Forbes



Robert W. Wood THE TAX LAWYER

TAXES 5/19/2013

6 Questions Everyone Should Ask The IRS

The lackluster IRS testimony so far suggests we may never know what happened, who did what, who knew, when they knew and worse. See <u>Confusion and</u> <u>Staff Troubles Rife at IRS Office in Ohio</u>. For both sides of the political spectrum that is sad, suggesting a cancer that may be hard to cut out. Steven Miller was in an uncomfortable position, and perhaps little is even his fault. But his testimony did the IRS and its thousands of employees no favors.

Rogue agents, grassroots workload techniques in Cincinnati, no one meant harm, few knew. Besides, the law isn't clear. Such dissembling suggests the issues may be worse than anyone thought, though debate whether "rotten to the core" is a fair epithet (it isn't) isn't productive.

Those who don't like the Tea Party should be as upset as those who do. The IRS singled out political views and asked



Outgoing acting IRS Commissioner Steve Miller testifies before a full House Ways and Means committee hearing on 'Internal Revenue Service Targeting Conservative Groups' on Capitol Hill in Washington on May 17, 2013. President Obama sacked the acting head of the IRS on May 15 over a scandal sparked when officials unfairly targeted conservative groups. (Image credit: AFP/Getty Images via @daylife)

inappropriate questions, no one was in charge and reports of bad conduct were not acted on, perhaps even buried. But most of us will get lost in the endless spin from all sides. Amid all the noise, many Americans should ask simpler questions.

1. <u>Why is the tax law so horribly complex?</u> This isn't the IRS's fault. The IRS makes it worse, but Congress passes tax laws and fundamental reform must start with them. It is long overdue. Even if it isn't fair, a flat tax would be much, much more fair than what we have.

2. Can I feel secure that I will be dealt with fairly by the IRS?

Mostly. The tax system is full of special rules. No one can master them all. Thus, one taxpayer may be treated very differently from another who is seemingly in the same position. That isn't fair.

Don't confuse this with fundamental *procedural* fairness and nondiscrimination. On the whole, the IRS does an incredible job administering our horribly unwieldy tax laws. If you are not being dealt with fairly and respectfully, complain, ask for a manager or go to the IRS Taxpayer Advocate's Office. Speaking of the latter, I support <u>Nina Olson for</u> <u>IRS Commissioner</u>.

3. Doesn't the IRS police its employees? Yes, and does a better job than recent stories suggest. Some are even fired. See <u>IRS Non-Retaliation</u> Policy. That's one reason much of the recent back story at the top is hard to believe. Unreasonable or abusive requests may happen, and you need to speak up.

4. Why does it seem that there's always someone getting away with something in the tax world? Because there is. Wealthy people may manipulate the rules and pay less than you think they should. At the other end of the spectrum, scams may hand out earned income tax credits and bogus refunds. The fact that someone is playing the game better than you are can grate but it doesn't mean the whole system is rigged. Reform is needed.

5. <u>**Can I feel secure that my private taxpayer information will**</u> <u>**remain private?**</u> This may be the biggest challenge today not only for the IRS but for many in government and non-government alike. With technology and e-filing, it is a huge danger. Leaks should be dealt with severely.

6. <u>Why is staying off the IRS radar so important?</u> In any terribly complex system, this is important by itself. See <u>Shhh, Home Office And Other</u> <u>IRS Audit Trigger Secrets</u>. It is why you should pay rather than contest small

bills. It is why any even a joking suggestion of "we'll audit you" is so sensitive. Be careful out there.

You can reach me at <u>Wood@WoodLLP.com</u>. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.