

**MSP
#7****ONLINE ACCOUNTS: Research into Taxpayer and Practitioner Needs and Preferences Is Critical As the IRS Develops an Online Taxpayer Account System****RESPONSIBLE OFFICIALS**

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TAXPAYER RIGHTS IMPACTED¹

- *The Right to Be Informed*
- *The Right to Quality Service*
- *The Right to Challenge the IRS's Position and Be Heard*
- *The Right to Confidentiality*
- *The Right to a Fair and Just Tax System*

DEFINITION OF PROBLEM

A main component of the IRS's Future State vision is the development of an online taxpayer account.² The National Taxpayer Advocate has proposed for years that the IRS develop an online account system for taxpayers.³ An online account system will benefit those taxpayers who are able to access the digital system and who have the background, knowledge, and experience to navigate through various complex transactions. In order for taxpayers and the government to realize the benefits of an online taxpayer account application, the IRS must address the following:

- Develop an overarching online strategy that focuses on taxpayer service needs and preferences rather than merely business or budget demands;
- Incorporate existing third-party and TAS research on service needs and preferences into its Future State vision;
- “Do Digital Right” by ensuring the online account provides taxpayers with a service they need in the format they need; otherwise taxpayers may lose interest and not return to the site;

1 See Taxpayer Bill of Rights (TBOR), www.TaxpayerAdvocate.irs.gov/taxpayer-rights. The rights contained in the TBOR that was adopted by the IRS are now listed in the Internal Revenue Code (IRC). See Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Division Q, Title IV, § 401(a) (2015) (codified at IRC § 7803(a)(3)).

2 For more details on the IRS Future State Initiative, see <http://irweb.irs.gov/future/default.aspx> (last visited Nov. 30, 2016).

3 See, e.g., National Taxpayer Advocate 2013 Annual Report to Congress, vol. 2, 67-96 (Research Study: *Fundamental Changes to Return Filing and Processing Will Assist Taxpayers in Return Preparation and Decrease Improper Payments*).

- Acknowledge the real consequences of strong and necessary e-authentication standards. With about one-third of users passing the multi-factor e-authentication security measures, getting taxpayers through the “front gate” is half the battle;⁴ and
- Prioritize practitioner access, authority, and preferences for the online account.

ANALYSIS OF PROBLEM

Background

A key initiative to attain the IRS’s envisioned Future State is the development of a taxpayer online account. According to the IRS, the online account will enable taxpayers and eventually authorized third-parties to “securely obtain taxpayer information, make payments, resolve compliance issues, share documentation, and self-correct issues in an individualized, online account.”⁵

The IRS has shared with TAS its bare bones plans to roll out the application. The IRS conducted a soft launch of the first phase of the online account on November 16, 2016, and announced the launch to the public on December 1, 2016.⁶ Individual taxpayers currently access the online account through the payments tab of the IRS official website. Once individual taxpayers pass the multi-factor e-authentication standards, as discussed in more detail below, they can view the account balance and select payment options such as IRS Direct Pay, debit or credit card, or apply for an installment agreement.⁷

Despite efforts by TAS, the first phase of the online account does not provide taxpayers with any information on how to dispute the account balance provided.⁸ The National Taxpayer Advocate has suggested that the IRS provide a button indicating “I don’t think I owe this amount.” Once the taxpayer clicks on that button, the site should provide links for different options, including: amending a return, audit reconsideration, refund claims, penalty abatement, innocent spouse, injured spouse, identity theft, return preparer fraud, and doubt as to liability for offer in compromise. To date, the IRS has not agreed with this recommendation.

By mid-2017, the IRS tentatively plans for the application to enable taxpayers to see up to 18 months of payment history and a transcript summary screen. The National Taxpayer Advocate has encouraged the IRS to increase the 18-month payment history to at least 24 months in order to provide useful information for refund claims.⁹ Finally, by the end of 2017, the IRS tentatively plans to add more payment features as well as a fully integrated transcript with search capabilities.¹⁰

4 National Taxpayer Advocate Notes from Services and Enforcement Executive Steering Committee (S&E ESC) Meeting (Nov. 17, 2016). The pass rate was 28 percent on Nov. 16, 2016, 29 percent on Nov. 17, 2016, and increased to 34 percent as of Dec. 18, 2016. IRS 10-day response to MSP fact check (Dec. 20, 2016).

5 IRS, *Draft IRS Future State: Overview, The Path Traveled and the Road Ahead* 11 (Feb. 2016), https://www.irs.gov/PUP/newsroom/IRS%20Future%20State%20Journey_R.pdf (Oct. 14, 2016).

6 IRS News Release 2016-155, *IRS Launches New Online Tool to Assist Taxpayers with Basic Account Information* (Dec. 1, 2016).

7 IRS S&E ESC, *Online Account Status Briefing* 4, 5 (Nov. 17, 2016); TAS Employee Testing of the Online Account (Nov. 26, 2016).

8 The online account can be accessed from the following IRS payments page: <https://www.irs.gov/payments/finding-out-how-much-you-owe> (last visited Nov. 27, 2016).

9 IRS response to TAS fact check (Dec. 20, 2016). Under IRC § 6511(a), a taxpayer must file a claim for credit or refund of an overpayment within: 1) three years from the time the return was filed, or 2) two years from the time the tax was paid, whichever is later. If no return was ever filed by the taxpayer then the claim must be filed within two years of payment of the tax.

10 Wage and Investment (W&I) response to TAS information request (Sept. 1, 2016); S&E ESC, *Online Account Status Briefing* 5 (Nov. 17, 2016); IRS response to TAS fact check (Dec. 20, 2016).

Develop an Overarching Online Strategy That Is Driven by Taxpayer Needs and Preferences for Taxpayer Service

The IRS has not developed an overarching online strategy or design for the online account that is based on an understanding of taxpayer skills and abilities, as well as their needs and preferences for the various modes of receiving taxpayer service. To its credit, the IRS conducted the 2014 Taxpayer Choice Model (TCM) study; however, this survey was conducted solely online. Based on the TCM findings, the IRS concluded that it needed “to introduce more online self-service options to help today’s taxpayers meet their tax obligations.” Specifically, the IRS interpreted the results to show that the service channel most used to contact the IRS is the IRS website (28 percent). In addition, the survey indicated that 48 percent of taxpayers chose the online tool as their preferred service channel to obtain the status of a case or transaction. As a result, the IRS developed the “Web Apps Program,” including online account capabilities, “as a direct solution to how today’s taxpayers prefer to interact with the IRS.”¹¹

About one-third of those taxpayers interested in using the online service channel can access the service. While the strict authentication measures are important to safeguard taxpayer data, the initial pass rates show that the online account cannot be the main service channel.

While the 2014 TCM study demonstrated some interest in online tools by taxpayers who already had internet access, the IRS never conducted more in depth research to determine exactly how taxpayers would prefer to use this tool. While the TCM findings indicate that almost half of already-online taxpayers prefer to get status updates through an online tool, the IRS never conducted a survey to determine if taxpayers would prefer to “self-correct” a return by agreeing to an addition to tax using an online account, or would they prefer to first speak with an assistor about the basis of that adjustment. The focus on online-only surveys, the general vagueness of the survey questions, and the absence of more detailed scenarios and choices means the IRS’s claim that the online account is “a direct solution to how today’s taxpayers prefer to interact with the IRS” is based more on IRS wishing than in reality. The TCM is *some evidence* of how *already-online taxpayers* would like to interact with the IRS about *some activities*. It is not a comprehensive analysis of the online or taxpayer service needs of the U.S. taxpayer population, and to pretend it is undermines the positive aspects of the online account.

