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NATIONAL TAXPAYER ADVOCATE

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PUBLIC FORUM

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Friday, April 8, 2016

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10:00 a.m.

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Harrisburg University of Science & Technology

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326 Market Street (Auditorium)

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Harrisburg, Pennsylvania 17101

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Reported by: Ryan K. Black

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## A P P E A R A N C E S

HOST

Nina E. Olson, National Taxpayer Advocate

and

The Honorable Bob Casey, United States Senator

PANELISTS

Susan Diehl, President of PenServ Plan  
Services, Inc.

Robert Hamilton, Managing Attorney MidPenn  
Legal Services Low-Income Taxpayer Clinic

Roger Eberlin, Identity Theft Victim &  
Taxpayer Advocate Services client

Warren Hudak, President Hudak & Company

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

2 OPENING REMARKS

3 MS. OLSON: Good morning. I am thrilled to be here. My  
4 name is Nina Olson. I'm the National Taxpayer Advocate, and  
5 I'm really thrilled to see all of you come out during the  
6 filing season to help us work on and talk about the future  
7 state of the IRS, and, actually, the current state of the  
8 IRS, from a perspective of taxpayers, and you all as  
9 practitioners.

10 We invited Senator Casey, and, unfortunately, he  
11 had a last-minute conflict. And so we are fortunate to have  
12 the members of his staff here, and they will stay after the  
13 public forum if anyone has constituent issues and concerns  
14 that they want to express. And I'll ask Michael Aumiller  
15 to stand up so you can just see, and, Kathi, who is next to  
16 him. So these are the folks, and they have been wonderful  
17 partners for us in setting up this public forum. And I  
18 just want to say that they were the first out of the box to  
19 approach us when I said I was going to do public forums.  
20 They were the first to say, we want you to come to  
21 Pennsylvania, and we would like you to come to Harrisburg,  
22 in particular.

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1           As I said, I'm very happy to be back in Pennsylvania. I  
2 was born in Pennsylvania, and I still view myself as a  
3 Pennsylvanian. This is where I was born, and this is where I  
4 grew up. I spent the first 20 years of my life as a  
5 Pennsylvanian. We won't talk about how many years followed  
6 after that.

7           So the agenda this morning is to talk about what  
8 is happening with the IRS right now, what has your  
9 experience been, both as taxpayers and practitioners, on  
10 getting problems resolved, getting information from the  
11 IRS, being able to interact with the IRS, and then looking  
12 at the IRS's future state plans.

13           And in my Annual Report that I published in early  
14 January, I identified as the number one most serious problem  
15 for taxpayers the IRS's plans for the future state of the  
16 IRS, not so much that that was an immediate issue for  
17 taxpayers, but that the IRS was working on a future state  
18 vision, and it hadn't, to that point, shared that  
19 information with practitioners, or with Congress, for that  
20 matter, or with taxpayers. And I was very concerned that the  
21 planning was at a point where decisions were being made and  
22 that we really needed to have a discussion and a

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1 conversation, and a public one.

2           And I'm gratified that since the publication of my  
3 report, the IRS has created a website dedicated to future  
4 state and it has put up a significant amount of materials,  
5 and we've got some of the materials outside of this  
6 auditorium.

7           On the other hand, I continue to be concerned about  
8 some of the direction that the IRS is envisioning for the  
9 future state, that I think they're overly-optimistic about  
10 what taxpayers will be able to navigate and do, and I think  
11 they're overly-optimistic about their own ability to  
12 deliver on some of these promises. And so I announced that  
13 I was going to go around the country, and, in conjunction  
14 with members of Congress, hold public forums to hear from  
15 representatives of the community, and certain panelists  
16 from the community that we were going to, and then members  
17 of the community.

18           And so that's what we're doing this morning.  
19 We will hear from each of the four panelists, who are from  
20 your community, and then I will have some questions for  
21 them. And then we will put the floor open. And we do have  
22 a court reporter here, this is being recorded, and this

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1 will be a transcript that we will put up on our website of  
2 these forums. It will be on Taxpayeradvocate.irs.gov. And  
3 just so you know where all of this is ending up, after we  
4 go around the country, we are also doing a national survey  
5 of U.S. taxpayers to ask them questions about their  
6 taxpayer service needs, what they need from the IRS in  
7 order to comply with the laws. And then in my December  
8 report for 2016, I will be reporting on all of this and  
9 then making my recommendations for what the future state of  
10 the IRS needs to look like based on what I've heard from  
11 you all.

12           And so there's a method to my madness, and I would  
13 say sometimes it feels like I'm mad, you know, traipsing all  
14 over the country, but that's the approach that we're going  
15 to take. So I encourage you, when we do have the public  
16 discussion, to please, you know, we've got a microphone that  
17 we'll have roaming the room, please speak up, please talk  
18 about your concerns and your recommendations for the future,  
19 and tell us stories because stories are a really good way to  
20 understand what's happening to taxpayers.

21           So I'm going to introduce each panelist as we go  
22 along, and our first panelist is Bob Hamilton, Robert Hamilton.

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1 And Bob is the managing attorney for the Low-Income Taxpayer  
2 Clinic at MidPenn Legal Services in Harrisburg, Pennsylvania,  
3 where he represents low- income taxpayers in tax controversy  
4 matters before the IRS. He earned his BA degree in history  
5 from Pennsylvania State University and a J.D. degree from  
6 Widener University School of Law. He is licensed to practice in  
7 Pennsylvania and before the United States Tax Court And prior  
8 to joining MidPenn, he worked in private law firms throughout  
9 the Harrisburg region providing legal services in the area of  
10 estate planning and administration, real estate and bankruptcy  
11 matters.

12 So we've asked each person to spend about five  
13 minutes, I'm not going to do a hook, although I have these  
14 lovely little cards that say two minutes and one minute that  
15 I'll just slip in front of them as we nudge along.

16 So, Bob, you want to take it away?

17 MR. HAMILTON: Than DIEHL: Thank you, Nina, for  
18 allowing me to be here.

19 The Low-income Taxpayer Clinic at MidPenn Legal  
20 Services provides free legal advice and representation to  
21 qualifying taxpayers throughout 18 counties in the Central  
22 Pennsylvania region. This large swath of the Commonwealth



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1 spans an area stretching from as far north as State College,  
2 south to the Maryland line, west to Bedford and as far east as  
3 Reading. Our clients live in rural, suburban and urban  
4 environments, and no one region, county or city is overly-  
5 represented.

6 In general, our clients seek our services to resolve  
7 a variety of IRS matters after their own efforts to resolve  
8 these tax matters with the IRS have broken down.

9 I think the future state plan addresses the real need  
10 for the IRS to provide a, quote, "more complete online  
11 experience", as stated in the future state plan, both for  
12 taxpayers and tax professionals.

13 Major sources of delay in helping our clients is  
14 attempting to locate their notices, letters or records from the  
15 IRS, but the IRS already has, or should have, on file,  
16 particularly those documents submitted in connection with an  
17 audit.

18 The Form 2848, Power of Attorney, which our clients  
19 fill out at the beginning of representation, allows me to have  
20 access to their online transcripts, where I can obtain a  
21 clearer picture of what has transpired on their IRS account and  
22 where the taxpayer stands in the audit process; however, these

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1 transcripts only provide me with the dates of a notice or a  
2 letter that was issued, a short phrase summarizing that notice  
3 and the amount of the adjustment made to the client's account.

4           It would be much more useful if, for example, all of  
5 these documents could actually be uploaded, opened and viewed  
6 directly through the online services function; however, while  
7 these online upgrades and online interfaces could surely  
8 enhance my representation of taxpayers, I have serious doubts  
9 about taxpayers utilizing and relying exclusively on online  
10 services as a replacement to direct person-to- person contact  
11 with the IRS representatives.

12           The future state plan assumes that since other  
13 financial transactions, such as those involving the transfer of  
14 funds from a bank account or a consumer purchase have shifted  
15 online, every American would prefer online interactions when  
16 dealing with issues concerning the IRS. Not only is this  
17 assumption based on shaky logic, in my experience, the majority  
18 of low- income taxpayers either do not have equal access to  
19 online services or they overwhelmingly prefer a human  
20 connection to assist them with a tax problem. For some of our  
21 clients, an internet connection is a luxury they just simply  
22 cannot afford. They are scraping by, living paycheck to

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1 paycheck, trying to support their families, often relying on a  
2 single source of income. In addition, some of our elderly  
3 clients do not use the internet to access information at all.  
4 Many others simply do not trust providing financial or personal  
5 information through a computer.

6           There are some clients who may be more tech- savvy  
7 than others and thus fit in the archetype of the future state  
8 taxpayer, but the overwhelming majority first contact the IRS  
9 by calling the number listed on their notice or letter, and it  
10 is rare that one of them will read the entire notice to know  
11 exactly what they need to do in order to comply with the IRS  
12 demands. Rather, they want a live person to explain to them  
13 exactly what they need to do. This builds a sort of trust with  
14 the IRS and that particular agent they're working with.

15           Sadly, I believe that most of our clients would  
16 report below-average customer service experiences with the IRS,  
17 which would erode this trust. Two clients, in particular, come  
18 to mind, each with similar characteristics and facing similar  
19 circumstances. Both are single women in the their late 60s,  
20 and both are working full time to support their grandchildren  
21 who live with them. Each received IRS notices requesting  
22 evidence to support their claim of the Earned Income Tax

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1 Credit; namely, that their grandchildren are related to them,  
2 that they lived with them for more than one-half of the year,  
3 and that they provided more than one-half of their support.  
4 Neither was fortunate enough to actually speak to a  
5 representative when they called the IRS when they first  
6 received this notice. Whenever they had time to call, whether  
7 on break from their jobs or on their way home from work, they  
8 experienced long wait times, or their calls were disconnected  
9 as courtesy hang-ups. They anticipated that an IRS  
10 representative will be able to tell them exactly what to send.

11           Instead, since they were never able to make direct  
12 contact, they gathered what they thought would be sufficient,  
13 hoping for a positive outcome. Without ever having spoken to  
14 an actual person, their claims were denied and statutory notice  
15 of deficiency were eventually issued. We are currently  
16 assisting both taxpayers in audit reconsideration requests.

17           If expansion of online access to taxpayer accounts  
18 does occur, such access should not extend to tax preparers that  
19 are not currently subject to IRS oversight. Last year I  
20 represented a disabled woman who was referred to an  
21 unscrupulous tax preparer that offered to file her taxes for a  
22 small fee. My client, a single woman with no dependents, was

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1 expecting a modest refund representing her withholding amount  
2 from her job. Several months later, she received an audit  
3 notice requesting more information on the three dependents she  
4 claimed on her return for purposes of the Earned Income Tax  
5 Credit.

6           At first my client thought the IRS had rightfully  
7 screwed up. What dependents she asked? Not only had she never  
8 claimed any dependents for any tax years, she had lived alone  
9 for almost 20 years. Unbeknownst to her, the preparer had  
10 changed her filing status and claimed these three dependents  
11 after my client had signed her return.

