



April 6, 2018

The Honorable Kevin Brady
House Committee on Ways & Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Lynn Jenkins
House Subcommittee on Oversight
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
House Committee on Ways & Means
1106 Longworth House Office Building
Washington, DC 20515

The Honorable John Lewis
House Subcommittee on Oversight
1106 Longworth House Office Building
Washington, DC 20515

RE: Comments on Draft Language of the Taxpayers First Act Draft Language

On behalf of the members of the National Association of Tax Professionals (NATP), we are submitting this letter to provide feedback on the draft legislation, The Taxpayers First Act. NATP is comprised of over 23,000 tax professionals who provide a superior standard of ethics and professional excellence. NATP exists because we believe that all taxpayers should be supported by caring and well-educated tax professionals. In pursuit of this goal, we deliver knowledge, resources, and the relationships our members need to serve their clients, the taxpayer, and to succeed professionally and personally. Our training goes beyond our membership and reaches over 60,000 individuals who take our courses each year, ensuring that millions of American taxpayers are provided effective and qualified services.

We applaud the Committee for taking on the long overdue challenge of reforming the IRS so that it is better equipped to serve the taxpayer. In many ways, we believe that the draft language takes steps in the right direction to do just that. However, there is still a gap that exists between the current draft and where we believe the bill should be to effectively address the needs of the 79 million taxpayers who choose to use the services of a professional tax preparer. We hope that the final language will make clear that these taxpayers are afforded the same support and protection that is proposed in the bill as for those who do not. They need their tax preparer to be provided quality customer support from the IRS, so that their issues are resolved effectively and efficiently.

In summary, we offer the following feedback and recommendations:

- Any comprehensive customer service strategy must consider the unique needs of the tax professional in serving taxpayers,
- We fully support a robust effort to improve cyber security and identity protection,
- We urge that tax professionals have a voice in relevant advisory committees as they are the ones interacting with taxpayers daily,
- We believe that modernization must be comprehensive, not only rethinking how services are provided but also how the IRS is structured,

- Congress must consider the need to provide oversight of all forms of tax preparation services, ensuring taxpayers are receiving qualified service, and
- Overall, we believe that a properly executed, comprehensive reform of the IRS will increase efficiency while also saving taxpayer money in the long run.

Improved Service

NATP agrees that it is vital for the IRS to pursue strategies to improve customer service for the taxpayer. However, it is equally important that this customer service strategy specifically identify how improvements will be made to improve the service for the tax professional that is working with a taxpayer. Each aspect of the required strategy should consider the unique and advanced needs of a tax professional. Additionally, customer service must continue beyond the filing deadline. It is often after this deadline that taxpayers seek out a tax professional to help resolve issues that the IRS has notified them of after review of their return. The IRS should implement a strategy that addresses this need and should have the funds necessary to do so.

The *online component* should be required to include specific provisions designed to address the needs of tax professionals and enable them to access and submit information on behalf of all the taxpayers they serve. Similarly, *call-back services* and *proper training for employees*, needs to include special considerations for the tax professional who is likely to call with more advanced questions and in the interest of efficiency should be connected with IRS employees who have the necessary expertise to answer those questions.

As tax professionals, it is our job to ensure that a taxpayer is provided the most effective and qualified service possible and NATP supports the responsibility placed on paid preparers. We support preparation services for underserved populations, however we support ongoing efforts to improve volunteer training so to ensure that taxpayers are competently served.

Cyber Security and Identity Protection

NATP is committed to combatting identity theft refund fraud and has worked extensively to educate their members and others on what steps tax professionals can take to protect their clients. However, we are concerned that throughout this section, there are situations where the IRS does not consult tax professionals before decisions affecting them are made and implemented.