Further, the IRS Future State vision focuses primarily on the IRS’s own operating preferences.¹² Accordingly, the IRS is shifting resources away from the more expensive service delivery channels, such as face-to-face and phone service, towards self-service channels that are seemingly less costly. The rationale for this strategy is to free up resources for those taxpayers who still require more personal service.¹³ While the IRS’s stated rationale is commendable, it is not supported by sufficient research. A leading best practice supported by research is that organizations in general must understand the needs of the customer

11 IRS Service & Enforcement Executive Steering Committee Briefing: Online Account Status Update 3 (Oct. 17, 2016); Courtney Rasey and Mackenzie Wiley, Wage & Investment Research and Analysis, IRS, *2014 Taxpayer Choice Model (TCM): Designing Digital Communication Products to Reduce Phone and Mail Inventory*, <https://www.irs.gov/pub/irs-soi/15resconwiley.pdf> 172 (last visited Dec. 9, 2016).

12 See Most Serious Problem: *Worldwide Taxpayer Service: The IRS Has Not Adopted “Best-in-Class” Taxpayer Service Despite Facing Many of the Same Challenges as Other Tax Administrations*, *supra*. The Swedish Tax Agency, which has received top rank for service among government agencies, has the following guiding principle: “What we think is efficient, may turn out not to be, and what we think is good service is not necessarily so from the taxpayer’s perspective. We have understood the importance of not building our service based on our own internal view of reality.” Vilhelm Andersson, *Mechanisms for Measuring the Quality of Service Provided to the Taxpayer and Results Achieved*, Inter-American Center of Tax Administrations – CIAT, 46th CIAT General Assembly, *Improving the Performance of the Tax Administration: Evasion Control and Taxpayer Assistance*, 169 (2012).

13 National Taxpayer Advocate Public Forum 12 (Feb. 23, 2016).

and let those needs drive the change, rather than business or budget demands.¹⁴ Before the IRS invests too many resources into an online-centric Future State vision, it must conduct extensive research on taxpayer preferences for service delivery channels, based on demographics as well as the type of interaction with the government.¹⁵

As pointed out by Professor Leslie Book at the February 23, 2016, National Taxpayer Advocate Public Forum on Taxpayer Service Needs and Preferences in Washington, D.C.:

[A] fundamental starting point in thinking about service is that the IRS needs to know whom it is serving and the characteristics and challenges associated with a particular group of taxpayer[s] or parties it is regulating An agency fixated on efficiency and delivering services at lowest possible short term costs without knowing the impact and burdens of its actions may find itself pushing more serious problems down the road while at the same time jeopardizing taxpayer rights.¹⁶

Without extensive research into taxpayer preferences, the IRS may be surprised by the adoption rate of the online account or its impact on call volume. For example, the California Franchise Tax Board did not expect call volumes to increase by 20 percent when it initially launched its online account, MyFTB. Only five percent of taxpayers created an account in the first year and many of the MyFTB users called when they experienced difficulties.¹⁷

The IRS Future State Vision Does Not Incorporate Existing Third-Party and TAS Research on Service Needs and Preferences

As noted above, the IRS began developing the online account after the 2014 Taxpayer Choice Model (TCM) study found some interest in online services by taxpayers who already have access to the internet. In addition to the TCM, it conducted the Web-First Strategy Conjoint Study (Conjoint), another online survey. Wage and Investment (W&I) has stated that “the objective of the study was to identify opportunities to increase taxpayer awareness and utilization of web-based customer service delivery options that are convenient, effective, and cost effective for the customer and IRS.” The survey includes information about current and future service options for four service tasks: (1) make a payment, (2) obtain a transcript, (3) obtain tax account information, and (4) authenticate your identity. The IRS interpreted the results of the 2015 Conjoint to indicate a high preference for online services, even for taxpayer assistance center (TAC) users, and predict that triage through appointment-based, walk-in service will facilitate access to online and phone channels.¹⁸ The IRS interpreted the results to show that “[a]ll service needs in this study show a similar pattern with the majority of taxpayers preferring Online

14 See, e.g., Knowledge@Wharton, *Becoming Digital: Strategies for Business and Personal Transformation* (2016); Accenture, Partnership for Public Service, *Government for the People: The Road to Customer-Centered Services* (Feb. 2016).

15 Knowledge@Wharton, *Becoming Digital: Strategies for Business and Personal Transformation* (2016); Accenture, Partnership for Public Service, *Government for the People: The Road to Customer-Centered Services* (Feb. 2016); Organisation for Economic Co-operation and Development (OECD), *Forum on Tax Administration: SME Compliance Sub-Group, Information Note, Right from the Start: Influencing the Compliance Environment for Small and Medium Enterprises* (Jan. 2012) (Her Majesty’s Revenue and Customs (HMRC) breaks down the taxpayers into segments and retains face-to-face assistance specifically targeted for the “needs help” segment).

16 Oral Statement of Professor Leslie Book, Villanova University Charles Widger School of Law, National Taxpayer Advocate Public Forum 27 (Feb. 23, 2016).

17 Written Statement of Susan Maples, California Franchise Tax Board, Taxpayers’ Rights Advocate, National Taxpayer Advocate Public Forum (Aug. 22, 2016); Oral Statement of Susan Maples, California Franchise Tax Board, Taxpayers’ Rights Advocate, National Taxpayer Advocate Public Forum 26-27 (Aug. 22, 2016).

18 W&I, *Business Performance Review* 37 (May 10, 2016).

Account in the Future State. In addition, most taxpayers like their Future State better than the options available to them now.”¹⁹

While we acknowledge that the IRS did attempt to learn taxpayer needs by conducting these studies, we have several serious concerns:

1. **Online Study:** Both the TCM and Conjoint surveys were conducted entirely online and, therefore, left out that portion of the population with no online access. Not only do 33 percent of American adults not have broadband access, and therefore are unlikely to participate in online surveys, but Pew Research has also found that online surveys are biased against the African American and Hispanic American populations.²⁰ Rather than acknowledge the limitations of the online surveys, the IRS applied these narrow research findings to all taxpayers.
2. **Design of Survey Questions.** For both studies, respondents were presented a finite set of service channel options with predetermined values for attributes such as “time to access service.” An example question from the 2014 TCM is set forth in Figure 1.7.1 below:²¹

FIGURE 1.7.1, Sample Question from 2014 Taxpayer Choice Model Survey

“If you wanted to obtain an answer to your tax question, and these were your only options, which would you choose?”

