



March 17, 2021

Minutes of ETAAC Public Meeting

The meeting was opened by W. Sean Parman, IRS National Public Liaison Office, who provided housekeeping information regarding the call.

Mel Hardy, Director of IRS National Public Liaison, welcomed the public to ETAAC's work session briefing. Mr. Hardy noted that ETAAC's annual public meeting will be held on June 23, 2021, and logistical details will be made available in the near future in the Federal Register, and also on IRS.gov. Mr. Hardy turned the meeting over to Geno Salo, Chairman ETAAC.

Mr. Salo outlined the agenda for the meeting, provided opening remarks and introduced ETAAC's leadership team. He noted that the committee is structured to around three subgroups by overarching topic areas: Legislative and Budget, Security, and Electronic Filing. Mr. Salo previewed some of the key topic areas to be discussed during the meeting. These include: (1) the need for Congress to provide adequate funding to the IRS, (2) COVID as a catalyst in accelerating a shift to digital-first tax administration, (3) the continued importance of security and identity theft tax refund fraud prevention, including user authentication, and (4) the proven benefit of collaboration in the tax ecosystem and the need for expansion in that area. Mr. Salo noted that the IRS has implemented a number of significant and complex new laws and programs over the past several years. The IRS has been remarkably successful in these endeavors. After these remarks, Mr. Salo turned the meeting over to Courtney Kay-Decker, Vice Chairperson ETAAC.

Ms. Kay-Decker introduced the framework under which ETAAC is evaluating its recommendations, namely the Taxpayer Experience, driven by the Taxpayer First Act requirements. In the recently issued TFA Report, the IRS outlined an optimistic and ambitious vision of the future of the taxpayer experience. Ms. Kay-Decker noted ETAAC joins the IRS and Congress in focusing on the taxpayer experience by making it a common thread throughout the ETAAC report. Ms. Kay-Decker summarized the prior year recommendations, which included taxpayer experience as one of the four themes in that report. This year, ETAAC's goal is to articulate how the taxpayer experience is impacted by each of the recommendations. Ms. Kay-Decker then turned the meeting over to Daniel Eubanks, the Legislation and Modernization subgroup leader.

Mr. Eubanks began by stating that most of the substantive recommendations ETAAC will make have a financial component, and those will be outlined in the report. The chronic underfunding of the IRS has stretched resources thin, with the same people being asked to address one urgent task after another. Mr. Eubanks commended the IRS's work throughout the last few years, and in particular, during the pandemic. He further noted that the IRS has experienced mission creep – it has become a major administrator of social programs in addition to carrying out its tax administration functions. Mr. Eubanks outlined key budget-related recommendations to Congress that are expected to be included in the ETAAC report:

- (1) Restructure the IRS's budget to eliminate budget categories that disincentivize efficiency and accountability, and should remove inapplicable Congressional budgeting limitations such as the Program Integrity Cap.
- (2) Fully fund the IRS's budget requests each year.
- (3) Immediately fund the backlog of technology projects described in the IRS's Technology Modernization Plan.
- (4) Provide "no year" or multi-year funding since many large technology and related projects cannot be completed within one budget year.

Mr. Eubanks closed with a reminder that underfunding the IRS ultimately punishes the nation's taxpayers. He turned the meeting over to Eric Inkrott, the Security subgroup leader.

Mr. Inkrott provided an overview of the topic areas the Security subgroup has researched and is evaluating. The subgroup's work seeks to improve the taxpayer experience by improving tools for collaboration among the various stakeholders throughout the tax-administration process. Mr. Inkrott highlighted the IRS's recent nationwide expansion of access to the IP PIN, a tool that allows taxpayers to proactively protect their tax accounts. He emphasized the need to balance ease of use and security for the IP PIN and for tools under development. These are items of particular interest to the subgroup. Mr. Inkrott recognized that where the IRS has had the most success in fraud prevention, it has collaborated with the states and the private sector. He noted that this proven model of collaboration should be emphasized in ongoing work to transform the taxpayer experience, because of its ability to be a force multiplier.

Mr. Inkrott passed the discussion to Ms. Kay-Decker, who reiterated that every component of tax administration, even systems or processes that aren't taxpayer facing, have an impact upon what the taxpayer experiences. Ms. Kay-Decker then introduced the Electronic Filing subgroup leader, Lynne Riley.

Ms. Riley provided an overview of her subgroup's charge, which includes electronic filing in general as well as evaluating opportunities to alleviate challenges faced by small business and underserved communities. She noted that the subgroup met with numerous IRS representatives in support of the subgroup's research. Ms. Riley highlighted the IRS's achievement in reaching 80% e-filing for 1040s, and the addition of e-filing for 1040X. The subgroup continues to consider recommendations for expanding e-filing, including a recommendation to Congress that additional series of Form 1099 be due earlier. As to the other area within her subgroup's charge, Ms. Riley recognized that small businesses and underserved communities often struggle the most with the complexity of our nation's tax system. The subgroup is considering recommendations in this area as well.

