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TAXPAYER ADVOCATE PUBLIC FORUM

Thursday, May 5, 2016

8:36 a.m.

Red Oak, Iowa

PANEL:

Nina E. Olson, National Taxpayer Advocate

The Honorable Charles Grassley, U.S. Senator

Kristy Maitre

Alvin LaMar

Tamara Borland

Wendy Smith

Varel Bailey

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

2 MS. OLSON: Good morning, everyone. My name is Nina
3 Olson, and I'm the National Taxpayer Advocate. And I am
4 really delighted to see everyone here in the early morning
5 here in Red Oak, Iowa. I am also grateful to Senator Grassley
6 and his wonderful staff for helping us to pull this all
7 together and the folks at the Y for being so generous in
8 giving us this space and all the panelists, who I'll introduce
9 a little later.

10 The purpose of this meeting, this public forum, is to
11 have a discussion about the future state of the IRS. The IRS
12 is looking at how it should design itself in order for
13 taxpayers to interact with it going forward. And in my
14 December Annual Report to Congress, I identified that as the
15 most serious problem for taxpayers because I was concerned
16 that the IRS had not told taxpayers or their representatives
17 what it was thinking about. And so part of my goal this year
18 was to go out and visit places in the United States and hold
19 meetings such as this with members of Congress to hear from
20 taxpayers and their representatives about what they needed
21 from the IRS in order to comply with the tax laws both today
22 and in the future.

23 And so you all have gotten some materials that have
24 been laying out there, and we have five wonderful panelists
25 today -- I think I counted them -- and Senator Grassley. And

1 now I will just turn it over to Senator Grassley to make some
2 opening comments.

3 SEN. GRASSLEY: I am going to be here for about 80
4 percent of the meeting. Then I'm going to go to my next
5 meeting in Atlantic, Iowa. So I am pleased to be here for
6 that period of time to help host this public forum with the
7 National Taxpayer Advocate, Nina Olson. And I'll bet you
8 you're all surprised to hear there's somebody within the IRS
9 office that's supposed to be looking out to make sure your
10 statutory and constitutional rights are protected, and you
11 have that lady here today. And she's been in this position a
12 long time and she works real hard to be that voice of the
13 taxpayers within that bureaucracy.

14 The title is National Taxpayer Advocate, serves as an
15 independent voice within the IRS representing the interests of
16 the general tax-paying public. I'm glad that she reached out
17 to me on holding a forum here in Iowa, and not the big cities
18 of Iowa, to help her understand how the IRS could better serve
19 Iowans and other taxpayers. I thank you for coming here
20 especially.

21 The IRS has never been, and likely will never be, an
22 agency that anyone is glad to hear from; however, American
23 taxpayers should have confidence that they will receive a fair
24 shake from the agency. And that's a very uphill battle that
25 Miss Olson has to play.

1 Taxpayers also deserve topnotch service from the IRS
2 that absolutely serves everyone. As a member of the Senate
3 Finance Committee, which has jurisdiction over the Internal
4 Revenue Service, I have long sought to use my position to
5 improve IRS services and ensure taxpayers' rights. Some of
6 you may remember that I was chairman of that committee a
7 while, but under the rules of the senate, I have used up that
8 period of time, and so that's why you now see me as chairman
9 of the Judiciary Committee.

10 I was involved in the Taxpayers Bill of Rights
11 legislation enacted in the years '88, '96, and '98. Then
12 again in 1997 we set up what's called the National Commission
13 on Restructuring the IRS, and I served on that commission. It
14 resulted in the IRS Restructuring and Reform Act in '98, often
15 considered the third Taxpayer Bill of Rights. Each of these
16 bills were about reining in abuses by the IRS and improving
17 taxpayer interaction with the IRS.

18 The office of National Taxpayer Advocate was
19 established in that 1996 Taxpayer Bill of Rights. The 1998
20 act further enhanced the powers of this office, ensuring its
21 independence within the IRS. Further, the legislation
22 required that local taxpayer offices be located in every state
23 to provide help to taxpayers who were having trouble resolving
24 problems with the IRS. We have representatives of the local
25 taxpayers' office here today, and if anyone here is presently

1 experiencing difficulties with the IRS, I would encourage you
2 to utilize this opportunity to talk to a Taxpayer Advocate
3 representative.

4 Ensuring the IRS is properly performing its job while
5 adequately serving taxpayers and respecting their rights is an
6 ongoing process. The Senate Finance Committee, which has
7 jurisdiction over the IRS, recently considered legislation to
8 further beef up taxpayer inspections and improve taxpayer
9 services. I am pleased that this bill incorporated a number
10 of pro taxpayers' provisions from the Taxpayers Bill of Rights
11 Enhancement Act that I introduced last year.

12 Today's forum provides a unique opportunity for
13 Iowans to weigh in on what the IRS could be doing better to
14 help taxpayers with their tax-filing obligations. I look
15 forward to hearing the thoughts of the panel and those of you
16 in attendance today on improving IRS taxpayer services. With
17 that, I thank you for being here once again.

18 MS. OLSON: Thank you.

19 And I just want to say I thank Senator Grassley
20 because the 1998 act in particular established the position
21 that I have today, and so without it, I wouldn't be here
22 today. Thank you.

23 Our first panelist -- I will just briefly describe
24 the format. We're going to -- I'm going to introduce each
25 panelist in turn, and they will make a five-minute statement

1 or so. I've told them I'll only push them off if they go
2 seven minutes. But then we will -- Senator Grassley will have
3 a few questions, and then we'll maybe open it up to the floor
4 and I'll have a few questions of the panel. But we do hope
5 that you all will have some comments or questions. Some of it
6 may be in response to what people have said. Some of it,
7 you've brought your own concerns here.

8 Again, the focus of this forum is what taxpayers need
9 or their representatives need to assist people in meeting
10 their filing obligations or resolving problems with the IRS.
11 And I will also just echo what Senator Grassley said. We do
12 have representatives from my Des Moines office, and also my
13 Omaha local taxpayer advocate is here as well as me, the National
14 Taxpayer Advocate. And so if you have cases or problems that
15 you want to bring that you haven't been able to get resolved
16 through normal channels, you will be able to meet with them
17 after the forum and we will take the case in. So that should
18 be of some assistance to you all.

19 So our first panelist is Varel Bailey, and Varel is
20 board chairman of Bailey Farms, Incorporated, a family
21 corporation at Anita, Cass County, Iowa. The farm includes
22 1250 acres of corn, soybeans, and grass, with livestock
23 enterprises of cattle and sheep. He is a member of the Farm
24 Foundation Bennett Round Table, and he's past chairman of
25 several entities, including the National Corn Growers

1 Association, the Iowa Corn Growers Association, the Cass
2 County Farm Bureau, Precision Beef Alliance, Iowa Farm
3 Business Association, Iowa Beef Improvement Association, Iowa
4 High Technology Council, and so on. I don't think there are
5 many more things that he has not been tasked with. It's
6 really impressive.

7 Basically, Mr. Bailey has provided agricultural
8 policy counsel for American Farmland Trust, and he's also
9 served on the Agriculture and Small Business Advisory
10 Committee for the Chicago Federal Reserve Bank. And so I'm
11 just going to turn it over for Varel's public statement.
12 Thank you.

13 MR. BAILEY: Thank you. Well, I started farming in
14 1965, when I got out of the Army, and decided that I would --
15 had been filing my own income tax return ever since I had a
16 4-H project and had a W-2 and decided that, you know, I am
17 going to continue to educate myself as best I can and file my
18 own returns. So I have done it for almost 60 years.

19 And in '65, we started -- my parents and I and my
20 wife started a small business corporation, subchapter S, and
21 so I have filed those returns for 50 years now. And I do it
22 because it improves my management. And what I've realized,
23 though, is that it is getting more and more complicated.
24 There is a whole industry out there that you folks know that
25 is designed for tax avoidance. But there's another aspect of

1 Internal Revenue Service that is unique, I think, as a
2 government agency in that it is -- whether it realizes it or
3 not, is in the education business. As we check off the
4 exemptions, the deductions, and the way that we make our
5 investments and our savings and our expenses and everything,
6 the Internal Revenue Service actually shapes society and it
7 actually shapes business.

8 Now, when I was -- I'm not a trained educator. When
9 I was in the Army, I knew that the guys in my outfit, if I
10 gave them or they had a goal and they had to understand the
11 logic process, the procedure, all of those things, and they
12 had a deadline, they could hit the target. They knew how to
13 do it, and I didn't have to be there all the time watching
14 every move. Well, what I also learned is that everybody
15 learns differently. One size does not fit all when you're in
16 the education business. So when I look at the Internal
17 Revenue Service, one of the things -- one of the challenges
18 that they have is, in this continuous education business,
19 being able to reach everybody in the way that they learn how
20 to do things.

21 Now, this is not the time for the Internal Revenue
22 Service to be reducing the communications they have with the
23 public and with the taxpayers, and so the Internal Revenue
24 Service really needs to -- excuse me -- use every means -- and
25 by the way, they have a tremendous plethora of means to

1 communicate with the public now, with the Internet and all of
2 those other things -- and so they really -- Internal Revenue
3 Service really needs to get creative in the way that they
4 interface with the general public. And the main reason that I
5 feel that they do this is the way that we collect taxes in the
6 United States is pretty much voluntary. And the key element
7 in order for the Internal Revenue Service to function as
8 efficiently as it does and as it collects as many dollars as
9 it does with the least amount of expense is to maintain the
10 confidence with the general public. So either the -- a lot of
11 other things that I could tell you about, and I might tell you
12 just a quick vignette.

13 I traveled through the Soviet Union with Secretary of
14 Agriculture Jack Block. And when you traveled in the Soviet
15 Union at that time, they assigned a junior growth Agroprom
16 USDA-equivalent bureaucrat to travel with me. I think they
17 wanted to make sure they watched what I was doing, which was
18 probably a good idea. Anyway, we had a time, while I was
19 there, to discuss in the back of the bus about the problems
20 each of our countries had. And that bureaucrat told me --
21 said, You know, Soviet Union 's got two very serious social
22 problems: one, we've got a declining population. And the
23 second problem is that we've got thousands of babies being
24 born into abject poverty. So, he said, we are addressing the
25 first one, the declining population, through our income tax.

