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INTERNAL REVENUE SERVICE

ELECTRONIC TAX ADMINISTRATION ADVISORY COUNCIL

(ETAAC)

9:00 a.m.

Wednesday, June 29, 2022

Internal Revenue Service
Office of Chief Counsel
1111 Constitution Avenue, NW
Washington, DC 20224

1 ETAAC MEMBERS PRESENT

- 2 Robert Annusazewski
- 3 Jared Ballew
- 4 Peter Barca
- 5 Vernon Barnett
- 6 Latryna Carlton
- 7 Mark Godfrey
- 8 Larry Gray
- 9 Mel Hardy
- 10 Jihan Jude
- 11 Courtney Kay-Decker, ETAAC Vice Chair
- 12 John Kreger
- 13 Carlos Lopez
- 14 Julie Magee
- 15 Sherice McCarthy-Hill
- 16 John Paille
- 17 Kimberly Pederzani
- 18 Andrew Phillips
- 19 Terri Steenblock
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P R O C E E D I N G S

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(9:00 a.m. EST)

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(Welcome statements by the ETAAC Chairman, Ms.

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Courtney Kay-Decker, and the Director of the

8

National Public Liaison Office, Mr. Mel Hardy, were

9

given and the transcript begins with the Remarks of

10

the Director, Mr. Mel Hardy.)

11

MR. HARDY: Good morning, everyone. We want

12

to be respectful of everyone's time, especially our

13

very, very special guests. This is the first time

14

that we've been able to do anything in person.

15

And so, as I mentioned yesterday, coming out

16

of this global pandemic has been tough. But being

17

here with all of you, it's just been wonderful.

18

And we're now back to some semblance of normalcy.

19

So welcome to the 2022 ETAAC public meeting,

20

and we have a lovely panel coming to the stage.

21

CHAIRMAN KAY-DECKER: We have to make an

22

entrance now.

23

MR. HARDY: Oh, you have to make an entrance?

24

Okay. All right.

1 CHAIRMAN KAY-DECKER: Yes, yes. Thank you,
2 MR. Hardy. Good morning. My name is Courtney Kay-
3 Decker. I'm this year's chair of ETAAC, the
4 Electronic Tax Administration Advisory Committee,
5 and we're delighted this morning to present to you
6 our first live post-pandemic annual report after
7 the pandemic.

8 Our report looks a little different this year,
9 and I'll tell you a little bit more about that, and
10 the folks on our committee will tell you about
11 that, but first, and most importantly, Mel has an
12 important introduction to make.

13 MR. HARDY: Okay.

14 MALE SPEAKER: We all want to be Mel. When
15 she said, Mr. Hardy, I was looking for Mel's dad.

16 (Laughter.)

17 MR. HARDY: So we're here today, obviously,
18 for this public meeting. But I do want to stress
19 the importance of one thing, and the Commissioner
20 will touch on this because he always does, the fact
21 that all of you have put in such valuable time,
22 energy, and talent to this report.

23 And the IRS, the Commissioner, NPL, the whole
24 agency, really, truly appreciate your efforts. So,

1 ladies and gentlemen, it is my distinct honor and
2 privilege to introduce to you the 49th Commissioner
3 of the Internal Revenue Service, the Honorable
4 Chuck Rettig.

5 (Applause.)

6 COMMISSIONER RETTIG: So, you know, I got to
7 say, we all love Mel, right, I mean just --

8 (Laugh.)

9 COMMISSIONER RETTIG: And following Mel -- you
10 know, I'm only half kidding. I just did the
11 superman act at my office, you know, getting the
12 suit on, and the guys come in and go, we've got to
13 go. I go, Mel Hardy is going to be there, you know
14 --

15 (Laughter.)

16 COMMISSIONER RETTIG: How do I look and
17 whatnot? You know, first and foremost, it's just a
18 huge thank you. It's been rough. And the fact
19 that people continue to volunteer to help us, sort
20 of -- even in a remote atmosphere, the planes,
21 trains, and automobiles concepts, the ability of --
22 you know, everybody's busy, you know, and you've
23 got plenty of other things to do and personal
24 things to do and all the rest of this, right. And

1 then you get back and you get back to help us.

2 And it's no secret, we are on our heels and
3 we're still on our heels, you know, with --
4 everything IRS does is highly visible. So the idea
5 that people give of their time -- people already
6 busy give of their time is impactful and means a
7 lot to every employee at the IRS, means a lot to
8 me, and obviously it means a lot to the country.

9 And so, you know, really, everybody says thank
10 you and it's kind of like a drive by. I don't want
11 that to be a drive by from us. I want you to know
12 that we do appreciate what you've done, where
13 you're helping us get things right. When we don't
14 get it right, calling it out and helping us in that
15 regard. You know, when you sit in an organization
16 like this, you tend to get a little isolated.

17 And certainly if you're the Commissioner, you
18 tend to get a little isolated. And so the outreach
19 with people, you know. I look up and I see Carlos
20 and it's been like, you know, the interactions have
21 been nonstop. And Larry, you know, same thing.
22 And the best of the best comes out in the most
23 difficult times and the most challenging times.
24 And COVID has been a challenge for everybody.

1 And I will say, I think you're all aware, so I
2 am in my last like couple of months as
3 Commissioner, it's a statutory term and you rotate
4 off. And a lot of people are like, you know, what
5 are you thinking? Not a whole lot, you know.

6 (Laughter.)

7 COMMISSIONER RETTIG: Same thing I thought for
8 the last four years. 10 minutes at a time. 10
9 minutes at a time. You know, when's the next
10 inbound and what's the impact of that, that kind of
11 a thing. But I will say that looking back, the
12 pride factor has been the interactions with
13 certainly the IRS employees.

14 I think you're all aware that I came for the
15 IRS employees and that was my highest priority, tax
16 professionals, tax practitioners, no matter what
17 the designation is, after the name. You know that
18 my designation was a lawyer, but I only introduced
19 myself as a tax guy my whole life, other than to my
20 mom because she thought the lawyer thing -- I'm the
21 only one of my family to go to college and so to my
22 mom it was, and I went to college because my mom
23 wanted a child to go to college, and I am number
24 three of three.

1 You do the math, you can figure out in a
2 hurry. And I wasn't in the college area. You
3 know, I'm in the Vietnam era. So everybody -- I
4 have a brother who's sixteen months older.
5 Everybody in our era went to war. And so when
6 you're going through junior high and high school
7 and you see your whole neighborhood go off, the
8 idea of, oh, I'm going to college, the ones who
9 were going to college were the ones who didn't want
10 to go in the military, right.

11 And I joke and say, if at 13 or 14, I said to
12 my dad, I'm -- they were thinking Canada. I
13 haven't been in the military at 13 or 14. That's
14 just how the math worked in our family. So the
15 idea of coming in, the ability to give back, and
16 whatever individually, whatever little piece we can
17 do is huge.

18 But collectively, I think that history will be
19 very polite to the Internal Revenue Service and to
20 everybody who's helped the Internal Revenue Service
21 during this period of time. If you look at the
22 volume of contacts -- everybody writes articles
23 about what contacts that didn't happen, right. A
24 couple of quick points, right. Three rounds of

1 economic impact payments issued, launched within
2 two weeks, within 48 hours, and within 24 hours.

3 EIP one, two, three. You include the first
4 two rounds, not filing season '22, but include the
5 first two filing seasons, it's \$1.5 trillion of
6 relief to real people during a pandemic, most of
7 whom have never been unemployed before, never lost
8 a business before, never, never, never, never --
9 never been in a food bank line. And not like the
10 EIPs got them out of the food bank line because
11 it's limited to \$1,200, \$600, \$1,400. But what it
12 did is it showed these people that this country
13 cared, right.

14 And so we all go -- I was, you know, an
15 accounting and economics major. We all go to the
16 numbers, and I do, too. You know, million -- \$1.5
17 trillion, etcetera, etcetera. But think about the
18 emotions, you know.

19 For the first time your life is unsettled and
20 all of a sudden you looked in your account, direct
21 deposit, boom, something's there. So a lot of
22 articles on the, what didn't happen, you know, I
23 call it the 2 percent. You know, that TIGTA on
24 round one issued a report in May of 2020 that the

1 IRS got the amounts accurate 98 percent of the
2 time.

3 Around three, accurate 99 percent of the time.
4 Spectacular. You guys are part of that, right. I
5 mean, we didn't do what we did in isolation. We
6 did it as part of a large group of people who care
7 about people. So really, you know, thank you for -
8 - I think, you know, I was on your SAC, and, you
9 know, I've run into a lot of you in a lot of
10 different spaces and all that, and I get it.

11 I get the difficulty of, gosh, I have to get
12 this done, and you also have the clients calling
13 and then we're not answering the phones. You know,
14 I understand the math to this whole thing. And
15 notwithstanding all the rest of the world, you guys
16 did it and you helped us. And I want you to know
17 that we really do appreciate that.

18 And then certainly, you know, Courtney and
19 Jared helping kind of steer the ship and reaching
20 in. And I think most of, you know, Courtney is not
21 shy about reaching --

22 (Laughter.)

23 COMMISSIONER RETTIG: -- about reaching in and
24 touching base. And, I say that affectionately. I

1 hope that came across right, you know. But you got
2 to be that way, right. Like, you know, from now on
3 -- if you weren't before, from now on, just reach
4 out. And if you're at any program, any arena,
5 anywhere, and as an IRS employee, no matter what
6 their capacity with the agency, if you have
7 something to say, tell them. It will get to the
8 right people in-house, right.

9 So my only real thing here is to thank you,
10 that from a participation and, you know, all the
11 stuff that you guys interact with, right, CERCA,
12 Security Summit, and all the rest of this. When
13 you kind of leverage it up and you say, what
14 happened? Remember that everything is a person.

15 Everything we touch is a person. So every
16 phone call is a person, every document, every
17 paper, something, is a person, whether it's a
18 letter or whether it's a tax return or whatever,
19 right. And the emotions have been flying through
20 the pandemic, internally, as well as externally.

21 And I will say that I know you all gave, and I
22 want you to know that the people of the IRS gave,
23 you know, so much, so often, and I don't want that
24 lost in translation.

1 Inventory amounts doesn't translate into a lack of
2 desire or dedication. And the work arounds that
3 had to occur, with your help, right. Hey, have you
4 guys started trying this and trying that? People
5 tried.