	Option 1	Option 2	Option 3	Option 4
Service Channel	Toll-Free, CSR	Website, Online Interactive Tool	Smartphone	Toll-Free, Automated
Time Required	20 minutes	10 minutes	5 minutes	10 minutes
Progress Toward Resolution	Completely Resolved	Get Specific Information	Completely Resolved	Get General Information
Social Security Number Required	No	No	No	No
Personal Info Required	Yes	Yes	Yes	No
Tax Info Required	No	No	No	No

The Conjoint survey questions were similar in format. Both surveys allowed the respondent to choose only one option. If given several options, it is rational for the respondent to choose the service with the lower access times. Most importantly, the survey question shows that the IRS has pre-determined the

19 For a detailed discussion of the research conducted by the IRS to support its shift to online services, see Most Serious Problem: *Worldwide Taxpayer Service: The IRS Has Not Adopted “Best-in-Class” Taxpayer Service Despite Facing Many of the Same Challenges as Other Tax Administrations*, *supra*; IRS Wage & Investment (W&I) Research, *Facilitating Access to Convenient & Efficient IRS Service: W&I Web-First Conjoint Study* 11, 13 (Sept. 30, 2016).

20 John B. Horrigan and Maeve Duggan, Pew Research Center, *Home Broadband 2015* 2-9 (Dec. 21, 2015); Pew Research Center, *Evaluating Online Nonprobability Surveys: Vendor choice matters; widespread Errors Found for Estimates Based on Blacks and Hispanics* (May 2, 2016).

21 W&I Research & Analysis, *Taxpayer Choice Model: Presentation for Excellence through Productivity Improvements and Quality (EPIQ)* 8 (Dec. 2014). The IRS has described the Conjoint survey format as follows: “In a conjoint survey, respondents are given service channel options for completing a task and asked to choose which option he/she prefers. This occurs ten times for each service task with the service channel features changing each time. From this data, researchers perform analysis to determine the impact of each service feature to build a predictive model that allows researchers to predict taxpayer preference with perfect awareness within the confines of the service channels and service channel features included in the study.” IRS response to TAS fact check (Dec. 20, 2016).

service options that the taxpayer may express an opinion about (“these were your only options”), rather than providing a broad range of options, including “other”, from which the taxpayer can choose.

Moreover, the question above is actually very misleading. It seems to imply that a taxpayer will spend 20 minutes to achieve complete resolution by calling the toll-free line and talking to a live assistor, but that same taxpayer could achieve complete resolution in five minutes by using a smartphone. However, the question does not make clear what happens in those five minutes with the smartphone — will the taxpayer only get automated prompts (which indicates the taxpayer will receive only general information, as with the automated phone service); or will the taxpayer get through to a live assistor, only faster than the toll-free line? If the latter, it is unclear why a smartphone user should receive faster access to an assistor than a taxpayer who calls on the toll-free line. At any rate, the question is completely muddled and not much use as a basis for strategic decisions, much less service design.

TAS Performed Research, Held a Dozen Public Forums Across the Country, and Conducted Practitioner Focus Groups, All of Which Produced a Wealth of Information for the IRS As It Develops Its Future Vision

TAS has conducted research, nationwide Public Forums, and focus groups which produced a wealth of information that is valuable in developing a Future State vision that meets the needs and preferences of taxpayers and practitioners. Specifically, TAS has conducted the following:

1. **Taxpayers’ Varying Abilities and Attitudes Toward IRS Taxpayer Service: The Effect of IRS Service Delivery Choices on Different Demographic Groups.** A nationwide survey of U.S. taxpayers about their needs, preferences, and experiences with IRS taxpayer service conducted entirely by telephone (landline and cell phone). Most importantly, taxpayers were able to choose from a detailed list of reasons why they interacted with the IRS during the past 12 months, including an open-ended “other option.” For their particular service need (*e.g.*, obtain a transcript, tax law question, assistance with an IRS notice, and make a payment), taxpayers were asked to identify the first choice in service channel (*i.e.*, IRS website, TAC, and phone) as well as any additional information sources used. This will enable us to track preferred service channel by service need or task. In addition, participants were asked about their internet access and use. TAS is still in the process of evaluating the results of the survey. Preliminary results show that elderly and low income taxpayers are less likely to have online access, and those who do have online access use it in a very limited manner. The preliminary results also indicate that a large percentage of all taxpayer groups — low income (43.5 percent), not low income (37.2 percent), elderly (60.7 percent), and disabled (44.0 percent) — do not feel secure sharing personal information with a government agency or sharing personal financial information over the internet (56.9 percent, 43.8 percent, 66.2 percent, and 65.1 percent, respectively).²²
2. **National Taxpayer Advocate Public Forums on Taxpayer Service Needs and Preferences.** During 2016, the National Taxpayer Advocate held 12 Public Forums around the country, most in conjunction with Members of Congress who serve on committees actively engaged in IRS oversight. Each Public Forum heard from a panel of witnesses representative of the community visited. Most panels included a representative from a Volunteer Income Tax Assistance (VITA) site and a Low Income Taxpayer Clinic (LITC); an attorney, Certified Public Accountant, or Enrolled Agent active in representing individuals and small businesses; and witnesses who focused on

22 See Special Focus: *IRS Future State: The National Taxpayer Advocate’s Vision for a Taxpayer-Centric 21st Century Tax Administration*, *supra*; Research Study: *Taxpayers’ Varying Abilities and Attitudes Toward IRS Taxpayer Service: The Effect of IRS Service Delivery Choices on Different Demographic Groups*, vol. 2, *infra*.

challenges faced by particular taxpayer groups, including English as a Second Language (ESL) and immigrant taxpayers, elderly taxpayers, farmers, U.S. taxpayers living abroad, disabled taxpayers, victims of identity theft, and small businesses hurt by payroll service provider fraud.²³

- 3. TAS Focus Groups During IRS Nationwide Tax Forums.** During the IRS Nationwide Tax Forums, TAS conducted focus groups, one of which specifically addressed the IRS Future State Initiative. The 58 participants were asked for their thoughts on the online account, including features that they believe are most and least useful, practitioner access and authorizations, and restricting access to Circular 230 practitioners.²⁴

Throughout this discussion, we will cite recommendations generated from participants of the above-discussed Public Forums and focus groups.

A Plethora of Third-Party Research Is Available to Guide the IRS in Its Strategy

Existing third party research indicates that a significant percentage of the taxpayer population will not use taxpayer accounts in the way envisioned by the Future State initiative. The National Taxpayer Advocate's 2015 Annual Report cites various studies showing the digital divide in this country and the preference for multiple service delivery channels.²⁵ Multi-channel service options are considered a best practice in tax administration. A 2015 McKinsey Center for Government report stated that “best-in-class tax administrations are taking a different approach to digitization. Going digital is no longer about making digital channel usage mandatory for 100 percent of citizens — it is about improving the taxpayer experience one segment or service at a time.”²⁶ In addition, there is a clear trend in private industry and tax administration worldwide to provide multi-channel service options.²⁷ Finally, as a panelist representing the Electronic Tax Administration Advisory Committee (ETAAC) stated at the February 23, 2016, National Taxpayer Advocate Public Forum: “[W]hether it is online, phone, chat, taxpayer assistance center, VITA site, or through a tax professional, the IRS should provide all of these options to meet the variety of taxpayer preferences.”²⁸

