

IRS Oversight Board

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REP. PORTMAN PRAISES BOARD FOR EXPERTISE, INDEPENDENCE

At a public meeting held in Washington, DC on February 1, 2005, the IRS Oversight Board heard from House Ways and Means Committee Member Rep. Rob Portman (R-OH). In 1997, Rep Portman co-chaired the IRS Restructuring Commission, which recommended a board of directors to guide the IRS' long-term strategy and vision.

Rep. Portman said that the Commission's intention in its recommendation was to bring three qualities to the table: expertise from outside the IRS, continuity and accountability. "The Board does bring private sector expertise, which I think is incredibly important. And it is important also that the Board is independent," adding "that [independence] sometimes causes friction within the larger IRS family, but frankly, that's how we set it up."

Rep. Portman went on to say that the Board will also be able to prove its unique value in the months ahead as the IRS begins to implement its use of private collection agencies. "We are going to be looking to you to be sure that this is done successfully in a responsible way," he said, noting that in addition to advice from stakeholders, "we need to be sure the Oversight Board, which is independent from the IRS, gives us the advice we need."

Rep. Portman concluded his remarks by inviting the Board and stakeholders at the meeting to contact him directly by April 15, 2005 with their ideas and suggestions on how to improve the Board's effectiveness.

In addition to Rep. Portman, 12 organizations that interact regularly with the IRS discussed ways to close the tax gap and simplify tax administration. Their issues ranged from complaints regarding the procedure the IRS used to announce that corporations will be required to electronically file their tax returns next year to the IRS' plan to outsource some tax debt collection to private collection agencies. However, many practitioners voiced a common theme: the IRS requires adequate resources if it is expected to meet taxpayer needs and to be a modern, effective and efficient organization.

To review the statements of all participants, go to: <http://www.treas.gov/irsob/meetings/2-01-05/index.htm>.

Board Discusses IRS Plans to Use Private Collection Agencies

The following day, the Board met to review a number of different topics, including a discussion regarding the IRS' plan to hire private collection agencies, which will be managed by the IRS Wage and Investment Operating Division in Atlanta, Georgia.

"The Board is pleased that the IRS is beginning to use private collection agencies," said Board Chairman Raymond T. Wagner, Jr. "The Board has supported the use of private collection agencies for some time, providing that taxpayer rights are thoroughly protected. If implemented properly, this program will allow the IRS to focus its resources on more challenging cases. Both efforts can help close the tax gap. We will continue to follow this program closely to ensure that it is fair and effective," he said.

Progress in IRS Business Systems Modernization Program Reported

The Board also received an update on the BSM program which is making progress and meeting scheduled delivery dates for products and programs, including Release 1.2 of the Customer Account Data Engine for 1040 EZ filers who have refund and balance due returns updated to include recent tax law changes.

The IRS also reported that the Modernized e-file program is on schedule. The system allows corporations and tax-exempt organizations to file their tax returns electronically. Next year, some companies and tax exempt organizations will be required to file electronically their tax returns, which will speed processing and reduce audit cycle time. "The IRS is making real progress on programs that show direct benefits to taxpayers," said Chairman Wagner. "It is imperative that we continue to move forward in modernizing IRS business systems."

Taxpayer Advocate Focuses on Burden of Complexity

The Board also met with National Tax Advocate Nina Olson, whose annual report was presented to Congress last month. Ms. Olson discussed the burden of tax code complexity as well as efforts to improve compliance through education and awareness. She introduced the Board to Gwen Handelman, who helps runs the IRS' Taxpayer Advocacy Panel (TAP), which is an outgrowth of the pilot Citizen Advocacy Panels established in 1998. TAP is a two-way conduit, serving as a focus group for the IRS providing input on strategic initiatives, and providing a venue for raising issues identified by citizens. The program is largely run by 95 demographically-diverse volunteers, with support from the Taxpayer Advocacy System. The Board praised Olson for the report's comprehensive view on taxpayers' needs and IRS' operations, and plans to fully review her report to identify and focus on key issues.

The next IRS Oversight Board meeting will be held June 1-2, 2005 in Washington, DC.

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