



Public Comments on IRS Future State

The National Taxpayer Advocate established the public forums comments mailbox in February 2016 to allow taxpayers to share their thoughts about the [IRS "Future State" plan](#). In her [2015 Annual Report to Congress](#), the National Taxpayer Advocate recommended the IRS solicit comments from taxpayers and tax professionals, including their thoughts on the extent to which taxpayers will continue to need telephone and in-person assistance, so the "Future State" plan will better reflect taxpayers' needs and preferences as they seek to comply with the tax code. The public forums are a part of that recommendation - a series of events around the country to seek comments and suggestions regarding what taxpayers want and need from the IRS to help them comply with their tax obligations.

This selection of comments is not meant to be statistically representative of the larger group of comments we've received. The suggestions below represent a range of comments that illustrate the diversity of thought and the seriousness with which taxpayers responded. We thank everyone who has left comments, and encourage others to join this dialogue.

Recd 3/3/2016: I would like to know why the IRS (Internal Revenue Service) no longer offers written interpretations with respect to tax compliance. I called the IRS hotline and asked a specialist about a particular tax situation dealing with debt forgiveness. She answered my question however she would not provide me a written interpretation since there is no publication, form or tax bulletin that specifically addressed my concern. Taxpayers used to be able to receive written interpretations regarding tax law and regulation which is important should the IRS challenge a tax return in an administrative hearing. Title 26 of United States Code, Subtitle F, Chapter 65, Subchapter A, Section 6404(f) ("Abatement of any penalty or addition to tax attributable to erroneous written advice by the Internal Revenue Service") explains the abatement a taxpayer is allowed should a written response by an IRS employee be in error that resulted in a tax penalty.

Clearly the Congress of the United States provided a means for taxpayer relief due to erroneous written advice given by an IRS employee. Recently it now appears the agency has removed the mechanism for a taxpayer to ask and receive a written interpretation which is admissible evidence in any administrative tax law hearing. Please consider reinstating the means for taxpayer to receive a written response to a tax situation when the correct answer is not clearly stipulated in tax law, regulation, publication, tax bulletin or advisory notice.

Recd 3/3/2016: Suggestion for minimal print size on annual tax forms
Payroll providers and other providers of Forms W-2 and Forms 1095-A, B and C are providing these forms with print so small as to require a magnifying glass. Some fields in the W-2 prepared by ADP are unreadable. The same for 1095-C provided by another payroll company. I suggest that the IRS set a mandatory minimum 8 point font size for information completed on ALL fields on these forms.

Recd 3/4/2016: Forum: Can VITA Coalition Partners send in questions/suggestions even if they aren't able to attend so at least those folks who aren't located in a Forum city can address their concerns?

Recd 3/29/2016: Will there be NTAS Public Forums scheduled for the west coast? It would be helpful if some of these were in the summer when tax professionals might have a better chance to attend.

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Recd 4/1/2016: As a 10-year volunteer tax counselor for AARP Taxaide and a 3-year past member of TAP the IRS Taxpayer Advocacy Council, I have the following suggestions for the Future State of the IRS:

- The most time-consuming part of paying taxes is collecting the tax forms. About 20% of Taxpayers (TPs) we serve have to make a repeat appointment because they were missing a form. It is particularly difficult now with the 1095 ACA forms. People don't even know they need to bring them.
 - The Future IRS should make collecting the data much easier for TPs. They should be able to log in to the IRS and see all the forms there, and then they just have to review them and electronically send them to their tax preparer, a trusted friend or family member, or into some tax software.
 - TPs should be able to do this from a phone because an ever-increasing percent of TPs do most of their internet access on their phones. They don't need to see the whole IRS form; they just need to see the summary values before approving the return for e-filing. Most returns are very simple, but the use of forms makes the whole process unreadable for 99% of taxpayers.
- With the mental decline of the aging baby boomer generation, the IRS needs to make it easier for them to get family members to help with their taxes. The Future IRS should consider how to make it easier for tax preparation to be a collaborative task, where both TP and preparer/friend/family can collaborate on or even just review taxes from remote locations.
- The IRS should start a program to make tax education a part of the high school curriculum. Each student should be required to learn how to file a tax return when they are in high school.
- To make it easier for kids to file taxes, maybe there should no longer be that distinction of whether or not you are a dependent when filing your return. That makes it so much harder for people, as well it is disadvantageous to the child when filing. We need to figure out how to engage young people in filing taxes early by simplifying the process for all ages.