In a 2015 nationwide survey of American adults, Pew Research Center found that home broadband adoption has plateaued. Approximately 67 percent of adults had broadband at home in 2015, as compared to approximately 70 percent in 2013. That means 33 percent of U.S. adults did not have home broadband access. This leveling-off of broadband use coincides with an increase in “smartphone-only” adults. Smartphone adoption has reached a similar rate as that of broadband. Specifically, 68 percent of American adults own a smartphone and 13 percent are “smartphone-only.” The most significant rates of

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- 23 For details on the National Taxpayer Advocate Public Forums on Taxpayer Service Needs and Preferences, including submitted written statements from panelists as well as full transcripts of the forums, see <https://taxpayeradvocate.irs.gov/public-forums> (last visited Nov. 30, 2016).
- 24 TAS Communications and Liaison, *2016 IRS Nationwide Tax Forums TAS Focus Group Report: Preparers' Thoughts about IRS's Proposed Future State* 6, 11 (Oct. 2016).
- 25 National Taxpayer Advocate 2015 Annual Report to Congress 56-63 (Most Serious Problem: *Taxpayer Access to Online Account System: As the IRS Develops an Online Account System, It May Do Less to Address the Service Needs of Taxpayers Who Wish to Speak With an IRS Employee Due to Preference or Lack of Internet Access or Who Have Issues That Are Not Conducive to Resolution Online*).
- 26 Aurélie Barnay, Thomas Dohrmann, Wopke Hoekstra, Jose Nogueira, Fiyinfolu Oladiran, Kristine Romano, McKinsey Center for Government, *Tax Myths-Dispelling Myths About Tax Transformation in Rapidly Growing Economies* 5 (Sept. 2015).
- 27 Knowledge@Wharton, *Becoming Digital: Strategies for Business and Personal Transformation* (2016); OECD, *Forum on Tax Administration: SME Compliance Sub-Group, Information Note, Right from the Start: Influencing the Compliance Environment for Small and Medium Enterprises* (Jan. 2012); Deloitte, *Navigating the New Digital Divide: Capitalizing on Digital Influence in Retail* (2015).
- 28 Oral statement of Jim Buttanow, National Taxpayer Advocate Public Forum 83 (Feb. 23, 2016).

increase in the smartphone-only populations can be found among African Americans, individuals whose household income is at or below \$75,000, adults living in rural areas, parents, and those with a high school degree or less.²⁹

FIGURE 1.7.2, Pew Research Center Survey Results Showing Shift From Broadband to Smartphones Between 2013 and 2015³⁰

Several groups are shifting their home internet connectivity away from broadband and toward smartphones

% of each group who have ...

	Broadband at home			Smartphone, but no broadband at home		
	2013	2015	CHANGE	2013	2015	CHANGE
All adults	70%	67%	-3%	8%	13%	+5%
African Americans	62	54	-8	10	19	+9
Rural residents	60	55	-5	9	15	+6
Household income < \$20K	46	41	-5	13	21	+8
\$20K-\$50K	67	63	-4	10	16	+6
\$50K-\$75K	85	80	-5	5	10	+5
Parents	77	73	-4	10	17	+7
High school degree or less	50	47	-3	11	18	+7

Source: Pew Research Center surveys

PEW RESEARCH CENTER

The approximately 33 percent of adults without home broadband access are at a major disadvantage when it comes to various complex tasks, such as accessing government services, getting health information, and applying for jobs.³¹ Many without broadband access have to reroute their lives in order to get to a library, school, or coffee shop to access the internet. This presents cybersecurity challenges to those who have to access confidential information from public computers or networks in public locations, potentially carrying documents with confidential information. At a National Taxpayer Advocate Public Forum, a panelist from Pew Research Center noted that 27 percent of Americans have used a computer or Wi-Fi at a public library in the last year.³² Accordingly, taxpayers attempting to access the online account application in such public locations are not only inconvenienced, but are at greater risk for identity theft.

29 John B. Horrigan and Maeve Duggan, Pew Research Center, *Home Broadband 2015* 2-9 (Dec. 21, 2015).

30 *Id.* at 6.

31 *Id.* Oral Statement of Aaron Smith, Pew Research Center; National Taxpayer Advocate Public Forum 143 (Feb. 23, 2016).

32 Oral Statement of Aaron W. Smith, Pew Research Center, National Taxpayer Advocate Public Forum 176 (Feb. 23, 2016).

The IRS Strives to Provide Service Offerings Comparable to the Financial Industry, But Ignores Those Offerings When They Do Not Comport with the Direction the IRS Wants to Follow

In justifying the Future State vision towards online accounts, the Commissioner of Internal Revenue has stated that taxpayers “should expect the same level of service when dealing with the IRS in the future as they have now from their financial institution, whether it’s a bank, brokerage, or mortgage company.”³³ However, the IRS’s approach to Future State is not consistent with the research performed specifically for the financial sector. Research commissioned by the Federal Reserve found that even tech-savvy mobile phone users prefer multiple service channels. Over the past several years, the Federal Reserve has surveyed banking preferences among mobile phone users. According to the most recent report, more mobile phone users who have a bank account reported visiting a branch than using any other channel in the last 12 months.³⁴

The existing research findings highlight that online services should supplement rather than replace more personal services. At the National Taxpayer Advocate February 23, 2016 Public Forum, a panelist from the Federal Reserve noted that 80 percent of banking consumers surveyed in 2015 use four or five of the service channels available and only two percent used only one or two channels.³⁵

Doing Digital Right: Just Because the IRS Builds It, Doesn’t Mean Taxpayers Will Use It

An online account application can be an extremely useful tool for those with the ability to access the application and who can navigate complex transactions with minimal personal assistance. However, without crucial research into taxpayer and practitioner service needs and preferences, there is a significant risk the IRS will build something few people need or use. For example, as raised in the National Taxpayer Advocate Public Forums, the online account must be more than just a digital version of the guidance and correspondence already in existence in paper form. Unless the IRS improves its current quality of taxpayer assistance and correspondence, the text and explanations contained within the digital account will be no less confusing than what taxpayers currently receive. Many taxpayers will still require additional personal assistance and reassurance to understand how the rules and procedures apply to their particular facts and circumstance.³⁶

In a 2015 survey conducted by Forrester Research, respondents indicated a slightly higher level of satisfaction with their in-person interactions with various federal government administrations, compared to their digital interactions through mobile

Unless the IRS improves its current quality of taxpayer assistance and correspondence, the text and explanations contained within the digital account will be no less confusing than what taxpayers currently receive.

33 Prepared Remarks of Commissioner John A. Koskinen Before the Tax Policy Center (Aug. 1, 2016), <https://www.irs.gov/uac/newsroom/commissioner-koskinen-remarks-to-the-tax-policy-center> (last visited Nov. 26, 2016).

34 Although more respondents report visiting a branch in the past 12 months, other channels may have been used more frequently during that same period. “Among those who had used each of the channels in the past month, the median number of uses in the past month was five for each of the online and mobile channels, three for ATM, and two for each of the branch and telephone channels.” Board of Governors of the Federal Reserve, *Consumer and Mobile Financial Services 2016* 14 (March 2016); Board of Governors of the Federal Reserve, *Consumer and Mobile Financial Services 2015* 9 (March 2015).

