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NATIONAL TAXPAYER ADVOCATE

PUBLIC FORUM

Hosted by Nina E. Olson, National Taxpayer
Advocate and The Honorable Peter Roskam, member of
Congress, Illinois 6th Congressional District

Glen Ellyn Civic Center
535 Duane Street
Clayton Room
Glen Ellyn, Illinois

March 9, 2016

5:30 - 7:30 p.m.

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1 A P P E A R A N C E S

2 NINA E. OLSON, National Taxpayer Advocate,
3 Taxpayer Advocate Service, Washington, DC

4

5 PETER ROSKAM, US Member of Congress, 6th District
6 of Illinois

7

8 MARK MIRSKY, Managing Director,
9 ROI Business Services, LLC, Bartlett, IL

10

11 ANDREW VanSINGEL, Director, Low Income Taxpayer
12 Clinic, Prairie State Legal Services, Inc.,
13 Rockford, IL

14

15 DAVID MARZAHL, President & CEO, Center for
16 Economic Progress, Chicago, IL

17

18 VIJAY RAGHAVAN, Assistant Attorney General,
19 Consumer Fraud Bureau, Office of the Illinois
20 Attorney General, Chicago, IL

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1 P R O C E E D I N G S

2 MS. OLSON: Good evening, my name is
3 Nina Olson and I am the National Taxpayer Advocate
4 of the IRS. I hope you all know that the Taxpayer
5 Advocate Service is the part of the IRS that was
6 created by Congress to help taxpayers solve their
7 problems with the IRS and to identify systemic
8 problems and talk to Congress about them as well
9 as the IRS about them and make recommendations to
10 change them.

11 As you know or may know, in my Annual
12 Report we reported this year to Congress, that the
13 IRS was developing a future state vision. My
14 concerns were that it hadn't adequately vetted
15 that with the public, namely, the taxpayers, the
16 people who are the source of our system, the heart
17 of our system, our tax system. So, I recommended
18 that the IRS go out and solicit public comments.
19 Then I thought, well, rather than wait for the IRS
20 to do it, I'm going to go out and solicit public
21 comments.

22 So, I'm pleased to be here this evening.

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1 This is our first road show of our public forums
2 on taxpayer needs in order to comply with the tax
3 laws. I am very pleased to say that when I raised
4 this with Chairman Roskam when I met with him
5 earlier in the year, he was the first one out the
6 gate to offer to host a public forum here in
7 Chicago, though he did say come in February. We've
8 managed to put it off to the beginning of March
9 and look what weather we've got. It's just
10 amazing.

11 So, I'm going to turn it over to
12 Congressman Pete Roskam who as you know chairs the
13 subcommittee, the Oversight Subcommittee of the
14 House Ways and Means Committee. The only other
15 thing I will say, he's done an admirable job of
16 conducting oversight over the IRS. I'm very
17 grateful for the support and the openness with
18 which you've, you know, listened to our
19 recommendations. But I am often the person on the
20 other side of the dais, namely, I'm the one
21 testifying, and in working on this panel, I
22 learned how hard it is to form questions and, you

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1 know, really try to frame a discussion. So, my
2 hat is really off to you and your wonderful staff.

3 So, let me turn this right over to you.
4 Pete Roskam.

5 MR. ROSKAM: Thank you. Well, thank you
6 everybody for coming. You know, I told Nina that
7 I grew up in Glen Ellyn, so I actually went to
8 high school socials in that room right over there.
9 So, I'm a little bit sheepish every time I come
10 back. But I really appreciate this level of
11 discussion.

12 What's interesting, so just to give you
13 a little bit of background, Nina Olson is the
14 Taxpayer Advocate. She's a part of the IRS but
15 she's not a part of the IRS, and I think it's
16 really important to distinguish that. She comes
17 in as a critic. She comes in as an advocate. She
18 comes in as somebody who's got a background who
19 says, no, this is making sense, this doesn't make
20 sense, and very much tries to place herself in the
21 mind of the public and in the experience of the
22 public and has been very generous with her time in

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1 trying to bring things to the attention of members
2 of Congress who are concerned about this. So,
3 thank you, Nina, for coming and for having the 6th
4 District be a part of this discussion.

5 So, it's no surprise that the level of
6 confidence that the IRS has in the general public
7 has really waned over the past couple of years.
8 Some of it is based on the targeting scandal, some
9 of it is based on just this general sense of, wow,
10 what in the world is going on there? Here is what
11 I think we need, we need an Internal Revenue
12 Service that people have confidence in.

13 I told Commissioner Koskinen one time,
14 you need to be like my fourth grade teacher, tough
15 but fair. Just do the work, collect the taxes,
16 and be done with it. There's all kinds of issues
17 now that are coming to fore. There's issues in
18 terms of identity theft. There's issues in terms
19 of larger vision. There's issues in terms of use
20 of information. There's issues as it relates to
21 the IRS having certain types of data that they've
22 collected, do they need this sort of information

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1 and so forth.

2 The Taxpayer Advocate is there to create
3 not just a level of discussion for the sake of
4 having a discussion, but having a dialogue and
5 actually seeking input. I've seen first-hand how
6 her recommendations to Congress which are read,
7 reviewed, we meet over them, we have hearings
8 about them, she testifies before the Ways and
9 Means Committee, all of this stuff matters.

10 So, I think we're in for a good dialogue
11 and a discussion tonight. Notwithstanding how
12 interesting things are, at 6:30 I have to leave
13 for another commitment, but with that I'll stop
14 and return it back to you, Nina. Thank you again
15 for the chance to be a part of this.

16 MS. OLSON: All right. So, I'm just
17 going to briefly introduce our panel, and we are
18 missing a panelist. So, he's on the road in
19 Chicago, stuck in traffic.

20 I think our first panelist is going to
21 be Mark Mirsky, and he is a CPA. He leads the
22 Taxation and Management Advisory Services teams at

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1 ROI Business Services, LLC. He focuses on
2 partnership, S corporation, multi-state taxation,
3 and counseling, and he counsels startups,
4 acquisition and disposition of businesses and
5 international taxation. He works with a whole
6 bunch of firms and he also teaches in the AICPA
7 National Tax Education Program.

8 Our next panelist will be Andrew
9 VanSingel. Andrew is the Director of the Low
10 Income Taxpayer Clinic. So, we're going from, you
11 know, complex entities to low income taxpayers. We
12 have a very diverse panel here. He is at Prairie
13 State Legal Services, and Prairie State actually
14 serves this district and assists low income
15 taxpayers pro bono, you know, free of charge for
16 those taxpayers.

17 He is also, so we get a twofer with
18 Andrew because he is also a member of the Taxpayer
19 Advocacy Panel which is a federal advisory
20 committee that's established by the Treasury
21 Secretary to advise the IRS Commissioner, myself,
22 and the Secretary of the Treasury on taxpayer

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1 service issues relating to individual and small
2 business taxpayers. This is a plug. We have some
3 brochures out there and we, every year, solicit
4 additional volunteers. Andrew is representing the
5 state of Illinois on the Taxpayer Advocacy Panel.

6 Then next we have Vijay Raghavan. Vijay
7 is an Assistant Attorney General in the Consumer
8 Fraud Bureau of the Illinois Attorney General's
9 Office where he litigates violation of federal and
10 state consumer protection laws. The Attorney
11 General's Office has been doing some activity with
12 regard to tax preparation firms that have been
13 defrauding their clients. Before that, he was a
14 public service fellow at Prairie State Legal
15 Services, so he graduated from Prairie State and
16 he went to the Attorney General's Office. He was
17 also a tax associate at Skadden Arps in Chicago.

18 So, with that, I'll turn it over to
19 Mark.

20 MR. MIRSKY: Hi, I just came from soccer
21 practice so I literally was running and ran and
22 drove fast enough to get here on time. So,

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1 anyway, so I apologize.

2 I'd like to thank Congressman Peter
3 Roskam for asking us all to be part of this panel.
4 I would also like to thank Nina Olson for her
5 willingness to listen to tax practitioners' and
6 taxpayers' concerns and help facilitate proactive
7 changes within the Internal Revenue Service for
8 the benefit of all taxpayers.

9 My name is Mark Mirsky and I'm the
10 Managing Director of ROI Business Services. It's
11 a small accounting firm in Bartlett, Illinois and
12 St. Louis. We work with small to midsize
13 businesses and many individuals. Our clients
14 range from manufacturing, distribution,
15 construction, real estate, retail to health care.

16 In addition, I currently teach for the
17 AICPA around the country teaching introductory and
18 advanced partnership, S corporation, individual
19 income tax, as well as other courses. I'm also
20 the assistant varsity boys and girls soccer coach
21 at Bartlett High School.

22 Within our practice, we have

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1 unfortunately had a client or two every year that
2 has been a victim of identity theft and/or has had
3 fraudulent income tax returns filed on their
4 behalf. Unfortunately, clients may not find out
5 until we attempt to e-file their returns and then
6 they are rejected. Then we receive a code
7 indicating that the return had already been filed
8 using their Social Security number. Once this
9 happens, we typically would obtain a power of
10 attorney from the client and contact the IRS to
11 confirm that indeed a return had been filed and
12 then let the IRS know that it was improper and
13 then we must file a hard copy return.
14 Unfortunately, the client potentially may have to
15 pay our firm for more hours we spend since in our
16 business time spent is typically how preparers
17 invoice clients. So, not only does the taxpayer
18 have to worry about what exposure there may be,
19 but also may have to pay additional fees to get
20 their issues resolved.

21 As a firm, we take many precautions and
22 follow strict guidelines for protecting clients'

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1 information. However, these things still happen.
2 While teaching for the AICPA, I have learned many
3 preparers who are actually CPAs are unfamiliar
4 with the rules of Revenue Procedure 2008-35 and
5 now Revenue Procedure 2013-14, (don't worry, I'm
6 not going to cite code), regarding disclosure of
7 taxpayer information. If CPAs who are attempting
8 to keep up their continuing education are not
9 aware of these rules, what about those who aren't
10 CPAs or EAs that are return preparers?

11 I can tell you that at our firm, we have
12 had many preparers provide us information without
13 properly obtaining consents. In addition, many
14 bankers and attorneys we work with let us know
15 that other preparers do not provide consent forms
16 for their clients. While that may frustrate our
17 clients, when we explain it as further protection,
18 they understand and appreciate that we do take
19 their security seriously.

20 Another common issue we see is that many
21 of our smaller clients form a limited liability
22 company or LLC under state law to protect

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1 themselves while still allowing them to file a
2 Schedule C. However, under current IRS guidance
3 for Form W-9, these taxpayers are required to fill
4 out a Form W-9 when requested and list their
5 individual name and their Social Security number
6 on the form versus using their legal business name
7 and their FEIN which is their federal employer
8 identification number. This sometimes defeats the
9 protection element that the taxpayer is looking
10 for. Given all the identity theft in the current
11 environment, it would be prudent for the IRS to
12 consider changing the rules to allow taxpayers to
13 utilize an FEIN and legal business name versus
14 their Social Security number and individual name.
15 Schedule C has a place to input the FEIN and legal
16 business name, so the IRS should be able to match
17 1099s to Schedule C and would allow taxpayers to
18 protect their Social Security number from
19 exposure.

20 For our larger and more sophisticated
21 clients that use a holding company for asset
22 protection purposes, a similar result may happen

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1 when the operating entity is 100 percent owned by
2 another entity. The lower tier is considered a
3 disregarded entity. The holding company who does
4 not have any contracts with a customer and may not
5 even be known to the customer may be the name
6 required to be input on the W-9. This truly makes
7 no sense from the standpoint that the taxpayer
8 wants a separation on liability. Now you are
9 combining the operations of one entity with the
10 FEIN of another entity.

11 I have heard commentary by some
12 attorneys who believe this may be an issue with
13 asset protection, and some recommend making the
14 lower tier a partnership versus a disregarded
15 entity solely to avoid the requirement of
16 disclosing the holding company. The IRS could
17 correct this simply by having an input line on
18 Forms 1065 which is for partnerships, 1120 for
19 corporations, and 1120-S for S corporations, where
20 taxpayers can input all 100 percent-owned
21 entities. Then the IRS could match the 1099s
22 issued to those returns. There has been so much

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1 focus on international disclosure that I think it
2 is time to focus internally and be proactive to
3 assist taxpayers domestically who are attempting
4 to protect their livelihoods.

5 We recognize that one goal the IRS has
6 is to make interactions with taxpayers seamless
7 and easier via electronic means. To assist with
8 the process, we suggest potentially staggering
9 filing dates so that information returns such as
10 W-2s and 1099s, et cetera, are filed maybe by
11 January 31st, not only with the recipient but also
12 with the IRS. In case you don't know, under
13 current rules the business is not required to
14 submit it to the IRS until February 28th. Many
15 brokers seemed to have been allowed extensions
16 with this deadline and then delay the filing of
17 Forms 1040 until February 1st and have a due date
18 May 15th versus April 15th. This potentially
19 could allow the IRS to automatically reject
20 returns using matching of informational forms to
21 the individual forms 1040 and potentially minimize
22 the ability of others to steal identities of

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1 taxpayers.

2 Finally, the IRS has an e-services
3 portal online for tax professionals. This service
4 is supposed to allow tax professionals to obtain a
5 transcript, wage and income statement, tax return
6 transcripts, and a verification of non-filing
7 letters. This is a great tool that has allowed tax
8 professionals who obtain a power of attorney to
9 verify what has been reported to the IRS and
10 follow the sequence of what the IRS has in its
11 records on filings for a taxpayer and eliminate
12 phone calls with the IRS. There is a tax
13 practitioner hotline, but at certain times of day
14 it may take 30 plus minutes to get through.
15 However, there is a period of time the system will
16 shutdown which cause tax practitioners and
17 taxpayers to rely on the hotline and the wait
18 times were a lot longer than 30 minutes.