6 And so I think we took a very collectively, we
7 took a very risk averse agency and stepped into
8 this challenge big time. And I think that, like I
9 said, when you're in the middle of it, you know,
10 somebody who hasn't yet got their refund, it is
11 hard for them to accept things went well, all
12 right. We all get that, you know. But when you
13 look back over time and you see what was
14 accomplished and, you know, with, you know,
15 everybody says, but if you drop the line, it's kind
16 of sounds like it's more of an excuse.

17 Limited resources, right. It's no secret.
18 You know, we've got some people that are doing ten
19 different jobs. We should have 12 people doing
20 those 10 jobs as in the private sector. I know
21 about, you know, hiring issues and whatnot in the
22 private sector. Everybody's struggling in that
23 regard. But I think when you step back, and
24 history steps back, yes, it wasn't perfect, right,

1 but I think overall, and I'm going to close with
2 one thing that a lot of people haven't focused on
3 is our relationships with different community
4 groups.

5 We went into this with like about 3,000
6 community groups that we had relationships with.
7 We now have relationships with about 18,000
8 community groups. We have relationships with
9 13,000 public school districts. I actually, one of
10 my high points as Commissioner during the advanced
11 child tax credit, I got asked to do a zoom call
12 with L.A. Unified School District, right. It was
13 like 11:00 p.m. at night.

14 And the superintendent of schools introduced
15 me, and she introduced me as one of their most
16 important alumni. Well, going through school, L.A.
17 Unified is the second largest public school
18 district in the country, I knew a lot of
19 principals, school principals, but I was never on
20 student council just to let you know --

21 (Laughter.)

22 COMMISSIONER RETTIG: I had a tendency to talk
23 in the class and it's you know -- it got to the
24 point where there's just the hand motion. I know

1 what that meant, go to the principal's office. I
2 could leave my friends there. I knew the path,
3 right.

4 But to have the superintendent of the second
5 largest school district in the country introduce me
6 as one of their most important alumni, I will tell
7 you, it was emotional for me and it was, you know,
8 a little piece of my getting back to my community,
9 talking about advanced child tax credits was really
10 significant. And she went through kind of my
11 background and the schools that I attended, and
12 it's like in D.C. time, I think it was about 10:30
13 p.m. or 11:00 p.m. at night.

14 And then, you know, I'm at home in the screen
15 and my wife's behind the screen. And I tell them,
16 my wife came into the country as a refugee from
17 Vietnam. She had to repeat 12th grade because you
18 don't get on a boat in that context with your
19 paperwork. And she went to Los Angeles High
20 School. And then after the superintendent
21 introduced me, she says, and Mrs. Rettig went to
22 Los Angeles High School.

23 So, you know, I had my jeans on, but I had a
24 suit here, right, it's zoom at home and behind the

1 screen is my wife going, yes, yes.

2 (Laughter.)

3 COMMISSIONER RETTIG: Yes, you know. We're
4 not people that we look for somebody to go, oh, and
5 they did this and now they live in Washington, D.C.
6 And you know, by a lot of people standards that I
7 hung out with, I could be working at 7/11 here and
8 they go, do you know Chuck lives in Washington,
9 D.C., like, whoa, right.

10 So, those kinds of things and the ability to
11 do these kinds of things and to help people. And
12 then we have relationships with 400 different
13 homeless shelters. We got checks out to
14 unsheltered homeless people through these, we call
15 it trusted partner relationships. And again, I'll
16 come back to, and you can say \$1,200, \$1,400, \$600,
17 whatever, the lifespan of that for a homeless
18 person is not going to be significant.

19 But understand, for an unsheltered homeless
20 person, what that connection did, the first time
21 for them, by definition, they reached out and touch
22 that door handle and that shelter, at which point
23 the counselor who's trained on how to deal with
24 this takes over, right. So I'm confident that

1 there are thousands of people who are better off as
2 a result of this, not necessarily economically,
3 because that's, you know, goes by, but are better
4 off because now they have to like counseling and
5 there have somebody who's kind of watching their
6 back, right.

7 And maybe they're still out on the streets
8 because that might be a choice thing, but they're
9 still in better shape today and it's that other
10 piece. So I tell the employees, you did that,
11 right. You got this person, where they reached
12 out, they touched the handle, and life is better.
13 The last thing, and I'm just going to say proudly,
14 I'm the 49th Commissioner.

15 The fact that we all went into languages,
16 right -- can you make a difference? Can one or a
17 small group of people make a difference in one of
18 the largest organization that has touched more
19 Americans than any other organization on the
20 planet? Second week, third week, something like
21 that I think it was Terry, I raised with somebody,
22 how many -- I'm from L.A., right.

23 And by the way, the community, the best way I
24 can describe my community was, we used to brag to

1 my friends that my mom was born in the United
2 States. My dad was not. But that kind of tells
3 you, the community we grew up in and our friends
4 just go, no way, your mom's not born in -- I say,
5 yeah, my mom's born in the United States, right.

6 And so a real eye to everybody is important.
7 I asked the question, how many languages do we
8 operate in? And they would say -- I was just with
9 Dave Alito and King Corbin, and they were replaying
10 this meeting and said they had a heads up that I
11 was going to go there, right. Well, you're from
12 Los Angeles.

13 And so how many languages we do things in?
14 And Dave Leo says, you know, we had our stuff, we
15 had our statistics. And he says, I said four, and
16 this is -- I'm quoting David Alito. And he said,
17 you were -- you gave us a look, you were so
18 disgusted in us. And I go, I don't know that he
19 used disgusted.

20 I had a bit of more harsh words like, you
21 touch everybody. And, you know, we're not a
22 country where we expect people to conform to us.
23 My grandparents, my German grandparents came in and
24 we answer the phone, it would be in German, and we

1 said, grandma, I think it's for you. We had no
2 clue.

3 And she'd answer that phone. She'd say, speak
4 English, speak English. That's that generation.
5 This generation, we respect the fact that they have
6 the language they're most comfortable. And, you
7 know, my in-laws don't speak English. And so we're
8 operating, you know, coming into 2020, 2019, in
9 four languages? And you want people to trust us?
10 And so we're -- the languages were an opening to
11 get us into the communities.

12 We need to have people from the communities
13 bring the message that we want into those
14 communities. And that's just the way it works.
15 And, you know, my wife has come in here and she's
16 worked with Taxpayer First Act.

17 And I'll just say that it was one occasion
18 where she just said, she was the only person of
19 Asian culture heritage in the room and they asked
20 her, can she come in and we want to talk to her
21 about how we can interact more with different
22 ethnic communities and in her case Vietnamese. Her
23 parents live in Little Saigon and don't speak
24 English.

1 I wasn't invited to the meeting, but I heard
2 the night before she had talked to her dad and she
3 had 15 pages, handwritten notes that she's going to
4 talk to the IRS employees. And she's like, honey,
5 do you want to hear what I'm going to say? No, I'm
6 good, you know. And then she starts giving me
7 tidbits and then I start looking at her notes. And
8 then I figured I better come in and protect the
9 IRS, right.

10 But something happened in that room that I
11 think is important. And it was important for me,
12 and I think it's important for us. 20 minutes, and
13 she only person of Asian cultural heritage in the
14 room, 20 minutes in the elbows came up on the table
15 right, and there were maybe eight or ten people,
16 elbows come up on the table and she says, we need
17 to pause. And I'm like, oh, man, you know, I'm
18 going to lose my job today. She's going to like
19 say something here.

20 And she says, you all know you can't go into
21 the Vietnamese community and be accepted, right.
22 You're not from there, and you will never be from
23 there. Message being, in their culture, you know,
24 you talk to people from Vietnamese culture here,

1 they, their parents, or their grandparents came
2 from a pretty horrific environment and their exit
3 strategy from Vietnam after Vietnam fell was not
4 user friendly.

5 So if you don't have immediate family members
6 who were executed, right, or who were put into a
7 prison camp, or who lived on a boat, you know, half
8 people -- she was a boat person. Half the people
9 left by boat didn't make it. If you don't have
10 that history, you're going to come in and talk my
11 language? You are not. It is not -- and so the
12 point being, be proud of who we are. Be proud of
13 the country that we live in. Respect and value the
14 different people for their backgrounds, right.
15 Don't speak English.

16 We need to get into their language and show
17 them that we care about them for who they are, and
18 we respect them for who they are. That makes the
19 world better. So as I'm leaving the IRS shortly, I
20 hope and I want it to stay as an agency that's not
21 brick and mortar, it's not institutional, it's a
22 group of people coordinating with folks on the
23 outside, highly, and respecting everyone.

24 We can make it better if you are one person,

1 one taxpayer, one tax professional at a time, and I
2 think we're headed in a good direction. When you
3 look and go, 49th Commissioner, and for the first
4 time ever, the Form 1040, which, you know, 168
5 million or something come through globally for us,
6 just on the 1041, first time in the history of this
7 country the form 1040 was in a language other than
8 English, and the 2020 1040 was in Spanish, 2021
9 1040 is in Spanish, right.

10 I mean, I don't want to say where have we
11 been, but I will say where have we been, right.
12 How are people supposed to respect you -- what I've
13 said to the IRS in place, go to Portugal, file a
14 Portuguese tax return. You know, Portuguese is not
15 Spanish, right. Good luck to you. You earn money
16 in Portugal, you're required to file a return.
17 What they're left with, and this comes back to the
18 different ethnic communities, what they're left
19 with is finding a tax professional who's fluent in
20 both languages.

21 These ethnic communities, you guys all now,
22 get preyed upon by people who come into their
23 community, oh, I can help you. And a lot of the
24 communities, you know, I use my wife as an example,

1 my wife sees somebody with a title and you'll see
2 her stand up, right, like the community. So, you
3 know, enrolled agent authorized by Internal Revenue
4 Service, they're going to like salute, you know,
5 and that's the world.

6 But there are people in those capacities that
7 prey upon people who don't know the difference. So
8 us getting into those languages and with you guys
9 making an impact, I think we're set, what I call it
10 on rails, to head in a good direction to benefit
11 real people in a really good way. And the pandemic
12 has been horrific for all of us.

13 It's been a real struggle for all of us. But
14 it did open these doors and it did allow tax
15 administration to be looked at differently. It
16 allowed us to distribute a lot of benefits. And so
17 people don't look at us as just sort of the tax
18 collector or tax examiner or whatever.

