

# Lend Me Your **EAR**

**F**or Enrolled Agents, the word “ear” will be taking on a whole new meaning this spring when the IRS unveils, nationwide, to tax professionals the “Electronic Account Resolution” program (EAR).

By James Leimbach, EA

EAR will, quite simply, enable tax professionals to quickly resolve their clients’ IRS individual or business account problem(s) via the Internet in a secure environment. EAR will be one of several electronic services available through the IRS’ e-services Web site. The technology has been available for quite some time now; implementing it, though, was easier said than done.

Thanks mainly to the more than 250 Enrolled Agents who participated in the IRS’ prototype named Practioner Secure Messaging System (PSMS), that capability is now becoming a reality.

The PSMS—launched in February of 2000—was the test project designed to precede the nationwide implementation of the EAR program. PSMS participation was limited to only EAs who met, among other criteria, a high level of involvement in the e-file arena. The prototype testing involved test-case scenarios as well as live cases submitted by EAs. As can be expected with the implementation of any new security intensive Internet technology, problems did arise. The intent of PSMS was to iden-

tify and develop the procedural and software corrections for the problems encountered.

“For the first time in the history of the service, we demonstrated the capability to interact securely with our practitioners over the Internet to resolve account-related inquiries” wrote Terence H. Lutes, Director of Electronic Tax Administration (ETA) in his email to the PSMS participants. Unfortunately, due to budgetary constraints, the IRS was forced to discontinue the PSMS prototype on May 1, 2002. Initially, the EAR program was scheduled for nationwide implementation last fall; however, due to the demands of project management and testing, the IRS found that a more realistic date will be after the 2003 filing season.

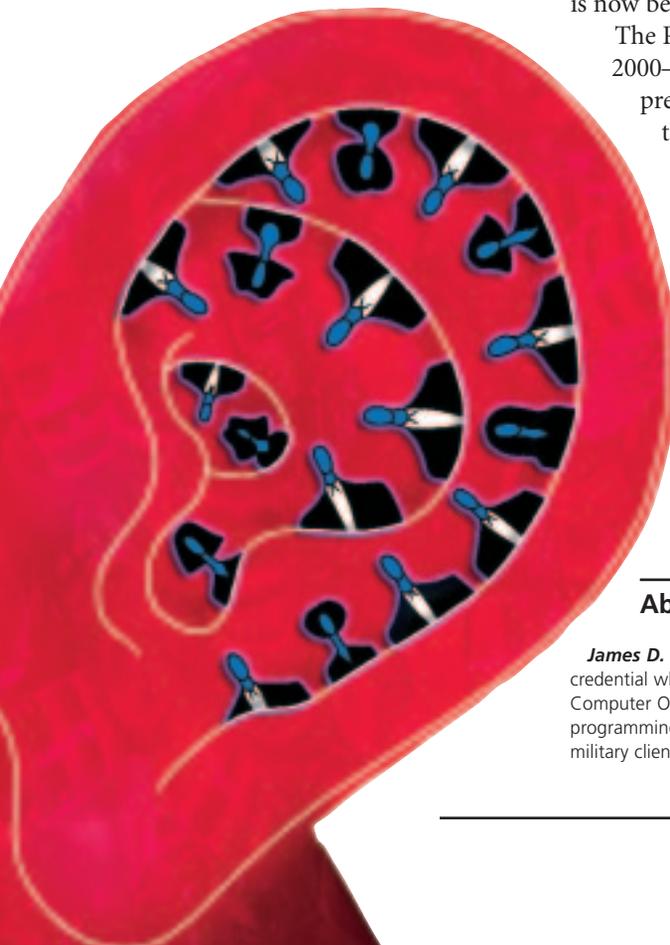
Operating the prototype was invaluable not only for the IRS, but also for EAs. The EA profession was the only one selected to participate in the prototype testing of what will have a profound impact on all tax professionals in future representation before the IRS.

Unlike PSMS, EAR will be much easier to use. The PSMS system required users to download and install a Digital ID on their computer. The IRS’ PSMS Web site then

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## About the Author:

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used the Digital ID to ensure that the user connecting to the site had authorized access. Without the Digital ID, nothing could be accessed on the PSMS Web site, not even the home page.

In addition to the Digital IDs required, all users had to install Rivest-Shamir-Adleman (RSA) Security Keys on their computers. The RSA Security Keys were required in order to decrypt the encrypted email the IRS sent in reply to the user's PSMS submission.

Instead of Digital IDs and RSA Security Keys, the EAR system will utilize a transparent version of the Secure Sockets Layer (SSL) software—an IRS issued PIN number and password. Users will go to the IRS' e-service site and simply log on. The elimination of Digital IDs and RSA Security Keys was a major improvement in streamlining access for users, particularly for AOL users.

A significant problem encountered with the PSMS system for AOL users was the encrypted email they received. The AOL software was unable to handle decrypting the IRS' email due to it being in a Secure/Multipurpose Internet Mail Extensions, (smime) .p7m format. This major roadblock required AOL users to set up a separate email account with another email service such as Microsoft's Hotmail and use other software such as Microsoft Outlook Express in order to access and read the encrypted email.

All of those previous PSMS security problems will be eliminated with the use of SSL, IRS issued PINs, and passwords. To be sure, security is a paramount issue for the

IRS in implementing the EAR program. By utilizing SSL encryption, the IRS' security concerns have been resolved. Users will log on to the EAR system via a transparent security system and retrieve their IRS email response(s) from a secure mailbox.

As with the PSMS system, EAR will require the user to have a Form 2848, Power of Attorney (POA) or equivalent on file with the Centralized Authorization File (CAF) system prior to being granted access to a client's account.

To handle the POA requirement, the PSMS system had a dedicated fax machine for its users. After transmitting the POA, users would usually have to wait 1–3 days for the POA to be manually input into the CAF system before being able to address a client's account electronically.

With the EAR system, users will access the IRS' Web site and prepare a Disclosure Authorization (DA) application which is an electronic alternative for submitting a POA. Once the form has been filled out completely, the user hits "Submit" on the screen, and the DA is immediately processed into the CAF system. Practitioners will then be able to immediately access their clients' accounts electronically.

Another constraint for PSMS users was the inability to electronically obtain IRS transcripts such as an IRP, IRME, etc. The Transcript Delivery System (TDS), which is a separate IRS e-service from EAR, will resolve that problem by enabling practitioners to obtain transcripts from the IRS' secure Internet site.

The TDS system is planned for implementation at roughly the same time that the IRS unveils the EAR Program in 2003. TDS will not be a direct part of the EAR system, but instead a separate electronic option.

The ability of a tax professional to resolve a client's IRS account problem in a matter of hours via the Internet as opposed to weeks or months using the postal system is worthy of every EA's attention.

With the nationwide implementation of the EAR, DA, and TDS systems, tax professionals will be able to have POAs processed immediately into the CAF system, obtain transcripts in a matter of minutes, and resolve client account problems in a matter of hours.

As a client with an IRS account problem, which of the following would you rather engage:

**1. A tax professional who estimates 4–8 weeks (or more) for resolution of your IRS problem?**

**OR**

**2. An EA who estimates a few hours to resolve your problem?**

This is a major change for our profession and it is one that we can all participate in and help nurture to become what our clients, the IRS, and we need.

The bottom line is that two-thirds of the EAR name already has our EA credential in it. We, as EAs, need to take advantage of this golden opportunity. **EA**