19 From my experience, I can tell you that
20 I have contacted the IRS to attempt to reset my
21 password as the system wasn't recognizing me and
22 did not initially work. So, I contacted the IRS

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1 via phone, was on hold two different days for more
2 than 45 minutes. Only recently have I been able
3 to properly reset my password and I still have to
4 wait to receive a PIN via US mail to access my
5 account.

6 During my busiest time of year, it would
7 be beneficial to run the wage and income statement
8 for taxpayers who believe they have other income
9 and have not received their Form 1099 but want to
10 report other income properly to avoid future
11 notices and complications.

12 Tax practitioners clearly have a very
13 diverse background. Some are well versed in tax
14 law while others are not. Some are familiar with
15 IRS practice and procedures while others blatantly
16 ignore such procedures. Given what we are going
17 to be talking about in a few minutes regarding
18 taxpayer experience in the future, I believe tax
19 practitioners will actually play an increased role
20 with taxpayers. Solely by being an attorney, CPA,
21 or enrolled agent or EA, does not in and of itself
22 qualify someone to prepare tax returns on behalf

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1 of others. Granted they are difficult
2 designations to obtain, however, we believe that
3 higher standards or increased penalties should be
4 set for practitioners to ensure consistency with
5 filing of returns and adherence to IRS practice
6 and procedures.

7 We look forward to commenting on the IRS
8 individual and small business experience. Thank
9 you.

10 MS. OLSON: Thank you. Okay, Andrew?

11 MR. VanSINGEL: Good evening. First,
12 I'd like to thank Representative Roskam and Ms.
13 Olson for putting this town hall together and
14 giving me the opportunity to talk about the needs
15 of taxpayers.

16 Earlier today when my boss asked me if I
17 was nervous to speak at this event, I confidently
18 said no. Under normal circumstances, the thought
19 of speaking in the presence of such high-ranking
20 officials would be rather terrifying. But what my
21 boss didn't know is that I actually had to go to
22 the dentist this morning, and I'll have you know

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1 I'm deathly afraid of the dentist. So, if this
2 event has taught me anything, it's that if you're
3 terrified to do something, schedule something a
4 little bit more terrifying right before it and
5 then it won't feel so bad.

6 So, I'm here to talk about the work that
7 I do in my Clinic and the needs of the taxpayers
8 that I serve. Although I only have a few minutes
9 up here, I invite you to refer to my written
10 statement which goes into more detail about the
11 needs of taxpayers.

12 I work for Prairie State Legal Services
13 which is a legal aid provider that has 12 offices
14 and provides civil legal services to Illinois
15 residents residing in our 36 county service area.
16 I manage Prairie State's low income taxpayer
17 clinic which is a program partially funded by the
18 IRS through a grant.

19 The clinic exists to achieve three main
20 goals:

21 provide free representation in tax
22 controversies; conduct education and outreach in

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1 the community; and to promote systemic advocacy on
2 issues impacting taxpayers.

3 As I wrote in my written statement,
4 taxes do not discriminate, and there's really no
5 such thing as a typical client. From day one, I
6 had to set aside my own known notions of poverty.
7 My clients are old, my clients are young. They
8 are people who have always been poor, they have
9 been people that were once wealthy and have just
10 recently fallen on hard times. They are also
11 people that despite a good education and hard
12 work, they just seem to scrape by. Some clients
13 are very smart, some are not. Some clients are
14 tech savvy and can use a smart phone to take a
15 picture of a document that I need and e-mail it to
16 me on the fly, other clients can't figure out how
17 to clear their voicemail box so I can just leave
18 them a message.

19 Despite of all their differences, they
20 share a common bond. They are unable to navigate
21 tax problems without the help of a representative
22 such as myself. Upon receiving a letter from the

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1 IRS, they typically need to contact the Service
2 either over the phone or through written
3 correspondence. Over the past few years, it's
4 become increasingly difficult just to get a hold
5 of somebody just to figure out what the problem
6 is, let alone how to solve that problem. A client
7 of mine recently told me she only gets a 30-
8 minute lunch break and she's unable to get through
9 to the IRS. Other clients have told me about
10 these "courtesy disconnects," and whoever coined
11 that phrase really needs to look up the word
12 courtesy because I'm from the Midwest and if you
13 hang up on somebody after making them wait for a
14 long time, that's anything but courteous.

15 The IRS future state vision attempts to
16 solve these problems by providing opportunities to
17 depart from traditional means of communication in
18 lieu of this online interface. However, it makes
19 assumptions of who the average taxpayer is and the
20 issues that they will encounter. In reality, most
21 people do not have issues with the IRS. Their
22 experience with the Service is that they file

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1 their tax return every year, maybe on their own,
2 maybe through a preparer, shortly after money
3 appears in their bank account they never hear from
4 the IRS again. However, lower income individuals
5 do not share the same experience. When I tell
6 people what I do for a living, they ask what
7 problems could poor people have with taxes? I
8 tell them pull up a chair, this is going to take a
9 while.

10 Lower income individuals are
11 disproportionately audited. Public policy is
12 carried throughout the tax code. If you think
13 eligibility for the Earned Income Credit, the
14 Premium Tax Credit, or education credits are easy
15 to figure out, then I have a bridge to sell you.

16 Issues can also arise when divorced
17 parents are both claiming the same child. Even
18 the family law attorneys don't understand most
19 basic tax laws and they provide incorrect advice
20 to their clients. Don't even get me started on
21 identity theft.

22 Indeed, the future state vision makes

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1 many assumptions. It assumes that people trust
2 the government enough to engage with them online.
3 It assumes that those people have the capacity,
4 both from an access and connectivity standpoint
5 and also from a literacy and computer proficiency
6 standpoint. It also assumes that all problems can
7 be fixed through this medium without the need for
8 personal interaction. It assumes that we do not
9 have vulnerable populations such as the elderly,
10 the disabled, and those with language barriers.
11 Taxpayers falling into these groups will have
12 difficulty participating in the online interface.

13 If the IRS gets out of the business of
14 talking to taxpayers through these traditional
15 mediums, they will force some of our most
16 vulnerable populations to pay someone just to
17 comply with the tax laws. It is unknown if the
18 Service will even have the authority to regulate
19 these people that they're paying to help. Although
20 I could go on for much, much longer, Nina said to
21 keep it to five minutes. So, my time is up but
22 I'm eager to hear about your thoughts on this

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1 matter when we open it up to the public. Thank
2 you.

3 MS. OLSON: Thank you, Andrew. So, I
4 think our next speaker is going to be David
5 Marzahl who has made it through the traffic. David
6 is the President and CEO of the Center for
7 Economic Progress in Chicago, Illinois. The
8 Center for Economic Progress is the nation's
9 premier, one of the nation's premier providers of
10 tax and financial services for low income
11 families, reaching 25,000 customers each year and
12 giving them tools to make sound choices. So, I'm
13 just going to turn it over to David, they run an
14 extraordinary program, and go for it.

15 MR. MARZAHN: Thank you, Nina and
16 Representative Roskam. Pleasure to be here in
17 Glen Ellyn. I don't know if people are going to
18 be able to see the PowerPoint very clearly because
19 of the light, but I have written remarks. We had
20 a little technological issue at the office before
21 we left and encountered traffic where the version
22 I have may not be the same. But Nina did a very

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1 nice introduction. I also want to really
2 acknowledge Andrew because, as one of the funded
3 low income taxpayer clinics in Illinois, we have a
4 very similar experience to that of Andrew.

5 The big difference with Center for
6 Economic Progress, and we have several of our
7 long-time volunteer site managers here, is that
8 we're serving 25,000 households a year. We have a
9 legal clinic, we do front line taxpayer
10 assistance, and we run a financial capability
11 program. To be honest, the way I look at it is
12 that we are the first responders when it comes to
13 tax issues. As Andrew singled out, the world of
14 taxes is incredibly complex, and Representative
15 Roskam knows that very well from his role on Ways
16 and Means, and Nina Olson in her role as Taxpayer
17 Advocate has an even better handle on that. So,
18 if we could go to the next slide?

19 So, 24,000 families a year, 25 years of
20 experience, everything we do is done through
21 volunteers, certified volunteers. Just one
22 editorial comment, our volunteers are certified

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1 whereas paid tax prepares, unless they are CPAs or
2 otherwise professionally accredited, do not need
3 to be certified to the same level as our
4 volunteers, which is a great incongruity in our
5 system. Next slide please.

6 This gives you a sense of the volume of
7 taxpayer assistance calls the IRS has seen. I
8 think it's really important to note this because
9 what this points out is that with the exception of
10 several blips over the last, you know, due to
11 these one-time stimulus payments and a couple of
12 other policy changes, there has been a steady
13 upward trend, and in fact a 59 percent increase
14 between 2006 and 2015. Next slide please.

15 We are big believers in the Taxpayer
16 Bill of Rights, I know the Representative is, and
17 this I believe Nina has had a major, Ms. Olson has
18 had a major involvement in. The failure of IRS to
19 answer calls and to provide the customer service
20 that we think they deserve actually deprives
21 taxpayers access to quality service and I think
22 undermines the Taxpayer Bill of Rights.

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1 So, then if we could go to the next
2 slide? The earned income tax credit which Andrew
3 and someone just talked about really defines at
4 the core of tax policy why customer service is so
5 important in the IRS. Roughly 30 million
6 taxpayers claim this every year, and again you're
7 not going to be able to see all the details of the
8 slide but EITC targets low income households
9 generally earning in the range of \$10,000 to
10 \$50,000 a year, disproportionately facing
11 educational barriers, language barriers, may not
12 have the same access to technology that many of us
13 take for granted. Quite honestly, because of the
14 complexity of the EITC and the other credits that
15 were mentioned earlier, these are precisely the
16 type of people we serve at the Center for Economic
17 Progress and who end up needing a lot of
18 handholding and assistance. Next slide please.

19 This gives you a sense of the volume of
20 services we provide. Last year, roughly 19,000
21 tax returns, 240 representation cases in our
22 clinic. It gives you a sense of the taxpayer

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1 savings, the refunds obtained, \$30 million back in
2 the pockets of families served. Next slide.

3 This is where really we get into some of
4 our experience with the IRS, our experience with
5 today's IRS versus the future IRS that has been
6 highlighted by Commissioner Koskinen. This shows
7 you the volume of calls that our tax hotline has
8 been receiving, roughly increasing at a rate of 60
9 to 80 percent per year for the last three years.
10 While I cannot prove it, I would venture to say
11 that it's not just our effective marketing and
12 outreach that are driving people to call us, it's
13 the fact that they're getting courtesy
14 disconnects. When you look up Tax Help Chicago,
15 after you scroll through four or five ads from
16 companies trying to get you to pay for services,
17 you end up with Center for Economic Progress and
18 you get our phone number.

19 The next slide will show you what we're
20 experiencing in the online realm. We maintain a
21 very robust online presence through social media,
22 through the web. Again, enormous increase here,

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1 and while I would like to say that we're answering
2 people's questions online through our online
3 presence, we're not. We're strictly directing
4 them to services because we feel online channels
5 are not the way to answer the kind of questions
6 that the people we're serving are experiencing.
7 Next slide.

8 So, this is where we get into our
9 recommendations. I could editorialize a lot more
10 here, but I will say in carefully reviewing the
11 scenarios that the IRS has presented as part of
12 its potential future state, that it does not mesh
13 in any way with the reality that we experience at
14 the Center for Economic Progress, our 70 staff who
15 are at the front lines of providing taxpayer
16 assistance and services, and the thousand
17 volunteers who we deploy in the rolls from doing
18 tax representation cases down to tax preparation
19 assistance or just answering everyday questions.
20 We feel very strongly that, number one and first
21 and foremost above our own self interest as an
22 organization serving the low income filers, that

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1 sufficient funding is absolutely required and a
2 rethink of how the IRS sees customer service
3 before we lurch down the dangerous path of the
4 future state of IRS that has been laid out in this
5 very provisional plan by the Commissioner.

6 We also think that the non-profit sector
7 has an incredibly valuable role to play in
8 assisting those specially low income filers. We
9 are very fortunate to have funding under the
10 Volunteer Income Tax Assistance Program through
11 the IRS and also the Low Income Taxpayer Clinic
12 Program which we are able to double or triple or
13 even quadruple with other funds from other sources
14 in order to serve the number of filers we do each
15 year. But those funds are limited and we did
16 receive a, there was an increase in VITA funding,
17 Volunteer Income Tax Assistance funding under the
18 December bill that was passed, the Tax Extenders
19 legislation which I think will allow VITA to serve
20 more people. But again, three million filers are
21 seeking VITA assistance around the country and
22 roughly 50 to 60 million are eligible based on

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1 income guidelines, so it's a real drop in the
2 bucket. So, additional funding for VITA we think
3 would be an effective deployment of government
4 resources even as we believe the IRS customer
5 service needs to vastly improve.

6 There are a couple of other varied key
7 points we want to raise with respect to services
8 organizations like ours can provide. We believe
9 that there are unnecessary program grant
10 restrictions on Volunteer Income Tax Assistance
11 provided by organizations like Center for Economic
12 Progress. We prepare Schedule C as our
13 experienced staff will attest, we do a very good
14 job of it. One in ten filers we serve has self
15 employment income. The IRS traditionally does not
16 allow most VITA organizations to do Schedule C
17 returns. Furthermore, we think with the kind of
18 experience we have in doing this work and the
19 training we provide to our volunteers, we could be
20 doing Schedule D's and F's and also more work
21 preparing ITINs, individual taxpayer
22 identification numbers for immigrants or others

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1 who qualify.

2 A few other points. We believe that
3 grant funding is unnecessarily restrictive. We
4 have to play games with our budgets in order to
5 move the money around. Technically, under the
6 VITA grant program, funding is not allowed for
7 quality review of tax returns, and we have a very
8 rigorous commitment to quality review. We do not
9 want any of our returns to go through the system,
10 to get rejected or otherwise end up as a tax
11 clinic case that Andrew has to handle or that Paul
12 who runs our tax clinic takes care of. So, the
13 ability to do quality review, to serve as a
14 certified acceptance agent for ITINs, and year-
15 round services.

