



Plain Tax Talk:

The Yellow Brick Road to Tax Simplification

*“Everything should be made as simple
as possible—but no simpler”*

Albert Einstein

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**The letter I have written today is longer than usual
because I lacked the time to make it shorter.**

Blaise Pascal, French Philosopher

Prologue. The theme of this Viewpoint, tax simplification, draws on an American pop culture classic, *The Wonderful Wizard of Oz*. Dorothy, her Terrier Toto, and an eclectic trio of sidekicks travel from Munchkinland to Emerald City in search of enlightenment. Their journey of self-discovery is along the Yellow Brick Road, dubbed that because of the debate in the 1890s around international monetary policy, with the traveled route representing the “gold standard.”

Tax simplification is a politicized and polarizing topic. Politicians endlessly talk about doing it, but don't. The IRS doesn't talk about doing it, but can. This article examines the principles of **plain language**, the gold standard for all written communications, and how their application can transform the quality of the massive amount of murky information that flows from the IRS to the public.

Plain Language is all about providing understandable communications. By providing American taxpayers with communications that allow them to better understand their tax reporting responsibilities, the IRS can close in on its crowning mission--maximum tax compliance. For every 1 percent increase in tax compliance levels, federal tax revenues increase \$20 billion.

The title of this Viewpoint, “*PlainTaxTalk*”, translates into this short progressive equation:

Plain Language → Tax Simplification ↗ Tax Compliance ↗ Tax Revenues

The author challenges the IRS to self-discover plain language and chart a course down a new road to clarity and precision, taking with it millions of enlightened American taxpayers.

Men of few words are the best men.
William Shakespeare, English Playwright

Slay the Monster. As an estimated 250,000 protesters recently rallied at some 306 different “tea parties” across the nation on tax day 2009, President Obama lashed out at the 5,614-page, 3.7-million-word tax tome, condemning it as a “monster tax code”. The nation's editor in chief then boldly predicted he would rewrite it to put the taxpayers' interests ahead of special interests. The sequel, he went on to say, will make it easier, quicker, and less expensive to file a return. And his economic team has even come up with a “simple return” plan for 40 percent of the tax filers—one the IRS prepares and presents to the taxpayer for review. Now that's customer service you'd expect at Nordstrom.

In taking a swipe at special interest groups, the president surely had in mind Will Rogers' wonderfully contemptuous quip on the politics of tax legislation: "The difference between death and taxes is death doesn't get worse every time Congress meets."




President Bush in 2005 dubbed the code a "complicated mess" and started down the same rocky road as Obama, appointing a blue-ribbon tax reform commission to tame the monster. It produced bold and creative tax simplification proposals that quickly and quietly made their way from former Treasury Secretary John Snow's inbox to his outbox—and no further.

The current White House occupant has given former Fed boss Paul Volker and his newly crowned tax reform advisory board until the end of 2009 to come up with a plan to slay the monster. But the Obama plate runneth over with way too much, and the Volker plan may never see its way to the President's stuffed inbox. And if it does work its way up the Hill, the fully employed K Street special interest demons likely will knock it down, even if the rest of the country is hobbling along at double-digit unemployment.

The Agency in charge of administering the tax laws can take us down the enlightened road to tax simplification without any outside interference. The IRS can do this by embarking on a serious and lasting program to communicate with its customers in plain, concise, and understandable language, Plain Tax Talk. Yes, it will take some time, and the results may not be as splashy as a legislative fix. But it is an idea long overdue. It will be a smart investment, providing a handsome financial return to the federal government, and, importantly, it is an idea American taxpayers badly want and richly deserve.

**You don't write because you want to say something,
you write because you have something to say.**
F. Scott Fitzgerald, American Novelist

Touching 215 Million Americans. Plain language is communication the audience can understand the first time it reads or hears it. A written document is in plain language if the audience can:

-  find what it needs;
-  understand what it finds; and
-  use what it finds to meet its needs.

Organizations embracing plain language as an integral part of their culture enjoy a measurable competitive edge. Experts describe this advantage as falling into three areas:

- 👉 customers associate impersonal, poorly written communications with an uncaring and ineffective bureaucratic organization;
- 👉 plain language builds organizational trust by reducing paperwork, increasing productivity, and improving customer satisfaction; and
- 👉 improving customer understanding through effective communications saves organizations time and money.

