



ELECTRONIC TAX ADMINISTRATION ADVISORY COMMITTEE

Electronic Tax Administration Advisory Committee (ETAAC) In-Person Public Meeting Wednesday, June 28, 2023 MINUTES

The Electronic Tax Administration Advisory Committee (ETAAC) held a virtual public meeting via conference call on June 28, 2023. The meeting was called to order by Mel Hardy, IRS Director, National Public Liaison, at approximately 9:00 a.m. ET. Mr. Hardy welcomed the public and provided logistical information. He noted that the meeting was the final report of the 2022-2023 ETAAC Committee. Mr. Hardy then introduced Jared Ballew, ETAAC Chairperson, to provide opening remarks.

Mr. Ballew thanked the IRS for its support, including hosting the committee in person this past year. He then offered a brief summary of the Committee's mission and purpose. In particular, he noted that ETAAC's scope includes providing advice regarding the IRS's Identity Theft Tax Refund Fraud prevention efforts through the Security Summit. Mr. Ballew noted ETAAC is advisory, not oversight.

Mr. Ballew provided the foundation of the 2023 report by detailing that the bridge between Tax Policy and Voluntary tax compliance is through Tax Administration Stakeholders. There is no quick and easy road to bridge the gap and a taxpayer's trust must be earned. The ETAAC developed the Taxpayer Trust Model as one of the cornerstones of the report.

Mr. Ballew introduced this year's co-Vice Chairs, Timur Taluy, and Vernon Barnett. Mr. Barrett gave an overview of each of the government stakeholders and the instrumental roles they play in earning the taxpayer's trust.

Mr. Taluy gave an overview of software, tax professional, financial institutions, and security summit stakeholders and the instrumental roles they play in earning the taxpayer's trust.

Mr. Taluy introduced Jim Clifford, IRS Director of Return Integrity and Compliance. Mr. Clifford emphasized the importance of the strategic partnerships the IRS Security Summit has with stakeholders and the many successes they have realized together. Mr. Clifford turned the meeting back to Chairman Ballew.

Mr. Ballew provided a high-level overview of the ETAAC recommendations and how they are laid out to follow the natural taxpayer journey in someone's chronological timeline. Mr. Ballew welcomed Mr. Barca to being the recommendation presentation.

Committee Member Barca presented Recommendation 1. ETAAC recommends that Congress pass timely tax legislation and engage the IRS and appropriate stakeholders prior to passing legislation.

Vice Chair Taluy presented Recommendations 2,3. ETAAC recommends the IRS prioritize and allocate funding to IRS.gov modernization and search engine optimization. ETAAC recommends the IRS prioritize the Online Account toolset expansion.

Committee Member O'Leary presented Recommendations 4, 5. ETAAC recommends the IRS provide properly authenticated third parties the ability to "Pull" information return data on demand. ETAAC recommends the IRS provide Form 1099-NEC data to States on an expedited basis.

Committee Member Paille presented Recommendation 6. ETAAC recommends the IRS prioritize e-filing of 94X returns and enhancing duplicate 94X processing.

Committee Information Reporting Subgroup Leader Parchman presented Recommendations 7. ETAAC recommends IRS enable online user access control for large business taxpayers.

Mr. Ballew Paused the recommendation presentation to Welcome Commissioner Werfel to the stage to present his opening remarks to the Committee.

Commissioner Werfel – Thanked the ETAAC for their service and the recommendations provided in the report. He reaffirmed the value that ETAAC brings to the tax administration process as a collection of stakeholders providing expertise and guidance. Commissioner Werfel turned the meeting back to Chairman Ballew and the committee resumed the presentation of the recommendations.

Committee Information Reporting Subgroup Leader Parchman presented Recommendations 8. ETAAC recommends the IRS update Form 1099-K and educational materials to enable easy compliance.

Committee Member Emeagwai presented Recommendation 9. ETAAC recommends the IRS educate taxpayers and payers on their information reporting filing obligations to increase compliance and aid enforcement.

Committee Information Reporting Subgroup Leader Parchman presented Recommendation 10. ETAAC recommends the IRS prioritize educating payers on Nonresident Alien (NRA) withholding and 1042-S filing obligations.

Committee Member McCarthy-Hill presented Recommendation 11. ETAAC recommends the IRS should continue to reduce Identity Theft Fraud by increasing transparency between information return stakeholders and the IRS.

Committee Member Gettemy presented Recommendation 12. ETAAC recommends the IRS make tax information documents digitally available in real-time, empowering taxpayers to easily export their tax data into third party tax software.

Committee Member Inkrott presented Recommendations 13, 14,15. ETAAC recommends increasing electronic filing rates and enhancing paper processing. ETAAC recommends the IRS enhance transparency in tax return processing and tax issue resolution. ETAAC recommends the IRS deploy a public-facing dashboard with key customer service and processing metrics.

Committee Member Lopez presented Recommendation 16. ETAAC recommends the IRS revisit the duration of third-party designee authority and enable taxpayers to complete powers of attorney and tax information authorizations as part of the electronic filing process.

Committee Member Lopez and Gaddis presented Recommendation 17. ETAAC recommends the IRS and Congress do more to regulate paid tax return preparers and take steps to address issues related to incompetent and unscrupulous conduct.

Committee Tax Filing Subgroup Leader Phillips presented Recommendations 18, 19, 20. ETAAC recommends the IRS and Congress evaluate making improvements in the communication, marketing, and accessibility of existing free tax filing programs before investing in the development and implementation of an IRS Direct eFile platform. ETAAC recommends that if a Direct File option is implemented, Congress and IRS should ensure that it adheres to security standards implemented by the current Free File program. ETAAC recommends the IRS consider funding two additional VITA/TCE new grant programs.

Mr. Hardy invited the ETAAC members rolling off the committee to the stage to have their picture made and be thanked personally by Commissioner Werfel. Members Inkrott, Lopez, and McCarthy-Hill were acknowledged. . Mr. Hardy thanked Commissioner Werfel for attending today and resumed the presentation of the final recommendations. Welcoming Ms. Steenblock to the stage.

Committee Business Modernization Subgroup Leader Steenblock presented Recommendation 21. ETAAC recommends Congress maintain stable, consistent, multi-year funding authorized through the Inflation Reduction Act, provide the IRS with adequate discretionary annual appropriations, and enable greater

flexibility to align funding between IRS appropriations to meet mission needs.

Committee Member Richardson presented Recommendation 22. ETAAC recommends technology modernizations that are not a “lift and shift” and leverage commercial off-the-shelf solutions whenever possible.

Committee Member Jude presented Recommendation 23. ETAAC recommends system modernizations and General Master File legacy system retirement while leveraging key stakeholder feedback and experience.

Committee Member Lunardini presented Recommendation 24. ETAAC recommends the IRS consider new human capital strategies to compensate for higher attrition and customer service demands.

Committee Member Godfrey presented Recommendations 25,26. ETAAC recommends the IRS develop key metrics to be used internally and externally to measure customer service, taxpayer experience and promote transparency. ETAAC recommends the IRS provide timely legal guidance on federal and state laws that impact tax administration.

Mr. Ballew presented the ETTAC members with a challenge coin to commemorate their year together and encouraged the committee to continue to explore new and innovative ways to build and foster trust in the American tax system, Mr. Ballew thanked the members and attendees and turned the meeting over to Mr. Hardy

Mr. Hardy thanked the committee for their work and the attendees for listening and concluded the meeting at approximately 11:10 a.m. ET.