



The
Legal Aid Society
of Cleveland
Since 1905

July 1, 2019

Dennis Dobos

Phone: 216-861-5843

Fax: 216-861-5858

dadobos@lasclev.org

New Clients Call:

888.817.3777 (toll-free)

or

216.687.1900

General Business:

888.808.2800 (toll-free)

or

216.861.5500

**Cleveland
& Administrative Offices**

1223 West Sixth Street
Cleveland, OH 44113

General Business: 216.861.5500

Fax: 216.586.3220

Elyria Office

1530 West River Road North
Suite 301
Elyria, OH 44035

General Business: 440.324.1121

Fax: 440.324.1179

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121 East Walnut Street
Jefferson, OH 44047

General Business: 440.576.8120

Fax: 440.576.3021

Painesville Office

8 North State Street
Suite 300
Painesville, OH 44077

General Business: 440.352.6200

Fax: 440.352.0015

www.lasclev.org

Laurie Brimmer

Internal Revenue Service – Room 6529

1111 Constitution Avenue NW

Washington, D.C. 20224

Re: Comments on Form 14157 and Form 14157-A

Dear Ms. Brimmer:

Recently, the IRS included tax return preparation scams on its “Dirty Dozen” list of the most common tax scams for 2019. It has been included on this list since at least 2014, reflecting its status as a continuing problem. The prevalence of tax preparer fraud illustrates the need for reporting processes to be both accessible and comprehensible for victims.

Unfortunately, this has not always been the case for clients of our Low Income Taxpayer Clinic. Clients who submitted Form 14157 and Form 14157-A to the IRS have received responses stating that because they did not include specific evidence that the fraudulent tax preparer held themselves out to the public as a paid preparer their complaints could not be properly processed. The clients were not previously aware that they needed to provide this specific evidence and/or were unable to do so. Even assuming that the victims can access this evidence after the fact, the resulting delay in processing their complaints and original returns disrupts the efficacy of the process. Victims of tax preparer fraud often are unsophisticated, poor, and without the means to obtain legal assistance and unaware of the availability of low income taxpayer clinics.

The IRS should make the requirement that victims prove that a fraudulent tax preparer held themselves out to the public as a paid preparer as plain as possible in Form 14157 and Form 14157-A. The instructions accompanying Form 14157 refer to paid tax return preparers as the potential objects of the report and ask the taxpayer to indicate the “professional credentials” held by the preparer. However, these

instructions contain no explicit indication that the taxpayer must present proof of the preparer's paid status. Similarly, the instructions accompanying Form 14157-A ask for "evidence corroborating that the tax preparer held themselves out as being in the business of preparing returns." These instructions list several items of evidence that the victim may use to establish the business status of the preparer. However, even in combination with each other, these items may not necessarily establish the preparer's paid status. As a result, while taxpayers may fully and reasonably believe that the evidence they have presented fulfills the Form's requirements, their complaints still may be rejected for lack of proof. This is not fair to the victims.

To remedy this deficiency, a question should be added to both Forms specifically asking how the victim knew that the fraudulent preparer held themselves out as a paid tax preparer. Additionally, the instructions should explicitly state that the victim must submit evidence that the fraudulent preparer held themselves out to the public as a paid preparer. Finally, alongside the currently listed sources of evidence in Form 14157-A, the victim should also be able to submit an affidavit describing what led them to believe that the fraudulent preparer operated a legitimate public business requesting and receiving payment for services. This would eliminate a substantial portion of the burden on the victims and would ensure that the IRS receives the clearest, highest quality and most immediate information about fraudulent tax preparers.

The reporting process is a vital part of minimizing the damage caused by fraudulent preparers, and so the IRS should strive to make this process as straightforward as possible. Specifically stating in Form 14157 and Form 14157-A that taxpayers must substantiate the paid status of preparers and allowing victims to submit affidavits as evidence of this status strongly enhances the integrity of the reporting process.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a horizontal line.

Dennis A. Dobos

Director - Low Income Taxpayer Clinic

DAD/hs