19 And the employees, you know, my pride factor
20 of being on this journey with the employees will
21 last forever and similarly to being with all of
22 you. So, thank you. You know, you might not have
23 wanted the soapbox piece, but, you know, I'm almost
24 -- within a couple of months my term is expiring,

1 you know --

2 (Laughter.)

3 COMMISSIONER RETTIG: Many of you've heard me
4 say, when I say what echoes in my head is, I'm
5 6.6 ft and I like to say 300 pounds. And every
6 time I say that I can hear my daughter saying, it's
7 kind of been throughout life, dad that's your goal,
8 it's not your weight --

9 (Laughter.)

10 COMMISSIONER RETTIG: But it's my story, that
11 300 pound thing. It has been a privilege to be
12 Commissioner. It's been a privilege to work with
13 you. As I, you know, leave the IRS, I think that
14 we should all be proud, and whoever the next
15 Commissioner is, we should all support
16 tremendously.

17 So whatever the person's background is,
18 whether they are or are not a tax person -- you
19 know, I was the first tax person since Peggy
20 Richardson in 1997. A little unique in that
21 respect. And the next person will be who the next
22 person is. This is a really great group of
23 employees. The relationships are solid.

24 We've expanded those relationships, being in

1 the communities. 13,000 public school districts,
2 so we have information we want to get out, poof,
3 right, it goes into those districts. I will say in
4 closing, the L.A. Unified District found out quite
5 quickly, their zoom, they can do 10,000 people, 4
6 languages. I was so excited when I got off the
7 call with them, the zoom with them.

8 Next morning I come in, I said to Jeff
9 Tribiano, Deputy Commissioner for Op Support, I
10 said, hey their zoom can handle 10,000 people in 4
11 languages. And tell -- you put the language in as
12 you go in. And, you know, we actually have to have
13 people turn off their cameras at certain points
14 because it's loading our system.

15 So Jeff says, well, that's zoom.com, I think
16 -- that's, you know, owned by the Chinese. We're
17 not allowed to use that. So my next comment was,
18 so the Chinese have a better zoom than we do. He
19 goes, well, you know, let me look into this. And I
20 think that's kind of the hallmark of me as a
21 person, and I want it to be of you as a person.
22 Don't take an excuse or an answer at face value.

23 Keep going, keep testing it because we'll get
24 to a better place. And bottom line is, you know,

1 to each of you and you know we've got more going on
2 is this, is thank you. I appreciate being here. I
3 certainly personally myself and my family
4 appreciate, you know, your friendship and your
5 support to us. It has not been easy.

6 You know, we've had challenges, and the
7 challenges have challenges inside of those
8 challenges. But I will say throughout for myself,
9 my family, and my IRS family, we know that you guys
10 had our backs on the outside and we do appreciate
11 the exchange and interaction. So, thank you very
12 much.

13 (Applause.)

14 COMMISSIONER RETTIG: Somewhere, I have
15 prepared notes. We'll send those out to you.

16 (Laughter.)

17 CHAIRMAN KAY-DECKER: I'm so glad you don't
18 have prepared notes, because it's always so much
19 fun when you don't. Thank you, Mr. Commissioner.
20 We are very honored to have you here today to
21 listen to us share some highlights and some other
22 thoughts about our annual report. So on behalf of
23 our committee, we are delighted to unveil our 2022
24 Electronic Tax Administration Annual Report to

1 Congress.

2 That annual report should be live now on
3 irs.gov if you search ETAAC. And I'm told it may
4 be listed under the 2021 link at the moment and it
5 should be changed to 2022 pretty soon. Our report
6 this year looks a little different from what it has
7 in the past. We have about 32 pages, maybe only 30
8 pages of content if you look at the back pages left
9 intentionally blank, so, and then the front page
10 starts at 2.

11 So 30 pages of content as opposed to in prior
12 years, sometimes over 100 pages. So, you know, why
13 is that important? Our recommendations are also
14 down. Typically, those recommendations range from
15 10 to in the 20s.

16 This year, we took a step back and said, you
17 know, in light of everything that's happening in
18 the world around us, let's look at tax
19 administration from, you know, a holistic sort of
20 30,000 foot approach, and figure out what it is
21 that would mean most to the taxpayer experience,
22 recognizing that many of the things that we're
23 looking at are a little bit in the weeds and
24 taxpayers may not realize at the end of the day

1 that the things we recommend will help them have a
2 better experience.

3 So, shorter report. Another thing that we're
4 I think quite pleased with in our report is that we
5 used some of the learnings of the pandemic and
6 experiences of, you know, many things that were
7 really successes of the IRS over the past few years
8 to better structure our recommendations to leverage
9 those things that the IRS is really good at.

10 You know, the Commissioner is proud of
11 everything that the IRS has accomplished, but also
12 recognizes, and we quote him in our report, that,
13 you know, one person having a bad experience is too
14 much. You know, they are people, and so we get,
15 you know, in this experience to reflect on the
16 things that could be better, but there are so many
17 things that are going well.

18 And we always hear about the bad stories, the
19 difficult experiences, but there is another side to
20 this story. And we'll spend some time talking
21 about those experiences as well, and those are
22 woven into our recommendations throughout the
23 report. So at this point, I'd like to turn the
24 meeting over to my co-chair, oh, my fabulous co-

1 chair, who I have to say publicly has been the best
2 co-chair ever on the best committee ever.

3 And I mean, we've had our virtual times --
4 yes, the bar is high. We've had virtual meetings
5 up until now. Most of us met each other for the
6 first time yesterday in person and realized we're
7 all three dimensional beings. So the team has
8 worked so hard and I'm so proud of the work that
9 we've done together.

10 And the together is also with all of the great
11 people of the IRS who make their time available to
12 us to help us understand issues and so forth. And
13 now I will turn it over to Jared to share a little
14 bit more about our committee.

15 MR. BALLEW: Thank you, Courtney. And I
16 appreciate the co-chair comment. We all know it's
17 vice chair because Courtney leads the way, and this
18 year that is certainly true. And I've played the
19 supporting role and it's been an honor to do so
20 with this committee. Oh, thank you very much.

21 Commissioner, I want to thank you this morning
22 for your admonishment to this ETAAC that we
23 continue to push forward, and we continue to fight
24 and dig into look into the issues in tax

1 administration.

2 I want to give a kudos out to the IRS this
3 morning. This year, as we've gone through our
4 report, we have had access, openness, candor from
5 your staff as we have dug into the issues and that
6 is something that, you know, I think the pandemic
7 has brought about where we've been able to have
8 access to employees where we may not have.

9 But more importantly, our employees were
10 willing to meet with us and willing to have those
11 conversations. So that starts from the top, from
12 administration down, and from that I think all of
13 us in the ETAAC would say thank you so much for
14 your leadership in that area.

15 It is my distinct honor this morning to be
16 able to introduce to you our committee for the
17 ETAAC this past year, 2021 to 2022. And the
18 members of our ETAAC bring many different
19 experiences across tax administration. The members
20 represent a diverse and talented and engaged group
21 of individuals who volunteer their personal time in
22 an effort to find ways to make electronic tax
23 administration across this nation better,
24 ultimately serving the American taxpayer.

1 To the committee, I say thank you for your
2 countless hours, that you've volunteered not only
3 this year, but through a pandemic. On behalf of
4 Courtney and myself, we want to thank you for your
5 service. The ETAAC is a shining example of a
6 successful committee that demonstrates how
7 successful tax administration requires
8 collaboration.

9 The committee is comprised of three main
10 demographics, both current and prior tax, State tax
11 administrators. We have software developers and
12 tax practitioners. This past year, our committee
13 comprised of 23 individuals, 4 coming from our
14 State delegates or State sector, 13 from industry,
15 and 6 practitioners.

16 To learn more about each and every one of our
17 distinguished individuals, you can look in the back
18 of the ETAAC report this year to go through their
19 bios and demographics. With that, I would actually
20 like to turn it over now to Mark Godfrey, who will
21 be covering the mission and function of ETAAC.
22 Mark.

23 MR. GODFREY: Good morning. My name is Mark
24 Godfrey. Across the nation, few organizations

1 serve more customers than the IRS. A nation that
2 cannot tax is no longer a nation, and this nation
3 deserves defending. Our committee is focused on
4 electronic tax administration.

5 We are not a council. We are not oversight.
6 We have no hammer. We have only our advice based
7 on our experience. We are one of only a handful of
8 IRS advisory committees. Uniquely, we report to
9 Congress.

10 It is our job to engage Congress to give the
11 nation the tax agency that it deserves, providing
12 accuracy, clarity, and turnaround time to our
13 customers. And now Sherice McCarthy Hill will
14 discuss the attributes of successful initiatives.

15 MS. HILL: Hello, everyone. I am Sherice
16 McCarthy Hill, and I am to start us off today. So
17 appropriate funding for our IRS initiatives are
18 generally more successful when these certain
19 attributes are present. ETAAC has identified four
20 key attributes of successful initiatives. One,
21 collaboration of stakeholders.

22 Two, modern technology. Three, prioritization
23 of projects. Four, balance of machines and people.
24 ETAAC believes that acceleration of improvement can

1 occur by leveraging the strengths of the Internal
2 Revenue Service. The first attribute will be
3 presented by Vernon Barnett.

4 MR. BARNETT: Good morning. My name is Vernon
5 Barnett, and I would like to start by thanking our
6 partners at the IRS. It's been a phenomenal year.
7 I was repeatedly struck by the openness and the
8 dedication that our IRS partners showed in giving
9 of their time and their expertise throughout this
10 process.

11 And as you review the report, you will notice
12 several of the recommendations have this common
13 theme of collaboration. When the IRS collaborates
14 with the State tax agencies and industry partners,
15 they can leverage the collective strengths,
16 knowledge, and work products.

17 The outcome of this collaboration is more
18 comprehensive and effective -- the outcome of this
19 collaboration provides more comprehensive and
20 effective results for the IRS, State agencies, the
21 industry partners, and, most importantly, the
22 taxpayers.

23 Tax law and administration is very challenging
24 and can be very confusing for our taxpayers. This

1 is evidenced by the fact that every year the State
2 agencies are inundated with calls from taxpayers
3 who are actually wanting to talk to the IRS and not
4 us and are very confused that we don't administer
5 Federal taxes.