1 And when a woman has her first child and raises her first
2 child, for the rest of her life it cuts her income tax by 50
3 percent. If she has a second child, it cuts it by 75 percent.
4 If she raises the third child, she doesn't pay income tax for
5 the rest of her life. And, of course, with the medical system
6 in the Soviet Union, abortions were free for those abject
7 poverty problems.

8 Now, that is a graphic example of how one country is
9 adjusting -- addressing social problems through their taxing
10 mechanism. What we don't realize is when we fill out a return
11 and we check off our deductions and the way we're doing our
12 investments and all those kind of things, we are being shaped
13 more than what we realize. And so it is imperative that the
14 Internal Revenue Service maintain adequate communications and
15 a way, almost, for two-way exchange in how we out here in the
16 country basically pay our taxes.

17 Thank you.

18 MS. OLSON: Thank you.

19 All right. Our next speaker is Tamara Borland, and
20 Tamara has been the project manager for Iowa Legal Aid's
21 Low-Income Taxpayer Clinic for 13 years. She supervises all
22 federal tax controversy work for the program, represents
23 low-income taxpayers before the IRS, and offers training
24 manuals and materials for attorney staff and volunteers as
25 well as articles for client audiences. And for those of you

1 who don't know, there is a funding -- a grant program that
2 came in in the Restructuring Act of 1998 that provides federal
3 funding for low-income taxpayer clinics throughout the nation
4 to represent persons who are low income and have disputes with
5 the IRS and can't afford a lawyer or a certified public
6 accountant or an enrolled agent to represent them. And Tamara
7 runs the one for Iowa. She is chair of the Iowa State Bar
8 Association 2016 December tax school, and she is about to
9 commence her term as vice chair of the American Bar
10 Association Tax Section Committee on Pro Bono and Tax Clinics.

11 So, Tamara.

12 MS. BORLAND: Well, I'm really pleased to be here and
13 to share my experiences working with the low-income taxpayers
14 and the IRS. I've been with Iowa Legal Aid, which is an
15 organization that serves low-income Iowans throughout the
16 State of Iowa, and the LITC Clinic serves all 99 counties as
17 well.

18 The challenges that I see taxpayers have facing the
19 IRS do have to do with education, with understanding of the
20 tax code. That's one of the key things that I see that is a
21 problem is that people have -- in general, a lot of folks have
22 difficulty understanding the different components of their tax
23 return. They put a great deal of trust into preparers and
24 knowing the tax law and applying it to their situations. And
25 as we all know, low-income taxpayers, it's -- may be very

1 difficult to access those services because of the cost of the
2 tax preparation.

3 Something that I saw that really exacerbated this
4 was, during the economic downturn, I think people as -- you
5 know, trying to look for the opportunity that they might not
6 be finding in a workplace, so they couldn't find a job working
7 for an employer, they turned to self-employment. And what
8 that really highlighted is that people really didn't have a
9 great knowledge or understanding of how taxes worked,
10 particularly how Social Security taxes worked and how Medicare
11 taxes were collected, understanding that they had to plan for
12 and make payments for Social Security and Medicare taxes, and
13 then coming to the end of a tax year and not having a good
14 understanding about what they could take as deductions against
15 their business income, what kind of records they needed to
16 keep. And a lot of times they were starting these
17 self-employment endeavors not, like, after thorough planning,
18 as we would hope people are able to embark on a small business
19 endeavor. They were doing it because -- out of necessity and,
20 therefore, didn't have a lot of that time for advanced
21 planning. So that's something I see as problematic.

22 Another thing that I look at is, particularly with
23 taxpayers with young children, there's a lot of child-based
24 credits that really do benefit young families, things such as
25 the earned income tax credit and the child tax credit.

1 There's also education credits for kids getting ready to go
2 off to college and further their education. And the problem
3 is that for somebody who is even willing to embark on doing
4 their own tax returns, the definitions behind each one of
5 these is different. We're supposed to have a unified definition
6 of child -- of the qualifying child in 2005 that was supposed
7 to bring some cohesiveness to these concepts and yet they're
8 different and there's different rules for each one. So as we
9 look at shaping our future tax system, how do we get the
10 information out to taxpayers where the rules are
11 understandable, they're something that they can get good
12 information on and be able to follow?

13 You know, because of these complications, a lot of
14 folks don't feel comfortable preparing their own taxes and so
15 they do go out into the tax -- to tax preparers to get their
16 taxes done. And the unfortunate thing is that there's a great
17 number of very qualified, competent, wonderful tax preparers
18 out there that are doing the best job they can for their
19 taxpayers, but there's a subset of people that hang out their,
20 you know, shingle for tax preparation that have no formal
21 training or, if they have formal training, their goal is not
22 in the best interest of the taxpayer but their goal is to
23 somehow line their own pockets.

24 And so one of the problems is that a lot of taxpayers
25 may assume that tax preparers have some sort of basic

1 knowledge, they have some sort of basic education, they have
2 the responsibility to prepare an accurate tax return. And
3 that's not necessarily the case. It varies greatly from
4 jurisdiction to jurisdiction. So there is nothing that
5 requires a tax preparer to actually have any underlying
6 education. So that's another problem is we have a system
7 where a lot of people feel like it's too complicated for them
8 to do, but when they go to somebody, they won't necessarily
9 know -- that person won't necessarily be qualified.

10 Now, one thing the IRS has rolled out recently is a
11 list -- it's an e-mail -- or it's on the Web where somebody
12 can go in and look up tax preparers, and that will list CPAs
13 and attorneys, enrolled agents, and some folks that aren't in
14 those categories that have voluntarily complied with some
15 education. But that's one thing that we have to look out for
16 is those preparers.

17 The other thing I would say is that when the IRS is
18 looking at going to a more digital interaction with the IRS,
19 there's a lot of circumstances where that just doesn't work
20 very well. I have had a number of very frustrating
21 interactions with the IRS and child-based family credits where
22 there's an examination, and when they examine, they examine
23 everything. They -- you know, they want you to prove that the
24 children are your children, that they resided with you for
25 more than six months, that you pay -- that they qualify as

1 dependents. And the problem is, for some taxpayers,
2 low-income taxpayers, what if their children are not school
3 age? What if they are -- you know, maybe went to the doctor
4 at the beginning of the year but didn't go to the doctor at
5 the end of the year? I run into this a lot with immigrants.

6 So right now, the IRS is not doing a good job dealing
7 with taxpayers. They will send out kind of generic letters
8 that say, Well, you didn't send us what we needed, and then
9 taxpayer tries to comply and sends back something else and
10 that's not good enough. Well, how is that going to work in a
11 very digital, Web-based interaction with the IRS? And I think
12 that's something that's problematic. You know, really and
13 truly, if somebody else isn't claiming these kids and we have
14 an intact married family with two dependent children, why
15 should they have to come up with proof that the child lived
16 with them for the entire year? Why can't the IRS take their
17 word for it? And how is that going to work when we're in a
18 Web-based society -- or where we're increasingly moving to
19 that?

20 And I would just say that if you put up more
21 roadblocks to taxpayers interacting with the IRS, if -- you
22 know, as it is, the wait times are very long. How are people
23 that either have limited literacy or limited English going to
24 interact with this new digitized IRS? I think there's a lot
25 of problems that the IRS needs to solve about their client

1 service now, and if they improve their services as they stand
2 now and then move to a Web-based platform, or at least
3 offering more Web-based platform, then I think they will have
4 a good model to build upon, but I don't think they're there
5 yet.

6 MS. OLSON: Thank you. That last is a very good
7 point.

8 So our next speaker is Alvin LaMar, and Alvin is a
9 consultant with Central Iowa Farm Business Association. He
10 advises farmers in northcentral Iowa on the efficiencies of
11 their farm operations, provides tax and estate planning, and
12 prepares tax returns. He taught high school vocational
13 agriculture for six years and began preparing tax returns in
14 1974 with the Illinois Farm Business Farm Management
15 Association. He's held various leadership positions at both
16 state and national association levels, and because of his 42
17 years of tax preparation experience, his expertise has been
18 relied on for various presentations and trainings for ag
19 consultants and producers. And the evolution of tax policy
20 has made farm retirement planning challenging and has become a
21 focus of Alvin's practice.

22 So would you like to start?

23 MR. LAMAR: I'm good.

24 Good morning. I want to thank Ms. Olson and Senator
25 Grassley for hosting this forum. My practice is part of the

1 Iowa Farm Business Association, which is composed of six
2 different local associations that covers the state of Iowa.
3 These six associations have 22 consultants like myself, and
4 our practice is very dependent upon the expertise of the
5 individual consultant but revolve around providing active
6 farmers with an analysis of their cost and returns. And we
7 also provide measurements of their financial health. And
8 since we have most of their fiscal information, then we offer
9 the tax preparation services, which a majority of them take
10 advantage of.

11 Planning for large events in the lives of our
12 clients' businesses is really the cornerstone of our services.
13 That can be buying a farm, bringing a son or daughter into the
14 business, buying a piece of equipment, or transferring the
15 whole operation to a successor generation. We obviously have
16 an eye towards minimizing the amount of taxes paid in any one
17 year and keeping the profit as consistent as possible because
18 that keeps the cash flow as consistent as possible. We can
19 have errors in tax returns, and we file an amended return to
20 correct those errors when they're on the taxpayer end of the
21 scope. The integrity of our businesses require that we amend
22 those returns and fix those errors.

23 The availability of the information that we need, the
24 process, the timeliness of doing so, these are all factors in
25 a satisfactory conclusion. And I can control the ones on my

1 end. I think one item that would help the process would be
2 the ability to electronically file a 2848 Power of Attorney.
3 This has caused some delays in the past. Faxing has sped it
4 up a little bit but not more than three, four days, it seems
5 like.

6 Also, electronic filing of the 1040X amended return
7 would save time. It would assure that the IRS gets all the
8 background information that they need because the amended file
9 would contain all of that information. And I just think that
10 would be -- I've looked at these vignettes that have been
11 distributed to everybody, if you picked one up, and considered
12 the possibilities of each taxpayer having an on-line account
13 as presented there. I think the ability to store and retrieve
14 documents and the actions related to the return intrigues me,
15 and I can see the possibilities of that type of a system. And
16 it could facilitate resolution of errors if for no other
17 reason as that the IRS would have a written record of
18 communication of what has happened up to that point in time,
19 which those of you have called and it's been alluded to, we
20 find that we don't talk to the same person twice, and so we
21 start from scratch.

