

National Taxpayer Advocate Public Forum

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### **Overview of the “Current State”**

I would like to thank the National Taxpayer Advocate, Nina Olson, as well as Senator Charles Grassley for hosting and inviting me to participate in today’s discussion concerning the needs of our taxpayer community. I worked for 27 years with the IRS, most recently as the Practitioner Liaison for the State of Iowa. Before my retirement in 2014, I assisted the tax professional community with IRS issues and problems they faced on a daily basis. Indirectly this assisted taxpayers at the ground level. In my current role with the Center for Agricultural Law & Taxation (or CALT), I’ve been able to continue my work as an educator and advocate for the tax professional community. Again, I’m indirectly assisting taxpayers.

I loved my job with IRS, but I also saw that every time there were budget cuts, customer service was the first victim. IRS taught me “customer service.” The training available in the mid 1980’s was excellent, equipping me with the educational foundation and communications skills I still use in my position today.

Over the years I have seen IRS customer service slowly dwindle away. IRS employee training consists mainly of self-study of current issues and laws. I saw outreach pretty much disappear before I left, which was a large factor in my decision to retire. Iowa State’s CALT has given me a way to continue serving taxpayers and tax professionals on the front lines.

America’s taxpayers just want someone to help them. Most don’t want to fully understand the complex system of tax laws and regulations. They just want to file a tax return, better understand a letter or notice they have received so they can appropriately respond, or get a question answered by a real live person. They would prefer not to wait on hold for two hours or stand in line at a walk-in to be ultimately told they cannot be helped since they do not have an appointment. There is still something to be said for personal contact and personal problem solving. It’s called *Customer Service*.

### **The Proposed “Future State”**

We still have many taxpayers who are not comfortable with computers. We also have taxpayers who, because of memory problems or other issues, are not equipped to authenticate their identities online to the satisfaction of IRS. Where will these individuals go for help in the new “future state”? This is happening now with taxpayers who are unable to travel to a walk-in clinic or are unable to afford a tax professional to assist them.

As taxpayers, we are also concerned with our Personally Identifiable Information (PII) stored in IRS databases and the vulnerability of that data to being stolen. How safe will these new systems be? We are also concerned that new online systems may perpetuate—not correct—unwieldy, ineffective processes. For example, the IRS has still not perfected the CP 2000 matching program, which has been around for years. When or if the taxpayer responds to a CP 2000 notice, it currently takes months to get the issue resolved. Many, I believe, just pay the amount of tax due, just to get it off the IRS radar and move on with life. They may not even owe the tax. Will new online systems resolve these problems or merely create new ones?

At CALT, we try to fill in the gap. But the gap is very wide. We help people solve problems. Many of our constituents, mainly tax professionals, can find no standard solution. We work with them to come up with a resolution that may work. We help them respond to IRS inquiries. No taxpayer information is disclosed. We deal with scenarios and fact patterns. We assist and train with research, teaching preparers where to find things. We offer CPE classes for tax professionals and provide general *Customer Service*. Sometimes it’s just the need of a phone number. I will be the first to admit that I do not know everything. As a matter of fact, I probably know less than I think I do. Nonetheless, when I think about the current IRS online and internet applications (the ones that are supposed to make things easier), I fail to see how they are taxpayer friendly or, for that matter, tax preparer friendly. E-Services is a good example.

## Needs of the Tax Professional Community

As IRS enters this new “future state,” the agency must recognize that tax preparers and tax professionals have some needs. First, taxpayers need to understand that our tax system is fair and just. However, it is difficult to attain this understanding without knowing more about how the system works. Part of understanding is education, more on that later. As taxpayers we want to be informed and have high-quality services that meet our needs. We only want to pay the amount of tax owed, no more and no less. If we disagree with an IRS position, we expect to be heard and have a decision that is based on an independent evaluation. We definitely want finality and privacy and confidentiality of our data. Finally, if we do not understand the laws, we need to be able to engage a person to represent us in an action before the IRS.

Can a taxpayer go online to fulfill these needs? Will PII be secure? Will a taxpayer be able to talk to someone if the online program is of no assistance? Will taxpayers understand the program well enough that they can use it to resolve their issues? And finally, will they walk away knowing the issue has been resolved and won't raise its ugly head six months later (happens more than you know)?

IRS computer systems are antiquated. E-Authentication must be improved to become viable and prevent identity theft. Taxpayers need confidence that it is secure.

Billions of dollars must be invested in equipment, construction, and manpower to create a secure, theft-proof system. But IRS is not even in compliance with current Federal Government Security Safeguards. It is difficult to see how new systems will be built and current issues will be resolved, given the limited resources available. Congress continues to reduce the budget and “squeeze” IRS as IRS watches the “brain drain” flow out the door.

There has to be a cultural change within IRS, where compliance is NOT KING. Examination and collection bring in the money that can be measured. Consequently, they get the funding. Yet crucial funding for more intangible taxpayer Customer Service is generally the first to be cut. Customer Service educates and empowers taxpayers and tax professionals to better understand the complex set of laws they must annually maneuver. It improves the quality of filings, increases accuracy, and reduces IRS work on the backend. Yet, it is more difficult to measure the impact of education or the value of understanding. It is difficult to measure the value of trust. Many people don't trust IRS to start with, and many others distrust online systems as well. Forcing taxpayers to resolve problems exclusively online will only exacerbate this distrust.

As for me and the practitioner community I serve, I would LOVE to have a way to fix problems online. But I would also LOVE to be able to provide a phone number where I know a taxpayer or tax professional can be helped. I would LOVE to see Customer Service return to IRS. I would LOVE to see IRS get the funding it needs to provide that. BUT, reality is difficult.

We first need to eliminate identity theft and enhance data security, update computer systems, retain experienced personnel, hire the next generation who will move IRS forward, provide training and educate the current staff, and transition IRS from a compliance-centered organization to a customer-centered organization that assures compliance.

Moving forward before fixing the current issues does not make sense.

Thank you.