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UNITED STATE TREASURY  
INTERNAL REVENUE SERVICE

ELECTRONIC TAX ADMINISTRATION ADVISORY  
COMMITTEE (ETAAC)

PUBLIC MEETING

9:00 a.m.

Wednesday, June 26, 2024

Internal Revenue Service

1111 Constitution Avenue, NW

Washington, DC 20224

1                                   ETAAC MEMBERS PRESENT

2    Timur Taluy, ETAAC Chair

3    Vernon Barnett, ETAAC Vice Chair

4    Peter Barca

5    Jerry Gaddis

6    Ronald Gilson

7    Mark Godfrey

8    Doug Harding

9    Jihan Jude

10   Carol Lew

11   Jonathan Lunardini

12   Amy Wang Miller

13   Argi O'Leary

14   James Paille

15   Hallie Parchman

16   RaeAnn Pilarski

17   Stephanie Plaza

18   Keith Richardson

19   Mark Steber

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ALSO PRESENT

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Doug O'Donnell, Deputy Commissioner of the IRS  
Mel Hardy, Director, National Public Liaison  
Jim Clifford, Director, Return Integrity and  
Compliance Services

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1 P R O C E E D I N G S

2 (9:02 a.m. EST)

3 Welcome

4 MR. HARDY: Well, good morning, everyone. How  
5 is everyone doing? Come on. You can do better  
6 than that. All right. All right. Well, welcome  
7 to the 2024 ETAAC public meeting.

8 You know, I want to give you guys a new name.  
9 You are tax professionals. You are CPAs. You have  
10 all of that. But one thing, I think, that you all  
11 are, are good stewards of tax administration. Your  
12 work here today, throughout this year, has been  
13 invaluable to the IRS, and we really appreciate it,  
14 and we want to honor you today.

15 So my name is Mel Hardy. I'm the Director, as  
16 you know, of NPL, and this is our public meeting.  
17 So I am going to bring up the chair of the ETAAC,  
18 the honorable Timur Taluy.

19 [Applause.]

20 ETAAC Report Overview and Significant Issues

21 MR. TALUY: Thanks Mel, and Deputy  
22 Commissioner, thanks for being here today.

1 I told a story at CERCA a couple of weeks ago  
2 where my daughter got to stand up, and see her  
3 elementary school talent show. It was pretty  
4 exciting. What she taught me is when I get up on  
5 stage is I am supposed to tell a joke, so here we  
6 go. This is on the public record, right, Mel?

7 MR. HARDY: Yeah. It's always a risk.

8 [Laughter.]

9 MR. TALUY: So how do you know you just got  
10 told a dad joke? The punchline is always apparent.

11 [Laughter.]

12 MR. TALUY: Wait for it. Wait for it.

13 Anyway, Thanks for being here, and, you know,  
14 I just want to thank the Committee. We did an  
15 amazing job this year. I think our report is  
16 fantastic. I mean, obviously I am partial. But I  
17 think we did a really good job getting together  
18 kind of a concise report, to the point, and really  
19 talk about what we want to talk about.

20 And I also want to take a minute and thank the  
21 IRS and staff. Deputy Commissioner, you have a  
22 fantastic team here. I mean, without them getting

1 the information that we needed and working with the  
2 contacts, and the support, and the meeting  
3 scheduling, and so on, we couldn't deliver this  
4 report. So thank you, Deputy Commissioner, and all  
5 of the IRS staff for being out there for us. And I  
6 thank you for being here.

7 One of the other things I want to talk about  
8 is a lot of times it's advisory committees. But  
9 coming to this report, like "IRS shall," "Congress  
10 needs to," right, and no one recognizes the fact  
11 that when you look at the OECD, the IRS is one of  
12 the most efficient tax collectors in the world.  
13 What they do is simply amazing.

14 You look at the stats, with 235 million  
15 individual and business tax returns come in, 58  
16 billion contacts, calls, walk-in centers, stuff  
17 like that. I mean, they issue \$359 billion in tax  
18 refunds, in addition to revenue they collect. It's  
19 a pretty amazing feat when you think of the broad  
20 breadth and diversity of the American population  
21 and how IRS serves them. Obviously they work  
22 together with the states, work together with the

1 tax industry, and altogether I think we create that  
2 efficiency and that amazing organization that is  
3 the American tax system.

4 To our report, I think our report is, again,  
5 fantastic. It's actionable and timely. I think,  
6 you know, if you look at last year's report, for  
7 example, we encouraged the IRS to build awareness  
8 of free services. And if you go and look at our  
9 report this year, the Free File Program grew almost  
10 11 percent, excluding the fillable forms, of  
11 254,000 returns. VITA grew 202,000 returns. And  
12 that's almost 500,000 taxpayers served for free  
13 through the legacy and traditional IRS free  
14 services. And then obviously we have Direct File,  
15 which brought another 140,000 returns.

16 So when you look at what IRS did to build  
17 awareness of the free programs at IRS.gov, we saw a  
18 material impact. I mean, it was a 10, 12 percent  
19 increase in taxpayers who benefitted from free  
20 services through IRS. I don't like to toot ETAAC's  
21 horn, but when you listen to ETAAC the magic  
22 happens.



1           And so this year again, too, I think our first  
2 recommendation here is to talk about -- it is very  
3 timely. I mean, yesterday, in Las Vegas, the  
4 Commissioner Werfel was talking about interdicting  
5 scams and schemes, actually trying to get in there.  
6 I think Jim Clifford is going to speak later. He  
7 talked about a story at the Detroit Taxpayer  
8 Assistance Center, where a bunch of tax filers had  
9 made frivolous claims on their tax returns, whether  
10 it was trying to claim fuel tax credit or trying to  
11 claim increased withholdings. That's where you  
12 have a W-2 for \$1,000 of withholdings and you put  
13 \$10,000 in there, hoping the IRS is going to slip  
14 up and give me an extra \$9,000 refund. And these  
15 taxpayers were holding frivolous filer penalties,  
16 like \$5,000 penalties, for filing a frivolous tax  
17 return.

18           And they were in line because they were told  
19 that if they took that \$5,000 letter to the  
20 Taxpayer Assistance Center the IRS would cut them a  
21 check on the site.

22           And so Jim Clifford, you know, some of the

1 folks from different areas of the IRS, are walking  
2 around, saying, "What's going on? Why are you  
3 doing that?" And like, "My preparer sent me here.  
4 He said I need to get the money because I need to  
5 pay him."

6       So our recommendation, the first  
7 recommendation, is a repeat recommendation of what  
8 we've said before, is share information with  
9 trusted parties, whether it's the tax software  
10 provider, it's your state. Whoever it is, if we  
11 had transcript data at the time of filing the  
12 return we could tell taxpayers, "You don't have a  
13 \$10,000 withholding. You have a \$1,000  
14 withholding." That's what the third-party data  
15 says from IRS. And we could help them. Same thing  
16 with fuel tax credit. You've never filed a fuel  
17 tax credit claim before. Why are you doing that  
18 today? And as a tax practitioner, face to face, or  
19 the tax software, interacting with that taxpayer,  
20 we can help get in front of those schemes and  
21 scams.

22       So again, really timely that the Commissioner

1 was talking about it yesterday, and here we are  
2 talking about that today.

3       The other option, you know, I think is free  
4 options. We have a recommendation in here that IRS  
5 look at the free options again, kind of do a cost-  
6 benefit analysis and see where taxpayers are  
7 getting value, where IRS is getting value. Again,  
8 yesterday at the Latino Tax Fest, the Commissioner  
9 was talking about free options and how that  
10 develops out.

11       So again, I think our report is in really good  
12 shape and really timely, and hopefully some  
13 actionable stuff.

14       We also talk about successful initiatives.  
15 This is a kind of culmination, in my mind, of three  
16 years of reports. Two years ago we talked about  
17 what a successful initiative is. I'm going to read  
18 this out of here because I don't remember what it  
19 is saying. But that's something that includes  
20 collaboration, modern, iterative, flexible design,  
21 appropriate prioritization.