22 The present preparer's priority line has not been
23 very successful at retaining communication. We get into a
24 problem, we don't get it resolved on the first calls, we need
25 to virtually start over and with a new representative on the

1 next call who knows nothing about what I talked about the
2 first time. Optimistically, if you incorporated the
3 information retention on an on-line account with the
4 preparer's priority line, that may speed up the process and
5 may reduce the wait times. I don't -- I can see where that
6 could work. Right now, I have a difficult time dealing with a
7 15-to-30-minute wait time and still remain efficient in my
8 practice. I just can't start this thing and then stop this
9 thing and then if I don't make it, why, I've got to start
10 over.

11 I realize there's a security problem in -- with
12 preparers having access to too much sensitive information, but
13 I believe that there could be a protocol developed that would
14 address this issue. Having the taxpayer be the only one to
15 establish an account brings up another problem. Through a
16 concerted effort on my part and my assistant, Jane, we have
17 about 85 percent of our clients that read all my newsletters
18 by e-mail. I assumed if they could open up Facebook and see
19 pictures of their grandkids, they could communicate
20 electronically. That was a enormous oversimplification on my
21 part. If I embed a link in an e-mail, they may read it. This
22 is not a case of poor education. It's about comfort and of
23 the perception, not unwarranted, that -- about the security of
24 their information. And I've had to tell them, Yeah, I can do
25 it and I'm not going to do it, end of story, and -- but I do

1 realize that this concept could save a lot of resources, could
2 speed it up, and -- but I feel that we're probably a
3 generation away from this process being accepted and
4 implemented for the majority of the taxpayers.

5 For those that have the resources, the knowledge, the
6 comfort, it could be a part of the solution, but it's never
7 going to replace a knowledgeable, sympathetic ear on the
8 phone. The IRS needs to have people that fill that bill. And
9 it would also be nice if the representative I talk to could
10 address the issue and take it to a conclusion. I know this
11 would necessitate sorting the calls by the type of business
12 that I'm working with, but I think it could be done so I got a
13 knowledgeable rep on the phone. I can only imagine the
14 difficulty of doing this in more than one language, and I
15 don't have to face that type of problem in my shop.

16 There's three other issues quickly I'd like to talk
17 about, the first being alternative minimum tax. This has
18 become a planning minefield for many of my clients beginning
19 in 1969 when Congress enacted it after discovering there were
20 155 taxpayers with an income greater than 200,000 and paid no
21 federal income tax. And we've gone to -- because of
22 inflation, the American Taxpayer Relief Act in '82 did index
23 it and picked it -- made it a little better, but it still
24 becomes a problem and mainly with my clients is the
25 depreciation and the add back and the income tax -- state

1 income tax that we use to itemize. There are a few other
2 issues like the 2290 road use tax. I realize farmers, that
3 most of them have a semi they take less than 7500 miles, they
4 don't pay any tax. They have to file the form to get their
5 state license. Somehow, this should be able to shortcut this,
6 do away with some of the details, do it on a card. I don't
7 know.

8 And then we've had a problem in the past years using
9 the tax courts to codify rules, tax laws. Most of my farmers
10 in Iowa, if you're retired, you don't pay self-employment tax
11 on CRP payments, but if I have clients across the river,
12 Mississippi, they do because the court over there agreed with
13 the IRS and said that you have to pay self-employment tax on
14 CRP even if you're retired. Doesn't matter. There must be
15 some logic to this, why one state would have one answer and
16 another state would have another, but I'm not privy to why
17 that would be. And I don't think it should be.

18 And there's a lot of other situations which could
19 cause a problem for us in training new staff. There's 30 --
20 things that happened 30, 40 years ago still in the tax law,
21 and I bring somebody in that doesn't know taxes and I'm
22 supposed to get them up to speed on talking with their
23 clients. You think you can scan all your documents into a
24 computer and end up with a tax return. Not going to happen.
25 Maybe that's how it should happen, but it's not going to

1 happen.

2 Thank you.

3 MS. OLSON: Thank you. I will just note that in
4 2002, I recommended repealing the individual alternative
5 minimum tax and have been recommending it ever since. You can
6 see how successful I have been with my legislative
7 recommendation. But I think Senator Grassley has been with me
8 on that all along.

9 All right. Our next panelist is Kristy Maitre.
10 She's a tax specialist with the Center For Agricultural Law
11 and Taxation at Iowa State University. She provides tax
12 education to practitioners across the nation on a variety of
13 subjects. Formerly with IRS for 27 years and practicing in
14 the tax field an additional five years, she's a resource for
15 practitioners who need help resolving IRS and client issues.
16 She was hired by the IRS in 1986 as a taxpayer service
17 representative and assisted individuals with their tax questions
18 via phone from the Des Moines, Iowa call center. From there she
19 became a taxpayer education specialist, a revenue agent, and
20 eventually a stakeholder liaison before her retirement in 2014.
21 She joined CALT two days after her retirement and continues to
22 assist tax professionals and a customer base with various tax
23 issues and education.

24 So Kristy-

25 MS. MAITRE: Good morning, everybody. And I would

1 like to thank Nina, the Advocate, and Senator Charles Grassley
2 for hosting and for all of you attending today. And the fact
3 that they asked me on the panel, I really appreciate that.

4 As you know, I was with the IRS for 27 years, and so
5 I assist tax professionals with problems and there's not
6 always an easy answer for many of those problems. It's
7 sometimes, well, let's try this and let's see if it works, and
8 if it doesn't work, we'll try something else. So indirectly,
9 I assist you, the individual taxpayer, as well through those
10 tax professionals. And going to CALT, I've been able to
11 continue as an educator and an advocate for the tax
12 professional community as well.

13 I loved my job at IRS, and -- but I also saw that
14 every single time there was budget issues, the first thing
15 that fell victim to that was customer service. IRS -- this
16 might be hard to believe, but IRS taught me customer service.
17 When I came in in '86, I can't remember how many times I said,
18 IRS, Kristy Maitre, how can I help you, that sort of thing, on
19 the telephones. But I've seen customer service slowly dwindle
20 away and employee training also dwindle. And outreach has
21 pretty much disappeared, and CALT gives me a chance to
22 continue that.

23 Now, as we look at America's taxpayers, they just
24 want someone to help them with their tax problem. They don't
25 want to really understand the complex tax system that we have.

1 I mean, I'm not sure -- I've been doing this for all these
2 years, and there's areas that it's, like, I don't know
3 anything about that, you know. They just want to file the
4 return. They want to better understand the letter or notice
5 that they received so they can respond. And if they get a
6 question or they have a question, they want someone to answer
7 it, and you can't always find those answers on the Internet.
8 They would prefer not to wait on hold for two hours and then
9 get cut off because, you know, they have too many phone calls.
10 Or when they do get somebody live, they can't answer the
11 question or the system's down for whatever reason or they have
12 to go to a walk-in and they wait in line and they ultimately
13 find out, Well, if you don't have an appointment, we can't
14 help you. So there's still something to be said for personal
15 customer contact, customer assistance. It's called customer
16 service.

17 Now, also, people aren't comfortable with computers.
18 I still -- I have an Apple that interfaces with everything
19 else, and fortunately, I have two sons who can help me through
20 this, but not everybody has that. We also have taxpayers with
21 memory problems, and this authentication process to get into
22 these new future states, to verify your identity, a lot of
23 people aren't going to be able to do that. One, they're not
24 comfortable. One, they don't remember what bank they banked
25 at three years ago; okay? They're in assisted living or

1 they're a teenager who can't remember the eight jobs they had
2 over the last year.

3 So they're also concerned, taxpayers and myself -- I
4 was one of those ones that got in the breach. I got the
5 letter from OPM saying that information -- because I went
6 on-line to get a copy of my transcript so I could demonstrate
7 to my practitioners how it worked so they could go on -- you
8 know, tell their clients how to go on-line and do it. So
9 they're concerned about their personal identifying information
10 that's stored in the databases, how safe is this system going
11 to be, also, is it -- can you figure it out when you get in
12 there? The IRS still hasn't even perfected the CP2000 system
13 which matches information with what's on the system. That's
14 been around for as long as I was with the IRS.

15 So as we talk about this future state, the IRS must
16 recognize that preparers have certain needs. Our taxpayers
17 have certain needs. They need to understand our system is
18 fair and just, and it's difficult to attain this if there
19 isn't any type of education out there. Education is all about
20 understanding. They want to be informed, and they should have
21 services that meet those needs. Can these on-line systems do
22 that? I doubt it. Also, the security of the data is so
23 concerning with all the breaches IRS has had recently.

24 The other thing that I feel very strongly about is
25 there also has to be a cultural change within IRS where

1 compliance is not king. I was very concerned yesterday when I
2 heard that IRS is going to hire 700 more compliance
3 individuals. What about customer service? I mean, those are
4 the calls that aren't being taken. Those are the people that
5 aren't being served. Examination and collection brings in the
6 money. That can be measured. So consequently, Congress,
7 there's funding; okay? Yet crucial funding for more
8 intangible things like customer service is generally the first
9 to be cut. Customer service educates, it empowers, not only
10 you as an individual taxpayer, which all of us are, but also
11 our tax professional community to understand the complex laws
12 that we have to face and maneuver through. It improves the
13 quality of filing, it increases the accuracy, reduces the IRS
14 work on the back end, yet it's more difficult to measure the
15 impact of the education or the value of understanding.

16 It's also difficult to measure the value of trust,
17 and many people don't trust what IRS is doing. For me and the
18 practitioner community I serve, I'd love to find a way to fix
19 the problems on-line. I think it would save a lot of time.
20 But I also would love to be able to provide a phone number
21 where you as a tax preparer or a taxpayer can get help. I
22 would love to see customer service return to the IRS, and I
23 would love to see IRS get the funding it needs. And I'm
24 looking at you (indicating). But first we need -- and this is
25 important -- to eliminate identity theft, enhance the data

1 security, update the computer systems, retain experienced
2 personnel, hire the next generation, who will move IRS
3 forward, and provide training and educate current staff and
4 transition IRS from a compliance-centered organization to a
5 customer-centered organization that assures compliance. We
6 need, as Tamara said, to fix the issues we currently have
7 before we can move forward. And thank you.