6 External stakeholders who are the users and
7 often the champions of IRS improvement are engaged
8 in collaborative brainstorming and troubleshooting
9 early and often during any new initiative and its
10 rollout.

11 MEF, the Security Summit, and the Identity
12 Theft, Tax Refund, Fraud, Information Sharing and
13 Analysis Center are all initiatives that have been
14 tremendously successful due to the collaboration
15 among the stakeholders of these processes and
16 systems.

17 We encourage the IRS to continue to
18 collaborate with stakeholders to rethink policies
19 and processes for electronic return intake, to
20 allow taxpayers to securely authenticate themselves
21 and electronically solve the most common e-filing
22 problems faced by taxpayers.

23 MEF and online accounts are promising vehicles
24 that can empower taxpayers to resolve problems in a

1 way that reduces the amount of back and forth paper
2 communication. ETAAC stands ready to provide
3 feedback and support on the reimagining of these
4 processes. And with that, I will yield to Kim
5 Pederzani.

6 MS. PEDERZANI: Good morning. My name is Kim
7 Pederzani. There has never been such a need for
8 Governmental turn on a dime innovation as there has
9 been during and following the facilitation of the
10 varying forms of relief stemming from the COVID-19
11 pandemic.

12 Such innovation must be far reaching to
13 unlimited backgrounds, while still cognizant of the
14 varying familiarities and capabilities of the
15 American populace. Technology is one such commonly
16 accepted language, using tools that are secure and
17 designed to handle changes such as tax law and
18 administration changes efficiently when they occur.

19
20 The 1099 portal is one such example of a new
21 system that implements a common language, allowing
22 for easier system changes to be adapted near
23 universally as needed. Further, the IRS is focused
24 on prioritizing increased functionality over time

1 based on taxpayer needs demonstrates this
2 principle. And I will now turn it over to Jihan
3 Jude to discuss prioritization.

4 MS. JUDE: Good morning. I am Jihan Jude.
5 I'll be talking about prioritization. A true
6 strength of the IRS is making sure that the highest
7 volume workflows are successful. This means
8 prioritizing resources to ensure that forms with
9 high volumes can be e-filed. The largest category
10 of returns by volume are individual income tax
11 returns, forms 1040.

12 The IRS boasts an electronic filing rate of
13 over 90 percent for individual returns through the
14 modernized e-filing system, known as MEF for short.
15 And prioritizing the MEF system and all the systems
16 that support it are at the top of the list. This
17 is because e-filing continues to be the fastest way
18 for a taxpayer to file an accurate return and
19 quickly receive a refund. But there are challenges
20 that prevent taxpayers from electronically filing
21 their returns.

22 In fact, among paper filed returns, at least
23 50 percent were prepared with commercial software.
24 But a portion of returns are rejected because of

1 errors, and resubmitting the returns electronically
2 is not possible for several reasons. For example,
3 a taxpayer may not have their prior year adjusted
4 gross income information to validate their identity
5 or say a taxpayer may be missing other documents
6 that they need to attach with the return.

7 Prioritizing the MEF system and electronic
8 filing means that there must be better
9 understanding of the error rate and reasons that
10 taxpayers choose to file on paper. Better
11 processes for uploading to the MEF the supporting
12 documents needed to resolve return issues, and a
13 process for securely authenticating returns.

14 This will increase opportunities for
15 electronic filing, and facilitate the filing of
16 more accurate returns, and reduce the IRS's per
17 return cost of filing. Now I will turn it over to
18 Jared Ballew.

19 MR. BALLEW: Thank you, Jihan. Like the
20 Commissioner, I think I need to subscribe to the
21 school of Mel Hardy. I don't know where the
22 application starts but count me in line for that
23 one. You know, the pandemic has touched and
24 changed just about every facet of the world that we

1 live in, that we work in.

2 And, you know, I think one positive thing that
3 I can -- that we can take away from the pandemic
4 is, you know, those -- I can make \$100 or \$1,000 a
5 week working from home and you can too folks
6 sending those emails, so thank you pandemic, you
7 have squashed at least one of the fraud schemes out
8 there, at least minimized it. But no, balancing
9 machine and people, right. It's a complex question
10 that you pose, whether you work at the Government
11 or you work in private industry, how do you balance
12 the two?

13 And ETAAC believes now more than ever that
14 there's a need to calibrate an appropriate machine
15 to human balance, which assigns simple, repeatable
16 tasks to machines, and allocates complex tasks
17 requiring judgment to humans. Between the two are
18 the processes that ensure that work is completed
19 both timely and accurately.

20 One of the more exciting accomplishments over
21 the past year has been the rapid development and
22 implementation of an automation that expedites
23 return error processing for certain electronically
24 filed returns. The Error Resolution System. Many

1 of you may be familiar with the term of errors or
2 ERS.

3 That inventory is comprised of tax returns
4 that contain errors that have been historically
5 required to be manually reviewed by the IRS. And
6 that manual review process has created substantial
7 delays in the processing and has impacted taxpayers
8 who desperately need the funds from their returns
9 that they filed.

10 For example, returns filed during the tax
11 season 2021 that required manual review often
12 resulted in tax refund delays of 90 to 120 days or
13 more. To put that into perspective, prior to the
14 pandemic, the IRS typically identified about 5
15 percent of the total returns filed that appeared to
16 have errors needing resolution and that would be
17 introduced into the system.

18 During the 2021 filing season, the rate of
19 returns sent to ERS for resolution was
20 approximately 20 percent of total returns filed.
21 This is in part due to legislation that required
22 credits to be reconciled on the tax return and for
23 some taxpayers to file who normally were not
24 required to do so, creating a new experience for

1 those taxpayers.

2 The IRS, however, after that filing season of
3 2021 and their team came together and identify the
4 pain points and the issues and put together a
5 program that we know now today as FixERS. And
6 you'll notice that is in our report this year and I
7 recommend you to read that section.

8 They developed the FixERS automation tool. As
9 of April 2022, the FixERS tool has significantly
10 shortened the process and the resolution times
11 needed to process tax returns that have errors in
12 them. The tool resolved about two-thirds of the
13 returns coming through the ERS system, minimizing
14 human intervention for those returns and bringing
15 returns to the ERS manual queue back to the pre-
16 pandemic levels of around 5 percent.

17 To give you an idea how fast the automated
18 tool would work, prior to the pandemic, an IRS
19 agent could process about 100 returns per employee
20 per day. With the new automation tool in place, it
21 translates to about 5,000 returns per employee
22 could be processed per day.

23 There resolved -- the returns are resolved
24 through the FixERS are now processed through the

1 ERS in a timely fashion, allowing the IRS to issue
2 refunds with their standard refund time of 21 days,
3 whereas the manual process in 2020 created a delay
4 for several months. The FixERS success shows that
5 the IRS understood and developed a balance of both
6 machine and people, and we applaud their efforts in
7 that area. With that, I want to turn it over to
8 Latryna Carlton to talk about the phones at the
9 IRS.

10 MS. CARLTON: Good morning. Good morning,
11 everyone. My name is Latryna Carlton. It's no
12 secret that our phone lines have been busy. The
13 IRS folks who answer the phones are typically often
14 the same people who open the mail and handle other
15 processing tasks as well.

16 In a typical year, 55 percent of a customer
17 service representative time is spent on the phone,
18 and 45 percent of the staff time is spent on
19 processing, another pain point. While call volumes
20 have increased astronomically, the IRS has not been
21 able to hire enough staff to fill the need.

22 Instead, they did their best to begin to fill
23 the gap by rolling out policies of multiple
24 technology tools that, when fully implemented, will

1 provide significant benefits to taxpayers. These
2 tools include things like chat bots, taxpayer
3 callback, and secure document upload capabilities.
4 We also note that the IRS has taken strides to
5 expand the availability of communication in
6 languages other than English over the past few
7 years.

8 In 2022, multilingual telephone service was
9 expanded to the Volunteer Income Tax Assistance,
10 VITA Programs. Since the report issued, IRS has
11 rolled out AI, artificial intelligence systems that
12 can help many taxpayers who want to be served
13 digitally to receive that service. Reserving human
14 service for those who prefer that path.

15 The ETAAC appreciates Commissioner Rettig for
16 adding the multi-language program to reach all
17 taxpayers needing to be served. In 2020, our VITA
18 program began using a multilingual program called
19 the Ambassador Interpreter Program, which
20 translates 20 languages and 40 dialects.

21 It's used to effectively communicate with
22 English as a second language, ESOL, and non-English
23 speaking taxpayers, from the initial contact with
24 our VITA program, volunteers, from greeters,

1 intake, taxpayers, and reviewers. This allows ESOL
2 taxpayers to receive quality, culturally competent,
3 and efficient tax processing services.

4 Our use of the Ambassador Translation Program
5 eliminates the use of children or uninterested
6 adult persons accompanying the taxpayers, from
7 being the translators of pertinent information
8 during the intake interview and, or tax return
9 process. This all was done out of an identified
10 need to try to decrease wait times and creating a
11 seamless process for ESOL taxpayers.

12 VITA understands the desired outcome of a
13 complete and accurate tax return being prepared for
14 the taxpayer and the desire to return to our
15 program. And now I'll hand it over to Courtney
16 Kay-Decker.

17 CHAIRMAN KAY-DECKER: All right. It's my turn
18 again. And now I actually get to introduce or
19 bring up the folks who are rolling off our
20 committee this year. And I have Julie Magee is one
21 of them. And who else do I have? John Kreger.
22 Larry Gray. And Latryna? No, not Latryna -- and
23 Commissioner here, do we have them? Thank you --
24 I'm not doing this right.

1 MALE SPEAKER: There's a process.

2 (Laughter.)

3 CHAIRMAN KAY-DECKER: There's a process. And
4 I didn't realize I was in the middle of the process
5 so forgive me.

6 FEMALE SPEAKER: I'd actually done this
7 before.

8 (Laughter.)

9 CHAIRMAN KAY-DECKER: Apparently, I'm the only
10 one who hasn't.

11 (Technical problems.)

12 COMMISSIONER RETTIG: Did you check the names?

13 CHAIRMAN KAY-DECKER: Yes, I did. I
14 understand that -- yeah.

15 MALE SPEAKER: Thank you, Commissioner. Thank
16 you.

17 COMMISSIONER RETTIG: So my next question is,
18 what committee is Larry getting on?

19 (Laughter.)