Recd 4/1/2016: To whom it may concern: Received the IRS newsletter in which they were announcing about the Public Forums being held. After checking the scheduled public forums list, I don't see any for or around Florida. Is there a tentative forum for or around Florida? Your feedback is greatly appreciated.

Recd 4/4/2016: I can't attend a public forum but I have a comment. The IRS audits fuel tax claims out of Covington, KY. We have to supply volumes of support for a \$2,200 credit. It's almost not worth it for the \$2,200. But my bigger point is, think of the IRS man-hours going into this audit. Is there not a better use of limited resources?? The IRS wastes all kinds of timing auditing taxpayers it should not audit. It's nuts! Seriously.. \$2,200.... Why would the IRS waste its limited resources?? It would be great to not have these during our busy time... post 4/15 would be so much better!

Recd 4/1/2016: Received the IRS newsletter in which they are informing that Ms. Nina E. Olson, National Taxpayer Advocate in conjunction with Sen. Bob Casey, Ranking Member of the Senate Finance Subcommittee on Taxation and IRS Oversight, will hold a public forum to discuss what taxpayers want and need from the IRS to comply with their tax obligations. Given I live in Miami, FL and unable to attend such event, I am letting my voice as a taxpayer heard by this mean. One of the taxpayer plagues of the recent years are the 1099C forms, due to debt cancellation. Many taxpayers, who due to the 2008 economic

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recession were unable to pay their debts, are confronted years later with these forms. There are 2 problems arising from these forms. One is that unscrupulous creditors, including collection agencies, are issuing these forms without even verifying the legitimacy of the alleged debt, without notifying the debtor of the existence of the alleged debt and/or without entering in an agreement with the debtor. The second problem arising is that there is a lack of information for taxpayers as how to deal with these forms, Therefore, taxpayers are struggling and dealing with this situation alone. Yes, it is true that the IRS has Pub 4681, which explains to some extent the federal tax treatment of canceled debts, but has very little information as how a taxpayer can deal with them. Taxpayers are really struggling how to fight the illegal or incorrect 1099c forms, because there is a lack of information and no penalties for these unscrupulous creditors. Taxpayers are struggling in finding the best way to deal with these forms also due to lack of support. There are taxpayers such as me that had to fight alone with unscrupulous creditors that issue illegal 1099c forms. There are taxpayers down in South Florida and all around the nation that are having difficulty getting guidance and assistance as to the best way to deal with these canceled debts. Many taxpayers are being turned away from the VITA centers (low income assistance centers) because many of them don't have trained tax preparers dealing with these forms. Taxpayers are being advised to seek assistance from a certified CPA without realizing the vast majority of taxpayers with these forms don't have the means to pay a CPA. As a Florida taxpayer, I would like the IRS expand the information on the publications and making them for the regular taxpayer easier to understand. There should be penalties for corrupt or dishonest creditors including ruthless collection agencies that buy invalidated debts for pennies on the dollar and later they discharge enormous debts amounts, not only skimming the IRS but also the same troubled taxpayer.

