

**Oral Statement of
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On behalf of the
National Association of Enrolled Agents
Before the Senate Finance Committee
Subcommittee on Taxation and IRS Oversight
July 26, 2018**

Good morning! Thank you, Chairman Portman, Ranking Member Warner, and Senator Cardin for the opportunity to present the tax professional's perspective on improving tax administration and enabling the Internal Revenue Service to fulfill its mission effectively.

I speak on behalf of the National Association of Enrolled Agents. EAs are tax experts licensed by the Department of Treasury. We are partners who work closely with IRS personnel at all levels of the tax administration system.

In the past decade, we have observed a decline in the level of IRS service. Superior customer service - and tax practitioners are customers too - will improve all IRS functions. Our written testimony proposes major reforms for oversight, governance, budget, workforce, taxpayer service, technology, and the IRS's relationship with tax professionals. An integrated approach will bring real, measurable results.

IRS needs direction and resources to recruit high-level executives and staff. IRS must attract, train, and retain staff to administer the tax law while providing an outstanding customer experience. We suggest:

- Grant IRS a reformed, streamlined, critical pay hiring authority – stipulating the areas of expertise covered by the program.
- Create and fund a dedicated training division within the IRS that streamlines the education process, and ensures that tax law and administrative policies are taught and supported consistently. As part of this centralized division, research state-of-the-art tax administration techniques at the state, local, and international levels, and incorporate what works into training and practice.

IRS training focusing on early, fast, and fair resolution of tax disputes will ease the burden for taxpayers and for the tax professionals who serve them.

Enforcement will not suffer but will be enhanced by an IRS equipped to serve the public.

No one is well-served by delayed or protracted tax compliance. When taxpayers have a compliance issue, they deserve to discover and resolve it quickly, without the hardship of added penalties and interest. We offer several proposed changes in our written testimony, including many offered by the National Taxpayer Advocate.

The elephant in the room is IRS technology. We live in a world where everything is possible on a smartphone. When we submit authorizations for our clients, we revert to a world of inked signatures and fax machines. Taxpayers expect electronic solutions and the ability to work with us and the IRS remotely and securely.

Our ETAAC colleagues, in their recent 2018 report, present extensively on secure, technology solutions. We propose:

- Require IRS to provide guidance on which private sector electronic signature options are acceptable for Forms 2848 and 8821.
- Fast-track creating tax practitioner online accounts with secure and robust communication capability in both directions. Correspondence audits should not entail mailing or faxing large quantities of materials, delayed resolution, and potential increased penalty and interest. Electronic communication will serve the public, the practitioners, and the Service.

Tax preparers have, over the last several years, taken on an adjunct compliance officer role. Various, and increasing, due diligence requirements are intrusive and frequently unreasonable. In our profession, time and risk are money – typically passed on to the taxpayer. These changes will help us help the service:

- Provide statutory authority to establish minimum standards for unenrolled tax preparers. Standards should include a one-time competency exam, required tax compliance background checks, setting and monitoring continuing education requirements, and compliance with strict ethical standards.
- Create a dedicated, executive-level practitioner services unit that centralizes and modernizes practitioner service—and leverages our reach.

Once again, I thank you for this opportunity, and I look forward to your questions.