35 Oral Statement of Arturo Gonzales, Board of Governors of the Federal Reserve, National Taxpayer Advocate Public Forum 157 (Feb. 23, 2016); Board of Governors of the Federal Reserve, *Consumer and Mobile Financial Services 2015* 9 (March 2015).

36 See, e.g., Oral Statement of Aaron Smith, Pew Research Center, National Taxpayer Advocate Public Forum 156 (Feb. 23, 2016).

applications, federal websites, and email.³⁷ More importantly, the survey found that only 39 percent of respondents believe that the federal government should focus on offering more digital services, down from 41 percent the previous year.³⁸ This clearly indicates a downward trend.³⁹ When asked if they had the choice between trying to find the answer to a government question online or by picking up the phone and calling somebody, approximately 60 percent of respondents to the nationwide Forrester Research survey said they prefer the phone. Based on the research findings, a panelist from Forrester Research at the National Taxpayer Advocate Public Forums provided four general recommendations on how the government can do digital right:

1. Find the right channel for each service;
2. Design mobile services more strategically;
3. Market the digital services by explaining the benefits of digital channels; and
4. Ensure that those customers who do not interact digitally are still able to interact as easily, conveniently, and effectively as possible.⁴⁰

In addition, the panelist from Forrester Research recommended the IRS add wizard tools to the online account to walk users through the various steps in complex rules and procedures in a straightforward and somewhat customized manner.⁴¹

When asked if they had the choice between trying to find the answer to a government question online or by picking up the phone and calling somebody, approximately 60 percent of respondents to the nationwide Forrester Research survey said they prefer the phone.

Given the reluctance of individuals to use government digital services, as illustrated by the above-mentioned Forrester study, it is incumbent on the IRS to “do digital right” when launching the online account. The first phase of the IRS online account provides the first installment of a minimum viable product which includes account balances and payment options. These services that will be useful to those lucky taxpayers able to pass the IRS three-factor authentication (discussed below); it also will provide a useful tool to assist taxpayers who receive IRS scam calls, since they could go online to verify the existence of a tax debt.

However, the IRS is not promoting the account as a fraud prevention tool. In addition, taxpayers who are able to access the account are not given the option or information on how to dispute the account balance provided. The National Taxpayer Advocate has urged the IRS to provide a link on the page to give the taxpayer an option, other than paying the tax, to dispute the balance. When the taxpayer clicks on a button indicating “I don’t think I owe this amount,” as illustrated in Figure 1.7.3, the IRS should provide links for different options, including: amending a return, audit reconsideration, refund claims, penalty abatement, innocent spouse, injured spouse, identity theft, return preparer fraud, and doubt as to liability offer in compromise. With such limited options that may not even address the taxpayer’s needs, the taxpayer may lose trust in the online account and never return, even for

37 Rick Parrish, Forrester Research, *The Public is Still Skeptical of Federal Digital Customer Experience 2* (Feb. 18, 2016). This report is based on Forrester’s North American Consumer Technographics® Healthcare and Government Survey, 2015. Specifically, respondents had a 72 percent satisfaction rate for in person interaction in the past 12 months with such administrations as the U.S. Post Offices, Social Security Administration (SSA) locations, and Veterans Affairs regional benefits offices. The satisfaction rates were 70 percent for federal mobile applications and 69 percent for federal websites or email.

38 Rick Parrish, Forrester Research, *The Public is Still Skeptical of Federal Digital Customer Experience 4-5* (Feb. 18, 2016).

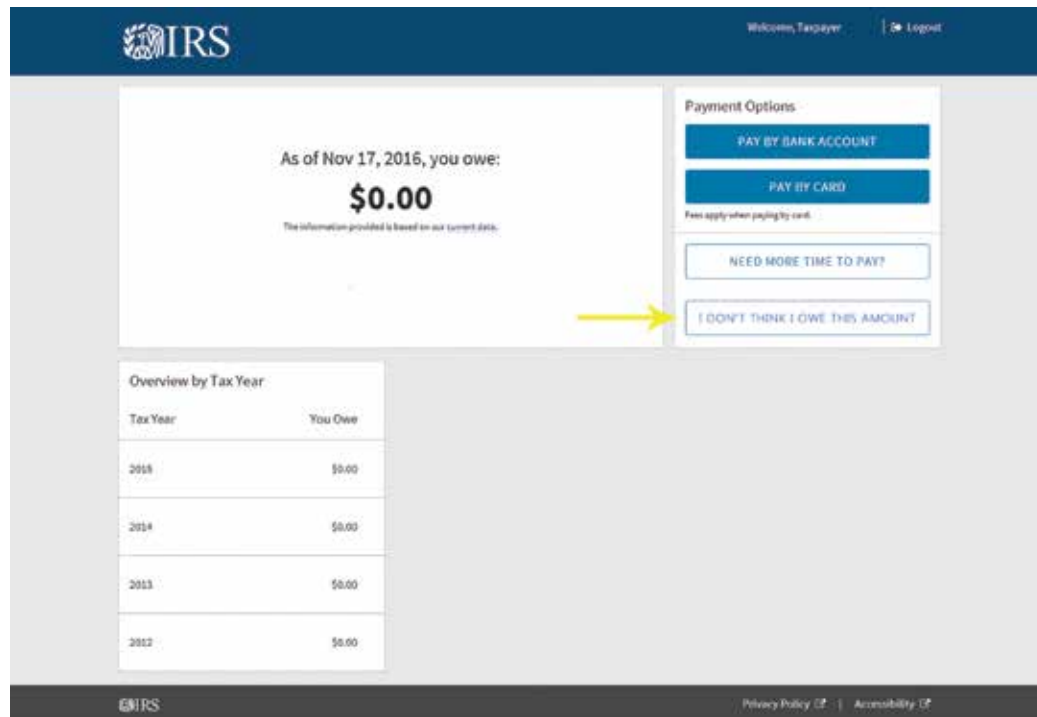
39 Oral Statement of Rick Parrish, Forrester Research, National Taxpayer Advocate Public Forum 114-15 (May 17, 2016).

40 *Id.* at 116-21.

41 *Id.* at 163-65.

future releases. As Rick Parrish of Forrester Research stated: “One of the best things the IRS can do is provide a much better experience when people do have to deal with it, and they will be much more likely to come back when they don’t have to.”⁴²

FIGURE 1.7.3, TAS Proposed Prototype of Online Account Payments Page With the Recommended “I Don’t Think I Owe This Amount” Button



E-Authentication: Getting Taxpayers Through the “Front Gate” Is Half the Battle

Authentication is perhaps the most important feature of the online account. While we are not experts on what is the required level of security for an online account, TAS does have expertise on the consequences of heightened security, in terms of limits on taxpayer access and usability, and the downstream consequences of those limitations if the IRS focuses resources on digital channels. For the application to be effective, taxpayers need to feel confident that their data is protected.⁴³ In a recent Forrester Research survey, only 32 percent of respondents agreed with the statement “I am confident that the federal government keeps secure any personal information it has on its citizens.”⁴⁴

To achieve a high level of security, however, e-authentication measures can become a barrier to entry for a significant portion of the taxpayer public. The National Taxpayer Advocate is not suggesting that the IRS relax its digital security protections. The IRS should acknowledge that strict e-authentication blocks

42 Oral Statement of Rick Parrish, Forrester Research, National Taxpayer Advocate Public Forum 159 (May 17, 2016).

43 Treasury Inspector General for Tax Administration (TIGTA), *Improved Tax Return Filing and Tax Account Access Authentication Processes and Procedures Are Needed*, Ref. No. 2016-40-007 (Nov. 19, 2015).

