

Illinois Practitioners Liaison Meeting

John C. Kluczynski Federal Building

May 06, 2015

Call to order: Theodore Sinars JD Practitioner Liaison Chair 8:30am

Stakeholder Liaison: Mike Mudroncik IRS SB/SE Communications Stakeholder Liaison Coordinator

Mr. Mudroncik introduced Mr. Craig Crews Stakeholder Liaison Central Area Manager via teleconference. Mr. Crews introduced himself and advised that he may be reached for any problems which cannot be resolved through normal channels. His telephone number is (615)250-5791 Mr. Crews Post of Duty is 801 Broadway Nashville TN 37203

Examination: Annette Jones SB/SE Operations Support Field Examination Branch 4 Program Manager Territory II Field Examination Chicago, Matteson, and Schiller Park

Ms. Jones discussed ATAP – Abusive Transactions and Promotions. Ms. Jones stated that preparer Compliance Checks (visits) are nearly complete and the focus this past season was EITC Due Diligence Compliance, Schedule C returns which indicated \$10,000 to \$14,000 of Net Income, and returns which contain Auto, Travel, and entertainment expense.. ID Theft is still a national issue - Ms. Jones reminded practitioners that once an ID Theft PIN is issued to a taxpayer such taxpayer will be issued a new ID Theft PIN each year until further notice. Examination is in the process of a new round of NRP Examinations. National Research Program Examinations are the outgrowth of the now infamous TCMP Audits. Each item on the return is examined down to the \$1 level. The entire tax return **AND** the taxpayer's wealth and status is under examination. The Fast Track Settlement Program is now available Nationwide. Examination encourages taxpayers and their representatives to use the Fast Track Settlement process when unresolved issues develop during the examination process. In each examination the IRS urges the Taxpayer and the Examiner to make mutual commitments on what is to be examined and when such may be available. A reasonable expectation of when the examination should be completed.

Wage & Investment: Sergio Guzman Senior Stakeholder Liaison Tax Consultant Customer Assistance Relationships and Education

Mr. Guzman reported on the VITA/AARP Program during the filing season: 3.3Million returns were prepared up 2%. \$3.95Billion in refunds were claimed 0% growth. 562,500 indicated additional tax due up 17%. 243,000 of those returns were due to ACA taxes. The average AGI was \$24,373, the average refund was \$1,463, the average EITC \$1,321. Illinois has 300+ AARP/VITA locations which prepared 105,000 returns; 50,000 VITA returns; and 55,000 AARP returns. VITA does not generally prepare Schedule C or Schedule returns and limits investment to Interest and Dividends. The General Income limitation is the upper dollar limit for the EITC. Each site supervisor determines what if any exceptions are made at each site. VITA volunteers were confused by the ACA Shared Responsibility and exceptions to the Shared Responsibility requirement.

Collection: David Preston SB/SE Collection Operations Field Operations Midwest Collection Program Manager Wisconsin and Northern Illinois Area Schiller Park Post of Duty

(After the Liaison Meeting adjourned Mr. Preston discussed collection topics and initiatives in depth. That discussion is incorporated herein). The principal focus of collection is employment taxes. Federal Tax Deposit Alerts FTD Alerts will be used to cold call employers who have missed a Federal tax Deposit in real time. There are approximately 5,000 FRD Alerts issued each month 1,000 in the Midwest Area alone! These will be **COLD CALLS! There is no minimum dollar limit on these calls!** The Revenue Officer will appear unannounced at the office or place of business Face to Face to educate and collect Federal Tax Deposits. The FTD Alert program is designed to be proactive an early intervention initiative – FTDs missed on Friday will become FRD Alerts on Wednesday. Rather than allow failure to deposit penalties pyramid the RO will attempt to “Nip the Problem in the Bud”. Previously FTDs are missed allowed to accumulate and a Trust Fund recovery Penalty assessed and Collection Activity commenced – often years after an enterprise ceases operation. This program is designed to eliminate cascading penalties, TFRP Assessments, and Post Assessment Collection Activities. Preventative activities become preferable to punitive activities. FTD Alerts are issued before a failure to file or a failure to pay penalty can be

assessed. Once a FTD Alert is issued Collection has a 15 day window in which to contact the taxpayer. Collection has partnered with the Federal Reserve to access taxpayer deposit data in real time. IRC 6103(e)(9) and IRM 11.3.2 discuss disclosure of return information to persons who have a material interest in such disclosure: Upon written request in TFRP case taxpayers may receive additional information on Liabilities, Additional Assesses, and Collection Activities against Additional Assesses in TFRP Cases. Practitioners are forewarned to be diligent because the IRS may be less than diligent when assessing TFRPs. Practitioners are advised that clients who ignore the interview request allow the Revenue officer little choice other than assessment of the TFRP. When a client receives a TFRP Interview request the client is best served by a demonstration of "Non-responsible Person" at the time of that interview rather than an appeal of the TFRP after assessment. Collection is now able to accept a credit reports which is current (less 6 months old).

Criminal Investigation: Steven Boyd Temporary Special Agent in Charge Chicago Permanent SAC Colorado
The obvious role of Criminal Investigation is indictment and prosecution of Tax and Financial criminals. The average sentence received by CI prosecutions is 41 months. Recently a money laundering case produced a sentence of 40 years. The Offshore Voluntary Disclosure Initiative repatriated 8Billion to compliance. The epicenter of ID Theft is Florida. The Social Security Decedent Data Base is public information and criminals search the data base for names, addresses, Birth Dates and Social Security Numbers. Many retirees are no longer required to file tax returns and their data is especially useful to schemers and scammers. CI has proposed closing the Social Security Decedents Data base to prevent the use of this data base for fraudulent purposes and abuse. Montana has surpassed Illinois in the number of public corruption convictions. CI staffing is at the lowest level since the 1970s.

