

November 3, 2016
Practitioner Liaison Meeting (PLM)
Boise, ID
8:30am – 11:30am

Attendees:

- Barbara Lock, Chair of PLM, Director U of I Low Income Tax Clinic (LITC)
- Kim Boyack, Senior Stakeholder Liaison, IRS
- Bob Wunderle, La Posada LITC, Twin Falls
- Brent Allred, Exam Group Manager, IRS
- John McGown, Idaho State Bar Association
- Miri Gillihan, Idaho Association of Tax Consultants
- Melissa Nelson, Idaho Society of Certified Public Accountants (ISCPA)
- Kurt Stadlbauer, JR Simplot Company & Tax Executives Institute
- Laura Hartwig, ISCPA
- Chris Barry, Revenue Operations Division, Idaho State Tax Commission (ISTC)
- Cynthia Adrian, Tax Policy Specialist, Taxpayer Resources Unit, ISTC
- Tom Shaner, Taxpayer Resources Unit, ISTC
- Brett Heiner, Collection Analyst, IRS
- Kelly McConnell, Local Taxpayer Advocate, Taxpayer Advocate Service, IRS
- Jason Bell, Supervisory Special Agent, Criminal Investigation Division, IRS
- Gwynne Lethcoe, ISCPA (by WebEx)
- Jan Walker, Government Information Specialist, IRS (by WebEx)
- Kristen Hoiby, Area Manager, Stakeholder Liaison Field, IRS (by WebEx)

Meeting Summary

Taxpayer Advocate Update

Kelly McConnell, Local Taxpayer Advocate

- Still working identity theft refund delays; although, the numbers are down. Exam and collection case numbers are about average. Thought they would have more ACA cases than they have had.
Reminder, the IRS is not permitted to issue a refund prior to **February 15th** if the taxpayer claimed an Earned Income Tax Credit or an Additional Child Tax Credit. The IRS will begin accepting and processing these returns once the filing season begins, as we do each year. That will not change so taxpayers should file as they normally do and tax return preparers should also submit returns as they normally do. Between the start of the filing season and February 15, the IRS will take all of the steps it normally does to check returns for accuracy, completeness, and to guard against identity theft and fraud. The IRS will hold the entire refund. Under the new law, the IRS cannot release the part of the refund that is not associated with the EITC and ACTC. TAS will accept and work cases with a hardship claim received prior to February 15, but will not be able to have the refund issued before February 15, as this refund hold is required by law.
- Bob asked if the taxpayer will be notified if the refund will be longer than the February 15th hold. A: We aren't sure if they will or not.

- If you notice trends that affect more than one taxpayer – that might mean we have a systemic problem. Those issues can be reported through the Systemic Advocacy Management System (SAMS) program: irs.gov/sams

Criminal Investigation Update

Jason Bell, Supervisory Special Agent

- Recent arrests have been made regarding the IRS telephone scams. TIGTA (who investigates IRS impersonations and IRS employee misconduct) announced on October 27 that they have charged 61 individuals and entities in the scams. They arrested 20 individuals in the United States and 32 individuals and five call centers in India for their alleged involvement. <https://www.justice.gov/usao-sdtx/pr/dozens-individuals-indicted-multimillion-dollar-indian-call-center-scam-targeting-us>
- One area of focus are the illegal money transferring remitters in an effort to block the transfer of wealth from the country. The United States is the number one tax haven in the world.
- Working the QRP (Questionable Refund Program) and the RPP (Return Preparer Program) involving many Hispanic taxpayers who are claiming ITIN dependents. Very hard to enforce since the preparer blames the taxpayer and the taxpayer blames the return preparer. In dealing with immigrants from all over one of the biggest problems involves cultural issues.
- Although there are a lot of identity theft victims in Idaho, they have not identified any promoters here in Idaho. They are located in other states. They steal PII (Personally Identifiable Information) so they can make the fraudulent returns look as legitimate as possible.
- Even with the recent arrests of a group of phone scammers, be aware – that will not stop the scam from other countries. Not all countries, such as those in Africa, are cooperative when it comes to investigating these criminals.
- If you come across any individuals or leads that you think Criminal Investigation might be interested in, contact Jason at jason.bell@ci.irs.gov.
- CI has 8 Special Agents – 7 in Boise and 1 in Coeur d’Alene.

