



November 26, 2018

The Honorable Orrin G. Hatch
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Kevin Brady
Chairman, Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Ron Wyden
Ranking Member, Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Richard Neal
Ranking Member, Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Hatch, Chairman Brady, Ranking Member Wyden, and Ranking Member Neal:

The Coalition for Effective & Efficient Tax Administration (“CEETA”)¹ is grateful for your efforts to enact taxpayer protection legislation and we implore you to move forward with enactment of the legislation before the close of the 115th session of Congress on January 3, 2019. CEETA applauds both the Senate Committee on Finance and the House Committee on Ways and Means for their respective legislative efforts to reform several Internal Revenue Service (the “IRS” or “Service”) functions and administrative practices.

¹ CEETA is a coalition of companies and trade associations that seeks to effect constructive administrative and legislative changes to ineffective and inefficient Internal Revenue Service practices and procedures. The coalition of business organizations is comprised of: ACT; The App Association; Council for Citizens Against Government Waste; Council on State Taxation; Financial Executives International; Information Technology Industry Council; National Association of Manufacturers; National Foreign Trade Council; National Taxpayers Union; Retail Industry Leaders Association; Small Business & Entrepreneurship Council; Software Finance and Tax Executives Council; TechNet; and the U.S. Chamber of Commerce.

CEETA believes that enactment of the taxpayer protection provisions contained in the bipartisan *Protecting Taxpayers Act* (S. 3278),² and the provisions contained in the bipartisan *Taxpayer First Act* (H.R. 5444),³ are in the interests of good government, because it would further more effective and efficient tax administration, conserving resources for both the government and taxpayers. As outlined below, the two bills have three particular taxpayer protection provisions that CEETA enthusiastically supports. In CEETA’s view, the statutory language of the provisions in the *Protecting Taxpayers Act* offers more defined protections to taxpayers. Consequently, CEETA strongly encourages the committees to include the language of the *Protecting Taxpayers Act* (in comparison to the *Taxpayers First Act*) in the final legislation.

CEETA supports two similar taxpayer protections provided for in the *Protecting Taxpayers Act* and the *Taxpayer First Act*. First is the effort to ensure taxpayer rights to administrative appeals before being forced into Tax Court to resolve an issue, an expensive and time-consuming endeavor for both the IRS and taxpayers. *See* S. 3278, §§ 601 – 605; H.R. 5444, § 11101. Taxpayers and the IRS are generally able to resolve issues in Appeals, which preserves resources for both the IRS and taxpayers. CEETA opposes the current, virtually unlimited, IRS authority to deny a taxpayer’s right to an administrative proceeding before the IRS Office of Appeals (“Appeals”). Rather, any limitations on a taxpayer’s right to Appeals should be objective and narrowly defined. CEETA strongly encourages enactment of the statutory language of the *Protecting Taxpayers Act*, as that act creates defined procedures, and required IRS executive-level review, that must be satisfied before the Service may deny a taxpayer a right to Appeals.

Second, CEETA supports the efforts of both congressional acts to create safeguards around the Service’s issuance of designated summonses, which can be used unilaterally to toll the statute of limitations without regard to whether the taxpayer had fully cooperated with the IRS in an examination. *See* S. 3278, § 701; H.R. 5444, § 11307. Again, CEETA strongly encourages enactment of the statutory language of the *Protecting Taxpayers Act*, as that act imposes a requirement on the Service, in a judicial summons enforcement proceeding, to prove that a taxpayer did not reasonably cooperate with reasonable requests for summoned information.

Additionally, CEETA supports the identical provision in both the *Protecting Taxpayers Act* and *Taxpayer First Act* prohibiting anyone other than a government employee from questioning, under oath, a person pursuant to a summons. *See* S. 3278, § 704; H.R. 5444, § 11308. CEETA also supports the acts’ provision limiting the disclosure of taxpayer information obtained from a summons (i.e., books, papers, records or other data), under I.R.C. § 6103(n), to outside contractors except in circumstances where the contractors are providing “expert evaluation.” *Id.* This provision protects taxpayers from the Service’s delegation of inherently governmental functions to outside contractors.⁴

² S. 3278 was introduced on July 26, 2018 by Senator Robert Portman and co-sponsored by Senator Benjamin Cardin.

³ H.R. 5444 was introduced on April 18, 2018 by Representative Lynn Jenkins and co-sponsored by Representatives John Lewis, James McGovern, Pete Sessions, and Kenny Marchant.

⁴ The *Taxpayer First Act of 2018* (S. 3246), introduced July 19, 2018 by Chairman Hatch, contains legislative language identical to section 704 of the *Protecting Taxpayers Act* and section 11308 of the *Taxpayer First Act*. *See* S. 3246, § 1024. The *Taxpayer First Act of 2018* has the bipartisan co-sponsorship of thirteen senators, including Ranking Member Wyden.

Conclusion

Thank you in advance for your efforts to enact the taxpayer protection provisions of the *Protecting Taxpayers Act* and the *Taxpayer First Act* before the end of the 115th session of Congress. If you have any questions, please contact one of the undersigned.

Respectfully submitted on behalf of CEETA:

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Cc: Senator Robert Portman
Senator Benjamin Cardin
Representative Lynn Jenkins
Representative John Lewis
Representative James McGovern
Representative Pete Sessions
Representative Kenny Marchant