

April 29, 2015

Practitioner Liaison Meeting (PLM)

Boise, ID

8:30am – 11:30am

Attendees:

- Barbara Lock, Chair of PLM, Director U of I LITC
 - Jason Bell, Criminal Investigation Division Group Manager, IRS
 - Bill von Tagen, Idaho Attorney General, ISTC
 - Kelly McConnell, Local Taxpayer Advocate, Taxpayer Advocate Service, IRS
 - Bob Wunderle, La Posada Low Income Tax Clinic (via phone)
 - Brett Heiner, Collection Analyst, IRS
 - Robert Howe, Collection Bureau Chief, Idaho (ISTC)
 - Nick Merrick, Idaho Association of Public Accountants (IAPA)
 - Emily Call, IAPA
 - Kurt Stadlbauer, JR Simplot Company & Tax Executives Institute
 - Laura Hartwig, Idaho Society of Certified Public Accountants (ISCPA)
 - Gwynne Lethcoe, ISCPA
 - Melissa Nelson, ISCPA
 - Doreen Warren, Revenue Operations Division Administrator, Idaho State Tax Commission (ISTC)
 - Brent Allred, Exam Group Manager, Internal Revenue Service (IRS)
 - Patty Davis, IAPA
 - Miri Gillihan, Idaho Association of Tax Consultants (IATC)
 - John McGown, Facilitator of PLM, Idaho State Bar Association (ISBA)
 - Bob Aldridge, ISBA and Trust & Estate Professionals of Idaho, Inc. (TEPI)
 - Kim Boyack, Senior Stakeholder Liaison, IRS
 - Todd Wadsworth, Cooper Norman
 - Jan Walker, Governmental Liaison, IRS (via phone)
 - Kristen Hoiby, Area Manager, Stakeholder Liaison Field, IRS (via phone)
 - Guest Speakers (via phone):
 - Philip Oyoyo, Team Manager Portland (Exam Issues)
 - Marlene Okajima-Garcia, Seattle (Collection Issues)
-

Meeting Summary

Taxpayer Advocate Update

Kelly McConnell, Local Taxpayer Advocate

- Identity Theft – makes up about 20-25% of their case load
- Nationally TAS has about 31,000 Identity Theft Cases
- Thought they would have more ACA cases but not many. Usually a copy of the Form 1095-A will clear things up.
- New TAS website that is more compatible with personal devices.
<http://www.taxpayeradvocate.irs.gov/>
- Promoting Taxpayer Bill of Rights

- Bob W. – Use the “Right to be Informed” when trying to abate penalties for Foreign Workers who did not realize they had a filing requirement.
- Bob A. – Working with Association of Counties to come up with streamlined death certificates
- Kurt – There are very clear procedures for identity theft victims – does TAS ensure that taxpayer’s follow these? A: Yes, TAS directs taxpayers to follow the procedures – there are exceptions in certain situations, such as hardships
- John M – Personal experience is the best teacher ☺ Kim shared that she had her ID stolen and so did Kurt. Kim and Kurt shared their firsthand knowledge of the procedures. Idaho does require a copy of the Social Security Card where IRS does not.

Examination Update

Brent Allred, Group Manager

- Flow-Through Entities – These partnership audits can involve thousands of partners and various tiers of entities.
- NRP – National Research Program – 2009-2011 – better enables us to identify the tax gap.
- Kurt – Do the flow-through entities include 1120-S? A: Yes, range of income determines if worked by SBSE or LB&I. Generally no income limit – if it looks bad, will look at it.
- Staffing – 2 Tax Auditors, 10? General Case Revenue Agents and 4 LB&I RAs.

CID Update

Jason Bell, Group Manager

- Although lots of identity theft cases in our area, most are originating out of larger east coast cities. Finding that drug dealers are turning to tax identity theft on the side for easier money.
- TurboTax issue earlier this filing season was not a result of TurboTax being hacked it was just the software being used by the identity thieves.
- (Broke away from CID update for Appeals Presentation – Q&A after Appeals.)

Appeals Update (Presentation included below, some key points were captured here but are not all inclusive.)



Appeals

Process.AJAC Slides

Philip Oyofa, Team Manager Portland (Exam Issues)

- Distinction between roles of Compliance and Appeals
- Appeals is an independent organization within the IRS - independence from other IRS functions and the prohibition of Ex-parte communication with other IRS employees are the guiding principles & core values of the Appeals Division.
- Appeals Hearing Officers will focus on their unique and highly specialized role of settling disputes without litigation. They are not investigators or examiners.
- Exam cases coming to Appeals must have at least 365 days left on the statute.
- Will not raise new issues – if new issues arise, will send case back to compliance and allow 45 days to address new issue
- Taxpayers should fully address issues (including a review of records) with compliance and should only come to Appeals when they have reached an

impasse with compliance BECAUSE IRM section 1.4.40.4.11.5 [IRM section 1.4.40.4.11.5](#) "Exam Unagreed Closing Procedures" states that a case should not be sent to Appeals unless all requested information has been provided by the taxpayer. As a result, if you do not cooperate with compliance, you MAY not get your 30 day letter, instead, you may get a notice of deficiency, which will require you to petition tax court and will cost your client money.