12           I think the IRS future state plan envisions a simple,  
13 self-explanatory experience, where the taxpayer is both up-  
14 informed and up-to-date about tax rules and regulations, and is  
15 tech-savvy enough to navigate a revised online interface, is  
16 more idealized fantasy than accurate portrayal. While I  
17 welcome upgrades to the IRS online accounts system, it cannot  
18 realistically be expected to replace the in-person contact that  
19 so many of our clients heavily rely upon, particularly the  
20 elderly and those that speak English as a second language.

21           Additionally, public concern over the security of  
22 their tax records by the IRS remains high, and any expansion of

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1 these records to the third parties must be more fully vetted  
2 and addressed before such access is granted.

3 Thank you.

4 MS. OLSON: Thank you very much.

5 Our next panelist is Susan Diehl, and Susan is the  
6 President of PenServ Plan Services, Inc. She is a preeminent  
7 retirement plan and benefits expert. She has served on several  
8 IRS advisory committees, including the Advisory Committee on  
9 Tax Exempt and Government Entities, the ACT. She's contributed  
10 to the formation of the IRS's 403(b) liaison group that  
11 provides support to employers and financial institutions  
12 dealing with 403(b) plans, and she's served on the Information  
13 Reporting Program Advisory Council or IRPAC. She also  
14 currently serves on the board of directors -- she's serving as  
15 a director on the American Retirement Association.

16 There's a lot of other wonderful involvement that  
17 Susan's had, but why Susan is here, for many reasons, is  
18 because in response to my annual report and my announcement  
19 about the first public forum, she sent an e-mail into our  
20 website about the issues that she was experiencing in the  
21 retirement plan arena. And her presentation was so thoughtful  
22 that no good deed goes unpunished, and I invited her to be a

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1 panelist here today.

2           So if anybody has any decision wanting to comment or  
3 anything, that may happen to you, too, so just be forewarned.

4           But, anyway, we will turn to Susan for her comments.

5           Thank you.

6           MS. DIEHL: Thank you. And I'd like to begin by  
7 thanking the National Taxpayer Advocate, Nina, for hosting this  
8 and inviting me to speak today.

9           As you could hear a little bit from what Nina  
10 presented, I've been working in the retirement plan industry  
11 since the signing of ERISA in 1974, and, yes, I was 14 years  
12 old, then.

13          As the years went on and I served as a volunteer on  
14 various IRS and Department of Labor committees, I was intrigued  
15 to learn about what everyone was referring to as the nicer,  
16 kinder and gentler IRS. People would say to me, really, how  
17 does that work? But it was true. The IRS was engaged, they  
18 listened to the concerns of practitioners in the retirement  
19 arena, problems that needed to be addressed were addressed,  
20 guidance that needed to be issued was issued, and, yes,  
21 mistakes that needed to be fixed in the reporting area and  
22 other guidance were fixed, as well. Life was good, and things

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1 got even better. Education and outreach was added to the IRS  
2 division of new employee plans. The IRS website became a  
3 valuable resource tool for practitioners. It actually had up-  
4 to-date information on there, and useful information. The  
5 employee plans compliance unit was set into motion and, through  
6 their development, provided much more guidance and information  
7 to the public.

8           The liaison groups were formed to meet periodically  
9 with the employee plans group within the IRS. Problems and  
10 questions were brought to the forefront and resolutions were  
11 adopted.

12           We all worked together and shared the common goal of  
13 wanting retirement plans to be administered correctly, to  
14 protect all of the employees' benefits. There were actual  
15 people to reach out to! If, for example, issued guidance was  
16 unclear or presented an operational quagmire for financial  
17 institutions, we would not only be given a solution, but could  
18 also advocate for the IRS and spread the word to practitioners  
19 and other associations across the country. The IRS would  
20 publish something in their newsletter or on their website to  
21 support their decision.

22           Yes, life was good. The retirement industry had



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1 support, and taxpayers and employers could put their faith in  
2 the IRS. And then, almost overnight, everything changed. The  
3 IRS turned back the clock 30 years. No longer was it an option  
4 to e-mail an inquiry. As a matter of fact, we were told a few  
5 months ago that no e-mails with questions could go in. There  
6 were no more conversations, no more meetings, no guidance, no  
7 answers. And just a few examples, I have quite a number of  
8 them, but back in 2015, there was a major change in IRA  
9 rollovers. And we know that there is \$7 trillion in IRAs  
10 today, so a very big change for taxpayers.

11           At that time, we went to the IRS and asked for, on  
12 behalf of financial institutions who needed to understand their  
13 responsibility with respect to this new rule and they wanted to  
14 comply. It is over a year later, and we have yet to get any  
15 response from the IRS.

16           The PATH Act was passed by Congress on December 18th,  
17 2015. There are a number of areas in that that affected  
18 retirement plans. We have yet to get any guidance or answers to  
19 questions on that.

20           We've learned just within the last few weeks that the  
21 IRS internally has taken the position for certain church-  
22 affiliated organizations where they cannot do what they've done

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1 for the last 40 years under retirement plans, and that will  
2 affect probably a few hundred thousand employers, including  
3 your universities, your private schools, hospitals, et cetera.

4 Taxpayers and employers generally want to comply with  
5 the tax laws, but, without resources, unnecessary penalties  
6 will ensue. And, alas, the nicer, kinder, gentler IRS was gone.

7 I will be the first to point out and agree that the  
8 budget cuts of 18 percent to the IRS since 2010 have played a  
9 big role in this, and perhaps have led us quicker down the path  
10 of no service. Perhaps we should alert Congress of the  
11 detriment this is having on the individual taxpayer, as well as  
12 the employer taxpayer. What I have observed is that the new  
13 individual and business taxpayer experience of the future model  
14 seemed to provide little room for personal contact. Granted,  
15 this will fit well into the constraints of the budget, but I  
16 fear that many will suffer and suffer greatly.

17 Let's consider retirees who have extremely involved  
18 questions. Who will help them? Will this model result in more  
19 unanswered phone calls with no resolution, or a resolution that  
20 comes too late, leaving the taxpayer in a penalty situation.

21 Thirty years ago, 19 percent of retirement assets  
22 were in IRAs and defined contribution plans. Today that

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1 percentage is over 59 percent. That statistic alone tells us  
2 that there are many more individual taxpayers who require  
3 assistance with their retirement plans. Since the services  
4 have diminished, some of these very taxpayers, who are required  
5 to take minimum distributions from their IRAs, whether they  
6 were over the age of 70-and-a-half or a beneficiary where the  
7 participant had passed away, if they are not aware of the  
8 distribution requirements or are confused, a 50 percent tax  
9 penalty is applied to the amount they should have taken.  
10 Should we really be taking 50 percent of their retirement money  
11 when they were not given a fair chance to comply.

12           We need to work together to put models in place that  
13 will assist taxpayers that may include the current IRS future  
14 state. Take down the wall between the IRS and practitioners,  
15 and build a bridge that will engage again in a successful  
16 partnership.

17           In my written comments, I've listed a number of areas  
18 where I think the IRS can consider some recommendations.  
19 Sufficient funding, of course, is the big one. Utilize more  
20 efficiently the already-existing advisory committees within the  
21 service, reengage with external partnerships, encourage  
22 dialogue with the trade associations, the AICPA, the American

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1 Retirement Association, the American Bar Association. The list  
2 goes on and on. Consider all the avenues to provide quality  
3 service to taxpayers and employers. Technology should  
4 certainly be a part of the future state, but enhance, also, the  
5 personal contact.

6           And now that we know that there are \$7 trillion in  
7 IRAs, consider a correction program similar to the ones that  
8 are in place for employer plans. This will enable answers and  
9 corrections for errors that taxpayers inadvertently handle in  
10 their IRAs today, of which there is no answers.

11           And, as Henry Ford once said, coming together is a  
12 beginning, keeping it together is progress, working together is  
13 success. We somehow got lost in the keeping it together part.

14           Thank you for your time.

15           MS. OLSON: Thank you.

16           All right. Our next witness is Warren Hudak, or  
17 panelist. And after the distinguished U.S. Naval career, and  
18 with more than 20 years of accounting and business consulting  
19 experience, Mr. Hudak formed Hudak & Company to provide  
20 strategic perspective to the accounting relationship.

21           As a leader in the firm's tax accounting and  
22 consulting service areas, he provides advice on

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1 accounting, tax and other planning issues to a diverse  
2 group of closely-held businesses.

3 He graduated from Penn State University with  
4 a bachelor of science degree in accounting and is an  
5 enrolled agent. And he's been a member of many  
6 different boards, including the Chairman of the Board  
7 and President for the Harrisburg Junior Chamber of  
8 Commerce, so I think he'll bring a very interesting  
9 perspective to our discussion.

10 Mr. Hudak.

11 MR. HUDAK: Thank you very much. I did not  
12 type my statement today. I will be providing it later.  
13 I suffer from the tax season compression phenomenon,  
14 and I will talk a little bit more about that in a  
15 second.

16 I am an enrolled agent. It was created in  
17 1884 with the Horse Act. It appeared that the Treasury  
18 Department was reimbursing the taxpayers for their  
19 horses that were lost during the Civil War. And after  
20 doing a little math, they realized that they were  
21 reimbursing at a rate for the actual horses. So the  
22 Treasury Department decided that there needed to be

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1 taxpayer representation, and that's what created the  
2 enrolled agent.

3           There are three types of licensed  
4 professionals that have unlimited rights of practice  
5 before the IRS: Attorneys, enrolled agents and CPAs.  
6 The requirements to become an enrolled agent are  
7 intense. There's three exams that are required to be  
8 taken. That leads me to the future plan of the IRS,  
9 which encourages unprepared practitioners and also  
10 individuals to represent themselves.

11           I'd like to talk about my partner in our  
12 firm that gives us a lot of trouble. It's my partner  
13 Google. If I have to sit across the table from one  
14 more person who shows up with a form -- I'll give you  
15 one for instance, a taxpayer walked into my office to  
16 tell me that he's proudly made his estimated tax  
17 payments. I said, that's very good. That's progress.  
18 Thank you very much. When he showed me the form he  
19 completed, it was a Form 941, or a payroll form. Well,  
20 now we have to figure out a way to get the money from  
21 the trust account, that doesn't exist, to his personal  
22 account, thanks to my friend Google.

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1           Another one of my taxpayers showed up with  
2 his Schedule C after we had already filed his business  
3 return as a sole proprietor on his individual return.

4           My point is, too much information could be a  
5 good thing, and it also can be a bad thing. And to the  
6 extent that it muddies the waters and jams the system  
7 with inaccurate or misleading information or wrong  
8 information, it creates more work in the end.

9           All of these tools are wonderful in the  
10 right hands, just like Google. Google's a great thing.  
11 But the information there could be used inappropriately  
12 and create more work for us in the end.

13           So much is lost without face-to-face  
14 interaction. We've all been involved in e-mail chains,  
15 and, at the end of the day, do you ever wonder, what  
16 was that all about? What was the intention of the  
17 message?

18           The tax law is so complicated, tens of  
19 thousands of pages, with definitions of what a  
20 dependent is depends on what it is -- how we're  
21 applying it. And those nuances are lost without that  
22 face-to-face interaction, without the receiving party

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1 being able to make the needed inquiries to understand  
2 the intent. I can imagine a back and forth e-mail  
3 trial going on for months trying to get to the heart of  
4 the matter.