20 CHAIRMAN KAY-DECKER: I know. I know.

21 (Laughter.)

22 COMMISSIONER RETTIG: Lock the doors until we
23 know what committee Larry's getting on.

24 CHAIRMAN KAY-DECKER: Last but not least --

1 COMMISSIONER RETTIG: Thank you for the shout
2 out. You know where my heart is and so that's --

3 CHAIRMAN KAY-DECKER: We told her that she was
4 the lucky one who got to talk about --

5 (Technical problems.)

6 COMMISSIONER RETTIG: It's all I could do to
7 stay in my chair.

8 (Laughter.)

9 COMMISSIONER RETTIG: That's why --

10 CHAIRMAN KAY-DECKER: All right. Now, before
11 we move into our specific recommendations, Mr.
12 Commissioner, are you getting the hook? Do you
13 have to go somewhere else, or do you get to stay
14 with us a little longer?

15 COMMISSIONER RETTIG: Just don't look toward
16 the doorways.

17 CHAIRMAN KAY-DECKER: Okay, that's how you get
18 to stay -- I know that --

19 COMMISSIONER RETTIG: When they move in, it's
20 done.

21 CHAIRMAN KAY-DECKER: The committee as a whole
22 --

23 COMMISSIONER RETTIG: You know I'm
24 Commissioner. I write my own rules.

1 CHAIRMAN KAY-DECKER: I know you write your
2 own rules.

3 COMMISSIONER RETTIG: Yeah, we have a few
4 minutes.

5 CHAIRMAN KAY-DECKER: Okay. If -- would you
6 mind taking a picture with all of us?

7 COMMISSIONER RETTIG: I actually have, also
8 have coins. I hope everybody else --

9 CHAIRMAN KAY-DECKER: Oh, my goodness.

10 COMMISSIONER RETTIG: This is a close call so,
11 you know, you hate to go there, but yeah.

12 CHAIRMAN KAY-DECKER: I have one, so you don't
13 need to give me.

14 COMMISSIONER RETTIG: Yeah. Did you bring
15 yours because I might need it.

16 (Laughter.)

17 CHAIRMAN KAY-DECKER: No, I'm not giving mine
18 back.

19 MALE SPEAKER: That is what you get --

20 (Technical problems.)

21 MR. BALLEW: And do we want to do a photo
22 upfront here?

23 CHAIRMAN KAY-DECKER: Yes, we'll do a photo
24 upfront.

1 MR. BALLEW: If you guys can come up. After
2 you get your coin here, we'll come upfront here to
3 get your photo.

4 CHAIRMAN KAY-DECKER: So for those of you who
5 are on the phone, we're going to pause for a moment
6 for photos.

7 (Pause.)

8 CHAIRMAN KAY-DECKER: Are we ready to start
9 our -- ?

10 MALE SPEAKER: Badges back on.

11 COMMISSIONER RETTIG: So, so I'm leaving,
12 right?

13 CHAIRMAN KAY-DECKER: Okay.

14 MALE SPEAKER: Yeah.

15 CHAIRMAN KAY-DECKER: Well, you're welcome to
16 stay as long as you want.

17 COMMISSIONER RETTIG: So, a couple of points.
18 You know, the language thing, it's a respect thing
19 for people. And, you know, I'm not going to be
20 here right after November or thereabouts. No later
21 than November 12th, I'm no longer Commissioner of
22 the Internal Revenue Service. So hold the agency
23 accountable.

24 People here want to do it, but people here are

1 like people in the private sector, a lot of things
2 on their plates and they juggle priorities. The
3 languages, the communities, it's just the right
4 thing to do and it also helps the agency.

5 So as we get into languages, that takes some
6 of the pressure off the phones, if the instructions
7 are in a language somebody actually is comfortable
8 with. And when you started out saying languages
9 people are fluent in, right. And that's the wrong
10 approach. I'm not fluent in English, you know --

11 (Laughter.)

12 COMMISSIONER RETTIG: And I struggle. So you
13 can only imagine, you'll know some languages, but
14 let alone the language, but then the tax aspects of
15 the language. So there's a lot that ties into
16 that. It's respect for the communities, respect --
17 and one point -- two points when you were speaking
18 about the phones, what came to mind, there's a Wall
19 Street Journal article today, American Airlines,
20 the wait time on their phones is three and a half
21 hours. Just saying. Yeah, like yeah it's now
22 framed in my office if you want to see it, like --

23 (Laughter.)

24 COMMISSIONER RETTIG: I think we got them, you

1 know, and it didn't say anything about callback,
2 and it didn't say anything about languages and
3 whatnot. And then the second thing is, when I
4 think of languages, and you know, the best
5 description I give is like from my grandmother's,
6 you know, speak English, right.

7 Like assimilate, you know, to today, no, we
8 need to be in the languages, we need to be in the
9 communities, and the rest of that. And I've taken
10 to saying we are the United States of America,
11 right.

12 So we're not Japan, Germany, France, Italy,
13 whatever. We are the United States of America.
14 There's a reason the name of the country starts
15 with the word united. And when I use the word
16 united, I look at our arms, you know, locked arms,
17 right. You take one of us on, you're taking us on,
18 right.

19 So when you look at the flag, there's a reason
20 there's 50 stars on that flag. There's a reason
21 it's the United States of America. And then
22 lastly, if you go outside of the country, you go to
23 Asia, you've got 3,000 to 5,000 years of culture.
24 You go to Europe, you got 3,000 to 5,000 years of

1 culture. We don't. It's known. We were founded
2 by smugglers and tax evaders --

3 (Laughter.)

4 COMMISSIONER RETTIG: They were kicked out of
5 another country. So there's something about when
6 somebody doesn't want you and you go somewhere and
7 you build something that when those 3,000 to 5,000
8 year cultures need help, whether it's financial,
9 whether it's technology, whether it's military,
10 they don't necessarily call each other, but they
11 call the kids.

12 They call the 200 or so year old country that
13 is much stronger than the people who don't have the
14 concept of united. They don't have the concept
15 that we do, to the extent we do, of respect
16 everybody, everybody together and arms locked. So
17 it works, keep it going. And through tax, we're
18 able to get out and get these messages out. And so
19 we can change the world.

20 We'll start with the United States, but we can
21 change the world. And just, you know, my ask of
22 you, this is not as Commissioner, but as Chuck, is,
23 you know, keep this going. And so if you rotated
24 off committees, stay involved, we can get better

1 and help the employees. Because I have asked and
2 in many cases told the employees to do more than I
3 ever would have on the outside.

4 We brought our people back to the submission
5 processing centers in June of 2020. Split shifts,
6 socially distanced before there was a vaccination.
7 It's hard to remember sometimes, right. Before
8 there was a vaccination, before we had masks for
9 the employees, before we had enough sanitizers for
10 the operations. And we told them, you've got to be
11 back. And I think it was Ogden, when we came to 50
12 percent and we opened, 70 percent of the people
13 showed up. And so they're trying. And you know,
14 as you're out speaking and whatnot, a thank you to
15 an IRS employee.

16 I always have said, you know, being a military
17 family, a nod in an airport to somebody in uniform
18 goes a long ways. They don't expect it. And
19 they'll go back and say, you know, somebody like
20 gave me the hi sign, you know, like, wow, right.
21 Our employees don't expect it. They're not going
22 to ask for it. But a bit of appreciation. Yes,
23 it's been tough on everybody on the outside.

24 It's been tough on them as well. And they're

1 not machines. You know, we have a lot of human
2 issues associated with the pressure that we've put
3 on them and look to what they did accomplish.
4 That's pretty important.

5 So, thank you. You know, for many of you,
6 this might be the last time that we interact. Who
7 knows where I'm headed. Well, right now they know
8 where I'm headed.

9 (Laughter.)

10 COMMISSIONER RETTIG: But it's been a
11 pleasure. And, you know, as you know, I'm --
12 forever privileged for the opportunity to stand
13 here to interact with you. And I don't use the
14 word Commissioner. My name is Chuck. So, thank
15 you all.

16 (Applause.)

17 CHAIRMAN KAY-DECKER: Jared is now going to
18 introduce our actual recommendations.

19 MR. BALLEW: Absolutely. Thank you, Courtney.

20 CHAIRMAN KAY-DECKER: Thank you.

21 MR. BALLEW: All right. Thank you,
22 Commissioner. Today, what we want to do is dove in
23 a little bit deeper into the recommendations. This
24 year, in studying of the issues, we broke into

1 three different working groups. The first working
2 group was the taxpayer and tax professional
3 experience working group.

4 The second was the information reporting and
5 withholding working group. And our security
6 working group. Each group worked on
7 recommendations that ultimately were approved by
8 the consensus of the full committee.

9 As stated earlier by Courtney, we had two
10 recommendations to Congress and three
11 recommendations to the IRS, which we would like to
12 get into now. I would like to turn it over to our
13 first recommendation on budget to Terri Steenblock.

14 MS. STEENBLOCK: Thank you, Jared. And as
15 Jared mentioned, I'm Terri Steenblock. And I have
16 to say, it has been an absolute privilege to be a
17 member of this committee this year. The committee
18 is comprised of diverse and talented individuals
19 who are truly committed to excellence in tax
20 administration.

21 And our report presents recommendations that
22 holistically tackle issues through appropriate
23 funding and investments in human capital,
24 technology solutions, and process improvements.

1 And I think it's safe to say that we all know that
2 the IRS is responsible for one of the most pivotal
3 roles in Government. It's a role that helps fund
4 the foundational Government services for the
5 American people.

6 And as such, it's imperative that they help
7 the American taxpayer understand and meet their tax
8 responsibilities through efforts that promote
9 voluntary tax compliance. This year's ETAAC report
10 provides a portfolio of balanced investments and
11 process improvements, and we believe investing now
12 in the future of the IRS is an important key to
13 their long term sustainability and success.

14 In particular, ETAAC recommends that Congress
15 provide the IRS with flexible, sustainable,
16 predictable, and multi-year funding. For example,
17 ETAAC urges Congress to make IRS appropriations for
18 the 2023 Fiscal Year prior to October 1st of 2022.
19 This will allow staff to be appropriately trained
20 for things like the Congressionally mandated 1099
21 portal rollout to ensure the successful rollout of
22 changes and other new initiatives coming online for
23 the upcoming filing season.

