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A little bit of background on me and my practice to give you some context as to my interaction with both the IRS and various taxpayers. For my first 8 years as an attorney, I practiced in Macon, Georgia with a firm of eight attorneys. We were a boutique tax firm—we all practiced in the tax realm in one way or another. For the last five years, I have practiced in Winston-Salem, representing clients across the spectrum. I represent individuals with tax issues or planning needs. I also represent corporations, partnerships, non-profits, trusts, estates, and other entities. My clients range from start- up businesses to Fortune 50 companies.

My preference is to work with clients prior to a client developing an issue with the IRS. It is much less expensive for the client to avoid controversy with the IRS. Providing guidance to start-up businesses and existing business on corporate structure, governance and tax issues in order to avoid errors is much more cost effective than trying to correct those errors and dealing with potential penalties and interest.

Over the course of my career, I have interacted with hundreds of IRS employees—from revenue agents to revenue officers to chief counsel's office to managers and others within the IRS structure. A vast majority of the interaction I have had has been excellent. Whether or not my client and I have prevailed, most interactions are professional and even cordial. One of the things that I often explain to my clients is that most employees of the IRS are just like me—they have families and are doing their jobs. Their job, like my job, is to ensure that tax administration, in fact justice, is administered properly and that taxpayers are treated equally and fairly under the law.

Unfortunately, there are some interactions with the IRS, although rare, that are not entirely positive and require involving the Advocate and sometimes the Treasury Inspector General for Tax Administration. The most significant issue of malfeasance that I have ever faced with the IRS involved collection action. A revenue officer was investigating a case of unpaid employment taxes by one company. The owner of the company had turned bookkeeping and payroll over to an accountant. The accountant failed to properly remit the payroll taxes and kept those taxes for himself. The accountant subsequently died. The IRS came looking for the taxes. The owner of the company, who was a hard working woman with two other jobs, did not have enough money or assets to cover the significant debt. The revenue officer then decided to target the employer of the owner of the company under an "alter ego" theory. Problem was, there was no factual evidence to support this theory. This, unfortunately, did not deter the revenue officer.

My client, the employer of the owner, is a company that employs 16,000 people across the country with the majority of them here in North Carolina. An assessment of those taxes against the company would trigger a default by the client on a $15,000,000 line of credit that they used to cover payroll for those 16,000 employees. Thus, an error by the IRS would effectively put 16,000 people out of work and shut down the company.

The revenue officer, upon approval of IRS counsel, proceeded with the liens, which were filed both in the county and with the Secretary of State. Upon discovery, I immediately contacted TAS and had a meeting with the revenue officer and counsel within 24 hours of the liens being filed. Fortunately, I was able to provide them with evidence that was contrary to the representations of the revenue officer; however, at the demand of counsel, my client was required to pay $50,000 to obtain a release of the liens. Further, counsel and the revenue officer refused to admit the error and close the investigation of my client.

The former head of TAS in North Carolina and I worked vigorously to discover the full facts, including filing an FOIA request, which was held up for nine months and when received was largely redacted. Upon further proof of malfeasance by the revenue officer, that particular revenue officer proceeded to provide private client tax information to individuals and offices that were not the taxpayer, in direct violation of the law. TAS and I involved TIGTA in an effort to report the unethical and potentially criminal behavior on the part of the revenue officer.

The story has a happy ending in that the $50,000 was refunded, the file was ultimately closed and my client ultimately prevailed. Sadly, the result did not come until after several years of worry by the client, thousands of dollars in legal fees, and increased costs with the bank. The only recourse for my client to recoup any of this is to file an additional, expensive federal lawsuit which would drag out over years. Thus far, my client has not yet made a decision to file this suit against the United States for numerous reasons

I have many more positive stories about interactions with the IRS so I do not want this story to completely taint anyone's view of my experiences with the IRS. I understand that the IRS has been under significant budget cuts, which has resulted in staffing issues, training issues, and technology issues, but, in my view, the IRS <u>must</u> do several things regardless of budget: (1) maintain the highest standards for employee integrity and hold those who fall short accountable; (2) administer tax justice in a fair and unbiased manner and hold those who fail to do so accountable; and, (3) take steps to rebuild the public trust in the IRS to collect the tax fairly and according to the law as written and hold those individuals who fail to do so accountable for their actions.

I have reviewed the proposals for future integration of the tax system for small businesses and individuals (the "Taxpayer Experience of the Future"). While the proposals are headed in the right direction, there are two issues that concern me. First, the technological component to the plan presents a multitude of problems. As those of us who work with the IRS know, technology within the IRS is woefully inadequate, and it will take years to bring them up to equal technological with most Americans. As those of us in North Carolina know, as our state attempted a technological upgrade three years ago, systems can become obsolete by the time such programs are implemented. Additionally, with the rise of technology also comes the rise of cybersecurity threats. As we know from reports as recent as last month, the IRS has been "hacked" in the past and I expect we will see much more of that in the future. Further, identity theft has become and is a major problem for the IRS with and estimated four billion dollars in losses annually to fraudulently filed electronic returns.

Second, the proposal lacks the human interactive element that is a key component to the mission of the IRS. The American taxpayer needs to have trustworthy and professional individuals within the government assisting with tax administration in order to build and gain the trust that should be expected. I acknowledge that the "human" element is a double-edged sword in that human error is a predominant cause of most issues with the IRS; however, the professional individuals working at the IRS are critical to positive outcomes within the system.

Lastly, I must just add that the Taxpayer Advocate Service is without a doubt one of the most critical components to our tax system. While I, as an attorney, can fight for justice for the American taxpayer and demand that our government institutions be held to a higher standard, the Advocate and her staff are fighting from inside the government to hold the system accountable to be fair to all.