

MINUTES OF THE ETAAC PUBLIC MEETING

JUNE 24, 2020

(conducted virtually over the phone)

WELCOME & INTRODUCTIONS

Phillip Poirier, ETAAC Chair, called the meeting to order and announced the availability of ETAAC's 2020 Annual Report to Congress and the Public Meeting Agenda on irs.gov. He briefly reviewed the challenges of completing the 2020 Report due to the Covid pandemic, recognized the hard work of ETAAC members and IRS's support and, then, handed off the meeting to Mel Hardy, Director, Office of IRS National Public Liaison.

Mr. Hardy provided his opening remarks and handed off the meeting to Commissioner Rettig.

COMMISSIONER'S OPENING REMARKS

Commissioner Rettig provided opening remarks. The Commissioner noted the challenges of the 2020 filing season, apologized for some people not yet receiving economic impact payments, and mentioned the inquiries of some Congressmembers concerning constituents not receiving payments.

The Commissioner explained the necessity of addressing IRS employee health and safety risks, which required the shutdown of many significant IRS operations during the initial COVID 19 phase. He reported that the IRS is doing a phased-in approach to reopen tax processing centers. He also asked for help on economic impact payments, including the support of ETAAC and tax practitioners with a particular focus on reaching people (e.g., the homeless). He handed the meeting back to the ETAAC Chair.

ETAAC REVIEW OF REPORT & SECURITY SUMMIT PROGRESS

The Chair focused his initial comments on work and progress of the IRS Security Summit, noting the significant progress against IDTTRF since the formation of the Security Summit in 2015 (referencing performance data included in the Annual Report). He encouraged the continuing commitment and collaboration of the members of the Security Summit – IRS, State Revenue Agencies and Industry – and reviewed the steps they have taken to prevent IDTTRF. He also acknowledged the importance of Congressional support for the Security Summit and ISAC, and the IRS efforts to implement new legislation.

Mr. Poirier reviewed the continued theft of huge volumes of personal information across government and our economy, and the challenges this presents for government, industry and taxpayers. He noted the two key critical factors that have enabled the success of the Security Summit – IRS's continued leadership and strong stakeholder engagement from states and industry. He went on to review several factors affecting the future of our tax system as noted in the Report, and reviewed the themes in the Report: Funding, Modernizing and Enabling the IRS; Defending and Protecting our Tax System; Improving the Taxpayer Experience; and, Strengthening the Security Summit and ISAC.

He then handed off the program to designated ETAAC members to review the work of the Security Summit and ISAC (details of which are included in the Report):

- Joe Sica reviewed the work, focus and progress of the Authentication Workgroup and Financial Services Workgroup.
- Mark Steber reviewed the work, focus and progress of the STAR Workgroup and Communication and Taxpayer Awareness Workgroup.

- Kathy Pickering reviewed the work, focus and progress of the Information Sharing Workgroup and the ISAC.

Mr. Poirier thanked Mr. Sica, Mr. Steber and Ms. Pickering for their overviews and thoughts, and turned to the Commissioner Rettig for any final comments.

COMMISSIONER'S CLOSING REMARKS

The Commissioner thanked ETAAC members and expressed his appreciation for their efforts including giving up personal and business time for their committee work. He noted that he would have liked to express his appreciation in person. He also thanked members who are ending their ETAAC terms, who are noted in the ETAAC Report. He encouraged continued and increased engagement from current and (soon to be) former ETAAC members.

BREAK

Mr. Poirier concluded the first section of the meeting, and called for a short break.

OVERVIEW OF ETAAC RECOMMENDATIONS

After a short break, Mr. Poirier reconvened the ETAAC 2020 Public Meeting, and handed it off to ETAAC's Vice Chair, Geno Salo.

Mr. Salo explained that four ETAAC members (Phil Poirier, Jenine Hallings, John Sapp and Lynn Riley) would provide a brief oral summary of ETAAC's sixteen 2020 recommendations under the four themes that Mr. Poirier previously mentioned. Mr. Salo noted that a summary of ETAAC's recommendations were included in the ETAAC Report, and handed off the review of the recommendations starting with Mr. Poirier.

Fund, Modernize and Enable the IRS:

Mr. Poirier reviewed and provided commentary concerning the following four recommendations under this theme:

RECOMMENDATION #1: *Fully fund the IRS FY2021 budget request*

Congress should fully fund the IRS's FY2021 budget request to enable the IRS to deliver 21st Century taxpayer experiences, narrow the \$380 billion Tax Gap to meet the nation's pressing fiscal needs, protect the tax system and build a modern information system infrastructure. Any appropriations should be allocated across the IRS's four appropriations accounts in a manner to enable the achievement of its stated taxpayer service, enforcement and modernization goals.

RECOMMENDATION #2: *Consider and approve the IRS's request for an FY2021 Program Integrity Cap Adjustment*

Congress should amend Title 2 U.S. Code § 901 to add the IRS Program Integrity Cap Adjustment to isolate this tax revenue generating opportunity from competing priorities within the Financial Services and General Government appropriations' funding cap. This action will provide a foundational investment for a multi-year effort to restore IRS enforcement levels, increase revenue to the Treasury and strengthen the nation's tax system.

RECOMMENDATION #3: *Monitor and enable government-wide digital identity policies and initiatives*

Congress should monitor the direction and progress of government-wide digital identity policies and initiatives, and provide legislative and funding support as necessary.

RECOMMENDATION #4: *Provide IRS with the authority and necessary funding to enforce security standards*

Congress should grant the IRS the clear legal authority and provide the associated funding to issue and enforce appropriate information security standards and guidance in the area of tax administration, which could include adopting existing or establishing new administrative, technical and physical safeguards, implementing required education and training, and providing ongoing guidance.