24 In addition, the key components of our 2021

1 recommendations have been slightly updated and
2 remain a priority. Those recommendations include
3 restructuring the IRS's funding to eliminate
4 appropriation categories. It includes providing
5 predictability by fully funding the IRS's budget
6 request each year prior to the start of the
7 applicable Fiscal Year.

8 We are recommending developing and
9 implementing a pilot benefits based funding tool
10 that allows the IRS to retain a portion of defined
11 amounts it collects for technology or staff related
12 projects.

13 Establishing multi-year funding for the IRS
14 Technology Modernization Plan, which will allow the
15 IRS to contract for technology services in a more
16 cost effective manner and will lead to timely and
17 successful technology implementations.

18 And lastly, ensuring that applicable budgetary
19 limitations do not negatively impact IRS funding.
20 I'd like to thank you for your time today and I
21 will now turn it over to Peter Barca.

22 MR. BARCA: Thank you, Terri. I'm Peter
23 Barca. And those of us that have been State tax
24 Commissioners feel the partnership between the IRS

1 and States are absolutely vital. And that's why we
2 appreciate more inclusion of States in the ETAAC.

3 As a former member of Congress, I appreciate
4 how agencies that Congress funds will be able to
5 effectively spend the resources. The ETAAC, and
6 one of our more important recommendations, is that
7 Congress, both budgetary -- and provide legislative
8 support that allows the IRS to leverage its
9 excesses and deliver the level of services that
10 taxpayers expect and deserve.

11 Now, what is that expectation? The
12 expectation of taxpayers is that every one of their
13 calls will be answered. And in talking with fellow
14 State tax Commissioners, we all agree that State
15 policymakers have agreed and decided that every
16 call that goes to the States is, in fact, answered.

17 In Wisconsin, in fact, our whole time is only
18 1 minute and 45 seconds. Now, I know that almost
19 every member of Congress answers and responds to
20 each of their constituents but calls to the IRS are
21 equally important. Tax law can be intimidating and
22 complicated, and Americans need and deserve to have
23 the kind of critical assistance that the IRS can
24 provide when it's fully funded.

1 Now, the IRS has creatively used AI and chat
2 bots, and that's a terrific addition to IRS
3 services. However, that is no substitute to be
4 able to talk to a live customer service
5 representative on tax law. We need members of
6 Congress to earmark funding for customer service so
7 that people and Americans can have their calls to
8 be answered.

9 We at the ETAAC believe that the formula for
10 success also includes these four major items.
11 Collaboration with stakeholders to ensure system
12 design need meets user needs. Modern, iterative,
13 flexible design in process and technology.
14 Prioritization of projects to optimize the benefit
15 of tax administration as a whole.

16 And balance machines and people to ensure that
17 repetitive tasks are assigned to machines so that
18 people are available to answer taxpayer calls.
19 With that having been said, let me turn over the
20 program to our esteemed colleague, Andy Phillips.

21 MR. PHILLIPS: Hello everyone, my name is Andy
22 Phillips. As Peter and Terri spoke to our
23 Congressional recommendations, we are now going to
24 switch focus and I'm going to lead a brief

1 discussion on our first recommendation to the IRS,
2 which aptly relates to electronic filing. Before I
3 do that, I just have to acknowledge that over the
4 last couple of years, a little over, I've gotten so
5 comfortable with any presentation that's just been
6 in my house behind a screen with shorts on.

7 (Laughter.)

8 MR. PHILLIPS: It's been so much more
9 comfortable. And you know, getting up here, it's
10 like, man, you forget this feeling. It's
11 intimidating, but it feels good. It feels really
12 good to be here. And I'm so happy we got to do
13 this in person. And thank you to the IRS and for
14 Jared and Courtney and making it happen.

15 So diving in, to just start by properly giving
16 credit where it's due, one of the most successful
17 platforms the IRS has ever developed is the
18 electronic filing system, aptly called Modernized
19 E-File, as Jihan spoke to, or MEF. I like to call
20 it MEF, but people usually tell me that's wrong.

21 (Laughter.)

22 MR. PHILLIPS: I may refer to it as MEF here
23 and now you know what I'm talking about. You know,
24 the flexible design of this system allows the IRS

1 to continue to iterate this program, which is so
2 crucial as the IRS is tasked every year with being
3 as nimble as possible to continue to roll out
4 enhancements to the taxpayer experience, especially
5 when it comes to electronic tax administration.

6 And so just a bit of more specific and further
7 praise to start off. First, I want to call it a
8 couple items that are great recent enhancements
9 here. Jared spoke to the FixERS program this year,
10 and I just want to briefly touch on that one
11 because it deserves it. I think Commissioner
12 Rettig spoke to the benefit that the, you know, the
13 stimulus payments had for taxpayers. And a lot of
14 that could also be said for the advance payment of
15 the child tax credit that happened this year.

16 Much needed funds to taxpayers at a crucial
17 time. Us in tax administration, we also know that
18 it is hard for taxpayers to reconcile advanced tax
19 credits. And so this tool that expedited the
20 process for taxpayers who made mistakes in
21 reconciling the advance payment of the child tax
22 credit or the third round of stimulus payments was
23 crucial.

24 The difference we saw this year in turnaround

1 time, the impact to taxpayers was fantastic, and
2 it's something that the IRS should be really proud
3 of. The next thing I want to talk about is a
4 common theme. One of the seminal provisions of the
5 Affordable Care Act was the premium tax credit.

6 Prior to tax season '22, one of the most
7 common reasons tax returns fell into special
8 processing with the IRS was that taxpayers made --
9 received an advance payment of the premium tax
10 credit during the year to their insurance provider
11 to help cover the cost of their insurance premiums.
12 But they did not include the necessary form on
13 their tax return to reconcile that payment.

14 So this year, the IRS made a change. They
15 implemented a business rule for taxpayers who did
16 not properly or at all reconcile that advance
17 payment and include the form to reject that return.
18 But the story does not stop there.

19 What they did was they then gave a reject code
20 that told the taxpayer or their tax professional
21 what the problem was and gave the taxpayer the
22 opportunity to either go to their State health
23 insurance exchange and get a hold of their 1095A
24 and properly complete their tax return, or attach a

1 PDF statement to say, here's why I didn't do it and
2 I think I'm right. So what this did is, it's prior
3 to this taxpayers experienced delays because they
4 want the manual processing.

5 They may have gotten a notice. They may have
6 seen a reduced refund. Now we pull all that up to
7 before they submit and they have an opportunity to
8 correct it or explain further why it's -- you know,
9 why it's -- they shouldn't have to include that
10 form on their tax return, pulls all of that up, and
11 it does it in a way that preserves the taxpayer's
12 ability to electronically file and reduces or
13 eliminates some of that paper volume to the IRS.

14 And so while the current electronic filing
15 system is certainly something to be proud of, we
16 all know that opportunities do still exist to
17 improve return processing and help alleviate
18 backlogs related to paper. So to that end, our
19 first recommendation to the IRS is as follows
20 slightly paraphrased.

21 The IRS should collaborate with States and tax
22 software providers to implement enhancements to the
23 MEF system that remove impediments to e-filing
24 while preserving appropriate safeguards. And so

1 this recommendation should not come as a surprise
2 to the IRS. We've had a number of discussions
3 about this over the last year, and I'm not going to
4 go too deep on a couple of other recommendations or
5 more specific recommendations, but I do want to
6 call a couple out.

7 First, the ETAAC recommends that the IRS
8 investigate creating a pathway to electronically
9 accept returns in situations where taxpayers
10 attempted to e-file, but their return was rejected
11 by the IRS. In doing this, we recommend the IRS
12 focus on the most common reject forms that have the
13 highest volume. So the impact of finding
14 opportunities to enhance e-filing are the most
15 impactful to taxpayers and the IRS and their
16 processing. Also briefly want to talk about
17 amended tax returns.

18 Starting in the summer of 2020, the IRS began
19 to accept, offer the ability to accept amended tax
20 returns electronically. They've expanded the type
21 of amendments that could be electronically filed
22 over the last couple of years and it's something to
23 be proud of. It has made a very cumbersome task
24 for taxpayers, much more efficient.

1 However, the back end of amendment processing
2 is still pretty manual, and so there remains an
3 opportunity to enhance the back end processing of
4 amended tax returns, so tax -- the millions of
5 taxpayers that do end up amending each year are
6 able to more efficiently or more quickly get their
7 refund processed.

8 And so the last piece I'll touch on is, the
9 ETAAC also recommends that the IRS prioritize
10 expanding e-file to ensure that all high volume
11 forms can be filed electronically. Now, a couple
12 of my colleagues in a few minutes will speak to
13 opportunities for payroll forms. So I'll leave that
14 for them and stop there.

15 But I just want to say thank you to you,
16 everyone here on the phone for your time and
17 attention today. And I really want to thank the
18 IRS for the partnership, collaboration, and time
19 they've given us over the past year.

20 Special shout out to everyone in the room.
21 And then for those of us in our subgroup, our good
22 friends from the Wage and Investment Group down at
23 Atlanta who spent a lot of time with us, and we
24 certainly appreciate it. And it really improved

1 our report. So I'm going to hand it off to my good
2 friend, Larry Gray to talk about online accounts.
3 Thank you.

4 MR. GRAY: Thank you. No, I have -- great
5 job. That's hard to follow so you all got to ramp
6 it up.

7 CHAIRMAN KAY-DECKER: Is that all we're
8 getting from you?

9 (Laughter.)

10 CHAIRMAN KAY-DECKER: I know you can't say
11 that words.

12 MR. GRAY: No, actually, what I'd like to do
13 is kind of switch up. We've heard about the FixERS
14 and ERS and all that goes on behind the scenes. So
15 I'm a practitioner in a rural community, and what I
16 like to do is give you a success story that
17 happened during the pandemic that impacted directly
18 the taxpayer and the tax professional.

19 See, I'd like to look at a couple of online
20 tools that's been added, and that is the taxpayer
21 account and the tax pro account. And I want to
22 show you how it made a difference in the last
23 filing season and the current filing season, how it
24 helped to have less returns have to go through ERS,

1 because remember success, e-filing is a return that
2 is accurate.

