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National Taxpayer Advocate Nina Olson releases comprehensive report intended to improve EITC administration; publishes ‘subway map’ of taxpayer’s journey through the tax system

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WASHINGTON — National Taxpayer Advocate Nina E. Olson today released a [special report on the Earned Income Tax Credit \(EITC\)](#), which makes recommendations designed to increase the participation rate of eligible taxpayers and reduce overclaims by ineligible taxpayers. Also today, the Taxpayer Advocate Service (TAS) published [a subway map](#) that depicts a taxpayer’s “journey” through the tax system to help taxpayers and policymakers better understand the tax administration process.

Special Report on Earned Income Tax Credit

The EITC report, *Earned Income Tax Credit: Making the EITC Work for Taxpayers and the Government*, presents a detailed examination of the strengths and weaknesses of the EITC as currently structured and administered, and makes legislative and administrative recommendations to improve it. The report runs more than 100 pages – roughly half text and half appendices consisting of [EITC data tables](#) (page 49) and a [comprehensive literature review](#) (page 82).

“But this report is not just a research document,” Olson wrote in her preface. “It is a call to action. As we show throughout this report, the way the EITC is structured and the way the IRS is administering it often harms the very taxpayers it is intended to serve. We have made specific, common sense recommendations to mitigate that harm and reform the administration of the EITC. All our recommendations are actionable and supported by data and research.”

The report makes both general, conceptual recommendations and specific recommendations. Among the general recommendations:

- The IRS, which views itself primarily as a tax collection agency, should more explicitly acknowledge that it has a second mission – that of administering benefits programs like the EITC. Benefits administration requires a different approach from tax collection, including hiring employees with different skill sets and creating a separate set of practices and processes to carry out this second mission. While preventing improper payments is an important part of its job, the IRS should also strive to ensure that low income working taxpayers receive the benefits for which they are eligible and are treated with respect and fairness. The report points out that eligible taxpayers often lose out on benefits to which they are entitled either because they don’t claim them or because they aren’t able to navigate the IRS’s audit process.
- Congress should consider the administrability of tax provisions, especially family and child-related provisions whose eligibility criteria may be difficult if not impossible for the IRS to verify. When a tax provision is difficult for the IRS to administer, the provision is more susceptible to improper payments and may cause some taxpayers to be subjected to additional scrutiny. This

additional scrutiny can be particularly burdensome for low income taxpayers, causing some to give up because they don't have the knowledge or ability to substantiate their claims.

- Congress should conduct regular oversight hearings of the IRS on a permanent basis. These hearings would provide an opportunity for the IRS to identify successes and challenges with the laws it administers. In the case of low income tax benefits, these hearings would also provide a forum for Congress to hear directly from outside experts, including Low Income Taxpayer Clinics, return preparers, and others with insights into the challenges facing low income taxpayers and their families.

Among the report's specific recommendations:

- Congress should consider redesigning the EITC to reduce fraud by separating the worker component from the family-size component of the credit and by revising the definition of a "qualifying child" to better reflect existing family relationships.
- Congress should authorize the IRS to establish minimum standards for tax return preparers and software providers to protect taxpayers and improve the accuracy of EITC claims.
- Congress and the IRS should take steps to ensure EITC compliance procedures are consistent with due process norms and fundamental taxpayer rights. These steps should include limiting the use of summary assessment authority (also known as "math error" authority) to appropriate cases based on clear criteria, updating and modernizing the summary assessment process, developing a structure for ban determinations that protects taxpayer rights, and clarifying and improving the procedures authorizing Tax Court review of ban determinations.

The report was written by a team of EITC experts with "real world" experience representing taxpayers. The project was led by Professor Leslie Book of the Villanova University School of Law, who served as a "professor in residence" with TAS, and Margot Crandall-Hollick, an EITC expert with the Congressional Research Service who was detailed to TAS for a three-month period. They collaborated with a team of TAS attorney-advisors, research and technical analysts, and a Local Taxpayer Advocate. Several team members had worked at Low Income Taxpayer Clinics, where they represented taxpayers in EITC audits and Tax Court cases. The team conducted extensive interviews with internal and external stakeholders, and it compiled and reviewed reams of documents, studies, and data about the EITC as well as other benefit programs and tax credits in other countries.