Defend and Protect our Tax System

Ms. Hallings reviewed and provided commentary concerning the following three recommendations under this theme:

RECOMMENDATION #5: *Collaborate on the identification and mitigation of disruption threats to our tax system*

The IRS should work with the Security Summit to evaluate and develop responses to potential attacks by adversaries intended to disrupt our tax system and, thereby, interrupt the flow of government revenues and tax refunds.

RECOMMENDATION #6: *Engage with the FTC to assess impact and implementation of proposed changes to FTC Safeguards Rule*

The IRS should work with the FTC and tax preparation community (including VITA/TCE) to understand the substance and impact of the FTC's proposed amendments to the FTC Safeguards Rule, and implement a plan to educate and enable the tax preparation community to comply with any new security requirements without the significant and unnecessary disruption of this community's ability to serve taxpayers.

RECOMMENDATION #7: *Study information security practices and vulnerabilities in the tax preparer community*

As further outlined by ETAAC in this Report, the IRS should engage a qualified third party to conduct an initial study of the tax preparer community to understand its different segments and operating models, determine the state of its information security practices and vulnerabilities, and identify the range of high level strategic options and associated costs to remediate these risks.

Improve the Taxpayer Experience

Mr. Sapp reviewed and provided commentary concerning the following four recommendations under this theme:

RECOMMENDATION #8: *Collaborate on the identification and piloting of promising digital identity solutions*

The IRS should engage regularly with external subject matter experts, including Security Summit members, to identify and potentially pilot promising technologies or approaches to verify identities.

RECOMMENDATION #9: *Implement taxpayer-controlled "real-time" protections*

The IRS should continue to investigate, develop and implement proactive notification, lock/unlock and other taxpayer-controlled "real-time" protective features for individual and business taxpayer accounts.

RECOMMENDATION #10: *Expand collaboration on the design and launch of the IRS 1099 internet-based service*

The IRS should expand its existing collaboration with states and industry in the design and implementation of the TFA-mandated 1099 service in a way that anticipates its integration into future modernized IRS systems.

RECOMMENDATION #11: *Increase accuracy of EIN responsible party information*

The IRS should review current EIN-related processes with Security Summit and other external stakeholders to obtain recommendations to increase awareness of and compliance with the EIN holder's obligation to report changes in its responsible party.

Strengthen the Security Summit & ISAC

Ms. Riley reviewed and provided commentary concerning the following five recommendations under this theme:

RECOMMENDATION #12: *Evaluate TFA impact on Security Summit and sustain energy and commitment of participants*

The IRS should work with the Security Summit's state and industry leadership to evaluate the impact of any IRS organizational redesign pursuant to the Taxpayer First Act on the Security Summit's structure and operations, and to identify and act on specific opportunities to drive and sustain the Summit's effectiveness, efficiency and participant energy and commitment.

RECOMMENDATION #13: *Collaborate with State and Industry ISAC participants to implement TFA's ISAC-related provisions*

The IRS should collaborate with states and industry to develop and implement Section 2003 (b) and (c) of the Taxpayer First Act regarding ISAC performance metrics, information sharing agreements and related policies and procedures.

RECOMMENDATION #14: *Implement a structured on-boarding process to mitigate the adverse impact of continuing ISAC turnover*

The IRS should enable the ISAC Trusted Third Party to develop an on-boarding process including a review of ISAC reference and operational materials to mitigate the adverse impact of IRS, state and industry personnel turnover and accelerate the value provided by and to new ISAC participants.

RECOMMENDATION #15: *Implement a more structured training program to improve ISAC participant performance*

The IRS should enable the ISAC Trusted Third Party to implement a more structured approach for the development and delivery of ISAC platform training.

RECOMMENDATION #16: *Implement real-time EFIN and PTIN validation capabilities*

The IRS should continue to develop and implement a system to enable real-time electronic EFIN validation by authorized third parties and, once launched and operating effectively, evaluate options to extend this functionality to real-time electronic PTIN validation.

At the conclusion of Ms. Riley's comments, Mr. Salo turned the meeting over to Mike Beebe, Director of Return Integrity and Compliance Services, for any comments from the IRS.

IRS COMMENTS

Mr. Beebe thanked the Chair and Vice Chair of ETAAC, all ETAAC members and acknowledged the Security Summit members who are rolling off of ETAAC and continuing on the Summit. Mr. Beebe noted that the Security Summit had been successful in reducing fraud by 80%, and that ETAAC shares in that success. He noted that IRS would review the recommendations carefully and engage with ETAAC in the future on its response to them. Finally, Mr. Beebe noted that the Chair, Vice Chair and Ms. Riley would be reviewing the Annual Report with Congressional Staff from the oversight committees later in the day. He concluded the IRS's comments and handed the meeting back to the ETAAC Chair.

CLOSING REMARKS

Mr. Poirier thanked Mr. Beebe, and referred the meeting to Mr. Hardy for any final thoughts from IRS.

Mr. Hardy thanked everyone on the ETAAC team who pulled together to ensure that the work was carried on and noted the contributions that ETAAC members provide to IRS. He congratulated Mr. Salo on his appointment of the incoming Chair of ETAAC, and congratulated and thanked those members who are rolling off of ETAAC. He also thanked Mr. Poirier, as the ETAAC Chair, for his efforts during pandemic.

Mr. Poirier announced that those who have questions on the report should send an email to publicliaison@irs.gov, and officially closed the Public Meeting.