

May 22, 2014

Practitioner Liaison Meeting (PLM)

Boise, ID

8:00am – 11:00am

Attendees:

- John McGown, Facilitator of PLM, Idaho State Bar Association (ISBA)
 - Laura Hartwig, Idaho Society of Certified Public Accountants (ISCPA)
 - Lafonda Merrick, Idaho Association of Public Accountants (IAPA)
 - Robert Howe, Collection Bureau Chief, Idaho State Tax Commission (ISTC)
 - George Brown, Deputy Attorney General, ISTC
 - Kurt Stadlbauer, JR Simplot Company & Tax Executives Institute
 - Jason Bell, Criminal Investigation Division, Internal Revenue Service (IRS)
 - Tina Stuck, Taxpayer Advocate Service, IRS
 - Kim Boyack, Senior Stakeholder Liaison, IRS
 - Brent Allred, Exam Group Manager, IRS
 - Brett Heiner, Collection Analyst, IRS
 - Larry Ingram, Idaho Department of Labor
 - Bob Aldridge, ISBA and Trust & Estate Professionals of Idaho, Inc. (TEPI)
 - Silvia Gonzalez, Low Income Taxpayer Clinic, La Posada
 - Patty Davis, IAPA
 - Miri Gillihan, Idaho Association of Tax Consultants (IATC)
 - Emily Call, IAPA
 - Ron Caron, ISBA
 - Chris Moore, ISBA (via phone)
 - Debra Mardanlou, Governmental Liaison, IRS (via phone)
 - Kristen Hoiby, Area Manager, Stakeholder Liaison Field, IRS (via phone)
 - Sharon Matthies, Tax Automated System Specialist, ISTC (via phone for about 30 minutes)
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Meeting Summary

CID Update

Jason Bell, Acting Group Manager

Jason is acting for Tyler Hatcher and will be transitioning to become the new Supervisory Special Agent as Tyler has accepted a new position and will leave at the end of June.

They focus a lot on identity theft as it is a growing problem. Criminals look at it as easy money and safer than some other endeavors. They are seeing more gang activity in tax-related identity theft. They are also interested in getting information on unscrupulous return preparers.

There are currently 11 Special Agents in Boise, 10 after Tyler leaves. There will be a nationwide hiring of Special Agents opening June 2nd. Information can be found through www.usajobs.gov. Education requirements include a 4 year degree and 15 accounting hours. A foreign language has become particularly helpful. <http://jobs.irs.gov/student/criminal-investigation-special-agent.html>

Referrals are received from the IRS civil side, government agencies, the public – including informants and whistle blowers. The person making the referral can remain anonymous. IRS was very involved in the DBSI case. They have not had many “constitutionalist” cases recently. The latest was a 1099-OID scheme in eastern Idaho that was successfully prosecuted. Whistleblowers can be entitled to a reward. Confidential informants may receive compensation because we need them as an in.

Examination Update

Brent Allred, Group Manager

There is nothing really new. Employees have been receiving internal training regarding identity theft. He has had to take three new online courses.

We currently have 16 Revenue Agents working cases in Boise and Twin Falls. Two are working promoter cases. They are always interested in getting information on those that are promoting abusive tax avoidance transactions. Kate Lopez in Twin Falls is working a couple of big ones right now. As mentioned by Jason, Examination supports CID in working criminal cases.

When asked about NRP (National Research Program) cases, they will be working them at least another two years. [http://www.irs.gov/uac/National-Research-Program-\(NRP\)](http://www.irs.gov/uac/National-Research-Program-(NRP)) The NRP is a method of gathering statistical information through very thorough audits used to create a database that other returns can be checked against. The volume varies as they are very random. We have two Revenue Agents that work them and right now they are working 5 or 6 cases. Those that were examined in 2006 – 2009 are currently affecting the way current cases are selected. We are just now working 2012 returns. The initial contact letter will state if it is an NRP case.

