

## First Thursday Notes

June 3, 2021

In these calls we highlight/discuss topics that we in Stakeholder Liaison are hearing or new information that we anticipate will be of interest to Tax Professionals.

### Webinars

Please check [Webinars for Tax Practitioners](#) for upcoming Webinars -

### IRS Discussion Items (with links when provided) –

#### Practitioner Priority Service -

There seem to be ongoing questions about certain Practitioner Priority Service line services. PPS assistors will continue to work with Forms 2848/8821/8655 representatives to assist with client tax issues by providing verbally certain information from a transcript. Examples would be allocating misapplied payments, correcting math error issues, account adjustments, balance due and missing returns, etc.

The resolution of collection delinquencies will now be exclusively handled by SB/SE's Automated Collection System (ACS). We understand this is a shift in procedure. We are working to update notices to ensure the notice contains the appropriate phone number for the area that is best suited to assist with the customer/client issue.

We provided clarifying guidance to our PPS assistors that they can provide verbal account balance information, which is a common question. However, under this new division of responsibilities, they will not be able to take any actions for collection activities, including installment agreements and short-term payment plans. The taxpayer or their authorized representative must contact ACS for these account resolutions. Please note that third parties authorized via Form 8821 and Form 8655 are not authorized to act on behalf of the taxpayer to resolve collection delinquencies.

With changes to call routing, some third-party callers may need to be transferred to the correct IRS office. In order to minimize any service disruptions, we updated the PPS automated recording to say: "If your client's account is in Automated Collection System status, ACS, or you need to address balance due issues, press or say 4."

We apologize for any confusion or inconvenience that this may cause. We are hopeful these changes to the division of work will help IRS to provide better overall telephone service across our organization.

## **Advance Child Tax Credit –**

<https://www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021>

There have been important changes to the Child Tax Credit that will help many families receive advance payments starting this summer. The American Rescue Plan Act (ARPA) of 2021 expands the Child Tax Credit (CTC) for tax year 2021 only.

The expanded credit means:

- The credit amounts will increase for many taxpayers.
- The credit for qualifying children is fully refundable, which means that taxpayers can benefit from the credit even if they don't have earned income or don't owe any income taxes.
- The credit will include children who turn age 17 in 2021.
- Taxpayers may receive part of their credit in 2021 before filing their 2021 tax return.

For tax year 2021, families claiming the CTC will receive up to \$3,000 per qualifying child between the ages of 6 and 17 at the end of 2021. They will receive \$3,600 per qualifying child under age 6 at the end of 2021. Under the prior law, the amount of the CTC was up to \$2,000 per qualifying child under the age of 17 at the end of the year.

The increased amounts are reduced (phased out), for incomes over \$150,000 for married taxpayers filing a joint return and qualifying widows or widowers, \$112,500 for heads of household, and \$75,000 for all other taxpayers.

Advance payments of the 2021 Child Tax Credit will be made regularly from July through December to eligible taxpayers who have a main home in the United States for more than half the year. The total of the advance payments will be up to 50 percent of the Child Tax Credit. Advance payments will be estimated from information included in eligible taxpayers' 2020 tax returns (or their 2019 returns if the 2020 returns are not filed and processed yet).

The IRS urges people with children to file their 2020 tax returns as soon as possible to make sure they're eligible for the appropriate amount of the CTC as well as any other tax credits they're eligible for, including the Earned Income Tax Credit (EITC). Filing electronically with direct deposit also can speed refunds and future advance CTC payments.

Eligible taxpayers do not need to take any action now other than to file their 2020 tax return if they have not done so.

Eligible taxpayers who do not want to receive advance payment of the 2021 Child Tax Credit will have the opportunity to decline receiving advance payments. Taxpayers will also have the opportunity to update information about changes in their income, filing status or the number of qualifying children. More details on how to take these steps will be announced soon.

The IRS also urges community groups, non-profits, associations, education groups and anyone else with connections to people with children to share this critical information about the CTC. The IRS will be providing additional materials and information that can be easily shared by social media, email and other methods.

The IRS will provide more information about advance payments soon.

## Digital Day IRS online Services

We know the Centralized Authorization File (CAF) has been an issue for Taxpayers and Tax Professionals alike.

We've had the mail and fax option for years. It was an all-paper operation.

In January, we expanded options for Taxpayers to include the use of electronic signatures and an upload capabilities on IRS.gov to give third-parties the option to submit either a Form 2848, Power of Attorney, or Form 8821, Tax Information Authorization, as a document upload.

We moved forward with the online upload to assist Taxpayers in January as the pandemic was spiking again. It also meets the requirements of the Taxpayer First Act's Section 2302 for expanding electronic signatures.

Now we're ready to take an even bigger step to expand services to the Taxpayer by the IRS and by their Tax Professional coming out next month called Tax Pro Account.

