

President Trump Signs Taxpayer First Act of 2019 into Law

On July 1, 2019, President Trump signed into law the [Taxpayer First Act of 2019](#) (H.R. 3151) (the "Act"). The Act includes numerous provisions that are aimed at modernizing the IRS and creating a more independent Appeals Office. The Act requires a number of important changes to the IRS, including the following:

- Creating an independent IRS Appeals Office
- Requiring the IRS to create a comprehensive customer service plan
- Requiring the IRS to create a reorganization plan to improve efficiency, enhance cybersecurity and better meet taxpayer needs
- Creating a single point of contact for victims of identity theft

Of interest to many clients is the law's direction to create a truly independent IRS Appeals Office. Prior to the new law, the Internal Revenue Code did not mandate an independent Appeals Office. All that was required was that the IRS conduct an independent administrative review of certain determinations (e.g., independently review IRS audit adjustments). Thus, while the mission of the Appeals office states that it will independently review each case, not all taxpayers felt they received this review.

Michael G. Goller, Chair of Reinhart's Tax Department, notes that in the past, because the appeal of a taxpayer's case was often a simple transfer of a taxpayer's file from one part of the IRS (e.g., the Examination Division) to another part of the IRS (e.g., the IRS Appeals Office), taxpayers often perceived that they did not receive a truly independent review.

IRS Appeals Officers are instructed to settle cases based upon the hazards of litigation to the IRS (i.e., what is the IRS's likelihood of success or failure at trial). As such, for the settlement process to work correctly, the parties must truly believe that the other side is fairly evaluating the merits of a case. The IRS appeals process typically involves the taxpayer's representative arguing to an Appeals Officer that, if the parties tried the case in court, the result would be favorable to the taxpayer. The taxpayer's representative must clearly present the litigation hazards to the IRS and the IRS Appeals Officer must listen to the representative with an open mind. Thus, the Appeals Officer must be truly neutral and independent. The new law is intended to ensure this independence.

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