Each has importance to the IRS as it goes about its annual task of collecting roughly \$2.5 trillion that fuels the government's important programs and public services. The Service represents the face of government to more Americans than any other because it touches most of the 215 million adult U.S. citizens and residents, as well as hundreds of thousands of for-profit businesses, charities, and other nonprofit entities. Success in achieving its supreme mission—maximizing taxpayer compliance—is directly linked to the quality of that touch.

The tax gap -- the taxes Americans owe but don't pay -- is (conservatively in the author's view) estimated by the IRS to be north of \$300 billion *each year*. Deliberate evasion causes some of it, but most results from unintentional behavior. Why? Because taxpayers simply don't understand, or won't take the time to understand, their tax responsibilities. One point is clear: \$300-billion-plus takes on great importance in our new era of trillion-dollar budget shortfalls.

Clear writing from your government is a civil right.
Al Gore, Former U.S. Vice President

Plain Language at the Government Agencies. As part of a broader "reinventing the federal government" program, the Clinton administration launched a plain-language initiative in June 1998, and the presidential directive told each federal agency to:

- 📄 use plain language in all new documents after October 1, 1998;
- 📄 use plain language in all documents published in the *Federal Register* after January 1, 1999; and
- 📄 rewrite all documents created before October 1, 1998, into plain language by January 1, 2002.

This edict was breathtaking in scope, particularly the 3½-year window to rewrite the history of government. With no funding or staffing, the initiative never left the starting line, and soon became no more than a government-wide volunteer group. Its impact at each agency depended on a commitment from senior executives to the plain-language ideas. Some agencies—like the Securities and Exchange Commission (with help from Warren Buffet) and the Federal Aviation Administration)--have taken it seriously, but most have not.

Simplicity is the ultimate sophistication.
Leonardo da Vinci, Renaissance Artist

Plain Language at the IRS: Muddy Waters. There is scant evidence that institutionally the IRS has taken plain language seriously. When the Author last had access to the IRS internal Web site several years ago, IRS employees first came across the plain language “program” on the notices home page by navigating through this acronym-laden maze:

This Notices Web Site is owned and operated by the Notice Support Group (NSG). The NSG is located within Media and Publications (M&P) which is part of the Customer Assistance, Relationships and Education (CARE) organization in Wage and Investment (W&I). The NSC (not to be confused with the NSG), Notice Steering Committee, steers the course of notices and the notice process through the IRS notice universe and is chartered to assure cross-OD communication and decision-making. Membership includes the Notice Single Points of Contact (SPOCs) from W&I, SBSE, LMSB, TEGE, TAS, ITS and Appeals, the Notice Gatekeeper from the Joint Operations Center (JOC), the Manager of the NSG and Liaison from the Office of Tax Administration Coordination (OTAC).

Plain language or gobbledygook?

Next, let’s look at an example of a sanitized (names and other identifying information redacted) private letter ruling issued to a particular taxpayer and then made public to guide similarly situated taxpayers in fulfilling their tax responsibilities:

This group, of which Corp Y is a member, is collectively known as B. Corp Y elected to use C and claimed D in its taxable income (loss) computation included in the consolidated tax return for the year A. E provides, in effect that, if F is used in G, then no D or C will be allowed. The H issued a I on J that was deemed to be F by the Internal Revenue Service in K. Corp Y has L at the time of your request.

Plain language or alphabet gibberish?

Let’s next take a pop quiz about four IRS forms. From the form title, can you tell what the tax topic is or what part of the tax code it involves?

- ☞ **Form 8840—Closer Connection Exception Statement for Aliens**
[Hint: Nothing to do with UFOs]
- ☞ **Form 8884--New York Liberty Zone**
[Hint: Nothing to do with 9/11 or the Bush Freedom Doctrine]
- ☞ **Form 720-TO—Terminal Operator Report**
[Hint: Nothing to do with dying telephone operators]
- ☞ **Form 8328—Carryforward Election of Unused Private Activity Bond Volume Cap**
[Hint: Nothing to do with British secret agent 007]

Finally, let's consider what has happened to the universally recognized symbol and centerpiece of federal taxation—Form 1040. The basic form has a growing “family” of 13 siblings, excluding the Spanish versions. Its instructions fill 161 jam-packed pages and readers learn when they arrive at page 89 they will toil for roughly a workweek, precisely 32.7 hours, to collect information, complete the form and schedules, and then pay costs of \$264. Unlucky taxpayers with complex financial matters will bring out the extended 1040 family and will add hours (if not days) to the agony. There has been no serious effort by the IRS to overhaul, much less simplify, this tax icon since 1976.