3 And this is a benefit that I was so impressed
4 with that last July, a little history, last July
5 they stood up the advanced child tax credit on,
6 behind SADI, the security platform. And in doing
7 that, that was live interaction without having to
8 be on the phone, you know, you could go direct to
9 it.

10 So in doing that, last fall on the road when I
11 was doing teaching programs, I taught about it.
12 And during filing season, I had several
13 practitioners call and say, hey, thank you, this
14 was a great benefit. So here's what happened.

15 I set up a computer in the front of my office
16 and we trained on staff on how to help a taxpayer
17 go online, our clients, because it wasn't just
18 getting through the season, but it was also this
19 benefit goes beyond. So what we would do, we got
20 to the point it took about 7 to 8 minutes to
21 authenticate a taxpayer on the taxpayer account
22 online.

23 But in my world, I've got to talk to the
24 taxpayer and say, why is this a benefit? You know,

1 they really don't want to talk to the IRS. Well,
2 when I started explaining advanced child tax
3 credit, you can opt -- you know, you can opt out of
4 it. When you go to file the tax return, you can
5 get a report instead of a letter in the mail.

6 You could then get your EIP payments, you can
7 get your estimates, you can get transcripts, wow.
8 And again, this is available to you once you're
9 authenticated real time. So the other thing I also
10 did, I even did YouTube. Like see, this is a
11 recommendation, but my recommendation as a part of
12 it is not this is history. I'm telling you how we
13 got here. But what we have to look at, you and I,
14 IRS stakeholders.

15 The online account is a success story and what
16 it did, it again allowed more returns to be
17 accurately filed, timely filed, refunds more
18 timely. And it's a partnership that works. The
19 tax pro account was set up in November, and I think
20 they're what I would like to look at is the fact
21 that the future is they're going to keep putting
22 more and more apps up there on the taxpayer
23 account.

24 There's going to be more applications on the

1 tax pro account here. Hopefully in the next year
2 they'll start on the business accounts. But this
3 is today, the future. It's real success during a
4 pandemic. My hat's off to the IRS for doing this.
5 I've been on this group for three years.

6 It's been very good to work with them. But I
7 think what we're going to see again, in summary,
8 we're going to see more accurate returns, fewer
9 rejects, a better success story. We're going to be
10 able to see less phone calls, less interactions,
11 and the summary of it, it's the future of
12 interacting on a bank account.

13 So I can't say enough, it impacted my office,
14 it impacted my taxpayers. And lastly, I'm in
15 business, bottom line. So thank you all. Carlos,
16 my friend. You want to --

17 MR. LOPEZ: Mel -- boy, following Larry Gray,
18 huh? Thanks. Well, hello, I'm Carlos Lopez. I'm
19 a tax practitioner and a member of ETAAC's taxpayer
20 experience working group. Taxpayers who file error
21 free electronic returns have the best experience
22 with the IRS.

23 For those taxpayers, the IRS lives up to its
24 goal of providing applicable refunds within 21

1 days. It's important to remember that these folks
2 make up the largest proportion of taxpayers and
3 include tens of millions of taxpayers. Year after
4 year, the IRS delivers a successful tax season for
5 those.

6 But our committee spends its time thinking
7 about the rest of the taxpayers. Those whose
8 returns have errors, are filed on paper, or both.
9 The IRS's Taxpayer Experience Office has dedicated
10 itself to meet taxpayers where they are. To ETAAC,
11 this means ensuring that taxpayers have sufficient
12 choices to accomplish return filing and other
13 interactions with the IRS.

14 The thrust of our third recommendation is
15 focus on identifying opportunities to remove
16 barriers for those taxpayers who, but for issues
17 like Andy raised and Larry, are willing and able to
18 file electronically, either directly or with the
19 help of a practitioner.

20 As our name implies, ETAAC is a proponent of
21 increased electronic tax filing. For too many, the
22 taxpayer's journey doesn't end when a return is
23 transmitted. And remember, about half of the
24 nation's taxpayers choose a practitioner to prepare

1 their taxes.

2 When a taxpayer hires a practitioner to file a
3 tax return, the taxpayer has a choice at that time.
4 Do I allow my practitioner to talk to the IRS
5 during processing? The majority of taxpayers who
6 hire a professional expect communication about
7 their return to be available, both directly from
8 the service provider and the IRS.

9 The taxpayer checks a box on the 1040 and adds
10 the name of the third party designee. The
11 authority lasts for one year or until the return is
12 processed after the original filing date. The
13 check the box process is an easy, cost effective
14 way for a taxpayer to electronically identify a
15 short term representative for a particular tax
16 return.

17 Expanding this process to minimize the need to
18 file a power of attorney in addition to checking
19 the box, can provide significant benefits. We see
20 potential for this or a similar process to
21 streamline communications, which means reducing
22 paper correspondence and reducing phone calls.
23 Reduce taxpayer anxiety.

24 Taxpayers view their tax practitioner as their

1 qualified representative before the IRS. Increased
2 taxpayer voluntary compliance. Practitioners can
3 help their customers get into compliance more
4 quickly and better meet a taxpayer's express
5 preferences. And this means improving the overall
6 taxpayer experience.

7 Someday soon, we could improve taxpayer
8 experience for their third party designee to log on
9 to their tax pro account and be able to help
10 clients who consent without even picking up the
11 phone or mailing in form 2848, power of attorney.
12 How many times does a client called your office to
13 tell you they received a letter from the IRS? Oh,
14 and by the way, did you get your copy?

15 What if we could get a record of estimated
16 payments when your clients come in or their
17 transcripts? While we don't have a specific
18 recommendation at this time, we hope to continue
19 the conversation with the IRS on this topic of
20 third party designee.

21 ETAAC appreciate that the IRS brings
22 practitioners to the table through ETAAC and many
23 other channels. Why? If a practitioner is facing
24 a challenge, it's almost certain that do it

1 yourself. Taxpayers are facing similar challenges.
2 Thank you. Now I turn it over to our next speaker,
3 Julie Magee.

4 MS. STEENBLOCK: Good morning, everyone. My
5 name is Julie Magee, and I worked with the Security
6 subcommittee, and on behalf of the entire Security
7 subcommittee, I'd like to present our
8 recommendation number four.

9 Our recommendation is we would like the IRS to
10 promote the use of the IP PIN through a national
11 yearlong campaign, leveraging stakeholders to
12 include the tax and financial services industries
13 to highlight the benefits of the program, including
14 the overall reduction in identity theft and manual
15 reviews and quicker issuance of refunds.

16 As a reminder, an IP PIN is a six digit number
17 assigned to eligible taxpayers to help prevent
18 their tax identification number from being used to
19 file fraudulent income tax returns. In the
20 beginning, it was assigned to confirmed victims of
21 identity theft. But over the years, ETAAC has
22 recommended that the IRS expand and add features to
23 the IP PIN, and we continue to support those
24 recommendations.

1 In January of 2021, the IP PIN was expanded
2 nationally to all taxpayers who can properly verify
3 their identity, which is more than three years
4 earlier than the deadline given in the Taxpayer
5 First Act. For taxpayers who opt into the program,
6 a new IP PIN or cyber key is issued to the taxpayer
7 each tax year.

8 There's currently no way to opt out of the
9 program once enrolled. The IRS began significant
10 promotion of the IP PIN through its National Tax
11 Security Awareness Week programing in the fall of
12 2021.

13 But even with IRS efforts, as of December
14 2021, just 6.1 million taxpayers were participating
15 in the program, which accounts for only about 3.8
16 percent of all returns received in the year.

17 For the filing season in 2022, though, in the
18 first four months, more than 320,000 taxpayers have
19 newly enrolled into the IP PIN program through one
20 of the three processes, go online at irs.gov
21 website or submit a form 15227, which is an
22 application for an IP PIN, or go in-person to one
23 of the local IRS Taxpayer Service Centers. The IRS
24 allows taxpayers to opt in to receive an IP PIN

1 after going through the secure access digital ID or
2 SADI, as we are nicknamed it, verification process.

3 But the IRS should also allow the IP PIN to
4 recover -- to allow the taxpayer to have an IP PIN
5 to recover the IP PIN after verifying their
6 identity through SADI should they have lost their
7 IP PIN. The IP PIN is definitely the most
8 effective way for a taxpayer to take control and to
9 protect their information from being used to file a
10 fraudulent return.

11 Every opportunity should be taken to ensure
12 the public is aware of this program, including
13 correspondence from the IRS, SSA, other Government
14 agencies, tax practitioners, software providers,
15 and financial services industry.

16 Congressional support in getting the word out
17 would be great as well, but the communication
18 strategy should always highlight the ways the IP
19 PIN benefits the taxpayer and tax administration.
20 I mentioned SADI earlier. Online verification and
21 authentication are increasingly challenging as
22 taxpayers transition more of their secure
23 information online.

24 Last year, we commended the IRS for the

1 development and rollout of SADI, and we now know
2 that it has greatly surpassed the usability of its
3 predecessor. Security, by necessity, creates
4 friction for the user. We all know that. Finding
5 the right balance between security protocols and
6 user friendly interfaces is a challenge. We
7 encourage the IRS to continue its work in this area
8 and applaud its ability to quickly change course to
9 make facial recognition an option, rather than a
10 required path, for authentication to address
11 taxpayer and Congressional concerns.

12 And we have seen amazing strides made by the
13 IRS in allowing taxpayers greater access to
14 critical information necessary for filing accurate
15 tax returns. Congress passed pandemic related
16 legislation for economic impact payments and then
17 the Advanced Child Tax Credit, and the IRS knew
18 that launching easier access to online accounts and
19 tax professional accounts would go a long way to
20 providing instant and simple access for taxpayers'
21 questions.

22 They launched the Get My Stimulus Payment
23 Account and then the Child Tax Credit Update
24 portal, all in the past two years, which provided

1 key and necessary information for filing an
2 accurate tax return. We commend the IRS for
3 anticipating that many taxpayers would have
4 challenges with the EIPs and advanced child tax
5 credits, and for providing extremely timely and
6 helpful information and functionality within the
7 online account.

8 And finally, I would be remiss if I did not
9 recognize the ongoing work being done by the
10 Security Summit and the Information Sharing and
11 Analysis Center, or ISAC, as we call it. The
12 Security Summit was formed in 2015 and ISAC in
13 2017, and each remains committed to fighting
14 against fraudulent refund theft activity.