16 One thing I want to point is that
17 several years ago we changed our model. April
18 15th is the tax filing deadline but we're doing
19 tax services year round. We're actually serving
20 700 filers between May and November of each year,
21 and demand is far greater than that, people who
22 would have extensions or who otherwise have tax

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1 issues or have gotten notices that they can't
2 understand.

3 Finally, to head in the homestretch
4 here, and Paul our clinic director has suggested
5 this and I think this is a great idea, that
6 volunteers who are authorized under Circular 230
7 to practice before the IRS, the attorneys, CPAs
8 and enrolled agents should be allowed to annually
9 recertify only on new provisions of tax law rather
10 than have to go through the entire certification
11 and training process every year, an undue burden
12 on a group of professionals that already have been
13 given a certain license to practice before the
14 IRS.

15 Then we see the IRS very much as a
16 partner. We think taxpayer assistance centers even
17 as services have been diminished could serve as
18 locations for VITA and other free services. We
19 urge the IRS to think creatively about that.

20 Last but not least, and I think I
21 probably owe credit to Nina Olson on my left for
22 this, under the whole income taxpayer clinic

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1 program, there's something called the 90-10 250
2 rule. 90 percent of tax filers have to fall under
3 certain income guidelines, but 10 percent of
4 filers may not fit those guidelines but they still
5 require representation and assistance. Under the
6 VITA program, everyone has to fall under a very
7 strict income standard. So, for example,
8 technically, we could not serve a tax filer right
9 now coming to us who has no job, no source of
10 income, but who made \$60,000 last year. They
11 would have to go pay a paid preparer. We think
12 that's undue burden on us and really unfair on
13 taxpayers.

14 So, with that, I've probably exceeded my
15 time but I wanted to thank everyone here, and a
16 great opportunity to engage the audience in
17 commentary who have questions later on. Thank
18 you.

19 MS. OLSON: Thank you. All right,
20 Vijay.

21 MR. RAGHAVAN: Hello, I'm Vijay
22 Raghavan. I'm the Assistant Attorney General with

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1 the Illinois Attorney General's Office. I'd like
2 to thank Representative Roskam and Nina Olson for
3 inviting me to speak, and I'd like to preface this
4 short statement by saying the views that I express
5 are my own and don't necessarily reflect that of
6 the Office of the Illinois Attorney General.

7 So, who am I? I am an Assistant
8 Attorney General for the Illinois Attorney
9 General's Office. I'm primarily responsible for
10 investigating and litigating violations of the
11 Illinois Consumer Fraud and Deceptive Business
12 Practices Act. I also monitor compliance with a
13 recently passed Illinois law, the Illinois Tax
14 Refund Anticipation Loan Reform Act.

15 So, the Illinois RAL Act has been in
16 effect since January 1st, 2013. It sets some
17 disclosure requirements for preparers. It's
18 primarily targeted to brick and mortar stores, and
19 it sets caps on fees that preparers can charge
20 with respect to certain tax- related financial
21 products, fees or loans, or other financing that
22 are offered to typically low income taxpayers.

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1 So, pretty much I deal with the worst of
2 the worst and that's been my perspective. I'm not
3 sure if I'm really addressing the issues related
4 to this modernization which I'm not as familiar
5 with, but hopefully my perspective will be
6 somewhat enlightening.

7 So, some problems I see with IRS
8 modernization for low income taxpayers, at least
9 the ones that I deal with, they tend to have their
10 returns prepared at brick and mortar stores that
11 are out there in their neighborhood. These
12 preparers are largely unregulated. They tend not
13 to be CPAs or enrolled agents or attorneys. Many
14 of them tend not to have any qualifications at
15 all, often they're just high school dropouts that
16 took maybe some online training course if their
17 organization provided for it that some of the
18 bigger chains do. I know like H&R Block does some
19 sort of classes and certification, but many
20 smaller entities have really nothing in place and
21 it's not clear to me what sort of training many of
22 these people have.

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1 So, many of them, at least the ones I
2 see, maybe I shouldn't paint with a broad brush,
3 but the ones that I see take advantage of low
4 income taxpayers, price insensitivity and lack of
5 sophistication by charging an exorbitant fee for
6 really simple return items. These large fees can
7 create really bad incentives. So, a lot of these
8 preparers, they don't compete on price, they
9 compete on size of refund and other incentives.
10 So, when you compete on size of refund, it gives
11 the preparer a real incentive to inflate income
12 items because they're not going to bear any of the
13 cost of an audit.

14 So, some examples, People v. Mo' Money.
15 If you want to see, actually the perfect way to
16 crystallize my talk, just Google Mo Money and look
17 at one of their ads and you'll see why I'm
18 concerned about exploitation in the neighborhoods.
19 Mo' Money surprisingly was a large chain and it
20 had 250 stores which is really frightening. So,
21 in 2012, Mo' Money did this phantom bait and
22 switch loan program. Basically, what they did is

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1 in December of 2011, they were advertising on
2 television that you could get quick cash through
3 these loans that they were offering. They had no
4 financing for these loans, so what happened is
5 consumers would go into their stores, they would
6 apply for a loan and they would give their Social
7 Security number, and then Mo' Money would say
8 sorry, you've been rejected. Then Mo' Money would
9 just file their return without their authorization
10 and take 10 to 15 percent of their refund.

11 So, this next slide, this just shows Mo'
12 Money's really complicated fee distribution chain.
13 The main thing to takeaway from this is Mo' Money
14 and all their friends, many of these were just Mo'
15 Money's friends' companies, were just feeding off
16 of people's refunds with these fake fees. Some of
17 these entities are real.

18 So, we sued Mo' Money in March of 2012.
19 The Department of Justice filed a civil suit on
20 December 5th and they also filed some criminal
21 actions. We were able to recover a lot of this
22 money. But Mo' Money can be a good example of how

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1 a bad prep can exacerbate noncompliance.

2 So, one of the things that we found with
3 Mo' Money is basically Mo' Money was consistently
4 claiming education credits on every return of
5 \$1,000 refundable credits. The reason they were
6 doing this is they had really high prep fees,
7 sometimes as high as \$1,000 and they wanted to
8 make sure they got it. So, they would just
9 routinely claim these for people who, many of
10 these people obviously didn't go to college or
11 didn't have legitimate documentation to claim
12 these fees. So, many of them ended up being
13 audited. Mo' Money did bear cost here because
14 they were shut down and some of them ended up in
15 jail. But there's other preparers who engage in
16 these kinds of practices and we'll talk about one
17 of them now.

18 So, another one that we shut down at the
19 beginning of this year, actually operating under
20 some restrictions, is this company in Chicago
21 called Individual Income Tax Service. That's
22 actually their name, and they're a Chicago-based

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1 group of preparers. What they were doing is they
2 were charging fees that were prohibited under our
3 recent Illinois law, and the illegal fees
4 sometimes amounted to over \$330.

5 What we found is, separate from the
6 illegal fees, we found that preparers were
7 consistently charging consumers who couldn't pay
8 up front but who had to finance the cost of their
9 refund well over \$650 for really simple return
10 items, like a 1040A with a Schedule C. This is an
11 example, actually this is just sort of an example
12 of the kinds of fees they charged. I don't know if
13 you could really see it but the tax prep fee for
14 this return is \$606, and then in addition there is
15 an ancillary fee of \$35 and the description of the
16 fee is just that it's a \$35 fee.

17 So, finally, our criminal unit brought a
18 criminal action against these preparers in Joliet
19 this year who, we actually were looking at it
20 civilly but, they were engaged in some kind of
21 basic consumer fraud but they were also, in order
22 to pump up refunds and get higher fees,

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1 consistently inflating income items which cost the
2 state more than \$400,000.

3 So, in other words, my perspective is
4 definitely skewed because these are the people I
5 deal with. It may not necessarily be
6 representative but, you know, based on what I see,
7 I'm concerned that though modernization may have
8 many benefits, it could potentially put up great
9 hazards for low income taxpayers that have to go
10 to these brick and mortar stores and may have to
11 give their information to these unscrupulous
12 preparers. So, in the absence of any kind of
13 regulation of these preparers, I worry about
14 exploitation. Thanks.

15 MS. OLSON: Thank you. Chairman Roskam,
16 would you like to ask any questions?

17 MR. ROSKAM: I do. Andrew, could you
18 give me a little bit more of a sense, in sort of
19 the discussions we've had to date there has been
20 this presumption about, you know, and I've heard
21 it from the IRS, this ease in disposition if we
22 just get folks, you know, on this track as it

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1 relates to this technology will satisfy them, it
2 will all be great and so forth. You said a couple
3 of things, I just wanted to kind of highlight
4 them. You said it assumes trust of the
5 government, it assumes computer literacy, it
6 assumes that no personal interaction is necessary.

7 Can you just give me a little bit more
8 sense of sort of the scope and scale of that?
9 Because I think that that was interesting to me,
10 and I think it just conjured up some of the
11 notions that I've heard from the IRS in these
12 broader descriptions the presumption that this
13 will all be great, people are going to go to the
14 website, they're not going to call an 800 number
15 and poof, it will be wonderful then.

16 MR. VanSINGEL: Well, I think for a
17 large group of taxpayers, this is going to be a
18 great resource for them. I think for
19 practitioners, it's going to give them the same
20 access to do some of the same things. But we're
21 also looking at the people in the center. We're
22 not looking at the people at the margins that were

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1 going to not be able to get part of this,
2 integrated into this system. So, you know, there
3 is going to be a natural disengagement.

4 My parents still don't do online
5 banking. Online banking has been around for many,
6 many years. There is just a, they don't want to do
7 it or, you know, we hear every week security
8 breaches. The IRS just recently had a, I believe
9 a transcript breach which we thought was 100,000
10 but now it's more than 750,000. So, it just
11 really assumes a lot of things are going to kind
12 of come together.

13 Like I said, for a lot of people, it's
14 going to be great. But what do we do for those
15 people where it's not going to be so good? They're
16 going to be left to go to a place like Mo' Money
17 Taxes. Or even if it's a very upstanding person
18 in the community, they're going to have to pay
19 money to do something just to comply with the
20 laws.

21 We're creating, as Nina said in her
22 report to Congress, you're creating this class

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1 system where people with money are going to be
2 able, or with better resources are going to have a
3 different experience than the people that don't.
4 Is that really how we want to picture a fair and
5 just tax administration? I think that's an easy
6 answer.

7 MR. ROSKAM: You know, in my mind, over
8 the years I've made up a fictional couple, so this
9 is a complete fiction. So, if you ever hear me
10 referring to these people as real, tap me on the
11 shoulder because I will have turned a corner in my
12 mind.

13 But I just picture this couple, you
14 know, in a modest home in the western suburbs
15 doing their own taxes. It's a Sunday afternoon,
16 their dining room table is a complete hodgepodge
17 of post-it notes and records and, you know,
18 paperclips and all that sort of stuff and
19 receipts. They're going back and forth, and at
20 one point they sort of have this feeling there's
21 probably some subparagraph F, subsection 2, part 3
22 thing that's out there and it may save us \$1,000.

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1 But all that courage goes away when they
2 see in the bottom of their return signing under
3 penalties of perjury and they think, wow, if we
4 get this wrong, it's not just back taxes but it's
5 penalties and all of this sort of stuff. There's
6 just kind of an inherent incongruity there, just
7 kind of an unfairness. When you were talking, it
8 struck me that this presumption of the ease of
9 technology kind of, as a remedy, exacerbates that.
10 Because this couple in my mind, they're doing, you
11 know, hey, honey, where's the thing, you know, and
12 they're going through it in that sense.

13 Mark, just a question for you if I may?

14 MS. OLSON: Absolutely.

15 MR. ROSKAM: Can you give me a sense in
16 your practice and as you're interacting in
17 Bartlett how much, in terms of scope and scale for
18 your practice, identity theft is an issue? Is it
19 looming? Is it something that your clients are
20 anxious about? Is it something that they're
21 actually experiencing? And if they are
22 experiencing it, sort of at what order of

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1 magnitude are they dealing with it?

2 MR. MIRSKY: Sure. I would say we have
3 about 600 individual returns and we have at least
4 two per year that have had fraudulent returns
5 filed on their behalf. So, two out of 600 is a
6 pretty high percentage.

7 MR. ROSKAM: What's their experience
8 once, it's like hey, so in other words they file
9 and they get the word back somebody beat you to
10 it.

11 MR. MIRSKY: We're -- sorry.

12 MR. ROSKAM: Go ahead, so what's their
13 experience then?

14 MR. MIRSKY: We're the ones that get
15 that notice, so they get a copy of a notification.

16 MR. ROSKAM: You're the good news guy.

17 MR. MIRSKY: Yes, exactly, we have to be
18 the bearer of the lovely news, your return was
19 rejected. We also have, and it was mentioned
20 earlier, returns get rejected also in divorce
21 situations where one, you know, I joke around when
22 I teach, I say who gets to claim the child and

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1 whoever files first, right? That's the joke that
2 we say, and that's not the right answer but that's
3 what people do because whoever files first claims
4 the kid. They get the kid and the one who's
5 supposed to claim the kid doesn't get him because
6 the Social Security number has already been taken,
7 right? So, it's not just, so we have --

8 MR. ROSKAM: So, de facto it's true.

9 MR. MIRSKY: Oh, absolutely. Then they
10 have to manually file with the IRS, attach a copy
11 of the divorce decree. But the divorce decree
12 really doesn't matter to be honest, the divorce
13 decree doesn't hold weight. Really what matters
14 is the number of nights they slept at someone's
15 home, so how do you prove that? Then you have to
16 go, you know, hash that out with the IRS.

