

Written Statement of Arthur Bartlett
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April 4, 2016

WHO WE ARE AND WHAT WE DO:

Since 2002 the Low Income Taxpayer Clinic at Legal Services of Southern Piedmont has assisted thousands of low income taxpayers with IRS tax issues. Everything from simple balance due cases to more complicated Audits and Tax Court representation. The Tax Clinic's outreach and educational activities compliment this work by providing valuable information to low income taxpayers and people for whom English is a second language about their rights and responsibilities as taxpayers. We seek to assist taxpayers trying to navigate our complicated tax system; whether they already have a tax problem or are simply trying to understand how to avoid creating one.

Our LITC provides a full range of controversy services. We prepare documents such as Tax Court petitions, formal protests and Offers-in-Compromise, as well as requests for Collection Due Process hearings, Audit Reconsiderations, payment plans, hardship relief, Worker Misclassification determinations, and Innocent Spouse and Injured Spouse relief. We see taxpayers both pre and post assessment. They are being audited or are in Collections, and in the vast majority of cases they are confused. They often don't understand the notices they received. For example, many taxpayers think that they owe the IRS money even before an additional tax is assessed. They often don't understand that audit notices refer to proposed changes to their original tax returns and proposed liabilities. They are also often frustrated because they have tried unsuccessfully to resolve their issues on their own by calling the IRS, sending in information and, in some cases, going to a local IRS Service Center. They don't understand why they are getting mail from the IRS or why they owe, and they don't know how to fix it. Mostly, they don't understand their rights as taxpayers and all of this leaves them feeling that our tax system is too complicated and unfair.

WHO WE SERVE:

We serve low income taxpayers. These taxpayers often lack basic reading skills, suffer from physical or mental impairments or simply lack the resources necessary to hire a tax professional to assist them in navigating our complicated tax system. These factors as well as transportation issues, under or unemployment, domestic abuse and lack of access to information about their tax situation make it even more difficult for our clients to effectively deal with their tax issues on their own. All of these factors can make even corresponding with the IRS difficult for many taxpayers. With these things in mind, the level of collaboration we expect from a taxpayer varies with their situation and we let them know up front that all of our services are provided at no cost to them, so paying us is never a concern for our clients.

OUR NEEDS AND THE NEEDS OF THOSE WE SERVE:

To better assist taxpayers, our LITC needs greater visibility to taxpayers when their journey within the IRS begins. It's so much easier to prevent a tax liability before it arises rather than eliminate one after the fact through Audit Reconsideration or otherwise. We find that Audit Reconsiderations are now taking about a year to complete. This was not always the case and it seems likely that fewer IRS employees are now working these requests. A whole year is far too long to wait in order to correct a tax liability we have determined should not exist. Even if we determine that a taxpayer will owe, having the client come to us for assistance before an assessment is made, gives us and the taxpayer time to plan for how to deal with their liability. The IRS could assist us in reaching taxpayers sooner by modifying its correspondence to prominently display information about taxpayer rights and available resources, like the Taxpayer Advocate Service and LITCs. In most instances, this would almost certainly lead to fewer IRS resources being used over time to resolve the taxpayer's issues.

The IRS also needs to do a better job of communicating with taxpayers. Greater use of Plain English in IRS correspondence would help resolve some of the confusion that many taxpayers experience. This, in turn, would allow more taxpayers to resolve their tax issues on their own.

Taxpayers and our LITC also need more help from local IRS Service Centers. In years past we were able to send taxpayers to IRS Service Centers to get back tax returns prepared, pick up account transcripts and obtain other information. Now, because of deep cuts to service, much of this is no longer possible or, if still available, is greatly restricted and more difficult to access.

REPRESENTING CLIENTS BEFORE THE IRS TODAY:

It is harder today to deal with the IRS than it was when I started representing taxpayers nine years ago. Since 2010, the IRS has generally become worse at timely answering phone calls and every call to the Practitioner Priority Service and Collections is more of a game of chance now; if you are lucky you get someone who is well trained and responsive, if not you are left to slog through the call or try again. In addition, the IRS is failing to timely reply to mail. We are now seeing many more "we need additional time" letters from all parts of the IRS. These issues must, at least to some extent, be the result of service cuts. More people and better training are the keys to fixing these things and they would go a long way to helping us expeditiously resolve our cases.

A current example of our difficulties dealing with the IRS comes from the IRS' Offer-in-Compromise unit. We now find that many Offer-in-Compromise reviewers are failing to send us a letter with their contact information when they begin reviewing our clients' Offers-in-Compromise. This is important because the reviewers are then calling us and leaving voice mail messages with only their names and phone numbers. Without the taxpayer's name or the reviewer's fax number or address, our only option to communicate with the reviewer is to call them back and, if they don't answer, leave them a voice mail message with our contact information. There is no way for us to follow up our message with a fax or letter. This situation is made even more frustrating when the reviewer fails to call us back and then sends us a letter without their fax number threatening to return, rather than reject, our client's Offer-in-

Compromise unless we contact them within 10 days of the date on the letter. At least then we know which client the reviewer is contacting us about but by the time we receive their letter we typically only have a few days to respond, and then we are limited to either calling them or sending them a letter. Given the considerable effort and time put into preparing and waiting to hear about our Offer-in-Compromise submissions, the threat of having one returned to us in this manner, which does not afford us appeal rights, is maddening.

IRS FUTURE STATE VISION:

The Future State Vision of the IRS assumes that taxpayers have access to technology and will be able to navigate the IRS' online system to resolve their tax issues. We know from representing vulnerable populations, such as the poor, disabled, and elderly, in dealing with the current system that they will have no easier a time navigating some new online system. There will still be barriers created by poor literacy, mental and physical impairments, and the complicated nature of our tax system, as well as new ones, such as access to technology and understanding how to use it. Given this, the IRS' Future State Vision could make the tax issues of low income and otherwise vulnerable taxpayers worse if they use the IRS' online system without fully appreciating what they are agreeing to and what rights they may be foregoing. In addition, given the issues the IRS has replying to mail, I don't have much confidence that electronic communications will be acted upon in a timely manner either, and layering a properly functioning online system on top of the IRS' current databases seems like an extremely difficult task.

Nevertheless, for a tax practitioner, using technology to electronically send information for routine requests like hardship status or a payment plan to the IRS, and having the IRS act on them quickly would free up much of our time to work more complicated cases. Being able to access more information about our clients' cases electronically would also be a real boon and help us work cases more efficiently as taxpayers often don't have much information about their issues when they come to us. I do have serious reservations, however, about allowing unregulated tax preparers and others to access this additional account information. Issues of preparer fraud are already an issue and given that the IRS continues to struggle to simply verify taxpayers' identities, access beyond licensed professionals seems like a bad idea. Whatever online system the IRS creates needs to be focused on helping taxpayers rather than helping the IRS deal with a lack of manpower. However, what has been proposed seems to address the latter.