September 19, 2019

Hon. Charles P. Rettig  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Re: Comments on Proposed Collection Form 4506-T, Request for Transcript of Tax Return

Dear Commissioner Rettig:

Enclosed please find comments regarding Proposed Collection Form 4506-T, Request for Transcript of Tax Return, in response to the Notice and Request for Comments published by the Department of the Treasury in the Federal Register on July 24, 2019. These comments are submitted on behalf of the Section of Taxation and have not been approved by the House of Delegates or the Board of Governors of the American Bar Association. Accordingly, they should not be construed as representing the position of the American Bar Association.

The Section of Taxation would be pleased to discuss these comments with you or your staff.

Sincerely,

Tom Callahan  
Chair, Section of Taxation

Enclosure

cc: Hon. David Kautter, Assistant Secretary (Tax Policy), Department of the Treasury  
Krishna P. Vallabhaneni, Tax Legislative Counsel, Department of the Treasury  
Ken Corbin, Commissioner (Wage & Investment Division), Internal Revenue Service  
Hon. Michael J. Desmond, Chief Counsel, Internal Revenue Service  
Kathryn Zuba, Associate Chief Counsel (Procedure & Administration), Internal Revenue Service  
Linda Brown, Director of Submission Processing, Internal Revenue Service  
Jim Clifford, Director of Customer Account Services, Internal Revenue Service
AMERICAN BAR ASSOCIATION
SECTION OF TAXATION

Comments on Proposed Collection — Form Numbers 4506-T and 4506-C, Request for Transcript of Tax Return and IVES Request for Transcript of Tax Return, Under OMB Number 1545-1872

These comments (“Comments”) are submitted on behalf of the American Bar Association Section of Taxation (the “Section”) and have not been approved by the House of Delegates or Board of Governors of the American Bar Association. Accordingly, they should not be construed as representing the position of the American Bar Association.

Principal responsibility for preparing these Comments was exercised by Nancy A. Rossner of the Section’s Pro Bono and Tax Clinics Committee. Substantive contributions were made by James Creech of the Section’s Individual and Family Tax Committee as well as Carol M. Luttati and Derek B. Wagner of the Tax Section’s Administrative Practice Committee. The Comments were reviewed by Christine Speidel. These Comments were further reviewed by Joseph Barry Schimmel of the Section’s Committee on Government Submissions and Eric Sloan, Vice Chair – Government Relations for the Section.

Although members of the Section may have clients who might be affected by the federal tax principles addressed by these Comments, no member who has been engaged by a client (or is a member of a firm or other organization that has been engaged by a client) to make a government submission with respect to, or otherwise to influence the development or outcome of one or more of the specific issues addressed by these Comments has participated in the preparation of the portion (or portions) of these Comments addressing those issues. Additionally, while the Section’s diverse membership includes government officials, no such official was involved in any part of the drafting or review of these Comments.

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Date: September 19, 2019
I. INTRODUCTION

These Comments are submitted in response to the Notice and Request for Comments published by the Internal Revenue Service (the “Service”) and the Department of the Treasury in the Federal Register on July 24, 2019 (the “Notice”). The Notice requests comments on, among other things, Internal Revenue Service Form 4506-T, Request for Transcript of Tax Return (“Form 4506-T”). Specifically, these Comments respond to the request for input on ways to enhance the quality, utility, and clarity of the information to be collected. These comments are restricted to Form 4506-T and do not address Form 4506-C.

II. BACKGROUND

Form 4506-T is used by taxpayers or authorized persons to request a copy of a transcript of a tax return or other tax return information from the Service. Available transcripts include tax return transcripts, account transcripts, records of account, and wage and income transcripts. Additionally, taxpayers and authorized persons may use Form 4506-T to request verification of non-filing, which, according to the Form, is proof from the Service that the taxpayer did not file a tax return.

The transcripts and other information made available via Form 4506-T can provide vital information to taxpayers regarding their accounts with the Service, including their filing history, annual income information, payments received by the Service, assessments of tax made by examination, notices of tax lien filed, and notices of intent to levy that have been issued. As such, these transcripts can be a very important starting point for a taxpayer who needs to resolve a federal income tax controversy, but who may not have adequate records of their income tax matters. Section members frequently find that their clients must often rely on transcripts obtained from the Service to investigate an issue.

Taxpayers may also request transcripts from the Service by utilizing an automated telephone system, but that system has its limitations. For example, it limits taxpayers to transcripts for the current year and the prior three years, and also limits taxpayers to receiving ten transcripts per call. Additionally, taxpayers may request transcripts through the Service’s website, although the availability of these transcripts is also limited to the current year and the prior three years. And more importantly, taxpayers are required to go through an identity verification process to set up an online account. Section members and taxpayers alike have encountered substantial difficulties with the identity verification process, making it impossible for them to create an online account. In the past, practitioners were able to obtain transcripts by facsimile, but the Service recently changed its transcript delivery policy, and it will no longer provide transcripts via facsimile to practitioners. These limitations, and difficulties, and the recent policy change, make the ability to obtain transcripts via Form 4506-T even more important now than was the case in the past.