17 MR. VanSINGEL: And this is tying up
18 refunds for people that desperately need them for
19 months and months on end.

20 MR. MIRSKY: Absolutely.

21 MR. ROSKAM: David, did you say, or was
22 it Andrew, that low income people are audited at a

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1 disproportionately higher rate?

2 MR. MARZ AHL: Andrew said it, but I
3 affirm it.

4 MS. OLSON: It's about four percent.

5 MR. ROSKAM: Okay, that's really
6 interesting. So, can you just quickly walk me
7 through that? And then I'll be quiet.

8 MR. VanSINGEL: Okay, so, sure, so let's
9 take, somebody in the crowd here is a single
10 person and they work one job, maybe they're making
11 \$50,000 a year. When they file that tax return,
12 their return is going to be straightforward. So,
13 if they take it to a hundred different preparers,
14 they're going to get the same number every single
15 time. It's very straight forward, it's going to
16 be two pages. If they file a 1040, it's going to
17 be page 1 of the 1040 and page 2 of the 1040.

18 Once you get lower income individuals,
19 they're going to be eligible for Child Tax Credit,
20 Dependent Care Credit, Earned Income Credit, maybe
21 they're going back to school and they've got
22 education credits. All of these credits have

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1 eligibility rules and you're adding more
2 complexity to the return. So, we have lower
3 income people, their returns are more complicated
4 than somebody who is just, a single guy with no
5 kids and making \$40,000, \$50,000, \$60,000 a year.
6 So, with that added complexity, it also gives that
7 room to manipulate some of the information, and we
8 see that a lot with these, you know, Mo' Money was
9 a great example of that.

10 I just had a client last week, he didn't
11 speak English. He was an immigrant or he spoke a
12 little bit of English and he just wasn't
13 understanding the problem which is that his
14 preparer claimed he had five kids, and claimed
15 education credits for all these kids which were,
16 ranging from eight to 15 years old, okay. But
17 they weren't Doogie Howsers, okay, so those
18 returns get audited and like Vijay said, you pay
19 \$1,000 thinking you're going to get a big refund
20 and then you're left holding the bag when you get
21 that notice from the IRS.

22 I think there's a, just with the people

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1 in what I would call my friends and family plan, I
2 actually do a lot of free tax preparation for my
3 family and my friends.

4 MR. ROSKAM: I bet you do.

5 MR. VanSINGEL: Every year I feel like
6 my circle opens up. But there's this thought that
7 preparing a return is like going to a slot machine
8 and wherever that number ends up, that's kind of
9 what it is. They don't understand that if
10 everybody in this room prepares a return, it
11 should be really the same and then you could have
12 variances with maybe valuations or something like
13 that where it might be a little bit off. But it
14 really should be the same for every taxpayer. I
15 think a lot of people fail to realize that, it's
16 like, "oh, go to my guy, he's going to get you
17 more money."

18 Some of the big box stores, that's how
19 they market. They say go here, we guarantee the
20 highest refund. So, we have this thought that
21 paying or that there's, you know, go to this
22 person, you're going to get more money, and that's

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1 really not accurate.

2 MR. ROSKAM: So, how do you mitigate
3 that? Because, I mean there is the sense that you
4 want to go to somebody who's really smart and
5 really clever and is able to, you know, do the
6 taxes aggressively, you know, without crossing the
7 line. So, there's a value there, that's a value
8 proposition as opposed to, you know, hey, yes,
9 check the box and send it in and they're not
10 working.

11 What's a balance, or how would you, from
12 a policy point of view, what would you try and lay
13 out to strike at that right balance?

14 MR. VanSINGEL: We don't currently
15 regulate return preparers --

16 MR. ROSKAM: Okay, so David mentioned
17 that.

18 MR. MARZAHL: Yes.

19 MR. VanSINGEL: Yes.

20 MR. MARZAHL: I think we really are,
21 we're set to a, and I said it earlier, we're set
22 to a very high standard under the IRS and

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1 Volunteer Income Tax Assistance Program in terms
2 of certification requirements. There are multiple
3 levels, there's basic, there is advanced. If I
4 had to tell you, Congressman, the number of hours
5 that a volunteer each year in terms of online and
6 in person, it's going to range between eight to
7 ten hours just to be able to prepare their first
8 return. The idea that we --

9 MR. ROSKAM: And these are experienced
10 people, right?

11 MR. MARZ AHL: Very experienced.

12 MR. ROSKAM: Well, these are experienced
13 volunteers?

14 MR. MARZ AHL: Oh, well, they are and
15 they aren't. They might be CPAs, they might be
16 accounting students, they might just be people who
17 are very good with numbers and who want to give
18 something back to their community. We'll train
19 anyone, but you know, they have to pass the
20 certification test that the IRS has established.

21 The problem is, at the end of the day,
22 that we don't have a marketing or advertising

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1 budget like some of these companies do, or catchy
2 names like Mo' Money which you'd think someone
3 would realize what this is --

4 MR. ROSKAM: I don't think that ended
5 well for them.

6 MR. MARZ AHL: Yes, it did not end well.
7 But that's a perfect example, and I have talked to
8 both the people at the IRS and to the Consumer
9 Financial Protection Bureau, I am amazed quite
10 honestly given what Vijay mentioned, that they
11 were doing their business and marketing in
12 December and that someone didn't have a clue and
13 say there might be something wrong here, we might
14 need to go investigate before they start filing
15 returns. I think because we have no regulations
16 of any kind, because, you know, we allow virtually
17 the Wild West when it comes to tax preparation, at
18 the back end it's the legal clinics that have to
19 handle the cases. Our clinic, one in five cases
20 alone, has nothing to do with audit or with some
21 other family problem or some real issue that the
22 taxpayer made a mistake. It got prepared

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1 incorrectly, or they were told to put someone on
2 there that didn't belong there and they went along
3 with the tax preparer.

4 MR. VanSINGEL: Just anecdotally, too,
5 real quick, that if you're a barber, all 50 states
6 are going to regulate barbers. Only, I think four
7 or five states at the state level are regulating
8 return preparers. There's more regulation for
9 somebody to cut your hair than to do your taxes.

10 MS. OLSON: Okay. Well, thank you.

11 MR. ROSKAM: I'm honored to be a part of
12 this. Thank you. Thank you for coming, and I
13 know that you and I will meet after this and I
14 know that you're going to hand me a copy of the
15 transcript from this meeting.

16 MS. OLSON: I am.

17 AUDIENCE MEMBER: Are you leaving?

18 MR. ROSKAM: I'm leaving, so walk out
19 with me.

20 AUDIENCE MEMBER: Oh, I will.

21 MR. ROSKAM: Thank you. Thanks, Nina,
22 thank you very much.

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1 MS. OLSON: Thank you, thank you.

2 (Applause.)

3 MS. OLSON: All right. So, I do have
4 some questions for the panel and then we're going
5 to open it up to the floor because I do want to
6 hear from you all about your experience. My
7 questions are going to go toward, after just some
8 general questions, toward this little double-sided
9 piece which normally is printed out on 8.5 by 11
10 sheet of paper but my eyes are aging so I can't
11 read it when it's that small. So, I have insisted,
12 this is my first systemic improvement to the
13 future state, we're blowing this up so I can read
14 it.

15 This document is actually the vignettes
16 that the IRS has published and it has a website
17 now, a webpage, one of the 140,000 pages on
18 irs.gov, dedicated to the future state. There's
19 all sorts of materials, but these are little
20 vignettes how they're describing how the taxpayer
21 of the future will interact with the IRS and I do
22 have some questions about that.

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1 But I have some general questions first,
2 and it really is for anybody on the panel and all
3 of you really. How do you communicate with your
4 clients? Do you, when they need to talk, do they,
5 you know, call you by phone? Do they e-mail you?
6 Do they text you?

7 When you need to talk to them, what do
8 you do? Is it all of the above? Do they come in
9 for a face-to-face checkup? You know, what is it?

10 So, maybe Mark you could start?

11 MR. MIRSKY: Sure, I can say all of the
12 above by far.

13 MS. OLSON: Right.

14 MR. MIRSKY: They all have, my cell
15 phone number is on my business card so people text
16 me, they call me. Because I coach, I have to be
17 available after hours and weekends, so 24-7 I get
18 stuff on odd hours. Plus, dealing with the
19 international, you have to be available at
20 different times.

21 MR. VanSINGEL: How do you like the text
22 messages?

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1 MR. MIRSKY: It's very interesting.
2 Obviously, we all know with e-mail and text, there
3 is no, you can't tell tone. So, sometimes I might
4 think that they're a little bit upset but --

5 MR. VanSINGEL: Right. We see it really
6 across the board. I think that's another
7 misconception of people that are living in
8 poverty, that they're, you know, that they don't
9 have connectivity. Despite what I said, there's
10 no real typical tax bracket, some clients that are
11 living in deep poverty that have access to
12 computer either through a library or, you know,
13 smart phones with the declining cost of them and
14 what you can do, really it replaces a lot of other
15 pieces of technology and they can do a lot.

16 So, we really see a lot of clients
17 through, you know, phone, e-mail, people will come
18 in. We have clients that are at, you know,
19 homeless shelters, so we might have to go to them,
20 or people that are disabled where we'll go out and
21 see them. But it really ranges across the
22 spectrum.

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1 MR. MARZ AHL: Well, from our end,
2 because we're running both a tax clinic and
3 providing assistance, tax preparation assistance,
4 there really are two different tracks. Paul who
5 runs our clinic could speak more to it but we can
6 do an initial consultation over the phone with
7 very basic exchange of information. But if it
8 becomes a representation case, it's going to be an
9 intake over the phone but there will be no actual
10 ability to provide any true representation. That
11 would require, you know, more detailed search for
12 records and verifying information.

13 What I will say on the tax preparation
14 side is we do nothing on the phone other than
15 direct them to a site to do their tax return face
16 to face. Now, we do offer, people can go online
17 and file through, we have a relationship with
18 Intuit, they can go to our website and use
19 TurboTax. We are seeing some volume there but it
20 is infinitesimal compared to the number of people
21 who want the in-person assistance.

22 The reason very simply why we would not

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1 answer questions over the phone or on tax
2 preparation assistance is that usually they will
3 be asking precisely the wrong question where we
4 will answer a question which will then get them to
5 fill out the return in the wrong way and, as all
6 of our colleagues at the IRS like to say, create
7 more problems with downstream compliance. We
8 believe in 100 percent accuracy and that requires
9 coming in and going through the entire tax
10 preparation process and then the quality review at
11 the back end.

12 MS. OLSON: Being out and actually
13 having a conversation with somebody.

14 MR. MARZ AHL: Right, and because what we
15 actually do find, and again I'm looking at some of
16 our more experienced volunteers and site staff
17 here, the fact is that we ask, every taxpayer who
18 comes in to get their return prepared to prepare
19 an intake form, they're asked a lot of questions
20 that relate to tax preparation. But I will tell
21 you, usually it requires additional queries or
22 questions of them to determine, okay, did this

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1 child, you know, you're listing three children,
2 let's be clear on the dates here. Were they
3 living with you for, you know, the full year or
4 not? You know, you attended, one of your children
5 who is a dependent attended a community college,
6 did they get, you know, let's talk about tuition,
7 let's talk about, you know, financial aid.

8 I mean those things just cannot be done
9 online. They require, and the IRS could answer
10 probably some basic questions but I'd say, again
11 when you get into the world of customer service
12 for the IRS, they most likely would need to, the
13 same thing, direct someone to a preparer to
14 actually do the return because they don't have the
15 totality of information before them.

16 MS. OLSON: Vijay, what about these
17 programs that you're looking at? How do they
18 communicate with their customers? Or is it just
19 that customers come in and then there's just dead
20 silence?

21 MR. RAGHAVAN: I don't know. I mean I
22 suspect it's a mix. I mean I think that sometimes

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1 we, now a lot of what we look at is, so typically
2 the way we start an investigation is we get a
3 complaint about a business, and we get enough
4 complaints and then we look at the business. One
5 of the problems you have with tax preparers is we
6 tend not to get complaints, because if someone is
7 skimming off someone's refund, let's say you only
8 make \$25,000 a year and you're going to get a
9 \$5,000 refund. If I take \$600 of it, you may not
10 notice it.

11 But we do get complaints when people get
12 audited. With Mo' Money, the reason we got
13 complaints is they couldn't cash their checks
14 because the checks had all kinds of weird stuff on
15 there.

16 MR. MARZAHL: We got one of those. I
17 mean it was one of those amazing stories which was
18 so sad because this was a young woman, a single
19 parent with a child, 22-23 years old, at City
20 College of Chicago. By virtue of being in that
21 income sweet spot, she was getting the earned
22 income tax credit, the Child Tax Credit,

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1 legitimately getting the education credit, was due
2 \$5,500, and was at risk of being evicted. This
3 happened in January when she went in and had all
4 the paperwork, she could not get any of it back.
5 She could not go file with another preparer. She
6 had to wait months until this was resolved.

7 I mean it should never have happened
8 that they were preparing anyone's return because
9 there was no intent from the beginning to do it
10 correctly or accurately.

11 MR. RAGHAVAN: So, a lot of what we do
12 now is we have a lot of data that we actually look
13 at to try to see the kinds of fees preparers are
14 charging and see if we can focus on preparers who
15 we think are doing, engaging in illegal conduct.
16 But sometimes the data can be misleading, so
17 sometimes we've started investigations where we
18 look at the fees and we think this is really
19 troubling. Then we meet with them and they're a
20 totally legitimate business. Maybe they have high
21 fees but, you know, they feel like they provide a
22 really valuable service. So, and they probably

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1 have a really good relationship with taxpayers.

2 But then other places, I think most of
3 what it is, is a taxpayer comes in, they tell them
4 give us these things. If they don't have these
5 forms, they may make up numbers, they're just
6 going through the software and filling in numbers.
7 So, it's really hard to tell.

