

National Taxpayer Advocate Public Forums

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Written statement by Sarah E. Adams, Deputy Director, CASH Oregon, sarah@cashoregon.org

Who we work with:

Thank you for the opportunity to participate in this forum to discuss taxpayer service and needs as impacted by the IRS' "Future State". My name is Sarah Adams and I am the deputy director of CASH Oregon, a nonprofit located in the metro area, which together in partnership with AARP, supports Earned Income Tax Credit outreach and critical free tax preparation services throughout the state of Oregon. Additionally, we directly serve over 5,700 taxpayers through our on-site hosted free tax preparation sites in the Portland metro area. Of these taxpayers: 40% speak a language other than English at home; 25% report struggling to pay utility bills; and 12% are disabled or share a household with a disabled individual.

Prior to CASH Oregon, I ran a Low Income Tax Clinic (LITC) at El Programa Hispano Catolico in Gresham, Oregon. This clinic offers free legal representation to Oregon and SW Washington taxpayers who have a controversy with the IRS and are below 250% of the federal poverty guidelines. This clinic serves families and individuals who on average are at or below 100% of the federal poverty guidelines, and 88% of whom speak Spanish as their first language.

Given this context, I am concerned at the ongoing IRS trends to reduce in-person and telephone assistance. Given the barriers discussed below, moving taxpayer accounts online benefits some and burdens many. Specifically, limited language abilities, limited financial means, and disabilities are all barriers to seeking and receiving effective service. These barriers will be exacerbated by an online account system, thereby effectively creating additional barriers to our already overburdened taxpayers.

Online account access is great for some, inaccessible for many.

I have no doubt that online access to taxpayer accounts and the opportunity to solve problems online will be a welcome resource to some individuals. However, such a system has limitations, most notably: 1) limited ability to verify one's identity; 2) increased security vulnerabilities; 3) limited populations with secure internet access; and 4) language barriers.

First, the ability to successfully navigate online identity verification is narrow and limited thereby creating an impassable barrier to individuals who do not fit the narrow confines of typical online identity verification formats. For example, consider the individuals who lack credit history – no history of a mortgage, no credit cards or other lending opportunities. Among the clients I have worked with directly, having zero history of credit lines, let alone mortgages is a common financial profile. In addition, taxpayers with an Individual Taxpayer Identification Number (ITIN) and no social security number (SSN) are unlikely to have the requisite credit history. Without loans, can such an individual successfully navigate an online identification verification system in order to access IRS service? What about individuals with prepaid telephone service, or shared family plans?

Second, the risks to taxpayers are great in allowing both regulated *and unregulated* preparers to have access to taxpayer accounts. From a practitioner's perspective, such online access would be convenient and efficient to get the information necessary on a client's account. However, without careful implementation and thoughtful restrictions, it could subject many to higher levels of abuse. The risk is two-fold, first to online breaches as we have already seen the IRS succumb to in recent history, and secondly, opening the door wider for taxpayers that may fall victim to predatory preparers, both licensed and unlicensed.

Third, many populations lack the requisite internet access and computer skills to successfully navigate an online system. While working at the Low Income Taxpayer Clinic with taxpayers who had a dispute with the IRS, the average family income was at or below 100% of the poverty guidelines. Our clients frequently lacked computer access to the internet in the home, and often when it did exist, it was on a smartphone and not on a traditional computer. At a minimum, the system should be mobile optimized. Furthermore, due to computer literacy issues, many parents had to rely on younger family members, often children, to navigate online accounts. Thus, limited internet access and limited computer literacy will make an online system inaccessible to large groups of taxpayers.

Fourth, language barriers will be a high bar to successfully accessing online assistance. As described above, limited English proficiency taxpayers make up a sizeable percentage of our clients and taxpayers at large. With limited English abilities, in person communication has the best chance of success, and even over the phone is preferable to text written on a screen. In addition, I would like to stress that some IRS notices are too complicated for even native English speakers. Much of the time, our clients simply cannot understand a notice and do not have any idea how to respond. IRS notices are often long, running multiple pages, with sometimes conflicting information, or lacking in requisite specificity to indicate to the taxpayer what is the problem. For example, ITIN application suspension notices typically state that the taxpayer's provided documentation is insufficient, without specifying what was missing. Due to these language barriers to online assistance, it is critical that the IRS maintain telephone and in person service.

Current service levels and impact on taxpayer compliance and financial stability.

As the IRS telephone and in person assistance decreases, more taxpayers will fall out of compliance and be placed into financially precarious positions. Already the US tax code is highly complex and taxpayers have limited resources for navigating the system to get properly filed tax returns. The IRS has decreased its assistance to handle tax questions during the filing season and VITA clinics do not have the resources necessary to serve the volume of taxpayers that rely on their assistance. This in turn pushes taxpayers to paid preparers, both licensed and unlicensed, costing taxpayers additional hard earned dollars. Furthermore, when taxpayers run into an issue with their tax return, and a refund is frozen, the lack of accessible, speedy resolution avenues pushes vulnerable taxpayers into financial instability.

Organizational Needs:

If the IRS continues to move away from in person and telephonic assistance, there will be a greater need for public assistance to fill the gaps in navigating the tax code and IRS systems and procedures. This

burden will begin to fall on the organizations that currently host Volunteer Income Tax Assistance programs (VITA), Tax Counseling for the Elderly programs (TCE), and LITCs. However, many of these programs are underfunded and will be overwhelmed with taxpayer needs. Particularly underfunded are the VITA sites serving limited English proficiency (LEP) taxpayers. The fact is that it costs more to serve LEP populations based on the language barrier alone, let alone the additional training of volunteers to be able to provide culturally appropriate service, or the travel costs to serve rural areas. Furthermore, while I love the potential of Free File, it is unrealistic to expect that such electronic do-it-yourself services will make up for the lack of personal service. These services are not as accessible to our most vulnerable populations be it a result of geographic allocation of resources, not having the requisite language skills, or lack of internet and computer access, or computer literacy. Removing taxpayer service from the IRS does not remove taxpayer needs, and the organizations that provide ancillary support to taxpayers will need more funding in order to meet the demand.

My Recommendations:

- Increase VITA Funding;
- Form direct partnerships with rural libraries and schools to increase viability of Free File services;
- With every IRS notice, include a basic notice in multiple common languages with a phone number to call to have a notice explained to the taxpayer in their preferred language;
- Staff the above-mentioned telephone service so that taxpayers actually receive service over the phone.