ELECTRONIC TAX ADMINISTRATION ADVISORY COMMITTEE

THE INTERNAL REVENUE SERVICE

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Internal Revenue Service

1111 Constitution Avenue, NW

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PARTICIPANTS

PHILLIP POIRIER, ETAAC Chair
MEL HARDY, Director, National Public Liaison, Communication & Liaison
CHARLES RETTIG, Commissioner
JOE SICA, ETAAC & Summit Member
KATHY PICKERING, ETAAC & Summit Member
MARK STEBER, ETAAC & Summit Member
GENE SALO, ETAAC Vice Chair
JENINE HALLINGS, ETAAC Member
JOHN SAPP, ETAAC Member
LYNNE RILEY, ETAAC Member
MIKE BEEBE, Director, Return Integrity & Compliance Services
DENISE DAVIS, Director, Return Integrity Operations, RICS
TERRY LEMONS, Chief, Communications and Liaison
ROBERT COX, Executive Officer, Cybersecurity
CAROL CAMPBELL, Director, Return Preparer Office
PHYLLIS GRIMES, Director, Governmental Liaison, Disclosure and Safeguards
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MR. POIRIER: Great. Thank you. Good morning, everyone.

My name is Phillip Poirier, and I'm the current Chair of the IRS Electronic Tax Administration Advisory Committee, which is also known as ETAAC.

I'm pleased to call to order the 2020 ETAAC Public Meeting.

As we open the meeting, I'd like to make a few acknowledgements and address some housekeeping items.

First, the issuance of the 2020 Report or I should say the 2020 Report to Congress was posted by IRS this morning and is available on irs.gov. To get a copy of the report or view it, if you go to irs.gov, in the upper right corner is a search bar, if you enter the numerals 3415, that's 3-4-1-5 in the search bar, it will take you to a link where you can view the report.

Additionally, there is an agenda for this meeting on irs.gov in the Tool Search Bar on irs.gov. If you just enter ETAAC, that's E-T-A-A-C, ETAAC Fact Sheet, ETAAC Fact Sheet, it will take you to a landing page.
At the top of that page is a link to the agenda for this meeting.

The second thing I'd like to do is acknowledge the commitment of my colleagues on ETAAC. As you may know, membership is voluntary and uncompensated. This has been a particularly challenging year because of the pandemic personally and professionally for all of us. Much of our work had to be conducted virtually during the filing season and which you know is a very active filing season and including several of our meetings.

Despite their other professional and personal commitments, my fellow ETAAC members made the time to contribute to the committee's important work. The names and biographies of the ETAAC members is in our 2020 Report and I have confirmed that all ETAAC members are on this call.

At the same time, I'd like to acknowledge the IRS employees and leadership who supported ETAAC's efforts in developing this report. We appreciate their responsiveness and their candor in answering our questions and providing information. We could not do
our work without their active support and our nation is fortunate to have their continued expertise and commitment.

Finally, I'd like to turn to a couple of housekeeping items. For context, the meeting will be broken into two major sections. The first section of the meeting will focus on the work and progress of the Security Summit Advice Act. Then after a short break, the second section will focus on ETAAC's 2020 Recommendations.

We're estimating that each section of the meeting will last approximately 45 to 60 minutes and we expect our meeting to conclude by approximately 10:30 or 11 a.m. Eastern Time.

As you know, the conduct of a virtual meeting is challenging, especially because of the difficulty coordinating speakers to avoid talking over one another.

I'd like to address two specific points in this regard. As John noted just a few minutes before the call, we'll be putting the phone lines on mute. If you have been assigned a speaking role, you can press Star...
6 to unmute and upon completing your comments, press Star 6 to remute your line. There is a little bit of latency when you make that change with Star 6. So be prepared for a second or two delay in activating what you've done.

In an abundance of caution, you can also mute your phone lines on your end, but please do not put your phone on hold. Frequently putting a phone line on hold triggers music.

Also, just remember also that if you're a speaker, not only do you need to press Star 6, but if you've muted your line locally, you need to unmute your line at your end.

Second point is because of the challenges of a virtual meeting, we will be unable to take questions during this call. However, we are happy to answer any questions. Just e-mail those questions to the IRS National Public Liaison e-mail address in the Federal Register Notice and that is publicliaison@irs.gov, that's publicliaison@irs.gov, and we will reply as soon as possible.

With that, I'd like to turn the meeting over to
Mr. Mel Hardy, the Director of the Office of IRS National Public Liaison.

Mel?

MR. HARDY: Good morning, and thank you, Phil, and I want to thank each and every one of the ETAAC members for all of your tremendous and extraordinary professional work this year.

This has, as Phil said, been a very challenging year with the pandemic but under Phil's leadership and the support of all the ETAAC members, all of you have made this a wonderful experience, despite the fact that we weren't able to be in person like we usually are not only doing the hard work but enjoying the congenial spirit, the camaraderie between everyone and I truly, truly miss that, and the ability to be able to say good-bye to the members who are rolling off this year and welcome the new members in person, but we will get through this and we will all be together again as ETAAC team members and the IRS.

And so I'm very proud of the work and with that, ladies and gentlemen, it is my great pleasure and honor to introduce to you for Remarks the 49th Commissioner
of the Internal Revenue Service Chuck Rettig.

Commissioner, are you on?

Remarks

MR. RETTIG: I am on. Thank you, Mel. Very much appreciate it.

First, you know, let me echo what Mel was saying. You know, I'm a people person. I truly enjoy meeting people, being around people, and certainly people who are helping others get to a better place, and in this instance, you know, helping the IRS and helping taxpayers and whatnot through ETAAC.

I think many of you are aware before I came onboard, I was in private tax practice and participated not only in IRS advisory councils but also in various state governments and whatnot and found it to be a really rewarding experience but also, you know, the opportunity to provide your voice and have people listen and pay attention and make a difference and so I'm thankful and certainly privileged for the opportunity to be sitting here and have the title Commissioner.

I ask you to do it, no matter how great our people
are, we can't do it alone, and I'm a significant advocate for public/private partnerships, working together, and getting to a better place.

ETAAC is a classic example of that but before I make a few comments on that, let me touch on two other matters, I guess, that we've been dealing with as the IRS during the COVID situation, which is, you know, we are in filing season through July 15, and as of today, the filing date is still July 15, but during this scenario, we've actually processed a 136 million returns, 92 million refunds, for about $255 billion, and the returns that we've processed have been a little over 90 percent, 90.8 percent e-filed, and ETAAC and others -- you know, you go back a number of years, it was not a 90 percent e-filing, and I think that that's a super good thing for a lot of different purposes and you're aware that we're now going to do 1040-Xs for e-file and then hopefully we'll get that across the board.

Separately, under the CARES Act, the IRS was tasked with distributing e-com to get back payments and while also doing filing season and for the e-com to get
back payments in a little under, I think, 10 weeks, we processed a 159 million payments, distributed $267 billion, and the first payments -- the CARES Act was enacted on March 27, and the first round of payments went out on April 10th, and there were over 80 million payments.

And when you see people releasing data, note that it's not -- when we talk about payments, when we talk about transactions, some of those transactions could be parents and a dependent, whether it's a child dependent or a parent dependent or a parent and a dependent. So the head count, if you will, to use a term, it's much larger than a 159 million and a tremendous amount of those were direct deposits. There were also checks. There were also debit cards.