8 MS. OLSON: Right. So, at the heart of
9 the future state is this assumption that taxpayers
10 will be able to self-correct, that they can sign
11 on to their account, whether they're an individual
12 or a business, they will see what the IRS is
13 telling them is going on, and this would involve
14 both in an audit context but also in return
15 filing. So, if a return comes in and you see an
16 identity theft thing, or you see the IRS does get
17 the information in advance because starting next
18 year the filing deadline for these forms is
19 January 31st, so they'll say, well, you left off a
20 W-2. So, the IRS will send a message out,
21 probably to the preparer through a software
22 company saying there's a problem with your return,

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1 sign on to your account and see what's going on.

2 So, you'd see they are saying you left
3 off a W-2, and so that's assuming that you would
4 understand the message that you're getting from
5 the IRS. It's also assuming you can actually
6 create an online account, and I'll come back to
7 that in a minute, and that you will sign on when
8 you get this message from the IRS telling you to
9 sign on. Then you'll agree to it and then the
10 return will go merrily on its way. So, that's sort
11 of the scenario.

12 Then the second scenario is that you
13 will open the accounts up to the authorized third
14 parties. When they're saying authorized third
15 parties, they're being unclear, but it could mean,
16 and they have demonstration projects right now
17 authorizing software companies to do these
18 communications with the taxpayers who are using
19 them, it wouldn't just be CPAs. The question is
20 would it also include unregulated preparers that
21 would have access to these accounts, and what kind
22 of access to the accounts? So, that opens up,

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1 those two components open up a whole bunch of
2 questions to me.

3 So, I'm sort of wondering, you know,
4 first of all, I'd like to sort of go to the small
5 business focus first because what I think these
6 vignettes do is really tell you how the IRS is
7 thinking you will engage with these accounts
8 online. I just have to say that our research from
9 a few years ago showed that small businesses
10 really didn't have a lot of money, you know,
11 particularly sole proprietors. Every dollar
12 mattered, you know, and they poured it back into
13 the business. So, they saw their preparer every
14 single year, and this is not midsize businesses so
15 much, but they'd see the preparer every single
16 year. But if they had a problem during the year,
17 they would try to solve it themselves, and then it
18 would become a mess and then they would go to
19 their tax professional or their preparer.

20 So, I'm wondering, Mark, if you want to
21 talk about that, I mean like has that been your
22 experience? Do you see that?

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1 MR. MIRSKY: We see it all the time. We
2 see that with new clients that we get. We see
3 that with our current clients that we encourage,
4 you know, we like to tell our clients we're
5 proactive, not reactive. So, we want them to come
6 to us, we try to encourage them to. We always
7 tell them we don't nickel and dime them, we're not
8 going to charge them for quick phone calls or
9 something. I know I'm going to pick on attorneys
10 a little bit here but, you know, they charge for
11 the 0.1 and 0.2 of everything, right?

12 MS. OLSON: I used to do it. It's a
13 billable hour.

14 MR. VanSINGEL: I haven't collected a
15 dime since I started.

16 MR. MIRSKY: But we definitely have
17 clients that try to resolve their issues on their
18 own sometimes. When they do, it almost always
19 leads to a much more complex situation than it
20 otherwise would have been had they come to us
21 first.

22 MS. OLSON: So, if they have the ability

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1 to log on to an account and agree to things online
2 that are sort of explained online in the
3 traditional way that the IRS sends notices, just
4 what do you think? Can you project --

5 MR. MIRSKY: Well, it comes back to the
6 trust issue. I just honestly don't think that at
7 this point my clients would truly trust that what
8 they are being told is accurate and complete when
9 you have, you know, fake, fraudulent firms calling
10 my clients at their home trying to get their
11 Social Security number over the phone which we
12 have to tell our clients that the IRS will not
13 call you at home, but yet they still sometimes
14 will answer those questions. So, I think there's
15 a trust issue, and I don't know that just because
16 they're told that it belongs there they're
17 necessarily going to agree.

18 MS. OLSON: So, would they call you or
19 would they just not do anything do you think?

20 MR. MIRSKY: Well, in this scenario,
21 hopefully, the theory would be that we would get a
22 simultaneous notification.

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1 MS. OLSON: Right.

2 MR. MIRSKY: Because they would make us
3 an authorized user on the account. They would
4 probably pick up the phone still because they get
5 a notification and call me and say what's going
6 on. First, they'd probably say what did you do,
7 right?

8 MS. OLSON: Yes.

9 MR. VanSINGEL: Right, right, of course.

10 MR. MIRSKY: Then they'll say, okay, so
11 what do I do now? That's when we would have to
12 advise them.

13 MS. OLSON: Yes. So, I'm very intrigued
14 by this example that Ben and his representative
15 will receive a digital notification. I've been
16 really wondering what that digital notification
17 is. Is it an audit? You know, is it, what
18 legally is it? I've never been able to get an
19 actual explanation of that.

20 So, you know, you get this digital
21 notification that you have a higher likelihood of
22 being examined because of an unusually high

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1 increase in your expenses from like prior years,
2 so after your client has grabbed his heart and,
3 you know, calmed down and then he calls you, then
4 the audit actually progresses as a result of
5 another one of those digital notifications. Then
6 you have this audit that's conducted by an agent
7 from across the country virtually, so we don't
8 know what that means, but I was really interested
9 in, the IRS characterizes these audits as
10 efficient and lead to understandable changes to my
11 tax obligations.

12 So, today we have audits being conducted
13 all over the country and I'm wondering whether you
14 find them efficient and they lead to
15 understandable changes in your clients' tax
16 obligations. Anyone can answer that question, you
17 know, we have correspondence exam, et cetera, you
18 know, how are you finding these remote audits?

19 MR. MIRSKY: Well, we have clients that
20 get what we call line item audits where it will
21 say send us your charitable contributions or send
22 us a specific item. Those typically end up okay.

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1 Our clients have the documentation, we have it.
2 But it's a timed thing, and again it comes back
3 to, you know, would the client be able to respond
4 appropriately or feel comfortable themselves?
5 Would you all sitting here feel comfortable
6 contacting an IRS agent or sending that stuff to
7 them yourself versus going to someone else to
8 represent you to hopefully be that buffer between
9 the IRS and you? So, my clients definitely would
10 come to us and want us to be that, you know, to
11 take that role.

12 MS. OLSON: Right.

13 MR. MIRSKY: But typically,
14 correspondence audits, we haven't had any problems
15 with my clients. We have pretty good success on
16 audits. But all that means is that we've done our
17 job, right?

18 MS. OLSON: Right, right. So, Andrew,
19 you're inheriting cases from, you know, returns
20 that have been prepared not by people like Mark.

21 MR. VanSINGEL: Well, I think it could
22 create opportunity if the way that they're selling

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1 this is going to work in the way that they
2 envision where if I file a return here and
3 something gets kicked back saying send us your
4 charitable contributions, and this can be done
5 almost, you know, in some way in "real time" where
6 we can, I mean correspondence exams just go in a
7 black hole. I mean they're very inefficiently
8 done. You know, you send the information out,
9 you're supposed to hear back maybe 45-90 days.
10 You'll continue to get these letters saying we
11 got, it will be a very ambiguous letter saying you
12 sent us something, one of these ten items, and we
13 haven't had time to process it so we're sending
14 you this letter to say we don't have time to
15 process it and we'll get it done in the next 45
16 days. 45 days comes, you get another letter and
17 it's just like, you know, how long does it take to
18 just verify that I gave, you know, \$100 to
19 Goodwill or to the United Way or whatever it is?
20 So, I think there's opportunities here,
21 but you know, again it's still making a lot of
22 assumptions. When I first started, my mom got a

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1 CP2000 notice or a notice that there was, one of
2 the income documents was reported incorrectly. She
3 paid good money to send her kid to law school and
4 she says I'm just going to pay this. I was like,
5 Mom, do not pay it, this is wrong. You've paid
6 all this money to send me to law school, let me
7 take care of this. So, I took \$700 off my tuition
8 bill with my mom by fixing her tax issues.

9 But there's just this, if you get a
10 notice, you just kind of, yes, I'll give you the
11 money, I don't want you in my hair, I'm scared, I
12 don't know what's going on.

13 MS. OLSON: David, do you have anything
14 to add?

15 MR. MARZ AHL: Well, I don't know if,
16 Paul, Paul runs our clinic. Anything? I mean I
17 think you're going to affirm to a lot of what
18 Andrew just said.

19 AUDIENCE MEMBER: Exactly. I was
20 subject to a correspondence audit in the 2007 tax
21 year that all came down to the fact that my W-2
22 form from The Community Tax Law Project had been

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1 placed in the wrong year. You know, it was again
2 months of we'll get back to you. I tell my
3 clients that the IRS has what you sent them, it's
4 on the kitchen table, they just haven't opened it
5 yet. It really is this, you know, interminable
6 kind of process of we're sending you a notice
7 every 45 or 50 days saying we need another 45 or
8 50 days to look at what you sent them.

9 I think Andrew probably runs into this,
10 too, that the taxpayers who have been subject to a
11 correspondence audit over family status issues,
12 whether they have children or not, will call us in
13 desperation at the clinic after having tried to
14 fix this themselves saying they're asking for all
15 these documents, birth certificates, and I have
16 sent it to them, I've sent it to them three, four
17 times. It is in the black hole that those
18 documents are somewhere, maybe in Area 51, I don't
19 know. But it's a frustrating experience.

20 The correspondence audits I think were
21 originally invented way, way, many years ago to
22 handle simple audits. As Nina pointed out and

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1 Andrew pointed out, he's pointed and David has
2 pointed out, low income taxpayers do not have
3 simple tax returns. They do not have simple
4 audits. You really do have to talk to the person,
5 you have to find out where are these children
6 living? How many nights a weeks were they with
7 you? How many were they with their father?

8 These are the kinds of questions that
9 you cannot get answered online, you cannot get
10 answered through correspondence. You really do
11 have to, what I used to do early on was to call
12 the taxpayer around supertime, around 4:00 or
13 5:00 o'clock in the afternoon. If the person I'm
14 talking to can cook supper, talk to me, make sure
15 everybody is doing their homework and all their
16 friends are going home, I know the kids live
17 there. If they get flustered, I think the kids
18 are just visiting.

19 MS. OLSON: So, let me just shift a
20 minute to Jane and then we'll open this up to the
21 floor. So, Jane is our individual taxpayer and
22 she is an earned income credit taxpayer who is a

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1 middle school teacher. She receives one of, she
2 decides to open up an IRS online account and she
3 also receives one of those digital notifications
4 that she filed an EITC return and she may not
5 qualify for it.

6 So, my first real question is, you know,
7 the IRS has been in the news about having to take
8 down both its online digital transcript account
9 and now its IP PIN account, and it is doing some
10 work on how to reestablish these accounts and it's
11 looking at what kind of information it may ask
12 from people. So, if we have this EITC taxpayer
13 and she may very well, in order to get on to an
14 online account, she may have to give information
15 that might include a credit card account or an
16 automobile loan or a mortgage or home equity line.
17 So, how likely is it that an EITC taxpayer would
18 have any of those things?

19 MR. VanSINGEL: We see that a lot when,
20 part of representing our clients, typically I'm
21 going to pull a credit report just to see if there
22 are, you know, tax liens, or just to get a better

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1 idea of the client. I don't know if you've tried
2 to do this online where you can go get your own
3 credit report every year through one of the credit
4 bureaus. It's going to ask you questions that are
5 based on your credit history. So, it will say
6 which of the following streets did you live on, or
7 do you have a car loan through which one, or what
8 phone number do you associate with.

9 But lower income taxpayers tend to not
10 have a developed credit history, so they are
11 unable to go through this verification. So, I'll
12 go through this information with the client and
13 I'll get a pop-up from Experian and it will say
14 we're sorry, we're unable to verify you, so you
15 have to send in this form and then you have to
16 wait however long it takes, instead of for
17 somebody like myself where I can go and pull up
18 that credit report and get it instantly. So, if
19 they're using the same technology, I mean I think
20 that's going to be challenging for the Service to
21 identify, to reasonably verify that these people
22 are who they say they are.

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1 MS. OLSON: So, what about, you know,
2 what about a difference between, you know, in your
3 experience, do your folks have credit cards or do
4 they have debit cards or what?

5 MR. MARZAHN: Well, it's interesting.
6 Our clients remarkably enough are banked but
7 they're under-banked very often. So, they have
8 some type of account but they may not have it
9 year-round. They may have a bank account that, I
10 mean I'd say 80 percent have a regular account for
11 the full year, but 20 percent may change their
12 account at some point during the year because of
13 either, you know, bad experience with the
14 particular banker or financial institution, or
15 they actually fall behind and it gets closed on
16 them.

17 There is an inordinate, I will say our
18 experience on the financial capability side where
19 we do financial coaching and counseling is that
20 the amount of handholding for that sliver of
21 people who have the bigger problems is pretty
22 significant. Because this gets back to, you know,

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1 even the inability of the Experians and the
2 TransUnions to truly validate who the person is,
3 that they may have gone through a lot of personal
4 change in the six months or a year before. They
5 may have moved, they may not have all the records
6 available.

7 I mean this example here, the one that
8 I'm just floored at is, you know, okay, I'd love
9 to really see the sample communication that the
10 IRS sends out saying your son does not have enough
11 credits to be considered a full-time student.
12 Because any time I look at an IRS notice, and I
13 myself have gotten a number of them, it usually
14 takes me three or four or five times to figure out
15 what are they really trying to say. I think that
16 gets to the crux of it and that's why you need
17 both the customer service from the IRS over the
18 phone, and then the level of assistance that the
19 clinics provide, or clinicians and representatives
20 who really are providing a good service to say
21 this is what this really means. All you need to
22 do is go get the transcript.

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1 I think in three-quarters of cases,
2 whatever that notice would be, it would not be,
3 you would not discern right away what it actually
4 is asking you to do.

