President's Letter

In January, I represented the ATA at a conference on "The Reduction of Income Tax Complexity." The program was sponsored by the AICPA Tax Division and the ABA Tax Section. Over 200 tax practitioners paid a $500 registration fee (plus travel expenses) and spent two days of otherwise chargeable time to listen to academic discussions about tax reform. I was very impressed by the fact that the practitioners went to the conference with no hope that what they learned there would enable them to increase their charges to clients. Moreover, for most of those in attendance, it was not the first time these professionals had spent non-chargeable hours in the interest of improving the tax system.

Many of the participants were a part of the successful collegial efforts by the AICPA and ABA to reform the installment sales rules and Subchapter S in the late 1970s and early 1980s. Moreover, the recent experience with the Tax Reform Act of 1986, and the regulations promulgated thereunder, have led the practitioner to believe that the formulation of tax law and tax policy is too important to be left to the Government. This is true because often the government employees charged with the responsibilities of developing the law have had little experience in applying the tax laws. However, the tax professionals learned that by drawing from the pool of knowledge possessed by the tax professionals with a variety of backgrounds and perspectives, a synergy is created that can result in a better tax system than any one group could produce. And "better" does not necessarily mean that the professional's clients experience a reduction in tax.

Representatives of the two groups of tax professionals will conduct a post conference review and specific plans will then be formulated. However, it seems apparent that the conference is only the beginning of what will become a monumental and significant undertaking. I also got the impression that the focal point of early efforts would be on low income taxpayers.

I told the conference planning committee that the ATA members were not only willing, but were anxious, to participate in this collegial effort. I mentioned that we have something to offer, in addition to cheap labor, in that many of the members have taught tax courses for a number of years and in the process have grown to recognize the needs for the reduction in complexity and specific areas where this can be achieved. Moreover, ATA members are interested in directing their research to areas where they can see the current need.

As I sat there in awe, listening to renowned tax authorities (e.g., Betty Jackson and Sally Jones), I repeatedly heard issues being raised that cried for the type of research that ATA members could conduct. For example, there was a discussion of the numerous hurdles that have been raised for tax shelters. Immediately, I wondered about how many more taxpayers would enter and complete the race if a few of the hurdles were taken off the track. For each topic there was discussion about the trade-off between simplicity and equity. I often thought about how nice it would be if these variables were quantified. Laws were criticized because of their compliance costs and I thought about the need for a uniform measuring tool for the cost of compliance.

As a starting point in the ATA's efforts, I would appreciate hearing from ATA members who are particularly interested in working on reductions in tax complexity for low income taxpayers (complexities arising from, e.g., the earned income credit, abandoned spouse, head of household). Members who have participated in the VITA program and who frequently teach the introductory tax course probably already have some good ideas.

Please copy and complete the form below, if you are interested in working on a task force to address tax complexity reduction for the low income taxpayers. You may participate even though you are a member of another ATA committee.

---

I would like to participate in the tax complexity reduction project.

Name ____________________________

Address __________________________

Return the form to Gene Seago, Virginia Tech, Department of Accounting, Blacksburg, Virginia 24061.
# ATA Regional Meetings

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Since most of the Regional Meeting Program Chairpersons were in the process of finalizing the programs when this Newsletter went to press, the above schedule is only tentative and is subject to change.

In response to the great success of last year’s program, KPMG Peat Marwick will again offer a technical tax update program prior to each of this year’s AAA regional meetings. These programs, which qualify for CPE credit, will again focus on current developments in selected areas of taxation.

The Peat Marwick Foundation will again pick up the cost of one night’s lodging and will provide three meals for program participants on the day of the program.