### Which I know that many of you are VERY excited about including a:

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- Dedicated interface for tax professionals integrated with individual taxpayers' Online Account for taxpayer access to approve or reject authorization requests online
  - Secure Access by eAuth is going to allow for identify and signature authentication
  - It will be integrated with the CAF unit for real-time processing meaning that the requests are submitted, validated and approved online with no manual intervention
  - It will have the ability for electronic capture and storage of you and your client's digital signatures instead of just scanning a signature.
  - This will also be more in line with the digital and assurance level guidelines provided by the National Institute of Standards and Technology.

If you want a deeper dive on what those guidelines here is a link to that 63-page document -

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<https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-63-3.pdf>



## Tax Pro Account: Methods to Submit POAs and TIAs

Individuals have various options when submitting Power of Attorneys (POAs) and Tax Information Authorizations (TIA) to the IRS.



### Mail\*

*Paper submission, paper processing.*

#### Characteristics:

- Physical receipt of forms through mail
- Sorting and review process up to 15 days\*\*
- Paper stored in IRS files until shredded



### Fax\*

*Electronic submission via fax, electronic processing.*

#### Characteristics:

- Electronic receipt of form images
- Review and Centralized Authorization File (CAF) entry up to 15 days\*\*
- Online storage and records management



Deployed January 2021

### Taxpayer Digital Communications (TDC)\*

*Electronic submission of Forms 2848/8821 via TDC, electronic processing.*

#### Characteristics:

- Secure Access account required for submission
- Authorized third-party access to platform
- Image of electronic signature
- Review and CAF entry up to 15 days\*\*
- Online storage and records management



To Deploy July 2021

### Tax Pro Account

*Electronic submission of online equivalents of Forms 2848/8821 via Tax Pro Account, electronic processing.*

#### Characteristics:

- Dedicated interface for tax professionals integrated with individual taxpayers' Online Account for taxpayer access to approve or reject authorization requests online
- Secure Access via eAuth allows for identify and signature authentication
- CAF integration for real-time processing -- requests are submitted, validated and approved online with no manual intervention
- Electronic capture and storage of tax professional and taxpayer digital signatures using Electronic Signature Storage and Retrieval (ESSAR)
- IAL2/AAL2 compliant using Secure Access LOA-3 (NIST 83-3 compliant by FY2022)

\*Forms submitted via Mail, Fax, and TDC are processed in First In, First Out (FIFO) basis.  
\*\*Typical processing timeframe is 2 days; however, timeframe was extended to up to 15 days due to COVID.

## Upcoming Webinars

### Digital Day - IRS' Online Services

This free 100-minute webinar is open to all.

The following topics will be covered:

- Provide an overview of Online Account
- Preview the Tax Pro Account
- Plus, Q & A

Certificate of Completion is available to all participants who qualify. Tax Professionals - earn up to 2 CE credits. Category: Federal Tax

Closed Captioning will be offered.

**Registration:** To register for the event, visit the [Internal Revenue Service Webinar Registration](#) website. Questions? Email us at: [cl.sl.web.conference.team@irs.gov](mailto:cl.sl.web.conference.team@irs.gov)

**Sponsored By:** IRS Stakeholder Liaison

**Date:** June 17, 2021

**Time:** 2:00 p.m. (ET), 1:00 p.m. (CT), 12:00 p.m. (MT), 11:00 a.m. (PT), 8:00 a.m. Hawaii

**Location:** Webinar

## **Internal Revenue Service – First Thursday Stakeholder Liaison Team**

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Kristen Hoiby, Area 6 Manager in Seattle WA

## **State Revenue Discussion Items (with links when provided) –**

### **Iowa Revenue –**

**FTHB - Iowa College Savings Account** - Governor's Proclamation signed May 27, 2021, that provides an extension to owners of First-Time Homebuyer Savings Accounts to make required account and beneficiary designations to June 1, 2021. The proclamation also extends the time that owners of Iowa Educational Savings (529) Plans may make contributions to their accounts that may be considered made in tax year 2020.

**Unemployment Compensation** - The department is still working through the process of making automatic adjustments to tax returns which were filed reporting unemployment benefits as fully taxable.

**Qualifying COVID-19 grants** General Assembly recently passed [Senate File 619](#) (“S.F. 619”). Among other things, S.F. 619 permits taxpayers to exclude certain qualifying COVID-19 grant funds when determining their Iowa net income tax. The bill provides that a “qualifying COVID-19 grant” includes any grant that was issued between March 17, 2020, and December 31, 2021, identified by the [Department of Revenue] by rule under a grant program created to primarily provide COVID-19 related financial

assistance to economically impacted individuals and businesses located in this state[.]” The Department is currently working on rules to identify qualifying grants.

### **Montana Revenue –**

Montana continues to process refunds. Please feel free to call us if you have concerns regarding your refund. 406-444-6900.

The Montana Department of Revenue’s offices will officially reopen to the public on June 14<sup>th</sup>.

**Next Meeting Thursday July 1, 2021**