5 MS. OLSON: You know, in both of the
6 vignettes, both in the Jane vignette and the small
7 business vignette, there is this Jane resubmits
8 her, she agrees with the IRS and she resubmits her
9 return. In the small business vignette, everybody
10 agrees with this assessment and you submit, you
11 know, you agree to that virtually.

12 I have just been wondering what actually
13 just happened in that, and particularly in the
14 Jane scenario, and I think this goes to getting
15 W-2s and 1099s very early, so much work in the
16 vision of the future is going to be frontloaded
17 before you get past the refund and past the return
18 being filed. So, this Jane scenario is very
19 important. She agreed to changes on a return that
20 has not yet been accepted. What does that mean?
21 And if she didn't agree since it's in the pre-
22 refund environment, it will automatically go to

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1 the notice of deficiency. She will not get the
2 right to an administrative appeal. She will not
3 get a 30-day letter because it is pre-refund
4 environment.

5 You think about what's being frontloaded
6 in the pre-refund area, and I think that that's
7 something that we really need to be careful and
8 think about and talk about. Even on that online
9 stuff, even in the actual audit, you know, does
10 the person actually understand what they're
11 agreeing to? You know, if they're just accepting
12 an adjustment, you know, do they actually
13 understand what they're agreeing to online?

14 MR. VanSINGEL: That's one of the
15 frustrating things we see in our Clinic is that we
16 don't always reach the taxpayer when they first
17 get that notice. We reach taxpayers that might
18 be, you know, three, four, five years down the
19 road, maybe even ten years down the road.

20 I had a client who had a very small tax
21 issue from 2003, it put him out of compliance and
22 he was eligible for maybe \$4,000 refunds over the

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1 last 10 years, so he gave up \$40,000 of refunds
2 because he had a \$1,500 tax deficiency. Because
3 of the statute of limitations, he was only able to
4 get refunds for the last three years. So, I have
5 to give him the news that we were able to
6 challenge it and he didn't owe the money. So, I
7 say congratulations, you're going to get \$12,000,
8 the bad news is you could have got \$40,000, and
9 you look at how that money would have changed the
10 last decade of his life, that would have been
11 \$4,000 a year, and what relief that would have
12 given him.

13 So, you know, what rights is Jane going
14 to have two years from now when she comes to our
15 clinic and says, or maybe she is being evicted and
16 she says, oh, I had a tax issue a couple of years
17 ago and we might look into it and we find out
18 that, you know, something like this happened.

19 MS. OLSON: So, my last question for the
20 panel, and then we'll start with all of you who
21 would like to say, if anybody would like to say
22 anything, is for Vijay actually, and which is that

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1 if you give, you know, the preparers, and in this
2 case the unregulated preparers access to the
3 taxpayer's account, you know, they're walking into
4 a place like Mo' Money in December and they say,
5 oh, you know, you can set up an account and you
6 can give us authorization, that way we can see
7 that things are going along swimmingly. I mean
8 what does that raise for you? What kind of
9 concerns does that raise for you? Maybe it gives
10 you full opportunity, equal employment opportunity
11 for the rest of your --

12 MR. RAGHAVAN: I'm sure there's good
13 preparers out there that will use that to help
14 taxpayers, but the preparers that I see might be a
15 concern is it will make it a lot easier for them
16 to inflate income items, redirect parts of the
17 refund to places that it shouldn't go, and to
18 engage in all the bad practices that we see them
19 engaging in already.

20 I mean the one, what's interesting is
21 the one limitation that's placed, the one sort of
22 private regulation on a lot of these preparers is

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1 they have to interface with these large third
2 parties who have real reputations. So, like a
3 great software or a large software or Santa
4 Barbara Tax Practice Group, a big bank processor,
5 or Greendot, and so they have some incentive to
6 care about what these people do. But if you take
7 that incentive away, I really worry that there is
8 nothing that's stopping them from behaving poorly.

9 MS. OLSON: So, let's open this up to
10 the floor. We have not, you know, we don't have
11 to talk about the issues that we've talked about.
12 This is a public forum and we want to hear from
13 people what their experiences are and what their
14 concerns are.

15 You want to go ahead? We have a
16 microphone here, that way the --

17 AUDIENCE MEMBER: This one hasn't been
18 addressed here, the deceased taxpayers, the
19 taxpayers that are dead. This sounds all nice,
20 but how do we get in to solve those issues? Right
21 now, my practice, 50 percent of it is dealing with
22 trustee and estate work and settling estates. They

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1 all seem to be under identity theft. So, the
2 trustee calls and they say give us the credit
3 information, can you verify who you are, what was
4 the problem with the card? They can't do that
5 now. So, how do we get the information?

6 I have valid powers of attorney for the
7 trustee and the executor, had been able to get
8 transcripts previously, and now I have been shut
9 out on identity theft even at that time right now.
10 So, how do you solve these issues for the deceased
11 taxpayers and for Northern and trust companies
12 that have hundreds of these that need to be
13 solved? There is no avenue right now.

14 I don't see it here, and I see it
15 getting worse with this, because what happens over
16 time, too, we have a lot of elderly people, if you
17 are signed up here, possibly as we find if you get
18 into Alzheimer's and it goes on, that you lose
19 your ability to even determine what a 1099 is.
20 Your daughter says give me power of attorney, you
21 say yes, there's no way to check it. There is no
22 way to get in here. There is no, you know what

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1 I'm saying? So, I think that's an issue, too, for
2 guardians or court-appointed guardians is another
3 issue.

4 So, having that available has got to be
5 key. We've got to have some way to get in there to
6 settle these, and we need it now. Much less if
7 this happens, it's going to become worse. So, I
8 think we've lost that sight of it.

9 I love TurboTax because I get a lot of
10 business, probably Mark, you, too, on TurboTax
11 which bothers me when we say we're going to let
12 the clients go ahead and file their own tax
13 returns. You know, they do it on TurboTax and
14 they ask you a lot of questions. But they'll come
15 in and go, well, they didn't ask me that. Well,
16 they didn't know to ask you that, they didn't ask
17 you every question. So, I think this could be
18 vulnerability for the taxpayer to have this kind
19 of a system.

20 One other thing I'd like to say is that,
21 you know, I agree with having preparers being
22 regulated, EAs, CPAs and lawyers. Unregulated

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1 make a lot of mistakes, let's get rid of it and
2 get them regulated. I think that that's going to
3 be helping us.

4 I would also like to say, too, that I
5 think if we look at, for ID theft, I really
6 respect the ID theft, I think that is something we
7 need to be looking at. I had a client last year,
8 Mark may have -- first one comes in and does it,
9 and we looked at the address on the tax return
10 that was mailed for him, and it was in the middle
11 of a highway in Florida.

12 Now, when I mail Priority Mail, if I
13 don't have the address right, it kicks it back and
14 says sorry, we can't mail this. Why can't the IRS
15 check addresses and match up with the post office?
16 I think that's a great thing.

17 One other thing I'd just like to say in
18 the end, I get a lot of 1099s with people who were
19 filing joint or my aunt died and it's still in the
20 aunt's name and Social Security number. So, it
21 does match for IRS tax purposes but they've been
22 deceased for a period of time. Let's get rid of

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1 those Social Security numbers, and I don't want it
2 right away because I have to settle theirs today.
3 Okay, but you know, ten years, come on, you know,
4 let's push it back and tell the banks or whoever
5 it is that this number is no longer in service.
6 That forces them to get to their client and say
7 listen, give us a new number, change it into your
8 name if that's your valid, you know, married
9 filings or joint tenancy becomes the joint owner,
10 so change it to their Social Security number. Go
11 back the other way this way.

12 I do agree with the decedent's tax
13 returns, cut it off after two years and say that's
14 no longer valid. That gives me time to process
15 it, gather the assets, et cetera. I think we've
16 got to address this not only in the future but
17 now. This is a problem right now with a lot of
18 ones that have, and this new regulation on the
19 706, 30 days out to give you basis for assets that
20 you might give to the beneficiaries is going to be
21 an administrative nightmare. It will.

22 MS. OLSON: Okay, we'll look at that.

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1 AUDIENCE MEMBER: We don't know what
2 we're going to give to the beneficiaries. The new
3 regulation says after the 706 has been filed, you
4 have 30 days to notify the beneficiaries of their
5 assets and their basis. But the 706 has not been
6 accepted yet. So, here comes the beneficiary
7 saying you said I was going to get AT&T, 200
8 shares, I have to sell that right away because we
9 still had the house and have to pay real estate
10 taxes, and now I've got to go back and tell them,
11 guess what, you're not getting those AT&T shares,
12 it's going to cause a lot of problem. Or maybe
13 that, you know, we'd have to change it out and I
14 don't get 200, my brother gets 100, I get 100,
15 why, because we've got to split it, so we have to
16 go back and refile that.

17 I know those regulations, they said --

18 MS. OLSON: Okay. I'll look into that.

19 AUDIENCE MEMBER: Once the estate is
20 settled, I think that's fair to say let's do it.
21 But until then --

22 MS. OLSON: Right. Right, okay, I'll

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1 look at that.

2 AUDIENCE MEMBER: Thank you.

3 MS. OLSON: Thank you for that. That's
4 really good. These are very good suggestions.

5 Anybody else want to come up? Yes, sir.

6 AUDIENCE MEMBER: I'm sorry that the
7 Congressman has left because I would have gladly
8 said this to him directly. I worked for the
9 Internal Revenue Service for 42 years, I'm now
10 retired. I noticed that the recurring theme on
11 the panel was in attempts to get through the IRS
12 on phones, there are long delays. Most of it is
13 because of staffing issues.

14 So, my statement for the Congressman is,
15 when he reads this is I think it is
16 counterproductive, counterintuitive, and probably
17 unconscionable for the Congress to continue
18 cutting the budget of the Internal Revenue Service
19 and then expecting more and more from the Agency.

20 One more thing. I had lunch with a
21 couple of revenue officers last week, we were
22 talking about more people from the office I was in

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1 retiring, how there is no hiring for the
2 foreseeable future, and the workload continues to
3 build and build and build. Thus, taxes continue to
4 be uncollected because of lack of staffing, and
5 the lack of the staffing is because Congress has
6 cut the budget. Does that make any sense?

7 MS. OLSON: Well, I mean I appreciate
8 those remarks and I've made the funding of the IRS
9 the number one most serious problem, you know, for
10 taxpayers for several years. I think part of the
11 idea of having the public hearings and being out
12 here in the community with members of Congress is
13 so that they can hear precisely that. Chairman
14 Roskam will get the transcript and he will see
15 your comment.

16 AUDIENCE MEMBER: Good.

17 MS. OLSON: I think some of the IRS'
18 thinking about the future state is to sort of
19 accept the current state of funding. One of the
20 things that I am concerned about and why I want to
21 do these public forums is to try to encourage the
22 IRS to say don't just accept that this is the new

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1 norm. You know, we can't live with the budget
2 that it's been given for the last number of years.
3 We have to be able to fund the IRS to meet the
4 needs of the taxpayers as they are and what they
5 actually need to comply with the laws. That's what
6 we're trying to hear right now from people is what
7 do they really need, what do you as the
8 representatives need, and then make the case to
9 Congress that we have to fund the IRS in that way.

10 So, that's sort of part of my purpose
11 for these hearings. So, I appreciate your
12 comments. Yes?

13 AUDIENCE MEMBER: So, as I look at this
14 nice brochure, we live today in a --

15 MS. OLSON: Do you want to tell me,
16 don't tell me your name but like what is your --

17 AUDIENCE MEMBER: Okay, my name is
18 Donna. I actually am a paid site administrator
19 for CEP.

20 MS. OLSON: Oh, great, okay.

21 AUDIENCE MEMBER: I've done some
22 volunteer work for them as well. I have a JD and

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1 I'm also an enrolled agent.

2 MS. OLSON: Great.

3 AUDIENCE MEMBER: So, when I work with
4 our clients at the Evanston site, we live in an
5 economy and a world where there's a lot of side
6 hustles. People are surviving by becoming Uber
7 drivers. As I read this, does this mean that
8 somebody who is an Uber driver and would file with
9 Schedule C would have to have two accounts? They
10 have to have one account for the Schedule C and
11 another one for their individual. I see that
12 that's a real challenge. I think we'll have
13 enough of a problem just doing their individual.

14 MS. OLSON: You know, I honestly don't
15 know the answer to that. I mean that's a really
16 good question. I've also, Mark and I were talking
17 before, even if you were on a Schedule C but you
18 are actually a corporation or an S corporation,
19 how does an S corporation set up an online
20 account? You know, who sets it up and who in the
21 corporation has access to it? Then how do you
22 control that? I mean are you creating, you know,

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1 I mean I'm just, there a lot of unanswered
2 questions that I have myself. So, that's a very
3 good question. Yes, sir?

4 AUDIENCE MEMBER: I, too, am a site
5 manager for the Center for Economic Progress.

6 MS. OLSON: We've got a Center for
7 Economic Progress contingent. This is great.

8 AUDIENCE MEMBER: I am at the newest
9 location which is in DuPage County and it's the
10 only one we have in DuPage County and West
11 Chicago. One problem we've come across very
12 recently relates to the identity theft that Mark
13 had talked about. The issue there is once they
14 receive that IP PIN for identity theft so they can
15 file their tax return, it's only good for one
16 year. Every year they are to receive a new
17 identification number. This year when the new
18 identification numbers came out, they were
19 indicated for last year's date and they had to
20 send out corrections about that.

21 MS. OLSON: Right, right.

22 AUDIENCE MEMBER: In addition to that is

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1 if they have not received that and they're still
2 trying to file their return, there are
3 instructions on how they can get the ID number
4 that they didn't receive in the mail. The only
5 problem with that is there has been so much volume
6 and so many problems with that, that over the last
7 weekend we found out that the site has been closed
8 down.

9 But one of the big problems there is the
10 fact that the people have to get a new ID number
11 every year for some unspecified period of time.
12 So, I think it may be in perpetuity.

