

Chairman Cardin, Chairman Wyden, Ranking Member Crapo, Ranking Member Ernst, and members of the committees, I sincerely appreciate you inviting me to share my perspectives on the tax literacy gap and how the IRS and SBA can better coordinate and improve services. Tax literacy, competence or knowledge of the tax code and laws, is a challenge to many individuals and small business owners. I developed my initial tax literacy while completing my undergraduate degree in accounting and later demonstrated my competence when I earned my Certified Public Accountant (CPA) license. When I meet people and share that I'm a CPA, there inevitably is a reference to taxes, after which I laugh and then reveal that I haven't been a practicing tax accountant in decades but am fortunate to have many talented tax accountants in my network. Like many other Americans, I have multiple roles, including that of small business owner. I realize however that for many of my fellow small business owners, especially minority owners, tax literacy is not their comfort zone nor greatest area of expertise.

For the past two and a half years, I've had the privilege of working as an accounting subject matter expert and facilitator with Morgan State University's Baltimore Means Business (BMB) entrepreneurship growth program. In that role, I facilitate training and provide business advice for aspiring and established minority small business owners. I introduce participants to topics and practical information necessary for running the day-to-day operations of a growing business. I secure subject matter experts to participate in a panel discussion of small business accounting, tax, and technology issues. While supporting the BMB program, I've met with over one hundred entrepreneurs and small business owners and during each panel discussion, most of the questions centered around taxes. One of my guest panelists, Albert Hurston, CPA, shared that "taxes are really complicated to a lot of small business owners because they know that there are a lot of rules and regulations, but they don't understand which rules apply to them." In addition to not knowing which regulations apply to them, many minority business owners are unaware of the tax incentives available to them. This lack of understanding and lack of knowledge can have a significant and direct impact on the success and financial health of the business. I suggest that the SBA improve advertising and promotion of the tax planning resources provided by SBDCs.

Many minority serving institutions (MSIs) and historically black colleges and universities (HBCUs) have entrepreneurship accelerator and business incubator programs. The IRS should consider coordinating with those MSIs and HBCUs to provide resources to support tax literacy workshops and seminars to the entrepreneurs and small businesses owners participating in the programs.

Small business owners and tax practitioners who proactively call the IRS to seek assistance often experience extremely long wait times. The IRS should continue to implement changes to reduce the long wait time for IRS customer service calls. In preparation for the roundtable, I contacted fellow CPAs for input. Samantha Bowling, CPA suggested that the IRS provide a small business supported hotline or chat option on the IRS website. Mr. Hurston suggested that the IRS provide more examples of "important taxes to understand for service providers" or "important taxes to understand for restaurants" or similar types of information that could be helpful for many small business owners.

Testimony of Avonette Blanding, CPA, MBA and Owner of Blanding Financial Solutions LLC  
U.S. Senate Committee on Finance and the Senate Committee on Small Business and Entrepreneurship  
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In summary, small business owners want to comply with the tax code and understand their tax obligations but they also want to understand and take advantage of the tax incentives that are available.

Thank you for your time and I look forward to your questions and answers.