One of the reasons I bring it up, and hopefully not trying to use up too much of the time on the introduction, but we're -- on the Economic Impact Payments, we're now trying to locate as many people as possible who either do not historically have a filing obligation or have sort of operated off the radar screen and, you know, whether it's, you know, through
the homeless community and through different types of communities that just don't interact with the government.

And in this regard, we could use your help. We want to get payments out to every eligible American and if you have contacts in different organizations, you know, please, you can get them to Mel or you can get them directly to me or whatever. We'll handle it from there in terms of the outreach, but we can't get payments to people that we don't know exist and we will get payments to people that we do know exist, and without going into detail, I can give you some personal experiences of having read various newspapers, seeing something in there about people or about a homeless organization and personally reaching out and Mel and others in his shop connecting them with these organizations and we're making a difference, you know, one by one, group by group, community by community, and, you know, if you're part of ETAAC, you have the inner strength that you want to help others and so on this piece, I'm just asking for your help to help us identify people who are deserving of these payments,
eligible Americans, and we want to get these payments out.

And so, you know, personally, I'd be quite thankful, even if it's just one person, that's one person and every person counts, and so we do want that.

So coming back to the ETAAC topics, it's phenomenal in terms of, you know, the reductions of identity theft victims, the dollar volume of $26 billion, the fraudulent refunds that have been protected, you know, more than 68 percent drop in blocking fraudulent returns from 2015 to now.

Spectacular numbers.

I wasn't raised as somebody where, you know, my parents didn't say, well, you really did a good job. I'm telling you you did a good job but I'm also telling you, you know, that other piece. One victim of identity theft is one victim of identity theft and that particular person has, you know, years of more difficulty than otherwise.

So as proud as I am of ETAAC and public/private partnerships, particularly in the ID theft arena, the challenge is, you know, never to get on our heels but
to stay on our toes and lean into this particular wind
and continue to make a difference. That's again who we are and where we are.

I do want to thank both Phil and Geno, for, you know, Phil for being the Chair, Geno for being the Vice Chair. I understand the undertaking it takes to be in those roles and I personally thank you.

So, in closing, and I will stay -- be on the call, but in closing, I want to thank each of you. I wish we had the opportunity to meet individually. You know, if you come back to the building or things change in terms of COVID and the social distancing and I'm somewhere, please come up to me and, you know, I would really appreciate the opportunity to thank you in person, to talk to you in person, and if you have ideas, whether they're sort of within the ETAAC arena or otherwise, please get them to us. We're open for ideas on how we can make any interaction the Internal Revenue Service has with any person better.

So with that, I will turn it back and just say that I really do personally appreciate your efforts collectively. The IRS appreciates your efforts and
certainly the employees of the IRS appreciate your ongoing support. This has not been an easy run for anybody and it certainly has not been an easy run for our IRS employees.

We got pushed heavily in terms of generating the EIPs. We got pushed heavily in terms of issuing refunds for filing season, and at one point, we had our 511 facilities were shut down. We had 56,000 people teleworking. Our systems were working smoothly, but a large portion of the folks we interact with do paper filings and those paper filings, obviously we did not have the people in our campuses opening, you know, the envelopes and distributing them and whatnot and we got pushed heavily.

What was interesting to me was, personally, I got pushed heavily on a weekly basis for how come my constituents aren't getting their refunds and I'm sitting here thinking, well, we're not going to put our people in these campuses in this particular environment. We need to get ready and protect the health and safety of our people as well as taxpayers that we interact with. We shut down all 358 taxpayer
assistance centers.

Personally, I caught some comments from people saying their constituents could not walk into a taxpayer assistance center and we needed to open those up. We did not open those up for health and safety reasons, but whatever your feelings are on some of that, if you have people who could not get a refund, I appreciate that and I apologize. It was my decision to shut these things down and if you, you know, supported that, you know, maybe the highest order is protecting the health and safety of the employees as well as the taxpayers and professionals and whatnot, go ahead and make those comments and right from, you know, the outset, I could have argued either side of that, but I think overall we had a pretty good balance.

We are coming back. We're in phased-in reopening, and we will have socially distanced and we're doing it appropriately. We are not just turning a switch on and everybody's back in the office and we're trying to be respectful of our mission to, you know, get back to square one where we were, but we're not going to do that in a reckless manner. We're going to do a very
careful, thought-out, and so to the extent some of you might be waiting for something, I personally apologize, but understand that, you know, like every other public and private organization, we're trying to get to the right place but do it in a realistic, respectful manner.

So with that, I will turn it back to Phil and Mel.

MR. POIRIER: Thank you very much, Commissioner. It was very helpful to get your overview of what it's like to be at IRS right now with all the activities going on in the face of the challenges presented by the pandemic. It's amazing what the IRS has been able to accomplish with the support of the states and industry, and I also appreciate you touching on the accomplishments in the electronic filing area.

Though much of the focus of our discussion is around the Security Summit, electronic filing continues to grow. It's great news that amended returns are going to be e-filable in the very short future, and it's also nice to see the steady increase in business return electronic filing.

And so to accomplish all of that on top of, you
know, handling all the Economic Impact Payments, and
dealing with the pandemic and the challenges of a
filing season that is unprecedented, it's really
remarkable progress.

MR. RETTIG: Yeah. You know, Phil, I mean, let me
also comment on the security side.

As you can imagine, I think the number last year
was somewhere around 1.8 billion cyber attacks on IRS
alone, but when the government announces it's issuing
payments to people who contact us in one of a variety
of methods, obviously a spike in fraudulent activity, too, coming in our direction.

And so, you know, I was a little remiss in not
touching on the security side of it, but, you know,
through ETAAC Security Summit, lessons learned,
interactions, and sometimes some of the defenses we
have came up as a result of hallway conversations with
folks on ETAAC of, you know, hey, I heard about this, I
heard about that, and so similarly, you know, you don't
always have to -- we appreciate things coming in
formally through ETAAC and others, but it does not
always have to be a formal engagement with us.
In the security world, you know, as we get hit, we get -- to the extent we would get hit, we also suffer antitrust and respect world from everybody and we need people to trust and respect the Internal Revenue Service, to have and retain the system of tax administration we have.

So, you know, the old line that everybody uses is, you know, what keeps you up at night as a commissioner, I would guess that the vast majority of commissioners have always said, you know, security, cybersecurity. That changes everything.

So, yeah, thank you for bringing that to my attention.

MR. POIRIER: All right. Thanks, Commissioner.

ETAAC Report

MR. POIRIER: And speaking of the Security Summit, we're going to shift to that focus for a few minutes here.

After some initial observations, I'm going to hand off to three ETAAC members, Joe Sica, Mark Steber, and Kathy Pickering, who are going to provide more in-depth observations about the focus, work, and accomplishments
of the Security Summit Workgroups and the ISAC. All three of these individuals have been actively involved in the Security Summit since its inception in 2015.

As the Commissioner noted, the IRS has achieved significant progress against identity theft tax refund fraud since the formation of the summit in 2015. He noted the key indicators on identity theft over the past five years, about the significant reduction in numbers of taxpayers reporting that they've been victims, the number of confirmed identity theft returns that are coming into the IRS, the protection of billions of dollars in fraudulent refunds by stopping them before they go out the door, and then for the support of the financial services industry recovering additional refunds that have issued before they get to the criminals.