22       And that's the biggest thing. I think ETAAC,

1 for years, has just talked about collaboration.  
2 How do you collaborate with states, how do you  
3 collaborate with industry, and how do you build a  
4 better process?

5       And what I did in the report, and the  
6 Committee did, was kind of talk about some of those  
7 really successful programs that were built out of  
8 that kind of initiative. Like the eFile system. I  
9 was here when you built and modernized eFile. It's  
10 certainly not modernized anymore, I guess, but it's  
11 still out there. And it connects taxpayers, the  
12 tax industry, state, like nothing else. You know,  
13 our tax system is different than a lot of other  
14 nations or states, and cities, and so on and so  
15 forth. So having that modernized eFile system to  
16 do it I think is amazing.

17       The next program we called out was Free File.  
18 Free File has delivered over 73 million returns to  
19 taxpayers in its history, which is fantastic.

20       I want to talk about eFile, amended returns.  
21 Jim Clifford is going to be here later. He was  
22 kind of one of the architects working with industry

1 to get that built up. In just three years we  
2 transitioned 77 percent of paper amended returns  
3 into eFile amended returns, and that's phenomenal  
4 when you work together with constituents to  
5 actually build that adoption so quickly.

6 And finally, who doesn't love VITA? It's in  
7 our communities. It's our neighbors and our  
8 friends. I was on a board meeting of our United  
9 Way, and delivering VITA out to our community,  
10 which is a fantastic thing, another collaborative,  
11 innovative program that IRS runs.

12 So about our report, I'm going to get off the  
13 stage because everybody says they have to get to  
14 their planes or they want to get lunch or  
15 something. But one of the things that we did  
16 different this year, we all know that tax  
17 provisions are expiring. And my friend likes to  
18 call it the "Super Bowl of tax legislation" coming  
19 up. So just out of convenience for our legislative  
20 friends, we made these little tear-off sheets,  
21 where it's simple, repeat recommendations ETAAC has  
22 made that hopefully a tax writing group can grab

1 onto and include in legislation.

2 So the first one we talk about is authorize  
3 the IRS to regulate non-credentialed tax preparers.  
4 It is a recommendation of this report that you will  
5 hear more about later, so I don't want to steal  
6 that thunder.

7 The second one is support good tax  
8 administration. Who here loves late legislation,  
9 right? Amy is going to talk about that later  
10 today, because that is a recommendation in here  
11 too.

12 And the last one is to accelerate some of the  
13 information returns, especially those that have  
14 withholding on them. Again, we've got scams and  
15 schemes out there, people reporting additional  
16 withholding they don't have. So getting  
17 information to the IRS early so it can make it into  
18 the transcript, it can make it into the IRS  
19 filters, and so on and so forth, are going to be  
20 invaluable for us.

21 And with that our report, we have 12  
22 recommendations. Some people say you can judge a

1 report by the number of recommendations. I say no.  
2 I say we want substantive, good, clean  
3 recommendations. I think we started with 30 of  
4 them, and we whittled them down to these 12,  
5 combining some and doing a lot so we could get,  
6 again, actionable, timely things for IRS.

7 So hot topics, like I said, information via  
8 API, look at the free options at IRS, enabling  
9 access to eFile. Again, ETAAC's mission, keep  
10 people eFiling. All the report is talking about  
11 that. And you know, there are more technical  
12 recommendations than the team is going to give us.

13 So that -- they told me I had 20 minutes. How  
14 did I do? I don't know. But I appreciate you guys  
15 being here. I really do. And I appreciate all the  
16 support. And with that I would like to turn it  
17 over to the Deputy Commissioner, Doug O'Donnell.

18 [Applause.]

19 Opening Remarks

20 MR. O'DONNELL: Thank you, Timur. Good  
21 morning, everyone. I am super happy to be here,  
22 and grateful to have all of you here with us

1 participating today on this important endeavor.

2 I want to welcome members of the ETAAC and  
3 thank everyone that has worked on this effort for  
4 the past year for the report. Timur touched on it.  
5 I told him when I came in I spent part of  
6 Juneteenth holiday reading the document from cover  
7 to cover. It is really well done, very thoughtful,  
8 and I very much appreciate the hard work that went  
9 into that. I am looking forward to hearing a  
10 little bit about the recommendations in the  
11 discussion. Yeah, but thank you all very much.

12 And a big thank-you to Timur Taluy and to  
13 Vernon Barnett for being chair and co-chair and  
14 driving this to completion. Thank you, guys, very  
15 much.

16 It is clear you are excited with the effort.  
17 Timur ran into one of my family members this week,  
18 and I got a text. He's like, "He's coming in to  
19 see you guys." I'm like, what is this? I didn't  
20 know what it's about. So when I came in here I was  
21 like, what did my cousin say to you?

22 [Laughter.]



1 MR. O'DONNELL: We are contemporaries, so I'm  
2 always worried about what family could say about  
3 the past. Apparently it was all good.

4 And before I go any further I do want to say -  
5 - I mean, you mentioned it -- but the Commissioner  
6 committed last year, right after Latino Tax Fest,  
7 that he would be there, so he sends his regrets.  
8 He is out there, so I am pinch-hitting. I am glad  
9 to be here.

10 So I'm going to share some observations about  
11 the ETAAC and about some of what we have going on  
12 here. First off, you bring a critical perspective  
13 to the work that we do. Whether it's software,  
14 industry, whether it's preparers, whether it's  
15 states, you have a perspective that's super helpful  
16 in shaping the way that the tax administration for  
17 the United States works. And we are grateful for  
18 that effort. Without it, we could not administer  
19 the way we do and the numbers that Timur was  
20 referring to earlier, present the challenge that we  
21 have. We are very efficient, but we need to stay  
22 up. We need to keep evolving and improving as we

1 move forward. Lots of big challenges. So again,  
2 thank you all for all of that work.

3       Again, reading through the report, super well  
4 done. I was going to touch on something that you  
5 touched on, which I had not seen before, but it's  
6 the formula for success. And there are four items  
7 that are laid out up front. I will repeat them  
8 because they are important, and I will get to that  
9 in a second. But it's this notion of the  
10 collaboration -- I have to read it, as well,  
11 because I can't remember it -- collaboration,  
12 prioritization, modern, iterative, flexible design,  
13 and a balance of machines and people.

14       And this is very helpful for us in the  
15 environment we are working currently to invest the  
16 Inflation Reduction Act in improving the IRS.  
17 We've got our Strategic Operating Plan that we are  
18 currently going through an update. That effort  
19 involves a real deep look at all of the work that  
20 we could undertake -- and I say "could" because the  
21 list of things, the catalogue of items we could  
22 take on is enormous. So being very thoughtful

1 about what we're going to do, the prioritization  
2 which is important, obviously.

3 But the sequencing. Some of the things that  
4 we will have to do themselves don't seem so  
5 important, but they have to happen before something  
6 else can. So we're going through a very  
7 intentional process of determining what we're going  
8 to do going forward, and this type of thinking is  
9 very useful in framing up how do we approach the  
10 work we have, how do we evaluate these things that  
11 we are going to take on, how do we make the best  
12 progress for our tax administration in the country  
13 and be wise stewards of the investments that have  
14 been made in the IRS.

15 So I'm pleased to report this, and you've  
16 heard it 100 times, I'm sure maybe more, but I'm  
17 going to say it because it's really important.  
18 With Inflation Reduction Act investment we had, in  
19 2024, likely the best filing season we had, and  
20 that's on top of 2023, which was really good.  
21 Namely the level of service that we had was super  
22 good on our main 1-800 line. I recognize that

1 there are other parts of our call centers that need  
2 to improve in, but we were running above 85 percent  
3 level service throughout the filing season. Wait  
4 times were, on average, around three minutes. And  
5 that was when we compared to 2023, which was really  
6 good. But when you compare it to 2022, where our  
7 level of service was like 17 percent and wait times  
8 were edging up close to a half hour.