8 MS. OLSON: Thank you for that. I will just make one
9 comment since I'm chairing this, you know, that when the IRS
10 first put up its on-line transcript system and the idea was it
11 would get people to move from the phones and order transcripts
12 on the phone to getting this on-line -- and that would be very
13 helpful -- what they forgot to do was translate the
14 transcripts into any kind of English that people could
15 understand. So, yes, people went and got their transcripts
16 on-line, looked at them, and then promptly called the IRS to
17 find out what their transcript said. So I think this goes to
18 what I'm hearing is that it's not just about having the
19 technology. You have to actually have all the work behind
20 that technology so it actually makes sense when you actually
21 use it and get something from it.

22 So our last witness -- or last panelist, but not
23 least panelist, is Wendy Smith. And she is an accountant, and
24 she has managed the Volunteer Income Tax Assistance, or VITA,
25 program with United Way of Wapello County since 2013. And

1 VITA sites are just doing amazing work in this country. And
2 I'm so pleased to have her here. In the three years the
3 program has gone from four volunteers, who prepared 74
4 returns, to 17 volunteers assisting in the filing of 596
5 returns, which is just terrific. The program has helped
6 hundreds of taxpayers with services ranging from tax return
7 preparation to understanding an IRS inquiry. Wendy is also a
8 business owner, and in 2014 she started All Right Accounting
9 and Tax Services in Fairfield, Iowa. She holds a BA in
10 accounting and has over five years of tax and accounting
11 experience.

12 So, Wendy, go for it.

13 MS. SMITH: Thank you. I would just, first of all,
14 like to say it's such an honor to be here and was glad to be
15 asked to come and sit on the panel.

16 So, yeah, I have been the Volunteer Income Tax
17 Assistance program manager at United Way of Wapello County and
18 just tell you a little bit about this last tax season. Nina
19 already did. We had 17 volunteers and we prepared 596
20 returns. 302 of those returns were for taxpayers ages 55 and
21 over. These are taxpayers that are not comfortable filing
22 their own returns. They're not comfortable getting on-line.
23 They don't own computers. And, you know, part of this future
24 state with the IRS kind of leaves them out because they need
25 somebody to talk to face-to-face to get their returns filed.

1 Also, looking at the future states of the situations
2 that come up in my mind that are challenging have to do with
3 prior year filings or withholding claiming dependents in a
4 multigeneration household. This past filing season, somebody
5 came to us with a notice from the IRS saying that she had to
6 file a 2009 return. What little bit of information she did
7 have from 2009 was destroyed in a flood, and it took quite a
8 bit of time, quite a bit of counseling questions, talking to
9 her to find out more about her situation and help her figure
10 out how to get the information that she needed to voluntarily
11 comply with this IRS notice.

12 Another situation was a young man who came in and
13 thought that it was okay for him to go ahead and file exempt
14 on his W-4 and not have any withholdings because his income
15 was low enough that he shouldn't have to pay income tax. His
16 income wasn't low enough to not have to pay income tax, and he
17 was quite surprised when he did end up filing and, you know,
18 needing to pay when he filed. He was in our office several
19 times and, you know, we spent a couple hours with him actually
20 explaining to him what happened and helping him understand how
21 to fill out his W-4 so that that didn't happen again and then
22 getting him to agree to go ahead and file his return, owing
23 what he did, and explaining to him that if he didn't do it, he
24 would have that late filing penalty.

25 So those are -- you know, those are examples of, you

1 know, somebody not really understanding the tax law and, you
2 know, somebody else just needing help and both of them really
3 needing extensive face-to-face counseling with their
4 situation. I don't see that happening smoothly on-line, and
5 if somebody was on-line, you know, doing their return as the
6 taxpayer experience of the future vignettes show, they would
7 leave the computer and get on the phone and call somebody or
8 go to somebody and say, What is going on here? I need help.
9 I don't see that happening on-line.

10 You know, as -- I guess the taxpayer experience of
11 the future vignette, what they show, it shows that it could be
12 very promising for taxpayers and tax preparers. You know, we
13 would -- people would be able to get prior year tax forms that
14 they need, self-correcting information, although it's not
15 really clear exactly how that's going to work, but if it
16 actually is as simple as it looks, that would be great. But
17 it leaves out the taxpayers that are not comfortable on-line,
18 that are not comfortable with computers, you know. And other
19 than leaving them out, I really think it looks great, but
20 there's still the face-to-face counseling that many taxpayers
21 still need.

22 Thank you.

23 MS. OLSON: Thank you. I do need to note that these
24 sounds coming from above, we are underneath the weight-lifting
25 room, so that is what you are hearing.

1 So, Senator Grassley, do you want to ask a few
2 questions of the panel?

3 SEN. GRASSLEY: I'm just going to ask one question,
4 because I could take up all the time here and we ought to hear
5 from our constituents and particularly you coming so far to do
6 that. So I think every one of you probably have touched on my
7 question, so it's kind of a question of maybe just a very
8 short answer, maybe one or two sentences. In each one of your
9 views, what is the number-one thing the IRS could easily
10 implement today that would most improve your or your clients'
11 interaction with the IRS?

12 MS. OLSON: Start at the far end. Lucky you.

13 MR. BAILEY: It's a communication means, a way to
14 more easily get my questions answered.

15 MS. SMITH: I would have to agree with you, you know,
16 easy way to get questions answered. I think one of the things
17 that would dramatically help things today with -- would be
18 being able to access tax forms easily and quickly.

19 MS. BORLAND: I think that the comments about
20 customer service and about effective customer service would
21 probably be the single best thing they could do, giving out --
22 when the taxpayer has a problem, having a telephone number to
23 talk to the person assigned to work on the taxpayer issue so
24 that they can have a back-and-forth conversation. Oftentimes
25 that takes so much less time and so much less effort. And I

1 would imagine it would cut down costs in resolving tax
2 controversy if the taxpayer could talk with a person and share
3 information that way.

4 MR. LAMAR: Timeliness is the biggest -- biggest
5 issue. I get -- when one of my clients gets a letter and
6 there's something that is perceived to be incorrect -- and it
7 may be or it may not be -- a 1099 that is grouped with some
8 other information and they didn't see the schedule, I send in
9 a response along with the schedule and we get a letter back
10 that says, Thank you for your response, we'll be back to you
11 in about two months. I don't think I need to explain any
12 more.

13 MS. MAITRE: To expand on that, that happens multiple
14 times where you get the I need an additional 45 days in order
15 to work the case. And what they're supposed to do, at least
16 they used to, once the correspondence is received, they're
17 supposed to put a hold on the account so no more notices go
18 out that scare people. Well, that doesn't always get done.
19 So then they haven't had time to work the case, so then
20 they'll send out -- say, You owe the balance due. And you go
21 to your tax professional and he says, Well, I already sent a
22 letter. But we're 90 days into this and we haven't, you know,
23 worked the case yet. So customer service, having that phone
24 number, a single person to work those cases that you can talk
25 to.

1 The same person on identity theft rather than calling
2 a number and talking about separate -- Identity theft is so,
3 so bad and it's -- I've said for the last two years it's going
4 to get worse before it gets better. You need that single
5 person that really -- they have to have the empathy to help
6 with it, too, because identity theft is just like being
7 robbed, like you're invaded. Your privacy is gone, as far as
8 that goes, so --

9 MS. OLSON: You know, that's interesting. For the
10 last -- I don't know -- since 2005, my office has been
11 recommending that the IRS assign a single person to identity
12 theft cases precisely because it's such an invasive crime.
13 And also, it brings accountability that someone is working a
14 case from start to finish, knows the issue so you don't have
15 to repeat that tragic story over and over and over again to a
16 different person. And we have been unable to persuade the IRS
17 to do so.

18 I'd also note that in the 1998 legislation, Congress
19 enacted a requirement that the IRS give taxpayers, when they
20 send a notice, a name and phone number for the person to
21 contact. And the IRS has sort of -- we just covered this two
22 years ago as we looked at are you implementing this aspect of
23 the law that Congress enacted, and they're not. And they have
24 rationalized it through all sorts of legal opinions. I look
25 at the law and think, well, it was pretty clear, so in my

1 opinion, the IRS is not in compliance with that provision of
2 RRA98, which I think would answer a lot of your concerns.
3 Now, there's staffing needs, but I think, to your point, it
4 would be much more efficient if you could have a single
5 contact that would easily resolve the issue, knew your story,
6 and you'd actually save a lot of contacts downstream and
7 rework and certainly taxpayer burden. If you did even just
8 test that approach, I think the numbers would show that you
9 are getting savings, actually, downstream.

10 MS. MAITRE: Can I make a quick comment on that?

11 MS. OLSON: Certainly.

12 MS. MAITRE: Many of the notices that you get,
13 there's a phone number on it, but it doesn't always work. And
14 you never get a live person; okay? Sometimes even the fax
15 numbers where you're supposed to fax the stuff in doesn't
16 work, you know. So that's even -- I'm sorry.

17 MS. OLSON: There was one time -- I'm laughing
18 because there was one time where a run of notices went out
19 with a transcription error and the phone number went to a sex
20 shop. So that was very interesting.

21 MS. MAITRE: I remember that. Yeah, I remember that,
22 yeah.

23 MS. OLSON: So I guess now we want to open the floor
24 to the folks here to ask questions, and if we get stalled, I
25 have some questions that I can ask the panel or you. But does

1 anybody want to ask a question of the panel or make a comment
2 about your experience? Or you've got these vignettes. I
3 think that if -- I'll just sum up some things for people to
4 maybe respond to.

5 The IRS vision of the future state, the Commissioner
6 has been very clear in response to my stated concerns that
7 they're not trying to get out of the business of, you know,
8 being on the phones or meeting face-to-face, although if
9 everybody's tried to get an appointment at a walk-in site, I'd
10 like to hear about that experience lately. But the emphasis
11 is to try to move people from the phone because the phone, in
12 their idea, takes a lot more -- is more costly than doing
13 something on-line. And as you can see on-line, they're
14 viewing even being able to conduct audits on-line. They're
15 viewing that if there are problems with your return in
16 processing the return that you would be able to go on-line and
17 do some self-correction, say yes, I agree, or no, I don't
18 agree. And I think what you need to visualize here is that
19 the on-line experience would be similar to the correspondence
20 experience, the notice experience you were just describing,
21 except you're basically logging into an account on-line and
22 doing it.

