

Dear Members of the Committee:

My suggestion for tax simplification is to use the information already submitted to the IRS to mail all citizens a completed 1040EZ form, when applicable, which they can sign and mail back if it is accurate. When mailed in, instead of having to process the data on this form, the IRS could use the data already in the system that was used to create the completed 1040EZ form. Assuming the tax payer submitted the payment due if any, their payment could be processed and then their taxes for the year would be done.

Now, you might ask how this is possible. Well, if employers and financial institutions are required to submit W-2, 1099, and 1098 information electronically to the IRS by January 31 then these forms could be mailed to taxpayers in February, giving them two full months to sign and return it, or to do their own. For example, my return is itemized, so instead of signing and returning the completed 1040EZ, I would still do my own taxes. However, it would still be useful to see this information to verify all the amounts.

Besides the added convenience, another benefit of this approach is that it would help reduce tax fraud. My suggestion would be to delay the start of filing season until at least January 31, when all the input is received electronically by the IRS and available for comparison when deciding to accept a return or not. It would help to reduce typographical errors and math errors that cause tax problems and create delays. It would reduce the need for paid tax preparers or for subsidized free file tax preparation software, too.

Speaking of preventing tax fraud, when a tax return is accepted that specifies a new payment address or bank account number, a letter should be sent to the existing mailing address or possibly email address for the taxpayer informing them their return was accepted and asking them to call the IRS Identity Theft line if their payment data did not change. No other personal data would be included. Especially if the payment was delayed by a week or so when this occurs, it would give the taxpayer a chance to report it, stop the payment, and save the US Treasury thousands of dollars every time, all for the cost of a stamp. The same process could be used if a change of address is submitted during the year, if it is not already.

When a taxpayer calls the IRS Identity Theft hotline to report a return was already filed in their name, which caused their own return to be rejected, if the payment has already been made by direct deposit and cannot be stopped, the IRS agent who takes the call and confirms the true identity of the caller, just like they did when I called, should immediately look up the bank by routing number and ask the bank to freeze the funds that have been fraudulently deposited. This would give the IRS time to investigate. Multiple IRS agents told me a fraud affidavit must be processed by mail to open an investigation first, where as if I called a day earlier before the deposit was made, they could have stopped that payment.

Banks are required to freeze and report suspicious refund deposits. Why isn't the IRS required to do so?

Sincerely yours,

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