13 MS. OLSON: You know, I think that this
14 just shows the tension that, you know, refund
15 fraud and identity theft have done with the tax
16 system that so much of the burden for everyone is
17 being driven by these two issues identity theft
18 and refund fraud. So, about 36 percent of the
19 returns that were stopped by the IRS's refund
20 fraud markers, whether it was identity theft or
21 some other scheme. Last year, in fiscal year
22 2015, between 31 and 36 percent of them were

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1 actually legitimate returns and taxpayers had to
2 go through the process of authenticating
3 themselves.

4 We've been having this discussion about
5 authentication and how difficult it is to get
6 through that authentication, and then if you can't
7 get through the authentication, you're directed to
8 call a phone number. Two weeks ago, that phone
9 number was at a six percent level of service,
10 meaning six out of 100 calls got through. I've
11 never seen anything like that.

12 That is the kind of thing that's driving
13 the IRS to say, well, you can just go online. But
14 people can't go online. The reason why they were
15 calling was because they couldn't verify online.

16 These were not just low income people.
17 These were, you know, the e-mails that I get from
18 folks, you know, these are middle class and even,
19 you know, upper income people are just saying, you
20 know, I answered the question wrong because I
21 couldn't remember the following. Then they were
22 kicked out and put on the phones in that way. Yes,

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1 sir?

2 AUDIENCE MEMBER: I am a tax
3 practitioner. I'm not an ex-IRS person. With
4 respect to identity theft, it appears that the IRS
5 automatically makes the determination that if one
6 of two spouses dies, identity theft is involved,
7 or at least that is what you are told when you're
8 trying to use e-services to obtain an account
9 transcript of --

10 MS. OLSON: Oh, that's interesting. So,
11 you as a representative trying to get this
12 document, if there has been a deceased spouse
13 which goes to your issues, then you're locked out.

14 AUDIENCE MEMBER: It comes back and you
15 can't do it. Have fun calling the identity theft
16 line. You cannot get through. I had a client who
17 actually did have identity theft and I said, okay,
18 we're going to call together. We called. At some
19 point, the phone goes boop-boop, which is your key
20 to heaven, I can buy a lotto ticket, that you
21 really are- getting through, and then I said it's
22 silence, that means the next thing you hear will

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1 be we're sorry, if you'd like to make a call
2 please hang up and call again.

3 MS. OLSON: Well, this issue of being
4 locked out because of the deceased, that's very
5 important and I'm taking that back and, you know,
6 I will tell you that the answer that I will get is
7 we don't have resources to do the programming on
8 this. But we are tireless and we will work on
9 that. Go ahead.

10 AUDIENCE MEMBER: I just want to say
11 when I called, too, at least when I have gotten
12 through, I just want to let you know sometimes you
13 do, they do not know on the ID hotline the
14 difference between the IRS power of attorney and
15 the power of attorney that dies a death.

16 MS. OLSON: Yes.

17 AUDIENCE MEMBER: So, you know, we're
18 going round and round and, you know, then they
19 say, you know, you have to have the client there.
20 I said the client is deceased. Then they say,
21 well, we're going to send a letter to their last-
22 known address. I finally said to a cemetery? You

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1 know, you get to this point where you just go,
2 come on, they're not here, and we had a power of
3 attorney on record and they need to look at that.

4 So, that's the frustrating part that
5 we're having on this. Again, you cannot settle
6 the estate, and you know this, until you get IRS
7 saying there is the blessing.

8 MS. OLSON: Right, right.

9 AUDIENCE MEMBER: So, it is very, very
10 frustrating. I'm just saying we've got to have it
11 now really, some relief for --

12 MS. OLSON: Right, you can't wait for
13 this.

14 AUDIENCE MEMBER: You need to petition
15 somebody for something so we can get it.

16 MS. OLSON: Right.

17 AUDIENCE MEMBER: This is not exactly on
18 what we're doing here but I'd like to get it out.

19 MS. OLSON: Absolutely.

20 AUDIENCE MEMBER: I get a notice that
21 says taxpayer owes money, call the IRS. Say you
22 know the taxpayer before they walked in. Talk to

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1 the IRS, go through the whole thing unless you
2 trained yourself, for them to say, oh, gee, I'm
3 sorry, we can only handle calls up to \$25,000.

4 MS. OLSON: Right.

5 AUDIENCE MEMBER: If you have more, then
6 we have to transfer, no, please don't, yes, we
7 have to. It would seem to me if the IRS is going
8 to mail a notice and the IRS knows how much is
9 owed, why is it not possible to put the other
10 number in that you go to for over \$50,000 instead
11 of wasting the taxpayer's time, my time? I can't
12 practice, it's very hard because how do I charge a
13 client for holding for an hour and a half only to
14 get courtesy disconnect?

15 MS. OLSON: Right. That's a very, I
16 don't have an answer to that question but I think
17 that's a very wise question. Yes?

18 AUDIENCE MEMBER: I spent 35 years in
19 the IRS, 28 years in management positions. The
20 last seven years I have been defending clients
21 against IRS actions. Everyday I ask myself, if I
22 have the problems I have, I feel sorry for the

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1 vast majority of people that are out there.

2 The Taxpayer Advocate Group, national
3 and the local group are excellent. These are
4 dedicated individuals that feel, get the feeling
5 of what's going on and want to resolve problems.
6 So, I suggest that everybody, if you haven't used
7 their service, use them. We've used them on
8 numerous occasions.

9 The IRS would work a lot better if Ms.
10 Olson was the next Commissioner.

11 MS. OLSON: No, she's not looking for
12 that job. No, that is not what I'm looking for,
13 thank you.

14 AUDIENCE MEMBER: One of the suggestions
15 I have is to increase the amount of money that can
16 be a streamline payment agreement. We have to
17 send hundreds of pages of documents to get an
18 installment agreement, and these are the people
19 that want to resolve their tax liability.

20 I say take that \$25,000, \$50,000 group
21 and bring it up to \$250,000 if the people can pay
22 within the statute or within the six-year period

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1 the IRS allows. Let the IRS spend all this other
2 time that they'll be saving on the people that
3 don't want to pay their taxes that they need to go
4 after.

5 MS. OLSON: Thank you.

6 AUDIENCE MEMBER: I'm Mark Carew, I'm
7 with Baker Tilly, I spent my first 15 years with
8 Chief Counsel, been 15 years on the other side of
9 the table now and I did catch the Congressman. I
10 said the problem is the really twisted
11 relationship between Congress and the IRS. You
12 know, every year, the budget is, we go up and get
13 a budget and they say you're not collecting the
14 money that's on the books. Why would we increase
15 your budget if you're not collecting the money on
16 the books?

17 Congress is right, what's the IRS
18 supposed to say? How do you beat that back? The
19 answer is because the money shouldn't be on the
20 books in the first place. We are penalizing our
21 people to death. We think it enhances voluntary
22 compliance.

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1 Every manager that I talk to after going
2 up the chain will tell me, as I tell him, look, if
3 you're going to unfairly penalize my client, and
4 just say, hey look, it's math, there's the
5 statute, 25 percent, you know, got to impose it.
6 If you think that that doesn't hurt voluntary
7 compliance, you're crazy. They all think that I'm
8 nuts, they say of course, of course it enhances
9 voluntary compliance.

10 No, it isn't. When a taxpayer feels
11 that they have been unfairly treated by the
12 government, they will do everything they can to
13 recover. If they have a small business, they can
14 do plenty to recover.

15 So, I did have, it was quick, I said
16 there are some easy things you can do, too. You
17 make less than \$40,000, there's no tax. That's a
18 simple one. But I think he's a Republican
19 Congressman, on the take there too. But we also
20 know that Congress is going nowhere with that they
21 are not.

22 But that's an easy one. It is so hard

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1 to live on \$40,000 in this country, and yet we tax
2 them because, hey, whatever. We know the reasons.
3 But that solves the problem, that puts most of you
4 all out of business because now you don't have to
5 do it. It gets rid of a lot of the IRS folks
6 because they don't have to follow up on them. So,
7 that's an easy solution.

8 Another easy solution, let's change the
9 penalty laws. It's not going to come from the
10 IRS. We're never going to change that culture
11 unless we get a Commissioner who's really going to
12 work on the culture, and that is a 20-year job at
13 least. But why don't we do that? Let's change
14 the penalty so that if you pay your tax and your
15 interest in full, then that assessed penalty comes
16 off. No reasonable cause, the government has been
17 made whole, you've done the effort to do it, why
18 are we going to whack you with another penalty?

19 The answer is because in the culture of
20 the IRS, that's what bankruptcy courts are for,
21 not the IRS. So, if Congress changes the law, we
22 solve a lot of problems here, but we're not going

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1 to change the culture.

2 So, getting to this, what I don't like
3 about this is as soon as there is a dispute, this
4 isn't going to work. It will work great for the
5 IRS because now you have no human to talk to. We
6 counsel our clients you have got to get a face-to-
7 face meeting, we have got to talk to a human. If
8 we can't talk to a human, it's far too easy to
9 tell you no over the phone, sorry but no, and your
10 choices, you have options, you can pay the penalty
11 amounts and go to court, there's the options. You
12 have to have a face- to-face experience when
13 there's a dispute. It looks like from this plan,
14 there's no option for that.

15 MS. OLSON: Okay, so I just wanted to go
16 back to the penalty, because in fact my office did
17 a study several years ago where we looked at sole
18 proprietors and we looked at the underreported
19 income, you know, because they were always leaving
20 off 1099s and stuff. We looked at all different
21 ways that they were audited, automated under-
22 reporter, core exam, everything. We looked at

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1 when a penalty had been applied against them and
2 when a penalty hadn't. Then we looked at their
3 compliance in the years, five years going forward
4 looking at the DIF scores, you know, the scores
5 that the IRS scores each return by risk factor of
6 being noncompliant.

7 What was the most interesting was that
8 we found that the taxpayers who had penalties
9 automatically imposed, first of all, the group
10 that had, let me restate this. The sole
11 proprietors that we looked at had basically the
12 same amount of gross income and the same amount of
13 an adjustment on the return. So, they had the
14 same amount of unreported income and the resulting
15 tax. It was very uniform. We were trying to
16 really make them match.

17 What we found was that one group, you
18 know, we had one group that had penalties applied,
19 the accuracy related penalty, and one group that
20 didn't. When we compared them as a group, the
21 people who had penalties applied were less
22 compliant going forward, significantly less

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1 compliant going forward, than the taxpayers who
2 didn't. Where it was very marked were the
3 taxpayers who had automatic penalties applied
4 where there was no conversation, it was just as
5 soon as the notice came out, there was the 20
6 percent penalty, and there it was. It was just
7 showing up on the notice, no conversation, no
8 opportunity to come in and say I disagree with
9 this.

10 The other place which was really
11 surprising to me but makes sense when you think it
12 through was the taxpayers who had a penalty
13 applied and went in and got that penalty abated,
14 they were more noncompliant going forward. I
15 think, you know, when you think about it, it's
16 maybe because it was put upon them and they had to
17 take extra steps and go through this process and
18 they felt that it was unjust that they had to go
19 through this process and get the right result. It
20 should have never been applied in the first place.

21 That was a statistically representative
22 population. So, you can point anybody who

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1 disagrees with you to that study. It's somewhere
2 in those 700-page reports that I produce each
3 year.

4 AUDIENCE MEMBER: Can I say something
5 quick?

6 MS. OLSON: Yes, absolutely.

7 AUDIENCE MEMBER: So, I have a client
8 that called me up and they didn't realize they had
9 a partnership, and they had a partnership for the
10 last four years. There's penalties for failure to
11 file a partnership return.

12 MS. OLSON: Yes.

13 AUDIENCE MEMBER: I had to inform them
14 so I contacted the IRS and I said, look, my client
15 wants to come clean. Well, they give you a one-
16 time oops, I didn't mean to do it freebie. But
17 that's for one year. Well, what about the other
18 three? The IRS agent on the phone said, well, I
19 don't know, it depends. That's the accounting
20 answer always right, it depends.

21 But it's the one you get, that's the
22 problem. So, now my client has to decide, do they

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1 want to come clean with the risk of potentially
2 having almost \$5,000 a year in penalties for four
3 years, or just start filing today?

4 MS. OLSON: Right.

5 AUDIENCE MEMBER: Anyone want to
6 volunteer the answer as to what --

7 AUDIENCE MEMBER: The 1041A Q-1, the
8 fiduciary return, you know, for a failure to file
9 or charity deductions. It's just an information
10 return, I think it's \$10 a day or something and
11 they --

12 MS. OLSON: Right.

13 AUDIENCE MEMBER: It's just an
14 information return and it is often missed.

15 AUDIENCE MEMBER: They think every W-2
16 that doesn't get filed is an intentional
17 disregard, that's what would be what they imply.
18 It used to be you could say, well, there's only
19 three people, they all reported the income, it was
20 --

21 MS. OLSON: Right.

22 AUDIENCE MEMBER: Now it's intentional,

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1 you intentionally disregarded, and it can be a
2 very significant thing.

3 MS. OLSON: Right, absolutely. Did I
4 see somebody over, yes, sir?

5 AUDIENCE MEMBER: Yes. My name is
6 Dennis, I'm an enrolled agent. I'm a
7 practitioner. Practitioners are in my opinion
8 lawyers and CPAs. They have skin in the game.
9 They're regulated by their proffer, the preparer,
10 the tax preparer is not regulated. I believe the
11 states should regulate them. Illinois went through
12 that mismanagement and decided not to.

13 The other issue is that future vision,
14 that's not going to work. I mean I go to my
15 doctor, I go to my cardiologist, he does his
16 thing, then he does a blood test, and then he says
17 the liver panel is high. He puts it on the
18 computer, he says go to my primary care guy. I go
19 to the primary care guy, he pulls it up and looks
20 at it, and then he sends me to the guy that does
21 the roto-rooter thing, whatever you call they're
22 called, and I go over there.

