LITC, Winstead Law Group, LLC, Laurel, MD

WASHINGTON, DC

May 17, 2016

Nina E. Olson, *National Taxpayer Advocate*, Taxpayer Advocate Service, Washington, DC

Larry B. Gibbs, *Member Miller & Chevalier*, Washington, DC, Former Commissioner, Internal Revenue Service

Caroline Bruckner, *Executive-in-Residence*, Accounting & Taxation Managing Director, Kogod Tax Policy Center Kogod School of Business, American University, Washington, DC

Marylouise Serrato, *Executive Director*, American Citizens Abroad, Rockville,

MD Johnette Hartnett, *Ed.D, Senior Director*, Strategy & Research, National Disability Institute, Washington, DC

Eric L. Green, *Attorney at law* Green & Sklarz, LLC, New Haven, CT

Troy K. Lewis, *Chair*, Tax Executive Committee, AICPA, Lewis & Associates, CPAs, LLC, Draper, UT

Robert Kerr, *Senior Director*, Government Relations National Association of Enrolled Agents, Washington, DC

John Ams, *Executive Vice President*, National Society of Accountants, Alexandria, VA

Rick Parrish, *Senior Analyst serving Customer Experience Professionals*, Forrester Research, Inc., Cambridge, MA

Tina Orem, *Staff Writer*, NerdWallet, San Francisco, CA

John Sapp, CPA, *Chair*, CERCA, *VP of Strategic Development* Drake Software Drake Software, Franklin, NC