- Refer to [Publication 5](#) "Your Appeal Rights and How to Prepare a Protest If You Don't Agree"

Marlene Okajima-Garcia, Seattle (Collection Issues)

- Major changes became effective in August 2014
- Offers In Compromise (OIC), if rejected, Appeals can consider an alternative basis for rejection.
- CAP Hearings are limited to sustaining collection action or directing collection to take corrective action. No collection alternatives will be discussed.
- Only consider assets previously documented but valuation would never be increased.
- Balances over \$50,000 must have Counsel opinion.
- Offers submitted during open CDP case will first be reviewed by Compliance and if rejected, Appeals will review for final determination.
- Notice of Federal Tax Lien determinations will not be made by Appeals

How can we help you?

- Be prepared to offer a settlement
- Be prepared to compromise based on hazards of litigation.
- www.irs.gov/appeals

Kim/Bob A: Q: What are factual hazards? A: A dispute between the facts as outlined by the taxpayer and outlined by the Revenue Agent. Consideration to these facts is given in determining hazards of litigation.

Kurt: Question regarding Joint Committee on Taxation – send question to philip.a.oyofa@irs.gov

John: Q: What has been the impact of this change? A: Cannot speak to the effect of this change right now, however, Appeals is in the process of gathering information regarding its effect so far and when appropriate the executives will be addressing it in a couple of months.

John: No appeals officers here in Idaho. Response: Requests for face to face conferences can be honored. We circuit ride to Boise Idaho if we have the request.

John does lectures – can he use these slides? A: Philip will check on this and get back to him. Philip has investigated and [the answer is no because these are not official Appeals slides](#). Information concerning the new Appeals policy procedure and the AJAC project can be obtained from the Appeals website. Information from the Appeals website can be used for your presentations.

If you have any questions about the Appeals process/procedures, call 503-265-3644 or email Philip.a.Oyofa@irs.gov.

Bob: Provided details on a specific case where a refund was denied based on statute because the ITIN unit lost the original return. A: Need to go to the manager if not getting a response from the Appeals Officer.

If anyone has additional questions, you can send them to Kim and she will forward them to Philip or Marlene.

Brent reminded us that there must be at least 365 days left on the statute when the case is received by Appeals and therefore an additional 30 days may be requested in order to meet that requirement.

CID Q&A

Jason Bell, Group Manager

- John – Mentioned low number of CID cases. A: Lowest number of cases and lowest employment since the 1970s. Working bigger/better cases such as International cases. Receive 3-6 cases per year from Exam. Some cases from ISTC. Not as many “tax protestor” cases – most recent has been the 1099-OID scheme.
- Refundable credits have caused the spike in ID theft. When IRS limited the number of refunds to three per account, fraudsters were caught off guard and this slowed it down some.
- An investigation is not necessarily the number of tax returns that are impacted. One promotor may have thousands of victims.

Collection Update

Brett Heiner, Collection Analyst

- Question regarding statute on multiple Offers in Compromise – each time the Form 656 is signed it includes an agreement to statute extension. So my understanding is the statute is extended in each OIC.
- Staffing – 10 Boise Revenue Officers (ROs), 1 in Twin Falls and 1 in Idaho Falls (that only works Abusive Tax Avoidance Transactions). All cases north of Riggins are worked out of Spokane.
- Sending over 5,000 referrals to Revenue Officers – Federal Tax Deposit alerts. Require personal follow up for major changes in payroll federal tax deposits.

Governmental Liaison (GL) Update

Jan Walker

- The IRS has scheduled the 2015 Tax Forums for this summer. GLs are working to secure State Revenue Departments and other state agency participation in these sessions. <https://www.irstaxforum.com/index>
- Congressional inquiries include Affordable Care Act and how to obtain Forms, Instructions and Publications.
- Phone scams – a new twist is that the scammers are using the actual names of IRS employees. They are also playing off of the identity verification letters and telling taxpayers that they should have already received a letter from IRS to get the taxpayers to provide them with personal information. Jan received a scam call and the caller ID actually said “pay phone”.

Stakeholder Liaison Update

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

- IMRS (Issue Management Resolution System) Remember to share any issues that you see with programs, procedures, and policies to Kim for further elevation. She is unable to address specific taxpayer issues but if something looks like it might be a trend, Kim can share with her counterparts across the nation to get a feel for what is going on and to determine if we need to take further action. See <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Issue-Management-Resolution-System-IMRS> for more information and examples of issues that have been worked.
 - Some issues might also qualify for the SAMS – Systemic Advocacy Management System through the Taxpayer Advocate Service. <http://www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS>
- Upcoming Events – May 12th Identity Theft Webinar. To register, click here: <https://events.na.collabserv.com/register.php?id=c9cc26b390&l=en-US>



ID Theft Webinar for
Practitioners Flyer 5-

- Rocky Mountain Problem Solving Tuesdays are held the first Tuesday of every month. If you are interesting in being added to this distribution list, please let me know.
- Any Other Ideas for Event Topics?

