



**Report to the  
Strategic Planning Steering Committee**  
Taxpayer and Practitioner Outreach Project Team  
July 26, 2016

**Background**

The MTC Strategic Planning Steering Committee chartered this project in December 2015. The purpose for the project is to develop recommendations for a systematic process of regular outreach to both multistate taxpayers and multistate tax practitioners that facilitates the Commission's awareness of tax compliance issues of concern to taxpayers. "Compliance issues" include issues related to compliance processes [e.g., uniform POAs, uniform filing dates, more uniform RARs, etc.] as well as issues related to substantive laws and policies. The project team was also charged to develop a recommended process for addressing identified taxpayer concerns. The project is intended to help the MTC achieve its vision element to be recognized as "the leading resource for ensuring equitable tax compliance." [The full Project Description is attached to this report.]

The project team members are: John Allan, State and Local Tax Partner, Jones Day; Shirley Sicilian, Tax Managing Director, KPMG; Rich Jackson, Idaho Tax Commissioner, MTC Vice Chair; Steve Cordi, Deputy Chief Financial Officer, DC Office of Tax and Revenue; Wood Miller, Acting General Counsel, Missouri Department of Revenue, MTC Uniformity Committee Chair; Thomas K. E. Shimkin, Legislative Counsel and Director, MTC. Our consultant was Elizabeth Harchenko.

**Project Process**

The project team met monthly by teleconference from January 2016 to July 2016. The team developed surveys to gather information from the states and from taxpayers and taxpayer representatives. The surveys were designed to learn how states gather and respond to taxpayer concerns about tax compliance, and to learn what methods taxpayers would prefer to use to communicate concerns about tax compliance to the MTC.

The team then drafted a discussion document to solicit comments from taxpayer associations, practitioner associations, the states, and MTC staff. The team also conferred with MTC Executive Director Gregory S. Matson.

## **Survey Findings**

Generally, states do not actively solicit input from taxpayers or taxpayer representatives about issues of concern with multistate tax compliance. Typically, states rely on taxpayers or their representatives to initiate contact about their concerns. A few states have regular meetings with taxpayer organizations, or organizations from the local bar or accounting profession, at which issues can be raised. The states that responded to the survey indicated that taxpayers or their representatives sometimes informally contact individuals within the state tax agencies about concerns, but that there is generally not a standard, agency-wide system to offer feedback. Topics the states hear about included: statutory interpretation, tax policy regulations; administrative issues, and forms. States generally responded that the best issues for MTC to address would be those that affect multiple states and those that involve inconsistent tax policy among the states.

Responses to the survey for taxpayer and taxpayer representatives were limited. Most of the responses received were from taxpayer representatives. Respondents indicated that most frequently they share concerns about multistate tax issues with other practitioners and industry organizations. They were most likely to share their concerns at meetings or conferences. The most frequently cited areas of concern were tax agency administrative processes, tax policy regulations, statutory interpretation and the application of court decisions.

Respondents who did not share concerns outside their own organizations indicated that the most likely barriers to sharing concerns were a belief that nothing would be done; ignorance about who to contact; and the amount of time needed to communicate concerns.

The taxpayer/representative survey also asked about features that would make a MTC process attractive. Respondents almost unanimously indicated that a way to submit issues through the MTC web site would be attractive. Respondents were about evenly split on whether it would be important to be able to submit issues anonymously. Respondents generally believed it would be valuable to be able to participate in developing recommended solutions to issues of concern.

## **Other Feedback**

The team got limited feedback on its discussion draft. Generally, taxpayer organizations supported the idea of MTC more actively soliciting taxpayer issues and were interested in having the process include regular reporting on what was being done with suggestions or concerns that had been submitted. States and MTC staff members were most concerned that the process not be overly cumbersome, and that concerns be addressed by staff when appropriate and through existing MTC processes whenever possible.

## **Conclusions**

The project team concluded that it is important to use existing MTC processes for problem resolution. They also concluded that the MTC should be able to select issues for follow up action in the most appropriate way. Mr. Matson advised the team that he would follow current practice, assigning follow up or resolution to MTC staff or to one of the committees. The team also concluded that regular reminders of the MTC's availability to address issues of concern would be of value to the taxpayer and taxpayer representative communities. The team members recommend that the MTC build on existing relationships with organizations such as Council on State Taxation, Tax Executives Institute, Institute for Professionals in Taxation, and the appropriate state and local tax committees of the American Institute of Certified Public Accountants, and American Bar Association in order to solicit feedback from taxpayers and their representatives. The team also concluded that the MTC Executive Director should report regularly to the MTC Executive Committee on the status and disposition of issues raised through the process.

