

Comments of the American Society for Payroll Management

To

The Internal Revenue Service Oversight Board

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Chair, Government Relations Committee

American Society for Payroll Management

IRS Oversight Board Public Meeting

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Thank you for this opportunity to address the IRS Oversight Board. The American Society for Payroll Management (ASPM) is a professional association of senior managers who control the administration of payroll, employment taxes and payroll related reporting for large employers in the United States. ASPM has been a proud supporter of the IRS through the Information Reporting Program Advisory Committee (IRPAC) and other IRS advisory committees for many years.

ASPM has one message for the Board this afternoon. We would ask the IRS Oversight Board to continue to support and to encourage IRS outreach and partnership programs. Such efforts are a poorly understood and underrated resource, and are therefore subject to inadequate resource allocations. In practice, an ongoing and organized outreach effort is necessary for the IRS to achieve its intended goals.

ASPM has built a strong partnering relationship with the IRS. We work together to ensure that the three IRS divisions with employment tax responsibilities, specifically Large & Midsize Business (LMSB), Small Business/Self Employed (SB/SE), and Tax Exempt & Government Entities (TEGE), develop consistent tax policies. We educate our members, namely the employer community, about proposed tax and systems changes and seek their input on how the changes would impact their responsibilities and their business operations, as well as the potential cost. ASPM then uses this information to develop recommendations and to work with the IRS on how the proposed changes could be modified to not only promote voluntary compliance, but also to reduce the administrative burden on employers and to reduce their cost.

The IRS's outreach and partnership programs are important elements of IRS Workforce Empowerment. They are the means by which the IRS maintains its institutional understanding of the business environment and its customers, without which the IRS would revert to making policy and systems development decisions in a vacuum; historically, a formula with poor results. Important outreach and partnership programs include:

- 1) IRPAC of which ASPM is a long-term member;
- 2) SB/SE's Taxpayer Education and Communication (TEC) partnering relationship with ASPM and other associations;
- 3) Participation in ongoing association meetings, such as ASPM's annual Government Symposium; and,
- 4) Ad hoc association meetings to consider and to better understand emerging employment tax issues.

Several employment tax concerns recently arose as a result of the IRS making decisions without the benefit of taxpayer input:

- 1) Vague announcements that name/TIN accuracy penalties may apply to 2002 Forms W-2,
- 2) Application of Form 1099 accuracy penalty guidance to Form W-2 penalties, rather than issuing separate guidance as previously announced, and,
- 3) Untimely announcements of significant reporting changes without input from the taxpayer community, such as burying in Revenue Procedure 2002-51 the new requirement to file Forms W-2c electronically.

If the IRS had clearly announced these changes, then employers could have reacted appropriately.

On a positive note, however, SB/SE TEC has reached out and worked closely with ASPM to identify such concerns and the changes that are needed. An example of effective outreach includes ASPM's recent work with the IRS to modify existing rules and systems designs to more effectively support the rising incidence of employers' organizational changes, such as mergers and acquisitions. The case in point involved intentional disregard penalty notices that were generated because the IRS computer system failed to track employer relationships in such transactions.

In conclusion, ASPM urges the IRS Oversight Board to continue to support and encourage IRS outreach and partnership programs to maintain and to improve the IRS's understanding of and decisions affecting the taxpayers' real-world environment.

We appreciate your interest and willingness to seek out input from employers. We would also like to express our appreciation of the Internal Revenue Service for its consistent efforts to work with stakeholder communities to improve tax administration. We believe that both the IRS and employers have benefited from the positive relationship between ASPM and the IRS, and we look forward to continuing our efforts together. Thank you.