And this progress is not coincidental. It reflects the continuing commitment and collaboration of the members of the Security Summit, the IRS, the state revenue agencies and industry, and all the steps they've taken to fight identity theft tax refund fraud, and some of those steps include increasing the
collection and sharing of data associated with
electronic returns and that additional information is
making the IRS more effective in identifying and
stopping questionable returns.

The IRS has made significant progress in expanding
and refining its identity theft fraud filters. As I
just noted a minute ago, a second ago, the IRS is
coordinating closely with financial service providers
and debit card companies to identify and return
questionable refunds, and some of those relationships,
working relationships that have been built are also
being leveraged to issue and deliver the Economic
Impact Payments.

So Joe's going to talk a little bit more about
that.

There have been increased measures to authenticate
software users. Everyone knows the challenge of
authenticating yourself online in order to verify that
you are in fact who you say you are and the legitimate
person to access that information or your bank account
information, for example.

The IRS has been very active in expanding public
campaigns to increase awareness of ways to protect identity theft and protect against identity theft. In fact, the IRS has even created an online hub called Identity Theft Central that makes it easier for identity theft victims to find the information they need.

Another thing the IRS has done is expand an identity protection pin availability. So all of these actions, and this is only a sampling of the actions that have been taken, are helping to drive progress against this threat.

I'd also like to acknowledge the importance of congressional support from the Security Summit and ISAC. Several provisions of the Taxpayer First Act that was passed last year have focused on the Security Summit, including the Act's amendment to Internal Revenue Code 6103 that permits the IRS to share identity theft tax refund fraud information into the ISAC and the IRS has worked very diligently, along with the states and with industry, to put in place a framework to ensure that taxpayer information being shared is being adequately protected.
As the Commissioner described, suffice it to say the past 12 months haven't been without some challenges, even before the pandemic hit.

On the heels of implementing the tax cut and JOBS Act, the IRS was tasked with several new initiatives in the Taxpayer First Act and while in the middle of acting on these congressional imperatives and still delivering the 2020 filing season, the pandemic hit, and the Commissioner went through some of the numbers in terms of what IRS has done to help Americans by facilitating the delivery of hundreds of billions of dollars in Economic Impact Payments.

The commitment, professionalism of the IRS leadership and staff with the support of states and industry during this period has been remarkable.

At the same time, the Commissioner noted the cybersecurity threat and the fraud threat and, of course, there's no time to rest on any laurels and take our eyes off that threat and no one here is doing that.

The wholesale threat of huge volumes of personal information across government and our economy has provided criminals and other bad actors with detailed...
and accurate taxpayer information, and these sophisticated adversaries continue to use this information to create and file returns that look almost identical to those of a legitimate taxpayer. Unfortunately, there is no silver bullet that would make it easy for the IRS to spot these fraudulent returns among the hundreds of millions of legitimate returns. So there's going to be an ongoing impact on legitimate taxpayers and our challenge is how can we together reduce this impact and make it easier for taxpayers to have their returns processed as efficiently as possible.

ETAAC thinks that the continuing threat highlights the importance of two critical factors that have enabled the success of the Security Summit. The first is IRS's continued leadership and the second is the strong stakeholder engagement from the states and industry.

Each stakeholder community has made substantial commitments in funding and personnel to the Security Summit and the prevention and mitigation of identity theft tax refund fraud. So we need to stay focused on
how do we sustain the energy and momentum of existing
and new partners in the summit.

So with that context around the Security Summit,
let me just turn briefly to the 2020 Report and some of
the context in a very high level perspective on our
recommendations.

So we observed, if you look at the Executive
Summary in the report, which is at the beginning of the
report, ETAAC has observed several factors that we
think are going to affect the future of the tax system
as we look ahead.

Let me just mention four. The first, Number 1, is
the fiscal condition of the Federal Government is under
tremendous strain. We were already in excess of a $20
trillion national debt and that was before the pandemic
and so there's going to be increased attention on
narrowing the $308 billion tax gap and continuing to
mitigate the impact of identity theft tax refund fraud.
All you have to do is look at IRS's strategies or the
Commissioner's speeches or reports that he issues to
know that the IRS is heavily focused in these areas.
So that's Number 1, the fiscal position.
The second is this year, we've spent a lot of time with the IRS Modernization Office looking at the business modernization plan and after reviewing those plans in pretty good detail, it's very clear that the continued modernization of the IRS is an essential component of not only narrowing the tax gap but improving taxpayer services.

So that takes us to the third point, which is, in order to modernize, the IRS needs its budget request approved and that includes not just the base budget request but also the program integrity cap adjustment. I think it was either $240 million, which will be focused on enforcement. We'll talk a little bit more about that. We'll talk about the return on investment of those dollars.

And then the final point is that the cyber criminals are continuing to probe for new vulnerabilities and look for ways to disrupt our tax system.

So we know that we need the money, Number 1. We know that modernization is a key enabler to helping taxpayers in using enforcement. We know that funding
is critical to that effort, and we know that the cyber criminals and other adversaries are still at the door. So with that context, we've organized our recommendations around some key themes. Three of those themes are consistent with our past reports and the themes, those three themes are, first, defending and protecting the tax system. The second is improving the taxpayer experience, and the third is strengthening the Security Summit and ISAC, and those aren't in priority order. They are all important.

The fourth theme we've added this year is funding, modernizing, and enabling the IRS, and when we talk about our recommendations, you'll see how we've organized our recommendations under these themes.

So in the second section of this meeting, Geno Salo, the Vice Chair of ETAAC, is going to coordinate a deeper review of these themes and recommendations, but before we start talking about the recommendations, let me hand the program off to Joe, Mark, and Kathy to review the work of the Security Summit and ISAC.

So, Joe, you're up.
MR. SICA: Hey. Thank you, Phil, and good morning to everybody.

My name is Joe Sica. I'm the Chief Public Policy Officer at the Green Dot Corporation.

I'll be focusing my comments on the activities of two Security Summit Workgroups. First, the Authentication Workgroup, they're tasked with identifying opportunities for strengthening identity assurance and taxpayer authentication practices. Also, the Financial Services Workgroup, they're tasked with examining and exploring additional ways to prevent and deter criminals from accessing tax refunds, tax-related pension products, deposit accounts, prepaid debit cards, along with coordinating the framework required for banks to determine suspect refunds filed with the IRS.

So these two working groups made progress in several areas last year. Just give me five minutes to mention a few of them. The Authentication Workgroup made progress in several areas. They continued to analyze individual tax return authentication data elements and they're looking to find correlations
between their findings and confirm previously-confirmed identity theft tax return fraud to further improve suspect fraud selection models.

Equally hoping to repeat the success of the individual return segment, they stepped up the pace on analyzing business tax return data elements and are identifying the next steps necessary to include due date elements again on suspect fraud selection models and filters.

The Authentication Group also identified additional data elements related to employment tax returns for inclusion in the business return authentication process.

And finally, they provided industry partners with specific content and actions to be required by taxpayers for inclusion in all letters and notices issued by the IRS relating to identity theft, so thereby enhancing customer service in coordination with tax preparation.

Looking ahead, we expect the Authentication Workgroup to focus upon continuing its pilot on real-time validation of the all-important electronic filing
and identification numbers and to begin development of
a plan to incorporate many of the trusted customer
requirements into the business return preparation
software.

