

NAEA

NATIONAL ASSOCIATION
OF ENROLLED AGENTS

POWERING AMERICA'S TAX EXPERTS

**Statement for the Record
National Association of Enrolled Agents
National Taxpayer Advocate
Public Forum on IRS Future State
May 17, 2016**

“Each and every taxpayer has a set of fundamental rights...when dealing with the IRS...[including] the right to retain an authorized representative of their choice to represent them in their dealings with IRS.”

[Taxpayer Bill of Rights](#)

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—that is Circular 230 practitioners—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. Any solution that omits practitioners fails to recognize many taxpayers benefit from representation because they (a) do not want to represent themselves, (b) recognize they are not proficient enough to represent themselves, or (c) are afraid to engage with IRS enforcement staff. Forcing a portal to face taxpayers only will place taxpayers with practitioners at a disadvantage, force practitioners to continue to be parked on phone lines, and significantly impede taxpayers' rights to be represented before the agency.

We urge the Internal Revenue Service to consider three important policies:

1. Develop robust individual and practitioner online accounts at the same time.
2. Allow Circular 230 practitioners to execute and file authorizations electronically and immediately represent those clients.
3. Allow the use of electronic signatures for all power of attorney and disclosure authorization forms.

Online Accounts for Taxpayers and Practitioners

In order to protect taxpayers' fundamental rights to representation and improve adoption for all groups, the IRS should commit to developing a practitioner online account in conjunction with individual taxpayer accounts. For ease of use, the agency should to the extent possible phase-in similar capabilities across both accounts

simultaneously. The states of [California](#) and [New York](#) are potential models for this approach.

In its 2014 report to Congress, IRS' Electronic Tax Administration Advisory Committee outlined capabilities for online accounts for individuals and practitioners, namely the ability to:

- Access transcripts online.
- View IRS notices received and to be contacted via email or other electronic communication for any account postings/alerts, such as issuing a new notice or posting of an estimated tax payment.
- Resolve IRS account issues efficiently.
- Upload responses to common IRS inquiries, such as the CP2000 under-reporter notice.
- View the status of a tax issue, which currently can be done only by phone.
- Address underpayment issues (e.g., access unpaid account balances and payoff amounts, pay taxes through an online portal, and address penalty issues directly).

Recognizing restraints put on the agency by budgets and development rollouts, we urge the Service to phase capabilities across practitioner and taxpayer accounts rather than standing up each separately. We are extremely concerned that IRS will launch an account for individual taxpayers and then fail to follow through in the future with a practitioner account, making it easy for taxpayers to pay balances the agency suggests are due while making it difficult (and expensive) for representatives—mired in a paper and phone process that takes weeks if not months—to pursue statutorily provided due process rights.

Practitioner Authentication and Authorization

As part of its development efforts for online IRS accounts, the IRS should include the ability for taxpayers and Circular 230 tax practitioners to execute and file authorizations electronically so that tax practitioners can immediately represent their clients and/or receive information on behalf of their clients.

Access to the practitioner online account should be limited for the foreseeable future to trusted individuals who are known to the IRS through registration for PTINs and regulated under all Circular 230 provisions. The agency, after careful study, might later consider the appropriateness of allowing individuals with limited practice rights to have equally limited access to practitioner accounts. Given the importance of protecting taxpayers, individuals electing to not be regulated by Circular 230 should have a particularly steep hurdle to clear before they are able to access limited taxpayer data.

Electronic Signatures

Finally, IRS should move expeditiously to allow electronic signatures for the full family of power of attorney and disclosure authorization forms (Forms 2848 and 8821). Doing so would speed up considerably the process of resolving taxpayer account problems, saving time and money for both the taxpayer and the Service. IRS has laid the groundwork for establishing a universal policy on electronic signatures with Form 4506T and its Income Verification Express Service (IVES). The requirements for this widely used form should be adopted across the board for all forms.

Electronic signatures provide a convenient option for individual taxpayers and small businesses to comply with our tax system's often complex requirements. Further, electronic signatures' identity verification requirements provide a level of security unavailable in ink signatures. In contrast to ink signatures, electronic signatures are password protected and require knowledge available only to a certified signer.

The IRS' future state is not a state in which one size fits all. Very few of the real challenges in tax administration are answered in such a fashion. Tax administration and taxpayers would benefit tremendously from a real conversation between the agency, which commendably is attempting to look over the horizon and provide reasonable and efficient taxpayer interaction, and practitioners, whose privilege and responsibility is to represent many of those taxpayers. We believe the agency must work with the Circular 230 practitioner community to break down many barriers slowing down the agency's move toward online account resolution. Attorneys, EAs and CPAs are known, trusted professionals on whom IRS may reasonably rely to move forward its vision to improve tax administration and taxpayer service online.