9       So that, to me, is the most persuasive  
10 argument for investment in the IRS. We can do  
11 better if we have the capacity to do so. Our  
12 people that do the work, our leaders, they are  
13 shaping where we are going to go, want to improve,  
14 and with investment we can make huge progress  
15 there.

16       We answered a million more calls in 2024 than  
17 2023, and three million more than we did in 2022.  
18 So lots of capacity built, lots of improvements.

19       We don't say a lot, but it also enabled us to  
20 work out from underneath of the inventory of paper  
21 that we've gotten in. While we've made good  
22 progress on electronic filing, with amended

1 returns, a lot of that back-end work is still  
2 manual, on the 1040, all the business. Any amended  
3 return we are still having to have individuals go  
4 in and key in the adjustments to our system.  
5 Having observed it, it is, for a really easy  
6 return, it can take a couple few minutes. For a  
7 more complicated return, where you're adjusting  
8 several items, it can take a half hour. And one,  
9 where there was a 1045 filed by an individual,  
10 carrying back an NOL, it was like they worked on it  
11 for 18 hours already and it was not done.

12       So it's a very manual-intensive process that  
13 we've got to figure out how to automate. I think  
14 all of you that work in this arena, especially  
15 those that prepare returns, know how complicated it  
16 is to go through and make all those adjustments.  
17 And for us to be able to systemically do that would  
18 be huge, but it is not without difficulty. But  
19 we're going to work on it, and we're going to try  
20 to make that happen because it is something that,  
21 for me, can alleviate a lot of the stress and  
22 challenges that we have.

1           Again, we made huge improvements, but there  
2 are areas where we've got work to do. Phone  
3 centers, we've got to up our game in some areas  
4 where we've got priority practitioner lines, we've  
5 got the other ACS lines, the automated collection  
6 system, and other lines that come in where we've  
7 got high volume. We're hiring in those areas, and  
8 we expect to see improvement in the level of  
9 service in that space.

10           And I do want to highlight an area, although  
11 Timur has already touched on it but I think it's  
12 really important to talk about, and it is the focus  
13 on scams and schemes. The Commissioner heard a lot  
14 about this coming into the role, and we've seen  
15 more of it, and it's been sort of growing. We saw  
16 it with the Employee Retention Credit. I mean,  
17 we've been very open about that. You will have  
18 seen the press release that came out on Friday.  
19 We've got north of 1.4 million claims. And then  
20 we've got the fuel tax credit issue and the over-  
21 withholding. We've got a few other interesting  
22 items that are out there.

1           It's this combination of too good to be true,  
2 and then those who would push an idea that is just  
3 flat out wrong. And in some instances there is  
4 absolutely no basis for what taxpayers are doing,  
5 but they are able to be convinced through some  
6 means that they are eligible for, they can file in  
7 a certain manner. And what ends up happening is  
8 they get caught in our system, and then they end up  
9 in a sort of, depending on which way it goes, an  
10 elongated process where maybe they're entitled to  
11 some refund but not the one that they claimed. And  
12 it takes a very long time to sort it out. It's  
13 likely going to be expensive, and they can end up  
14 with less as a result of the compliance costs that  
15 they incurred than they would have if they had just  
16 filed a straight return.

17           For the very worst, they could end up with  
18 criminal investigation. And they are very active  
19 in this space with us. We've got them working very  
20 heavily in the Employee Retention Credit space. So  
21 we're going to continue to deploy criminal  
22 investigation in ways that can help us get in front

1 of these things as quickly as possible, and that's  
2 part of what I expect Jim to talk about. It's  
3 identifying early these evolving schemes, get in  
4 front of them, and make it known why it is  
5 possible, noting your point about we need to get  
6 information out quickly so that as many partners in  
7 this space understand what's happening, and we can  
8 all work together to make good progress.

9       Okay. So the role of ETAAC in this space.  
10 Very important work done with the Security Summit  
11 in helping us work through a number of different  
12 identity theft issues beginning back in 2015. That  
13 problem has been reduced, but it is not eliminated.  
14 So it sort of ebbs and flows.

15       But we've been working with the Security  
16 Summit recently, and many of you will be involved  
17 in that, to up our game in the scams and schemes  
18 area. The Commissioner participated in a call with  
19 the team, I think it was mid last week, and I think  
20 a lot of folks that were involved in it were  
21 surprised at how much progress had been made since  
22 the team started working on it, until we had this



1 discussion last week where we described some of the  
2 recommendations moving forward. I think they were  
3 widely appreciated by the group. I'm not going to  
4 unveil them here because there's going to be some  
5 sort of news release at some point.

6 But suffice it to say that a lot of good  
7 thinking went into it, and it's the collaboration  
8 of the ecosystem that worked together, both in this  
9 space, Security Summit, and others, where we're all  
10 interested in improving tax administration for  
11 everyone. So thank you all very much for that.

12 Okay. I'm looking forward to the discussion  
13 on the recommendations. I know the folks that have  
14 to go through that are probably a little bit  
15 anxious about how it's going to be received. I  
16 will tell you I read them and they are all really  
17 well thought out, if that helps at all, and very  
18 interested in hearing a little bit more detail on  
19 them, and then maybe saying a few words at the  
20 conclusion.

21 Again, thank you all very much for being here  
22 today. I am very happy to see you all here and

1 grateful for the work. And thank you too, very  
2 much, to the chair and co-chair, and we'll get into  
3 the details. Thank you.

4 [Applause.]

5 MR. TALUY: Deputy Commissioner, thank you for  
6 those words, and we definitely appreciate that you  
7 read the report and you found it interesting. So  
8 thank you for that.

9 Response and Thank You to Departing Members

10 MR. TALUY: I think what we are going to move  
11 into now is we have Mel Hardy, who has some  
12 certificates for graduating ETAAC members. As you  
13 know, the ETAAC has a three-year term -- I'm in my  
14 fourth year.

15 MR. HARDY: He twisted my arm.

16 MR. TALUY: Do I have five, Mel?

17 MR. HARDY: No.

18 MR. TALUY: So I think what we're going to do  
19 is go through and recognize those folks that are  
20 graduating, and Deputy Commissioner, I think we're  
21 going to pose for some pictures with you. And then  
22 I think once we complete that we're going to have

1 Jim Clifford on the line.

2 MR. HARDY: Well, we want to thank the members  
3 who are rolling off of your service. It truly has  
4 been valuable and memorable you being a part of  
5 this.

6 Our first certificate goes to Mr. Mark  
7 Godfrey.

8 [Applause.]

9 MR. HARDY: Our next certificate is Ms. Terri  
10 Steenblock.

11 [Applause.]

12 MR. HARDY: Our next certificate is Andrew  
13 Phillips. I don't think Andrew is here.

14 Hallie Parchman.

15 [Applause.]

16 MR. HARDY: Next, Jim Paille.

17 [Applause.]

18 MR. HARDY: Deputy Commissioner Doug O'Donnell  
19 asked me if I knew how to pronounce everybody's  
20 name, and I told him affirmatively yes. So  
21 Jonathan, please --

22 [Laughter.]

1 MR. HARDY: I know it's Lunardini. There we  
2 go.

3 [Applause.]

4 MR. HARDY: Jihan Jude.

5 [Applause.]

6 MR. HARDY: Next up, Bob Grennes. Is Bob  
7 here?

8 Mr. Peter Barca.

9 [Applause.]

10 MR. HARDY: Mr. Jared Ballew.

11 [Applause.]

12 MR. HARDY: You know, I mentioned this  
13 yesterday, and some people didn't know this, but  
14 it's really an honor for me to call this last name  
15 because I had the privilege and honor to call his  
16 dear father, Atilla Taluy. Timur Taluy.

17 [Applause.]

18 MR. HARDY: So are we going to do the picture  
19 or are you going to do the --

20 MR. TALUY: I think they want to take a little  
21 break real quickly, and then make sure we have Jim  
22 on the phone.