There is a need for fair representation from all sectors of the industry on the Electronic Tax Administration Advisory Committee (ETAAC), as the tax preparation profession is unrepresented on the ETAAC. The Committee is comprised in large part by software companies, executives from multi-billion-dollar companies, and those who have served in a regulatory capacity within the government. Our tax professionals are on the frontlines, working on a day-to-day basis directly with taxpayers to ensure that their filings are accurate and to assist when problems arise after filing. Tax professionals are best positioned to speak on how proposed policies will impact individual practitioners and their clients. In support of the cyber security expertise the other members bring, we urge the mandatory inclusion of tax professionals to provide insight on taxpayer and IRS interactions. Similarly, all advisory bodies supporting the IRS should have the taxpayer perspective that a tax professional can bring to the conversation.

We also have concerns about the efficacy and security of creating identity protection personal identification numbers. Particularly in the case of tax professionals, we are skeptical that another identification number would better protect individuals from identity theft without the necessary

systems in place to keep this new number safe. Considering prior breaches, we urge careful consideration of this issue and a determination as to whether there are private sector solutions that would be a better pathway for authentication and protection of tax professionals' and taxpayers' identity.

Modernization

NATP believes that modernization of the IRS structure and systems can have the greatest positive impact on the taxpayer experience and applauds the significant steps that this bill takes to make that a reality. We urge that these efforts are supported by the necessary funding and hiring latitude to ensure that the best people for the job are implementing this plan.

A key component of this must be the online portal described in Section 502. Because of the millions of taxpayers served both pre- and post-filing, an online portal designed for tax professionals that allows them to view their clients' information and address communications to their clients will have a tremendous positive impact on efficiency and overall tax administration. The portal should allow a tax professional to verify his/her identity only once and then be given access to the full history of a client's IRS account. This requires the tax professional portal to have some substantive differences from the portal designed for taxpayers.

Closely linked with Section 502 is Section 523. As tax professionals, we require authorization to access data and we need to have a signed power of attorney on file. These documents should be digital, centralized, and accessible by any customer service professional when a tax preparer calls into the IRS for assistance. This bill should require that the IRS develop the policies, standards, and capabilities necessary for this to become a reality.

Overall, we agree that the IRS needs to reorganize to perform more efficiently and better accomplish its mission. We applaud the efforts throughout this bill to modernize various aspects of the IRS; we hope that Congress and the IRS will embrace a top to bottom overhaul of not only how the organization is structured but how services and technology should be modernized. The IRS should utilize best practices from the private sector as often as possible. Sectors like finance and healthcare also handle sensitive information yet have customer service tools in place to ease access to information and minimize unnecessary, timely human interaction. As part of this process, Congress needs to ensure regular and thorough oversight of the IRS.

Protecting the Taxpayer

An issue that is not addressed in this bill, is the definition of a *paid preparer*. There are millions of taxpayers who utilize tax preparation software, powered by artificial intelligence. Despite the advice and guidance provided by the artificial intelligence, FAQs, and quick chat screen answers; there is not the same level of responsibility or due diligence on the tax preparation software company, like that placed on a paid and/or signing tax preparer. Regardless of the service that a taxpayer uses, whether software, VITA, or a tax professional, he/she, and the tax administration system, is best served when there is a consistent amount of due diligence and responsibility required of the preparation service options available. Taxpayers are ultimately hurt more in the long run when there is no guarantee that the service they are trusting to prepare their taxes is neither guaranteed to be qualified nor have the necessary knowledge to do so.

On behalf of the tax professionals serving millions of deserving taxpayers, we want to thank the Committee for taking this important step toward modernizing the IRS. Though we have recommendations for improving the bill to better serve taxpayers and the tax professionals that

serve them, we feel that this draft makes great strides toward addressing the overall needs of the taxpayer. We strongly encourage the final legislation be flexible enough to accommodate future automation and the changing needs of taxpayers. We appreciate the Committee's review of our feedback and look forward to engaging further on this topic in the coming weeks.

Sincerely,

Scott Artman, CPA
Executive Director
National Association of Tax Professionals
sartman@natptax.com
800.558.3402

Gerard Cannito, CPA, CFP®
President
National Association of Tax Professionals
president@natptax.com
800.558.3402

cc: Members of the House Ways and Means Subcommittee on Oversight