The author understands a limited initiative is underway at the IRS to “redo” some of the 1,000 notices and letters that taxpayers receive by the millions. I applaud the IRS for this. But I also know with one-off notice redesign projects, a single document can take several years to finish because of systemic issues, programming restraints, and bureaucratic and cultural obstacles. And, of course, that still leaves hundreds of other notices -- not to mention countless tax forms and instructions, publications and all public guidance communications -- that need to be much more readable. *PlainTaxTalk* is about a major and purposeful institutional commitment to behavioral change and reform.

Old words is like old friends, you know ‘em the minute you see ‘em.
Will Rogers, American Humorist

Budget Deficits: Can we Afford Plain Language? The massive budgetary shortfalls present a compelling reason to move *PlainTaxTalk* forward. A large slice of the IRS's \$2 billion “services” budget is for fielding telephone calls (189 million in 2008), and for providing tax law advice, and other information to 7 million taxpayers who each year choose to visit 225 taxpayer assistance centers. *PlainTaxTalk* will gradually allow taxpayers who are confused or tempted to be noncompliant to become silent, compliant taxpayers as the agency begins to produce notices, forms and publications that are immediately understood on the first reading. And let's not forget about starting to whittle away at that annual \$300-billion-plus tax gap.

**There are two things wrong with most legal writing.
One is its style. The other is its content.**
Fred Rodell, Dean, Yale Law School

A Challenge to Take that Yellow Brick Road. The IRS does not question its customers' right to receive understandable tax information. It also knows that any systemic flaws that corrode the public's understanding of its tax responsibilities will, if left unfixed, fundamentally undermine the self-assessment principle. Yet over time the agency has allowed corrosion to eat away at the quality of its public communications. *PlainTaxTalk* is a challenge to the IRS to

reject the path of obfuscation and inflated vocabulary and turn the institutional rudder toward precision and clarity.

The author's premise is both blunt and simple: The IRS has developed deeply engrained, archaic, and substandard communication techniques and habits. The solution is also simple: Adopt modern-day proven communication techniques and practices and some new internal processes to allow IRS employees to develop and put to work effective communication skills.

**One should aim not at being possible to understand,
but at being impossible to misunderstand.**

Quintilian, Roman Rhetorician

PlainTaxTalk: A Primer. Like many federal agencies, the IRS combines a risk-averse culture with an anti-change disposition. Both are typically overcome when three things happen: someone puts a good idea on the table; the boss decides a good idea is on the table; and the boss broadcasts a good idea is on the table.

PlainTaxTalk is one of those good ideas. It has two parts: principles and a program:

1. The Principles. Plain language is much more than “wordsmithing” documents. It is more than just short words, short sentences and short paragraphs. It is reader-focused writing using document design techniques to produce clear and understandable information: (a) planning the document, (b) designing it, (c) organizing it, (d) writing clear instructions, (e) using plain English, and (f) testing the results with an external audience.

There is a school of thought that plain language and accuracy are antagonists, and that choosing between clarity and precision presents a Hobson's choice. This is a myth created and perpetuated by some in the legal community. The overwhelming evidence over many years shows that complex subjects easily convert into succinct, understandable language. In fact, the plain language experts have proved it can be *more* precise than conventional legal prose because it uncovers ambiguities and errors the traditional style hides.

PlainTaxTalk principles focus on three areas:

- ✍ **Content.** Organizing the document content to meet the user needs--
 - ↳ engaging the readers by identifying their needs and organizing the document around those needs;
 - ↳ using a friendly and sympathetic opening tone, and putting the main message up front; and

- ☞ liberally using questions and answers, a time-proven formula.

✎ **Format.** Making a document easy to understand with--

- ☞ a visually appealing style;
- ☞ informative headings and subheadings;
- ☞ bold and italic type highlighting important information;
- ☞ diagrams, tables and charts to present complex information;
- ☞ placement of the more important parts before the less important, the general before the specific, and the ordinary before the extraordinary; and
- ☞ cross-organizational consistency (institutional branding).

✎ **Plain Language Concepts.** Using--

- ☞ short sentences and paragraphs;
- ☞ short, familiar words like “under” and “until” instead of legalistic or bureaucratic terms like “in accordance with” and “heretofore”;
- ☞ personalized messages like “you” to address the reader, “I” if it is part of a question, and “we” to refer to the IRS; and
- ☞ an active voice and the present tense.