A brochure describing the technical update program and providing registration information will be mailed to all academic members of the American Taxation Association. If you have not received a brochure by February 1, you may obtain one by writing to Peat Marwick at the following address:

KPMG Peat Marwick
Three Chestnut Ridge Road
Building 1-1
Montvale, New Jersey 07645
Attn: Elizabeth Ernst

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**SPECIAL OFFER FOR MEMBERS OF THE AMERICAN TAXATION ASSOCIATION!**

Subscribe to *Journal of Accounting and Public Policy* at Half Price! Edited by Lawrence A. Gordon and Stephen E. Loeb of the University of Maryland, this quarterly journal from Elsevier/North-Holland explores the interaction of accounting with a wide range of disciplines including economics, public administration, political science, social psychology, policy science, and law. Members may subscribe to Volume 9 (1990) at a special price of $21, a savings of 50% off the regular subscription price of $44. (Non-U.S. members should add $19 for postage and handling.)

**NAME**

**ADDRESS**

Please make check payable to Elsevier Science Publishing Co., Inc., and mail to Stephen E. Loeb, College of Business and Management, University of Maryland, College Park, MD 20742.

**CALL FOR 1990-91 ATA COMMITTEE MEMBERS**

If you are interested in serving on an ATA committee during 1990-91, please send your name, address (including summer address if different) and interests to: Kenneth H. Heller, Department of Accounting, School of Business, George Mason University, Fairfax, VA 22030. Please respond by April 15, 1990.
IRS Makes TCMP Data Available
By: R. L. Plate, Director, Research Division

In an earlier article in the ATA Newsletter, I explained that for the past 25 years, the Taxpayer Compliance Measurement Program has been the Service’s primary long-range research program to measure tax compliance. We have developed a plan to make TCMP data available to researchers on an equitable and competitive basis.

This plan was announced at the 1989 IRS Research Conference. The theme was the impact of the Tax Reform Act of 1986. The 1990 IRS Research Conference will be held on November 15-16, 1990, in the IRS Auditorium, Washington, D.C. The theme will be How Do We Affect Taxpayer Behavior? The Case for Positive Incentives, Assistance or Enforcement. Researchers who have papers or ideas to contribute to the 1990 conference should contact the Conference Coordinator, Joseph R. Weikel, P.R., 1111 Constitution Ave, N.W., Washington, D.C. 20224, telephone 202-376-0155 or 202-376-0210.

The following announcement was distributed at our recent research conference:

Since the early 1980s, the Internal Revenue Service has actively encouraged tax compliance research. However, to protect taxpayer confidentiality and audit selection formulae, the IRS has been unable to release microdata on tax examinations to outside researchers.

Limited IRS staff and computer resources will be made available for tax research involving TCMP databases. These databases contain the results of intensive audits of probability samples of individual and corporate tax returns. The information recorded on these data sets includes both the taxpayer-reported and examination-determined levels of tax items on returns. This program is among those recommended by the National Research Council in Taxpayer Compliance, Volume 1, An Agenda for Research.

Proposals will be accepted on a competitive basis. The proposals may address a wide range of areas within tax administration and tax policy, such as: The relationship between tax complexity and tax compliance; The influence of tax legislation on tax reporting behavior; The effect of IRS programs on tax compliance; and The nature and dimensions of tax compliance.

Proposals will be judged by their quality, their potential contribution to the IRS and the research community, and the level of IRS resources required by the project. Under no circumstances will a proposal be approved if it is judged by the IRS to have the potential to compromise either individual taxpayer identities or IRS audit selection criteria.

To the extent possible, model development and any necessary computer programming will be the responsibility of the researcher. However, IRS staff will perform the actual data analysis. Microdata will not be released. Researchers will not be compensated by the IRS for their own time or any expenses related to this project. Prior to submitting a proposal, interested researchers must request an informational packet by writing to:

IRS Research Division
Attn: Compliance Research Coordinator
Internal Revenue Service
1111 Constitution Ave, N.W.
Room 301
Washington, DC 20224

The deadline for proposals is March 30, 1990. The informational packet will describe the features of the TCMP databases as well as guidelines for submission and review of research proposals.