Patti Doty, TCO (Tax Compliance Officer – Office Auditor) Group Manager is moving to Portland in mid-summer. No decision on where the two remaining Boise TCOs will be managed from but in the meantime Brent is acting manager for them. IRS will be hiring 15 TCOs nationwide.

We are currently not too involved in the ACA (Affordable Care Act). Exam has had no activity/training yet. We are currently working 2012 returns so it’s not yet relevant.

Selection process – all returns are selected by computer through comparison by business type. After selected by computer they are reviewed by seasoned agents and then again when they reach the group level. Those that don’t seem cost affective are surveyed (closed as non-examined).

Nina Olson report has two key points 1 – request for increased funding and 2 – make the tax laws less complex. Have we seen any increased resistance, with people claiming to be targeted? We did a little at first but that seems to have subsided.

Collection Update

Brett Heiner, Collection Analyst

Brett is no longer a manager – he has moved under the Area Director’s staff. He is working on a project regarding “sensitive issues” cases. These cases include Offices of Physicians, Home Health Care Services, Dentists, Child Day Care, Nursing, and Residential Care Facilities. They are considered “sensitive” because they affect other people – especially those they are caring for. Revenue Officers tend to be conservative in their enforcement approaches – hesitant to take lien, levy and seizure actions. By the time they get to the field they are often at a point where they may need to be shut down but the employee is hesitant because of the impact on the community.

Currently have 15 Revenue Officers in Idaho. The Revenue Officer in Idaho Falls is working ATAT (Abusive Tax Avoidance Transaction) cases. Since Coeur d'Alene office has closed, have to send ROs from Boise to work Northern Idaho cases.

When asked about Installment Agreement acceptance rates – may be 50% or less but at one time the default rate was 90% or higher. Financials need to be analyzed and they may need to be closed as hardship or, if it is an open business, they may need to get out of business.

Taxpayer Advocates Office
Tina Stuck, Lead Taxpayer Advocate

There were no specific systemic issues this past filing season. They have had a variety of issues across the board. Working cases that had identity theft indicators that didn't have an IPPIN or had a change of address. Taxpayers need to file for a change of address BEFORE they file their return. If they file with a different address on the return, it will hold the return up (even if they use an IPPIN). They are seeing cases with wage and federal withholding verifications. Those with zero AGI but withholding (such as social security withholding) are being asked for proof of income and withholding. Open exams on Earned Income Credit (EIC) and dependency issues are holding up refunds and may cause undue hardship on low income taxpayers. Working automated collection cases where a new financial statement needs to be secured and a new installment agreement amount needs to be established.

Jane Knowles retired in January. Tina was acting through March. Cara Joe Stanger, in Ogden, is currently acting. The secretary is currently also doing intake. They have just hired a new intake specialist from Seattle – Patricia Merriweather.

The Gem State Tax Symposium (<http://cobe.boisestate.edu/accountancy/tax-symposium/>) will be held June 12th with Nina Olson as the key note speaker. Our local office was unaware of her appearance until we were told about the symposium. Nina is tentatively scheduled to meet with the Boise TAS staff on June 11th.

Congressional Referrals: Anywhere from 1 thru 10 per week – mostly 501(c) cases. 501(c)(3) cases were 2 – 3 years behind. They are currently less than a year behind. Some congressional inquiries involve stolen ID cases.

Governmental Liaison (GL) Update
Debra Mardanlou

Debra works with state agencies, including the Idaho State Tax Commission and Idaho Department of Labor information sharing agreements. She also works congressional cases – TAS works case related and Debra works general inquiries. She works 1 – 3 per month. She is retiring June 3rd and will really miss the people that she has worked with over the past 37 years. They will be announcing her position in Utah and Idaho. Jerry Hiromoto will be covering Idaho until the new GL is selected. Currently, 75% of our executives are eligible to retire. We are only filling 1 in 3 positions. We are losing our experience because they are walking out the door before they are replaced with no opportunity to transfer knowledge. (We will miss you Debra!)