Recd 4/22/2016: I love the IRS. They are so helpful with answering my questions. I once even emailed the taxpayer advocate a few years ago and she said she could not sleep and went into the office and read my email and she called. She answered all my questions, and gave me the link to print out the law and between her and Niva at Fred Upton's office settle the problem that I had. I would like to suggest a change in the IRS law having to do with a basis in IRA's. This year when I tried to do my taxes the Turbo Tax program wanted me to upgrade to the Premier program to finish my taxes. To have to pay \$35 more for one form is ridiculous. I don't know why we could not just transfer this money to a Roth and just pay the FULL taxes on our RMD each year. It would save us seniors money; it would allow the treasury to get more taxes from the full RMD. Thank you for reading this suggestion and think about it for a way to raise a small out of money for the treasury while saving us seniors money while doing our taxes by not having to UPGRADE to an expensive program.

Recd 4/27/2016: I have been preparing returns part-time since 1980 and full time since 1997. One thing that I think the IRS has done incorrectly is to solicit a "contest" for people to write software for IRS – this will only give people more insight into the workings of the IRS computer systems which will lead to more fraud. The idea that the general public should have access to their information on line is ludicrous and guarantees that our information both personal and business is public and no longer private.

The IRS's future plans should encompass better customer service for both the individual and the preparer community. I cannot be productive in my office when I am on hold for over an hour. If you don't want me to talk to anyone to help resolve my client's issues, then you have to allow enrolled agents and other credentialed preparers access to secure email conversations to resolve issues.

The reconciliation of Premium Credits and Penalties for Health Care needs to be removed from the tax return. I am not being paid by IRS, the Insurance Companies or Healthcare.gov to guide my clients through

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this maze, nor should I be responsible for insuring that they are complying with health insurance laws. This has nothing to do with the tax return.

Recd 5/16/2016: Hello IRS - May I suggest expansion of the 'Tax Payer Bill of Rights.'

Of course this gets into the Legislation not just the Administration. I would imagine the IRS may suggest to the lawmakers:

- Right to Simple Easily Understood Tax Requirements.
- Right to Reasonable Compliance Costs
- Right to Government Minimization of Compliance Costs of Individuals.
- Right to a Fair and Just Tax System [Not just the administration but the system itself. The explanation of the Tax Payer Bill of Rights on this item is misleading as it only refers to Administration where one may easily be misled that it is about the tax system.]

I am a tax payer resident overseas. I see the US tax system and obligation on US persons living overseas as failing the above areas. The US should shift to a Residence Based Tax System. Taxation of US persons on their earnings overseas, pretending that they are resident in the US for tax and "foreign" account and asset tax penalties, while providing no services in exchange: is neither fair nor just.

Recd 8/5/2016: Why does Congress keep cutting the IRS Budget? I feel it is counterproductive.

The following letter was sent directly to the National Taxpayer Advocate.

"GET A TRANSCRIPT" ONLINE FACILITY—ADVERSE EFFECTS ON THE ELDERLY, THE POOR, AND THE OVERSEAS TAXPAYER

Dear Mrs. Olson: Earlier today I participated in a IRS webinar: "Get Transcript Secure Access". As the various features and improved security requirements were discussed, various issues came to mind, which I would like to share with you (Note: I attempted to bring some via the online question feature, but they were not taken by the presenter).

- Validation code sent to cell phone by text message: Only US phones with a verifiable name or address match to the taxpayer are acceptable. This means that taxpayers with a prepaid phone, or a phone without text capabilities, or a "virtual" phone (Skype, Google voice, etc.) cannot be validated. The same goes for non- US phones. This deprives many 1) elderly; 2) indigent and 3) overseas taxpayers of this service.
- Financial data verification: One of the alternative requirements is a valid credit card. Debit cards specifically do not satisfy the requirement. While the presenter did not discuss foreign (non US bank issued) credit cards, I am equally concerned these would be useless to provide financial verification. The same goes for other alternative items: account numbers of mortgages or other accounts. Doubtful that foreign financial data would provide verification.
- Verification of address of most recently filed return—I know from personal experience the system has rejected a foreign address, even if entered exactly as was provided on the return.

