



ELECTRONIC TAX ADMINISTRATION ADVISORY COMMITTEE

Electronic Tax Administration Advisory Committee (ETAAC)
Annual Public Meeting
Wednesday, June 29, 2022
MINUTES

The Electronic Tax Administration Advisory Committee (ETAAC) held its annual public meeting at IRS headquarters in Washington D.C. on June 29, 2022. The meeting was called to order by Mel Hardy, Director of National Public Liaison at 9 a.m. ET. Mr. Hardy welcomed the guests in person and those participating via conference phone line. Mr. Hardy then introduced Courtney Kay-Decker, ETAAC Chairperson, to provide opening remarks on behalf of the Committee. Mr. Hardy then returned to the podium to introduce Commissioner Charles P. Rettig.

Commissioner Rettig provided remarks regarding the work of the IRS and thanked ETAAC for its work over the past year. After his remarks, Ms. Kay-Decker then provided a brief introduction of the report, available at irs.gov/ETAAC, and the presentations that would follow. She noted that the report was shorter by design, and includes only five recommendations, two of which were directed at Congress. Ms. Kay-Decker also noted that the Report tells another side of the IRS's story by highlighting successes and not just things that could be improved. By identifying characteristics of successful initiatives, the IRS and Congress can better plan and fund initiatives going forward. Ms. Kay-Decker noted that each committee member would be providing comments about our report.

Ms. Kay-Decker then asked Jared Ballew, ETAAC vice chair, to comment. Mr. Ballew spoke about ETAAC's membership. He explained that ETAAC members are volunteers that bring their experience in tax administration to find ways to make electronic tax administration across this nation better, ultimately serving the American Taxpayer. To the committee. Mr. Ballew thanked the committee for the countless hours volunteered to ETAAC's work.

Committee member Mark Godfrey shared ETAAC's mission and noted the Committee's unique role of providing advice rather than oversight.

Committee member Sherice McCarthy-Hill explained that ETAAC's 2022 identified four characteristics that exist in the IRS's successful initiatives.

Committee member Vernon Barnett spoke about collaboration. Deep collaboration among stakeholders including states, the tax software providers, and practitioners, among others, is a key component of successful initiatives.

Committee member Kim Pederzani spoke about technology. She noted that technology built with modern, iterative, and flexible design helps to ensure long-term effectiveness of the technology. The 1099 portal, being rolled out in January 2023, is an example of this approach.

Committee member Jihan Jude noted that, despite the challenges, we often forget that the IRS works to appropriately prioritize projects. In fact, over 90% of taxpayers have an uneventful filing season.

Jared Ballew then spoke about the IRS's work in balancing machines and people and provided examples. Striving the appropriate balance allows taxpayers choice, and helps to ensure that simple, repeatable tasks are performed by machines and leaving humans available for more complex tasks. Mr. Ballew highlighted FixERS as an example of this approach.

Committee member Latryna Carlton spoke about phone service and highlighted several new technologies that have helped taxpayers get resolution to problems, even while the IRS suffers from a shortage of people to answer the phones. The technologies are commonly used in the private sector and include callback options, document upload and bot-assisted problem resolution. Ms. Carlton also highlighted the language assistance tools now available to the VITA program, allowing the VITA centers to serve taxpayers in need in the taxpayers' preferred language.

The presenters took a brief break from discussion of the report to allow Commissioner Rettig to offer individual thanks to the members whose terms on ETAAC were concluding after delivery of the report.

Jared Ballew introduced the discussion of ETAAC's 2022 recommendations. Mr. Ballew noted that, in studying what the committee would ultimately recommend, the committee broke itself out into three subgroups: Taxpayer Experience, Information Returns, and Security. Each group worked on recommendations that ultimately were approved by the consensus of the full committee. Mr. Ballew turned the meeting over to committee members to summarize the two recommendations to Congress and the three recommendations to the IRS.

Committee member Terri Steenblock introduced Recommendation 1: ETAAC recommends that Congress provide the IRS with flexible, sustainable, predictable, multi-year funding. The recommendation urges full funding of the IRS' budget request before October 2022 to help ensure success of upcoming initiatives rolling out for the 2023 tax filing season. Ms. Steenblock also noted that ETAAC's 2021 budget related recommendations still stand and were updated in the 2022 report.

Committee member Peter Barca presented Recommendation 2: ETAAC recommends that Congress provide both budgetary and legislative support that allows the IRS to leverage its successes to deliver the level of services that taxpayers expect and deserve. The formula for success includes all the following:

- Collaboration with Stakeholders to ensure system design meets user needs;
- Modern, Iterative, Flexible Design in processes and technology;
- Prioritization of projects to optimize the benefit to tax administration as a whole; and
- Balance Machines & People to ensure that repetitive tasks are assigned to machines so that people are available to assist taxpayers.

Taxpayer Experience Subgroup Lead Andy Phillips introduced the first IRS-directed recommendation, Recommendation 3: The IRS should, in collaboration with states and software platforms, implement enhancements to MeF that remove impediments from e-filing, with appropriate security features, taxpayer consent, and acknowledgments. Mr. Phillips provided an example of how an error-prone process for reconciling health insurance tax credits was quickly improved by allowing correction and inclusion of supporting documents through the MeF channel.

Committee member Larry Gray highlighted the taxpayer and tax professional accounts as electronic tools that are creating another path for electronic service to taxpayers. He noted that as features increase, taxpayers will have more options to interact and resolve issues electronically.

Committee member Carlos Lopez discussed the opportunities that exist to further streamline communication between taxpayers and their chosen, trusted representatives by leveraging existing tools such as the third-party designee process.

Committee Member Julie Magee presented Recommendation 4: The IRS should promote the use of IP PIN thru a national, year-long campaign, leveraging stakeholders including the tax and financial services industries, to highlight the benefits of the program, including the overall (1) reduction in identity theft, (2) reduction in costly manual reviews, and (3) quicker issuance of refunds.

Ms. Magee also highlighted the ongoing work of the Security Summit and the IDTTRF-ISAC. She also commended the IRS on the replacement of its secure access system, and continued expansion of the security features to more and more electronic services, better protecting taxpayers.

Payroll and Information Return Subgroup Lead John Kreger presented Recommendation 5: The IRS should work collaboratively with states and software providers to develop a long-term roadmap for Payroll and

Information Return Modernization, leveraging its experience with MeF, to provide capabilities that allow a seamless experience for all stakeholders using the systems.

Committee member Jim Paille discussed that the 94X series of forms consistently have the lowest efile rate, and that payroll and information return modernization will likely require an efile mandate for these returns.

Courtney Kay-Decker noted that in addition to the formal recommendations provided, the committee worked collaboratively with IRS staff to provide real-time suggestions. She noted that ETAAC appreciates that the IRS was open to having these iterative conversations and the results that followed. Ms. Kay-Decker also thanked the committee for their work and the IRS for the support. Both groups attended many meetings. The IRS representatives provided information and data, and graciously helped the committee understand the underlying issues.

Mr. Hardy closed the meeting by thanking the attendees for coming. The meeting was adjourned at approximately 11 AM ET.