Ms. Kay-Decker then reiterated that ETAAC's focus is on identifying recommendations that will make a difference in improving the taxpayer experience, but that consistent year over year funding will be necessary to transform the IRS in the way that the IRS and Congress have envisioned. Ms. Kay-Decker turned the meeting back to Chairman Salo for final remarks.

Chairman Salo thanked attendees for participating, and thanked the IRS for the support that has been provided as ETAAC does its work. Mr. Salo turned the meeting back to Mr. Parman.

Mr. Parman opened the line for public comment. Two commenters asked for the opportunity to provide comment. Their written comments are attached to these minutes as Exhibit "A."

There being no further business to come before the committee, the meeting ended at 4:10 p.m. ET.

Minutes approved unanimously via virtual vote, effective April 9, 2021

EXHIBIT "A"
WRITTEN PUBLIC COMMENTS DELIVERED TO ETAAC PUBLIC MEETING

WRITTEN COMMENTS FOLLOW FROM:

- (1) Adam McMahaon, representing SPARK Institute, Inc.; and
- (2) Nicole Booth, representing Notarize, Inc.

WRITTEN COMMENT FROM SPARK INSTITUTE, INC.

Mr. Parman:

On behalf of the SPARK Institute, Inc., I am writing to request the opportunity to attend and speak at the upcoming meeting of the Electronic Tax Administration Advisory Committee (“ETAAC”) scheduled for March 17, 2021.

The SPARK Institute represents the interests of a broad-based cross section of retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third party administrators, trade clearing firms, and benefits consultants. Collectively, SPARK Institute members serve approximately 95 million employer-sponsored plan participants. Our firm, Davis & Harman LLP, serves as outside government relations counsel for the SPARK Institute.

During the upcoming meeting, I intend to focus on the following issues:

- **Modernization of Electronic Disclosure Rules.** The SPARK Institute supports the expanded use of electronic media to deliver notices and disclosures required by the Internal Revenue Code (“Code”) to retirement plan participants and owners of individual retirement arrangements (“IRAs”).

Existing regulations from the Department of the Treasury and Internal Revenue Service (“IRS”) permit Code-required notices and disclosures to be electronically delivered to retirement plan participants and IRA owners if certain regulatory conditions are satisfied. *See* Treasury Regulation section 1.401(a)-21. On its 2020-2021 priority guidance plan, the Department of the Treasury and IRS included a new project to update the electronic delivery rules that apply when notices and disclosures are provided to retirement plan participants and IRA owners. This follows action, in 2020, by the Department of Labor that resulted in two new regulatory safe harbors for delivering notices and disclosures required by the Employee Retirement Income Security Act to retirement plan participants.

I will discuss the need to move forward on a regulatory update for Code-required disclosures and the benefits it will provide to taxpayers.

- **Remote Electronic Notarization.** The SPARK Institute strongly supports Notice 2020-42, which allows certain participant elections that must be either notarized or witnessed by a plan representative to be done via remote notarization under state law procedures or a similar verification process by a plan representative. This relief was extended in Notice 2021-03, but will expire on June 30, 2021. I will discuss why we believe the procedures laid out in Notice 2020-42 should be made permanent.

Adam R. McMahon
Davis & Harman LLP

Notarize Oral Statement

Nicole Booth, EVP Public Affairs

Members of the Electronic Tax Administration Advisory Committee - My name is Nicole Booth. I am EVP of Public Affairs at Notarize, Inc.

Notarize appreciates the opportunity to discuss topics with the committee, and today, I ask for consideration of making relief from the physical presence requirement for spousal consents under qualified retirement plans permanent to allow for digital services, like remote online notarization.

Notarize is a digital trust provider - a platform that integrates technology with live human interaction to establish identities. We offer digital identity proofing and authentication services, including a market leading notary public platform to allow any person or organization to get their documents notarized online, 24/7.

A Remote Online Notarization or RON allows a consumer and notary to sign documents remotely through a technology device and platform with a digital signature.

In 2020, the Internal Revenue Service (IRS) allowed for and then extended the temporary relief from physical presence requirement for spousal consents under qualified retirement plans.

We applaud this relief, and while urging to make these changes permanent, we also ask the IRS include additional safeguards. Guidance should reduce the risk of fraud, spousal coercion, or other potential abuses in the absence of a physical presence requirement.

Specifically, the IRS should at a minimum permit notaries public to witness remotely participant elections, including spousal consents, utilizing secure, two-way live real-time audio-video communication technology when such notaries public are authorized by their commissioning authority to perform remote online notarizations.

Guidance should require at least two forms of identity proofing using third party technologies, require tamper evident technology be applied at completion of signing; include robust audit logs of all key events, and retention of the audio/video recording by a secure source.

The pandemic highlighted the need for access to digital services, and we believe all consumers and communities should have the option to use safe and secure platforms for remote online notarization. We ask the IRS to provide guidance to allow access to remote online notarization permanently.

We thank IRS for your leadership in extending relief from in-person requirements and reviewing the option to modernize by making these digital options available permanently. We would be happy to continue discussions about our platform, the feedback provided and remote online notarization generally. Should you require more information, I am happy to share my contact information.