

Illinois Practitioners Liaison Meeting

John C. Kluczynski Federal Building

December 11, 2019

Call to order: Michael Mudroncik

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

Mr. Sinars was unable to attend the meeting

Taxpayer First Act Office:

Laurie Tuzynski Senior Level Advisor SB/SE

The Taxpayer First Act Office is located in New Carrollton MD and includes several major considerations:

- Comprehensive Customer Service Strategy
- Comprehensive Training Strategy
- Management of IRS Information Technology
- Internet Platform for 1099 e-filing

The TFA Customer Service Reorganization Plan is due July 2020

The IRS Reorganization Plan is due September 2020

Several issues were brought to Ms. Tuzynski's attention:

Issue: CP523 termination without CP522

- Notice CP522 is required to notify taxpayers that updated financial information is required to prevent installment plan terminations
- Notice CP523 is used to notify the taxpayer that an installment plan is terminated because Notice CP522 is incomplete or has not been provided
- Notice CP522 has not been provided the taxpayer prior to the CP523 termination although the IRS Master File indicates CP522 provided

Issue: Practitioners Priority Line:

- IRS should institute a Courtesy Call Back after a Courtesy Disconnect
- IRS should institute a "Gatekeeper" to route Practitioner Priority calls appropriately

Issue: Estimated Tax Payments

- IRS should develop an "Estimated Payments" option similar to the "Where's My Refund" application such that taxpayers can review their 1040-ES payments

Issue: Transcripts

- Redacted transcripts which contain only the first 4 letters of the employer followed by the last 4 digits of the EIN are not useful in preparing tax returns

Issue: Central Authorization File

- IRS should coordinate forms 2848 and PTINs at the CAF Unit

Issue: IRS Communications

- Electronic and digital communication between practitioners and the IRS

Issue: Collection Activities:

- IRS must coordinate collection activities between the Service Centers and Revenue Officers (RO)

Issue: IRS Publications and Guidance

- IRS Publications and Instructions are not substantial authorities. References to the IRC and Regulations should be annotated so that library staff and individuals who know little about the Code and regulations can begin additional research

The TFA has a landing page on irs.gov/tfao please visit this resource and provide feedback directly to the TFA Office.

Area Counsel:

Elke Franklin SB/SE Area Counsel

Chicago Area Counsel has expanded from 12 to 20 attorneys in the past 8 years. Area Counsel will hold a Low Income Tax clinic LITC at the Harold Washington Library on January 29, 2020. This clinic will be to assist low income taxpayers who have filed Pro Se petitions ahead of the May Tax Court Calendar. Individuals who wish to participate in this clinic should contact Sarah Sexton-Martinez in the office of Area Counsel.

Communication & Liaison:

Kristen Hoiby Area Manager

Ms. Hoiby thanked the participants in person and by telephonic conference. The liaison is the principal line of communication between the practitioner community and IRS management.

Taxpayer Advocate Office:

Andrew VanSingel Supervisory Associate Advocate

Bridgett Roberts is currently acting Taxpayer Advocate until the position is filled by the commissioner TAS is currently seeking career applications. A new publication Pub 5341 a "Roadmap" to the IRS contains a glossary of IRAS terms and a list of the 5 most issued notices from each of the operating divisions. TAS Chicago has an average caseload of 124 cases per advocate. This is historically the largest inventory TAO has had. Pre refund wage verification is Problem #5 in the TAO report to congress. The fraud detection system produces 81% false positives! The pre refund wage verification program has saved taxpayers \$7B while resulting in \$20B of delayed refunds. Wait times currently average 11 weeks to resolve. Identity Theft cases have declined to about 10% of TAO inventory. The refund verification program will stop any refund which is inconsistent with IRS data. Income verification request letters are purposely vague in order to prevent the facilitation of theft by disclosing the exact issue in question.

Estate and Gift:

Ross Mulder Supervisory Attorney estate and Gift

Estate and Gift returns will now be processed at the Kansas City MO Service Center.