A TCMP Handbook was prepared to describe the purpose, background and process of TCMP. Following is an excerpt from this handbook on the Purpose of TCMP:

"The primary mission of the Internal Revenue Service is to foster voluntary compliance with the tax laws. Stated simply, voluntary compliance means that taxpayers file accurate, timely and fully paid returns without IRS enforcement efforts. To promote compliance, the IRS conducts different types of civil and criminal enforcement programs. It also measures the operational results of these efforts. However, since the Service’s enforcement efforts are devoted primarily toward areas of noncompliance or sources of potential additional revenue, the operational results do not measure levels of compliance or noncompliance."

The TCMP is designed to measure taxpayer compliance on all three dimensions of the tax filing responsibilities: the filing of an 1) accurately completed, 2) timely and 3) fully paid return. Therefore, TCMP provides management with information necessary to evaluate the achievement of the primary mission of the Service. The statistical results of a TCMP survey define the noncompliance problem studied and its major characteristics so that alternative applications of limited IRS resources to solve the problem can be evaluated. For example, by comparing what taxpayers report on their returns with what a tax audit determines should have been reported by law, a TCMP survey of returns filed can help determine what tax revenue would be if all filers of tax returns complied with the tax laws and paid their tax obligations.

In addition, other TCMP studies can provide data on the degree to which required returns are filed and characteristics of delinquent returns. While TCMP studies provide such evaluative and planning data, they are integral parts of enforcement programs designed to determine the correct tax liability of each taxpayer. They represent the only IRS enforcement programs in which taxpayers are randomly selected for examination or collection activity.

In addition to measuring levels of compliance and changes therein, the data produced under TCMP are used to improve the efficiency and effectiveness of existing operations in such areas as selection of returns for audit, selection of potential nonfiler leads, allocation of resources, taxpayer education programs, design of tax return forms and instructions, budget submissions and general tax administration policy and systems. The Service also used TCMP data to recommend desirable changes in tax law and to determine whether special compliance-oriented studies are necessary.

In the selection of workloads, TCMP plays a major role because it provides unbiased samples (i.e., basically representing universes of filers and nonfilers) to develop and update mathematical case selection formulas. The formulas used by the IRS (discriminant function or DIF for short) to differentiate between compliant and noncompliant taxpayers provide a means of identifying cases (taxpayers) for operational enforcement purposes.
Tax Executives Institute, Inc. (TEI) is a professional organization of corporate business executives who are responsible for taxation matters on an administrative policy-making level, or whose work is otherwise primarily concerned with problems of taxation. TEI was founded in June 1944 by a prominent group of corporate tax executives. TEI has grown from 15 members to more than 4,300 and from one Chapter location to a 1989-1990 International total of 44. Approximately ten percent of the Institute's members are affiliated with Canadian corporations. TEI members are accountants, lawyers, and other corporate business employees who are responsible for the tax affairs of their employers in an executive, administrative, or managerial capacity.

TEI Education Fund was formed as a section 501(c)(3) organization in 1987 to promote better understanding and administration of the federal, state, and local tax laws in the United States and Canada through discussion groups, formal courses and symposiums, lectures, publications, or other means. To this end, TEI Education Fund, among other things, sponsors, co-sponsors, or otherwise provides support to educational programs for corporate tax executives and their staffs.

Both TEI and TEI Education Fund are headquartered in Washington, D.C.

SPECIFIC ACTIVITIES

1. Continuing Education. One of TEI's primary functions is to provide education services to its members and a forum for members to meet and share ideas, not only with one another but with government officials as well. TEI conducts seminars, schools, and conferences on U.S., Canadian, state and local, and international taxation. Generally, it holds two conferences a year—a Midyear Conference in the spring in Washington, D.C., and an Annual Conference each fall in different locations. (The 1990 Annual Conference will be in New Orleans.)

In addition, TEI sponsors three to five two-day seminars each year on specific subjects, such as Canadian audits and appeals, international tax compliance, tax-related computer developments, mergers and acquisitions, and corporate tax management. These specialized programs, as well as the Institute's perennial conferences and courses, feature presentations by senior government tax officials, highly respected tax practitioners, and qualified panels of TEI members.