5           So much time and energy's wasted with  
6 improper narrative. It's important that we don't  
7 forget that the Taxpayers' Bills of Rights includes the  
8 right to representation. The future plan doesn't put  
9 proper emphasis on that right.

10           Oftentimes, during the course of an audit,  
11 the taxpayer is -- has taken a position on an issue  
12 that is perfectly fine, but because they don't  
13 understand the language of the law, they don't  
14 understand the language of regulations, they  
15 inaccurately communicate their point, their  
16 perspective, their position. And it isn't because  
17 they're taking an improper position, but because they  
18 don't know how to communicate it properly.

19           The future plan ignores that phenomenon,  
20 which is very real. Those who are the practitioners,  
21 those who have been through an audit have all  
22 experienced that, where the taxpayer might say



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1 something and it has to be immediately clarified to  
2 ensure that the revenue agent properly understands what  
3 he's trying to communicate. That happens almost with  
4 every audit that I do, the 30-second conversation. We  
5 know our clients, we know our customers. After  
6 detailed review of the tax matter, we could have a 30-  
7 second conversation with a revenue officer, cut to the  
8 chase and clear it up instantly. Much of the  
9 correspondence audits can be done automatically, but  
10 you have to properly structure the information that's  
11 given. The average taxpayer, no matter how much  
12 coaching, will find it very, very difficult to put it  
13 together properly so that it can be done in a very  
14 systematic and effortless way. The most common example  
15 is the CP2000.

16           And, lastly, I'd like to just mention a  
17 little bit about identity theft and some of the recent  
18 actions that Congress has taken in accelerating the due  
19 dates of information on reporting returns. The  
20 Taxpayer Advocate has a wonderful narrative and  
21 suggestions in her 2013 report to Congress, with some  
22 great statistics.

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1           Currently, information on returns,  
2 generally, have to be, if you're filing on paper,  
3 although the participant needs to have it by January  
4 31st, it isn't filed with the agency by paper at the  
5 end of February, and, if electronically, at the end of  
6 March. That time is very valuable to ensure that the  
7 information that we send is accurate.

8           Already today, with the -- with these due  
9 dates, the numbers of late-file, corrected and amended  
10 returns is staggering. The increase in the penalty for  
11 late filing returns and accelerated race by due date to  
12 January 31st is going to serve no purpose. It will  
13 accomplish one thing: To ensure the system has more  
14 late-filed returns, to ensure the system has more  
15 inaccurate returns. And to the extent we're using this  
16 with filters to determine whether or not our tax return  
17 is proper or not, or fraudulent or not, to the extent  
18 that the information doesn't match, it's going to  
19 create a tremendous amount of additional work and a  
20 tremendous amount of unnecessary inquiries.

21           After we give particularly low-wage  
22 industries, when we give the W2s to the employees, it

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1 isn't until they go to file their tax return that they  
2 realize that there is a typo in their name, an  
3 inaccurate Social Security number, maybe the six was  
4 supposed to be an eight. We ask for the original back,  
5 and then we give them a proper one, so that we know the  
6 agency's getting all of the proper information that can  
7 be used to process the tax return.

8           And, in conclusion, we do have a problem with  
9 the application of penalties. We have to make sure  
10 that the penalties are not just to burden, but they are  
11 of a preventive nature and that they're not egregious.  
12 Penalties can prevent taxpayers from doing the right  
13 thing. Penalties can prevent people from clearing up a  
14 controversy because of the penalty. We have to get  
15 away from the onset of penalties and get into the  
16 mindset of bringing taxpayers into compliance.

17           Thank you.

18           MS. OLSON: Thank you.

19           And I look forward to your written  
20 statement. That's good. Thank you very much.

21           Our last panelist is Roger Eberlin. Mr.  
22 Eberlin is a U.S Navy veteran. He's originally from

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1 Sonestown, Pennsylvania.

2 During his enlistment with the Navy from 1962 to 1966,  
3 he served as in electronic warfare specialist, which  
4 led him working to electronics after his time with the  
5 Navy.

6 After his enlistment, he obtained a job at 3M  
7 and, while working there, attended Goldey-Beacon  
8 College. He retired after 38 years with the company.  
9 He currently lives in West Grove, Pennsylvania, where  
10 he shared his life with his beloved wife for almost 45  
11 years prior to her passing in 2014.

12 He also happens to be the uncle of the local  
13 Taxpayer Advocate for Philadelphia, and he also happens  
14 to be an identity theft victim. So we thought it would  
15 be good to hear from someone who has had to go through  
16 that experience.

17 Mr. Eberlin.

18 MR. EBERLIN: Thank you for having me here.

19 A little bit of background information on me  
20 and why I'm here today; that is, to discuss the IRS's  
21 future plans to go primarily online.

22 I was married to a now-deceased wife for 45

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1 years. I have three wonderful children, and now they  
2 all have families of their own. I have many  
3 grandchildren.

4 On May 19th of 2014, after suffering a lot  
5 of setbacks from surgeries, being hospitalized many  
6 times, my wife passed away. As you can imagine, this  
7 was an incredibly painful and stressful time of my  
8 life, further complicated by being a victim of identity  
9 theft. With medical bills, funeral expenses, property  
10 taxes coming up to pay for, I was unable to obtain my  
11 refund from my taxes that I had filed earlier in 2014.

12 I might have not have the exact time frames  
13 correct, as it was extremely stressful for me during  
14 that time for several months. I electronically filed  
15 my return with Turbo Tax, got the message back that my  
16 return had been accepted, and then that it had been  
17 approved, on the same day that I filed it.

18 After not receiving my refund for a month, I  
19 called the IRS help line. And after hearing, your call  
20 is very important to us, please continue to hold and  
21 someone will be right with you, after 20 minutes or so  
22 I heard, we are presently receiving a high volume of

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1 calls, please call back later, and then I heard the  
2 click. This happened to me several of times, quite a  
3 number of times, before I was finally able to reach a  
4 human being on the other end.

5           When I did finally speak to someone, I  
6 explained to her that I had not received my refund from  
7 my return I had filed months earlier. I was then put  
8 back on hold while they researched it, and once she  
9 came back online, I would be told, your return is in  
10 process. That same scenario happened several times.  
11 When I was lucky enough to get somebody on the other  
12 end, never once was I told there was a problem or when  
13 I might receive my return.

14           My niece, Brenda Lackey, had just started  
15 working for the Taxpayer's Advocate Services that year,  
16 so I called her and asked if this is normal. She  
17 connected me with the proper people and got them  
18 involved, and after that I had my return that followed  
19 within a few days. I thank goodness for that  
20 department, or, who knows, I might still be waiting.

21           The last two years I've been issued a PIN,  
22 and it worked quite well.

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1           I've heard of the taxpayers experience of  
2 the future and the plans to go mainly to online  
3 interactions with taxpayers in the future. While the  
4 plans may be an improvement, there will still be issues  
5 that concern me.

6           the technology that the IRS has used so far  
7 is completely inadequate and outdated.

8           In my opinion, it will take years to bring  
9 them up to that level that will be needed to ensure the  
10 taxpayers receive the help they deserve and need. I  
11 also have concerns about the security of taxpayers'  
12 information with these online programs. The IRS has  
13 already been hacked with, Get Transcripts, which I  
14 assume causes numerous taxpayers issues when they  
15 couldn't get their transcripts online that they needed  
16 to apply for financial aid for their children or to buy  
17 a new home. And because the IRS has already cut back  
18 on assistance received from humans, how do these  
19 taxpayers obtain what they need? I would say it  
20 probably involved delays and was very time-consuming  
21 for all taxpayers.

22           Being a victim of identity theft myself at a

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1 time that my life had already been turned upside-down,  
2 I needed a human person to help me through the process.  
3 I did not need the added stress of having to call  
4 several times and getting through sometimes after  
5 lengths of hold time.

6 When I reached the person on the other end,  
7 it would have been far more helpful to have somebody  
8 that was able to help me and tell me what was going on.

9 I didn't get the answers that I needed for  
10 the refund I needed them to help me through the very  
11 stressful time until I went through Taxpayers Advocate  
12 Office.

13 Speaking from personal experience, identity  
14 theft is already a large issue with the IRS. I can't  
15 help but worry that going primarily online in the  
16 future will cause the identity theft issue to grow  
17 larger and will cost the taxpayers a lot more money.

18 MS. OLSON: Thank you very much, and I do  
19 want to, again, express my -- I just want to apologize  
20 on behalf of the IRS that you had to go through the  
21 experience that you did and that we didn't do better.

22 MR. EBERLIN: Thank you.



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1           MS. OLSON: I have a few questions for the  
2 panelists, and then we'll open up the floor. And some  
3 of them are specific to your testimony, and some of  
4 them I've sort of been asking of everybody in each part  
5 of the country that I've been in so I can see whether  
6 there's any changes from one part of the country to the  
7 other.

8           And I'm going to maybe start with Bob. In  
9 our handouts, we have this really lovely vignette for  
10 both the individual taxpayers and the small business  
11 taxpayers that you all have seen. And these are  
12 created by the IRS. And it really is the most detailed  
13 picture we have of how the IRS views the future state.  
14 Up until this point, a lot of the materials were very  
15 high level and general, and, as usual, the devil is in  
16 the details. And I guess I really want to ask Bob,  
17 first, you know, since we have Jane as the middle  
18 school teacher, who's receiving the EITC, how realistic  
19 you think this interaction is for someone who's the  
20 typical Earned Income Tax Credit client, whether they  
21 would want to have access online and be able to sign  
22 into an account and then understand these

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1 communications and understand the law and then be able  
2 to self-correct? And I would note that self-correction  
3 is a key component to the IRS future state vision, that  
4 a taxpayer would be able to get into their account, see  
5 what the IRS is saying, understand the communication,  
6 and then, you know, accept the changes that the IRS is  
7 proposing.

8           As I outline that, there's a lot of stuff in  
9 what I just read or what I just talked through, so,  
10 Bob, you want to comment on that, or any aspect of  
11 that?

12           MR. HAMILTON: Sure.

13           As far as the pre-filing and, perhaps, even  
14 the filing, I think a good number of them are doing  
15 that online, or at least somebody is doing that for  
16 them.

17           Again, there are those that don't have  
18 access to the online system. So for those folks,  
19 obviously, they have to go to, say, a volunteer income  
20 tax assistance center or someone affiliated with AARP,  
21 as well, to get their taxes filed. But from the moment  
22 that there is an issue with that return and an issue

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1 pops up saying, you need further documentation, I can  
2 guarantee you that it's going to be very problematic  
3 and they're not going to want to -- their first  
4 reaction, as I said in my testimony, they're going to  
5 want to call the number that's listed on the notice  
6 that pops up and say, what's going on. Tell me exactly  
7 what I need to do.

8 I don't think -- the experience for this  
9 person in this vignette is very simplified, and I don't  
10 think it's what's going to happen in about 99 percent  
11 of the audit notices that will come up for an Earned  
12 Income Tax Credit taxpayer. So, from that perspective,  
13 I don't find it to be realistic.