Idaho State Tax Commission
Collection Update
Robert Howe, Collection Bureau Chief

Pay arrangements <http://www.tax.idaho.gov/i-1087.cfm?seq=payarr> – typically payment agreements are an ACH Debit. Originally allowed to pay over 18 months, moved to 36 months and now are at 24 months. Will allow taxpayers to make pay arrangements online – this is an extension of TAP (Taxpayer Access Point). After January 2015, taxpayers will be able to make changes to their personal account information (name, address, phone) through TAP. Access Idaho had a security breach – taxpayers could see the FEIN (Federal Employer Identification Number) of the person that had logged in prior to them. This was corrected. Idaho is holding off on filing a Notice of Lien if the taxpayer is paying off within 6 months, since filing a Notice of Lien can affect credit. Can set up by direct debit, mail in check or pay by credit card. “Manual” pay arrangements don’t have to be automatic debit or payroll deduction. Sometimes payroll deduction is hard to stop. The ISTC Collection division currently has 130 – 140 employees.

**Idaho State Tax Commission
Innocent Spouse Procedures
George Brown, Deputy Attorney General**

New innocent spouse law was passed and follows IRS lead. The Tax Commission had the classic innocent spouse situation in mind – situation where spouse cheated on taxes, innocent spouse was unaware and we are now going after them after divorce. They are looking at possible rules regarding some of the other situations such as the instances when the taxpayers are not actually divorced. They didn’t consider equitable relief situations. However, those types of cases are very hard to get through IRS – most innocent spouse scenarios involve divorced taxpayers. Right now, as long as they have the letter from the IRS that the innocent spouse has been approved, the Tax Commission will honor it. State innocent spouse is retroactive to January 1, 2014 for letters issued by IRS AFTER January 1, 2014.

Issue brought up regarding online forms. There are a number of them that you cannot fill in or save. Several suggestions were made for improvements to the PDF forms. Issues such as different fonts, the flow of the fields (in columns rather than across), automatic totals for certain fields, carry overs from front to back of form, etc. A couple of the participants are offering to test the forms if their forms development people would like their assistance.

**Stakeholder Liaison Update
Kim Boyack, Senior Stakeholder Liaison (SL) and Kristen Hoiby, Area Manager**

A suggestion was made that we provide an overview of our latest webinar. On May 8th the Northwest Area of Stakeholder Liaison conducted a webinar titled “Getting Ready for Post Filing Season – What You Need to Know Now!” We had 259 attendees from our 7 state area. Here is a link to the PPT presentation and the resource document [Post Filing Season PPT - Grayscale Version](#) and [Post Filing Season Webinar Resource Links](#). Please let us know if you have any questions.

A couple of other items we would like to share:

- APPEALS MEDIATION PROGRAMS - Online Self-Help Tool: a way to anonymously assess if the taxpayer qualifies and explains the various steps as you move through the tool. <http://www.irs.gov/Individuals/Appeals-Mediation-Self-Help-Tool>
- IRS Webinar - Reporting of Foreign Financial Accounts on the Electronic FBAR - June 4th. Information & Registration: <http://www.visualwebcaster.com/event.asp?id=99033>
- In addition, watch for upcoming ACA webinars in September.

Kim explained Rocky Mountain Problem Solving Tuesdays - the calls are held on the first Tuesday of each month from 8:30am until "9ish" Mountain Time as a quick round table discussion with practitioners to check for any issues that might qualify for IMRS and/or the Taxpayer Advocate Service Systemic Advocacy Management System (SAMS). The next call will be held June 3rd. If you are interested in attending, please let Kim know.

Issues & Status

Issue – None

Issue Status Report – None

Roundtable & Comments

Ron Caron – Would like a contact for IT at ISTC. He would like to provide suggestions for PDF forms.

Emily Call – Specializes in Adobe and would also like to provide feedback on PDF fillable forms.