1 MR. HARDY: And do the recommendations.

2 MR. TALUY: And with the group picture, yeah.

3 MR. HARDY: We can do the recommendations now.

4 MR. TALUY: I think we need the group picture.

5 The picture and then the break. They trained me on  
6 this yesterday.

7 MR. HARDY: I was just trying to see if you  
8 remembered.

9 [Pause.]

10 MR. TALUY: Even though we did practice  
11 yesterday, even though we do have a lovely agenda,  
12 the Deputy Commissioner can only stay with us for a  
13 half hour. So what we wanted to do was kind of  
14 restructure the schedule a little bit, perhaps have  
15 Jim Clifford more towards the end, and we can run  
16 through the recommendations while he's here, since  
17 you said you were interested in hearing some more  
18 color commentary around them.

19 So I'm going to introduce our vice chair,  
20 Vernon Barnett, to lead us through the  
21 recommendations.

22 [Applause.]

1                    ETAAC Report Recommendations

2            MR. BARNETT: Thank you so much, Timur, and  
3 thanks to all of you. And for those of you who are  
4 joining us by phone, thank you for being here with  
5 us today. We have worked very hard over the last  
6 year on this report. We have some great  
7 recommendations. So I'm excited to introduce you  
8 to Mark Godfrey, who is going to lead us off. And  
9 we'll be going through all of those recommendations  
10 over the next hour.

11           MR. GODFREY: Good morning. My name is Mark  
12 Godfrey, and it is an honor to be here today.

13           There are the actions that the IRS must take  
14 in order to fulfill its foundational duties. Among  
15 these are data security, fraud control, and  
16 enforcement. Then there are the actions that the  
17 IRS can take to meet rising customer expectations.  
18 Foremost among these are accuracy, clarity, and  
19 turnaround time. The IRS is well served by  
20 pursuing opportunities that meet all six of these  
21 actions.

22           One such opportunity exists with computer-to-

1 computer communications, or application programming  
2 interfaces, also known as APIs. The IRS's  
3 Transformation and Strategy Office has done an  
4 exceptional job at directing, organizing, and  
5 communicating the initiatives brought about by the  
6 Inflation Reduction Act. Their efforts have led to  
7 a firm foundation for future transformation  
8 efforts.

9        APIs' efforts can easily plug into this TSO  
10 framework. With APIs, the service can develop a  
11 strategy to organize efforts around their  
12 foundational duties, data security, fraud control,  
13 and enforcement. Such efforts will promote secure  
14 and authenticated exchanges of information that  
15 disrupt scams and schemes.

16        And the IRS can also develop a strategy for  
17 organizing their API efforts around customer  
18 expectations -- accuracy, clarity, and turnaround  
19 time. Such efforts would provide clear, efficient,  
20 and accurate information that gets exchanged, such  
21 as data transcripts, information that would be  
22 exchanged between the IRS and between taxpayers.

1           APIs can provide that framework that can be  
2 replicated across different cross-cutting  
3 opportunities that cut across different SOP  
4 objectives and initiatives. This framework can  
5 provide a clear foundation for how the IRS can  
6 continue its transformational opportunities.

7           And now I'd like to introduce Stephanie Plaza  
8 to share Recommendation 2.

9           [Applause.]

10          MS. PLAZA: Hello. Good morning. I'm  
11 Stephanie. I'm very happy to be here today.

12          The second recommendation is to remove  
13 barriers to electronic filing while enhancing  
14 security by developing an alternative to the self-  
15 selected PIN process with a more secure IRS eFile  
16 PIN. That is a mouthful. So what does that mean?  
17 What does that mean for you? What does that mean  
18 for a taxpayer?

19          Every year when you file an individual tax  
20 return you are required to self-select a five-digit  
21 PIN. It can almost be anything. I think it can't  
22 be five zeros. If you don't have that or you don't



1 have the prior year PIN you need your ATI. That is  
2 also confusing.

3 I find myself to be a very organized person.  
4 I couldn't tell you where my last year's tax return  
5 it, and then that opens another door into going  
6 into the portal and getting your transcripts. It's  
7 a very clunky and confusing process.

8 It's also not secure. This is a weak spot  
9 that is known to fraudsters and bad actors, and  
10 they continuously exploit it. This has also been a  
11 repeat recommendation from ETAAC. I believe it was  
12 first introduced in 2017. And while the IRS has  
13 made really great strides towards solving for this,  
14 doing so some within direct file, we are really  
15 recommending a broader adoption of a new  
16 authentication model to solve for these issues.

17 Thank you.

18 And I'm going to introduce Peter Barca and  
19 Keith Richardson, who are going to take on  
20 Recommendation 3.

21 [Applause.]

22 MR. BARCA: Good morning. I'm Peter Barca,

1 the former Secretary of Revenue from the great  
2 state of Wisconsin, former FTA president. I see  
3 our executive director is here, which is terrific.

4 Our Recommendation 3 has to do with promoting  
5 greater information sharing with states and  
6 industry partners of homogenized tax data, metrics,  
7 year-over-year metrics, and seasonal information.

8 What does this mean? The goal is really to  
9 have greater transparency and sharing of  
10 information across the spectrum in order to  
11 increase tax administration efficiency and reducing  
12 taxpayer burdens. Who cannot rally around that  
13 call?

14 The IRS has numerous stakeholders, states, of  
15 course, financial industry partners, software  
16 companies, preparers, and so many others that have  
17 a stake in taxpayer administration and compliance.  
18 When it comes to sharing confidential information,  
19 we want to make sure that states have better tax  
20 compliance impact for taxpayers, their  
21 practitioners, their partners, and in the IRS we  
22 are asking to investigate changes to ensure that

1 data be provided on more of a punctual manner.  
2 Greater transparency and sharing of information  
3 will certainly lead to better tax administration  
4 efficiency.

5 So now let me turn it over to my revenue  
6 partner, FTA partner and revenue superstar, Keith  
7 Richardson.

8 [Applause.]

9 MR. RICHARDSON: Good morning. I'm Keith  
10 Richardson. Thank you for that, Peter.

11 A couple of things that we came up with this  
12 recommendation, one being we would like to see the  
13 IRS partner with our state agencies in regard to  
14 criminal enforcement actions. We recognize that it  
15 is an impact because there are specific taxpayers  
16 that maybe you're looking at, at the same the state  
17 jurisdictions are looking at, as well, and there  
18 may be funds owed to them in local governments.  
19 Again, best practices and compliance and other  
20 activities could forge a much stronger relationship  
21 around criminal enforcement.

22 Hopefully we would like to see the IRS

1 Commissioner and his leadership team work with the  
2 Federation of Tax Administrators, meeting maybe  
3 semi-annually, twice a year. In those meetings we  
4 know there would be opportunities to build upon  
5 state concerns with the filing season, post-filing  
6 season, best practices around the upcoming filing  
7 seasons, and sharing of confidential information in  
8 a group setting. We know the Federation of Tax  
9 Administrators has their annual conference in June,  
10 and then there is another conference that is held  
11 during the fall season that could be held with the  
12 leadership team from FTA.

13 We are asking the IRS to consider also real-  
14 time data and analytics around the programs of  
15 EOAD, the CP 2000, and Levy information. I think  
16 the states could get that information more timely.  
17 Right now some states are getting information six  
18 months to a year out. That has an impact on their  
19 revenue collections and compliance matters, as  
20 well. During that time frame people can leave  
21 their state that they're currently in and move  
22 somewhere else, so that has an impact. And I think

1 relationships working with you all, getting the  
2 data more timely, would be beneficial.

3       Also thinking about with the IRS you're doing  
4 more on corporate audits and high income and  
5 looking at high-income personal income audits. It  
6 may be an opportunity to forge some relationships  
7 working with state jurisdictions around that,  
8 learning from you all best practices, doing some  
9 training with the auditors from different  
10 jurisdictions. They could be in person at your  
11 facilities or at state facilities, and again, it  
12 could be done virtually. But it would be more  
13 cohesive and more opportunities for revenue  
14 enhancements and relationships and sharing of  
15 information across the board.