14 MS. OLSON: You know, and I'll throw this  
15 out there to anybody else that wants to comment on  
16 this, but when you say, the notice pops up, I mean, the  
17 vision of the future is that taxpayers would get,  
18 maybe, an e-mail after they've managed to create an  
19 online account, which is going to require a lot of,  
20 sort of, two-factor or so information. You're going to  
21 have to be banked in some way and also have certain  
22 technology yourself to sort of create the account. And

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1 then, going forward, you would get an e-mail saying  
2 there's a notice waiting for you to be looked at. So  
3 it's not like a notice is going to show up in your e-  
4 mail box so. There will be security levels that you'll  
5 have to go through. So the taxpayer's going to have to  
6 sign in to see that notice.

7           And given that, you know, they're looking at  
8 how many people are represented or at least have  
9 preparers. And so if the online account self-  
10 correction is one prong of the future state, the  
11 preparer community is the other prong. And the  
12 question about that -- because the idea is that you  
13 would then -- if the taxpayer wouldn't get these  
14 notifications, the preparer or the software company  
15 would and would convey it to the taxpayer. And in  
16 that, that opens up who's going to be allowed to get  
17 access to that taxpayer's account. Is it going to go  
18 just to what we call today the Circular 230  
19 professionals, attorneys, CPAs, enrolled agents,  
20 enrolled actuaries, or is it going to go to the vast  
21 majority of the preparers in the United States today,  
22 which is the unregulated preparers.

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1           And I wonder if anybody wants to comment on  
2 the implications of that?

3           MR. HUDAK: I certainly could chime in.

4           MS. OLSON: Yeah.

5           MR. HUDAK: Again, my friend the collections  
6 officer, you know, in here it says the business owner  
7 can make a payment for a missed tax payment for his  
8 trust obligations for payroll. We have a client who  
9 has a friend, the collections agent, and he's on an  
10 installment agreement now, and everything's fine. He  
11 missed a payment. And he told him we would reschedule  
12 it. We had difficulty getting ahold of him. He sent a  
13 check to his friend. The collections agent said, what  
14 am I doing with this, and does he know that he'll have  
15 a penalty?

16           Again, too much ability to do certain  
17 things. The sales -- I just recently had a conversation  
18 with a brand new business owner, who's been making  
19 sales tax deposits to the Pennsylvania Department of  
20 Revenue every month.

21           At the end of the year I said, did you make  
22 your estimated payments like I asked you to? He says,

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1 well, we've been taking it out every month. It turns  
2 out that he mistook the monthly sales tax payment as  
3 his estimate, and he's a sophisticated business  
4 operator.

5           So the point is that we have to be careful.  
6 The system is complicated. This doesn't simplify the  
7 rules, this doesn't simplify the process, this doesn't  
8 change the positions we have to take or the knowledge  
9 that we have. It's a nice tool, but it could be very  
10 problematic to the extent it causes additional problems  
11 to have to be fixed.

12           MS. OLSON: I really want to come back to  
13 that, because, to me, what my concern is, also on the  
14 small business vignette, who is represented, but in our  
15 research we found a lot of small businesspeople, they  
16 saw their tax professional once a year and they looked  
17 at the return as a checkup, you know, a financial  
18 checkup. But when they had, sort of, problems with the  
19 IRS, like payments and things like that, or getting  
20 notices, they're always trying to solve it first,  
21 because money is so dear to them that they just -- you  
22 know, every penny counts and they want to put it back

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1 in the business. And then, of course, they make a mess  
2 of it, and then they're going to, perhaps, the  
3 representative, you know, to fix it, and then it's much  
4 more expensive. And then with online, the capacity to  
5 make a mess of things much faster is a very great  
6 concern that they don't understand what they're  
7 agreeing to, they don't understand what they're saying,  
8 and they don't even understand what they're agreeing to  
9 in that self-correction mode. And if they're not  
10 having a conversation to sort through that, they're not  
11 even -- no one's asking them the questions that they  
12 might give us information that says, oh, that's not the  
13 case with you, and there's reasonable cause abatement,  
14 or you did pay this over here, but you put it into this  
15 category rather than another. There's just no  
16 communication.

17 Does anybody want to comment on that, because  
18 that also applies to the retirement, when you're  
19 talking about these IRAs and the self-guided, you know,  
20 retirement plans.

21 MS. DIEHL: Yeah. The Tax Code is anything  
22 but simple, and, you know, what individual taxpayers

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1 will do is they'll attempt to take the easy route,  
2 basically, I think, what we've all kind of said, and  
3 it's the wrong answer. And once they pick one wrong  
4 answer, they may go and do something else wrong, which  
5 then it's just going to, you know, escalate into  
6 penalties for them.

7           You know, you take a retiree now with an  
8 IRA, and very few of them know that if I am going to  
9 pay that 50 percent, because now I understand I should  
10 have taken my minimum, and I didn't, I'm going to take  
11 my minimum and pay the 50 percent, that's wrong. If  
12 they're going to pay a penalty, they don't also have to  
13 take that amount in income, but they're so flustered.

14           And the IRS will never say no to the  
15 additional tax they're paying. This is their  
16 retirement money, you know. And they're forced to --  
17 you know, it's really sad. I've have a lot of sad, sad  
18 stories, but it's true. I mean, something like this  
19 that is primarily online is -- I just see really big  
20 problems with certain taxpayers. It will work for  
21 some, you know, and probably the younger generation,  
22 but your retirees who really dearly need that money are



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1 going to be hit the hardest.

2 MS. OLSON: Well, it's interesting when you  
3 mention the younger generation, because on May 17th, I  
4 think it is, is it May 17th, Karen? We're going to  
5 have another public forum in Washington, D.C., and  
6 we'll be hearing from Forrester Research, that has done  
7 surveys of U.S. citizens and U.S. individuals and use  
8 of government websites, and they have found that the  
9 Millennials, who are very adept, are also very  
10 suspicious of government websites and do not go to  
11 government websites. And, you know, then, to Warren's  
12 point, they get their information from other sources,  
13 which may or may not be correct. But they are very  
14 suspicious of using and they do not find government  
15 websites very useful.

16 I will note that the current IRS website is  
17 not mobile friendly, and in our February 23rd public  
18 forum, we had a lot of evidence from Pew Research that  
19 found that there is about 32 percent of the United  
20 States population that does not have broadband access.

21 Let me repeat that: Thirty-two percent of  
22 the U.S. population does not have broadband access, and

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1 so most people are interacting right now through their  
2 smart phones. And that usage has just gone up and up  
3 and up. So the IRS is not mobile friendly. So if you  
4 go to IRS.gov, leaving aside that a lot of people have  
5 pay-as-you-go minutes, that if you go to IRS.gov, you  
6 see a two-inch picture of the web page on your little  
7 screen on your iPhone. And then you're trying to do  
8 search results of 140,000 web pages that are on  
9 IRS.gov, and you think you're going to get and be able  
10 to read the answer as you're moving over, down and then  
11 back again, and then down and back again, to get a  
12 picture of just one screen, one web page on your little  
13 iPhone.

14 MR. HUDAK: You know, in a tax matter you  
15 can take more than one position. We had a client in  
16 appeals. We came in late just for the appeal, and we  
17 actually took a position contrary to their previous  
18 attorney. And the client said, what are you doing? And  
19 when we presented a clear business case of why we had  
20 to take this position, she agreed, and we ended up  
21 saving the taxpayer \$60,000 because we took a position  
22 contrary to another practitioner.

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1           This idea of an individual taxpayer solving  
2 their own problems, how would they know? Even when  
3 practitioners and revenue agents don't even agree  
4 sometimes, taking that dynamic out is dangerous.  
5 Millennials love to use their information, but there's  
6 ways to look at problems, tactically, strategically,  
7 which position should I take?

8           My partner Google isn't really good at that.

9           MS. OLSON: So, Roger, I have two questions  
10 for you. One is, as an identity theft victim, how  
11 comfortable are you about resolving issues with the IRS  
12 online? Would you create an online account and do you  
13 --

14           MR. EBERLIN: Honestly, I was just looking  
15 at this. It says, create an online account. I don't  
16 think I'd want to, because it's not secure. It's just  
17 not secure.

18           MS. OLSON: That's your suspicion.

19           MR. EBERLIN: Well, how many times have we  
20 heard that different stores and corporations and so on  
21 have been hacked.

22           And, by the way, you're talking about the

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1 simpler, easier way. This, looks like new math. People  
2 are going to get really sick of that and stop about  
3 halfway through.

4 MS. OLSON: I have another question for you,  
5 which is really going to identity theft. So, you know,  
6 it sounded, and you mentioned in your testimony, about  
7 how many contacts you made with the IRS, and, you know,  
8 not being able to get information or not being able to  
9 get through to a person, and then finally getting the  
10 Taxpayer Advocate Service. And, as you know, we assign  
11 one person to the taxpayer, and that's your contact so  
12 you can get to that person.

13 We have -- I have recommended for years that  
14 the IRS adopt that approach for identity theft, partly  
15 because, as you so well described, identity theft is a  
16 brutalizing experience. There's nothing more core to  
17 your identity than your identity, and that was stolen  
18 from you.

19 And the IRS has -- and so we have  
20 recommended that the IRS redesign its processes so that  
21 there's one person assigned to that victim that they  
22 can call, that they have a relationship with, so that

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1 each time they call they don't have to repeat their  
2 horrible story over and over and over again. And I'm  
3 wondering what your thoughts are about that since you  
4 had to go through the experience?

5 MR. EBERLIN: I wouldn't have to explain the  
6 whole thing. Perhaps they could even check on it  
7 occasionally and give me an update, --

8 MS. OLSON: Right. What a concept.

9 MR. EBERLIN: -- or send me an e-mail.

10 MS. OLSON: Right. There you go. Just  
11 saying, we're working on this. Here's what's happening  
12 so far.

13 MR. EBERLIN: Here's your update.

14 MS. OLSON: Right. Right.

15 MR. EBERLIN: That would help tremendously.

16 MS. OLSON: Okay. But one person that would  
17 be able to do that? Could they own it?

18 MR. EBERLIN: Right. It would be a little  
19 more personal service.

20 MS. OLSON: Would that have reassured you  
21 during this very traumatic process?

22 MR. EBERLIN: Yes.

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1 MS. OLSON: You know, because I really  
2 haven't had the chance to just ask that directly of an  
3 identity theft victim, and it's good to sort of have my  
4 own suspicions validated, so thank you.

5 And, Susan, I had some questions, and  
6 particularly about the church-affiliated, this internal  
7 position, how did you find out about this internal  
8 position, or was there any discussion with  
9 practitioners about this? How did it surface exactly?

10 MS. DIEHL: We're a national consulting  
11 firm. And one of the things we do is, we write and  
12 submit, through the IRS, plans to get approved. So we  
13 have prototype, you know, 401-K plans, money purchase  
14 plans, the whole gamut. And so beginning this year for  
15 the first time, actually, the deadline was earlier this  
16 year, there will be a brand new 403(b)-approved plan,  
17 for the first time in history. Wonderful thing.