2. The Program. The focus of *PlainTaxTalk* will be on external documents produced for mass taxpayer audiences and would include notices and letters, forms and instructions, and publications. Most of the activity would involve redesign of existing documents and not new document creation (an exception would be new forms created after tax law changes). It would be unwise to underestimate the scope of this undertaking; *PlainTaxTalk* will succeed only if the IRS makes a major and lasting commitment to it.

Another communications category, published guidance, involves mainly interpretative regulations and rulings (private and public) on often more complex tax areas targeting smaller groups of taxpayers and tax professionals. I would exclude this group from the early *PlainTaxTalk* program.

The IRS would set up three different kinds of multidisciplinary design teams: one for notices and letters, one for forms and instructions, and one for publications. Fully dedicated existing IRS employees would make up the teams, which would consist of technology, programming, and suitable legal and operating division personnel for the subject matter. The design teams would also add special subject matter expertise as needed, depending on the nature of the particular notice, form and instruction, or publication.

The teams would first participate in suitable plain language training (typically a three-day course offered by an outside consultant), with occasional refresher courses, and they would control the document redesign process from beginning to end. An outside consultant, trained and experienced in the art of producing user-friendly mass written communications, would round out each team until the

internal team members develop the full range of skills, techniques and experience to carry on alone.

Before launching the program, each group would take inventory of all existing notices and letters, forms and instructions, and publications and prioritize those worthy of redesign with completion timelines. Once the teams complete the training and prioritization, they could proceed with their redesign activities.

Hard writing makes easy reading.
Wallace Stegner, American Novelist

Requiem. In 2005 the IRS unveiled a five-year strategic plan that included this means and strategy to improve taxpayer services:

Ensure that guidance – including forms, instructions and notices explaining IRS policies and interpreting the tax code – is written in *clear, succinct and understandable language.*

These 24 words say it all and in perfect, plain language. Yet we have noted there is scant evidence since 2005 to show the IRS took this commitment seriously.

More disappointing, a new five-year strategic plan uncorked just one month ago excludes this 24-word plain-language strategy from the document. But pray tell there will be “tax simplification” for a small slice of taxpayers struggling to understand their tax responsibilities. Under the goal to improve taxpayer service, the new strategic plan boasts that Publication 4580, *Basic Tax Responsibility*, is now available in Spanish, Chinese, Vietnamese, Russian and Korean (but not English) -- and in CD and DVD format to boot! A pity that Borat and all his nomad comrades won't get a Kazakh version.

**Broadly speaking, the short words are the best,
and the old words when short are best of all.**
Winston Churchill, Former British Prime Minister

Epilogue. Main Street, Wall Street and both ends of Pennsylvania Avenue are all clamoring for tax simplification. Volker and his tax reform advisory board would do the country a great service by forging bold and creative ideas for tax simplification. And Obama's political star would shine even brighter if he delivers on his commitment to tame the monster. But Will Rogers' maxim and the intervening K Street special interests likely will serve the death knell to legislative reform. Tax reform commissions can also provide wonderful political cover for a mission impossible.

So let's not bet the farm waiting for a legislative fix to tax simplification when the gold standard is 11 blocks down the street. Let's just ask the IRS to do what's right and honorable: Take the complicated mess Congress has created and, using tested, modern-day plain-language principles and techniques, tell us in simple, understandable words how to go about quickly and accurately reporting our fair share of the taxes we rightly owe. That's what *PlainTaxTalk* is all about—in plain language.

If you can't say it simply you probably don't understand it.
Albert Einstein, Physicist



A Brief Colloquy along the Yellow Brick Road
From *The Wonderful Wizard of Oz*^{*}

Guardian of Emerald City Gates: Can't you read?

Scarecrow: Read what?

Guardian of Emerald City Gates: The Notice!

Dorothy: What Notice?



^{*} *The Wonderful Wizard of Oz* and its renowned Yellow Brick Road provide the theme for this Viewpoint. First published in 1900, L. Frank Baum wrote and W.W. Denslow illustrated this awesome children's novel. It debuted in 1902 as a popular Broadway musical and the highly acclaimed 1939 MGM film version made it a classic in American pop culture. In 1973, Elton John's signature work, the ballad *Goodbye Yellow Brick Road*, was first released.