16       I would now like to present my colleague, Mark  
17 Steber, who will do Recommendation 4 to the group.

18       [Applause.]

19       MR. STEBER: Good morning. My name is Mark  
20 Steber.

21       With Recommendation 4 we have looked at the  
22 long and successful history of free options and

1 alternatives for tax return preparation. Many  
2 herald with much success, and even this year  
3 growth. So our Recommendation 4 is merely to take  
4 a more data-centric, comprehensive look and have  
5 the IRS do a cost-benefit ratio of the easy, half  
6 dozen current service offerings, including Free  
7 File Alliance that Timur and others have cited,  
8 which had a tremendous year this year, the VITA  
9 program, another long, historically successful  
10 program, the Tax Counseling for the Elderly  
11 program, also successful, Free File fillable forms,  
12 perhaps a lesser free offering, and even in many  
13 locations the ability to still go get paper forms.  
14 And then, of course, the new pilot program, Direct  
15 File.

16       So in summary, our Recommendation 4 is with  
17 all of these different options, and with the  
18 Inflation Reduction Act funding being spent and  
19 being closely monitored by our elected officials,  
20 it's probably a good idea to take an enterprise-  
21 wide, comprehensive look across the board at all of  
22 the offering on a data basis, both historical with

1 the programs that have been in place for decades  
2 and successful, and even the new pilot program with  
3 Direct File. See what worked, see what needs to be  
4 expanded, see what needs to be better monitored for  
5 expansion or perhaps consideration for other  
6 service delivery considerations, for those most  
7 challenged and underserved persons in the  
8 community.

9       So, in short, a data-centric, comprehensive  
10 cost-benefit analysis of the half dozen current  
11 free and vibrant service offerings for free tax  
12 preparation for individuals, and its time has  
13 probably come.

14       For our next recommendation I want to turn it  
15 over to Doug Harding for Recommendation 5.

16       [Applause.]

17       MR. HARDING: Good morning. I am Doug  
18 Harding. I am here to present Recommendation 5,  
19 which is to implement standardized validation rules  
20 of user-provided data to enhance the accuracy and  
21 integrity of the data received by the IRS. So  
22 basically what we're looking at here is there's a

1 way to reduce the spending returns that come into  
2 the IRS and make sure that they are getting  
3 accurate data during filings.

4       This recommendation would be to have  
5 standardized validation rules at the time of filing  
6 on common types of data that is entered in by  
7 taxpayers and tax practitioners during the time of  
8 filing. These validation rules, such as name,  
9 address, withholding and wage information, et  
10 cetera, may help reduce the errors made during  
11 filing. Data entry errors can result in returns  
12 being suspended, which requires manual intervention  
13 by IRS staff. Preventing these errors could result  
14 in taxpayers receiving their refunds faster. It  
15 would also have the added benefit of potentially  
16 fewer errors in the tax returns received by state  
17 tax agencies.

18       So really our goal with this recommendation is  
19 to reduce the backlog of suspended returns that the  
20 IRS has to deal with during the filing season.

21       I would like to now introduce Hallie Parchman,  
22 who will be presenting Recommendations 6 and 7.



1 [Applause.]

2 MS. PARCHMAN: Hey, everyone. I'm Hallie  
3 Parchman. Good morning. I'm going to be  
4 presenting Recommendations 6 and 7.

5 ETAAC recommends that all third-party  
6 authorization forms, such as the 2848, the 8655,  
7 and the 8821, to be submitted and verified online.  
8 And then once submitted, third-party authorization  
9 forms should be available in a centralized  
10 location, by entity, period, form type, and tax  
11 matter, so they can be easily accessed by  
12 representatives.

13 And then once somebody has proper  
14 authentication, tax professionals should be able to  
15 access things such as name controls, transcripts,  
16 filing frequency, and notices in a centralized  
17 location. In order to do this, the IRS should be  
18 able to easily authenticate authorized  
19 representatives online instead of by fax and phone.

20 So you might notice a theme online, online,  
21 online, and centralized location. Doing these  
22 things will make it more efficient, effective, and

1 convenient for taxpayers, taxpayer administrators,  
2 and taxpayer representatives to access the  
3 information they need and reduce the burden on the  
4 IRS phone lines.

5 And now I'm going to pass it to Carol to  
6 present Recommendation 8.

7 [Applause.]

8 MS. LEW: Hi. I'm Carol Lew. I'm a partner  
9 with Stradling, Yocca in California. I'm pleased  
10 to be here this morning. And my recommendation  
11 relates to electronic filing, and encouraging it,  
12 an important subject.

13 We know that the Commissioner is attempting to  
14 encourage electronic filing of forms. This is all  
15 about picking up a lot of what I'll call the non-  
16 cyclical filings, filings such as election,  
17 information returns that are all over the code,  
18 dear to my heart, that file information returns  
19 after completion of transactions or making  
20 elections.

21 Some examples of these forms are the Forms  
22 8038 series in the tax [unclear] bond area, the

1 Section 83B elections, different forms in the  
2 nonprofit area, and employee benefits. Often these  
3 forms are done by attorneys and others that are  
4 expert in filing these complex returns. Presently,  
5 many of the forms are done on paper because there's  
6 no electronic version that's available. The IRS  
7 wants these forms to be efficiently processed.  
8 It's important for taxpayers to have ease in  
9 filing. In situations where there are emergencies,  
10 having paper filings is grossly inefficient.

11 Because of lower volumes of some of these  
12 forms or the fact that they're non-cyclical, there  
13 may be few qualified software providers that may be  
14 available to offer the service for doing electronic  
15 filing, or the actual product might be at a non-  
16 competitive price. An example of that is the Form  
17 8038-CP filings, where there were only two  
18 providers available, one of which required an EFIN  
19 for the taxpayer, which was a state and local  
20 governmental entity.

21 If the cost is too high or the product is  
22 unavailable to a taxpayer they are going to file

1 paper, which is inefficient for everyone. So to  
2 encourage electronic filing, ETAAC is making the  
3 following recommendations:

4       Establish a portal for electronic filing of  
5 these types of returns or other filings, similar to  
6 IRIS or the 990 postcard. A single portal for  
7 filings for taxpayers is always generally  
8 beneficial, recognizing multiple capacities for the  
9 user.

10       Recognize that many of these forms may involve  
11 less security needs than others, similar to the 990  
12 postcard.

13       Encourage ease in filing for the taxpayer.

14       Allow electronic signatures for these types of  
15 forms.

16       And lastly, permit software providers access  
17 so that taxpayers that need the service will be  
18 able to access it.

19       Thank you very much. I'd like to introduce  
20 Ron Gilson.

21       [Applause.]

22       MR. GILSON: Thanks, Carol. My name is Ron

1 Gilson. I am excited to present Recommendation 9,  
2 which builds on many of the other recommendations  
3 that you've heard so far today.

4 Recommendation 9 is to create a sunset project  
5 plan for the FIRE system and the AIR, Affordable  
6 Care Act Information Systems, and integrate those  
7 into the IRIS, Information Returns Intake System.

8 Currently with all of these systems the  
9 taxpayer needs to have three different  
10 identification numbers to utilize them, and they  
11 don't necessarily support all of the same  
12 functions. So getting things into one efficient  
13 system will help the taxpayer to not have confusion  
14 with the different numbers that they may need to  
15 use, knowing where to go. And again, as we  
16 encourage more electronic filing it will also help  
17 with fraud protection.

18 It was 1986, the year that the Atari 7800 was  
19 created, that FIRE was also created. And so while  
20 it does a very good job and is a great workhorse,  
21 the IRIS system is the new kid on the block. It's  
22 our virtual headset. And we want to be able to

1 utilize that to be able to have more information  
2 that is going out to the states on a regular basis.