Miri Gillihan – Asked if Nina Olson was available. She last spoke at the Idaho State Tax Institute and will be speaking at the Boise State conference. She has a very tight schedule and is tentatively scheduled to speak with the Boise TAS employees.

Patty Davis – She too would be willing to help test the ISTC PDF forms.

Silvia Gonzalez – Bob is in Williamsburg, VA. Silvia is a volunteer at the La Posada Low Income Tax Clinic (LITC). If you have clients that need help, send them their way. Bob is a "bull dog" when it comes to systemic issues. The LITC is funded by an IRS grant. (Barb Lock has a similar program at the U of I Law School here in Boise – they don't prepare returns like La Posada but handle controversy.)

Bob Aldridge – (Thank you Bob for providing the coffee and refreshments.) Churches and nonprofits often have misunderstandings on sales taxes, etc. Regarding the PDF forms – can there be some automatic calculations? Typing numbers into the forms can result in typos or transpositions.

Larry Ingram - Larry is from the Idaho Department of Labor. Three rule changes that he would like to bring to our attention:

- Will require all employers to report electronically
- Worker status was tweaked a little from 14 sections to 8
- Benefits – workers off longer than 12 weeks must look for work, even if they are seasonal.

Brett Heiner – Earlier, webinar participation was discussed. He wanted to point out that he was involved in a webinar for day care providers and adult homes held in California and only 20 participated. (Often, those that don't really need it are the

ones that attend.) As he mentioned earlier, these industries often have compliance problems. LaFonda asked why IRS does not match Form 2441, Child and Dependent Care Credit amounts with care provider tax returns. Brett said in one case right now they are actually levying the parents at a day care.

Bob Aldridge – Does returns for traveling missionaries and evangelists that don't have a tax home because they have no permanent residence. Because of this, their travel expenses are being disallowed. He thinks exceptions should be made in these cases.

Kurt Stadlbauer – States admittedly will not recognize their year end. Is there a problem with IRS recognizing a 52-53 week fiscal year? If the end falls on 9/1 (closest Saturday to August 31st) it really causes a problem. Is this a systemic issue? Brett suggested he talk to Brent about it. Tina suggested he enter it in SAMS and let her know if he has any problems entering it.

LaFonda Merrick - Has had a few identity theft issues. The letters from the IRS, trying to verify if they have already filed a return when they haven't yet, really freak her clients out. She asks if her clients will get interest on their refunds when they are delayed. By statute, they should get interest if the refund is not processed within 45 days from the later of the due date of the return or the date filed. Tina said it should be automatic but if it isn't, it should be brought to IRS's attention.

She has some illegal aliens who are working under someone else's SSN and their wages are being garnished for a debt of the actual SSN owner. Can they seek relief? Yes, they may need to go through TAS to get it sorted out.

Laura Hartwig – Laura was having some problems with the Practitioner Priority Service line asking her to submit the same Power of Attorney over and over again. She submitted this problem through SAMS and had a very good experience. She received interim calls on the progress and feedback and things seem to be working better now. She just wanted to put in a plug for SAMS.

Chris Moore – Had trouble getting transcripts through e-services, is that still available? Kim said yes – TDS (Transcript Delivery Services) is still available through e-services <http://www.irs.gov/Tax-Professionals/e-services---Online-Tools-for-Tax-Professionals>. Please let her know if you continue to have problems with the system. Another option is to have your client go on line and either order transcripts to be mailed to them or order and access them right on line. <http://www.irs.gov/Individuals/Get-Transcript>

Next Scheduled Meeting

The next meeting date was decided for **Tuesday, November 18 from 8am – 11am**. Barb has classes every day except Thursday but since we couldn't find a Thursday that would work we suggested she have a field trip. ☺ If Barb can't facilitate, John will step in. Bob will bring refreshments again. Kim will reserve the conference rooms. (Kim has reserved Room 384/380.)