The Financial Services Working Group made progress
in continuing to implement, rather, its rejected direct
deposit opt-in program, including outreach for review
member participation in the R17 Reject Program.

So since inception, 494 financial institutions
have opted into the R17 refund deposit reject effort
and since 2016, I believe well over 200 million suspect
refunds returned to the IRS as a result.

So looking ahead, the Financial Services Working
Group will be focusing on working with the National
Automated Clearinghouse Association, the state
departments of revenue, to further promote even more
participation in the R17 Opt-In Program, both for
federal and state return refunds.

Closely related to that, they will continue to
evaluate the Treasury Department's Bureau of Fiscal
Services pilot to encourage participation in the
External Leads Program and the reject process I've just
outlined across other government agencies.

So to conclude my brief remarks, one thing that clearly jumped out at us this year is the summit's contribution, maybe somewhat inadvertently, finding itself in a position in helping to get millions and millions of stimulus or EIP payments in the hands of waiting recipients through direct deposit and much quicker than if they had to wait for stimulus checks to be printed and mailed.

Through direct action to help identify suspect identification tax refund fraud since its inception through some of the ways I just discussed, along with others, it's advocated and operationalized and gathered certain data that subsequently helps the IRS and states recover refund errors.

So without too much detail here, that collection of data and that industry suggestion was used by the IRS to identify recipient bank accounts for deposits of their EIP and, as mentioned, not have to wait for the printed checks in the mail.

So once more, its construct firmly in place with public/private collaboration exists to identify the tax
refund, it's sparked a very workable solution that's assisted many Americans during a national emergency and as we watch the daily news unfold, it indeed may again.

So when public and private entities build trust and work collaboratively with each other, like the recent space launch, for instance, great things can indeed be achieved.

The summit is also an exemplary example of such a trusting collaboration that's in a position to do great things for the American public.

So after ending my four-year ETAAC term, my personal belief is that it's definitely worth taking note of.

So now I'd like to hand it off to my friend and ETAAC colleague, Mark Steber.

Thank you.

MR. STEBER: Thank you, Joe.

My name is Mark Steber. I am the Chief Tax Officer for Jackson Hewitt with responsibilities that include tax compliance oversight, IRS tax and tax preparation rules adherence, and overall system monitoring for tax fraud schemes.
I'm going to focus a little bit on the recommendations and accomplishments or at least the accomplishments of three Security Summit Workgroups and all three have a focus on information security.

The Strategic Threat Assessment and Response or STAR Workgroup, which is tasked with identifying points of vulnerability related to the detection and prevention of ID tax refund fraud and executing a strategy to mitigate and prevent them, the Tax Professional Working Group, which is tasked with examining how new requirements may affect the tax preparation community and how the tax preparation community can contribute to the prevention of identity theft and tax refund fraud, and, finally, the Communication and Taxpayer Awareness Workgroup, which is tasked with increasing awareness among individuals, taxpayers, businesses, and tax professionals on the need to protect sensitive and important tax and financial information.

These working groups made great progress in several areas last year. For example, the Strategic Threat Assessment and Response or STAR Working Group
completed the third year of a three-year plan
implementing the National Institute of Standards and Technology or NIST Cybersecurity Framework Controls for the tax industry.

The group established a new three-year plan to implement the NIST Controls for the Payroll Community Subgroup and received four one-year self-assessments for Payroll Subgroup Teams.

Finally, they established a three-year plan to align the Trusted Customer Requirements with NIST and the Digital Identity Guidelines and looking ahead, we expect the STAR Working Group to continue these NIST Controls implementation for the tax software community and payroll industry and conduct cybersecurity exercises for the tax software community.

The Tax Professional Workgroup also had a good year. They delivered basic data security messages directly to PTIN account holders held by over 700,000 active return preparers.

The Tax Professional Workgroup supported the return preparer offices communications strategy to disseminate the availability of continuing education on
data protection and security courses using traditional and social media platforms.

They conducted various tests and messaging to the preparer community to determine which messages preparers were more likely to open. They worked directly with the Stakeholder Liaison Office in designing focus group questions for preparers virtually attending this year's nationwide Tax Forum.

Looking ahead, we expect the Tax Professional Workgroup to enhance the PTIN or Preparer Tax Identification Number registration and renewal process to include important language outlining preparer requirements to maintain and uphold data and system security standards, to design information handouts on security plan basics and make those available for the 2020 National Tax Forums.

Finally, the Communication and Taxpayer Awareness Workgroup developed and continued to conduct an aggressive and multifaceted social media campaign focused both on taxpayers and the tax professional community, highlighting security and protection against identity theft, tax refund fraud, and related scams.
They continued to have a taxpayer-focused protection and security awareness campaign. They conducted its fourth annual Tax Security and Cyber Awareness Campaign jointly with industry and state Security Summit partner members, including events in over 30 large and medium markets.

They developed a new partner toolkit, including do-it-yourself news conference scripts, daily news releases, drop-in articles, social media, and more, designed to allow partners inside and outside the tax community to share information and message more widely to their internal members and external audiences the importance of these topics.

Looking ahead, we expect the Communication and Taxpayer Awareness Group to continue to highlight security tips with communications throughout the filing season focused on traditional and social media platforms with special emphasis on emerging schemes, rapid response to combat threats, and to protect data and what to do if a possible data compromise in the tax community happens.

The area I've just reviewed has one common theme
as does many of our recommendations in the ETAAC Report, defending and protecting the tax system and strengthening the security of various stakeholders in that system.

The summit has made tremendous progress, as Phil and others have covered over the past five years. It has mitigated stolen identity tax refund fraud and put us on the path to strengthen our tax system much more so than any time in the past.

However, despite this progress and all the good news we've heard and shared and read, the Security Summit participants, the IRS, the state, and industry can never lose focus of the continued risk and exposure to the tax system if we are to lower our guard or become complacent.

There has been no reduction in attempts to gain the system or to steal. Just the success of those attempts have been thwarted to some degree and very much so for now. Even though we can count many wins and point to much success, many tax dollars saved, the tax system remains under attack, probably more so now than any time in the past.
The tax system attacks, as the Commissioner's more than once mentioned, are more sophisticated. The targets range from states now, payroll processing companies, to corporations in general. But make no mistake, the criminal's goal is the same: to steal money from the government through the IRS through the tax system.

All of us must be vigilant and focused and continue to reinforce this existing and potentially expanding in some cases the protections and safeguards currently in place or we'll pay a terrible price, as the Commissioner mentioned, both in money and system confidence, if a large-scale fraudulent scam were to hold and explode.

In summary, even though the summit's report and successes can be counted largely and significantly slowing the outflow of fraudulent refunds, more sophisticated attacks are currently being planned and done right now and in the offing.

IRS and summit members should plan accordingly on many fronts. Funding, as Phil mentioned, staffing, as has been requested many times by the IRS, systems
modernization and all that go with it, and generally
the ETAAC recommendations are aligned on those points,
and if we do not do these things, loss of money and
confidence and system trust and respect may be lost.

Those were my highlights, and at this point, I'd
like to turn it off to my colleague and friend, Kathy
Pickering.

MS. PICKERING: Thanks, Mark.

My name is Kathy Pickering, and I'm the Chief Tax
Officer for H&R Block.