3       Again, we want to create efficiencies by  
4 having a sunset plan. It will allow software  
5 developers to be able to comply and help integrate  
6 that into their systems, whereas right now without  
7 having a sunset plan many of the software  
8 developers are reluctant to support the IRIS  
9 system. So that hindrance to those efficiencies is  
10 not only hindering the taxpayer but it is also  
11 hindering the IRS. So we would like to see them  
12 get out of that legacy system and then be able to  
13 deliver more transparent information to the states  
14 and the taxpayers by utilizing the IRIS system.

15       And with that I will turn the time back over  
16 to Mark Steber for Recommendation 10.

17       [Applause.]

18       MR. STEBER: All right. Home stretch. Only  
19 two more to go after this one. And similar to some  
20 of Ron's comments, Recommendation 10 is really the  
21 culmination, and similar to other recommendations,  
22 and it, unlike some of the others, is a relatively

1 new one. It really is to expand and support a much  
2 unrecognized but very similar program to the ETAAC  
3 program. The Deputy Commissioner talked about how  
4 ETAAC provides a good rail of recommendations and  
5 collaborations.

6 I put forth a similar offering by the Taxpayer  
7 Advocate Office. They were created many years ago,  
8 in 1996 officially, but even before that, in 1977,  
9 with the Problem Resolution Office, to identify  
10 areas of opportunity within the IRS for improvement  
11 and betterment. And even though their current  
12 report is not nearly as nice as Timur's -- it's  
13 like 350 pages; I think their executive summary is  
14 tantamount to ours -- they do a wonderful job over  
15 there. And their role has expanded, and I won't  
16 regale all of the successes of the Taxpayer  
17 Advocate Office, but they do a remarkable job of  
18 identifying areas of opportunity. They also do a  
19 tremendous job of serving taxpayers who are at an  
20 otherwise end-of-the-road problem resolution  
21 situation.

22 So it has grown and expanded its role, and we

1 recommend that that role continues to be expanded  
2 and supported and funded, because the good work  
3 that they do and the great support that they  
4 provide and the collaborative information that they  
5 provide to the improvement of tax administration by  
6 the IRS.

7 And with that I want to turn it over to Jerry  
8 for one of the last two recommendations,  
9 Recommendation 11.

10 [Applause.]

11 MR. GADDIS: Man, being up here makes me feel  
12 tall.

13 [Laughter.]

14 MR. GADDIS: The next recommendation should  
15 sound familiar because ETAAC has made it before,  
16 for many years, as has IRSAC, as has the National  
17 Taxpayer Advocate, and many other stakeholders.  
18 That recommendation is for Congress to provide  
19 statutory authority to the IRS to regulate non-  
20 credentialed tax return preparers to standardize  
21 knowledge, capability, and data security in the tax  
22 system.



1            Depending on where you live, your barber  
2 probably has a license to practice, your florist  
3 may have a license to practice, and even your pool  
4 cleaner probably has a license to practice. But  
5 your tax professional, probably not. Right now  
6 only about 25 percent of tax professionals are  
7 credentialed, and that's kind of a problem.

8            In addition, most consumers don't understand  
9 the lack of credentials and the lack of regulation,  
10 and go in to get their taxes prepared and assume  
11 it's someone who is credentialed and licensed and  
12 has authority and knowledge. That may or may not  
13 be true.

14            Bad tax preparers exist all over the place,  
15 and they can be a threat both to the consumer, who  
16 can be defrauded, and to the Treasury Department.  
17 Non-credentialed preparers are responsible for a  
18 disproportionate share of erroneous returns, and  
19 the data backs that up. By one study in the 2021  
20 filing season, about \$20 billion in excess earned  
21 income tax credit claims were issued, and that is  
22 \$20 billion straight out of the Treasury.

1 Hopefully having credentials would make that be  
2 less likely to happen.

3       Credentialing can sound like a heavy lift and  
4 it can sound complicated, but it doesn't have to be  
5 that hard. The IRS currently has voluntary  
6 compliance programs in place, and they have the  
7 associated resources to enforce them. So things  
8 like the VITA exam, the Special Enrollment exam,  
9 the old RTRP exam, the ASFP, all of these training  
10 programs are already in place, already exist, and  
11 would not have to be recreated.

12       Also, the IRS has the infrastructure through  
13 RPO and OPR, which I believe is the Return Preparer  
14 Office and the Office of Professional  
15 Responsibility. So they already have the resources  
16 in place to do the enforcement for the people who  
17 are voluntarily complying so it would not be a  
18 heavy lift.

19       It can save money for the Treasury, and it can  
20 protect the consumers. We think it is a really  
21 important thing, and we encourage Congress to act  
22 as quickly as possible.

1           And to wrap us up I'd like to turn it over to  
2 Ms. Amy Wang Miller.

3           [Applause.]

4           MS. MILLER: Good morning, everyone. My name  
5 is Amy Miller, and I'm here to present the 12th and  
6 final recommendation from ETAAC, and that is ETAAC  
7 recommends that Congress supports good tax  
8 administration.

9           With Congress' support and Inflation Reduction  
10 Act funding, the IRS embarked on a transformational  
11 modernization project, the Strategic Operating  
12 Plan, or the SOP, an enormous initiative that will  
13 take years of consistent management, leadership,  
14 and support. If successful, it could truly reshape  
15 the IRS, and everyone within the ecosystem would  
16 experience long desired and much needed  
17 transformation benefits.

18           Our ETAAC recommendation on good tax  
19 administration consists of two parts. The first  
20 part is, as Timur mentioned earlier, late  
21 legislation and tax extenders. If Congress seeks  
22 to improve the tax filer experience for their

1 constituents they must pass legislation with the  
2 sufficient time needed for implementation. Late  
3 changes in legislation delay many of the activities  
4 necessary to conduct a smooth tax filing season.  
5 For example, many states that have income tax are  
6 unable to process tax returns until they update  
7 their systems based on these late changes, and tax  
8 software companies cannot complete the work to  
9 deliver tax compliance until after all of the  
10 taxing agencies finish their upstream work.

11 Late legislation also causes many tax filers  
12 to file their return prior to when final changes  
13 are made, purposely leaving items off their tax  
14 returns so that they may receive their refunds. In  
15 many if not most cases this is an intentional  
16 decision with the expectation of filing an amended  
17 return after all the new changes are properly  
18 implemented. And as Deputy Commissioner Doug  
19 O'Donnell mentioned earlier, amended returns cause  
20 a lot of manual updates and manual inefficiencies.

21 Our second portion of this recommendation for  
22 good tax administration is what the IRS needs to

1 successfully modernize, because we wanted to offer  
2 a roadmap. And specifically ETAAC recommends  
3 several key items.

4 First, members of Congress should meet  
5 regularly with the IRS modernization project  
6 leadership. The IRS modernization team should  
7 produce and widely distribute a quarterly  
8 modernization progress report that highlights SOP  
9 progress, successes, and challenges.

10 Third, Congress should sustain appropriated  
11 IRA funding and provide the IRS with the funding,  
12 advocacy, and support the agency needs to be  
13 successful throughout the execution of the SOP.  
14 And finally, Congress should provide the IRS with  
15 the authority to dynamically allocate their  
16 appropriated funding, where it will have the most  
17 impact on the IRS operations, IT, modernization,  
18 and its service to taxpayers.

19 The success of the IRS modernization project  
20 is contingent upon Congress' unwavering support,  
21 which includes funding authority and advocacy.  
22 ETAAC strongly recommends close collaboration,

1 transparency, and communication, and strategic  
2 engagements to ensure that timely and successful  
3 execution of the transformative SOP initiative  
4 occurs.

5 And with that I will turn things back over to  
6 our vice chair, Vernon Barnett.

7 [Applause.]

8 MR. BARNETT: Thank you so much, Amy, and  
9 thank you all for being here. This concludes our  
10 presentation of the 2024 report. We are going to  
11 take a short, five-minute break, and come back --

12 MR. HARDY: Before you do that I think, Deputy  
13 Commissioner, did you want to make some remarks?

14 MR. O'DONNELL: Yeah. I will just say a few  
15 words quickly because I know I'm up against a break  
16 and I never want to be in the way of that.