## **Recommendations**

The project team recommends that the MTC use the following **Taxpayer and Representative Outreach** process to regularly solicit issues of concern from taxpayers and taxpayer representatives. The recommended process includes the team's suggestions for addressing concerns once they have been submitted.

## **Taxpayer and Representative Outreach**

### **Purpose**

The purpose of this process is to provide a way for states, multistate taxpayers and practitioners who represent multistate taxpayers to identify for the Multistate Tax Commission state tax administrative or policy issues that would benefit from a multistate solution.

### **Contact Process**

There are three ways in which states, taxpayers, and their representatives can contact the MTC to suggest multistate tax issues for resolution at any time.

- Through the MTC web site – there will be an option for anonymous submission
- By directly contacting the MTC Executive Director or MTC staff
- During regularly scheduled meetings of MTC committees

### **Annual Outreach**

At least once a year, the MTC will contact organizations that represent multistate taxpayers or practitioners who represent multistate taxpayers. The annual outreach will solicit suggestions of state tax administrative or policy issues that need a multistate solution. The annual outreach solicitation will advise organizations, taxpayers, and practitioners that they can submit issues through the MTC web site, by contacting the MTC Executive Director, or by contacting a member of the MTC staff.

Any organization may ask to be included in the annual outreach communication. At a minimum, MTC will contact the Council on State Taxation, Tax Executives Institute, the Institute for Professionals in Taxation, and the appropriate committees of the American Bar Association and American Institute of Certified Public Accountants that are concerned with state and local taxation. MTC may also contact accounting firms or law firms that have significant state and local tax practices.

### **Issue Consideration**

The MTC Executive Director will review issues as they are submitted. The Executive Director may assign an issue to MTC staff or to a committee for consideration, or submit the issue to the MTC Executive Committee for a decision on whether to address the issue and how it should be addressed within the context of the Compact and the MTC public participation policy.

For any issue that is accepted for consideration, the MTC Executive Director will provide information to the public about the nature of the process for addressing the issue, and how interested persons may participate in that process. Issues that are referred to MTC committees will be included on their agendas.

The MTC Executive Director will report regularly, at least once each year, to the MTC Executive Committee on issues that have been submitted. The report will include the disposition of each issue and a report on the status of issues that are under consideration.

Respectfully submitted,

Taxpayer and Practitioner Outreach Project Team

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Rich Jackson

Steve Cordi

Wood Miller

Thomas Shimkin

### **Project description: MTC Outreach to Taxpayers and Practitioners**

V 3.0 (Approved by MTC Strategic Planning Steering Committee 12-10-15; as modified by project team 1-29-16)

This project will involve development of a recommendation for a systematic process of regular outreach to both multistate taxpayers and multistate tax practitioners that facilitates the Commission's awareness of tax compliance issues of concern to taxpayers. "Compliance issues" includes issues related to compliance processes [e.g., uniform POAs, uniform filing dates, more uniform RARs, etc.] as well as issues related to substantive laws and policies. The project will also include development of recommended processes for addressing identified taxpayer concerns.

*Problem:* The MTC's vision includes the following element: "By 2019, the MTC will be recognized as the leading resource for ensuring equitable tax compliance." The MTC's current tax compliance activities are focused on issues of concern to the states. The MTC does not have a systematic process to regularly reach out to taxpayers or practitioners in the state and local tax community to identify compliance issues that are of concern to taxpayers.

*Risks:* Taxpayers, practitioners and the public are unlikely to view the MTC as the leading resource for ensuring equitable tax compliance if the MTC does not actively and systematically seek information from taxpayers and practitioners about issues of concern to those groups.

#### *Issues for review:*

- Identify ways that states can provide information about tax compliance issues that they hear of from taxpayers and practitioners
- Identify ways that MTC Committees can provide information about tax compliance issues that they hear of from taxpayers and practitioners
- Identify ways that taxpayers and practitioners can more easily raise issues of concern with the MTC
- Develop a process for determining which issues can and should be addressed, and how to address them

#### *Expected outcomes from the project:*

- Recommended process for actively soliciting taxpayer and practitioner compliance concerns
- Recommended process for addressing issues identified by taxpayers and practitioners

#### *Who should be involved in the project team:*

- Taxpayer representative – John Allan, attorney (Jones, Day)
- SALT practitioner – Shirley Sicilian (KPMG)
- MTC staff – Thomas Shimkin
- MTC Strategic Planning Steering Committee (project sponsor) – Rich Jackson (ID), MTC Vice Chair
- MTC Executive Committee member – Steve Cordi (DC)
- MTC Committee chairperson – Wood Miller, Uniformity Committee
  
- Resources identified by project team – consult as needed
  - MTC Audit, Nexus and Litigation committees
  - FTA Executive Director or Deputy Director
  - Taxpayer groups and tax practitioner groups (AICPA; ABA; state-level taxpayer liaison groups)