My comments are focused on two areas: the
Information Sharing Working Group, which is tasked with
identifying opportunities for sharing information
within the Security Summit to improve the collective
capabilities across the tax industry, the state
agencies, and the IRS for detecting and preventing tax
identity theft fraud, and the ISAC or the Information
Sharing and Analysis Center, which is a platform that
has aggregated anonymized data, enhanced by
standardization, analysis, and, most importantly,
centrally accessible so that authorized users can use
the benefit of this information and analysis to
facilitate sharing actionable data and information.

Let me review some of the accomplishments of these two efforts.

First, the Information Sharing Working Group enhanced and automated the lead submission process. This has evolved over time to gaining a better understanding of the issues and challenges that the states face in using the leads specifically with limited access to federal tax information and the states' ability to use lead information is necessarily different than how the IRS uses it. That understanding and collaboration has driven continuing improvements in the lead submission processing.

Also developed an enhanced process and new alert form for issuing ISAC alerts based on efforts by the Rapid Response Team. The key here is that alerts are meant to provide information about suspicious activity that needs immediate attention and action to prevent ID theft.

Looking ahead, we expect the Information Sharing Working Group to explore opportunities to enhance information and data sharing with expanded and much-
needed authority provided by the Taxpayer First Act which authorizes the IRS to share federal tax information for the purposes of detecting and preventing identity theft tax refund fraud and collaborate with the Authentication Working Group to identify data and analyze information that will enhance and improve leads reporting for business entity returns.

Second, the ISAC, again the Information Sharing and Analysis Center, increased its membership to 72 member organizations, including partners and endorsing organizations.

With the authorities granted through the Taxpayer First Act, the IRS is now for the first time able to share FTI, Federal Tax Information, into the ISAC with authorized users. This requires appropriate security protocols, ability to track data entered and accessed, creating specific authorized user accounts, and providing training and guidance on how to use the functionality to protect the information. It's an important next step in the evolution of the ISAC.

The states, through the FTA or the Federation of
Tax Administrators, has added a new feed of information about data breaches reported to the states into the ISAC operational platform. This consolidates the information to a single accessible location and allows for additional analytics.

Prior to the use of the information from the Secretary, the states had to determine linkage with identity theft and testing new data sources. This created the pre-validation effort from the Financial Services Working Group on to the platform which enabled a more holistic view of the patterns and trends associated with this effort and coordinated with the ISAC analyst community practice to improve the ISAC alerts process to gather more meaningful data to identify threat activity.

The community of practices, the crown jewel of the ISAC efforts, by bringing together the fraud analysts to collaborate, share best practices, and raise the efficacy of all involved.

Looking ahead, we expect the ISAC to continue to refine its committees to improve strategic planning and enabling its analyst community, continue to execute the
ISAC strategic goals, improve analyst training and build skills of the analyst community, continue efforts to optimize use of the data currently available for the ISAC membership by the creation of new data dashboards, work with the Senior Executive Board Metrics Committee to develop and monitor metrics and measure value-added of the ISAC and further implement the ISAC-related provisions of the Taxpayer First Act.

In our past two reports, we've made several recommendations in the above areas and the steady progress being made is commendable. However, if I had to identify one big issue in these areas, I'd say that we have experienced unprecedented challenges this past season because of the COVID-19 pandemic.

We saw a lot of chaos, rapidly-changing information about extensions to filing and payment deadlines, a myriad of local orders about shelter-in-place, a rapid shift to enable work-from-home or telework, and in times of chaos and change, fraudsters and cyber criminals thrive.

That said, because of the structure and partnership of the Security Summit and the ISAC, we
were able to communicate effectively during the crisis and we now have a partnership for continuing to harvest the lessons learned from COVID-19 and use that in a strategic planning forum to think bigger, bolder, and faster about how quickly the world can change. Things we could have never imagined a year ago have just occurred and we can use that to think and plan differently going forward to continue the fight against identity theft for refund fraud.

And at this point, I'd like to hand off now to Phil for some closing comments in this area.

MR. POIRIER: Thanks very much, Kathy, Joe, and Mark, for your comments.

At this point, I'd like to turn it over to Commissioner Rettig, if he has any final comments before we take a short break.

Thank You to Members

MR. RETTIG: Yeah. I just wanted to say thank you. It took me a second to unmute. I apologize for that. I just wanted to say thank you and, you know, you really are hitting on the topics and a lot of this is certainly behind the scenes. So it's not only
protecting but, you know, each year the cyber criminals, you know, and everybody else, they do get more sophisticated and so, you know, when we get there, they're chasing us, and so having your continued involvement and then dedication, you can hear it. You know, you can hear it in the voices of the folks who are reporting.

I just want to personally say thank you. We very much appreciate the efforts of each of you and I get it that these committees are often sort of the planes, trains, and automobiles, and behind the scenes. You know, you're giving up personal time. You're giving up business time. I understand that.

I want you to know that I do appreciate it and I look forward to the opportunity to thank each of you in person.

So with that, I'll turn it back. Thank you very much.

MR. POIRIER: Thank you very much, Commissioner.

At this time, I'd like to take a short five-minute break. So we will -- actually, let's just make it a 10-minute break, in case somebody wants to grab a cup
of coffee, in addition to other things.

We will reconvene at 10 a.m. Eastern. So if you could just put your phones on mute and then we will reconvene at 10 a.m. Eastern.

Thank you.

(Recess.)

MR. POIRIER: It's just about 10 a.m. Eastern.

Mel, did you have anything you wanted to do or say before we check back off?

MR. HARDY: Yes, Phil. Thanks so much. Phil, we made one small snafu. Things are going so well, but we have to add in a little bit of opportunity for mistakes. We still have Commissioner Rettig on the line. He is anxiously awaiting to thank those members of ETAAC that are rolling off this year, a very distinguished group.

So, Commissioner, I'll turn it over to you, sir.

MR. RETTIG: Yeah. And I apologize for that and, as much as anything else, it's a casualty of sometimes we move too fast but also the virtual nature of it.

Like I said, historically what I've done for different advisory committees since I've been onboard,
I really do appreciate thanking each individual and especially the individuals who are rotating off at the conclusion of their term and this year, we have Michael Jackman, we have Suzanne Kruger, Ada Navarro, Kathy Pickering, Phillip Poirier, John Sapp, Joseph Sica, and Mark Steber, and, you know, as I said when I opened my comments, I get it, and, you know, you and those immediately around you understand what you do, but, you know, sometimes a lot of other people don't and I do appreciate the efforts and the care and the concern of those of you that are rotating off.

You've gotten us to a better place. It doesn't mean that you should be strangers going forward. You should continue to interact with us in any way, shape, or manner that's possible, and I encourage those who are staying on to be as engaged as possible.

The other thing I will say is I do get it that people have day jobs and they have, you know, family life and this and that. So what you can give we appreciate and we want you to know that.

So for Michael, Suzanne, Ada, Kathy, Phillip, John, Joseph, and Mark, thank you very much. I
apologize for missing that on the earlier part.

MR. POIRIER: No problem. Thank you very much, Commissioner.

MR. RETTIG: Thank you.

MR. POIRIER: And thanks for taking the time to speak with us this morning.

MR. RETTIG: My pleasure. It's an honor and a privilege and I just wish I could do it in person but we'll get there.