44 Rick Parrish, Forrester Research, *The Public is Still Skeptical of Federal Digital Customer Experience* 6 (Feb. 18, 2016).

access, and design its service strategy accordingly so that the blocked taxpayers have other suitable service channels available, including person-to-person assistance.⁴⁵

The IRS Adopted Strict E-Authentication Standards for Get Transcript Online, Which Will Limit Access

A concrete example of how e-authentication can act as a barrier to entry is the 2016 launch of the “Get Transcript Online” application.⁴⁶ The e-authentication procedures, called Secure Access, used for Get Transcript Online, were later used for the online account application, which was soft launched on November 16, 2016, and publicly announced on December 1, 2016.⁴⁷ Therefore, in order to gain access to both online applications, taxpayers need to pass a multi-factor authentication process by providing the following:⁴⁸

1. **Identity proofing authentication:** Provide a name, email address, birthdate, Social Security number, and filing status and address from the most recent tax return;
2. **Financial verification authentication:** Provide an account number from one of the following:
 - Credit card (not debit card or American Express);
 - Automobile loan;
 - Principal home mortgage;
 - Home equity line of credit; and
3. **Phone verification authentication:** Provide a readily available mobile phone. Only U.S.-based mobile phones may be used. The taxpayer’s name must be associated with the mobile phone account. Landlines, Skype, Google Voice or similar virtual phones as well as phones associated with pay-as-you-go plans cannot be used.⁴⁹

Before the initial testing of the Get Transcript Online application, it should have been clear that a significant portion of the taxpayer population could, by definition, not pass e-authentication to gain access. For example, taxpayers who do not have a credit card and do not own either a home or automobile are by default excluded from the application. Thus, a significant portion of taxpayers renting apartments in big cities where residents rely on mass transit can only gain access if they have a credit card in their own name.

45 *Cybersecurity and Protecting Taxpayer Information: Hearing Before the S. Comm. on Finance, 114th Cong. (Apr. 12, 2016)* (written statement of John Koskinen, Commissioner, Internal Revenue Service); National Taxpayer Advocate 2015 Annual Report to Congress 56-63 (Most Serious Problem: *Taxpayer Access to Online Account System: As the IRS Develops an Online Account System, It May Do Less to Address the Service Needs of Taxpayers Who Wish to Speak With an IRS Employee Due to Preference or Lack of Internet Access or Who Have Issues That Are Not Conducive to Resolution Online*).

46 IRS, *IRS Launches More Rigorous e-Authentication Process and Get Transcript Online*, IR-2016-85 (June 7, 2016).

47 IRS News Release 2016-155, *IRS Launches New Online Tool to Assist Taxpayers with Basic Account Information* (Dec. 1, 2016); Luca Gattoni-Celli, *Olson Details IRS Online Account Requirements, Remains Skeptical* TAX NOTES TODAY, Tax Analysts (May 18, 2016).

48 IRS, *How to Register for Get Transcript Online Using New Authentication Process*, FS 2016-20 (June 2016); IRS, *Welcome to Get Transcript*, <https://www.irs.gov/individuals/get-transcript-beta> (last visited October 14, 2016); IRS, *Get Transcript Frequently Asked Questions (FAQs)*, <https://www.irs.gov/individuals/get-transcript-faqs> (last visited October 14, 2016). The IRS verifies the financial account and mobile phone information with an external vendor.

49 IRS response to TAS fact check (Dec. 20, 2016). As discussed below, in August 2016, the IRS modified the phone verification requirement to provide that those who do not have a text-enable mobile phone can choose the “PIN in Mail” option. This enables the user to request the IRS to physically mail a Personal Identification Number (PIN) to the taxpayer’s address of record via U.S. mail instead of receiving the PIN via SMS text.

A leading best practice supported by research is that organizations in general must understand the needs of the customer and let those needs drive the change, rather than business or budget demands.

The phone requirements impact a significant population of taxpayers. From the outset, it was clear that international taxpayers could not gain access to the online application due to the U.S.-based mobile phone requirements of e-authentication. These taxpayers would possibly stand to benefit the most from online access because they already experience difficulty trying to access personal services.⁵⁰

In addition, the phone requirements exclude those taxpayers who do not have a contract mobile phone plan or whose mailing address does not match the billing address. Therefore, anyone on a family mobile phone plan who does not live in the same household as the contract holder would be excluded. As the IRS developed these authentication measures, the Social Security Administration (SSA) struggled with these same issues. SSA recently eliminated a mandatory text-based authentication measure from its my Social Security online account program, due to congressional and other stakeholder concerns raised about the burden it imposes on the elderly and disabled populations.⁵¹

In August 2016, the IRS attempted to expand coverage for users who are unable to register because they could not satisfy the previous authentication requirement to have a text-enabled mobile phone of record. The IRS implemented the “PIN in Mail” option to enable the user to request the IRS to physically mail a Personal Identification Number (PIN) to the taxpayer’s address of record via U.S. mail instead of receiving the PIN via SMS text to a text-enabled mobile phone.⁵² This resolution may prolong the account registration process, but it does provide a viable option to those who could not otherwise satisfy the phone verification authentication step.⁵³

Once the IRS Launched Applications With Necessary Multi-Factor E-Authentication Standards, It Experienced Low Pass Rates

As anticipated, both the Get Transcript Online and online account applications had low overall pass rates. Once the IRS launched the Get Transcript Online application on June 7, 2016, Secure Access authentication users experienced an overall pass rate ranging from 27 to 29 percent.⁵⁴ Likewise, early data after the soft launch of the online account application on November 16, 2016 showed a 28 percent pass rate. The rate increased to 29 percent on November 17, 2016 and steadily increased to 34 percent as of

50 Oral Statement of Marylouise Serrato, Executive Director, American Citizens Abroad, National Taxpayer Advocate Public Forums 51 (May 17, 2016); (“[T]hat poses a huge obstacle for our community. It virtually blocks them completely out of being able to use online. And you know obviously, ... online and more automated would certainly help our community.”); Written Statement of Marylouise Serrato, Executive Director, American Citizens Abroad, National Taxpayer Advocate Public Forums 3 (May 17, 2016); National Taxpayer Advocate 2015 Annual Report to Congress 72-81 (Most Serious Problem: *International Taxpayer Service: The IRS’s Strategy for Service on Demand Fails to Compensate for the Closure of International Tax Attaché Offices and Does Not Sufficiently Address the Unique Needs of International Taxpayers*).

51 Office of the Inspector General, SSA, *SSA Rolls Back Multifactor Authentication on My Social Security* (Aug. 23, 2016).

