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Resolution (EAR). Tax practitioners react strongly, petition the IRS to reverse course on e-Services scale back

Jim Buttonow • Jun. 09, 2013

The IRS confirmed Friday that it plans to retire two major e-Services incentive products used by CPAs, attorneys and enrolled agents to file authorizations and resolve IRS account problems. In an effort to prevent the action, a group of CPAs and tax professionals has launched an online petition calling for the department to save these useful programs.

The IRS announced that it will retire the Disclosure Authorization and Electronic Account Resolution e-Services products Aug. 11, "due largely to low usage." The IRS stated that it increased the number of employees and improved its internal processes in response to this change.

The two major e-Services products slated for retirement serve several common functions for tax professionals:

Disclosure Authorization (DA) allows for real-time input of Form 2848, *Power of Attorney and Declaration of Representative*, and Form 8821, *Tax Information Authorization*, eliminating the waiting period resulting from IRS processing delays that occur when mailing or faxing disclosure authorizations to the IRS. According to the IRS announcement, the current average processing time for mailed or faxed authorizations is 10 days.

Electronic Account Resolution (EAR) gives tax professionals electronic access the **IRS Practitioner Priority Service (PPS)** to resolve client account problems. There are seven EAR inquiries available, allowing tax professionals to address client issues such as notice research, installment agreement requests and refund issues. This

allows for convenient communication with the IRS about client issues and

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program, and now they are shoving everything into reverse," said CFA George Prytula, III. "This is tantamount to all major banks telling us that they are shutting down all of their ATM machines, and going back to just lobby counter service."

Some practitioners also pointed to a lack of IRS outreach when it comes to educating practitioners and publicizing the various uses of e-Services incentive products.

"I think they just haven't promoted it enough generally to practitioners," said Pamela Britz, EA. "I use these two [DA and EAR] – especially filing POAs – quite often."

A look at the alternatives

The IRS has not been explicit about electronic alternatives it will offer to support functions previously available in DA and EAR, though it promised in its announcement Friday that it would look for electronic solutions going forward.

As an alternative to DA, the IRS instructed tax professionals to or fax or mail authorizations to the appropriate IRS location and allow at least four days for processing.

Tax professionals can use the Online Payment Arrangement tool in lieu of the installment agreement request in the EAR product, although a number of practitioners have expressed difficulty using this tool. There are currently no other online options to replace the other six EAR functions. As a general alternative, the IRS directed practitioners to call the PPS line at 1-866-860-4259 for help resolving account-related issues.

However, many practitioners expressed dissatisfaction with that alternative, citing long wait times. According to the Government Accountability Office (GAO), in 2012, the average PPS hold time was more than 22 minutes per call – up from just under 5 minutes per call in 2009.

CPA John Stanbery is one practitioner who prefers using e-Services to calling the IRS.

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the sequester, totaling almost \$1 billion over the past two years. From 2010 to 2012, the IRS also reduced its staff by 7,000 employees.

With budget and staff reductions at the IRS, many practitioners think it's a surprising decision for the IRS to move from an electronic customer service system back to one-on-one, phone-based support.

A step backward?

Although the IRS announced Friday that it is responding to e-Services cutbacks with more employees to process authorizations, the IRS decision to retire two online tools appears out of step with government reports and advisory board recommendations on enhancing technology for tax administration. A variety of reports point to the IRS need for new and better technology – at a time when taxpayers and practitioners are increasingly adopting electronic tools.

According to an electronic roadmap set forth by the Office of Online Services and reported by the GAO earlier this year, the IRS continues to plan for enhanced online tools for taxpayers. However, providing electronic tools to tax professionals, who prepare 60% of all tax returns, is a cost-effective strategy described by the Internal Revenue Service Advisory Council in its 2012 Public Report:

“The IRS would like to increase practitioner reliance on e-service tools and decrease reliance on one-on-one contact through the IRS Practitioner Priority Service (PPS). Transferring practitioners to e-services when appropriate can increase assistor availability for issues that require an assistor's support.”

The IRS decision to retire two e-Services products also appears counterintuitive in light of several technology initiatives being developed by the IRS, such as various information matching and identity verification programs. On April 9, in his

testimony before Congress, former Acting IRS Commissioner Steven Miller made

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low usage of the products as a reason for the scale back. However, according to a Treasury Inspector General for Tax Administration (TIGTA) study from June 2012, there has been a demonstrated and steady increase in practitioner usage of e-Services DA since its inception.

In October and November 2011, there were more than 153,000 authorizations filed via DA, according to TIGTA.

DA is popular among practitioners because it offers an efficient alternative to filing authorizations with the IRS Centralized Authorization File (CAF) unit, which experiences long average processing times. Currently, processing of disclosure authorizations by faxing the CAF is taking 10 business days, according to the IRS. Access via DA is instantaneous.

Without electronic filing of authorizations, delays like Prytula's will be inevitable for practitioners.

"I mailed a power of attorney to the IRS two weeks ago, and then faxed another one two days ago, and both of them are still not yet in the IRS CAF system," Prytula said.

Many practitioners are upset about the IRS decision to retire these products. Their responses have spurred a grassroots movement to petition the IRS to abandon its plans to retire the e-Services products or replace the products with other electronic solutions.

[Click here to view and sign the petition.](#)

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