MR. POIRIER: Absolutely.

MR. RETTIG: All right.

MR. POIRIER: Okay. At this time, we're going to commence the second part of our meeting and review the recommendations. Please remember the guidance I provided about Star 6 to mute and unmute and remute it. It's early in California. Remute your phone.

And so at this time, I'd like to hand it off to ETAAC's Vice Chair Geno Salo to continue the meeting.

2020 Recommendations Review

Overview of Recommendation Areas

MR. SALO: Thank you very much, Phil.

Again, I'm Geno Salo from Thomson-Reuters where
I'm Senior Director of Government Relations.

This phase of our public meeting, we're going to provide a brief oral summary of our 2020 Recommendations.

ETAAC has 16 recommendations, some of which may simply restate or clarify past recommendations in the areas that we still deem critical. We have organized our recommendations around four central issues, the first being Fund, Modernize, and Enable the IRS. We have four recommendations in this area focused on congressional actions to enable the IRS to provide high-quality taxpayer services, enhance enforcement, and build 21st Century capabilities.

Phil Poirier will summarize this area which deals with the IRS Fiscal Year 2021 Budget Request, Government-Wide Digital Identity Policies and Initiatives, and IRS Authority and Funding to Enforce Such Understandings.

The second theme is to Defend and Protect the Tax System. We have three recommendations in this area focused on ensuring the uninterrupted secure operations of our nation's integrated electronic tax
administration system. Jenine Hallings will summarize this area which deals with mitigating potential disruptions throughout our end-to-end tax system, IRS engagement to assess the impact and implementation of the Federal Trade Commission's proposed changes to the Safeguard Rule, and IRS actions to understand the security risks and vulnerabilities in the tax preparer community.

The third theme is to Improve the Taxpayer Experience and we have four recommendations in this area, John Sapp will summarize them, which deal with collaboration on promising digital identity solutions, taxpayer-controlled real-time protections, design of the IRS Form 1099 Internet-Based Service, and the accuracy of EIN responsible party information.

And lastly, the fourth theme, Strengthen the Security Summit and ISAC, we have five recommendations in this area, and Lynne Riley will summarize them, and they deal with the Taxpayer First Act's impact on the Security Summit, implementing the TFA-ISAC-related provisions, mitigating the adverse impact of participant turnover in the ISAC, and the
implementation of real-time ETIN and PTIN validation capabilities.

With that, I'm going to hand off to Phil Poirier, who will summarize the first set of recommendations.

Phil?

Fund, Defend, and Enable IRS

MR. POIRIER: Thanks, Geno.

Can you hear me okay?

MR. SALO: Yes.

MR. POIRIER: Okay. Great. Thank you.

As Geno mentioned, I'm going to open with the recommendations in the area of Funding, Modernizing, and Enabling the IRS.

In past years, we have tended to have congressional recommendations sprinkled throughout our different themes. This year, what we did was we assembled all of our recommendations for congressional action in one area and are referring to it under the heading of Funding, Modernizing, and Enabling.

So let's start with congressional funding. I already mentioned a few minutes ago about the overwhelming national debt, the annual budget deficits
of over a trillion dollars a year and certainly greater than that this year, and the need to narrow the tax gap as well as to fight identity theft, tax refund fraud, and the COVID response obviously has accelerated that need and that challenge.

To accomplish this objective, the IRS needs adequate funding to make it easier for taxpayers to comply and to enhance its enforcement capabilities and as well as to protect the tax system from cyber criminals and to modernize its systems.

In considering IRS funding, it's kind of in a unique position because IRS estimates that it has a direct return of investment or ROI on enforcement on corporations of approximately five to one and indirectly it believes it has an ROI of about 11 to one or greater.

So it does cost more, but investing dollars in IRS enforcement actions and other improvements to help taxpayers comply actually delivers increased revenue for the Federal Government.

So under the circumstances, Recommendations Number 1 and 2 in the ETAAC 2020 Report recommend the full
funding of the IRS's Fiscal Year 2021 Budget Request, including its $400 million program integrity cap adjustment.

We believe these two recommendations are fundamental to enable the IRS to narrow the tax gap and improve taxpayer services as well as to modernize.

The second area of our recommendations under this theme relates to digital identity. Digital identity is one of the toughest things to implement in the online and mobile environment. This is a very challenging area.

A few years ago when there were security issues, I believe it was this issue with getting your transcript, IRS was very quick to implement an enhanced identity-proofing solution and authentication solution called Secure Access and is now working to upgrade that system or replace that system with SADI and John Sapp is going to talk more about that particular implementation.

But digital identity is the front door to any personalized online and mobile services and OMB, the Office of Management and Budget, has provided federal policy guidance in this area.
But given the critical and challenging nature of this area, we believe congressional attention and support is warranted. The OMB guidance not only helps to set a framework within that but it also creates dependencies on other agencies.

So our Recommendation Number 3 proposes that Congress monitor and support government-wide policies and initiatives to enable agencies to implement digital identity solutions and John will touch on this a little bit more.

The final recommendation in this area relates to cyber attacks and to, I should say, security. Our federal tax system can consist of both public and private infrastructure between the IRS, states, and industry, and all of these solutions or, I should say, systems are under attack every day.

To achieve a secure tax system, we think the IRS needs to have the clear authority and the associated funding to lead a coordinated effort to understand the risks to the tax system and to execute an effective cybersecurity strategy.
So whether that involves education or standards or whatever it involves, we believe that the authority needs to be clear, and we believe the funding needs to be there.

So Recommendation Number 4 proposes that Congress provide IRS with the authority and the necessary funding to set and enforce security standards or take other actions to enhance the security of our tax system.

So with that, I'm going to hand it off to Jenine Hallings who will summarize the next set of recommendations.

Defend & Protect Our Tax System

MS. HALLINGS: Thank you, Phil.

Good morning. My name's Jenine Hallings, and I am a Compliance Manager with Paychex, Inc. In this role, my main areas of focus include payroll tax, employment tax filing, and privacy regulation.

The recommendations I'll be speaking about this morning are focused around the second theme referenced in ETAAC's 2020 Annual Report, which is Defend & Protect Our Tax System.
Phil just mentioned the importance of a secure tax system. ETAAC has three recommendations in this regard that focus on ensuring the uninterrupted secure operation of our nation's integrated public/private electronic tax administration system.

First, every year the federal tax system generates approximately $3.5 trillion in collections. These collections fund approximately 95 percent of government and, moreover, deliver approximately 350 billion in tax refunds.

This system is under attack every day. Although current attackers seem to be focused on monetary gains, future attacks could shift, disrupting government operations and the economy, which raises business continuity concerns.

With Recommendation Number 5, ETAAC recommends that the IRS work with the Security Summit to evaluate and respond to potential disruption threats to our end-to-end tax system.

Second, the Federal Trade Commission Safeguards Rule mandates security requirements for tax preparers and this is inclusive of consumer tax software and tax
preparers serving consumers, whether paid or unpaid.

The FTC Enforced Safeguards Rule as currently written provides fairly high-level requirements. As we see the cybersecurity threat has increased, the FTC has reconsidered the adequacy of the existing rule.

Upon completion of their re-examination, the FTC issued a proposed rule that would substantially expand the current Safeguards Rule and Requirements. The impact of these changes on the tax preparation industry is unknown.