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1 But that future vision works; your
2 future vision will never work because, it may work
3 with people doing TurboTax that want to interact
4 with a machine. They like the machine to begin
5 with. But as far as the practitioners, or if you
6 have regulated preparers, I think the
7 practitioners got skin in the game, I don't think
8 the preparers got skin in the game.

9 MS. OLSON: Okay.

10 AUDIENCE MEMBER: The other issue is the
11 identity theft. That horse is out of the barn.
12 Medicare is putting Social Security numbers out
13 left and right. Everybody else is putting out
14 their four- digit number, the last four.

15 I sent I think the solution to the Joint
16 Committee on Taxation, a couple of senators and
17 some representatives, not Mr. Roskam. The idea is
18 that you would take the last five digits of your
19 AGI, hyphen it with one more space, then you add
20 the last four of your Social Security number. It's
21 a ten-digit thing.

22 IRS can strip that off of the previous

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1 return. They can strip off the AGI, the last
2 five, and that Social Security number. When I
3 file a return, the only one that knows that number
4 is the computer, the taxpayers, and myself who
5 prepared the return. A simple solution, I don't
6 see why they can't implement that, with the one
7 that they're losing billions of dollars.

8 MS. OLSON: Yes. I think that what is
9 interesting about identity theft is that for
10 every, I mean I just say this having watched it
11 for the last 10 years, more from something that
12 was just a one-off or somebody just making up a
13 number and seeing whether it went through, to a
14 truly organized crime. What is so interesting is,
15 you know, that you think that no one would have
16 your AGI from the last year or your Social, but
17 that information is available and it is, you know,
18 there are lots of different ways for people to get
19 it, and it's scary about that.

20 I'm not really sure what the solution
21 is, so I'm open for any other. Anyone else? Yes?

22 AUDIENCE MEMBER: Hi, I'm actually the -

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1 - director at the -- of Justice. Looking at this,
2 I'm wondering, you're saying that the electronic
3 notification, so --

4 MS. OLSON: Digital notification.

5 AUDIENCE MEMBER: Digital notification.
6 Going off of the identity theft issue, I guess my
7 question would be would this be something that
8 identity thieves would be able to try and play off
9 of as well, or would this be something where you
10 get an e-mail, say, that says you need to log into
11 your actual account to get a notification?

12 MS. OLSON: Right, right. That is what
13 the IRS is looking at, it's that you would get a
14 text or an e-mail saying there's a message for you
15 in your actual, in your IRS account. I will say
16 to you that it will not take very long for someone
17 to start sending e-mails out and creating a fake
18 IRS account.

19 AUDIENCE MEMBER: Right.

20 MS. OLSON: You know, but then you have
21 to create a password and a picture and, you know,
22 there's a bunch of stuff that you'd have to do.

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1 So, that's, there are still several steps that if
2 you were smart you would know this is not the
3 account. But how many of us know someone who
4 clicked that attachment and lost their entire
5 computer to a virus? I mean it just happens.

6 The other thing I'd say that, and some
7 of you may have experienced this, but we in TAS
8 have had to work a number of what I would call
9 payroll service provider, you know, frauds where,
10 you know, the entity has either gone, you know,
11 has been embezzling, they're collecting the
12 payroll taxes for a group of businesses, they're
13 doing the W-2s, but it's really a Ponzi, it's a
14 pyramid scheme, you know. They are paying the
15 payroll taxes for one entity with the money from
16 another, and then it finally collapses.

17 One of the things that they have been
18 able to do is because they have the power of
19 attorney for these businesses, that they are able
20 to go in and change the address for the
21 businesses. So, all of the collection notices,
22 since the payroll service providers have not been

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1 paying the payroll taxes and the IRS is sending
2 these notices out but they're going to the entity
3 that is actually creating the crime, so the
4 taxpayer doesn't find anything out about this
5 until they actually send a revenue officer out.
6 That has to get very serious and by then it's so
7 late.

8 I've been trying to think about what
9 could happen with these online accounts in that
10 environment, if somebody has access to an online
11 account and changes the address of the taxpayer so
12 that the notices are going to them. That really,
13 the last question that I actually have of
14 everybody is, you know, so say you create an
15 online account, do you still want to have written
16 notices go out? Do you want the notice of
17 deficiency to be in paper? Do you want, you know,
18 the duplicate letters to go out in addition to
19 these digital notifications?

20 Then my answer to that is, well, then
21 IRS, where is the savings? Because they're
22 building on all of this, you know, they're not

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1 thinking about the due process concerns and the
2 protection concerns and the safeguard concerns.
3 Once you really start getting into that, you start
4 losing your savings.

5 If you say we're not going to have the
6 unregulated preparers on these online accounts
7 because we're concerned about their access, well,
8 the vast majority of preparers are unregulated.
9 So, they're going to have to be talking on the
10 phone. Where is your savings from that? You
11 know, it requires a lot of analysis.

12 AUDIENCE MEMBER: Why don't they make
13 something up for practitioners to use? You know,
14 we're the ones going in there and helping these
15 taxpayers, I mean we're doing it.

16 MS. OLSON: Right, right.

17 AUDIENCE MEMBER: So, we would have some
18 access that would make sense. I mean we speak
19 tax, that's my --

20 MS. OLSON: Right, right. But that's a
21 very different, I mean I am fully supportive of an
22 online account. I'm asking these questions but

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1 I'm also saying that's a very different premise
2 from the thing that, because the budget is driving
3 a lot of this, you know. So, you have to have
4 very different assumptions if you go there.

5 Now, I think we're running out of time
6 so I wanted, you were raising your hand? Yes,
7 please.

8 AUDIENCE MEMBER: Yes, I'm Jim, I'm an
9 enrolled agent. I just had two quick notes.

10 MS. OLSON: Yes.

11 AUDIENCE MEMBER: This sounds great, I
12 mean I'm kind of in the middle of my career, early
13 to mid of my career, so I have many years still.
14 So, I think eventually this could be great. The
15 execution though of it, I'm not sure. If like
16 healthcare.gov is behind this, I wouldn't be an
17 advocate of it. But if there was a strong, you
18 know, at the back end that was going to make this
19 a secure portal for everyone, you know, all
20 taxpayers, accountants, you name it, I think it
21 would be great. It's just the execution.

22 MS. OLSON: Right, right. Yes, and I'm

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1 glad you said it. You know, I actually had
2 proposed an online account about a decade ago and
3 I'm very supportive of it. You know, I'm just, we
4 need to be very careful about what we do. I think
5 also, you know, particularly for the
6 practitioners, it would be very helpful.

7 I think for myself when I was a
8 practitioner, to be able to look online and see,
9 okay, there's a notice, to be able to go online
10 and sort of figure out the problem, that would
11 save me a phone call and 45 minutes waiting on the
12 IRS. Now, when I get a notice, I have to call the
13 IRS to find out just what even the problem is. But
14 I personally, and this is just me personally, once
15 I figure out the problem in most instances, unless
16 it was something very simple, I would want to talk
17 to somebody. I would use the online account to
18 make sure that what they said they were going to
19 do they actually did. I'd be checking it and it
20 would save me those phone calls.

21 So, I think there's real benefits for
22 that, absolutely.

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1 AUDIENCE MEMBER: Or even having the
2 initial interaction being the letter saying there
3 is something amiss, something afoot.

4 MS. OLSON: Right.

5 AUDIENCE MEMBER: Go to this website,
6 you know, if you have the means. If not, send us
7 back, you know, the regular 18th century way of
8 doing things, that's fine. But if you have the
9 means of going online and doing this, we'll be
10 posting up these letters and correspondence and
11 you can send stuff through there.

12 MS. OLSON: Right, right.

13 AUDIENCE MEMBER: So, I don't know,
14 that's just --

15 MS. OLSON: To be able to take digital
16 pictures of the documentation and e-mail them in
17 would be fabulous from everybody's point of view,
18 depending on your camera, depending on the
19 steadiness of your hands, you know. I mean, but
20 I'm saying there are real benefits of that.

21 AUDIENCE MEMBER: Right.

22 MS. OLSON: You know, one thing that I

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1 thought was very interesting about the small
2 business thing, and I was trying to sort of think
3 this through and they were very cagey about it in
4 their wording, was this virtual audit. Because
5 again for years I've been saying, okay, you could
6 get the benefit of a correspondence exam if you
7 could do it virtually and you could see, you
8 know, you could actually see the taxpayer but you
9 do it like a virtual office audit, you know, where
10 you've got one person assigned to the case, you're
11 sitting at your computers and you're looking at
12 one another and you're being able to send the
13 documentation in real time and say here is this
14 document, does that work for you? And when you
15 end that interaction, you walk away knowing, okay,
16 I need this one other piece of document and I can
17 take a picture of it and e-mail it in to this
18 person's e-mail and they will have it and they
19 will, you know, they will be able to look at it
20 and we have had a meeting of the minds.

21 AUDIENCE MEMBER: It's peace of mind.

22 MS. OLSON: That's a very sophisticated

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1 use and a positive use of digital interaction, and
2 I was wondering whether that was in there but I
3 haven't been able to find that out.

4 AUDIENCE MEMBER: I'm still concerned
5 about that sort of digital interaction because,
6 you know, when we sense an unfairness going on, my
7 last straw is I want the bureaucrat to look my
8 client in the eyes to tell my client that he owes
9 this money. You don't get that digitally.
10 Digitally, sure, I've got a government badge on,
11 I'll tell you, no problem.

12 MS. OLSON: Right, right. Well, and I
13 do think that, you know, digital hearings are a
14 very controversial thing, particularly in the
15 immigration area. I think in some of the things,
16 you know, that there are constitutional issues
17 there and that's being worked through.

18 I do want to say something. We have
19 case advocates in the other room. If you have
20 particular cases or something, we can't work the
21 cases here, but if you want to, you know, talk
22 with them and bring a particular issue that we can

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1 intake and then, you know, in the next week we'll
2 be getting back in touch with you in the following
3 days, you know. So, we wanted to let you know
4 that we had folks here.

5 So, I want to make sure that everybody
6 who wanted to talk had a chance and then we're
7 going to close the meeting. So, who else? You
8 were standing up. Anybody else?

9 AUDIENCE MEMBER: I have one more.

10 MS. OLSON: Yes, absolutely.

11 AUDIENCE MEMBER: The W-4, can that be
12 changed? Is there any way? I feel like every
13 client that I deal with, it's like every client
14 literally, I got a bunch of W-4s from the IRS for
15 the beginning of the tax season, just brand new,
16 fresh, so I could hand them to people saying it's
17 not what you think it is. Filing married and 30
18 exemptions with all the kids and the dogs and
19 everything.

20 MS. OLSON: Right, so making it
21 interesting, right.

22 AUDIENCE MEMBER: It's a dual income

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1 household for like 90 percent of the American
2 public whereas in the 20th century it was
3 completely different. There was one breadwinner
4 which was all the W-4 form we would need.

5 MS. OLSON: Yes, yes.

6 AUDIENCE MEMBER: The W-4 needs to be
7 changed.

8 MS. OLSON: Very interesting.

9 AUDIENCE MEMBER: Just try and do it
10 right away. Of course the people that are handing
11 in the W- 4s have no idea what they're doing. Then
12 we give them the bad news and we're the bad guys.

13 MS. OLSON: Right, but that's after a
14 year.

15 AUDIENCE MEMBER: Correct.

16 MS. OLSON: Right, and then they're
17 dealing with the downstream, they're dealing with
18 the tax bill basically.

19 AUDIENCE MEMBER: Right, so I just
20 wanted to let you know.

21 MS. OLSON: That's a very good
22 suggestion. So, anybody else? Going, going, yes?

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1 AUDIENCE MEMBER: I just one little
2 comment. I think the IRS should be forced to
3 change the hold music every six weeks.

4 MS. OLSON: All right, so I have a story
5 about the music. So, my story about the music is
6 15 years ago on March 1st I showed up in this job.
7 One of the things I had sworn to myself was,
8 because I had spent by that point 27 years
9 listening to the Nutcracker Suite, that one of the
10 first things I was going to do was get the music
11 changed. In fact, I got them to change the music,
12 but it was one song that they kept forever and
13 ever and ever and it's still on. It's just like,
14 wait, no, I thought maybe you could put choices on
15 or you could do an easy listening channel and you
16 could do jazz, you could choose country western if
17 you wanted.

18 You know, that was my proposal, but I
19 sort of got them to change the music but I got
20 them to change it once and it's still there.

21 So, that's the story of that. I could
22 try again. It would be good for another 15 years.

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1 Thank you so much, everybody. I really
2 appreciate you coming.

3 (Applause.)

4 (Whereupon, at 7:31 p.m., the public
5 forum was adjourned.)

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CERTIFICATE OF NOTARY PUBLIC

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1 I, Andy Kreczko, the officer before whom the
2 foregoing public forum was taken, do hereby
3 certify that the testimony appears in the
4 foregoing public forum was duly sworn by me; that
5 the testimony of said public forum was recorded by
6 me and thereafter reduced to typewriting under my
7 direction; that said public forum is a true
8 record; that I am neither counsel for, related to,
9 nor employed by any of the parties to the action
10 in which the public forum was taken; and, further,
11 that I am not a relative or employee of any
12 counsel or attorney employed by the parties
13 hereto, nor financially or otherwise interested in
14 the outcome of this action.

15

16 Andy Kreczko
17 Notary Public in and for
18 the County of Cook, State of Illinois

19

20 My commission expires: April 14, 2019 Notary
21 Registration No.: 1022468

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1 CERTIFICATE OF TRANSCRIBER

2 I, Stella Legaspi, do hereby certify
3 that this transcript was prepared from audio to
4 the best of my ability.

5 I am neither counsel for, nor party to
6 this action nor am I interested in the outcome of
7 this action.

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3/23/16 Stella Legaspi

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