Taxpayer Advocate Service: Idelle Young Taxpayer Advocate Service Program Analyst
Ms. Young is reporting for Ms. Pamela Bates who is unable to attend. The past season has been especially challenging for TAS due to reduced IRS funding levels. The Budget cuts across IRS resulted in reduced Taxpayer Service and the closing of the Taxpayer Help desks. The IRS is attempting a proactive stance in ID Theft issues; but is incurring problems when taxpayer contact is attempted. After ID Theft has been identified attempts to contact the taxpayer are naturally met with suspicion, perceived as part of the overall scam or a phishing exercise. ACA penalty abatements could include a simple letter asking for abatement or form 843 as may be appropriate.

Appeals Collection: Debra Dufek Supervisory Appeals Team Manager – Collection Field Operations East Area 13 Team 6
Ms. Dufek reported that all TFRP cases filed east of the Mississippi River will be referred to Appeals Officers rather than Settlement Officers due to staffing cuts. TFRP Allocation Settlement cases referred to Appeals must be agreed upon by all of the assessed parties as to percentage and dollar amounts. Other TFRP cases may only be compromised by appeals based on the "Hazard of Litigation". Two new informative Appeals Tax Seminars will be available this year at the Tax Forums: Basic Collection Appeals and Basic Examination Appeals.

Appeals Examination: Scott Hultsch & Jim Helfrich: Examination Field Operations West Area 7 teams 14 & 15
Messrs. Hultsch and Helfrich reported 4 Appeals Officers have vacated posts in the Chicago Post of Duty. Messrs. Hultsch and Helfrich further speculated that these positions may not be filled before late in 2016. Fast Track Mediation is now on a 60 day time schedule for SB/SE issues and 120 days for LB&I. Messrs. Hultsch and Helfrich suggested practitioners use Fast Track because typical Appeal wait times can stretch to 1 year or longer. Appeals Judicial Approach and Culture AJAK has reached the full implementation phase. Any and all additional information must be provided to the examination function or it will not be considered in appeals. Any such data submitted to appeals will be remanded for the review and recommendation of examination.

Estate & Gift Tax: Sarah Daya SB/SE Examination Operations Specialty Examinations Estate & Gift
For 2015 the Estate Tax Credit Exemption Equivalent is \$5,430,000 up from \$5,340,000 in 2014. The Annual Gift Tax Exemption remains unchanged at \$14,000.00. Ms. Daya reminded attendees that the Deceased Spouse Unused Exemption amount has been made permanent by congress but requires the filing of form 706 United States Estate and generation Skipping Transfer Tax return. Guidance is

forthcoming on the Post-DOMA US Supreme Court Windsor decision. The IRS will use the “Celebration” rule rather than the “Domicile” rule when applying the Estate and Gift Tax Rules as they may apply to Same Sex Marriages. 706 and 709 returns are hand selected for examination. Gift Tax Statutes may be extended; but Estate Tax Statutes have no extension provisions. Please be mindful of statute expiration dates when engaged in Estate Tax Examinations.

Disaster Assistance: Theresa McGill SB/SE Central Area Disaster Assistance Coordinator

Ms. McGill is coordination Disaster Outreach Programs in the Central Area which includes IL, KS, MO, NE, and OK. The IRS has a new Publication 2194 Disaster Resource Guide which includes the worksheets for both Business and Personal Casualty losses. Ms. McGill announced the development of four new IRS Disaster Videos: Disaster Loss Deductions, IRS Disaster Assistance, Planning for Business Continuity after a Disaster, and Reconstructing Records after a Disaster. These videos are available for viewing at www.irsvideos.gov.

Stakeholder Liaison: Mike Mudroncik IRS SB/SE Communications Stakeholder Liaison Coordinator

Mr. Mudroncik announced the location of the 2015 IRS Tax Forums and the Illinois Practitioner Symposiums. The Forums will be held in National Harbor MD, Denver CO, San Diego CA, Atlanta GA, and Orlando FL the dates and application are available on irs.gov. The Southern Illinois Practitioner Symposium is scheduled on September 24, 2014 at Southern Illinois University. The Northern Illinois Practitioner Symposium is scheduled to be held at the Donald E. Stephans Convention Center on October 20, 2015.

Office of Chief Counsel: Mayer Silber Office of Chief Counsel Group 2 Supervisory Trial Attorney

The Chief Counsel no longer assists in Bankruptcy proceedings. The Chief Counsel will advise the US Attorney and IRS legal Issues will now be handled by the **DOJ** (Department of Justice) Tax Division.

Adjournment: Theodore Sinars JD Practitioner Liaison Chair

The Chicago Midwest Practitioners Liaison Meeting was adjourned at 11:10am
The next meeting is scheduled December 2, 2015

Immediately following the Liaison meeting a short luncheon was hosted by Stakeholder Liaison followed by a Collection Forum chaired by Mr. Preston. The Collection forum closed at 1:10pm

Respectfully Submitted

George A. Smith EA
ILSEA 1st Vice President
Committee Chair