In Recommendation Number 6, ETAAC encourages the IRS to promptly engage with the FTC and the tax preparer community to assess the impact around the implementation of FTC's proposed changes to the Safeguards Rule.

With all that's going on in the world today, ETAAC suspects a large portion of the tax preparer community has not yet had the chance to fully absorb and reflect on the potential outcomes the proposed changes will have, making compliance challenging.

Finally, ETAAC has already commented on the need for the end-to-end public and private tax system to be
secure.

In regards to this, ETAAC believes this requires that the IRS have clear authority and adequate funding in this area.

To achieve a secure tax system, ETAAC also believes that the IRS must lead a coordinated effort to understand the risks to the tax system and develop and execute an effective cybersecurity strategy.

As a foundational first step, Recommendation Number 7 recognizes the gap in the understanding of the security risks and vulnerabilities in the tax preparer community and repeats ETAAC's 2019 recommendation for a study of this area.

Now I'm going to hand off to John Sapp, who will summarize the next set of recommendations.

Thank you.

Improve the Taxpayer Experience

MR. SAPP: Thanks, Jenine.

My name is John Sapp. I'm Vice President of Strategic Development at Drake Tax Software.

I'm going to review Part 3 of the ETAAC Report, Improving the Taxpayer Experience.
ETAAC has four recommendations in this area focused on improving taxpayer services and the customer experience, but before I review those recommendations, I'd like just to just take a step back and ask, well, why do we really care about that?

You know, it's easy for us that are involved in this industry to get so engrained in the tax business or tax processing, writing tax policy or reporting on tax policy, reporting on the tax system to think of things like authentication or digital identity, data insecurity, things like that as just jobs to be done or tasks to be performed to make our processing more efficient or secure.

But I will point out that all of these efforts, and ETAAC focuses on this, all these efforts have a real impact on people's lives, on real taxpayers. So I would caution us not to forget that individual taxpayer because when they're having a tax problem and that's coupled with an unknown of how the tax system works or how to interact with the tax system, that breeds anxiety and it's driven by a feeling of not having any control over the process or the interactions with that
process of our tax system.

So, you know, the former Taxpayer Advocate called this the Taxpayer Anxiety Index and she presumed the less anxiety a taxpayer experiences in dealing with the tax system, the more likely they are to comply with their tax filing obligations.

So these recommendations that we have should bring options to the taxpayer and some semblance of control as they try to comply with their tax obligations and have to potentially interact with the tax system.

So the collaborative effort between the IRS, industry, and states does just that. It builds additional ways for taxpayers to interact with the tax system, hopefully building trust that those interactions are fair for everyone and actually make sense.

So some of these interactions are technology-driven through a web-based portal or technology that would provide protections to taxpayers' data through authentication but also more logical solutions to resolve their tax issues.

So, for example, something simple like having
access to their account at the IRS so they know the activity that has occurred. So this trust hopefully with that interaction should lead to additional compliance security and hopefully, you know, easier-to-use systems.

So if we start with the critical area, as Phil mentioned before, of digital identity, which is the ability to remotely identity proof and authenticate a person is who they say they are. So as Phil suggested, this capability is a critical dependency for the IRS's modernization strategy and therefore the IRS's ability to meet its future taxpayer service and enforcement responsibilities.

But on a day-to-day basis, you know, ETAAC pointed out last year that taxpayers, only 40 percent of them successfully could utilize the secure access system to see their account at the IRS or to interact with the account that way, and tax professionals were only slightly better at 65 percent.

So a critical function of this digital identity is to bring, you know, the ability to interact with the system for everyone. So it's fairness and a level
For example, it doesn't seem fair to provide access to the tax system digitally simply because someone has the ability to authenticate that someone else doesn't have. For example, they have a mortgage or they have a cell phone in their own name and someone else doesn't. That could be the delineating factor between someone having access to an easy way to interface with the tax system and someone who doesn't in the current system.

So the goal for this solution is to allow a larger population of taxpayers and tax preparers to access the information needed to solve tax issues and comply with their obligations.

So the IRS has been diligent and thoughtful in its pursuit of this. It's been designated the Secure Access Digital Identity or SADI and ETAAC supports the IRS's work in this area and that's what Recommendation 8 does.

We encourage the IRS to collaborate and continue that collaboration, bring in subject matter experts to identify and pilot promising digital identity
technologies in this area.

So in responding to ID tax refund fraud threat, the IRS has considered several methods of providing increased transparency and control to taxpayers. This approach is consistent with other areas of the consumer's or taxpayer's financial lives where they have security features with their bank, for example, proactive notifications, and account controls. Someone uses a credit card in an odd way, they may get a text, those types of things that have become commonplace in our day-to-day lives.

The IRS should be able to get the -- the taxpayers should be able to get with their tax-filing and tax account the same type of interactions.

So Recommendation Number 9 encourages the IRS to extend its taxpayer-controlled real-time protections for individuals and business taxpayer accounts.

Recommendation Number 10 proposes the IRS expand its current collaboration with key stakeholders on the design and launch of the 1099 Internet-Based Service Required personal to the Taxpayer First Act, which directed a number of significant actions by the IRS,
one of which in Section 2102 directed the IRS to make available an internet platform that allows people to separate -- I mean, sorry, to prepare, file, and distribute Forms 1099 and maintain a record of those after they're filed. That service will impact a number of stakeholders, some of which have already undertaken their own initiatives in this area.

So, finally, the accuracy and integrity of the responsible party as it pertains to an employer identification number is essential to the IRS's ability to resolve potential ID theft and tax refund fraud returns quickly. That information, if it is out of date, someone changes the responsible party with an EIN and doesn't change that at the IRS, legitimate taxpayers are disadvantaged when the proper handling of suspect but legitimate returns is delayed.

So Recommendation Number 11 recognizes the opportunity to make it easier for the IRS to release legitimate business returns by increasing the accuracy of the EIN responsible party information.

Now I'm going to hand off to Lynne Riley who will summarize the final set of 2020 Recommendations.
Strengthen the Security Summit & ISAC

MS. RILEY: Thank you, John.

Good morning, everyone. My name is Lynne Riley. I'm the State Treasurer of Georgia, but I was formerly the State Revenue Commissioner, and my service in tax administration began in 2015 during the identity theft crisis that inspired the IRS to create the Security Summit.

Under the IRS's leadership, the efforts of the Security Summit contributed significantly to the reduction and prevention of identity theft tax refund fraud. Having been directly involved in the successful efforts as a workgroup co-lead and a member of the ISAC Senior Executive Board, I can personally attest to the positive impacts that this collaboration has achieved for the benefit of individual taxpayers and for the preservation of public funds.

The Taxpayer First Act directs the Treasury Department to develop a comprehensive plan for the organizational redesign of the IRS and for the IRS to work collaboratively with the public and private
sectors to protect taxpayers.

ETAAC believes the IRS must assess and address the impact of the redesign on the Security Summit. This assessment should consider the Security Summit structure, management, goals, and operations to sustain its future success.

An extraordinary level of effort has gone into the empowerment and deployment of the Security Summit and the strong bonds of trust that have been forged among the participants must be sustained.

ETAAC has five recommendations focused on strengthening the Security Summit and the ISAC.

Recommendation 12 focuses on the IRS redesign effort. IRS must contemplate the Security Summit in the redesign and use the organizational review process as an opportunity to identify actions to strengthen it.

