

Illinois Practitioners Liaison Meeting

John C. Kluczynski Federal Building

May 22, 2019

Call to order: Ted Sinars Esq

The Chicago Midwest Practitioners Liaison Meeting was called to order at 8:32 am

Mr. Sinars welcomed the practitioners to our 36th year

Stakeholder Outreach:

Craig Crews Communication & Liaison Area Manager by telephonic conference.

Mr. Crews welcomed the participants in attendance and those who attended by conference call. Mr. Crews encouraged participants to sign up for e-news for tax professionals and urged the participants to review taxpayer withholding and adjust where appropriate. The IRS has release an updated withholding calculator @ irs.gov.

Communications & Liaison:

Doug Blade Illinois Stakeholder Liaison by telephonic conference

Mr. Blade reviewed the Qualified Business Income Deduction for those in house and those on conference call.

Mr. Blade stated that approximately 40 Million Tax Payers may be affected by IRC Section 199A.

Several IRS documents should be reviewed by practitioners notably Notice 2019-07, Publication 535, IRS Fact Sheet 2019-8, and recently revised FAQs. Information is available @ irs.gov

Criminal Investigation:

Ms. Tara Sullivan Acting Special Agent in Charge Criminal Investigation Division

Ms. Sullivan indicated that she is the Special Agent in Charge Las Vegas and is currently detailed to Chicago since May 1st and has experienced all 4 seasons since her arrival! Ms. Sullivan reported the CID has moved to a "Data Driven Approach" the 6 CI data bases are now accessible at a single system the "PALINTER" System. The National Coordinated Investigation Unit (NCIU) will use data mining to target enforcement. There will also be specialized or Local Coordinated investigation units where appropriate resources need to be directed. 2 CI units are detailed to the investigation of Cyber Crimes. Identity Theft, tax Preparers crimes, and Employment Tax fraud are high on CI's activity list. CI has a 92% conviction rate on cases referred the Justice Department. The Off Shore Voluntary Disclosure Initiative has ended but the OVD unit is still active.

Collection: Special Operations Insolvency

Ms. Sherry Vahey SB/SE Supervisory Revenue Officer - Group Manager Chicago and St. Louis

Ms. Vahey reported that she manages 3 Insolvency Groups 1 in Chicago and 2 in St. Louis Mo. Requests for withdrawal of Federal Tax Liens has dropped to around 30% of the prior case load likely due to the Notice of Federal Tax Lien (NFTL) is no longer reported by the National Credit Bureaus.

Collection: Civil Enforcement Advice & Support Operations CEASO

Mr. Adrian Gonzales Director Civil Enforcement Advice & Support Operations CEASO

Mr. Gonzales reported that 600 new revenue Officers will be deployed June 1st. ROs have declined by 49% since 2011. The principal focus of Field Collection continues to be on Employment Taxes. 72% of the funds collected by the IRS are Employment Taxes. Collection will move to injunctions to compel owners and officers of companies to comply with their Federal Employment Tax Deposit requirements. Where employers fail to comply with FTDs Collection will seek injunctive relief – barring the taxpayer from hiring and maintaining employees. Collection refers cases to CI for criminal enforcement where warranted. Private Debt Collection 1.26 Million case have gone to PDC and \$145M has been collected. Smaller Collection cases < \$250K may be referred to Private Debt Collectors. CEASO uses 19 Property Appraisal Liquidation Specialists (PALS) to liquidate seized property. After an RO seizes property the PALS evaluate and liquidate the property seized. Tangible property is often sold in an auction similar to e-bay. Property listed for auction may be viewed @ irsauction.gov. 356K taxpayers have been referred to the State Department for passport revocation or nonrenewal. To date 79K passport revocation notices have been withdrawn for satisfaction of the debt.