18 That will affect all of your schools  
19 throughout the entire country, public schools,  
20 universities, any tax-exempt organizations, as well as  
21 some of your governmental entities.

22 Those plans went in at the end of, I think

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1 it was, March. And through that process, and believe  
2 it or not, and I'll say this, but I was one of three  
3 people that actually went to Cincinnati to assist in  
4 training the IRS on what a 403(b) was, because those  
5 individuals had never looked at those kinds of plans,  
6 and they were now thrown into the area of approval.

7           So everyone had to submit their plans who  
8 was going to go through this. Not that many companies  
9 in the country have done that, I want to say probably  
10 15 organizations, and we were one of them.

11           Interestingly enough, with that background,  
12 we were not the first ones to get the message about  
13 what's referred to as qualified church-controlled  
14 organizations or non-qualified, so it depends on where  
15 their funding is coming from. So Villanova, yeah  
16 Villanova, go Villanova, who is I'm thinking a non-  
17 QCCO, because they probably get most of their funding  
18 from tuition and not from the church, so it affects  
19 those kind of individuals.

20           Long story short, we received a phone call  
21 from another attorney, a practitioner who had submitted  
22 a plan, and we had heard that the IRS was not going to

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1 accept it. They called us, we started to have  
2 practitioner calls and meetings. We then did -- were  
3 able to, two of us, to get the Cincinnati folks on the  
4 phone. But in the new structure, we just kind of told  
5 them what our situation -- what our problems were, the  
6 rulings that had been out there for 40 years, the way  
7 that these plans had been set up 40 years ago, and then  
8 they took our information and met with individuals in  
9 D.C.

10 We then finally got a phone call back that  
11 said that the individuals in D.C., whoever they may be,  
12 had decided that the answer was still no.

13 MS. OLSON: So you had no opportunity to  
14 talk to those individuals in D.C.

15 MS. DIEHL: No. No. Where we would have in  
16 the past, and this is a serious -- that will be a  
17 serious, serious problem.

18 MS. OLSON: Okay. I have one last question,  
19 and then we'll open it up to the floor for any comments  
20 or discussions, and that question is, Warren, you've  
21 raised the issue of tax season compression. And that's  
22 something we've heard about in other public forums. And



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1 right now what has happened is that Congress, and part  
2 of this is my recommendation because I think getting  
3 the data -- the basic information returns, like W2s and  
4 certain 1099s, 1099 Misc and dividends, would be very  
5 helpful to have as we go through the filing season, if  
6 the IRS can match that data in real-time and make  
7 corrections up front rather than after the fact.

8           And so as a step towards -- but I haven't  
9 really -- we've made some proposals about how to  
10 address that, in terms of the filing season. So I'd  
11 really like to throw this out to everybody and even the  
12 floor to comment on, Congress has set the deadline for  
13 the W2s now and certain interest and certain 1099  
14 statements for January 31st. And the quid pro quo for  
15 that was that, if there were errors, the correction  
16 errors, that there was a de minimis exception that, if  
17 the error was \$50 or less, you wouldn't have to do the  
18 correction. And that was sort of recognizing what you  
19 said, that there is a lot of correction that was  
20 happening between January 31st and February 28th or  
21 March 15th.

22           Congress has also, for 2017, moved the

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1 refund payment deadline for refundable credits to  
2 February 15th. There has not been a lot of discussion  
3 about that, because we're not doing that this filing  
4 season, but it will be a surprise to many people  
5 looking for their Earned Income Credit on January 31st  
6 next year. The very earliest it will be paid out is  
7 February 15th, and it also goes to various other  
8 refundable credits.

9 Our thinking, and we have been thinking  
10 about this for a while, is, given the benefits of  
11 getting the information up front before the filing  
12 season, is to, one, delay the start of the filing  
13 season long enough for the IRS to have a chance to work  
14 through this data, and, two, push back the issuance of  
15 refunds so that the IRS actually has a chance to  
16 communicate with the taxpayer and get any issues that  
17 they see coming up in filing season before people are  
18 screaming and saying, I need these refunds.

19 Now, that has impacts for the low-income  
20 taxpayers, who are desperately expecting that. But I'm  
21 wondering, where the compression comes in, how would we  
22 work out, you know, that there's so many more people

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1 going to preparers, and there's so many that the law is  
2 so much more complex, to also put into that equation  
3 the needs of the preparers? So that's a very  
4 multifaceted question, but I'm trying to figure out  
5 balancing the IRS's need, and this really goes to the  
6 future state, you know, the IRS's need to get the  
7 information in and prevent dollars from going out the  
8 door that shouldn't be going out, or errors that we  
9 could prevent, you know, in the context of filing, with  
10 the taxpayers' need for their refund, with the  
11 preparers' need to have time to get through the returns  
12 and not force people into extensions, constant  
13 extensions, or even filing a return and then doing an  
14 almost-immediate amended return.

15           So those are the three components that I see  
16 as very key to the future state. And I'm wondering  
17 what your thoughts are, and then maybe I'll just throw  
18 that open to the floor and then we can go with any  
19 questions that folks have or comments that we want to  
20 make from the floor. And we have a microphone, but  
21 let's hear from the panel first.

22           MS. DIEHL: Warren, I want to hear your

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1 answer before I answer.

2 MR. HUDAK: We just recently took over for  
3 another accounting firm for one of our clients, and  
4 scheduling the conference call between me and the other  
5 partner in the other firm on how we would work this  
6 transition, believe it or not, the phone conference was  
7 scheduled for 2 a.m. in the morning, because that was  
8 the only time that both of our calendars would bear.

9 Compression is a really serious issue. You  
10 have practitioners making serious mistakes because  
11 they're really tired. There's a lot of pressure with  
12 the refundable tax credits. People want their money and  
13 they want it now. But the due dates and when they get  
14 the refund, those are arbitrary numbers. The first  
15 year there will always be transition pain, but, going  
16 forward, what's the difference if you get your money  
17 every February, as opposed to every April or every  
18 June? We could stagger some of this, you know, maybe  
19 by birth dates, maybe have two filing seasons; people  
20 born on odd dates and people born on even dates. It  
21 would improve the situation for the practitioner, and  
22 we would be able to do a better job. It certainly

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1 would serve the government's purpose.

2           The delaying the refundable tax credit is a  
3 very good move. Accelerating the dates is a terrible  
4 move. I liked your February suggestion in the 2013  
5 report, as opposed to the January, because then at  
6 least we would have another month to help clean that  
7 stuff up. It serves nobody's purpose putting junk into  
8 the thing. And they are using all of this information,  
9 with filters, to determine whether or not it's a  
10 fraudulent return or it's actually connected to a real  
11 taxpayer. So to the extent that the information  
12 doesn't match is a problem.

13           MS. OLSON: There is an impact on identity  
14 theft victims, too, because if we had -- one thing that  
15 we proposed in 2015 as a potential, and I think that  
16 was the year we proposed it, I don't remember anymore,  
17 was what some countries do is, let's just say they say  
18 every return needs to be filed by certain individuals  
19 by April 30th, or even May 15th, and then we won't pay  
20 refunds out until July 1st. And if you electronically  
21 file, we pay refunds out July 1st. If you file on  
22 paper, it will be August 1st. And the benefit of that

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1 period is, you get to see whether you've got two  
2 returns under one Social Security Number, so you're not  
3 tormenting the victim. You know, everybody understands  
4 refunds are coming out July 1st. And in that window of  
5 time, you're able to resolve some of this stuff. And  
6 you can use your filters to say, okay, this is the  
7 victim and this is the fraudulent return, and you're  
8 not saying the victims's got the problem.

9           And I think, you know, there's a lot  
10 thinking about that, but it takes some pretty bold  
11 steps. But I'm going myself in that direction. So  
12 maybe the next thought is from Bob, because that has an  
13 impact on these folks who are waiting for that Earned  
14 Income Tax Credit, which they're now, next year, the  
15 earliest they're going to get it is February 15th. And  
16 we know that filing spikes are, you know, the last two  
17 weeks in January, the first week in February. And  
18 that's going to have a -- for refunds, so that's going  
19 to have an impact on people already.

20           MR. HAMILTON: Yeah. Absolutely. They use  
21 that money for, you know, catching up on back rent,  
22 just paying expenses, fixing up things.

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1           I think that, to Warren's point, once that  
2 date is established in the future and they know each  
3 year moving forward that that's when they're going to  
4 get that Earned Income Tax Credit refund, but at least  
5 in the first year of implementation, you know, they're  
6 expecting that check each year at the same time, and  
7 then you're extending it out another three, four, five  
8 months, and they're going, not 12 months, but 16  
9 months, without that big credit they're expecting each  
10 year, a lot of them will have to make sacrifices  
11 financially in order to wait for that. But then, of  
12 course, moving forward, once that's implemented, that  
13 will be much more acceptable to the community.

14           MS. OLSON: Yeah. I'm trying to raise that  
15 up. That is an issue that we absolutely have to  
16 address. It is a very large percentage. Over 75 to 80  
17 percent of U.S. individual taxpayers get refunds, and  
18 that for the part of the population, it is a third of  
19 their income for the year, and it will have huge  
20 impacts. So we really need to take that into  
21 consideration as we look at this.

22           MR. HAMILTON: Absolutely.

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1 MS. OLSON: Susan.

2 MS. DIEHL: Well, I was interested in the  
3 deadline for the W2, because now, what we do, and this  
4 is for any individual or employer, once those W2s are  
5 issued and, you know, the employer, let's say, or the  
6 individual thinks that is their final income for the  
7 prior year, they're going to go forward and have  
8 calculations made for final profit-sharing  
9 contributions and IRA contributions. And then they're  
10 told that that's not right or there's a correction, you  
11 know, there could be refunds that would have to happen  
12 out of the IRA, et cetera. You know, because in a  
13 taxpayers mind, once that is filed, that's final, done,  
14 and I don't see, at least in the first year, you know,  
15 this being very pretty.

16 MS. OLSON: You know, that's actually very  
17 interesting, because that de minimis error, you know,  
18 which, basically, says that you don't have to correct  
19 that W2, does that, then, mean those errors roll over  
20 to compliance within ERISA? If that's the W2 and  
21 you're not making a correction, is the employer going  
22 to be exposed to somebody doing an ERISA-type audit,



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1 saying, those weren't the wages paid out, despite what  
2 the W2 says. And that goes to your issue of needing  
3 guidance. It would be, we need to know about these  
4 consequences.

5 MS. DIEHL: And then there's also a \$50 de  
6 minimis amount on the 1099(R), which, from what we're  
7 hearing in the industry, is that very few  
8 administrators are going to take that option, because  
9 participants -- unless it's something that they  
10 overlook, participants want that corrected. You know,  
11 whether it's an overage or an underage, they're going  
12 to want it corrected, regardless of the dollar amount,  
13 which I thought was pretty interesting.

14 MS. OLSON: That's very interesting.

15 All right. Well, let me throw it open to  
16 the -- Roger, do you want to say anything about this  
17 issue of filing and refunds? I didn't want to overlook  
18 you.

19 MR. EBERLIN: No. Thank you. I'm not  
20 really qualified.

21 MS. OLSON: Okay. I'm going to throw this  
22 open to the floor. I know folks have talked to me

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1    beforehand with some comments, and I've said, make  
2    those comments.  So we have 20 minutes to hear from you  
3    all.