The Estate tax Exemption is \$11,400,000 for 2019 and \$11,580,000 for 2020. The Gift Tax exclusion remains at \$15,000. Late filing claims for the DSUE amount where no Estate Tax Return is required to be filed is the second anniversary of the decedent's death. Treasury Decision TD9881 contains Reg. 20.2010 allows DSUE amounts to carry over after 2025. Amounts must 1st be allocated to Gift Tax, then DSUE, and finally the applicable exemption amount for years after 2025.

Appeals collection:

Paul Mazon Supervisory Appeals Officer Collection

Under the TFA Appeals is now the IRS Independent Office of Appeals

Appeals seeks 206 new hires during 2020 with a goal of 1300 new appeals staff including paralegals and administrative personnel.. TFA enacted July 1, 2019 requires disclosure of non-privileged taxpayer information within 10 days of an appeals conference. Appeals is moving to a paperless process. Face to Face conferences and WEBEX virtual conferences are useful in resolving taxpayer appeals. Appeals Collection is streamlining CAP Assignments and working to reduce campus delays in CDP Closings. Collection Appeals inventory is high at this time similar to TAO

Appeals Examination:

Jim Helfrich Supervisory Appeals Officer Examination

Thomas den will be replacing Mr. Helfrich as Appeals Team manager. Mr. Dean has 14 years of service with the IRS. As Mr. Mazon previously stated the TFA now designates Appeals as the Internal Revenue Service Independent office of appeals. In Examination Appeals Cases the Administrative Case file is to be provided as required by the Taxpayer First Act within 10 days if the appeals hearing. Mr. Helfrich personally recommends WEBEX as the preferred method of resolving examination cases. Examination personnel and the taxpayer representatives will meet with appeals officers to resolve examination issues.

Field examination:

Inez Moss SB/SE Field Examination Supervisory Internal revenue Agent

Anette Jones is Territory Manager Examination.

Examination is primarily concerned with 4 major areas of compliance 1) Field examination, 2) Campus Examination, 3) Automated Under Reporting, and 4) Specialty Examination Programs (EITC, NRP,

etc.) Examination has 9500 employees and has positions available like the other functions. Visit usajobs.gov. The top 3 Examinations hot buttons are:

- False deductions on Schedule C
- Inflated deductions on Schedule A
- Refundable Credit Fraud (AOTC, ACTC, CTC, EITC)

Other Issues which merit Examination concern are:

- IRC 41 Research and Experimentation Credit issues are a close number 4.
- Partnerships are being used to increase complexity and obscure economic reality
- Virtual currency
- The sharing Economy especially Bad & Breakfast (B&B)

Field Examination is currently implementing the “Knock and Talk” protocol for Due Diligence Compliance.

Revenue Agents are visiting tax preparers to check compliance with the Due Diligence Compliance Requirements. Exam has a list of 25 clients who have claimed a refundable credit or Head of Household Status and will ask to review those clients’ files. If Exam finds a significant lack of compliance exam will request an additional 25 client files to review. Where noncompliance is uncovered a \$520 Due Diligence penalty will be assessed for each instance of noncompliance.

Ms. Moss urged practitioners to request Fast Track Settlement

Government Information and Disclosure (FOIA)

William White Government Information Specialist Disclosure Office

A FOIA Library is now on IRS.gov. The FOIA Library is a library of downloadable information from the IRS such as the Internal Revenue Manual (IRM), General Counsel Memoranda (GCM), the Audit Techniques guides (ATG), the Market Segment Specialization Program Guides (MSSP), etc. After TFA FOIA documents SHOULD be available directly from Examination, collection, and Appeals personnel directly without a formal FOIA request. A secure FOIA portal is available. Mr. White suggested facsimile requests as the preferred disclosure request. Each state is assigned a FOIA Liaison Officer. Contact the FOIA Liaison Officer for your state should you have questions. Use the IRS FOIA Library.

Criminal Investigation Division

Kathy Enstrom Executive Special Agent in Charge IRS Criminal Investigation Division. Ms. Enstrom was formerly the Deputy Chief of Staff in the Office of the Commissioner.