17 First off, thank you for rearranging and  
18 allowing me to be part of the discussion. I read  
19 the report, but hearing you all reinforce the  
20 specific points that you were making was very  
21 important. A lot of fantastic work going into  
22 these recommendations.

1           We have a daily meeting with the Commissioner,  
2   so last Thursday, after having read this on  
3   Wednesday, I came in and I was sort of putting out  
4   there some good ideas in here we need to think  
5   about in terms of taking the work forward and the  
6   strategic operating plan.

7           So the thought here is already resonating with  
8   leadership. Very much appreciate the work and look  
9   forward to being able to report back to you on  
10   progress we're making, because it sounds like  
11   you're keeping the running report part on us.

12           [Laughter.]

13           MR. O'DONNELL: Your recommendation, like on  
14   frequent updating of the Hill, is a really good  
15   one. We'll see where that goes. There are a lot  
16   of challenges in that space, but I think it's the  
17   right thing for us to try to do, so thank you for  
18   that.

19           Thank you all very much. I appreciate it.

20           [Applause.]

21           MR. BARNETT: Five minutes.

22           [Recess.]





1 Mel said "Go Yankees" or something. Was that what  
2 you said?

3 MR. HARDY: Yeah.

4 MR. CLIFFORD: Thank you so much, Timur.

5 Based on that introduction I think I should get  
6 paid more, so I want to put that on the table right  
7 away. I appreciate the recognition of the work  
8 that I have had the opportunity to influence in my  
9 career, but certainly none of it accomplished  
10 without the strong support of the people on my  
11 staff, the people from within the IRS and across  
12 the IRS, and not anything that we've done, I think,  
13 would be accomplished without the strong  
14 partnership that we have with organizations like  
15 CERCA, like the FTA that represents our state tax  
16 administrators, and certainly like the Electronic  
17 Tax Administration Advisory Committee and the work  
18 that you all have done to ensure forms in 1998.

19 As Timur mentioned, I am Jim Clifford, and I  
20 am IRS Director of Return Integrity and Compliance  
21 Services. The RICS organization has two components  
22 to it really. One is identity theft and refund

1 fraud. We do everything we can to protect the tax  
2 system and our taxpayers from the identity thieves  
3 who are out there trying to rob our coffers by  
4 filing bogus returns, claiming refunds under the  
5 name of taxpayers, and trying to steal billions and  
6 billions of dollars by doing that.

7       The Security Summit is a key element of that,  
8 and ETAAC is a fundamental part of the Security  
9 Summit. The Security Summit was formed in 2015  
10 under IRS Commissioner John Koskinen, and with the  
11 full support of state partners and industry  
12 partners we came together and recognized that we  
13 could not solve a problem like identity theft and  
14 refund fraud without looking at it with a 360-  
15 degree view that was only achievable by all of us  
16 coming to the table and putting our perspectives on  
17 the table, and sharing what we were seeing from our  
18 perches across tax administration.

19       I think we are facing a similar crisis point  
20 where we talked about the first-party fraud  
21 proliferation, a first-party fraud that we're  
22 seeing to a frightening degree, and I'll talk about

1 that in just a bit more detail as I get into my  
2 remarks. And don't worry. I won't be on it for  
3 too long.

4 I'll get back to ETAAC. And as a fundamental  
5 player in the Security Summit, it's actually also  
6 been a foundational player in effective tax  
7 administration in the country since it was formed  
8 in 1998, at which time the purpose for Congress to  
9 form the ETAAC was to help support IRS in achieving  
10 our goal of having 80 percent of all tax returns  
11 filed electronically. And at the time, believe it  
12 or not, that was an ostentatious goal for us to  
13 achieve. I don't remember exactly where we were at  
14 at the time but it was pretty low.

15 In 2012, we actually achieved the goal of just  
16 over 80 percent of all returns being filed  
17 electronically. So since we achieved the goal in  
18 2012, it might cause one to wonder, what are you  
19 guys still doing here? You're a little bit like  
20 Kramer in that *Seinfeld* episode when you keep  
21 showing up for work despite the fact you don't work  
22 here anymore. But since we don't pay you, much

1 like the company in the *Seinfeld* episode didn't pay  
2 Kramer, we'll let you keep coming as long as you  
3 can contribute something, as well.

4 In all seriousness, I think the leaders over  
5 the course of the history of ETAAC and the  
6 membership have recognized, and certainly in 2012  
7 this was the case, that digital and electronic tax  
8 administration was evolving, and digital services,  
9 in general, across society and industry was  
10 evolving at such a rapid pace that our work  
11 certainly wasn't done, when we hit a benchmark of  
12 80 percent of returns being filed electronically.

13 I commend Timur and Vernon for their  
14 chairmanship and their stewardship of ETAAC, and I  
15 know towards the end of the session I think now  
16 we'll be prepared to announce new chairs, and I  
17 welcome you in advance and encourage you to accept  
18 the baton that is being passed to you, and to  
19 remember that you will pass it on again to the next  
20 stewards of this important committee that will help  
21 to inform IRS and support us along our journey  
22 through electronic tax administration. That

1 certainly is not at an end.

2       In fact, when I think about where we are in  
3 our evolution of digital and electronic tax  
4 administration I might use an analogy like the  
5 founding of the United States. Right now, or maybe  
6 I'll go back to 2012, in 2012, we were in Plymouth,  
7 Massachusetts. We might have expanded out to other  
8 communities across the East Coast, but the rest of  
9 it was a vast wilderness that we did not yet  
10 explore. And even now I would say I don't think  
11 we're any further than the Ohio River.

12       So we've got a long way to go. We have a lot  
13 of brush to cut. We have a lot of trails to blaze.  
14 And the only way that we're going to do that  
15 effectively is through full partnership around all  
16 the sectors of tax administration, coming together  
17 like we did through the Security Summit, coming  
18 together like we do through ETAAC and through CERCA  
19 and other gatherings, and then coming together,  
20 like we recently did, through this Protecting  
21 Taxpayers Task Force, protecting taxpayers from  
22 scams and schemes, that I think was mentioned.

1 Timur mentioned it, I think, in his opening remarks  
2 and then in his introduction, and I think Doug  
3 mentioned it in his opening remarks as well.

4 Back in December, this past December, the  
5 Commissioner asked to convene a gathering of the  
6 key leaders from across all the sectors of tax  
7 administration. So FTA was there to represent the  
8 state, and we had CEOs from our industry partners  
9 were there, our different advocacy groups, and the  
10 advisory committees were represented. And they  
11 wanted to come together as the leaders of tax  
12 administration to have some dialogue about the  
13 important work that the Commissioner kept  
14 emphasizing when he asked Terry Lemons and I to put  
15 this together, that he wanted this to be an open  
16 dialogue amongst the leaders of tax administration  
17 to deal with the thorniest issues that we are  
18 facing as tax administrators in this country, much  
19 like, I think, following the approach that one of  
20 his mentors, John Koskinen, took in 2015 with the  
21 Security Summit.

22 In that first gathering, our leaders

1 identified the proliferation of misinformation and  
2 disinformation being spread across social media  
3 platforms, street corners, and kitchen tables that  
4 were encouraging taxpayers to commit first-party  
5 fraud. There's no other way to say it. It is  
6 first-party fraud. They are claiming exorbitant  
7 credit and benefit on their tax return that  
8 constitutes fraud, and it's coming from our most  
9 vulnerable populations. It's coming from young  
10 people, first-time filers, it's coming from low-  
11 income people, people who are novices, to say the  
12 least, at understanding tax code and tax  
13 consequences, and they may be a bit vulnerable to  
14 believing the too-good-to-be-true story being  
15 promoted across social media and on the street  
16 corners and sometimes at the kitchen table, telling  
17 you that you can get a big payoff through a tax  
18 loophole that the IRS doesn't want you to know  
19 about.