4                   MR. JENKINS:  Good morning.  Thank you very  
5    much for traveling up here and holding the forums.  
6    That's very kind of you.

7                   I'm Ed Jenkins.  I teach at Penn State  
8    University, and I'm also a tax practitioner.  So I  
9    wanted to comment on the compression question and just  
10   sort of put it into, perhaps, a generational  
11   perspective.

12                   First of all, my recollection of the  
13   statistics, I think 70 percent of the executive level  
14   of the IRS is within, roughly, a year of retirement.  
15   About 40 percent of the managerial level is, I think,  
16   within a year of retirement.  You look around the firm  
17   where I practice, and there's a lot of gray hair, like  
18   mine.

19                   The practitioner community is getting older.  
20   And the students I teach are all Millennials.  They're  
21   not interested in working 60 or 70 hours a week.  
22   They'll leave us if we make them do that.

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1           Busy season is year-round now, so it's 60  
2 hours a week all year because of the extensions. And  
3 so you have a bipolar filing season, which students are  
4 now looking at, do I really want to do this tax stuff.

5           So from a workload compression perspective,  
6 generationally, the Boomers are exiting stage left in a  
7 hurry and the Millennials aren't coming into the  
8 practitioner community in any big numbers.

9           We're in trouble, folks. Any thoughts on  
10 how we're going to deal with that generational shift?

11           MS. OLSON: Well, I just think we need to  
12 make tax sexy.

13           MS. LYNN: And depending on who those  
14 Millennials elect into office, there may be no IRS.

15           MS. OLSON: That's a question I'm not  
16 touching with a 10-foot pole.

17           A VOICE: Again, thank you very much for  
18 coming here to guide us and tell us what is going on.

19           A couple of items: I represent Pennsylvania  
20 taxpayers, so just a few observations I had. One of  
21 them is, why don't we go back to hardcopy publication,  
22 or Publication 17, which we all know is the bible of

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1 Tax Code.

2           Now, what is happening right now is, you  
3 know, everything is electronic. There might be some  
4 locations that hyperlinked, not everywhere. So if you  
5 are using Apple computer, Apple handset versus laptop  
6 versus mainframe -- not a mainframe, but a big one,  
7 then the page numbers change, everything's changing,  
8 and that's not right.

9           People can't remember everything that is  
10 going on because there's no cross-reference. So  
11 another suggestion is to get section number, article  
12 number, everything like they do in the regulations so  
13 you can cross-reference properly. If you look at any  
14 hardcopy of any IRS publication, you will see the  
15 subject, and then there's a page number, and then you  
16 can follow it. Wherever you follow it, page numbers  
17 will apply.

18           I have found from dealing with people is  
19 that there are some definitions in the publications  
20 that are not very clear. I'll give you an example:  
21 The definition of property is all over. You go to the  
22 regulations, you go to the law, IRS, you can't find the

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1 definition. I've spent many hours to find that  
2 definition because I was working on publications to  
3 comment for IRS. Finally, I found the answer in  
4 Gardener University Law School website.

5           So, I mean, and there are other definitions  
6 like, you know, proper home versus business. Yesterday  
7 we had a one-hour discussion on a conference call on  
8 that area.

9           And the final suggestion, if it's doable, if  
10 you are really looking at future state, create a  
11 virtual person. That person, for future state or  
12 whatever, would be just like they are in film industry.  
13 If you do that, that person can immediately address the  
14 question face-to-face over the computer or on the TV.  
15 So if you can do something like that in the future,  
16 that will help everybody.

17           Thank you.

18           MS. OLSON: You know, I was -- when I think  
19 about the future state as a former practitioner, I  
20 mean, the IRS is so very concerned about the volume of  
21 phone calls they're getting. And as I think about it  
22 as a practitioner, it would be very helpful for me to

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1 sign on to my client's account, if I knew there was a  
2 notice, and be able to look at the account and try to  
3 figure out what was going on. And that would actually  
4 eliminate a phone call that I am making today, because  
5 I'm always getting a cryptic letter that I have no idea  
6 what it's saying and I call the IRS to find out what's  
7 going on.

8           If I could see it, I would at least have an  
9 idea. But, to me, the next step would be, then, to get  
10 a resolution, I would want to talk to someone, for a  
11 lot of different reasons. I'd want to know that they've  
12 heard what I've had to say, that they're considering  
13 the information I'm delivering; that it's not going  
14 into a black hole; you know, that I hear from them what  
15 they proposed to do. And then I would use the online  
16 account to monitor what was going on in the taxpayer's  
17 account, to see did they do what they said they were  
18 going to do, are the corrections happening, you know,  
19 et cetera.

20           So that might eliminate a phone call. So I  
21 don't want to minimize that an online account, at least  
22 for the practitioner community, would be enormously

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1 helpful, although I think both, you know, Bob, you and  
2 Warren, said that it depends on what information is in  
3 the account. If we're just seeing, you know, a  
4 glorified transcript and not seeing the, you know,  
5 scanned-in images of the letters that have been sent  
6 out to the taxpayer or the documents that have been  
7 given brought in by the taxpayer, it's not a lot of  
8 help.

9           But having said all of that, I was in  
10 Australia as recently as this past Saturday. And when I  
11 met with the Australian tax office, which is in the  
12 process of reinventing themselves, that's what they're  
13 calling it, reinventing the tax agency, the  
14 commissioner -- the deputy commissioner over individual  
15 and small business taxpayers said that the message that  
16 they're giving to their employees is, pick up the phone  
17 and stay on the phone. And I thought that was so very  
18 interesting, and I'm just wondering what people think  
19 about that, you know, what the benefits are of that.  
20 And, also, again, please just tell us your stories,  
21 tell us your thoughts. Don't give me taxpayer  
22 information. But we have someone back here.

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1 Great.

2 A VOICE: Okay. First of all, I'm not  
3 really big on public speaking. I came from Baltimore  
4 today. I totally understand the exhaustion, because I -  
5 -

6 MS. OLSON: Can you move a little closer to  
7 the microphone?

8 A VOICE: I totally understand the  
9 exhaustion. I came here today hoping that this would  
10 not be a waste of my time because I have taxes waiting  
11 at home for me, and I have one week left.

12 A couple of the things that have been said  
13 today, I think, are really beneficial and maybe need to  
14 be reinforced. The mindset of bringing taxpayers into  
15 compliance, everybody's talking about extensions. I  
16 don't do extensions. I just don't. I think I've done  
17 two in one year maybe a few years back.

18 I tell everybody, you don't have your stuff  
19 together, I don't mean to say I'm tough, but, you know,  
20 HR Block is down the street. Because there's only so  
21 much time I'm going to dedicate after my exhaustion,  
22 two weeks -- or two months later. I vacation through



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1 the rest of the year, so this delaying idea doesn't  
2 really set well with me either, because it's going to  
3 interfere with my vacation.

4           The lack of the communication is the biggest  
5 problem that I see with the Internal Revenue Service,  
6 and I think we need to increase the budget. That's  
7 probably going to resolve the majority of these  
8 problems, and that's probably the biggest thing that  
9 you should pose to Congress.

10           I know that we're outsourcing a lot of the  
11 processing of the tax returns, and I think that's a  
12 part of the problem with the identity theft, because I  
13 have found that clients that contact me, and I deal  
14 with a wide range, low-income, high-income, all across  
15 the country. I've done them in California,  
16 Connecticut, Nevada, but they're all different, high-  
17 income, low incomes, different nationalities, as well.  
18 And I found that the identity theft was targeting  
19 people with foreign names, names that sounded foreign,  
20 even, because they just found it to be that they didn't  
21 understand their tax law as well as the average  
22 American born here would.

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1           So I don't like the outsourcing aspect. I  
2 think that that would get rid of the problem with the  
3 identity theft, but we would need more budget money,  
4 again, to do that.

5           I've been doing this for 25 years on my own.  
6 I've done it longer than that for other people. But  
7 contacting the IRS in the past, and it's disappointing  
8 when the one gentleman pointed out that everybody's  
9 getting gray-haired, is the fact that the older  
10 generation is much more informed, and we need to find  
11 some way to keep that. I don't know how. That's one  
12 thing I don't have.

13           This future state of going computerized,  
14 dealing with the people that I deal with, whether they  
15 are uneducated or Ph.Ds, I don't think that's a good  
16 idea to let somebody in. It's going to cause  
17 nightmares. I agree pretty much with everything  
18 everybody up there has said.

19           Delaying and pushing back refunds, I think,  
20 once again, bringing people into compliance by telling  
21 them -- anybody that's getting \$7,000 EIC refunds, I  
22 say, why not get that every month. You can change your

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1 exemptions during the year and make your budget easier.  
2 Those are just the suggestions that I have, but the  
3 biggest thing that I can say to you, the Tax Advocate,  
4 is, get more budget money.

5 MS. OLSON: Well, you know, I mean, we've  
6 named the funding for the IRS the number one most  
7 serious problems for the two years before I studied the  
8 future state. And one of the reasons why I focused on  
9 the future state this year was because I thought I  
10 needed to make clear what some of the consequences were  
11 going to be because of the funding with the IRS, you  
12 know, where the IRS was trying to make decisions  
13 because they thought, this is our budget environment  
14 now. And that means reduced personnel, and the biggest  
15 impact of the reduced personnel is, we don't have  
16 enough people to answer the phone. You know, we're  
17 getting those hundred million phones calls a year.

18 and that's just a math equation; you know,  
19 how many people do you have to answer the phones, and  
20 then how many are you going to be able to answer.

21 A VOICE: One more question. I hope  
22 everybody can hear me. Someone did mention the

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1 personal service, one person to an identity theft  
2 person, but how many can they actually handle? If  
3 you're budget-cutting and bringing your staff down, how  
4 many could you handle to help him and still give that  
5 personal service?

6 MS. OLSON: You know, the question was, how  
7 many if you have this personal service. That's a  
8 question a lot of people have asked. And I run an  
9 organization that, we take whoever comes in and  
10 qualifies for our services, and we assign the case to a  
11 human being. And sometimes we get back faster, rather  
12 than later, depending on the workload and depending on  
13 the urgency of the work that my employees have. But  
14 what I have said to the IRS in my recommendations is,  
15 you give the taxpayer the option. You assign one  
16 employee to that correspondence, let's say, if the  
17 taxpayer's engaging with it. If the taxpayer isn't  
18 engaged with the IRS, they haven't written in or they  
19 haven't called in, then it goes through its automated  
20 process. But if the taxpayer is taking the trouble to  
21 do that, assign one person to do that. If the taxpayer  
22 calls back and that person isn't available, taxpayers

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1 are adults, you can give them the choice of talking to  
2 the next-available assistant or getting the call back.  
3 They will decide what's in their best interest.

4           The benefit of having one person assigned is  
5 that there's accountability. And in the current  
6 correspondence audit example, and in the current  
7 identity theft arena, no employee owns that case. It's  
8 the IRS, all 86,000 people, who own that case.