Examination SB/SE Examination Operations

Ms. Annette Jones Program Manager (312)292-3501

The IRS is deploying 3000 new employees across SB/SE. 400 new RAs will be hired June 1st including Tax Compliance Officers (TCO) for office examination. Continuing program focus in SB/SE Examination include Abusive Tax Advisors, Abusive Tax preparers, and the National research Program (NRP). Increased emphasis and resources are deployed to examinations of High Net Worth individuals and Off Shore Compliance. 2 groups have been assigned to audit Research and Development Credits. Examinations of flow through entities will continue. Partnership examinations are up 16%.

ID Theft is the single biggest issue at the IRS. Examiners are no longer calling taxpayers prior to the examination because of phishing scams. ACA compliance forms will be examined during audits.

Carol Madison is the new Director of Examination Midwest. There are 20 new examiners in the Schiller Park and Downers Grove Posts of Duty. Each year ID Theft Victims will receive a new ID Theft PIN. Once a taxpayer is issued an ID theft PIN that taxpayer will receive an ID Theft PIN each year for life.

Appeals – Examination:

Mr. Jim Helfrich Supervisory Appeals Officer

Mr. Helfrich disclosed that he will become Appeals Team Coordination Leader effective June 1st

1 new Appeals Officer will be assigned to Chicago. Mr. Helfrich urges practitioners to use the Fast Track Mediation Process to resolve examination issues prior to a formal appeal hearing. Appeals cannot be the first finder of fact. New data presented to the appeals officer require remand for examination review and comment. Underdeveloped cases will no longer be remanded to examination for development. Under developed cases will be decided for the taxpayer. New appeals cases in Chicago will include the Revenue Agent for discussion of the issues prior to the settlement conference.

Appeals – Collection:

Mr. Paul Mazan Supervisory Appeals Officer by telephonic conference

Mr. Mazan supervises appeals groups in Chicago, Peoria, St. Louis, and Omaha. The two Chicago Teams have been combined into 1 larger team of 11 Appeals Officers. 1 or possibly 2 officers may be added to the Chicago office and 2 will be leaving. CAP Cases are usually worked locally while OIC, and CDP cases are distributed to equalize the workload. New issues may not be raised during the appeals hearing. Collection issues must be disclosed and developed or they will not be considered. Appeals has streamlined the on line presence. Approximately 40 pages have been eliminated and consolidated. Visit appeals online at irs.gov.

Estate and Gift Tax: Ms. Sarah Daya SB/SE Supervisory Attorney Estate and Gift Tax

Ms. Daya reported the Estate Tax Exemption for 2018 is \$11,180,000 and for 2019 is \$11,400,000. The increased exemption amounts expire in 2015. The Gift Tax exclusion remains at \$15,000 for 2018 and 2019. All Gift and Estate Tax returns will be processed at the Kansas City Service Center. Cincinnati will no longer process returns as of July 1, 2019.

Chief Counsel: Mayer Silber Esq. Supervisory Trial Attorney

Mr. Silber announced a “Pro Bono” day Wednesday July 24, 2018. The details are not finalized at this time however an announcement should become available shortly. IRC Section 6791 are major issues at this time 6761 requires a manager to approve penalties prior to assessment. Penalties in which Counsel has rendered an opinion will be considered approved by a manager. AUR penalties assessed in CP 2000 cases will be considered assessed unless contested by the taxpayer. Penalties contested by the taxpayer require manager approval prior to assessment. Penalties assessed without manager review and approval will be abated in docketed cases.

Taxpayer Advocate Service: Claudia Diaz Lead Case Advocate Chicago

Ms. Diaz reported problems with the refund filters installed by IRS required by recent tax reform.. Income on returns and withholding must be verified before refunds can be issued when AOTC, CTC, or EITC is claimed on a tax return. Many returns with inflated wages and / or inflated withholding could not be processed due to the income verification process. Income reports must be verified by third party sources. The Social Security Administration is now issuing weekly updates to IRS in order to facilitate the verification process. Wage and Tax transcripts are available July 1st. The Taxpayer Advocate Service is able to view wage reports immediately after posting. Taxpayers reporting incorrect amounts will experience a delay in the refund issuance. Where hardship is endured the TAO can assist in securing refunds.