52 Email on August 2016 Secure Access – Monthly Status (Aug. 19, 2016). The California Franchise Tax Board incorporated a physical mailing of a Personal Identification Number (PIN) to the address of record into its authentication procedures for MyFTB. While this introduces a delay into the process, it is a necessary safeguard. Written Statement of Susan Maples, California Franchise Tax Board, Taxpayers’ Rights Advocate, National Taxpayer Advocate Public Forum (Aug. 22, 2016).

53 Oral Statement of Marylouise Serrato, Executive Director, American Citizens Abroad, National Taxpayer Advocate Public Forums 24 (May 17, 2016); Written Statement of Marylouise Serrato, Executive Director, American Citizens Abroad, National Taxpayer Advocate Public Forums 3 (May 17, 2016).

54 Email briefing on Secure Access - Authentication - Weekly Status Report, June 13 -17, 2016 (June 19, 2016); Email on August 2016 Secure Access – Monthly Status (Aug. 19, 2016); IRS response to TAS fact check (Dec. 20, 2016) (“The rate fluctuates and reflects the user-base of various applications as they come online.”).

IRS should acknowledge that strict e-authentication blocks access, and design its service strategy accordingly so that the blocked taxpayers have other suitable service channels available, including person-to-person assistance.

December 18, 2016.⁵⁵ While the strict authentication measures are important to safeguard taxpayer data, the initial pass rates show that the online account cannot be the main service channel. About one-third of those taxpayers interested in using the online service channel can access the service. If the IRS is promoting this application as a main component of its Future State vision, yet approximately two-thirds of taxpayers who want to use the application cannot access it, the IRS is overvaluing the application's reach.

The California Franchise Tax Board (FTB) faced similar issues addressing security and access concerns for its MyFTB online account. The FTB had to incorporate a delay into the account registration and practitioner access procedures to increase security measures. The FTB now sends a PIN to the taxpayer's or practitioner's address of record during account registration to verify the user's identity.⁵⁶ It also instituted a delay into the practitioner authorization process to provide time to the taxpayer to acknowledge the client/representative relationship. As a result, practitioners complained that the online account is less useable in their business if they need quick access to the client's tax information such as when there is a short deadline to respond to a notice, meaning practitioners will continue to rely on telephone service channels, if not face-to-face contacts.⁵⁷

Cybersecurity Is a Top Priority for Any Online Strategy

Because cybersecurity is of top concern and any breach can have significant impact on taxpayer's trust in the agency, not to mention use of online services overall, the IRS must stay abreast of the latest updates and best practices used throughout the government and private industry, both domestic and international. In 2015, the Treasury Inspector General for Tax Administration (TIGTA) found that in some of the security breaches that the IRS failed to comply with government information security standards provided by the Office of Management and Budget (OMB) and the National Institute of Standards and Technology (NIST). This failure allowed unscrupulous individuals to gain unauthorized access to tax information in the Get Transcript and IP PIN applications. The IRS agreed to conduct a review of the e-authentication risk assessment process to ensure that all current and future online applications comply with the standards.⁵⁸ The IRS created a cross-functional team to consistently apply risk-based authentication measures across all channels of taxpayer service, not just online services. Through our briefings with this team, we have learned that NIST is in the process of updating its standards, in a way that may require updates to the two-step Secure Access authentication IRS launched in June 2016. Specifically, the new standards discourage the use of SMS texts and encourage in-person authentication

55 National Taxpayer Advocate Notes from S&E ESC Meeting (Nov. 17, 2016). The pass rate was 28 percent on Nov. 16, 2016, 29 percent on Nov. 17, 2016 and increased to 34 percent as of Dec. 18, 2016. IRS response to TAS fact check (Dec. 20, 2016).

56 Tax preparers create their own MyFTB account and access their client's information through their own account. The account will automatically populate a client list for all active Power of Attorney declarations on file with the FTB. The FTB will mail the account registration PIN to the preparer's address on the PTIN record. See State of California Franchise Tax Board, *MyFTB for Tax Preparers*, https://www.ftb.ca.gov/online/myacct/tax_preparers.asp?WT.mc_id=Professionals_Online_MyFTBAccount&WT.svl=PPr2 (last visited Dec. 10, 2016); State of California Franchise Tax Board, *Tax Preparer: How to Register for a MyFTB Account*, <https://www.ftb.ca.gov/online/myacct/help/register-tax-preparer.shtml> (last visited Dec. 10, 2016).

57 Written Statement of Susan Maples, California Franchise Tax Board, Taxpayers' Rights Advocate, National Taxpayer Advocate Public Forum 1-2 (Aug. 22, 2016).

58 TIGTA, *Improved Tax Return Filing and Tax Account Access Authentication Processes and Procedures Are Needed*, Ref. No. 2016-40-007, 13-19 (Nov. 19, 2015).

measures for high risk applications.⁵⁹ As discussed above, the IRS recently launched multi-factor authentication measures to include SMS texts. Furthermore, the IRS is evaluating many different authentication measures across the agency's service channels and considering a way to leverage in-person authentications that already occur within the IRS as well as other federal agencies and private financial institutions.⁶⁰

Practitioners Have Expressed a Real Interest in Using the Online Account But Practitioner Access, Authority, and Preferences Seem to Be an After-Thought

During the National Taxpayer Advocate Public Forums, as well as focus groups conducted by TAS during the 2016 IRS Tax Forums, practitioners have expressed a real interest in using the online account. This group of users promises to have significant downstream savings for IRS resources. However, the IRS has not shared any detailed plans about practitioner access to the account, the procedures to authorize such access, or planned account features and capabilities geared toward practitioners.⁶¹ If the IRS fails to engage with practitioners during the design phase and fails to provide details on how practitioner access fits into the Future State vision, it will result in an online account that does not work for the taxpayer or practitioner community.

As background, the National Taxpayer Advocate has recommended that the IRS restrict third party access to taxpayer data available on the online account. First, only practitioners who are subject to Circular 230 oversight should be able to access an online account and take actions on behalf of the taxpayer.⁶² Second, for both practitioners and any other authorized third-parties, the taxpayer should maintain strict control over which detailed actions the preparer or third party can take on behalf of the taxpayer.⁶³

The IRS has indicated that only the taxpayer can create the taxpayer's online account. The National Taxpayer Advocate agrees with this approach. However, the IRS has not provided information as to how the practitioner will access the taxpayer information through the online account. Does the IRS have plans to update Form 2848, *Power of Attorney and Declaration of Representative*, to provide online account access? Will the account have safeguards to limit access as specified by the taxpayer? All of these questions remain unanswered.

The IRS has also not addressed how a practitioner can utilize the online account if the taxpayer has no online access or fails to pass the e-authentication requirements. The California Franchise Tax Board has addressed this issue by providing that taxpayers and preparers each create their own account. The preparer's account will automatically populate with a client list of those taxpayers for which the preparer

59 TAS Briefing by W&I Identity Risk Assurance (July 12, 2016); NIST, Draft NIST Special Publication 800-63B: Digital Authentication Guideline 34 (July 13, 2016).

