

STATEMENT OF JOHN SAPP
ON BEHALF OF
COUNCIL FOR ELECTRONIC REVENUE COMMUNICATION ADVANCEMENT
(CERCA)
TO THE IRS OVERSIGHT BOARD
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WASHINGTON, DC

CERCA is very pleased to again appear at an IRS Oversight Board public meeting, something we have been doing for over a dozen years. My name is John Sapp, and I am Vice President for Strategic Development at Drake Software. I also serve as Vice Chair of CERCA.

CERCA is a rather unique industry organization. It was actually formed 20 years ago at the explicit request of the IRS... in a Federal Register Notice... so that the agency would have an industry partner to talk to as IRS and industry built the e-file program, a project that by no means was assured of success back then.

CERCA was indeed formed in 1994, and month in and month out, our organization has responded to IRS requests for industry input on how to advance the important public/private partnership that is our tax “ecosystem,” to use a term popularized by a former IRS official.

To be sure, the remarkable growth of the e-file system is a tremendous achievement, and CERCA has also been asked to weigh in on a variety of issues relating to electronic tax administration.

Today we are here to discuss successful customer service strategies in government and industry that are good examples for the Internal Revenue Service in the years ahead, and this is a valuable exercise. As we do this, however, it’s important to keep in mind that for many other government agency and industry panels that might be taking place in other venues, the story of how much the IRS has already accomplished would make their officials very logical featured speakers.

As the IRS Oversight Board knows very well, innovation is being implemented across the IRS. This has made it possible for the agency to function in very challenging times. Still the nature of things in today’s world, for the IRS and, of course, for industry is that innovation must accelerate, certainly not stop. There have been successful customer service overhauls outside of traditional tax administration, and the strategies employed to realize the transformations in other places must be studied by the tax community.

For the IRS, the Online Services Office is tasked with much of the work to achieve the next round of customer service breakthroughs. CERCA has worked very closely with this office to provide input and encouragement from industry.

We do have recommendations to make to IRS, many relating to concepts that are being tested or considered inside the agency.

Our first recommendation is that the IRS commit to utilize Web Services and APIs (application programming interfaces) to provide resources to taxpayers and tax preparers through channels and mechanisms which are familiar and understandable to taxpayers.

“Where’s My Refund?” access for consumer tax preparation sites and paid preparers would simplify communication with taxpayers for the IRS and industry. The vast majority of taxpayers will utilize a paid preparer or consumer tax software to prepare and file their taxes each year, and most make no distinction between the filing of the return and receiving their refund. As a result, it is only logical to allow the taxpayer to receive information regarding their refund directly from the resource they have chosen to file their return. Forcing taxpayers to utilize a different mechanism to receive information regarding their refund can be confusing for the taxpayer, frustrating for preparers and lead to additional phone calls to the IRS. The simplest solution to this dilemma is to allow programmatic posting of data from approved sources to the “WMR” site. The paid preparer and consumer tax software are already the front line resources for providing acknowledgement and other processing information regarding the tax return, and it appears to be common sense to allow these trusted resources to provide refund related data to the taxpayer. That is, consider refund information part of the acknowledgment process.

Regarding Personal Identification Numbers (PINs), the IRS currently utilizes the PIN in a variety of ways to identify the taxpayer, including an E-File PIN, an Identity Protection PIN and a PIN signature. We recommend that to reduce or eliminate confusion, allow data to be passed from tax software to IRS sites and work with industry to provide common terminology. Possibly, it might make sense to do away with the term “PIN” altogether.

The E-File PIN, for example, requires a taxpayer to leave the tax preparation process, access the IRS site, re-key data, most of which has already been entered into the tax return, return to the tax preparation site and key the data provided from the IRS site. Couple this with some terminology being non-symbiotic, and the taxpayer has become thoroughly confused.

Most immediately, there needs to be a priority to eliminate confusion with EF PIN, the IP PIN and PIN SIGNATURE. CERCA welcomes the opportunity to work with the IRS to provide a secure, compliant solution to this challenge, as well as working with the IRS during the evolution of the many other ways to utilize prospective IRS Web Services.

Finally, given that we are talking about customer service strategies in this panel, it’s important to note the Free File Alliance as a very successful technology program which has benefited American taxpayers. To date, the Free File Alliance, a consortium of industry online tax preparation offerings, has served millions of Americans by providing free Federal return preparation and e-filing since the launch in 2003. CERCA was called upon by IRS to help

formulate the program, and we believe it corresponds to the goal of today's Oversight Board session, namely, "Pivoting Away from Paper."

The IRS should take advantage of the Free File Alliance companies' experience and investments. For example, almost all Free File companies already have mobile applications of some kind.

In sum, at a time of budget challenges, it is imperative that the IRS move forward with innovation. There is a very good team working on these issues at the agency, and we appreciate all the work they are doing. The entire tax ecosystem needs to get behind this.

IRS should promote utilization of web services to share data, always keeping in mind the security of taxpayer data. Innovative IRS and IRS/private sector partnership programs already underway, and we would single out Free File, should be encouraged.

CERCA again appreciates the opportunity to participate in this important meeting.