23 So I just throw that out there for folks to respond
24 to, and maybe people on the panel may want to comment on some
25 of that, too. If not, I mean I'll ask -- Yes? Good.

1 Great.

2 AUDRA DEIBER: I actually have four comments --

3 MS. OLSON: Great.

4 AUDRA DEIBER: -- from what I've heard this morning.

5 MS. OLSON: Do we need to have a -- I'm sorry to put
6 you on the spot.

7 AUDRA DEIBER: No, that's all right. My name is
8 Audra Deiber, and I am a tax practitioner here in Iowa. And
9 the first area I'm concerned with and I've seen as a concern
10 of my clients is courtesy disconnects. When I call the IRS,
11 if I'm willing to wait on the phone for two hours, at the
12 two-hour mark that IRS phone system will cut you off and drop
13 the call. We need to know that we can reach the IRS and that
14 we can speak to the IRS. I'm asking that they discontinue
15 that practice. If I can wait, three, four, five hours, I will
16 do it, but I need to know that I can get through to the IRS.

17 The second part of that with communication is
18 face-to-face hearings. We received a lot of pushback lately
19 where they deny them. They require that I give a reason why.
20 The taxpayers want to meet with the IRS face-to-face. They
21 want to go through their documents. They want to give them
22 the proof that they have submitted a return that is accurate,
23 and we're asking that the IRS give less pushback for
24 face-to-face meetings.

25 The second area I thought would be helpful to

1 taxpayers would be the ability to enter streamline agreements
2 on-line. This is an easy matter where if you owe less than
3 \$50,000 of tax debt, you could just put your information in
4 the system, set up your payment plan, and be done. Iowa has
5 something like that. The Iowa Department of Revenue allows
6 you to go on-line, set up your payment plan without having to
7 even call them.

8 The third area -- and I'm kind of looking a little
9 bit at Senator Grassley for this one -- is that the fraudulent
10 tax preparers out there, there's a lot of them. The IRS
11 cannot require a minimum amount of education, training, CLEs,
12 anything, but other states have started to set up requirements
13 for just a few courses, something that would give the people
14 of Iowa confidence that their tax preparers actually know what
15 they are doing. I represent tax preparers who are accused
16 criminally of fraudulently preparing returns, and we need
17 this. We need to know that individuals are actually qualified
18 to be preparing these returns.

19 The fourth area is something I just started to see
20 recently, and it is statistical audits. These are audits the
21 IRS brings for research purposes. So a taxpayer in Iowa will
22 be contacted not because they've done something wrong on their
23 return, not because they are chosen for a random audit or
24 because they've done anything wrong, but just so the IRS can
25 conduct research. Those audits are inappropriate and we are

1 asking those be stopped. It is very stressful for a taxpayer
2 to be audited for no other reason than for the IRS to conduct
3 research.

4 MS. OLSON: So if I could make a few comments to that
5 and then if you want to respond. I think -- the thing about
6 the courtesy disconnect, I find that very interesting that
7 you're willing to wait. I will say that the IRS is exploring
8 the technology to give you an option to leave a number and
9 then you would be called back. But I don't know about the
10 estimated time of callback, so then you're tied to your desk
11 for three hours, or if you happen to step aside, you've missed
12 your call and then you're back in the queue. But they are
13 exploring that.

14 On the face-to-face hearings, did that come in the
15 context of appeals, or are you also saying for examination or
16 collection?

17 AUDRA DEIBER: Always for examination you can get it,
18 but for appeals, at times our cases are sent to Maine, to
19 California. And I'll say, Hey, please bring them to the
20 midwest. It could be Kansas City, Omaha, Minneapolis. I will
21 travel, but at least the midwest. And I get a lot of pushback
22 on that. I mean --

23 MS. OLSON: Yeah, yeah.

24 AUDRA DEIBER: -- they'll say, I have to get it
25 approved by a manager. Why? Bring it closer.

1 MS. OLSON: And I have always been surprised about
2 that with appeals because part of appeal's role is to judge
3 the credibility of the witness. And I don't know how you
4 judge the credibility of the witness without seeing them face-to-
5 face. If a judge is going to see the witness, you need to see the
6 witness to see how the taxpayer is going to convey information.
7 Do they appear credible? Very good information to know.

8 I will say that about the streamlined installment
9 agreements, there is an on-line tool. I don't know -- I've --
10 we've had complaints about it, but the IRS is working to put
11 back up its Get Transcript account where there will be very
12 steep queries for creating an account, for the taxpayers to
13 have a lot of information to be able to create the account,
14 and they're going to put the installment agreement behind that
15 tool, that thing.

16 So when the IRS tested internally with IRS management
17 officials over the last two months this on-line account where
18 you had to create an on-line account before you could get
19 access to your on-line transcript tool or your on-line
20 installment agreement, 50 percent of the management officials
21 could not complete -- did not pass and were not able to create
22 the on-line account. And that -- that -- you just can think
23 about that for the general population. So I'm concerned that
24 they're going to put this on-line tool behind a screen. I'm
25 not sure what the same security issues are, like why are we

1 concerned -- I don't think there are going to be many identity
2 thieves that are going to try to come in and enter into an
3 installment agreement to pay us money. Usually they come in
4 to get money, not to pay us money, so I'm not sure why they're
5 putting that behind that screen.

6 Senator Grassley, actually, when you were chair of
7 the Finance Committee, the Finance Committee passed
8 regulation of return preparers. So I think there's general
9 consensus on that, we just have to get, you know, legislation
10 moved forward on that.

11 And then lastly, the statistical audits, there I'm
12 going to actually defend the IRS but actually make a proposal.
13 The statistical audits, they were stopped for several decades,
14 actually, because people were so concerned, as you are. And I
15 too have sat next to taxpayers when I was in private practice
16 and watched these audits, and it was better to have a physical
17 examination than to have, you know, those audits. And it was
18 expensive for the taxpayers to pay me to sit there watching
19 what was going on. But they are vital for the IRS to be able
20 to build its models so that it's selecting the correct returns
21 to audit so it's not, in all of its audits, picking the wrong
22 ones and tormenting, you know, taxpayers who are complying
23 with the laws.

24 So these taxpayers are serving as guinea pigs, and
25 that's sort of my point that if you're going to -- my proposal

1 is -- and I haven't made it yet but we've really been thinking
2 about it internally and this discussion has been very helpful --
3 is if you're going to be a guinea pig for the IRS, then maybe we
4 should learn something from the Soviet Union in the sense of
5 you don't get -- if there there's an adjustment, you don't
6 have to pay it. And two, maybe we pay you or your attorney,
7 your representation fees, for the privilege of being a guinea
8 pig for the IRS so the taxpayer really comes out of that
9 experience not completely whole but not harmed like, you know,
10 for doing a public service, basically, for all of the tax
11 administration. So I don't know whether that makes it feel
12 any better, but --

13 AUDRA DEIBER: It does.

14 MS. OLSON: -- these audits are very important.

15 AUDRA DEIBER: It does just because those audits are
16 so much more comprehensive than a normal audit.

17 MS. OLSON: Yes.

18 AUDRA DEIBER: They take three times as much time.
19 My fees are literally double.

20 MS. OLSON: Yes.

21 AUDRA DEIBER: And they're not -- they're,
22 fortunately, not really under audit --

23 MS. OLSON: Right.

24 AUDRA DEIBER: -- they're under statistical audit.

25 MS. OLSON: Right. These are line-by-line audits, so

1 you have to provide documentation for every line on your
2 return that they're looking at. And they use that information
3 to say, Okay, people can't -- you know, this percentage of
4 returns on this line have a likelihood of not being supported.
5 And that's very important for statistics, but it's painful for
6 the taxpayer. And we should not be putting that burden on
7 people who are basically doing a public service.

8 Do you want to comment on that?

9 SEN. GRASSLEY: I think you covered my view of it.

10 GRETCHEN COONEY: Could I address the first comment
11 about the courtesy disconnect?

12 MS. OLSON: Yes, absolutely.

13 GRETCHEN COONEY: I'm a member of the Taxpayer
14 Advocate --

15 MS. OLSON: You want to stand up so --

16 GRETCHEN COONEY: Sure.

17 MS. OLSON: -- if you talk to us, then the rest of
18 them can't hear.

19 GRETCHEN COONEY: Okay. My name is Gretchen Cooney,
20 and I'm from Holstein, Iowa. And I am national -- or I'm a
21 Taxpayer Advocacy panel member, and I represent Iowa. There's
22 one representative for each LTA across the nation, so there
23 are about 74 of us across the nation. And I'm on the
24 toll-free committee and right now we're working on the
25 courtesy disconnects and working on the callback system that

1 Nina talked about. It has been budgeted, it just hasn't been
2 implemented. And so there's money to put that technology in
3 place for courtesy callback and that you would be called back
4 within a certain time period, where you can leave information
5 of when you'd like the call back, and also to help with some
6 of those courtesy disconnects, so -- And we're a volunteer
7 organization, we're legislated, but we make recommendations to
8 the IRS. So if you have any -- we can't change legislatively
9 but we can change things like what you're talking about. So
10 thank you.

11 MS. OLSON: We have someone else. Yes, sir.

12 MR. MCHUGH: Yeah, last year I had an elderly client
13 audited, and the initial contact was by phone.

14 MS. OLSON: The initial contact -- they actually
15 picked up the phone and said, We're auditing you?

16 MR. MCHUGH: Yes.

17 MS. OLSON: They didn't send a letter?

18 MR. MCHUGH: No.

19 MS. OLSON: Really? Wow.

20 MR. MCHUGH: And I went backwards up the channel to
21 make sure it was a valid audit, and then I called the auditor
22 and we had some words.

23 MS. OLSON: And what was the issue? Was it like a --
24 was it a complex issue? Was it coming from -- I guess what
25 I'm asking is, was it coming from a physical location in the

1 state or was it coming from one of those big -- big, you know,
2 call sites or something?