TEI Education Fund sponsors one-week schools at university campuses on international, state and local, and federal (Level I and Level II) taxation. Members and employees of members' companies may attend these programs, which are generally budgeted on a break-even basis.

In addition, the Institute's 44 Chapters (each of which belongs to one of TEI's nine geographic regions) hold regular meetings on current matters of interest to tax executives, and sponsor regional and other educational forums. Computer user groups are active in most of the Chapters.

The Institute has established and maintains an electronic bulletin board, which is intended to facilitate the interaction between members as well as to convey information to the membership on the Institute's technical activities as expeditiously as possible. TEI members can subscribe to the bulletin board for a nominal charge.

2. Technical Activities. TEI participates in the United States and Canada in the development of tax policy and procedures on the federal, state, and provincial levels. TEI submits position papers on a range of tax matters to the Internal Revenue Service, the Department of the Treasury, and the tax-writing committees of Congress (in the United States), and to the Department of Finance, Revenue Canada-Taxation, and Revenue Canada-Customs and Excise (in Canada).

Given the diversity of membership, TEI focuses on administrative matters, but also engages in advocacy work on policy issues; in this regard, it primarily works on technical regulatory issues with the Department of the Treasury and the IRS (and their counterparts in Canada). On some issues, such as penalty reform, simplification, and forms development, TEI provides testimony and submits position papers to Congress and Parliament.

TEI also holds regular liaison meetings with officials of the legislative and administrative branches of state, provincial, and federal governments.

3. Publications. TEI publishes a bimonthly professional journal, The Tax Executive. The publication includes articles on timely issues of tax policy, administration, and management; reprints the Institute's position papers and testimony, as well as the minutes of official liaison meetings with federal, state, and provincial government officials; and serves as the conduit between the Institute and its members as well as between the members in the various Chapters.

TEI members receive The Tax Executive as part of their membership. Subscriptions to the magazine are available to nonmembers.

ELIGIBILITY

Tax Executives Institute's membership is open to all tax executives who hold a position in tax management operations of a profit-oriented business, but not to public tax practitioners.

To be eligible for membership, the applicant must (i) agree to observe the Institute's Standards of Conduct; (ii) have a minimum of five years of corporate tax experience or its equivalent; and (iii) be sponsored by an individual who has been a member of the Institute for a minimum of three years.

UPDATE ON PLANS FOR ATA COMMUNICATIONS NETWORK

The Committee on Computer Usage is in the process of exploring the restarting of ATACOM, the communications network of ATA. The network operated in 1986 and 1987 but was discontinued for lack of interested users. The Committee is hopeful that the membership has now become computerized and modernized to the point where the network will serve ATA by enhancing vital communications. The proposed new network would have an unlimited ability to facilitate communication through the transmission and storage of information. Use of ATACOM would range from the private use of as few as two individuals to any desired segment of the membership.

Some unsolicited requests for the restarting of the ATACOM have been received and there is a need for additional demonstrated interest. Do you know of communication needs that could be handled by a communications network? For you, for your committee or for ATA? The Committee on Computer Usage needs information concerning possible uses of the network to provide a basis for the efforts to restart ATACOM. HELP!

The Committee also needs volunteers to serve as managers of the various facets of the prospective network. Call or write to Don Marshall, Cal State Fullerton, P.O. Box 34080, Fullerton, CA 92634-9480; (714) 773-2225 with ideas, suggestions and requests, or to volunteer.

AICPA Personal Financial Planning Division Hosts Forum for Educators

Don Marshall

On January 7 the Personal Financial Planning Division of the AICPA played host in Palm Beach Gardens, Florida to a group of educators for a forum on the subject of Personal Financial Planning (PFP). The purpose of the forum was twofold: first, to inform educators about PFP developments in both accounting practice and at the AICPA, and, second, to seek the input of educators concerning the role of colleges and universities in the preparation of individuals for the personal financial planning field. Many of the participants were members of ATA. Topics addressed at the forum included:

- Representatives of accounting firms described their approaches to the development of their PFP practices. Comments indicated that, while firms have different approaches, PFP is here to stay, and that students need to have the opportunity for exposure to the fundamentals of PFP. New employees will typically go through several years of experience and training before entering the PFP practice.

