

## **COMMENTS OF THE TAXPAYER ADVOCACY PANEL TO THE IRS OVERSIGHT BOARD January 25, 2006**

The IRS Oversight Board has invited the Taxpayer Advocacy Panel (TAP) to attend a public meeting to be held in Washington DC on Wednesday, February 8, 2006. The TAP will be represented by Paul Brubaker, TAP Vice Chair. Topics being discussed are; Customer Service Needs of Taxpayers and The Importance and Impact of Measures.

All members of the TAP were invited to submit feedback on these critical issues taxpayers face, and below are a summary of the responses received from the membership.

### **1. Customer Service Needs of Taxpayers**

#### **Attitude**

TAP feels the most important factor is a helpful attitude on the part of IRS employees. This is achieved by an emphasis during customer service training that employees engage taxpayers in a friendly manner, are cooperative, and provide equitable service. Special training should be afforded to employees who are temporarily assigned to the customer assistance area during the filing season, and emphasis should be placed on how the IRS can help the taxpayer. Attention and focus to these items will result in a higher rate of voluntary compliance, aid in maximizing the taxes collected, and minimizing IRS' expense.

#### **Face to Face Customer Service**

TAP outreach has indicated that face-to-face service is the preferred method of contact for taxpayers. Taxpayers need the attention of a customer service representative who will listen to their questions, evaluate the situation, and utilize the knowledge they have to ensure that taxpayer's problems are fully resolved upon initial contact. One of the major obstacles taxpayers face is that they don't fully comprehend the depth of the situation they initially bring to the IRS.

The Taxpayer Assistance Centers (TACs) are the central point of face-to-face services and should not be closed. IRS should consider advertising the location of these offices as a way of enhancing customer service. TAC office locations should be available to customers in their local phone books and hours of operation should also be accessible.

Many TAC's close for lunch, this creates a burden for taxpayers who utilize their personal lunch hour to transact business. All TAC's, regardless of size, should maintain adequate employee coverage during the lunch hour with no break in service.

In an effort to continue providing face-to-face service, TAP has submitted a recommendation suggesting that the IRS review and expand the option of partnering in the customer service area. The IRS should explore the possibility of partnering or combining services with other governmental agencies at the Federal, State, or Local level. Options should be explored to potentially share physical space between these entities and TAC offices. The overall benefit to taxpayers would result in one stop service for taxpayers and decreased operating costs for governmental agencies.

Taxpayers have expressed concerns to TAP members about the availability of forms at IRS TAC offices. TACs maintain a standard stock list of current year forms that are provided at the request of taxpayers. Prior year standard stock forms are also available, but all current year forms are not immediately available. When these forms are not available at TACS, taxpayers are directed by customer service representatives to; access their needed forms via the IRS website on line services, call the IRS toll free number to request forms, or purchase a CD-ROM.

Despite easy access to equipment and trained personnel already in place, customer service representatives have been instructed not to give photocopies of requested forms. TAP has sent a recommendation to the IRS that TACs should print, at taxpayers request, current year forms and instructions needed to comply with filing obligations and tax laws. This would save time, expense and frustration for taxpayers and would also communicate to the public that the IRS is attempting to aid them as they comply with tax laws.

If taxpayers are directed to the IRS website every effort should be made to ensure the latest version of all forms and publications is available online and can be quickly downloaded without special software. The website should also allow the taxpayer to order more than two copies of each form or publication at a reasonable cost.

### **Telephone Assistance**

After face-to-face service, the next preferred method of contact is via telephone. With this option taxpayers have found that menu options are cumbersome and many times this form of contact is met with frustration. Often, taxpayers need a simple question answered via human intervention, but menu options do not offer this as an easy option. This issue can be remedied by a simple option to press "0" to talk with a customer service representative earlier in the scripts that taxpayers hear.

### **Yearly Communication**

Each January, all taxpayers should receive some form of communication from the IRS, regardless if they use a free taxpayer service or paid preparer to prepare their return. The information should include a synopsis of changes to the tax laws for the current tax season and information on the options available to taxpayers to communicate with the IRS.

Information available should include; the location of the nearest TAC based upon zip code, information on the toll-free phone service, how to access information via the online web services, information on the location of Tax Counseling for the Elderly (TCE), and Volunteer Income Tax Assistance (VITA) for tax preparation in their area. Information should also be readily accessible about the services and location of Low Income Tax Clinics (LITC). Newspaper articles and media advertisement options also should be explored as a means of communicating with taxpayers.

### **Help for Older/Retired Taxpayers**

TAP has submitted an issue to the IRS for a total rework of the Publication 554, Older Americans' Tax Guide. Improvements to this publication should include, easy to understand examples to increase comprehension for older taxpayers. Taxpayers retired or nearing retirement, need information to aid them in understanding the implications of their investments in tax deferred retirement plans (IRA's, 401K's, etc) and non-tax deferred plans (Roth IRA's and next year Roth 401K's) as they draw this income. Information on the tax ramifications of taxable Social Security benefits, choosing beneficiaries for an IRA and mandatory minimum withdrawals should be included in this publication.

Following is an example that could potentially be part of the publication. A widow living on Social Security, receiving her husband's pension needs to know the tax ramifications of mandatory withdrawals from the pension instrument when she reaches 70 ½ years of age. Instructions in how the withdrawal affects the taxability of her Social Security income, and that she may owe tax as a consequence. Additional areas of concern for this older taxpayer would be possible withholding options or estimated tax payments.

IRS provides specialized educational programs for various segments of the population including low income and limited English proficiency (LEP), but similar educational opportunities for the growing segment of retirees is not available. As the number of retirees continues to grow at an alarming rate, the IRS should aggressively pursue educating this population base.

As previously mentioned, as this segment of the population grows, these issues will become a major portion of the customer service inquiries into IRS offices. Proactive attention to this matter may prevent a spike in liabilities owed by older/retired individuals.

TAP commends the IRS for developing Publication 4190 "Tax Guide for the Retiree" a pamphlet listed as a part of "The Life Cycle Series". This publication was designed to educate taxpayers about the impact of significant life events. When TAP randomly questioned IRS employees and volunteers at VITA and TCE sites, there was no awareness on the part of respondents about the existence of this publication.

This is an excellent example of a tool that has a significant message for a large number of taxpayers, yet it appears that few people are aware of its existence. Promoting IRS educational resources and publication(s) would alert the public to

new tools available from the IRS and would accomplish publicizing positive facts and progress in helping taxpayers.

The TAP feels IRS should be careful by refraining with the use of 'IRS speak' in their forms and publications. Efforts should be made to use plain English that is understandable by the average taxpayer.

## **2. The Importance and Impact of Measures**

TAP feels that customer service improvement measures should be defined with input from customers. Measures cannot be accurately defined and improved without input from both the business owner and the consumer. The most effective way to evaluate customer service is to design a survey system that solicits key elements of customer service to be answered by the customer at the completion of the service. Excellent examples exist in the business world and the IRS should consider using this as a model. For example, at an H&R Block office each client is asked to call a toll free line and evaluate their service experience within 3 days of having their taxes prepared.

Good customer service by the IRS leads to increased compliance because of the taxpayer's better understanding of their tax liability. Publication 596 "Earned Income Credit" is a good example of addressing customer satisfaction. This was a publication that was sorely needed. The service that has the greatest impact on taxpayer compliance is the ability to get an answer to their particular question. That usually means that the taxpayer has a one-on-one conversation with a person or the ability to send a question to an individual and get a response detailing their answer. Providing a means of feedback at the point of contact would give the taxpayer an instant way to address their degree of satisfaction and their preference for IRS contact.