Collection: Field collection: Mr. David Preston SB/SE Collection Senior Program Manager Downers Grove
Mr. Preston has oversight of Illinois. 80 Revenue Officers in Illinois Groups. 13 New ROs will be assigned to the Downers Grove office. Mr. Preston directed Field Collection Officers to be in the field not in their cubicle. The RO needs to be visible in the community. The RO is 21% more effective when Face to Face contact is made. The primary focus of Field Collection is Payroll Taxes involving a Face to Face (F2F) contact with the taxpayer. No letters or phone calls are made by the RO prior to taxpayer contact. If the taxpayer has a POA on file the RO is required to contact the POA. ROs who bypass the POA are subject to discipline. Mr. Preston has personally met each RO in his territory and stressed that violation of taxpayer rights is subject to discipline.

Examination SB/Se Operations Field Examination Planning & Special programs

Ms. Ann Dario Supervisory Internal Revenue Agent

Ms. Dario reported on the Due Diligence Visits (DDV) Program. DDV began in November and concluded in April. Visits are intended to promote compliance by preparers in the areas of required Due Diligence namely American Opportunity Credits, Child tax credits, earned Income Credits, and Head of Household Filing Status. ERO recordkeeping is a compliance issue and determines whether preparers are procuring and maintaining taxpayer signature records. Return Preparer Penalties may be assessed during the examination Process. IRC 6694(a) \$1,000 for negligent and intentional disregard for the rules and regulations and IRS 6694(b) \$5,000 willful attempt understate an income tax liability. IRC 6695 imposes several penalties of \$50 each up to a maximum of \$25,000 and a \$520 penalty for negotiating a refund check. The IRC 6701 penalty is \$1,000 per individual return or \$10,000 per corporate return for aiding in or abetting an understatement of tax liability. These penalties may be imposed by the examiner during the examination without input from the tax preparer.

Adjournment: Ted Sinars Esq.

There being no further business to conduct Mr. Sinars Esq. adjourned the meeting at 11:41am

Collection Issues: Mr. David Preston SB/SE Senior Program Territory Manager Downers Grove Illinois

A Collection issues meeting was convened by Mr. Preston at 11:49 am and adjourned at 12:40pm.

Mr. Preston supervises 7 collection groups in Illinois. There is 1 Group in Fairview Heights and 1 Group in Matteson, 2 Groups in Schiller Park, and 3 Groups in Downers Grove. There is 1 Post of Duty in Quincy and no ROs assigned in Springfield. The Carbondale and Champaign groups will close and be relocated to Springfield. The Orland Park group will be reassigned to Mr. Preston. 600 New Revenue Officers were hired effective June 1st and will begin a 1 year training period. ROs will be issued smart phones and will have access to taxpayer IDRS. Form 9297 deadlines will be enforced. When taxpayers fail to comply with a Form 9297 deadline the RO is directed to move forward without additional taxpayer contact. ROs will begin using IRS LTR 903. Delivered to a taxpayer LTR 903 is Notice of "Willful Failure to Deposit". Willful Failure to deposit is a criminal offense (misdemeanor) and violators are subject prosecution for failure to timely deposit employment taxes. Passport renewals are entering phase 2. Passport revocations and reinstatements require authorization by the Office of the Commissioner of the Internal Revenue Service. Federal and National Banks are legally prohibited from accepting funds known to be received from trafficking in controlled substances such as marijuana dispensaries. Cannabis business are unbanked and must pay taxes in cash preventing the use of EFTPS. The Schiller Park office is authorized to accept cash for payroll tax deposits.

Respectfully Submitted

George A. Smith

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1st Vice President ILSEA