- The AICPA PFP Division, begun in 1986, now has approximately 8,500 members. In the same year, the AICPA created its first voluntary accredited specialist designation called the Accredited Personal Financial Specialist (APFS). Over four hundred CPAs have the APFS designation and many more are expected to follow. To meet the need for knowledge in personal financial planning, the AICPA Continuing Education Division has created several CPE courses covering this topic including a seven-course series that results in a Certificate of Educational Achievement in PFP.

- Preliminary results of a survey by Barry Broden and Don Marshall indicate that most administrators of accounting departments have little or no knowledge of the developments in the PFP area within the AICPA. Most courses and programs dealing with PFP are currently housed in Finance departments and Indications are for the continuation of that trend. The anticipated results of the survey include an inventory of current educational efforts in the PFP area, some guidelines for the content of an Introduction to PFP course, and a model for a PFP degree program.

- Discussion at the forum centered around the questions of what the appropriate educational preparation of a personal financial planner should be, whether it should be at the undergraduate or graduate level and where it should be housed.

ATA MEMBERSHIP DRIVE

We need your assistance in recruiting new ATA members. If you would like membership brochures to give to practitioners, professors, or students, please write or call:

Shirley Dennis-Escotter
Department of Accounting
University of Miami
P.O. Box 248031
Coral Gables, FL 33124
(305) 284-5492

ADVANCES IN TAXATION CALL FOR MANUSCRIPTS

Advances in Taxation, a refereed academic tax journal published annually, is soliciting manuscripts from members of the American Taxation Association and graduate students. Academic articles on any aspect of federal, state, or local taxation will be considered. These include, but are not limited to, compliance, computer usage, education, law, planning, and policy. Interdisciplinary research involving economics, finance, or other areas is also encouraged. Acceptable research methodologies include any analytical, behavioral, descriptive, legal, quantitative, survey, or theoretical approach appropriate to the project.

Interested authors should submit an abstract and three copies of their typed papers. The paper should be double spaced on 8-1/2" by 11" paper. All references and the bibliography should appear at the end of the paper, and should follow the guidelines of The Accounting Review. Manuscripts should be sent to: Professor Jerrold J. Stern, School of Business, Indiana University, 801 West Michigan Street, Indianapolis, IN 46202-5151.

If any author has a question as to the suitability of his or her research for Advances in Taxation, please call Professor Stern at (317) 274-4936.
Call for Papers at Annual Meeting is Toronto

The ATA Annual Program Committee urges ATA members to submit papers for the 1990 AAA Annual Meeting August 9-11, 1990 in Toronto, Ontario. The theme is "Managing Change." All submissions must be made to Gary Previts, Case Western Reserve. There are several changes that ATA members should note. 1) There will be a $15 submission fee for each paper or panel idea submitted. 2) Papers not accepted for a regular session may be considered for informal presentation in a poster session.

Because of these changes, ATA members should carefully read the call for papers in the Accounting Education Newsletter. Also, the only way to increase the number of sessions allotted to tax topics is to increase the number of paper/panel submissions. Because of the new submission fee, papers for the dissertation research section will have to go through the regular paper submission process. If you know of recent PhD's who have not yet published their research, please encourage them to submit a paper. If you have any questions about the ATA portion of the annual meeting, contact:
Cherie J. O'Neil,
Virginia Tech
Department of Accounting
3007 Pamplin Hall,
Blacksburg, VA 24061

ATA NEWSLETTER DEADLINES

The deadlines for submitting information to the ATA Newsletter are as follows: Summer 1990 Issue - May 7, 1990 and Fall 1990 Issue - September 24, 1990.

Please send information to:
Barry P. Arlinghaus
317 Laws Hall
School of Business
Miami University
Oxford, Ohio 45056
Phone: 513-529-6216

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