While I applaud the Service on its efforts to improve IT security in its platforms, I am afraid that many

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meaningful categories of taxpayers are being excluded and affected by well meaning efforts. The presenter pointed out that an alternative is a paper request—a process that is very time consuming, even without taking into account mail delivery to a foreign country, for instance, which makes the paper route a virtually practical impossibility. I trust this feedback will be useful to your office in highlighting perspectives other Service officials may do not yet have. They try to craft a solution that leaves many, with no voice, in the lurch.

Recd 8/18/2016: It would help if they IRS offices could do more to help clients, and actually be available for tax professionals to help our clients. The Bend, Oregon office has cut back on so many of their hours, and what they actually provide, it's not even worth going there to even try to get things figured out.

Also, get more people on the phone lines; the wait times are horrible, even for the Practitioners hotline.

In Oregon we have the strictest licensing laws, and for the IRS to tie our hands to what we can actually do for clients such as the POA is very frustrating to say the least. For an example we can't get a POA and have it accepted before we prepare the returns. So there is no way to have a conversation about a particular client unless we become an EA. Some of us as Tax Professionals don't all prepare corporate, estate, partnership etc. returns (I do). But to not be able to talk to someone at the IRS about a client that does want to become compliant, and we need additional information from the IRS before we complete the return, makes it difficult to help them come into compliance.

Recd 8/21/2016: As an American overseas I cannot get an IRS transcript of my tax return on-line because the on-line service requires: A US mailing address, a US credit card number or account number from an auto loan, mortgage, home equity loan or home equity line of credit, and a US a mobile phone with your name on the account. As an American overseas, I obviously do not have any of that. So kindly explain to me, as an American overseas, why I have a US tax filing obligation and ZERO useful service from the IRS ... and not only from the IRS? Is this not discriminatory?

Ms. Olson,

Please review the following articles. The ONLY moral, ethical, just decision is for the US to join the remainder of the world and tax based on residency. What are the arguments to do otherwise?

- Stopping Mistreatment of Americans Abroad Should Be Part of Tax Reform
<http://www.forbes.com/sites/realspin/2016/08/18/stopping-mistreatment-of-americans-abroad-should-be-part-of-tax-reform/#70e3e43a555e>
- U.S. voters abroad unite over a painful tax <http://www.reuters.com/video/2016/08/19/us-voters-abroad-unite-over-a-painful-tax?videoId=369613712>
- American Expats' Tax Nightmare, Wall Street Journal Op-Ed <https://thunfinancial.com/american-expats-tax-nightmare/?sthash.pnPc98WH.mjjo>

Recd 8/20/2016: When a taxpayer submits a fraud alert because their tax returns were erroneously filed by a hacker and taxpayer provides identification docs in order to proceed investigations & filing in a timely manner, do you really think 180 days to "investigate" is reasonable? My tax refund went from a 21 day turnaround (over the past 5 years) to a 6 month turnaround at NO FAULT OF MY OWN. It's not fair to place the burden on the tax payer when the technological vulnerabilities of the IRS and vendors used to



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electronically file are exposed. I was told after 6 months there is potential for it to take longer if there are concerns with my transcript. Unacceptable. 180 days is excessive.

Recd 8/21/2016: Some of my clients are accidental Americans, i.e. they moved to Italy as children, they do not speak English, never had a US passport, or social security number. Their income is in line with the Italian population, i.e. approximately \$1,300 net/month. Does the US government think that it is NORMAL to expect full COMPLIANCE from such people, and at their expense? Please note, they do not speak English? Does the US government also consider it RATIONAL to demand almost two months net salary (\$2350), from these people to renounce the citizenship that these people never knew they had?

Recd 8/21/2016: As an American overseas I cannot get an IRS transcript of my tax return on-line because the on-line service requires: A us mailing address, a US credit card number or account number from an auto loan, mortgage, home equity loan or home equity line of credit, and a US a mobile phone with your name on the account. As an American overseas, I obviously do not have any of that. So kindly explain to me, as an American overseas, why I have a US tax filing obligation and ZERO useful service from the IRS ... and not only from the IRS? Is this not discriminatory?

<http://www.taxpayeradvocate.irs.gov/>