Idaho State Tax Commission Collection Update

Robert Howe, Collection Bureau Chief

- The phones in the Tax Commission's Taxpayer Services Department handled 12,150 phone calls over a 3 week period from April 6th through April 24th. Most of the calls, of course, were "where's my refund?" and numerous questions in regard to TAP(Taxpayer Access Point) which is our new online option for taxpayers to e-file certain returns and make payments as well as set up monthly payment plans for Individual Income Tax debt.

ISTC Revenue Operations Update

Doreen Warren, Division Administrator

- Refunds were a little slow initially due to increased awareness of potential fraud returns and other factors, but we continue to meet our standard objectives for paying refunds.
- A new initiative has been announced by the IRS Commissioner between IRS and the software industry designed to combat fraud. States are very interested in joining this effort and Idaho State Tax Commission is involved.
- Curbside service had a slight increase in participation. Missed IRS not being there.
- Bob A. mentioned the legislative partnership that they have with the Idaho State Tax Commission.
 - Working on Innocent Spouse – especially when there is just a state liability and how that will be handled.
 - Capital gain differences
- Identity Theft – is it only limited to e-filed returns? No, even though the majority of fraud returns are e-filed, the percentages are consistent with the percentage of overall returns filed electronically.
- Grocery Tax Credit fraud – not as predominant as it was but still a challenge since it is a refundable credit. Food stamp verification is a challenge. Legislation was passed to allow the tax commission to enter into MOUs with the Department of Health & Welfare and the Department of Corrections to validate some of this information. Obviously the Corrections verification will be a lot easier than the food stamp verification.
- Bob W. – State e-file allows for Direct Deposit but not Direct Debit. Is this being considered? It is being considered but there is a cost to the state involved.
 - Bob wanted to put in a plug for the Taxpayer Access Point – very much improved with verification.
- Kurt – any change to being able to save Idaho fillable PDF forms? Concern has been regarding possible disclosure of taxpayer information, especially in a public setting. Comments were made that this should not be the ISTCs concern, it should be a concern of the taxpayer using the feature. Doreen

asks that you send her emails about the pros versus the cons.
Doreen.Warren@tax.idaho.gov

Issues & Status

Issue – None

Issue Status Report – None

Roundtable & Comments

Barb Lock – Independent Contractor (employee misclassification), seeing this in attorney, financial industry and other professional industries. Others are seeing this too. Kim had a CPA call who issued W-2s to their employees for the first half of the year and converted them to independent contractors for the second half of the year. Idaho has one Employment Tax Examiner. Idaho Department of Labor and the Industrial Commission are interested in these cases as well.

<http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Independent-Contractor-Self-Employed-or-Employee>

Bob Wunderle – Notice that there has not been a tax forum in Las Vegas for the past two years. “Perception.”

Laura Hartwig – Practitioner Priority Service – some people are being hung up on after two hours of hold time – this is called a “courtesy hang up”. How many clients will the PPS serve per practitioner on one call? Kim thought 3 but will check on: *CSR's should limit the tax practitioner to no more than **five (5)** clients per call.* Per IRM 21.3.10.2.1.2: http://www.irs.gov/irm/part21/irm_21-003-010r.html#d0e242
Details on IRS.gov regarding Practitioner Priority Service:

<http://www.irs.gov/Tax-Professionals/Practitioner-Priority-Service-%C2%AE>

One practitioner reported being hung up on because it was the employees “break time”. Kim stressed that you make a habit of identifying the date, time, phone number and extensions, the employee name and their employee ID number and report to her as some of these occurrences may be a “training issue”.

Is there a timeline for resolution of Identity Theft? You should always allow IRS at least 45 days for a response, even if it is just an interim response. If you do not hear from the IRS within 45 days of your correspondence you should contact them again.

Bob Wunderle – Thought that an ID theft indicator on an account would suspend collection action. Brett – it should on the portion that results from identity theft but will continue on other debts not resulting from the identity theft.

Laura Hartwig – Is IRS aware of Doctor related Identity Theft? Yes, we are but we do not know where the breach occurred. Nothing on IRS.gov related to this issue but a couple of related articles that can be found on the internet.

<http://www.physicianspractice.com/blog/tax-related-identity-theft-scam-targets-physicians>

<http://news.yahoo.com/doctors-nationwide-victimized-id-theft-fraud-183829753.html>

Doreen Warren –

- Anything that can provide more clarification on Grocery credit – please send to her.
 - Grocery credit – residency is not clear. Clarification that grocery credit is allowed for Idaho residents regardless of physical presence.
 - PTE (Pass Through Entities) – not enough guidance in Form 43 Instructions. Doreen will provide feedback to forms / instructions committee. What is the value gained with the new PTE requirements – Doreen will follow up.

 - Bob W. – any word on an update to the Residency/Nonresidency brochure? Doreen will follow up.
 - Suggestion for Fall outreach: NOLs including new requirements
-

Next Scheduled Meeting

The next meeting date was decided for **Thursday, November 12th from 8:30am – 11:30am**. Kim has reserved Room 384/380.