

AMERICAN PAYROLL ASSOCIATION

January 26, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
1236 Longworth House Office Building
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

Re: Support for the IRS's Taxpayer First Act plans as stated in the Report to Congress

Dear Speaker Pelosi and Majority Leader Schumer:

The American Payroll Association (APA)¹ supports the Internal Revenue Service's (IRS) Taxpayer First Act plan as identified in the agency's Report to Congress on January 11, 2021 [IRS Publication 5426 (1-2021)]. The APA recommends that Congress fund the IRS to ensure the plan's full implementation capabilities.

The IRS's plan will enhance the taxpayer experience, ensure IRS employees are adequately trained, and better provide taxpayer services through organizational redesign. With nearly 70% of federal government collections coming from employers through payroll management, the IRS's plan is extremely important to APA and its payroll professional members. As a critical IRS stakeholder, APA worked closely with the IRS in the process to develop the plan.

The plan includes APA's recommendation to streamline the current IRS infrastructure to move all of the tasks performed by the business-focused sections (Wage and Investment, Small Business/Self Employed, Large Business and International, and Tax Exempt/ Government Entities) into one Compliance Division. The new division will operate based on service needs, such as examinations and collections, and eliminate redundancies that cross all employer types and sizes.

The IRS also will consolidate its identity theft tax fraud functions into one location in an office within the proposed new Relationships and Services Division. As recommended by APA and others, this will provide victims, both individuals and businesses, with a dedicated location to seek help. The new office will work to resolve issues across the IRS and seek assistance from the Security Summit and Identity Theft Refund Fraud Information Sharing Assistance Center. The Security Summit includes a payroll committee in which APA members are participating.

¹ Established in 1982, the American Payroll Association (APA) is a not-for-profit association serving the interests of about 20,000 payroll professionals nationwide. APA's primary mission is to educate its members and the payroll industry about the best practices associated with paying America's workers while complying with applicable federal, state, and local laws and regulations. APA members are directly responsible for calculating wages and tax withholding for their employers.

The IRS plans to create a new Enterprise Change and Innovation Division to identify and implement agency-wide initiatives to continuously improve IRS functions, for example, digital modernization and best practices. The APA is pleased to see that this division will work to find ways to simplify taxpayer processes through ongoing discussions involving stakeholders and IRS employees.

The recent employer and employee relief measures contained in the Coronavirus Aid, Relief, and Economic Security Act, Families First Coronavirus Response Act, and most recently, the Consolidated Appropriations Act of 2021, addressed urgent relief matters with complex provisions that proved difficult to implement quickly and efficiently. Payroll professionals recognize the hurdles faced by the IRS, which impact the reporting and depositing of employment taxes. The APA believes a dedicated emergency legislation implementation team within the IRS may be more effective with implementation and a welcome addition to IRS operations.

In addition, the IRS's plan to develop a consolidated training program called the IRS University is greatly needed. For years, the APA has pushed for the training of IRS employees to both enhance communication capabilities and understand the needs of taxpayers, including how payroll processes and IRS operations interact. The new program will offer IRS employees training throughout their careers, ranging from understanding specific duties, improving communication skills, and developing leadership proficiencies.

Finally, the report outlines the IRS's estimate of the cost to implement the plan over a period of years. Without additional funds, some of the new infrastructure and taxpayer service functions will not materialize.

Again, APA urges you to support the IRS's plan with sufficient funding to create a revised approach to taxpayer services and efficiencies to streamline agency operations.

Sincerely,



Alice P. Jacobsohn, Esq.
Director, Government Relations

For APA's Government Relations Task Force Subcommittee on Federal Issues
Cochairs: Becky Harshberger, CPP, and Jon Schausten, CPP