3 MR. MCHUGH: It was coming from the auditor.

4 MS. OLSON: Yeah, from the audit office.

5 MR. MCHUGH: From the audit office.

6 MS. OLSON: And they didn't send an initial contact
7 letter?

8 MS. MAITRE: It happens all the time.

9 MS. OLSON: You're saying it happens all the time.
10 Is that --

11 MR. MCHUGH: Well, especially -- it was an elderly
12 taxpayer --

13 MS. OLSON: So they might have --

14 Mr. MCHUGH: -- so they saw Social Security benefits
15 on his tax return.

16 MS. OLSON: Yeah, yeah.

17 MR. MCHUGH: With so much --

18 MS. OLSON: Yeah.

19 MR. MCHUGH: -- privacy and identity theft --

20 MS. OLSON: Yeah, I know.

21 MR. MCHUGH: -- why would they be doing that?

22 MS. OLSON: Yeah. No, I'm trying -- I'm floored.

23 That's really important for me to know. I really appreciate
24 you telling me.

25 UNIDENTIFIED FEMALE: I had a similar situation, and

1 gratefully the IRS agent was from our local campus in Sioux
2 City. And he said, Oh, I'm working from home today, da-da-da,
3 can you tell me the EIN for that? I said, I'm sorry, no, I
4 can't. He goes, You don't know it? I said, I know it. I'm
5 not telling you.

6 MS. OLSON: Right.

7 UNIDENTIFIED FEMALE: I don't know who you are.

8 MS. OLSON: Yeah, right.

9 UNIDENTIFIED FEMALE: And gratefully -- I said, I
10 just need you to send a letter, and he didn't send it to me.
11 He said, Well, we've been instructed to call the POA. Well,
12 that's not all bad sometimes. At least our client's not
13 scared to death, but then the letter did not come to me, it
14 did go to the client and we resolved the issue very quickly
15 and easily. But again, I did write to Kristy and say, You
16 might want to know this. And she said, Campuses all have
17 their own way of doing this.

18 MS. OLSON: Yes.

19 UNIDENTIFIED FEMALE: I had the same thing happen
20 with a nonprofit audit and it was from the State of Iowa.

21 MS. OLSON: Okay. So they didn't get an initial
22 letter?

23 UNIDENTIFIED FEMALE: They did not get an initial
24 letter. They got a call that said, This is so-and-so. And
25 then they couldn't understand who so-and-so was because she

1 ran it all together. So we had to track it down and see if it
2 truly was a situation where they were being audited.

3 UNIDENTIFIED FEMALE: But you said that was the State
4 of Iowa?

5 UNIDENTIFIED FEMALE: No, it was the IRS but it was
6 within --

7 MS. OLSON: But it was in Iowa, yeah. Okay.

8 MS. MAITRE: If I can comment, what the concern is is
9 that you're all getting these scam telephone calls, okay, and
10 they say they're IRS and they're getting smarter, they now
11 have ID numbers and that sort of thing. And I get calls from
12 my -- I call you my practitioners -- I'm sorry, but -- saying,
13 Is this really a IRS person? And I don't have access to that,
14 but I remember, you know, some of the names and things like
15 that. And they even call me when they get notices saying, you
16 know, Is this a scam, because some of the letters going out
17 are scams. So you are all being trained to be very cautious
18 about it. And, you know, the letter going out announcing the
19 audit is the proper way, because you don't know if the person
20 on the other end of the telephone is a scammer trying to get
21 your information.

22 MS. OLSON: Thank you. So, Senator Grassley, thank
23 you so much, sir, for coming.

24 (Applause.)

25 UNIDENTIFIED FEMALE: Please increase the IRS budget.

1 Please increase the IRS budget, as a constituent, please.

2 SEN. GRASSLEY: Okay.

3 UNIDENTIFIED FEMALE: You heard it.

4 MS. OLSON: You know, I think, you know, what we're
5 hearing from people is the concern about the customer service.
6 So I do want to ask a question of the panel here and the
7 folks, you know, because last year's customer -- the phone
8 service was around -- you know, the average for the year was
9 37 percent of the calls of people who wanted to get through to
10 a live assister actually got through. For this filing season
11 they're saying 70 percent. So it should be a little better.
12 Congress did give the IRS money to improve their phone
13 service, and so I'm wondering if that's your experience or
14 not.

15 Yes?

16 UNIDENTIFIED FEMALE: Define "improve." I had faster
17 response time; however, I had to be prepared to educate almost
18 every agent that I reached on the phone. And if we're going
19 to ask taxpayers, Go ahead and have this phone call contact,
20 you're still dealing with fairly uneducated people on those
21 lines. If it's not on their checklist, and I can literally
22 hear them going down the -- okay, what are you talking about,
23 okay, let me get my -- I hear pages flipping or something or
24 the computer system is slowing down. I cannot imagine how
25 another taxpayer without some basis of knowledge would be able

1 to get satisfaction or resolution to the question.

2 MS. OLSON: I think that's actually a very
3 interesting point. One of the things is that the money that
4 the IRS got this year for the -- to improve the filing season,
5 what they used it for was to hire a thousand temporary
6 employees, so they're just -- you know, they're hired for this
7 interval of time. They're not the folks like you, you know,
8 who have been doing customer service for years and have, you
9 know, layers of knowledge and experience in other parts of the
10 IRS.

11 And the other thing that we've been seeing in the
12 customer service is that the issues that they're allowed to
13 address are narrowed down. We call them, you know, this issue
14 is out of scope, so you can't address this issue. And then
15 they have to write it up and send it somewhere to another part
16 of the IRS, and then you're wondering what just happened to
17 that. And then you're calling again to find out -- I called
18 last week, you sent it off somewhere, I haven't heard from
19 anybody. What just happened with that? And I guess my
20 thinking about, you know -- is that -- does that make --
21 define your experience pretty well?

22 I mean, what I'm wondering is, you know, sort of this
23 vision of the future state that we'll be able to do
24 self-correction on-line, well, it's not like the machine is
25 going to do it on -- you know, you're sending in documentation

1 on-line, you're taking a picture on your cell phone, and
2 you've managed to create an on-line account, first of all.
3 And second of all, now you're signing in and you're sending
4 something. There's got to be a human being behind that that
5 is looking at the information that you're sending in. And
6 that's the same issue that we've got now. Are they trained?
7 Do they have the time to do it, you know? Are they going to
8 give you an answer like the letters we get back saying, No,
9 even though you sent us reams of information, we need 45 days
10 to look at this, or we just send back saying, Your information
11 has not been -- it's incomplete but they don't tell you what's
12 incomplete about your information. And so I just really
13 wonder how that plays in that electronic environment.

14 MR. LAMAR: I would like to add one other item to the
15 callback and that is that we -- that they gather the
16 information that this is a farm return or this is a business
17 return so that the person that calls me back --

18 MS. OLSON: Right.

19 MR. LAMAR: -- can spell "farm."

20 MS. OLSON: Okey-doke.

21 MS. BORLAND: I guess two concerns are the 800
22 number, if you have -- a lot of taxpayers have gone to
23 pay-as-you-go cell phones, and I don't think the 800 number
24 adequately addresses that because it doesn't matter if you're
25 using up all your minutes. So if we're going to have a

1 payback -- a callback system, that might very much benefit
2 those folks that are -- with the pay-as-you-go cell phones.

3 As a practitioner, I don't find that I have much
4 increase in service on the tax practitioner side of things. I
5 was -- I think I had maybe -- of all the calls I made last
6 year, I think maybe one of my calls went through in under 15
7 minutes. The majority of my calls were 45 minutes to an hour
8 and a half. So that's the kind of time frame I have to tie up
9 my phone line and stay by my desk. And believe me, I try to
10 work on everything else I can work on while I'm sitting there,
11 but it's still -- I have to kind of, you know, set myself up
12 for spending a great deal of time on hold.

13 So I think those -- and the last thing I'll say is
14 that the Internet interface, I can't print my transcripts from
15 the e-Services on anything but Internet Explorer 8. And it so
16 happens that Internet Explorer 8 does not work on my computer,
17 so I have to find another computer within my office that
18 Internet Explorer 8 works on. Why is it -- I mean, how are we
19 going to go to an on-line environment when we can't keep up
20 with the current platforms? And we're not talking about just
21 the platforms for our laptops and for desktops, we're talking
22 about the platforms that are available across telephones, and
23 a lot of people are going to telephones and not having a
24 laptop or desktop. So, you know, that's -- there's a lot of
25 very quick development there and the IRS not very good at

1 keeping up with that.

2 MS. OLSON: We had noted that the IRS Web site, which
3 has 140,000 Web pages, is not mobile friendly, and a vast
4 number of people are using smartphones now. And so you can
5 see 2 inches of the whole screen and you're just moving your
6 finger, you know, along to try to read.

7 So do you want to make a comment? Yes.

8 UNIDENTIFIED FEMALE: I have, really, two. One's
9 really short and one's really long, so I'm going to start with
10 the really short one. How about an on-line chat function with
11 knowledgeable staff behind that? I mean, the call back is
12 great. My personal experience has included, like, everything
13 negative that everybody has said here.

14 So my other comment, I'm hoping to turn the
15 conversation around to talk about a way that I envision might
16 help us all. Kristy, you talked about a cultural change and
17 compliance is not king, which I wrote in capital letters on my
18 notes, in measuring the impact of customer service, which we
19 all know is difficult. And Mr. LaMar talked about a
20 knowledgeable and sympathetic ear being important, and several
21 of you talked about educated staff. And my question is, why
22 can't compliance staff be customer service staff? I mean, do
23 you think that that is possible? Because everybody in this
24 room who talks about complicated farm returns wants to talk to
25 somebody who understands complicated farm returns. Do I need

1 to educate an auditor on complicated farm returns and a
2 customer service agent, or can I teach my educated auditor to
3 be a customer service agent? Because isn't future compliance
4 the goal?

5 MS. OLSON: Well, see, I think that that's a very
6 important point. I really appreciate it. And I have two
7 things that I've actually been recommending and will go into
8 my next year's annual report. And we are going to have
9 transcripts of this and this will be posted on-line so that
10 people all over the United States, including yourselves, can
11 read what we've discussed here.

12 But I think there are two things about that. Why
13 can't compliance staff be customer service? I have a real
14 problem with this split between enforcement, or compliance,
15 and customer service. I think that's a false choice. When we
16 talk about audits, if you're auditing someone, the point of
17 the audit beyond getting dollars -- that's just a by-product.
18 The purpose of the audit is to educate the taxpayer about
19 either -- you know, about what they did wrong on that return
20 so they don't do it wrong going forward or for the taxpayer to
21 educate the auditor about why they did it right on the return
22 so that the IRS can learn from that and change their own
23 guidance or their own auditing practices going forward.