Governmental Liaison Update

Jan Walker, Governmental Liaison

- With the recent reorganization in Governmental Liaison, Jan is now the IRS Government Information Specialist for Utah, Idaho, Montana and five cities in Ohio. She still works with state agencies. Congressional contacts have been moved to C&L - Communications and Liaison Division.
- The emphasis is on **protecting information**. They are looking for new ways that they can share data. The Security Summit agreement includes sharing data breaches as soon as possible and getting information out to tax preparers as soon as possible. Last year’s awareness campaign was “Taxes. Security. Together.”, this year it will be “Protect Your Clients. Protect Yourself”. <https://www.irs.gov/individuals/protect-your-clients-protect-yourself>

Exam Update

Brent Allred

- Not a lot new. Revenue Agents will not cold call. They will send a letter first, then call and then knock. They will always carry credentials.
- Focus is on flow-thru entities.
- Looking for Abusive Promotions – promoters and preparers.

- Kim shared [Reporting Abusive Tax Promotions and Promoters - IRS Resources at Your Fingertips](#) which has a link to Form 14242.
- John asked about the time share scheme. This scheme involved an organization that promoted the over-evaluation of time shares donated to non-profit organizations. They time share was appraised way over what the non-profit could actually sell the donation for.
- Bob asked what form to use. Kim shared the link in the Reporting Abusive Tax Promotions that takes you to the following chart that tells you what to do when you suspect tax fraud activity: <https://www.irs.gov/individuals/how-do-you-report-suspected-tax-fraud-activity>
- John asked about referrals from massive NOLs (Net Operating Losses). Referrals came from the public, disgruntled spouses, and Exam. Jason said that the dollar amount, health and age of the taxpayer are all taken into consideration before they work a case as criminal.
- Bob asked about Exams on ITINs. Often the examiner is disallowing withholding and sometimes even income. Sometimes pay stubs are not being accepted as proof of income or withholding. (These are correspondence exams.) The examiners are unable to locate the W-2 information. What happens to W-2s that do not match when they come to the IRS? Bob has a Counsel memo. (Kim will check into this.)

Collection Update

Brett Heiner, Collection Analyst

- Revenue Officers are out in the field and should be meeting with taxpayers face to face. Be sure to ask for a badge/credentials like we shared at the last meeting. Be prepared to give full financial information and a payment resolution. Last week had a "good day" – seized multiple stuff.
- John asked about the possibility of duplicated IRS badges? Right now don't see that being a problem. Even CID is having problems getting people to believe that they are with IRS – sometimes resulting in having so issue a summons but most are offshore. Brett advised that it is most important not to get physical with the person in case they are a real IRS employee.

Stakeholder Liaison Update

Kim Boyack, Senior Stakeholder Liaison (SL)

- Abusive Tax Promotions
[Reporting Abusive Tax Promotions and Promoters - IRS Resources at Your Fingertips](#)
- Practitioner Data Breaches/Identity Theft Updates – recent case in Oregon where the practitioners system was hacked, client information stolen and fraudulent returns e-filed using the practitioner's e-file system/EFIN.
[Practitioner Data Breaches - IRS Resources at Your Fingertips](#)
How do you check on the number of returns filed through your EFIN?
Miri put together some instructions complete with screen shots – it is not IRS approved but may be helpful:
[Check Your EFIN](#)
Here is how to check on your PTIN - <https://www.irs.gov/uac/tax-professionals-monitor-your-ptin-for-suspicious-activity>
Dorene shared a handout regarding PTINs/Identity Theft at the ISCPA Fall Updates that includes information about fraud detection:
https://tax.idaho.gov/pubs/EIS00367_10-13-2016.pdf
- Private Debt Collection (PDC) Update
[Private Debt Collection](#)

John said that a representative of Crapo's office said the reason that Congress put in the Private Debt Collection program was because IRS had too much time spent on union (NTEU – National Treasury Employees Union) activity. Will currently not collectible cases be given to the PDC? Those cases that are currently not collectible due to unable to locate or unable to contact will be assigned to the PDC – those deemed CNC due to financial hardship will not be pulled and assigned to the PDC.