CID Chicago currently has 21 officers. The priorities of CID are directed by the DOJ. The priorities of CID are Employment Tax fraud, CryptoCurrency Fraud, and Tax Return Preparer Fraud. IRS CID has been designated the lead agency for Crypto Tax Crimes. CID also has a “Knock and Talk” program where there may be a suspicion of Preparer fraud or ID Theft Potential. CID is currently using covert operations to detect Abusive Tax Schemes. The IRS CID Report was published last month and the public is encouraged to review the report. CID is at the lowest manning level since the 1970s.

Treasury Inspector General for Tax Administration TIGTA

Erik Harkey Special Agent TIGTA Mr. Harkey is a former RO and Collection Supervisor

Currently the major emphasis of TIGTA is IRS Impersonation scams and Lottery deceptions.

Innumerable impersonation scams continue. As soon as one scam is closed another arises.

The Lottery scam involves a purported Lottery windfall in which the target is contacted about some Lottery windfall but cannot receive the proceeds until and unless the tax is paid. After the “Tax” is electronically wired to an offshore bank it cannot be retrieved.

Adjournment: The meeting was adjourned by Michael Mudroncik at 11:45am

The Spring Meeting of the Liaison Committee has been scheduled for Wednesday May 6, 2020

The Collection Program report followed the Liaison Committee Meeting

Respectfully Submitted

George A. Smith

George A. Smith EA

1st Vice President ILSEA

Addendum to the Illinois Practitioners Liaison Meeting

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Field Collection:

David Preston Collection Program Manager

Subsequent to the December Practitioners Liaison Meeting the Collection Program Report was presented by Mr. Preston

\$60M 3rd Party Payroll Provider fraud uncovered. IOI an Indiana 3rd Party payroll Provider defrauded taxpayers out of \$60Million dollars recently. One problem with 3rd Party Payroll Provider fraud is determining the clients defrauded by the provider. Mr. Preston reminded those who remained for the Collection program that the taxpayer is responsible for Federal tax deposits (FTDs) . Where the 3rd Party provider failed to make deposits the taxpayer is still liable for those deposits. Taxpayers are responsible for penalties and interest which accrue on undeposited funds even though the taxpayer paid those funds in good faith to the payroll provider. Practitioners are urged to caution clients to verify that FTDs were made and in a timely manner.

December 6th through December 26th is the annual moratorium on collection. IRS Commissioner Rettig has redirected compliance resources:

- Unpaid – Underpaid Trust Fund Taxes are now Top Priority**
- In Business noncompliance will be referred to DOJ for prosecution**

Trust Fund Taxes i.e. OASDI, Medicare, and withholding are the property of the employee and must be remitted in a timely manner.

Mr. Preston reported ROs will be trained on FOIA requests as per TFA.

Mr. Preston emphasized taxpayer rights as being on the front burner and stated the tolerance for taxpayer rights violations is zero -0-. 2 ROs were suspended in 2019 for TP Rights violations.

Civil Enforcement Advisory Support Operations CEASO

Tiffany Grigg Staff Analyst

Notices of Federal Tax Liens (NFTL) are no longer reported on Credit reports or by Credit reporting agencies. This is no longer a valid reason to ask for lien withdrawal. After TFA RO may no longer query 3rd parties without notification; however if a 3rd party inquires of an RO as to their purpose or status the RO may then query the 3rd party without prior notification. This means the RO may not approach 3rd parties, but where a 3rd party approaches a RO the RO may make suitable inquiries. Marijuana is a controlled substance. Purveyors of controlled substances may not bank at a Federal Banking institution and are therefore not bankable. This causes problems – employees must be paid, bills must be paid, and not the least of which Federal Tax Deposits (FTDs) are required. The Schiller Park Office and the Downers Grove Office of the Internal Revenue Service can accept cash in payment of Federal tax Liabilities. The Passport Program has been effective. Over \$50M has been collected so far. If >\$50,000 of Federal tax Liability exists a passport will not be issued or renewed. If there is a government shutdown in December this year there will be 1 employee in each office. If there is urgency, critical, life threatening, or in the government’s best interest or an issue which requires resolution please send a communication via US Mail to the Office in question. There are many areas of our country which have no revenue officers on duty. Alaska has no ROs. Collection will be conducting “Sweeps” in those areas. ROs will spend several weeks in an area sweeping through with collection activities.