9           And so, to me, that puts the taxpayer in  
10 this black hole. And that has repercussions that show  
11 up in our downstream work, so we have more audit  
12 reconsiderations because no one owned the case in the  
13 beginning, and it wasn't resolved in the beginning. We  
14 have more Tax Court cases because no one owned the case  
15 at exam and the taxpayer had to go to Tax Court, which  
16 is expensive for the IRS, or they end up with the  
17 Taxpayer Advocate Service. And every time there's a  
18 Taxpayer Advocate Service case, there are two IRS  
19 employees working that case, my employee and the IRS  
20 employee. And that is not cost-effective.

21           And the IRS has never done a downstream  
22 consequences, you know, analysis to show that by not

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1 assigning an employee to that identity theft case, here  
2 are the costs that you've incurred downstream, these  
3 are the overall costs. And I think if the IRS did  
4 that, they would find out, in fact, how cost-efficient  
5 it was to do this, and they may not need that many more  
6 employees if they actually did the analysis.

7           And in point of that, I just finally said to  
8 myself, I'm going to do that analysis, because I  
9 complained and recommended it for years, and so now  
10 I've got my research staff that are going to do some of  
11 that analysis. So we can quantify that and make the  
12 business case. It's not just about getting more  
13 employees.

14           We had a witness on February 23rd who  
15 pointed out that everybody in this environment is doing  
16 more with less. It's not like the private sector got a  
17 pass on shrinking their budgets, you know, in this  
18 recession. And it's not like the private sector got  
19 more money for implementing FATCA or the Affordable  
20 Care Act or anything like that. Everybody's had to  
21 step up to the place.

22           So this is not just, you know, an IRS-

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1 related issue. And I think that's also part of the  
2 compression issue. You suddenly have two more whole  
3 new laws as practitioners to deal with, the Affordable  
4 Care Act and FATCA. And, I mean, you didn't get any  
5 more minutes in the day last time I checked to do that,  
6 so everybody's under these pressures.

7 MR. SCOTT: Hi. I'm Greg Scott. I'm  
8 retired Pennsylvania Revenue, and thank you for coming  
9 here.

10 When you say it's not just an IRS thing, by  
11 your invention of being Taxpayer Advocate, it's really  
12 like there's a problem. There's a help desk. And  
13 because it's sort of after-the-fact presentation to  
14 your people and your network, I guess what makes a  
15 difference is is that the individual, who knows they're  
16 in trouble and they got to fix something, hopefully  
17 with your assistance, it doesn't stop with the IRS.  
18 Below the IRS, it's not just an income tax environment,  
19 but when you have the nature of today's business, the  
20 pass-through type of business, going down to the  
21 individual's books, but there's a business in there,  
22 what -- what I think could enhance your office, but put

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1 it in synch with the 50 states, because the 50 states  
2 have their own variety and variations of pain and  
3 suffering when it comes to taxes. And it's not -- when  
4 it gets down to a state level, it's not just an income  
5 tax conversation.

6 Out in the Working Together Conference,  
7 continuing education, which is all the practitioner  
8 networks meet in the western Pennsylvania and in  
9 Philadelphia twice a year, we took the Federal Taxpayer  
10 Advocate and staff, and we brought the Pennsylvania  
11 man, and we don't have an army of advocates, we have a  
12 couple of people. But outside of the conference, the  
13 federal advocate was available to hear confession, and  
14 it makes a difference whether, is the issue being  
15 represented by an honorable practitioner, or is it an  
16 individual who started off on his own, as a  
17 businessman, tried to do his own bookkeeping, but,  
18 through ignorance, didn't do it completely. And that  
19 gave rise to the issue and the problems of, can the  
20 federal level homogenize with the state concept of  
21 advocacy? And it was really interesting to see, when  
22 you had the federal advocate discuss the problem, and



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1 with the persons's consent, oh, by the way, here's the  
2 Pennsylvania person. They weren't even -- they didn't  
3 have a clue that, beyond resolving the federal issue,  
4 there's a boatload potential state level, and it  
5 implicates more than just income tax conversation;  
6 well, I didn't know I had to take out employee taxes; I  
7 didn't really treat it as an employee. So you got  
8 employer withholding. Well, when you sell stuff and  
9 you buy stuff, then it implicates sales tax. And at  
10 the state level, you have such more variety to add to  
11 the conversation to really resolve the total issue.

12           And many practitioners sometimes first meet  
13 this client when they're already in trouble, and you  
14 have a boatload of jagged edges to try and smooth out.  
15 And I'm just wondering if the federal advocacy program  
16 could harmonize and synchronize with the state so that  
17 the ultimate issue can be resolved. It's not just the  
18 federal piece, typically. There's a trickle-down  
19 consequence. And when some of these small businesses  
20 cross state lines, you have more than one state  
21 conversation as a potential that you have to know and  
22 fix.

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1 MS. OLSON: You know, that's a really good  
2 recommendation. I will tell you that we do work  
3 closely with the state taxpayer advocates. I will say  
4 that, as there are more and more and more of them  
5 coming into play, because when I started in 2001 there  
6 were just a handful, but their charge is very different  
7 from one state to another. So some take cases in,  
8 others just look at systemic issues, and so their  
9 jurisdictional mandate is very different.

10 But I think you raise a very good point and  
11 also tell a story that I tried to convene, maybe even  
12 10 years ago, a conference of federal and state tax  
13 advocates, you know, saying we could learn from one  
14 another and you could, sort of, approach this. And the  
15 states, because they were in a funding crunch, wouldn't  
16 pay for folks to come anywhere to attend this  
17 conference.

18 It might be worth doing a virtual one, you  
19 know, now, to address some of that, and there are  
20 enough, I think, and that might be -- I'm going to take  
21 that back as a suggestion that we try to work on that.  
22 I think that's very -- a very good suggestion.

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1           In terms of working with them, I think as  
2 long as we have a taxpayer consent to share  
3 information, there's no 6103 issue about that.

4           And I'll say one more thing: We had  
5 proposed for years that when taxpayers had collection  
6 issues, they not only had federal collection issues,  
7 they had sales tax issues, they had state income tax  
8 collection issues, and the IRS creating an installment  
9 agreement, or doing an offer in compromise, ignoring,  
10 you know, the state tax issues, almost defeated -- you  
11 know, set the taxpayer up for failing, because we were  
12 ignoring what they had to pay to these other, you know,  
13 these other very strong, you know, creditors. And that  
14 also goes to student loans, you know, and things like  
15 that.

16           And so we had proposed that the IRS take a  
17 holistic point of view to the debt, and if -- and so  
18 the idea was, to your point, to get the taxpayer into  
19 compliance going forward, and in voluntary compliance,  
20 and make sure they go and sin no more; that we should  
21 be taking this holistic approach in working with the  
22 states. And, basically, even if it meant doing

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1 prorata, you know, saying this is the reasonable  
2 collection potential for the whole pot, and you get X  
3 percent of that and you get Y percent of that and you  
4 get Z, and we'll agree to that.

5           And the IRS did do a pilot on that about  
6 five or six years ago, I believe it was with the State  
7 of New York, which it was very successful, and then it  
8 just went and got dropped. And you've reminded me that  
9 that's maybe something else that we should pick up and  
10 really advocate again, particularly in this  
11 environment. So I really appreciate that. Those are  
12 very good comments.

13           So I think I have time for one or two more.

14           MR. O'NEILL: Good morning. Thank you for  
15 holding this today. My name is Steve O'Neill. I  
16 represent the Volunteer Income Tax Assistance Program  
17 in Lancaster, PA.

18           And just a couple comments based on my  
19 experiences with low-income taxpayers, we have about  
20 200 volunteers in Lancaster who serve about 7,000  
21 clients every year.

22           MR. OLSON: Thank you very much.

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1           MR. O'NEILL: And they really rely on our  
2 volunteers and folks like Bob to fulfill their civic  
3 obligations. And a couple things we've found with them  
4 over the past couple years, there's been an initiative  
5 from IRS SPEC to do what's called facilitated self-  
6 assistance, where taxpayers with get online and use a  
7 free online program to do their tax return for free by  
8 themselves. That's been great when people can do that  
9 on their own at home. But when we've tried to do it at  
10 a VITA site, where we block off a set of computers and  
11 asked people who are coming into this site if they'd  
12 like to do their return on their own, they do not want  
13 to get near that computer. They want one of our  
14 volunteers to sit down and get them through the return.

15           We've also found over past few years with  
16 the Affordable Care Act that there's been clients that  
17 have had a very hard time accessing their online  
18 account when they get to our sites, and they might not  
19 have their 1095(A), and they can't get it because they  
20 haven't created an account, so that's just a couple of  
21 observations there, as we've been talking about the  
22 future state and the need to create an online account

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1 and what the reaction might be from low-income  
2 taxpayers.

3           And then a couple thoughts about, you know,  
4 pushing the refundable credits back to February 15th, I  
5 agree with Warren and Bob that our clients would  
6 adjust, but it would be very difficult for them next  
7 year. The concern I have with that, and I'll leave you  
8 with this, is that types of predatory lending would pop  
9 up, with people, especially in this first year, not  
10 being able to get their refundable tax credits until  
11 February 15th.

12           MS. OLSON: You know, one thing I say about  
13 that, actually, I am concerned about the predatory  
14 lending for the February 15th date. I am less concerned  
15 about it for a June 1st date, because it takes it out  
16 of the realm of payday loans, because it's too long of  
17 a loan, and so, suddenly, they might be under federal  
18 regulations, instead of the various state regulations,  
19 so they might have more accountability. And we're  
20 trying to study that to get a better picture of that.

21           There might be, actually, a consumer  
22 protection that might be more favorable in that area. I

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1 don't know. But thank you for rasing that, and I'm  
2 aware of that.

3 Do you have any thoughts about -- actually,  
4 Mary, I want you to come back to him for a second,  
5 because I have a question for him, sorry -- but do you  
6 have any observations about the assistance that VITA  
7 organizations need? Like, how are you doing with all  
8 the demands being placed on you and the support that  
9 you're getting? Are there things that you need?

10 MR. O'NEILL: Well, I guess funding would be  
11 the obvious.

12 MS. OLSON: Is that the VITA grant program?

13 THE WITNESS: Yeah. So we're funded by a  
14 grant, but that certainly does not take care of all of  
15 the back-end administrative-type costs that we have to  
16 run the program.

17 MS. OLSON: Are you open year-round now?

18 MR. O'NEILL: Yes.

19 MS. OLSON: Okay. So you've got more  
20 infrastructure, really.

21 MR. O'NEILL: Yeah. Administrative costs,  
22 as well as, you know, marketing and promotion and

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1 technology. I mean, we could talk about that for a  
2 while.

3 I think that we serve about four to five  
4 percent of people who are eligible for VITA in  
5 Lancaster, which is hard to believe with how busy we  
6 are, and we find that we're really only constrained by  
7 the number of sites that we can have open and staffed.  
8 We could do a lot more.

