

Statement of Jim Oliver
On Behalf of The
San Antonio Chapter of The
Texas Society of Certified Public Accountants
Before The
National Taxpayer Advocate
Public Hearing on IRS Future State
August 30, 2016

Good morning, my name is Jim Oliver. I'm a CPA and have been providing tax services here in San Antonio for 35 years, serving individuals, fiduciaries and businesses, from low-income widows to some of San Antonio's most successful families. I am a past president of the San Antonio Society of CPAs and current chairman-elect of the Texas Society of CPAs, and a former chairman of our Taxpayer Education and Relations with IRS committees. I believe my comments today will reflect the concerns of our tax practitioner members, but I should clarify they have not received the official approval of our Executive Board.

Thank you very much for the opportunity to comment on what I believe should be the most important goals of the Future State Plan.

Inadequate Staffing

Let me begin by talking about the lack of IRS staffing in San Antonio, a problem that I understand from other members of the Texas Society is prevalent throughout the state. San Antonio is the seventh largest U.S. city. The lack of staffing here impacts many taxpayers, particularly older or lower-income individuals, who want to comply with our tax laws, but may not have Internet access or online skills and therefore must rely on telephone or face-to-face meetings. The lack of staff often means waiting on the phone or in line when they visit an IRS Taxpayer Assistance Center for long periods. Frequently, these are working individuals who simply do not have the time for these long waits.

Unfortunately, many important taxpayer service functions previously performed by local offices have already been pared back.

In San Antonio, there is no “walk in” availability to meet with an IRS representative. Taxpayers must make an appointment. While that presents a mere scheduling problem for practitioners, it can be a major problem for individuals with full-time jobs who prepare their own returns. I recently called to book an appointment in the San Antonio Taxpayer Assistance Center. The representative took five minutes to respond that no time slot was available for the next two weeks. She then asked if I wanted her to look beyond that timeframe or at other locations’ availability. She could not quickly give me a clear answer as to when the next availability would be, which was not only inefficient, but frustrating. I can imagine for a taxpayer facing a potential collection action on a delinquent account that it would be frightening that no one is available to assist them.

As difficult as it is to gain access, at least we have an IRS office in San Antonio. IRS offices in many Texas communities (like Beaumont, Wichita Falls and Longview) no longer exist. Texas is a large state with long distances between the few cities where the IRS has maintained a presence. For individuals in the many communities that do not have IRS offices, getting an appointment is the least of their problems. A face-to-face meeting is prohibitively expensive and time consuming because of required travel.

In effect, these restrictions attributable to lack of staff have made face-to-face meetings an unfortunate rarity whether it is for purposes of, for example, obtaining an ITIN, resolving an exam or participating in the appeals process. Why is this important? It is a matter of efficiency for the taxpayer, the practitioner and the IRS. Tax issues that arise in an exam or are going through the appellate process are typically complex matters that are not resolved with a simple exchange of letters. In our experience, issues that could have been settled in a single meeting of an hour or less have expanded into an exchange of multiple letters over a period of months, with the IRS frequently sending letters requesting more time to respond while simultaneously issuing threatening letters to the taxpayer demanding immediate payment. With each exchange of letters, the practitioner and IRS staff must take time to re-familiarize themselves with the facts of the case, which wastes time and effort when a simple conversation might have effectively resolved the issue.

While this is a major problem for our practice, it is an even greater difficulty for individuals who prepare their own returns. Often the language in the letters requesting information is so technical that the average person cannot understand how they need to respond. In a face-to-face meeting, such a

problem is easily resolved by the taxpayer merely saying, “I don’t understand. What is it that you need?”

Another problem resulting from inadequate staffing occurs in correspondence audits, which are particularly frustrating for taxpayers dealing with IRS personnel who often take a long time to respond. In our experience, the IRS correspondence personnel are not as focused on the issues as they would be if the communications were live.

What is the solution to this problem? Obviously, the IRS needs more staff in Texas and, I suspect, the rest of the country. Increasing the staff may require some additional funding, but I strongly believe an increase in efficiency will offset some, if not all, the additional staffing cost. Processing multiple letters to resolve a single issue is not only time consuming for practitioners and taxpayers, but also consumes significant IRS staff resources and availability, further bogging down the system.

I do understand states like Texas where communities are spread far apart pose a problem for the IRS because they might not be able to efficiently staff all of those communities. To resolve this problem, the IRS should consider providing reasonably located local centers with high-quality teleconferencing capabilities. Alternatively, the IRS may want to consider commercially available web-based services that already provide this technology. Teleconference capability would make face-to-face meetings available for geographically isolated taxpayers without the inconvenience of long-distance travel for the taxpayer or practitioner, saving substantial time and costs. However, we continue to believe that face-to-face meetings are superior and the ongoing IRS staffing reductions even in major cities harms effective tax administration. Another alternative previously available would be for the IRS to consider having personnel “ride the circuit” to serve taxpayers in areas distant from the major cities.

Improvement of the Website

Another idea that would help with the IRS staffing issue is to make the IRS website user-friendly. Most taxpayers want to do the right thing, but the tax law is very complicated. Taxpayers often need help preparing their returns and cannot afford professional assistance. They can call the IRS with their questions, but the phone lines usually have long delays and even when the call is answered, the response is only as good as the IRS staff on the other end of the line. This is particularly stressful for a taxpayer trying to resolve a delinquent account.

We are aware the IRS is developing a Future State Plan. We are concerned that an over-emphasis on technology with dramatic staffing reductions to deal with taxpayers directly will exacerbate currently

existing problems. Current IRS technology is inadequate and more of the same is not a good plan. The planning has, to date, been secretive without adequate public exposure and comment. One goal of the plan should be to make the website much more user-friendly. Currently, it is difficult to research an answer to any question on the website because search bar responses are frequently non-targeted or non-responsive to the inputted query. This issue has been successfully addressed by many commercial websites that provide a question space on the home page where the customer can either type in the name of any product and receive an immediate targeted response or access an online assister through a chat window. The IRS has much to learn from the private sector.

We suggest the Future State Plan include a process to gather feedback from those staffing the phone calls about what questions they receive most often and then post those questions and answers on the website after a technical review as some of the existing FAQs now do. That will give the IRS a way to provide technically accurate, but simplified answers to the questions most often asked and, at the same time, save significant staff time answering calls.

Electronic Communication

Some of the paperwork and processing delays could be reduced by use of currently available technology. For online accounts, the IRS should provide Circular 230 practitioners a way to send and receive information electronically on behalf of their clients. Powers of attorney should be fileable electronically. Electronic communications with authorized practitioners would significantly reduce the time and effort required to resolve questions raised by the IRS. The IRS should permit electronic signatures. Currently, electronic signatures are widely accepted in other financial matters and are arguably more secure than a handwritten signature given that electronic signatures are generally password protected. U.S. taxpayers are spread throughout the globe and many may not have immediate access to scanners and fax machines, making the electronic signature their only efficient form of providing authorization to someone in the United States or signing their e-file authorizations for their domestic CPAs.

To summarize, the failure to provide timely, efficient and reliable support to taxpayers and tax professionals can inadvertently result in non-compliance with our self-assessing tax system. The vast majority of taxpayers want to be compliant. The primary focus of the IRS Future State Plan should be to assure taxpayers prompt and accurate answers to their questions and resolution of their issues, but

not by eliminating human contact. Service is an important word and the IRS, in many instances, has lost sight of that concept.

We commend the National Taxpayer Advocate and Congressman Doggett for holding these hearings that allow us to be more involved in shaping the IRS of the future.

Thank you again for the opportunity to speak on these issues. I would be delighted to answer any questions you might have.