

Oral Statement of Jennifer MacMillan

Thank you Chairman Buchanan and Ranking Member Lewis. I speak on behalf of the National Association of Enrolled Agents, which represents over 55,000 enrolled agents. EAs are tax experts, licensed by the Treasury. We must pass a rigorous Treasury-administered exam and are subject to background checks and must meet ongoing continuing education and ethics requirements.

The IRS, for better or worse, is the face of the federal government for most citizens. Increasingly, EAs, who assist taxpayers at every IRS administrative level, believe taxpayer service has in recent years deteriorated to an unacceptable level.

Our written statement details our concerns with IRS taxpayer service. This morning, however, I will focus on three issues:

- IRS is focused on providing assistance on the cheap...one size fits all.
- Particular concerns re. post-filing assistance
- Bolstering taxpayer rights

IRS provides three t/p service channels: Face-to-face contact; telephone; and self-help on IRS.gov. All can be helpful, but each has its limitations.

IRS serves over five million taxpayers annually at its Taxpayer Assistance Centers (TACs). These face-to-face resources are vital, particularly for the most vulnerable members of our society. Yet we note:

- Limited availability, both in location and in hours.
- Limited training.

These centers are helpful for basic tax questions but the IRS refers taxpayers with more complicated issues to other channels or to paid preparers. While the latter may be good for EAs, it is not for taxpayers, and illustrates the need for Congress to make policy decisions about what level of service is acceptable from the IRS.

At the IRS Call Centers, levels of service have steadily declined since 2010, reaching 37 percent two years ago. At that time, the wait times also increased to unacceptable levels. Last year, with additional resources, IRS significantly improved the level of customer service at its call centers. Notwithstanding this concrete improvement, it appears additional funding will not be available for FY18. This will likely result in fewer taxpayers (and practitioners) receiving necessary service.

Finally, taxpayers are increasingly solving basic pre-filing issues by visiting IRS.gov. The IRS webpage is invaluable for taxpayers and practitioners alike. The agency recently launched a revamped IRS.gov. We encourage the IRS to continue to work with the practitioner community and the public to improve IRS.gov. While IRS.gov drives down agency costs, not every taxpayer is well-equipped to use a self-help option.

As daunting as filing can be for taxpayers, dealing with enforcement matters can quickly become overwhelming. Taxpayers have a limited number of choices when they disagree with a notice, or have a valid explanation the IRS should consider. They can try to reach the IRS to resolve the issue, pay a tax professional to take the problem off their hands, or pay an assessment that is more than they truly owe. We often see taxpayers give up after spending hours waiting on hold or repeatedly having their calls dropped due to high call volume.

Campus audits are a prime example of this taxpayer predicament. While correspondence exams increase IRS efficiency, they typically increase taxpayer burden. Churning out computer-generated exams demands that taxpayers have the right to contest the proposed actions of the IRS. Communicating with a human at the IRS could often resolve these cases quickly and efficiently, but the IRS' lacks the ability to hire and train sufficient personnel for these necessary contacts.

To increase the quality taxpayer service at the IRS, Congress should consider the following policy and legislative changes:

- Provide IRS with additional, targeted resources (as detailed in our written testimony)
- Create and fund dedicated training
- Increase the authority of and set higher standards for Appeals personnel.
- Provide collections personnel the authority and training to quickly resolve cases when they deviate slightly from the financial standards, to facilitate payments by taxpayers.
- Reevaluate the National Standards for Collection Information Statements.
- Give the Taxpayer Advocate Service authority to make adjustments.
- Expand alternative dispute resolutions options to all taxpayers
- Override *Loving* and all subsequent cases relying on its holdings and provide specific authority for the IRS to require all non-credentialed paid tax preparers to meet minimum standards.
- Prioritize online accounts for tax practitioners with a robust and secure means of communicating with IRS personnel.

For most taxpayers, filing a tax return is a daunting undertaking. So it's no wonder over half of filers use paid tax preparers. The vast majority of paid preparers are not subject to any standards, or even background checks. While many unenrolled

preparers are conscientious and knowledgeable, many are not. The IRS cannot require or enforce even minimal standards on these individuals, although taxpayers expect, and deserve, to be able to have confidence that the person preparing their return is competent to do so.

This concludes my remarks. I look forward to answering any questions you may have.