

National Taxpayer Advocate Public Forum
Red Oak, IA
May 5th, 2016
Statement from Wendy Smith
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I have been the Program Coordinator with the Volunteer Income Tax Assistance (VITA) program for three years. The VITA Program provides free tax preparation to low- and moderate-income individuals and families. The Wapello County program has grown from preparing 74 returns with the help of five volunteers to preparing almost 600 returns with the help of 17 volunteers in 2016. Many of those taxpayers come to VITA with a need to file a tax return. Others come to us for help understanding an IRS notice, identity theft problems, to correct or file prior year returns and other issues.

The IRS's Future state vision looks promising in many ways. It would be successful and improve access for some taxpayers. Those who have the ability and means for online interactions will be able to interact with the IRS easily and efficiently. Our VITA site and our clients would benefit from increased and easy access to information the IRS has on file. We have experienced difficulties and delays in prior years when clients aren't able to bring us copies of last year's tax returns, notices from the IRS, or tax forms they received but were lost or destroyed. This situation comes up fairly often with the population we serve. Many of our clients are students or renters who relocate multiple times in a year, individuals who are staying with friends and family and have no permanent address, or who may have gone through a divorce, separation or death of a spouse. All of these situations can lead to necessary documents being lost or destroyed. Online access to that information could ease frustration for our clients and help our site run more efficiently.

The Future state vision raises concerns for me and others working with hundreds of low-income taxpayers in that the online system appears to replace person-to-person contact with IRS. This would not work for most of our clients. The average income for VITA clients is under \$20,000. Many of our elderly and disabled clients are not computer literate. Some of our low-income clients don't have access to the internet at home. Several of our clients have limited English proficiency, or aren't able to read or write in any language. These taxpayers will not have the means or the ability to participate with the IRS Future state vision regardless of how simple their tax return may be.

Some of the taxpayers who come to our VITA site require face-to-face interactions to meet their tax needs even with the access and skills to go online. While some taxpayers come to us knowing what the outcome of their tax return will be, most come to us hoping they are not going to owe more tax than they already paid in, and still others are completely shocked at their tax liability. These clients come to us so they can feel confident they are getting all of the deductions and credits they qualify for and are not paying more tax than they should. They often require an in-depth conversation to determine the correct filing status, who they can claim as dependents, and what credits and deductions they qualify to receive.

We already have clients who are frustrated by the IRS online systems. Our clients ask on a weekly basis, “why can’t I just get a PERSON on the phone?!” Taxpayers make comments about getting on IRS.gov to check on their refund status. Again, many don’t have access to the internet. Others are wary of entering their information online. Many VITA clients have a fear identity theft or have experienced it. Our elderly clients are warned often about giving personal information out over the phone or online. Many are just not trusting that their information is safe, especially given the number of high-profile “leaks” of identity information from banks, websites and government agencies.

Taxpayers come to us with IRS notices and ask us to explain them, no matter the simplicity. How are these taxpayers going to be able to do everything on their own online? When the IRS decreased funding in 2015 and made it almost impossible for taxpayers to get through to the IRS over the phone, our VITA site had a number of increased clients needing help with questions that they should have been able to talk to the IRS about and resolve, or that upon coming to us, we needed to talk to the IRS for more information.

Our area has seen a sharp increase in demand for our services. This is in part due to AARP sites closing in the South East Iowa area and leaving their former clients to be absorbed into the remaining free tax preparation sites. Some VITA clients drove over an hour to get to us. Some of the increase was due to confusion over the ACA forms they received. Many taxpayers who did not need to file came in for an appointment because they received a new form this year, the 1095. Other taxpayers called later in a panic when they received late 1095’s, thinking that they left forms out needed for their tax returns. Our site serves clients who would be glad to get online and file for free and they have the ability and means to do so. Many taxpayers prefer the peace of mind that their returns are prepared accurately, and if they receive notification about their return they have somebody who knows their unique situation and can plainly explain to them and help them thru the steps they need to take.

Our VITA site is currently doing as much as it can, financially as well as volunteer time. Our United Way in Wapello County would require more funding in order to help the taxpayer increase we would see once the Future State vision is fully functional. For the 2014 tax season we filed about 450 returns. Our schedule was full by the end of February. For the entire month of March we had to turn away caller after caller, and countless taxpayers ended up not filing or going to a paid preparer in order to stay compliant with the IRS. Taxpayers that were already struggling were forced to pay to get their tax returns filed. There have been a number of clients leave our VITA site in tears, because they appreciated the very much needed help, and they needed to have their refunds so they could catch up or stay caught up financially.

While I think the Future State vision could be successful and be helpful to many taxpayers, most of the taxpayers that VITA serves would not be helped. It would cause chaos and prove frustrating for VITA clients and VITA volunteers. The increase in taxpayers needing help would be overwhelming and our VITA site would not be able to accommodate everyone. People would leave issues with the IRS unresolved, specifically for those who are English proficient, elderly and disabled.