- ITINs and the PATH Act
[PATH Act Changes ITIN Program Overview PPT](#)
[Publicizing ITIN Changes](#)
Bob commented that the [Notice 2016-48](#), regarding Implementation of PATH Act ITIN Provisions, comment period closes December 15, 2016. Currently we are renewing active ITINs with the middle digits of 78 and 79 – do we know the schedule – the next set of numbers? No, we do not know the next set of numbers but we will mention that practitioners would like to know so that they can advise their clients of when they can expect they'll be required to renew.
<https://www.irs.gov/individuals/individual-taxpayer-identification-number-itin>
- Audit Technique Guides on IRS.gov, including Conservation Easements (**NEW VERSION JUST POSTED 11/2016**) and Capitalization of Tangible Property (posted 09/2016)
[Audit Technique Guides](#)
- Invitation to Rocky Mountain Problem Solving Calls – 1st Tuesday of each month – 8:30am – 9ish. Contact Kim at kim.boyack@irs.gov if you would like to be included in the distribution list.
- Discussion on how PLMs might look in the future. Could be totally virtual – using WebEx or those located in Boise could meet face to face with everyone outside of Boise or unable to attend could join virtually. Kim will be retiring on January 3, 2017 and the travel budget will not allow a Stakeholder Liaison to attend in person each time. Perhaps one could be attend by Stakeholder Liaison in person and the other virtually. Kelly McConnell said that he may be able to set up the computer/technology for the event.
- The question was asked about rumors that some campuses are closing. Brett said that some are closing certain functions. With e-filing, submissions processing functions are being consolidated. An internal article indicates that of the five locations – three will be consolidated through 2024. The IRS plans to conduct the site consolidations by ending Submission Processing operations in Covington, Kentucky, in 2019, Fresno, California, in 2021 and Austin, Texas, in 2024.

Idaho State Tax Commission Updates

Chris Barry

- Processing just finished opening extended returns. The numbers are up by 3.5%. Of the 4,000 identity verification letters that have not been responded to, it is thought that the majority of them are fraudulent returns. The Idaho State Tax Commission will be moving within the next two years as the building they are currently in has been sold.

Cynthia Adrian

- John Bernesconi has taken over Revenue Operations and Doreen Warren has taken over Taxpayer Resources. They are currently looking over their Power of Attorney procedures. They are also updating their refund messaging tools since their refund calls have gone up. They plan to include a status bar that will provide a visual of where the taxpayer's refund is in the process. They

are working on letters to make them friendlier and easier to understand. Bob suggested that they take a look at their lien letters. Bob also asked and Cynthia confirmed that the ISTC files their liens at the Secretary of State level rather than the county level.

Tom Shaner

- Has reviewed the legislative package. Working on formalizing the Appeals process.
 - Bob asked if the TAP (Taxpayer Access Point) payments code be in alphabetical order by last name rather than first name.
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Issues & Status

Issue – None

Issue Status Report – None

Roundtable & Comments

Bob Wunderle

- Bob could use some help in his office with ITIN renewals. Currently has done about 350 – 400.
- La Posada now has a full time attorney on staff – trying to get his salary paid as a fellowship. Needs a mentor – if anyone has someone willing to do this, please let him know by November 18th.

John McGown

- He opposes the efforts by the Republicans to impeach our commissioner. He also mentioned the US Tax Court Judge that was convicted of tax fraud.
- John shared that there will be a webinar of the California Liaison meeting – including the IRS Future State and ID Theft.

EVENT: **IRS and CalCPA Committee on Taxation Liaison Meeting**

DATE: Wednesday, November 16, 2016

TIME: 9:30 a.m. – 3:30 p.m. (Pacific Standard Time)

10:30 a.m. – 4:30 p.m. (Mountain Standard Time)

COST: **NO Cost to CalCPA Members AND Non-members**

REGISTER: <http://www.calcpa.org/COT-IRSwebcast>

For the original email/schedule of events, contact Kim at kim.boyack@irs.gov.

Kurt Stadlbauer

- He has a question regarding Powers of Attorney. The board of directors designates an individual to act as a director. The individual is a CPA but does not have a CAF number. The Board Resolution designates the person to act as an officer. Some IRS employees will not recognize it, even if it has all the elements of a POA, unless it is on a Form 2848. What is our policy?

Bob Wunderle

- Asked why exceptions for taxpayers who have been separated from their spouse all year or for many years are not eligible for the grocery credit. Tom

said that he understands the concern but the change would require legislation.

Next Scheduled Meeting

The next meeting has been tentatively scheduled for **Wednesday, May 10 from 8:30am – 11:30am**. Kim has reserved Room 384/380.