9 MS. OLSON: Okay. Thank you very much.

10 MR. O'NEILL: Thank you.

11 MR. JENKINS: Good morning. This is Ed  
12 Jenkins again.

13 As a professor at Penn State, I am currently  
14 charged with figuring out sustainability for our VITA  
15 site. That arose from our College of Agriculture's  
16 Outreach and Extension Office. Funding is no longer  
17 really available for that through our extension office.  
18 And God bless Kathy Bowen, our person who runs our VITA  
19 program on campus. She's been doing it on a volunteer  
20 basis, which is about a three-quarter year commitment  
21 for somebody. And she's been doing that on a volunteer  
22 basis and is interested in retiring.



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1           So our business school is now trying to  
2 figure out how we're going to keep our site around so  
3 that we can provide students the opportunity to do  
4 volunteer tax preparation and engage with a more  
5 diverse group of people than they may be used to, and  
6 our local county VITA site is in absolute fear that  
7 we're going to close and they're going to have to do  
8 the 700 or so, 750 returns, that we do at our student  
9 site.

10           And we're struggling because we don't have  
11 funding. We can't figure out a sustainable solution.  
12 We are preparing to twist the arms of some of the  
13 organizations that hire our students for some funding,  
14 but, you know, we look at a low-income tax clinic up  
15 there and we're struggling with the funding issue and  
16 we may have to close our doors for student volunteers.

17           MS. OLSON: That's very good to know.

18           So this will be our last question or  
19 comment.

20           MS. LYNN: Hi. My name is Estelle Lynn, and  
21 I'm former VITA volunteer.

22           MS. OLSON: Thank you.

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1           MS. LYNN: I also work for Congressman Scott  
2 Perry, and this is his district. And I wanted to just  
3 comment about the Taxpayer Advocate office in  
4 Philadelphia, who are absolutely wonderful to work  
5 with. And, Roger, I know that Brenda is very new  
6 there, and she has big shoes to fill because Lois  
7 Lombardo, the previous Advocate there, had nearly 37  
8 years' experience. She just retired. But their office  
9 is just phenomenal to work with, and they are so prompt  
10 and so efficient and really do a fabulous job.

11           And just a comment on the VITA sites. I know  
12 many of them work with the AmeriCorps. I don't know,  
13 do you have AmeriCorps?

14           Yes? Okay.

15           Just an idea if you have it, but those  
16 AmeriCorps employees and volunteers are excellent, too.

17           MS. OLSON: Well, first, thank you for those  
18 nice comments about Taxpayer Advocate Service. Brenda  
19 Lackey is our local Philadelphia Advocate, and Victor  
20 Suarez is in our Philadelphia campus Advocate. And we  
21 have our Pittsburgh office, as well. Brenda is an  
22 experienced local Taxpayer Advocate. She moved up from

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1 North Carolina. And she's a CPA, so you're in very good  
2 hands. She's doing the reverse of me. I lived in  
3 Philadelphia and moved down to North Carolina, so, you  
4 know, there you go.

5 So I really appreciate you all coming out.  
6 I want to say just a few things in closing.

7 MS. CABER: Nina, I'm sorry. Could I just  
8 make one brief comment/question before wrap up?

9 I'm Kathi Caber, with Senator Casey's  
10 office. And, first, thank you so much to all of the  
11 panelists, on behalf of our office, for being here  
12 today.

13 Mr. Eberlin, I certainly appreciated hearing  
14 your story, and, Bob, I want to, you know, echo a lot  
15 of the things you said as things that we hear from  
16 constituents. My role in Senator Casey's office is as  
17 a caseworker, and we have the opportunity to hear from  
18 taxpayers all over the state. So, you know, we, too,  
19 work with Brenda's office and with the Pittsburgh local  
20 Taxpayer Advocate. And our office doesn't do casework  
21 with victims, but we certainly work with them, as well.

22 So, you know, absolutely, I, as well, share

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1 your comments regarding our inability to assist  
2 taxpayers without the help of the Taxpayer Advocate  
3 offices. So we appreciate that.

4 I will also state, though, that, you know,  
5 probably 50 percent of the calls that we get from  
6 constituents/taxpayers around the Commonwealth end up  
7 as cases with the Taxpayer Advocate office, but the  
8 rest could be a variety of things. And a lot of things  
9 that have been mentioned here, whether they be related  
10 to tax law questions or, you know, just inability to  
11 access help and services, or whatever the case may be.

12 And, I guess, getting to my question, is  
13 that, Susan, you mentioned the inability to have e-mail  
14 communication with the IRS, and I will tell you that,  
15 even in a U.S. Senator's office, we have the very same  
16 experience, in that, you know, we are able to  
17 communicate about constituent cases with a lot of  
18 federal agencies via e-mail, but we are not able to do  
19 that with the IRS.

20 So, I mean, I guess I was just hoping to get  
21 your perspective on, obviously, there's security issues  
22 involved here when we're dealing with people's personal

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1 information when it comes to taxes, so I understand,  
2 certainly, that kind of information being talked about  
3 over e-mail poses a risk, but it seems a bit ironic,  
4 given the IRS future vision, to be really an electronic  
5 communicator of back and forth information that we  
6 don't have the ability and taxpayers don't have the  
7 ability, for whatever the case may be, whether it be a  
8 live chat to ask their questions, you know, the ability  
9 to e-mail someone and have that IRS employee get back  
10 to them at a more convenient time, as opposed to  
11 waiting on the phone. I think it really can be a  
12 little bit crippling to not have the option for  
13 electronic communication.

14 Do you see that as a problem with old  
15 technology, or what are your feelings about that?

16 MS. OLSON: Well, there are a couple of  
17 things. I think one of the things that Susan was  
18 referring to was, the IRS, up until October 1st of  
19 2015, had two online tax law digital procedures. One  
20 was called ETLA, the Electronic Tax Law Assister. And  
21 you could go in and send in a particular question, and  
22 it would be -- it was beyond, sort of, the scope of the

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1 general questions, and a -- a specialist in the area  
2 would send you back a response. And the other was R  
3 Mail, where you were on the phone with an assister, and  
4 the question was beyond scope. And they could type  
5 something up, and then it would be assigned to someone  
6 to give you a response. And, ironically, as we're  
7 going into this future state, the IRS discontinued both  
8 of those on October 15th, 2015, over my objection.  
9 Because I felt -- you know, they said that it had low  
10 usage, and then they also said, well, the only people  
11 using it are practitioners. And I thought, well, one,  
12 if the practitioners are using it, isn't that a good  
13 thing? And, two, it's got low usage because the  
14 inspector general has already noted that it's  
15 impossible to find it on the website, it's buried, and  
16 so that's why there's low usage. But they went ahead  
17 and discontinued it, even as they're building toward  
18 the future state.

19           The second thing is that, for the last four  
20 or five years, the IRS has actually been trying to do a  
21 pilot on digital communications in which TAS was going  
22 to be one of the participants, and correspondence exam

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1 was actually going to be another one, where we would be  
2 able to communicate with taxpayers in a pilot  
3 environment with -- you know, by e-mail, and they would  
4 be able to take photographs of documents with their  
5 cell phones and upload them. And, you know, you could  
6 have a conversation where the taxpayer could e-mail you  
7 something in your account and then you could see  
8 everything while you were on the conversation.

9           And it's four years or five years later, and  
10 I don't think they've even awarded the contract for the  
11 firm that's going to create the digital process. And  
12 I've got my plans for this digital pilot MTAS. I've  
13 had it for four years, so you can sort of see my  
14 skepticism in all of that as we go forward with the  
15 Future State.

16           And I will also say this: One of the things  
17 that we've decided in our part of the pilot is to do  
18 Earned Income Credit audits as one of the top-tested  
19 issues, to see whether low-income taxpayers can  
20 actually create that account and get into it and do all  
21 of the things that we're telling them to. And that's  
22 with the assistance of one person in the IRS, you know,

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1 TAS person doing it, rather than being on the phone  
2 with the next random human being in the IRS, talking to  
3 you, who has a talk time limit.

4           And I really wanted to test that to see if  
5 this is -- this is the best-case scenario for these  
6 kind of taxpayers, the kind of assistance they're going  
7 to get, and can they do it email in an online  
8 encryption process. Because if they can't do when TAS  
9 is helping them, they ain't going to be able to do So  
10 that's where, you know, I just have real concerns about  
11 this.

12           The last thing I'd say is that the IRS is  
13 testing right now the online account to go back into  
14 and get transcripts up live.

15           And they're looking at a late April launch,  
16 if all goes well, and they're testing it with IRS  
17 employees today. And I'll be talking more about this  
18 in a hearing on April 15th, ironically. But, at this  
19 point, with, you know, the IRS employees creating  
20 online accounts and stuff, they've got a 50 percent  
21 success rate.

22           So these are senior managers and senior



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1 analysts in the IRS testing this device, what we were  
2 proposing to be the foundation for the online account.

3 MS. LACKEY: I failed. I couldn't get in.  
4 It was kind of difficult.

5 MS. OLSON: Give us your experience.

6 MS. LACKEY: Well, I couldn't even get past  
7 the first screen, because if you have a freeze on your  
8 credit report, which I do, because of all of my stuff  
9 was stolen from the breach, I have a freeze on my  
10 credit report.

11 MS. OLSON: These are federal employees that  
12 have had identities breached.

13 MS. LACKEY: Right. So I can't use it.

14 MR. SUAREZ: I failed too.

15 MS. OLSON: So we have the two Local  
16 Taxpayer Advocates here, and both of them failed  
17 signing on to the online account.

18 MR. SUAREZ: I had the same situation  
19 because we had my credit bureau locked because of ID  
20 theft of the government. So on that part of the  
21 question they ask, do you have a credit, you know, hold  
22 on the account. Because it's froze, they said call

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1 them and take it out and then do the testing and then,  
2 you know, go back and put it on. But I say, boy, they  
3 can do it to you in one minute, so I'd rather fail than  
4 try to.

5 MS. OLSON: We'll just leave it at that.

6 So, folks, I have my local Taxpayer  
7 Advocates here. We can't work cases, you know, here,  
8 but if you have issues that you want us to take in,  
9 they're here to do intake. I also want you to know  
10 that there is other materials. We have the website,  
11 and if any of you want to submit comments, we are  
12 making them all public. You know, we want to be very  
13 transparent about what people's concerns are, and we  
14 will be taking them all into account so that, you know,  
15 the public can hear what is discussed.

16 And I want to thank our panelists for just  
17 excellent testimony and participating, and I really  
18 want to thank you all for coming out this morning. And  
19 I wish you luck with the remaining few days of the  
20 filing season, and drink lots of coffee, but do try to  
21 get some sleep.

22 Thank you all very much.

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1 (Meeting concluded -- 11:52 a.m.)

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## C E R T I F I C A T E

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I do hereby certify that I am a Notary Public in good standing, that the aforesaid testimony was taken before me, pursuant to notice, at the time and place indicated; that said deponent was by me duly sworn to tell the truth, the whole truth, and nothing but the truth; that the testimony of said deponent was correctly recorded in machine shorthand by me and thereafter transcribed under my supervision with computer-aided transcription; that the deposition is a true and correct record of the testimony given by the witness; and that I am neither of counsel nor kin to any party in said action, nor interested in the outcome

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1    thereof.

2           WITNESS my hand and official seal this 25th day of  
3    April 2016.

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6           <%Signature%>

7           Notary Public

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