20       And these are not just life changing. They  
21 are life-ruining decisions that these people are  
22 making. There is an enormous penalty at the other

1 end of this journey for them. There are not big  
2 payoffs. There is the potential for criminal  
3 investigation to be knocking on the door. There is  
4 a lot of expense and pain in front of them if they  
5 continue to believe this.

6 So the Commissioner put out there, and the  
7 other leaders from across all the sectors, agreed  
8 wholeheartedly that we had a responsibility to do  
9 something about that. And so we formed the  
10 Protecting Taxpayers Tax Force that was co-led by  
11 Thomas Bruce and Jamie Shaw from the IRS, but had  
12 representation from across all the sectors, that  
13 they put forth resources. And the teams came  
14 together really not until the beginning of March  
15 with a challenge to come up with a set of  
16 recommendations of what we could do in time for  
17 filing season 2025. So we gave them about a six-  
18 week sprint.

19 Many of us, in what we called the Steering  
20 Committee, which was the partners at my level  
21 across all the sectors, had some skepticism on what  
22 the team could accomplish in such a short period of



1 time, particularly being in the middle of filing  
2 season. But they really blew us away with what  
3 they came forward with. Around the end of April  
4 they presented 41 recommendations that they thought  
5 were feasible to be submitted in time for filing  
6 season 2025.

7 The Steering Committee maybe encouraged them  
8 that that was a lot to digest between the end of  
9 April and the beginning of the next filing season,  
10 and so they went away with some feedback from us.  
11 I think there was wholehearted agreement that there  
12 wasn't one recommendation that we didn't all agree  
13 was a good idea, but it was maybe a little bit too  
14 much to digest. So they winnowed that down to a  
15 set of 12 recommendations that were approved by the  
16 Commissioner and his peers across all the sectors  
17 on June 18th, and the team has now pivoted to  
18 implementation. And we are streaking forward to  
19 once again cut brush, blaze trails, and do  
20 something that the skeptics will be shocked by, the  
21 things that we can put in place in time for filing  
22 season 2025, to help protect taxpayers from

1 believing that too-good-to-be-true scams and  
2 schemes that are being promoted all across social  
3 media and through other mechanisms, to help  
4 potentially educate them, stepping up our  
5 communication and outreach, which I, for one, think  
6 that IRS has always done an outstanding job with  
7 the way we use communication, outreach, and  
8 education as a component of tax administration, and  
9 we are only effective with that through the  
10 partnership with all of you in getting the word out  
11 through your platforms to reach those target  
12 audiences with the key information.

13 But in addition to communication and  
14 education, we've got to do a little bit more  
15 intentional work to flag issues at the point of  
16 filing, to warn taxpayers when they're about to hit  
17 Send on something that can send them down that path  
18 to ruin. And we've got some good recommendations  
19 in there that are feasible, that are agreeable to  
20 all the parties that we can execute on these. Time  
21 is our only enemy at this point, and we are racing  
22 against it to try to put some things in place for

1 this coming filing season or maybe even before,  
2 doing some user testing, maybe around the October  
3 filing deadline.

4 I'm not going to share details on the  
5 recommendations at this point because I know the  
6 Commissioner and his peers are putting together a  
7 joint press release that will come out shortly.  
8 However, I will say that there is extremely strong  
9 alignment between the recommendations that task  
10 force came up with and the recommendations that I  
11 see in the ETAAC annual report.

12 And I'll just throw some not so seemingly  
13 veiled hints out there. I think Recommendations 1,  
14 2, and 3 are prominent amongst the task force  
15 recommendations, as are several of the other  
16 recommendations in there. And again in the body of  
17 the report, I noted a full acknowledgement of that  
18 tension between the demand from taxpayers and tax  
19 professionals to get easy access to information and  
20 services, but our responsibilities to protect their  
21 information and to protect them from being  
22 victimized by the people that want that information

1 because that information is worth billions of  
2 dollars to them.

3       So it is a difficult task, but again, it's a  
4 task that the IRS could not possibly achieve alone.  
5 We can only do it because of entities like the  
6 ETAAC, and because of those of you who are willing  
7 to step forward and volunteer to serve in a chair,  
8 in the vice chair position, and those of you who  
9 are willing to serve as members and participate in  
10 the drafting of some really well thought-out  
11 recommendations.

12       So I thank you, and I commend you, and I  
13 appreciate you offering me just a little time on  
14 the agenda. I hope I didn't eat up too much.

15       [Applause.]

16       MR. TALUY: Jim, thanks so much for that and  
17 those comments. You know, the agenda has us here  
18 till 11:15, so I'm just going to start speaking  
19 more slowly, maybe go back through some of the  
20 recommendations.

21       MR. CLIFFORD: You mean I could've taken up  
22 more time?



1 Rob Gettemy, Ron Gilson, thanks for helping be one  
2 of our committee co-chairs with Mark Steber and Amy  
3 Miller Wang. Doug Harding, thank you. Andrew  
4 Jenison, you couldn't be here today, but thank you  
5 for your help. Carol Liu, wonderful support. It's  
6 nice to have another Californian out here so we can  
7 make time zones work out properly. Amy, recognized  
8 you earlier for being one of our co-leads. Argi  
9 O'Leary, fantastic support these last couple years.  
10 Thanks for everything.

11 Rae Pilarski, thanks for being here. You  
12 didn't come to dinner last night, though, and I  
13 remember that. A little inside joke. We have team  
14 dinners, ETAAC, on Tuesdays and my goal was to get  
15 Rae out with us today. But thanks for being there.  
16 And Stephanie Plaza, thanks for all your help.

17 And, you know, one person I just want to  
18 recognize, Vernon Barnett. Vernon and I came  
19 together a couple years ago. We were appointed as  
20 co-vice chairs and, you know, I was like, oh, no,  
21 I'm an industry guy and I've got to work with a  
22 state guy. What's going to happen? And I can't

1 tell you what a fantastic relationship we've built.  
2 Vernon's a fantastic leader at the states, leader  
3 at the FTA, and he's just done a wonderful job.  
4 And I couldn't have asked for a better co-vice  
5 chair, and I couldn't have asked for a better vice  
6 chair this year. Vernon, without your help, this  
7 report wouldn't have made it out the door and  
8 wouldn't have done that. So I just really want to  
9 recognize you and appreciate your help and support  
10 through this process.

11 And with that, I'm not going to cry, but this  
12 has been really fun. It's been a great ride. I  
13 just truly appreciate all your support, all the IRS  
14 team. Like I said earlier, you guys are fantastic.  
15 We couldn't do without you. And with that, like,  
16 he opened it, hopefully he'll close it. And Jim  
17 said he had something to announce today?

18 [Applause.]

19 MR. HARDY: So all good things must come to an  
20 end, and end they must, and end they shall. This  
21 has been a real pleasure this year to work -- every  
22 year is, but, and I say it every year, each of the

1 advisory groups takes on its own DNA. It becomes  
2 sort of this living body of minds that come  
3 together and it's always just great and fascinating  
4 to watch, and our leadership in IRS truly  
5 appreciates it. As you saw, Doug stayed here to  
6 listen to the recommendations. By the way, we had  
7 to sort of switch on the fly, but I thought that  
8 that worked out really nice.

9 [Applause.]

10 MR. HARDY: Really crisp and concise. Great  
11 job.

12 So this brings us to the end. And before I  
13 conclude and adjourn our public meeting, ETAAC  
14 2024, I want to announce our new chair, mister  
15 Vernon Barnett.

16 [Applause.]

17 MR. HARDY: And our vice chair for next year  
18 is none other than Amy Miller.

19 [Applause.]

20 MR. HARDY: Ladies and gentlemen, this  
21 concludes the ETAAC 2024 public meeting. Thank  
22 you.



1 [Applause.]

2 (Whereupon, at 11:22 a.m., the Electronic Tax  
3 Administration Advisory Committee meeting was  
4 adjourned.)

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