15 With input and expertise from many and various
16 representatives of the IRS, State Departments of
17 Revenue, and industry partners each year, the two
18 groups through various committees update, modify,
19 coordinate, and, or adjust standards and processes
20 that serve to protect more taxpayers from identity
21 theft situations.

22 They do this work quietly and with no fanfare,
23 but it has turned out to be a model of public,
24 private partnerships. The accomplishments of the

1 two are numerous and have significantly lowered the
2 number of identity theft victims. From the time of
3 the Security Summit's creation in 2015 until 2019,
4 the number of taxpayers reporting their identity
5 theft victims fell 80 percent, and this was the
6 fourth consecutive year that the numbers fell.

7 But as the criminal elements continue to
8 evolve, the ISAC and Security Summit must evolve as
9 well. Our cyber and identity theft defenses must
10 remain vigilant, and taxpayers deserve tools of
11 their own that help them to protect their identity.

12 Thank you. And now John Kreger will provide
13 comments regarding payroll information reporting.

14 MR. KREGER: Thanks, Julie, and thanks
15 committee. Today I'm going to talk a little bit
16 about representing the information reporting and
17 withholding subgroup from ETAAC, primarily around
18 recommendation five, which is the IRS should work
19 collaboratively with States and software providers
20 to develop a long term roadmap for payroll and
21 information return modernization, leveraging its
22 experience with modernized e-file to provide
23 capabilities that allow a seamless experience for
24 all stakeholders using these systems.

1 As we've talked about earlier in the session
2 today, as we mentioned in the report, you know,
3 we're really, the ETAAC is really looking forward
4 to the launch of the new 1099 portal coming this
5 fall. The IRS has, as so far the updates we've
6 received, is that we're expecting this really to be
7 a success story from the IRS, from a technology
8 modernization perspective. And this, we believe,
9 really shows what the IRS is capable of doing when
10 they receive a properly funded mandate.

11 This is very important. This is really
12 groundbreaking work. We're very excited as well to
13 hear that the IRS is building this new system out
14 of modern, cloud based technology platform,
15 allowing it to expand and scale to meet the needs
16 of information filers and the broader industry, and
17 also replacing potentially eight existing systems
18 over the years ahead. And we've heard a lot about
19 what the future of that roadmap might look like and
20 how the IRS hopes to replace a lot of legacy
21 technology in the future.

22 Just to highlight how important this really
23 is, I want to talk briefly about some of the issues
24 that were experienced by information return filers

1 in tax year '21. On behalf of an organization that
2 files or that its software is used to file hundreds
3 of millions of returns -- many of those are coming
4 from small and medium sized business filers, so
5 those filers that are filing primarily the form
6 1099-NEC, those filers really do end up in their
7 very busy Januarys, pushing right up against that
8 January 31st filing deadline.

9 And the issues that we're seeing this past
10 year with the IRS fire system being unresponsive
11 and struggling to keep up with the -- struggling to
12 keep up with the demand on those filing days,
13 really do undermine the confidence in the filing
14 community on being able to deliver those
15 information to terms timely.

16 So moving towards being able to replace that
17 system with a very scalable, high performance
18 system that meets the needs of the broader
19 reporting base is very important. The States and
20 industry are also very eager to partner and
21 collaborate with the IRS on the future of what the
22 road map for this platform will look like.

23 We've also, you know, looked at the combined
24 Federal State filing program as it exists today,

1 and it's really not meeting the needs of those key
2 stakeholders, the States and industry. Many of the
3 States have, you know, direct filing programs that
4 are in place because they're not able to get the
5 information through the CFSF that they need.

6 They experience delays in getting that
7 information. It comes in too late for it to be
8 useful in evaluating information returns coming in
9 at the State level. So we are hopeful to see that
10 this new platform over time will allow streamlining
11 the process of getting those information returns
12 for both filers and for the states.

13 A modern API like this can also give filers
14 greater visibility into the status of their
15 information returns and how things are processing
16 on the IRS side, which we think is very important.
17 Finally, I just want to call out that a large
18 project, multi-year project like this really does
19 require multi-year planning and multiyear funding.

20 We hope that the IRS can include re-
21 envisioning the electronic filing across all of the
22 form types that are currently identified as being
23 in the future scope of this platform. State level
24 data sharing and participation, we believe, is key

1 not only to reducing the burden on industry, but
2 also reducing the incidence of State level identity
3 theft, tax refund fraud. I always struggle to say
4 that out loud.

5 And we believe that with the IRS building out
6 a long term roadmap and having that roadmap in
7 hand, that we would be able to advise Congress to
8 provide multiyear funding for this critical
9 initiative that will have such a great impact to
10 States and the filing community. Thank you. I
11 will pass it off to John Paille to kind of follow
12 up on the information reporting withholding.

13 MR. PAILLE: Good morning. I do want you to
14 know that I have my IP PIN. And it was very
15 painless and very easy to do. I just hope I don't
16 lose it.

17 (Laughter.)

18 MR. PAILLE: And if you look at the agenda, I
19 want you to realize that I am the dessert.

20 (Laughter.)

21 MR. PAILLE: So paper returns are IRS
22 kryptonite. For example, 94 series, 7200s, oh, fax
23 it in, and wait and wait and wait and wait.
24 Amendments all have high numbers of paper filings.

1 The 94 series are the lowest adoption of electronic
2 returns, is there, is not a mandate, and no benefit
3 really for businesses to electronically file. The
4 goal is to come up with an easy way for businesses
5 to electronic file these information returns
6 ultimately to install an electronic mandate.

7 Benefits will be to the IRS, that they can
8 automatically process these returns quickly, and
9 businesses can get immediate proof of filing and
10 accuracy. And accuracy is important. You file a
11 paper return, you don't know if it adds up, right.
12 And then it just sits. Collaboration, IRS and
13 businesses, will get to the next level.

14 Lastly, I wanted to mention 1099-K filings
15 this year. It's coming. I've actually received
16 some myself. I'm not even sure why. There's going
17 to be millions of them which will bring further
18 pressure on the fire system, as we all knew at the
19 end of January of last year.

20 So we want to keep an eye on that. But
21 there's going to be many of them. Now, I'd like to
22 hand this over to Courtney Kay Decker.

23 CHAIRMAN KAY-DECKER: All right. Thank you
24 very much to my committee. I loved listening to

1 all of your presentations, even though I knew what
2 you were going to say. So those are our five
3 recommendations.

4 The one thing that you'll see at the end of
5 the report, we talk a little bit about some of our
6 real time communications that we've had with the
7 IRS.

8 And we have five examples of places where
9 we've had the privilege of having conversations
10 with the experts at the IRS and have had those
11 conversations that the Commissioner mentioned, the
12 have you thought of conversations or that we see it
13 this way, what do you think?

14 And the privilege of having those
15 conversations, you know, is that sometimes, you
16 know, it triggers a light bulb, and something
17 starts to move forward, even if it isn't in the
18 direction of what we were thinking.

19 And we just love to see that back and forth
20 conversation when all of us in the room are really
21 interested in helping this tax administration thing
22 move forward better. So thank you all for coming
23 to listen to -- yes, John?

24 MR. PAILLE: I was going to say, before we --

1 CHAIRMAN KAY-DECKER: I'm about to turn it
2 over to Mel.

3 MR. PAILLE: No, no, no --

4 CHAIRMAN KAY-DECKER: Well, Mel is going --
5 Mel, are you going to turn it over to -- we have
6 Rob here. So, on behalf of the committee, we thank
7 you for listening to us. And now Mr. Ski, because
8 I can't see it, but that's okay, right? I can call
9 you Mr. Ski?

10 MR. SKI: Yes.

11 CHAIRMAN KAY-DECKER: If you have any response
12 or comments that you would like to make, we'd love
13 to hear them.

14 MR. SKI: Just really briefly. My name is
15 Robert Annusazewski. I go by Ski. I'm here on
16 behalf of an Wage and Investment. And first before
17 I get into my comments, I just want to let everyone
18 know this annual report printed is probably the
19 first IRS publication I have touched in my hands in
20 two years now since --

21 (Laughter.)

22 MR. SKI: And I am equally grateful to hear
23 that the report is available on irs.gov so there's
24 no recommendation on how to get it on there. So I

1 just want to thank you all for doing all the
2 collaboration with us. I mean, the partnership is
3 very valuable to Wage and Investment. Some of you
4 probably have talked to me or to my staff while
5 working on this.

6 And, you know, the IRS would not be in the
7 position it is without the collaboration with our
8 industry partners. So we'll look through this
9 report on behalf of Wage and, you know, formally
10 send in our response through NPL and continue to,
11 you know, strengthen that partnership and
12 relationship, so thank you very much for putting
13 together this annual report.

14 MR. HARDY: Well, that was fun.

15 (Laughter.)

16 MR. HARDY: Well, before I make my closing
17 remarks, I want to say one thing. Couple of years
18 ago, whenever I was a territory manager in spec, I
19 had the honor and privilege of going overseas to
20 teach military VITA at several of the military
21 bases.

22 The first one was in Germany. There all week
23 by myself teaching the JAG officers, Judge Advocate
24 General, those are the attorneys, and it was very

1 challenging but an extremely rewarding experience.

2 At the end of that experience, being from a
3 family that has a lot of members in the military,
4 the armed forces, it was an extreme honor to have
5 the commander of the base, the Judge Advocate
6 General, present me with a coin.

7 I'd never had that honor and it was a great
8 honor. And it was one that continued at each base
9 that I taught at that year. So I think all of you
10 heard the Commissioner had to run and he was very,
11 very adamant to give everybody a coin.

12 So his secretary came up. He wanted to make
13 sure that someone got their coin. So it's my great
14 honor right now to bestow upon Jared, his coin.

15 (Laughter.)

16 MR. BALLEW: Is this the part where I kneel?

17 MR. HARDY: No, no, no --

18 (Laughter.)

19 MR. BALLEW: Thank you, Mel.

20 MR. HARDY: Thank you. Well, ladies and
21 gentlemen, thank you so much for all of your hard
22 work, your dedication, being here physically. And
23 with that, as the Director of National Public
24 Liaison, the 2022 ETAAC annual report has come to

1 an end. Thank you.

2 (Applause.)

3 (Whereupon, at 10:45 a.m., the Electronic Tax

4 Administration Advisory Committee meeting was

5 adjourned.)

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