The ISAC is the collaborative information-sharing platform that enables participants to identify, analyze, and act on tax refund fraud in real time. The ISAC's broad membership of the IRS, state revenue agencies, and the tax industry provide it with the unique visibility across the tax ecosystem. This
enables stakeholders to act quickly to protect taxpayers and the tax revenues.

Congress has clearly expressed its support for the ISAC. Amendments to IRC Section 6103 permit carefully limited disclosures of federal tax information by the IRS into the ISAC to prevent identity theft tax refund fraud.

ETAAC believes there are opportunities to improve ISAC performance. Participant turnover can create inefficiencies and suppress participation in the ISAC as new personnel must learn the policies and procedures to successfully utilize the platform.

ETAAC also recognizes that opportunities exist to implement more structured ISAC training.

Recommendations 13 through 15 focus on opportunities for participant collaboration on ISAC-related provisions in the Taxpayer First Act and to take action to mitigate risks posed by ISAC participant turnover.

Finally, the accuracy and integrity of electronic filing identification numbers and preparer tax identification numbers is a key tool in preventing and
resolving tax refund fraud.

A shift to real-time access and validation of ETINs and PTINs would increase efficiencies in this effort.

Recommendation 16 of our report supports the IRS's effort to implement real-time ETIN and PTIN validation capabilities.

Now I'm going to hand back to Geno Salo. Thank you.

MR. SALO: Thanks very much, Lynne.

In closing this section of the meeting, the 16 recommendations that the committee has put forward are the work of a yearlong process. The unprecedented events of the last few months shine a brighter light on certain recommendations but before talking about that, I would just like to say thank you to all the IRS staff for handling the filing season in exemplary fashion despite all the challenges, including taking on the task of managing the Economic Impact Payments. It's a job well done under a tremendous burden. Thank you very much.

The challenges of the pandemic highlight that the
full funding of the IRS is paramount so that it can continue their modernization efforts. As taxpayers and tax professionals adopt new methods of conducting business, they need the ability to work with the IRS digitally now more than ever. The IRS needs to continue to push for their secure digital identity solutions but with that push potential fraud issues have to be at the forefront of their thinking. Change can be seen as an opportunity for the cyber criminal as they try to poke holes in new systems.

In a simple sentence, fully fund the IRS so that they can continue to enhance the taxpayer digital experience securely.

Then before I close, I would just like to take an opportunity to thank our chairman, Phil Poirier, for a job well done.

Phil, your leadership during this year of adversity has been outstanding. Just as everything was coming together for this report, the pandemic was trying to tear everything apart. You held us together and we were able to cross the finish line in great shape.
ETAAC members are proud to have served with you this year, Phil. Thank you for everything.

At this time, I'd like to turn the meeting over to Michael Beebe from the IRS.

Operating Divisions
Security Summit Leads

MR. BEEBE: Thank you, Geno.

Again, I am Michael Beebe. I'm the Director of Return Integrity and Compliance Services in the Wage and Investment Division, and the Lead Executive for the Security Summit.

First, I'd like to thank all of the ETAAC Members for their commitment and dedication. It's been an especially challenging year and very much appreciate your volunteerism.

For Kathy Pickering, Joe Sica, John Sapp, Mark Steber, I look forward to your continued involvement and leadership roles in the Security Summit and working with those recommendations that will be worked in collaboration with the Security Summit working teams and with the ISAC.

Geno Salo, congratulations on being the chair for
next year, coupled with your recent appointment as the
circuit chair. You'll have a very busy year. We'll
miss you on the Security Summit Tax Pro Working Team.
However, we look forward to working with you in your
new expanded leadership role.

Special thanks to Phil Poirier for the last two
years, last year as the vice chair and this year as
chair. I appreciate your directness, your passion,
your understanding of the operational realities that
the IRS faces when it comes to funding challenges
around staffing and technology and the authority that
the Service has and does not have.

As the report points out, the IRS, states, and
industry have been working together the last five years
at the Security Summit and have been successful in
reducing tax refund identity theft victims by 80
percent and protecting billions of taxpayer dollars.

There are many things that go into making that
happen and part of that is the work done by ETAAC to
look at what is being done and in some instances not
being done by the IRS and the Security Summit and the
ISAC and providing strategic and tactical
recommendations for implementation. So thank you.

As pointed out, fraudsters are well funded. They have accumulated an abundance of taxpayer data through a variety of ways and continue to try and commit tax refund identity theft.

Our approach, as the Commissioner mentioned, one victim of tax refund identity theft is one too many. So we still have much work ahead of us and this year's recommendations will help with that work. So again thank you.

I'd like to turn it over to Phil.

MR. POIRIER: Geno, any final thoughts before I wrap up?

MR. SALO: No, Phil. It's all yours.

MR. POIRIER: Okay. Thank you, Phil, for your kind comments. The $20 cash is in the mail. Hey, Mike, thank you very much.

Closing Remarks

MR. POIRIER: You know, one thing I want the IRS team to know is, as we have in the past few years, we try to set up meetings with congressional staff on the Oversight Committees and Appropriations Committees.
This year is particularly challenging to do that, but Geno, Lynne, and I will be talking with members of the House and Senate staffs later today.

I know that we have Senate Finance and Ways and Means. I don't know if the appropriators will be on the call.

But our primary objective is to build confidence in the IRS and in the Security Summit and then to communicate the key recommendations we have, for example, around funding and support.

So please know that, as I mentioned at the outset of this public meeting, we appreciate everyone's commitment and efforts at the IRS, along with the support of the states and industry, to attack this problem and make tax administration better for taxpayers and for our country.

Mel, before I conclude the meeting, do you have any final comments?

MR. HARDY: That mute function really takes a minute or two.

You know, Phil, as I mentioned at the top of the meeting, it's just been an incredible year and, you
know, the challenge was there and everybody on this ETAAC Team really pulled together to make sure that, you know, we were able to continue on with this and make it as engaging and, you know, just high quality, as it always is, and, of course, you know, it's bittersweet for me because I truly enjoy working with all the members of the ETAAC but you and Kathy and John and Mark, I would include Joe but not so much, but, no, you guys have really been not only great members but just a wonderful addition to what we have to do getting this hard work done.

So I want to really say thank you to all the members who are rolling off and looks like Mike Beebe stole a little bit of my thunder but that's okay because Mike is a friend. We just want to say congratulations to Geno for being the new chair. So everybody kind of do a little virtual hand clap, if you will, and I'm just very, very excited about next year's ETAAC.

So with that, I will turn it back to you, Phil, my good friend, and again so thank you so much for your steady leadership. You were in the right place at the
right time to bring us to the finish line during this pandemic and it's not lost on the agency.

MR. POIRIER: Thanks very much, Mel, and again I'd like to thank all my ETAAC colleagues for their efforts and support over the past year and multiple years.

So at this time, I'd like to thank everyone for attending our public meeting. Again, if you have questions you would like to pose about the ETAAC Report, please send those questions to publicliaison@irs.gov, and with that, the 2020 Public Meeting of the IRS Electronic Tax Administration Advisory Committee is officially closed.

Thank you again, everybody, and thanks for setting up this call, Mel, John, and Sean.

(Whereupon, at 10:35 a.m., the meeting was adjourned.)