On a personal note, Olson pointed out that the EITC was enacted in 1975 – the same year she began her career as a tax return preparer and that she has extensive experience with the program. "[A]s a young, newly divorced mother struggling to pay bills, I myself received the EITC," she wrote. Professionally, Olson represented EITC claimants through a Low Income Taxpayer Clinic she founded and has worked extensively on EITC issues as the National Taxpayer Advocate.

"The EITC and I have been sisters-in-arms throughout my entire career in tax," she wrote. "It is fitting, then, in my last Report to Congress before I retire as National Taxpayer Advocate on July 31, 2019, that we should publish this extraordinary document."

TAS Releases Detailed 'Subway Map' Illustrating A Taxpayer's Journey Through the Tax System

TAS is releasing a "subway map" that illustrates, at a very high level, the stages of a taxpayer's journey through the tax system – from getting answers to tax law questions through audits, appeals, collection and litigation. The map makes clear the complexity of tax administration, with its many connections, overlaps, and repetitions between stages. Notably, it shows why the road to tax compliance isn't always easy to navigate.

The National Taxpayer Advocate's 2018 Annual Report to Congress included a series of "roadmaps" depicting a taxpayer's "journey" through the tax system. The roadmaps were divided into seven stages: (i) tax return preparation; (ii) tax return processing; (iii) notices; (iv) examinations; (v) appeals; (vi) collection; and (vii) litigation. The purpose of the roadmaps was to help taxpayers and policymakers gain a better understanding of the tax administration process.

The subway map expands on the earlier roadmaps by providing a visually clear depiction of the taxpayer's journey. The subway map is now available to view online and will be available in hard copy as a print map next month. To place an order call 800-829-3676 beginning July 12 and request Publication 5341.

"Anyone looking at this map will understand that we have an incredibly complex tax system that is almost impossible for the average taxpayer to navigate," Olson said. "I personally have spent dozens of hours designing and preparing this map, as have many members of my staff."

View a [video introduction](#) to the subway map.

Because of the complexity and number of steps at each stage, the original roadmaps simplified certain processes by omitting multiple sub-steps and detours that in some situations can be significant. To provide a more complete picture, TAS will be working to develop a fully interactive version of the subway map in the coming year. When the interactive map is completed, a taxpayer or representative will be able to enter into it at any step and learn more about that step and the surrounding steps. TAS envisions that a taxpayer or representative will be able to input the number of an IRS letter or notice and generate a pop-up window that provides key relevant information, including where in the process the taxpayer is and what the next steps will be.

"This digital roadmap will be the culmination of many years of work and research by TAS into human cognition and learning, notice clarity, and taxpayer empowerment," Olson said. "It is my firm belief that taxpayers must have knowledge about their rights within a bureaucracy as complex as the IRS. If only taxpayers who are represented by tax professionals have access to that knowledge, then we do not have a fair and just tax system. Thus, the digital roadmap will be a powerful tool to improve access to justice."

About the Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an *independent* organization within the IRS that helps taxpayers and protects taxpayer rights. Your local advocate's number is in your local directory and at <https://taxpayeradvocate.irs.gov/contact-us>. You can also call TAS toll-free at 877-777-4778. TAS can help if you need assistance in resolving an IRS problem, if your problem is causing financial difficulty, or if you believe an IRS system or procedure isn't working as it should. Our service is free. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to <https://taxpayeradvocate.irs.gov>. You can get updates on tax topics at facebook.com/YourVoiceAtIRS, [Twitter.com/YourVoiceAtIRS](https://twitter.com/YourVoiceAtIRS), and [YouTube.com/TASNTA](https://youtube.com/TASNTA).