60 The NIST guidance will not deprecate the use of SMS texts until the issuance of NIST SP 800-63-4. In the interim, the IRS will work to comply with NIST guidance. IRS response to TAS fact check (Dec. 20, 2016); IRS, *IRS Identity Assurance – Authentication Strategy Executive Summary* (June 20, 2016); TAS Briefing by W&I Identity Risk Assurance (July 12, 2016). For example, certified acceptance agents conduct in-person authentication for domestic and international taxpayers in need of an Individual Taxpayer Identification Number (ITIN). In addition, many banks conduct similar authentication for domestic and international taxpayers opening up bank accounts.

61 W&I response to TAS information request (Sept. 1, 2016).

62 The National Taxpayer Advocate supports providing access to certain preparers, but only if they have satisfied robust minimum competency standards, which include a one-time "entrance" examination to ensure basic competency in return preparation and continuing education courses to ensure preparers keep up to date with the many frequent tax-law changes. The current voluntary Annual Filing Season Program does not satisfy this threshold.

63 For a detailed description of these recommendations, see National Taxpayer Advocate 2015 Annual Report to Congress 64-70 (Most Serious Problem: *Preparer Access to Online Accounts: Granting Uncredentialed Preparers Access to an Online Taxpayer Account System Could Create Security Risks and Harm Taxpayers*).

has a power of attorney on file. The preparer will only have authority to access data and act on behalf of the taxpayer as detailed in the power of attorney.⁶⁴ This way, a taxpayer does not necessarily need to have an online account to authorize a preparer to take actions through an online account service channel. The IRS could create a similar process with built-in safeguards, such as providing notifications to the taxpayer, either digitally or by mail, as designated by the taxpayer on a revised Form 2848.⁶⁵

In addition to access issues, practitioners at the various Public Forums and focus groups provided useful information about the information they would like to see available on the online account. Many expressed interest in the following types of information and services:⁶⁶

- Images of tax returns;
- Images of notices and correspondence;
- Images of documents in the administrative file;
- Ability to submit documents and with a return receipt acknowledgement;
- Taxpayer's transcript, written in plain language, to clearly set forth the status of filings, payments, correspondences, and compliance activities;
- A means to communicate quickly with the IRS and document such communications and correspondence; and⁶⁷
- Access to information from all IRS systems necessary to resolve a question or issue.

However, what the IRS plans to deliver may be quite different than what practitioners have indicated they need at the National Taxpayer Advocate's Public Forums. Practitioners at the TAS focus groups indicated that a balance due breakdown and payment options are among the least useful capabilities for the online account. Yet, this is exactly what the IRS has provided in its initial release of the application.⁶⁸

64 See State of California Franchise Tax Board, *MyFTB for Tax Preparers*, https://www.ftb.ca.gov/online/myacct/tax_preparers.asp?WT.mc_id=Professionals_Online_MyFTBAccount&WT.svl=PPr2 (last visited Dec. 10, 2016); State of California Franchise Tax Board, *Tax Preparer: How to Register for a MyFTB Account*, <https://www.ftb.ca.gov/online/myacct/help/register-tax-preparer.shtml> (last visited Dec. 10, 2016).

65 Taxpayer Advocate Service Communications and Liaison, *2016 IRS Nationwide Tax Forums TAS Focus Group Report: Preparers' Thoughts about IRS's Proposed Future State 10-11* (Oct. 2016) (Participants unanimously agreed that taxpayers should receive notification of preparer access on the account).

66 See, e.g., Oral Statement of Robert Hamilton, Managing Attorney MidPenn Legal Services LITC, National Taxpayer Advocate Public Forum 10-12 (April 8, 2016). Written Statement of Erik Schryver, Qualified Tax Expert, National Taxpayer Advocate Public Forum (March 18, 2016); Written Statement of Michael L. Such, Research Assistant, Lewis & Clark LITC, Lewis & Clark Law School, National Taxpayer Advocate Public Forum (Aug. 18, 2016); TAS Communications and Liaison, *2016 IRS Nationwide Tax Forums TAS Focus Group Report: Preparers' Thoughts about IRS's Proposed Future State 6, 7, 11* (Oct. 2016). For an example of an online account with comprehensive features, see California Franchise Tax Board, *MyFTB*, <https://www.ftb.ca.gov/online/myacct/> (last visited October 14, 2016); Written Statement of Susan Maples, California Franchise Tax Board, Taxpayers' Rights Advocate, National Taxpayer Advocate Public Forum (Aug. 22, 2016).

67 As an example, the French Tax Administration requires the government to respond to email questions within 48 hours. OECD, Forum on Tax Administration: *SME Compliance Sub-Group, Information Note, Right from the Start: Influencing the Compliance Environment for Small and Medium Enterprises* (Jan. 2012).

68 TAS Communications and Liaison, *2016 IRS Nationwide Tax Forums TAS Focus Group Report: Preparers' Thoughts about IRS's Proposed Future State 9* (Oct. 2016).

CONCLUSION

In order to build an online account system that taxpayers actually use, the IRS must develop an overarching online strategy that incorporates comprehensive research through a variety of media to determine taxpayer and practitioner preferences for different service channels. In designing new research and interpreting existing research, the IRS should recognize that many taxpayers will require multiple channels, including person-to-person assistance, to resolve their issues. TAS has conducted research and held focus groups and Public Forums around the country over the past year, and has received valuable suggestions and comments from a variety of researchers, practitioners, taxpayers, consumer advocates, and government officials. We encourage the IRS, in conjunction with the National Taxpayer Advocate, to review the findings of TAS's *Taxpayers' Varying Abilities and Attitudes Toward IRS Taxpayer Service: The Effect of IRS Service Delivery Choices on Different Demographic Groups* study as well as written statements, transcripts, and reports from the Public Forums and focus groups. Finally, while robust e-authentication measures are crucial, the launch of the Get Transcript Online and online account application has proven that such measures act as a barrier to entry for most potential users. Accordingly, the IRS may be overselling the impact the online account will have in reducing taxpayer usage of other service channels.

RECOMMENDATIONS

The National Taxpayer Advocate recommends that the IRS:

1. By mid-2017, make available at least 24 months of payment history, rather than only 18 months, on the online account in order to provide information necessary for refund claims.
2. By mid-2017, provide a link on the payments page of the online account to give the taxpayer an option, other than paying the tax, to dispute the balance due shown. The IRS should provide a button on the payment page indicating "I don't think I owe this amount." Once the taxpayer selects this option, the IRS should provide links for different options, including: amending a return, audit reconsideration, refund claims, penalty abatement, innocent spouse, injured spouse, identity theft, return preparer fraud, and doubt as to liability offer in compromise.
3. Work collaboratively with the National Taxpayer Advocate to review the recommendations of participants in the 2016 National Taxpayer Advocate Public Forums, the 2016 IRS Nationwide Tax Forum TAS Focus Groups, as well as the findings of TAS and third party research, and address the public's recommendations in the plans for the online account.
4. Conduct research, in consultation with the National Taxpayer Advocate, using a variety of methods (online, landline and cell phone) into taxpayer and practitioner service needs and preferences for the various existing and proposed service channels by type of transaction, with acknowledgement that the taxpayer may choose multiple service channels to resolve a single issue.
5. Incorporate into the Future State vision realistic expectations for access to and use of the online account application given robust e-authentication measures.
6. Limit access to the online account to only those practitioners who are subject to Circular 230 oversight.