1 Proposed Collection; Comment Request for Form 4506-T and 4506-C, 84 Fed. Reg. 35,709.
III. SUGGESTIONS TO IMPROVE THE CLARITY AND CONTENT OF FORM 4506-T

We believe the clarity and ease of use of Form 4506-T may be improved, making it easier for both taxpayers and practitioners alike to use the form. We suggest that the Service revise lines 6 through 8 of the Form 4506-T so that the text is clearer and less dense. In general, we believe that the small font size, long lines, and sentences, and full justification of text contribute to the difficulties many taxpayers have in accurately understanding and completing Form 4506-T.3

In particular, we offer the following suggestions:

1. Move the checkboxes from the right margin to the left margin so that they are situated immediately next to the selections. This should reduce the risk of a taxpayer erroneously requesting the wrong transcript by checking the wrong box.

2. Add the text, “Most requests will be processed within 10 business days,” to the Note above line 6, and remove that language from the end of items 6(a), 6(b), 6(c), 7, and 8. Removing such text will make each line easier to read.

3. Remove the “Caution” below item 8 and incorporate it into the “Tip” above 1(a) to improve clarity and efficacy of the form. It would be helpful if language regarding Forms W-2 and 1099 were added to the “Tip,” which already advises taxpayers to use Form 4506-T to request an actual copy of their tax return for a fee.

4. Simplify the language in lines 6 through 8 of Form 4506-T and move some of the text to the instructions for taxpayers who need further guidance. The attached Appendix provides sample language to replace the language currently on Form 4506-T.

5. Reduce the references to other form numbers in the descriptions of the transcripts. We are concerned that referencing forms unfamiliar to unrepresented taxpayers, such as “Form 1120S,” may cause confusion as to what information a taxpayer should be requesting. If reference to a specific form number is necessary, we recommend that it be included in the instructions instead of the body of the form.

In addition, to address the common situation of taxpayers needing several years of transcripts and to reduce the need of taxpayers to use multiple Forms 4506-T, we recommend that line 9 of the form be modified by adding spaces for additional tax years or periods to be requested.

Finally, the size of the font utilized in the instructions is very small (6-point). We believe that the overall ease of use of the form by taxpayers using hard copies will be enhanced by increasing the font size. Although increasing the font size may result in expanding the instructions to more than one

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page, we nevertheless believe that such a change will be more beneficial to the reader than the use of the current font size.

IV. SUGGESTIONS TO IMPROVE THE OVERALL USE OF THE FORM

In addition to the suggestions outlined above, taxpayers would benefit from clarification on how to use Form 8822, Change of Address, in conjunction with Form 4506-T. The instructions to Form 4506-T note that the taxpayer should file Form 8822 if the addresses on lines 3 and 4 of Form 4506-T are different and the taxpayer has not changed their address with the Service. However, the instructions do not indicate whether Form 8822 may be filed concurrently with Form 4506-T, or how long the taxpayer should wait after filing Form 8822 before filing Form 4506-T.

Further, we suggest that the Service permit the taxpayer to update their address with the Service and request transcripts at the same time using Form 4506-T. Often transcripts are needed urgently, and waiting for the taxpayer’s address to be updated first by the Service may cause undue delay in the taxpayer’s case. We suggest that the Service consider permitting taxpayers to attach a copy of their current government-issued identification as proof of identity to have their address of record updated, and to have the requested transcripts mailed to the updated address. The Service could specify in the instructions which forms of identification would be sufficient to update the taxpayer’s address with the Service.

Finally, we suggest that Form 4506-T be modified to eliminate the need for a practitioner, to whom a taxpayer has specifically delegated authority to execute Form 4506-T, to also attach the Form 2848 to the Form 4506-T submission. Instead, the Form 4506-T could include a checkbox for practitioners to affirmatively indicate that their power of attorney is already on file with the Service. The Service could verify this representation by reviewing its computer records. This would allow for a more streamlined Form 4506-T submission to be made with fewer pages to be processed by the Service.
APPENDIX

Sample Language for Lines 6 through 8 of Form 4506-T

6 Transcript Requested. Enter the tax form number here (individual income tax return form number is 1040) and check the box(es) below stating what type of information you would like. Please enter only one form number per request. ____________

a ☐ Tax Return Transcript. Includes most line items of a tax return as filed. This transcript is available for the current year and 3 prior years of individual income tax, partnership tax, and certain corporate tax forms. See instructions for more details.

b ☐ Account Transcript. Contains all transactions on the account, including tax assessments and payments, penalty assessments, and adjustments made by you or the IRS after the return was filed. See instructions for more details.

c ☐ Record of Account. Provides a combination of the Tax Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. See instructions for more details.

7 ☐ Verification of Non-filing. Provides proof from the IRS that you did not file a tax return for the year. Current year requests are only available after June 15. See instructions for more details.

8 ☐ Information Return Transcripts. Includes data from information returns, such as Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series returns. State or local information is not included. Available for up to 10 years, but information for the current year may not be available until the year after the information is filed with the IRS.