24 So to me, an audit is an education event. And, yes,
25 we may get dollars out of it, but the most important thing is

1 the behavioral change both from -- and the knowledge change
2 both from the IRS point of view and the taxpayer point of
3 view, and we do not train our auditors for that. They are not
4 measured on that. They are not supported when they have the
5 instinct to do that. And when we go -- when we have 75
6 percent of our individual audits are conducted by
7 correspondence and there's no one human being assigned to that
8 case to have that kind of educational, you know, interaction
9 and the letters you get from the IRS don't educate you about
10 anything, you know, how are we achieving that? How are we
11 achieving, you know, that kind of communication with
12 taxpayers?

13 The other thing goes to just the problem with
14 staffing customer service. And when I first came into the IRS
15 and when I was practicing back, you know, in the '70s, through
16 the '80s, and '90s, before I became the National Taxpayer
17 Advocate in 2001, even when I came in, during the filing
18 season in a walk-in site, it was an all hands on deck, revenue
19 agents -- you know, the auditors, the collection employees,
20 the appeals employees. Everyone was ready that if there was
21 overflow in the walk-in sites, this is the time of year where
22 everyone's paying attention to their taxes. This is the time
23 of year we better be communicating with our taxpayers and
24 doing everything we can.

25 So if someone's walking into my walk-in site, I'm

1 going to have the people there to meet with them because
2 that's my opportunity to engage and educate and learn. And so
3 they would pull -- they would just pull the revenue agents,
4 pull the revenue officers, from that site and, you know, yes,
5 they would have to pause doing their collection work, but this
6 is the opportunity to prevent a problem from happening.
7 They're here. And we got so away from that. So now that
8 we're doing, you know, appointment only and we've had -- I get
9 e-mails from people saying, you know, I went into -- I just
10 got an e-mail three weeks ago from a CPA who was trying to go
11 into a walk-in site to pay the IRS \$15,000 to get a levy
12 released for one of his clients. And the assister there said,
13 You don't have an appointment; go outside, call for an
14 appointment. They wouldn't take the money. And I was
15 thinking, What do the taxpayers of America say now? I mean,
16 we're saying, Go away, we're not accepting \$15,000? That's
17 crazy, but that's how far we've gotten.

18 And so one of the things I'm going to propose is to
19 go back to that model that, you know, filing season is king.
20 You know, that's that -- for that period of time we should be
21 engaging the taxpayers. And to your point about using the
22 audit or collection as an education tool and engagement, but
23 to do that, you have to have communication.

24 The other thing I'd say about chats, because I was
25 really interested about the chats -- chat stuff, and we have

1 been trying to get some agencies, some private entities, that
2 have actually moved away from chat because they have found
3 that -- or they have actually changed their chat models
4 because they find that chat works well for certain things but
5 there's a threshold and that they're changing their models
6 like when you get -- when you have a certain number of
7 exchanges back and forth that you have to get that person to
8 somebody on the phone. You know, they're really learning and
9 studying. And I've been trying to get people to talk with us
10 about this so that I can share that knowledge from the private
11 sector with the IRS, you know, so we build a good system.

12 Does anybody want to talk about the education or the
13 compliance aspect, or anybody in the audience?

14 MS. MAITRE: I was one of those revenue agents that
15 went to customer service for several years, and it was very
16 enjoyable. But then they just got completely away from it,
17 like Nina said, and I wish they would go back to it.

18 MS. OLSON: The other benefit of that is if you are
19 in the compliance or enforcement side of the IRS, you know,
20 you're seeing taxpayers that you think have done things wrong
21 and that becomes your universe. But if you're helping people
22 in the filing season, you're seeing taxpayers who are doing
23 everything they can to get it right. They're trying to
24 understand. And that helps you understand the challenges of
25 taxpayers. And you bring that back to your regular job and it

1 helps you understand this person who owes a tax debt may have
2 really tried to do everything right but just couldn't --
3 didn't understand what the obligations were or life just got
4 away from them or whatever it was, but they're not a bad
5 person. There's a world of difference between treating a
6 problem and treating a bad person, and we fall a lot into, you
7 know, you've got a problem, you are a bad person, as opposed
8 to you're a person who has a problem.

9 UNIDENTIFIED FEMALE: When people --

10 MS. OLSON: Let's go to you, sir.

11 UNIDENTIFIED MALE: My name is Don (unintelligible).
12 I'm employed in food production. There is a period there
13 that's really jammed up with the 1099s coming in with a
14 self-filer. Can that be improved?

15 MS. OLSON: So it's when a 1099 comes in --

16 UNIDENTIFIED MALE: 1099s come on April 1st --

17 MS. OLSON: Yeah, yeah.

18 UNIDENTIFIED MALE: -- but we have to file by March
19 1st.

20 MS. OLSON: Yeah, yeah. And, you know, we had
21 actually made a recommendation about that filing date. Now,
22 what -- are there any particular kinds of 1099s? Is this
23 1099-B or is this a, you know --

24 UNIDENTIFIED MALE: This is probably -- where you
25 have savings.

1 MS. OLSON: Yeah, yeah, yeah, or they're doing
2 corrections, too.

3 UNIDENTIFIED MALE: And corrections.

4 MS. OLSON: So I think one of the things Congress
5 actually changed so it might help some of that is that for the
6 correcting ones, they've given the 1099 issuers the ability to
7 not have to correct a 1099 if the error amount is under \$50.
8 And sometimes some of these 1099s, it's really like \$2 but you
9 have to wait because you've been told it's not the final 1099
10 and you've got to wait. So that may eliminate some of that,
11 like you may get the 1099 that comes to you on January 31st
12 and it is the one you can rely on.

13 UNIDENTIFIED MALE: Could they change the filing date
14 instead of March 1st --

15 MS. OLSON: That's what I've looked at, and people --
16 that's like moving stone. But I will take that back that I've
17 heard from a self-employed person that that's what you need.

18 UNIDENTIFIED MALE: Thank you.

19 MS. OLSON: Okay. Thank you.

20 Yes, sir.

21 MR. LAMAR: I was just given notice that the
22 electronic filing of W-2s have to be done by January 31st this
23 next year --

24 MS. OLSON: Yes.

25 MR. LAMAR: -- which is going to make everything a

1 little more binding.

2 MS. OLSON: Yeah. You know, what's going to happen
3 this year -- and this will be interesting for identity theft
4 -- coming up, Congress passed in December a requirement that
5 employer -- although we have always sent out the returns to
6 the taxpayer, the W-2s and the 1099s, theoretically, to the
7 taxpayer by January 31st, to send them to the Social Security
8 Administration or to the IRS was much longer, a month or 45
9 days longer. And now Congress has said for W-2s and, I
10 believe, 1099 interest and 1099 dividend, it has to be by
11 January 31st you either send it to the IRS or to Social
12 Security. And Social Security will be giving the IRS this
13 information by January 5th. Starting January 5th, they will
14 be sending W-2 information over to the IRS, and that means
15 that the IRS can start -- when you file your income tax
16 return, they can start checking whether your W-2 matches what
17 the employer has sent in. Now, yours will, but the identity
18 theft -- thieves won't. And the benefit of this is we will be
19 able to tell who is the identity thief because we can match it
20 against the employer file documents and say, Okay, this is the
21 good return, this is the bad return. And I think that will
22 start changing a little bit of that identity theft as we're
23 able to do that instead of tormenting the victim because we
24 don't know who is the right person. We have to wait for the
25 Social Security data. Now we are getting the Social Security

1 data, starting next year, much earlier.

2 MS. BORLAND: Along the lines of the information
3 reporting, I know the -- I'm a site -- I volunteer as a sector
4 leader for a VITA site and I work with a lot of -- at the VITA
5 site we do both federal and state tax returns. And when we're
6 trying to help somebody with a past year tax return and
7 they've -- you know, they may have moved or had something
8 happen where their documents are destroyed, and the one thing
9 that's always puzzled me is why the IRS, when their
10 transcripts are on-line, only have the federal data. I mean,
11 they have all the lines for all of the data, including the
12 state and local data. Why can't that appear on the wage and
13 income transcript so that the taxpayer has a full and
14 accurate, you know --

15 MS. OLSON: You know, that sort of -- that's a
16 historic -- there's a legacy issue that when data -- when the
17 W-2s came in -- first of all, Social Security didn't
18 transcribe them.

19 MS. BORLAND: Right.

20 MS. OLSON: So it's like why can't you have a
21 conversation with Social Security that they also transcribe
22 that? They've been updating their financial systems and
23 their, you know, computer systems, and so that really --
24 because we get our -- the W-2 information from Social
25 Security.

1 MS. BORLAND: Yeah.

2 MS. OLSON: But I will -- I mean, I know that they've
3 been doing this upgrade, so I will go back and find out why
4 they can't do that.

5 MS. BORLAND: Because, I mean, state tax can be --

6 MS. OLSON: Right.

7 MS. BORLAND: -- relevant on a federal return, so
8 that would be helpful.

9 And along these educational -- I think you had
10 mentioned or had questions about education --

11 MS. OLSON: Yes.

12 MS. BORLAND: -- and so as an LITC, the great thing
13 we get to do as a part of what we are supposed to do is go out
14 and educate taxpayers. And for me, you know, just, you know,
15 that educational piece, getting information out to taxpayers
16 in a timely fashion in a way they can use it, I mean, we're
17 even starting to use in tax education with -- we have some
18 Youth Link projects where we're working with young adults and
19 we're really trying to get the information out there. And, I
20 mean, every time that we have an interaction with a taxpayer
21 where we can educate them about their tax return, as a VITA
22 preparer, if I -- somebody doesn't say I'm scared of my tax
23 return, I don't understand it, that's the key time where we
24 can sit there and go through and educate the tax preparer
25 about their tax return. And I think the IRS interaction with

1 the taxpayer, that's an ideal time when you have a -- if you
2 can have a, you know, a chat with somebody, you can really use
3 that as an educatable moment, and I think that that's what
4 we're missing.

5 MS. OLSON: Wendy, I think that's sort of what you
6 were describing in some of your interactions when you were
7 working -- how much it takes to have the taxpayer both
8 understand, and then if they have a balance due, the work that
9 you're doing to get them to stay in the system, you know, and
10 file.

