

**IRS Future State Public Forum – Bronx, New York, March 18, 2016**  
**Statement of Erik Schryver, Qualified Tax Expert, Legal Services NYC Bronx**

Thank you for inviting me to participate in today's forum about the IRS's "Future State" plans, and to submit written comments.

The Bronx Low Income Taxpayer Clinic is situated in the poorest borough of New York City and includes the poorest Congressional district in the United States. Our program, like others in New York City, serves a diverse population of clients: "low income" is their only common characteristic besides living in our service area. While some of our clients would appear to be typical working-class people of the New York region, many others have particular vulnerabilities. These include seniors, disabled people, single parents, immigrants, the unemployed, and those with limited proficiency in English. A number rely heavily on the assistance of friends or family to go about their daily lives, including handling their personal finances. Others have suffered from domestic violence or identity theft. Very often, our clients' controversies with the IRS are at the top of a heap of financial problems which may include bad or no credit history, unemployment, eviction or foreclosure, defaulted student loans, heavy debts in general, bankruptcy, or homelessness. At our Clinic, we do our best to resolve all of these people's controversies with the IRS on favorable terms.

Many of our clients are referred directly from our local Taxpayer Assistance Center (TAC). (This is located in what may gently be called the middle of nowhere: about a 20-minute walk from the nearest subway stop, which is itself 35 minutes from here by subway and requires a change of trains in Manhattan. The office and shopping development where the TAC sits runs a courtesy shuttle to and from the subway, but that is not mentioned on the IRS's website.) Our clients have nevertheless reached out to the TAC because they need *in-person* help, answers to their questions, or simply to file returns or documents in person so that they may have peace of mind that the IRS has received them. Frequently, our clients have gone to the TAC after giving up trying to contact the IRS over the phone after experiencing long wait times on hold. The TAC's staff are knowledgeable and ready to help, but the IRS has recently made these services appointment-only. I worry that many people will be excessively delayed in meeting with a TAC staff person, or that they will be discouraged and not make an appointment. This, of course, can cause an easy tax problem to become difficult or cause a new problem if an important deadline is missed or overlooked.

A number of features of the "Future State" plan could provide benefits for taxpayers and our clinic. A great time-waster and source of frustration for us is tracking down copies of our client's notices and records that they may have misplaced or never received. The IRS's e-services system, which LITCs have access to thanks to the NTA's urging, does not allow tax representatives to view all relevant documents such as examination reports (where the IRS auditors detail what is wrong with a taxpayer's return and what documents they require to fix it). Other documents are merely summarized, where an uploaded copy of the original would be much more useful, or are hard to read even for a professional. Nor does e-services allow *any* access where the taxpayer has been

flagged as an identity theft victim, although I believe not all of these instances result from someone impersonating the taxpayer (for example, when a taxpayer reports that another person has wrongfully claimed his or her child as a dependent). We also experience a delay in gaining access to the e-services system. Clients have to sign a paper form 2848 (power of attorney), which I also sign and fax in to IRS's Centralized Authorization Files (CAF) Unit for processing, which takes at least a week. It would be a big step forward for the IRS to expand the information securely available online to taxpayers and to allow them to immediately appoint representatives who, like me, are already known to the IRS and subject to its authority under Circular 230.

I can see at least two major pitfalls for a plan such as "Future State." The first is unequal access to online services. While some clients of our Clinic come in to the office with a smartphone in their pocket and communicate with me by email, these are not the majority. As I noted above, many need assistance in various aspects of their lives and do not own a computer or tablet, or have no experience using one. Others have discount mobile phones with limited minutes or access to data. (I cannot comment on the IRS2GO app, having never tried it. I have noticed that irs.gov is not optimized for mobile use and have used it by phone only to check the status of my refund.)

The second is the very real risk of fraud or abuse. Our clients who have been affected by identity theft are usually upset and suspicious as a result of their experience. Many are aware of the widespread break-ins to the IRS's services that have been reported in the news, as well as other large-scale thefts of personal information from banks, retailers, and the government. Some are reluctant even to disclose their Social Security numbers to our Clinic, even when I explain that it is necessary for us to do our job. I have explained to some clients that the data breaches reported at the IRS are not the result of the IRS's system having been hacked, but rather thieves who **already** have victims' personal information sufficient to gain access to the IRS's system. Clients are usually not relieved to learn this.

The IRS's "Future State" proposal says little about security other than that "we need to expand and evolve our capabilities" to ensure that the IRS safeguards taxpayers' data and that it is communicating with the right person. Perhaps the IRS is studying more advanced methods than these, but our Clinic's clients frequently have considerable difficulty with 2-factor authentication (no email or cellphone to send a security code to, cellphone disconnected), irrelevant security questions ("what was your dream car when you were in high school?"), or identity verification questions based on information from credit reports (often confusing or inaccurate). Our clients also have had numerous bad experiences with dishonest tax preparers, who unfortunately remain active in the Bronx as well as across the country and whom the IRS has not been able to regulate adequately. Even though these preparers are more likely to inflate a refund by claiming inappropriate deductions and credits than they are to outright steal taxpayers' information or money, they are still not to be trusted with the wide-open access to online records that the "Future State" plan suggests. The IRS has, as far as I am aware, not proposed to limit access to professionals regulated under Circular 230, and must do so if online access is to be expanded.

The IRS, in its introductory statement proposing the “Future State,” notes that Americans have “grown accustomed to instant financial exchanges with lenders, brokers, and banks” and that the IRS needs to “catch up.” I can offer a personal anecdote with some relevance. I have my checking account with a major New York bank. A few years ago, I downloaded the bank’s smartphone app and began using its website for online banking. I had previously been skeptical, but found that instant, online access to my account information was very useful. One morning, I was at work and my phone gave me a notification from the app that “you have successfully changed your password.” Having done no such thing, I ran across the street to the nearby branch, waving my arms frantically to the customer service desk. Within minutes, a banker met with me and locked down my account. Over the next week, unknown individuals made numerous attempts to call the bank’s 800 number pretending to be me and asking to unlock my account, but I received prompt notice of these and was always able to follow up quickly and in person with staff at the branch. Despite serious inconvenience, I did not lose any money and was able to fix the problem by closing the account and later opening a new one with a security passcode I selected in person at the bank.

I believe that, for the foreseeable future, a significant community of taxpayers will require not only paper filing of returns (as the IRS has promised) but also prompt support by phone and accessible in-person assistance as well. At the same time, everyone should have the opportunity to easily and immediately lock down access to their personal records (and securely unlock them) either online or through direct personal contact with IRS’s staff.