

ELECTRONIC SIGNATURES STANDARDS ACT

CONGRESS SHOULD REQUIRE IRS TO PROVIDE GUIDANCE ON USE OF PRIVATE SECTOR ELECTRONIC SIGNATURES

The Taxpayer First Act of 2019 introduced by Senator Chuck Grassley and Congressman John Lewis includes language that would require the IRS to provide guidance on the use of commercially provided electronic signature applications for taxpayers to sign practitioner powers-of-attorney and disclosure authorization forms.

- Electronic signatures provide a convenient option for small businesses and individual taxpayers in complying with the requirements of the tax system. More filing options for taxpayers means less burden. The Internal Revenue Service has recognized that “(t)he e-signature option helps reduce office expenses like paper, postage and physical storage space and time-consuming efforts spent obtaining a physically signed authorization form.”
- Additionally, the identity verification requirements of private electronic signature solutions provide a level of security not available in ink signatures, being password protected and requiring what is commonly called “two factor” authentication.
- Currently, IRS allows commercially provided electronic signatures for Form 4506-T, Request for Transcript of Tax Return, used by over 30 million times by the banking industry. The Service should afford identical treatment to Forms 2848 (Power of Attorney) and 8821 (Tax Information Authorization) as is currently available for Form 4506-T.
- The amendment will not affect revenues.
- The Electronic Signature in National and Global Commerce Act (Pub.L. 106-229), the Government Paperwork Elimination Act (Pub. L. 105-277), and the Internal Revenue Service Restructuring and Reform Act of 1998 (Pub. L. 105-206) all direct the federal government to use electronic signatures as quickly as possible.