



*National Payroll Reporting Consortium*

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May 3, 2011

Commissioner Douglas Shulman  
Internal Revenue Service  
3000 IR; N:C  
1111 Constitution Avenue, NW  
Washington, DC 20224

Dear Commissioner Shulman:

We are writing to offer assistance in assessing possible improvements to the Information Reporting system. On April 6th, you spoke to a group at the National Press Club in Washington about the IRS vision for a next-generation tax administration system, in which information returns such as Forms W-2 and 1099 series would be on file with the IRS before taxpayers began filing their returns.

The National Payroll Reporting Consortium (NPRC) is a non-profit trade association whose member organizations provide payroll processing and related services, including electronic payment and filing of employment taxes, and related information returns, to over 1.4 million employers nationwide, covering over one-third of the private sector work force. Payroll service providers serve an important role in our nation's tax collection system as a conduit between employers and government authorities, improving the efficiency of tax collection through electronic filing and improving compliance.

You described the end state as one in which information returns would be available online for taxpayers and tax professionals to download and use in preparing returns. The information would also be incorporated into the IRS's screening filters, which would give taxpayers a chance to correct their returns before the IRS processed them. Many of our members have made such data available for secure electronic download for several years, to facilitate electronic preparation of returns by taxpayers and authorized tax professionals. This public-private partnership has worked well, with private sector innovation facilitating electronic access to personal financial data in order to automatically populate tax returns. The end result has been reduced taxpayer burden, increased electronic filing and improved return completeness and accuracy.

You also mentioned that the IRS or Congress might need to change reporting deadlines to get information returns into the system earlier, which might require some changes on the part of the private sector, including payroll service providers. We would welcome a discussion on this topic with the IRS and other stakeholders.

Members of this industry have been privileged to work with the IRS, SSA and state tax authorities for many years to improve employment tax administration. Indeed, the Reporting Agent community may be closest to achieving the intended goal of interacting 100% electronically with the IRS. Members of the NPRC have served on the Information Reporting Program Advisory Committee for some fifteen years, as well as IRSAC and ETAAC.

Automatic Data Processing ★ Ceridian Corporation ★ CompuPay ★ Empower Software Solutions  
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NPRC members are also mindful of the value of timely information reporting to counter fraudulent tax refund schemes, which was discussed in the April 15<sup>th</sup> congressional hearing by TIGTA. Tax refund fraud harms all taxpayers, and our members have worked with the IRS to consider short-term and long-term measures to counter such schemes. We agree that improvements to Information Reporting systems could effectively reduce such incidents.

Please let us know if we can be of service in reassessing reporting deadlines, expanding on the private sector systems for secure electronic import of tax information, and making other enhancements to the information reporting systems that form an increasingly important part of our nation's tax system. I can be reached at (610) 827-1591 or [pete\\_isberg@nprc-inc.org](mailto:pete_isberg@nprc-inc.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Pete Isberg", is positioned to the right of the word "Sincerely,".

Pete Isberg  
National Payroll Reporting Consortium