

April 6, 2018

The Honorable Lynn Jenkins
Chairman
House Committee on Ways and Means,
Subcommittee on Oversight
1102 Longworth House Office Building
Washington, DC 20515

The Honorable John Lewis
Ranking Member
House Committee on Ways and Means,
Subcommittee on Oversight
1102 Longworth House Office Building
Washington, DC 20515

Re: The Taxpayer First Act Discussion Draft

Dear Chairman Jenkins and Ranking Member Lewis:

Thank you for asking for stakeholder comments on your discussion draft. Enrolled agents (EAs) appreciate that you have taken on an issue requiring Congressional leadership and that you have done so in a bipartisan manner. We believe many of the discussion draft proposals are sound and will help the Internal Revenue Service (IRS) move in the right direction. We especially thank you for including language requiring IRS to provide guidance on using private sector electronic signature options for all Forms 8821 (Disclosure Authorization) and 2848 (Powers of Attorney).

The National Association of Enrolled Agents (NAEA) represents the interests of over 55,000 enrolled agents (EAs) nationwide. EAs are tax experts, licensed by the Department of Treasury. They must pass a series of federally administered exams covering the Internal Revenue Code. Further, EAs are subject to background checks, personal tax compliance checks, and ongoing continuing education and ethics requirements.

We have attached a copy of our IRS recommendations to this letter and should you have any questions regarding our comments below, we urge you to refer to this document for more details.

The opportunity for major tax administration reform comes around rarely, and we believe Congress should take full advantage of moving the agency as far as possible from conversations that create a false choice between taxpayer service and enforcement. The agency needs to meet its mission, which is to “provide America’s taxpayers top quality service by helping them understand and meet their tax responsibilities and applying the law with integrity and fairness to all.”

Because of this, we urge you to consider expanding the Taxpayer First Act to include the following:

- A mechanism for Congress to set expected levels of service and compliance for the IRS, to report on estimated budget cost of these priorities, and then hold the agency responsible for their outcomes. With proper oversight, Congress can provide an adequate level of funding and hold the Service responsible for its performance.

- Workforce reforms that focus on the agency’s culture and leadership. The agency cannot provide excellent customer service if it cannot train and develop its staff and secure the right leadership—this could include a modified critical pay authority.
- Provisions for effective, efficient, taxpayer-centered compliance activities in IRS’ examination, collection, and appeals functions. For instance, IRS should explore further alternative dispute resolution options; ensure compliance staff do not bypass an active power of attorney; increase the authority of and set higher standards for appeals staff; and incorporate a number of taxpayer rights changes included in the National Taxpayer Advocate’s 2017 Purple Book.
- Provisions that acknowledge the tax professional community are essential to any plan to create a well-run, efficient IRS. In order to leverage the tax professional community, Congress should:
 - provide guidance on private sector electronic signature options for Forms 2848 and 8821 used by Circular 230 practitioners. IRS should debut tax practitioner online accounts that include a robust and secure means of communicating with IRS;
 - create a dedicated, executive-level practitioner services unit that would centralize and modernize its approach to all practitioners; and
 - provide IRS authority to establish minimum standards for unenrolled tax preparers, empower the Office of Professional Responsibility to issue cease-and-desist letters to any person or corporation improperly using the agency’s credential, and clarify who may verify any element of a return for purposes of qualifying for any federal program or benefit.

On the specifics of the draft legislation, we recommend the following changes and additions:

- **Section 201 Comprehensive Customer Service Strategy** – We are not confident asking the IRS develop a customer service strategy in and of itself provides much utility. We suggest you instruct the agency to set up a temporary group with private sector experts, practitioner stakeholders, and members of Congress to draft a customer service plan for the agency.
- **Section 502 Development of Online Accounts and Portals** – We have serious concerns about opening up online accounts to non-Circular 230 tax professionals. CPAs, enrolled agents and lawyers in good standing answer to the Department of Treasury and currently, with some narrow exceptions, only this group has access to online e-Services accounts. Allowing unenrolled tax return preparers online account access will put the entire system at risk to thieves and fraudsters.

- **Section 523 Uniform Standards for the Use of Electronic Signatures** – Because IRS has been so slow to respond to this need, Congress must make clear it intends IRS to prioritize providing guidance on using private sector electronic signatures.
- **Section 531 Modification of the Title of Commissioner of the Internal Revenue and Related Officials** – To avoid confusion and to foster a sense of continuity, we would urge you to retain the current title of Commissioner of Internal Revenue.
- **Section 532 Office of the National Taxpayer Advocate** - We urge you to drop the provision regarding Taxpayer Advocate Directives. While the National Taxpayer Advocate makes several worthy proposals in her Purple Book, we also believe strongly the TAD recommendation diminishes the authority of the Commissioner and causes confusion concerning who is responsible for the operations of the agency.

IRS should develop a strategic mission shared by its many stakeholders—employees, congressional overseers, and tax professionals alike. To help sustain this shared mission, Congress must consider governance, management, personnel, and budget. Only in this comprehensive approach do we believe the agency can be successful in its mission, which is to provide top quality service.

Once again, NAEA appreciates the opportunity to comment. We look forward to continuing this dialog as IRS reform legislation moves through Congress. Should you have any questions or comments, please contact our Executive Vice President Robert Kerr (rkerr@naea.org).

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Adelman". The signature is fluid and cursive, with a large initial "J" and "A".

James R. Adelman, EA
President
National Association of Enrolled Agents

Enclosure (1) as stated