11 MS. SMITH: Uh-huh.

12 MS. OLSON: Anybody else? Yes, sir.

13 BOB MCHUGH: On -- talking about changing due dates
14 and different things, does the IRS really think that change --
15 that pulling partnership returns up a month and C corps back a
16 month is really going to make K-1s come out any sooner or even
17 come out by April 15th now?

18 MS. OLSON: I actually proposed that they just make
19 the partnership filing date, like -- you know, if they do it
20 on April -- on March 15th so that people can have them by
21 April 15th and not filing an extension, that was the thinking
22 behind it. But is the information going to be available by
23 then? I just don't know. I think -- this came up in another
24 public forum in Harrisburg was the issue of compression of the
25 filing season, compression where all of this stuff is happening in
a

1 three- to three-and-a-half-month period. And I'm really sort
2 of going to maybe we need to look at extended deadlines and
3 really think through the staggered individual deadline and
4 then have a realistic deadline for the partnership return and
5 a realistic deadline for the corporate return and then an
6 individual return deadline. And I just -- I haven't been able
7 to think through what the sequence would be, but I'm getting a
8 lot of noise from you all here about this, so this is
9 obviously on my list.

10 Yes, sir.

11 UNIDENTIFIED MALE: I guarantee the IRS is going to
12 have a lot more paperwork now with the -- more extensions for
13 partnerships.

14 MS. OLSON: Right, exactly.

15 UNIDENTIFIED MALE: So they really increased their
16 workload because now they'll have to process those.

17 MS. OLSON: Right. So they will -- and they will
18 also have the individual returns extended as well. So you're
19 basically extending the whole filing season through October.

20 UNIDENTIFIED MALE: I like your idea of extending.

21 MS. OLSON: So adding more time --

22 UNIDENTIFIED MALE: Right.

23 MS. OLSON: -- but in the right order.

24 UNIDENTIFIED MALE: And that would make it a lot
25 easier for us to hire staff to work through tax season,

1 because right now it's becoming more and more stressful with
2 all these rules, ACA, and -- so everything else that --

3 MS. OLSON: Right.

4 UNIDENTIFIED MALE: -- you're trying to comprehend
5 doing these returns. Penalties for 1099s, you know, that's,
6 you know -- a January 31 deadline is going to be tough.

7 MS. OLSON: Yeah. That -- I hope -- they're hoping
8 that that de minimis rule would help, because then if the
9 error was only under 50 -- it was under \$50, you wouldn't have
10 to correct it.

11 UNIDENTIFIED MALE: Right. But the problem we have
12 is we have clients coming in during tax season that, well, I
13 forgot I have to do 1099s or --

14 MS. OLSON: Right.

15 UNIDENTIFIED MALE: It's that worry.

16 MS. OLSON: Right.

17 UNIDENTIFIED MALE: Well, if that's when you start
18 doing returns and that's when you discover, well, you should
19 have been doing 1099s --

20 MS. OLSON: Right, right.

21 UNIDENTIFIED FEMALE: While you still have time.

22 MS. OLSON: Right, right. I got that.

23 UNIDENTIFIED FEMALE: That does help.

24 UNIDENTIFIED MALE: So is the taxpayer going to file
25 late and get the penalty, or are they just not going to do it?

1 MS. OLSON: That's right. I understand. That's a
2 whole discussion about how are you doing penalties? Wouldn't
3 you rather have them file? Or by doing hefty penalties, are
4 you making them go underground and they're just not going to
5 do and then you go get the information that you want?

6 UNIDENTIFIED FEMALE: Well, there's our gatekeeping
7 responsibilities with CPAs that trouble me most. So go ahead
8 and file. Go ahead and file what?

9 MS. OLSON: Right.

10 UNIDENTIFIED FEMALE: Answer the question. Are you
11 -- do you have to file 1099s? I'm not going to say no to that
12 --

13 MS. OLSON: Right.

14 UNIDENTIFIED FEMALE: -- as a CPA.

15 MS. OLSON: Right.

16 UNIDENTIFIED FEMALE: And therefore, now what do we
17 do? You can't keep your responsibilities about saying do you
18 have the letter with the magic words on your contribution
19 letter?

20 MS. OLSON: Yeah.

21 UNIDENTIFIED FEMALE: Nope, sir, we cannot file a
22 return until you know that you have that letter in hand
23 because of the Court case.

24 MS. OLSON: Right.

25 UNIDENTIFIED FEMALE: Then we've got people down the

1 street say, Well, my brother didn't have to do that. We go to
2 the same church. You guys are just trying to raise your fees.

3 MS. OLSON: Right.

4 UNIDENTIFIED FEMALE: It's, like, hello. We are
5 asked to do so much in a gate-keeping responsibility that
6 without audit pressures and compliance issues, people are
7 going, I don't need a CPA anymore, I'll just take my chances
8 because who's going to catch me? And that's why I want the
9 IRS budget increased.

10 MS. OLSON: Yes, sir?

11 BOB MCHUGH: And also on with e-file -- e-filing
12 mandate and everything, does IRS have any limit to the number
13 of forms that they can come up with? Because what good is a
14 Swingline stapler in our offices anymore than just to staple
15 the federal and the state signature forms together?
16 Everything else, you need a quarter- to a half-inch stapler to
17 staple tax returns anymore. Not only that, but you're talking
18 about compression and tax season. How are we as tax
19 professionals supposed to get it all done?

20 MS. OLSON: Yeah. You know, I think this is another
21 -- this is a little bit -- teeing off on this, but something
22 we've talked about a lot at the other forums, software is
23 wonderful but it also becomes an enabler for more complexity.
24 And I have been in any number of conversations where people
25 will say, Well, we can do this, we can impose this

1 requirement, or we can write this into the law. And you're
2 like, this is a very complex concept. Well, the software will
3 handle it. And so it enables, you know, more and more -- it
4 enables more of this because it's just in a machine and the
5 taxpayer just has to answer questions and the machine will
6 spew out this paperwork. So I just caution everybody about,
7 you know, how wonderful all this stuff is. It drives the
8 complexity -- or it facilitates complexity.

9 Yes? You've been very patient.

10 UNIDENTIFIED FEMALE: I have been concerned about the
11 ACA and the integration with the IRS. That has caused me more
12 problems this year partially because when people went to do
13 the right thing and sign up for the ACA insurance, they
14 understated their income because of lack of knowledge,
15 basically. They did not know they had to include their
16 Medicare -- or their Social Security in that.

17 UNIDENTIFIED FEMALE: Yeah, that wasn't the question.

18 UNIDENTIFIED FEMALE: And, so, therefore, a lot of
19 them ended up in payback situations and they simply could not
20 understand it. And it was very often people who could not
21 even afford to pay back. So that has caused a lot of
22 problems. People who had no insurance whatsoever got by
23 better than those people who tried.

24 MS. OLSON: Yeah, very interesting. We are trying --
25 the filing season is just over and we have not really been

1 able to analyze what's happened with the ACA this year. And
2 that is something that through the summer we'll be looking at
3 and reporting on. I also know that when I met with my Omaha
4 office yesterday, what I've seen in the Taxpayer Advocate
5 Services is an increase in premium tax credit cases, and
6 some of that is apparently because some of the exchanges,
7 they're not -- it has been a problem with the information on the
8 1095s that are coming in. They're not accurate with what the
9 taxpayers' records show they have paid. And the taxpayer -- we
10 were getting calls, you know, and the taxpayer wanting us to solve
11 the problem, but it's actually with the -- you have to go to
12 the exchange to get it corrected. And then you might have an
13 exchange but you might have the insurer, and the taxpayer is
14 going back and forth between those. And you're just concerned
15 that they're going to drop out and then end up paying
16 something that they actually aren't entitled -- they don't
17 need to pay but they've just given up because it's too
18 complicated.

19 UNIDENTIFIED FEMALE: It is very complicated. And I
20 don't know, it may go away.

21 MS. OLSON: Right.

22 UNIDENTIFIED FEMALE: But I kind of doubt it.

23 MS. OLSON: Right.

24 So we need to sort of wind up, but I don't want to
25 cut anybody off. So does anybody on the panel or anybody in

1 the audience want to have a final word?

2 UNIDENTIFIED MALE: Back to the educational --

3 MS. OLSON: Yes, sir.

4 UNIDENTIFIED MALE: -- it's great that we have tax
5 preparer educational, but the auditors, I don't want an
6 auditor that just got transferred from food safety coming out
7 and auditing my people --

8 MS. OLSON: Right, right, right.

9 UNIDENTIFIED MALE: -- food safety or whatever.

10 MS. OLSON: Right.

11 UNIDENTIFIED MALE: You know, that budget got cut but
12 they have the right to transfer to another form -- an open
13 position.

14 MS. OLSON: Right.

15 UNIDENTIFIED MALE: And that's what happens.

16 MS. OLSON: Right, right.

17 UNIDENTIFIED MALE: I got one coming up, and I
18 understand from past preparers he hasn't even had an
19 accounting class.

20 MS. OLSON: You know, this is what we are very
21 concerned about is the training of these people. And I have
22 heard from many folks, and I'm sure I hear this from you,
23 willingness to come in and conduct training for the IRS
24 employees because you all do your own technical training. And
25 I think if I put up a sign-up sheet over here I'd have to put

1 up several pages. But, you know, we haven't had people
2 interested in that.

3 UNIDENTIFIED MALE: If you want -- if IRS wants to
4 collect money from audits, the best they could do is hire
5 people that do the returns. Any number of us in this room
6 who's been doing them for 30, 40 years, we know where to look.

7 MS. OLSON: Right.

8 All right. Thank you so much for coming out today.
9 I really appreciate you doing this. We do have the -- we're
10 going to have a transcript of it, so in a little bit you can
11 look up on the Web site, and you've got the material to give
12 you the Web site for these public forums. You can see past
13 testimony that's been submitted. We're slowly putting
14 transcripts up. I'm carrying one now from the very first one
15 to just make sure that the "um"s and the "oh"s are taken out
16 of it. But you'll be able to see what others have said, but
17 you'll also be able to capture this conversation, too.

18 Thank you so much, and it's been a delight to be here
19 in Iowa.

20 (Adjourned at 10:14 a.m.)

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Reported by:

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Pamela G. Weyant

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