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Trump Firing H&R Block Could Actually Help Immigrants

When asked about his tax plan, on [Fox & Friends](#), Donald Trump said:

- 6 Frankly, what we should do is...start it off by simplifying our current system, put H&R Block out of business, knock them out, put them out of business. A simple return, people have to go out and pay a lot of money to get help, to fill out their tax returns. And I'm talking about a simple return. We have to simplify our code, we have to bring down taxes, but we have to simplify our code, Steve, it's too complicated. You can't do it. You have to go — in my case, I have lawyers all over the place. I have accounting firms all over the place, everybody. You have to simplify this tax code. And from that point on, you can maybe do something else. But before we do anything, simplify it. Make it nice and easy for people to understand, and reduce taxes."



Many candidates and pundits have dismissed Mr. Trump as a lightweight, a bully, or both. But he [is right that our tax system](#) is moribund. He is also right that even a seemingly simple return can be, well, hardly simple. Mr. Trump's shorthand reference to firing the big tax preparation firm was a synonym for reforming the tax law. Yet it may actually tie into other reports critical of the tax system and the nation's largest tax preparation firm.

H&R Block collects billions in revenue from return preparation services. One report claims that [H&R Block is making the tax code more complicated for America's poor](#). The report alleges that the company [snuck language into a Senate bill to make taxes more confusing](#). It is a serious accusation, particularly in the face of efforts to streamline and simplify tax filings. Vox claims that [H&R Block](#) and [Intuit](#) lobbied against simplification, with the former pushing the Senate Appropriations Committee to it harder to claim [the Earned Income Tax Credit](#).

A single-page form and [free IRS tax preparation centers](#) should make professional tax preparers less needed for such simple matters. Yet Vox claims that H&R Block wants a more complex [earned income credit](#), not a simpler one. Already, [two-thirds of claimants](#) pay to have their tax returns prepared. There is nothing wrong with professional tax preparation, though some people claim there are many [incompetent tax preparers](#).

H&R Block CEO William C. Cobb has [defended the company's actions](#). In fairness, it is clear the tax credit system is broken. And Mr. Trump himself has railed against tax credits and refunds to illegal immigrants, Mr. Trump [says illegal immigrants get \\$4.2 billion in tax credits](#). He can point to a [2011 audit](#) by the Treasury Inspector General for Tax Administration. It confirms that individuals who are not authorized to work in the United States were paid \$4.2 billion in refundable credits.

Mr. Trump might also point out the arguably bigger flap over the illegal immigrants whose status would be legitimized under the President's executive action. That boondoggle is arguably even bigger, involving the Earned Income Tax Credit. Yet it is the same refundable tax credit responsible for [billions in fraudulent refunds](#). Filers first get a Social Security number, then claim the Earned Income Tax Credit—and claim tax refunds—for the last three years. The gambit could apparently work even if you never paid taxes, never filed a return, and worked off the books. IRS Commissioner Koskinen has confirmed this seemingly crazy result.

As for H&R Block, it has [defended itself](#). There is no question that H&R Block

does not have a corner on complexity. Virtually everyone involved in the U.S. tax system arguably has a stake in the built-in complexity. It is hard to single out anything because it is all such a mess. Many provisions in the tax law clearly do not *need* to be so complicated, but they are.

And that brings us back to Mr. Trump's fanciful idea of a note card to send in your taxes. Perhaps it is possible. Politically? That's a tougher sell.

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