

**March 20, 2024**

***Pacific Northwest Action Wednesday IMRS Call***

**Virtual Meeting via MS Teams**

Time: 10:00 am –11:00 am (PDT)

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**Attendees:**

Internal Revenue Service

- John Blakeman, Stakeholder Liaison
- Lelah Martinez, Stakeholder Liaison
- Mercean Lam, Stakeholder Liaison
- Kristen Hoiby, Stakeholder Liaison
- Lisa Novack, Stakeholder Liaison
- Barbra Bennett, Stakeholder Liaison
- Anitra Eubanks, Stakeholder Liaison
- Melissa Chapman, Taxpayer Advocate Service, AZ
- John Little, Taxpayer Advocate Service, AK
- Shelley Ashurex, Taxpayer Advocate Service, OR

Practitioner Representatives

- Lisa Rogers, AKSCPA
- Steven Stauss, NM
- Ami Oppe, AKSCPA
- Terry Bakker, OAIA
- Mark Neumeister, OK
- LaVeta Scherer, WA NATP
- Karla Marquez, Lewis & Clark LITC
- Krish Perinkulam, AzSEA
- Shawn Mattingly, WA
- Stan Christiansen, OR
- Vera Likhonin, WA
- James Adelman, OK
- Steven [Fox-Middleton?], WA
- Dale Marino, OSTC
- Nina Tross, NSTP
- Michael Davidson, OrSEA
- Edwin del Carpio, WA
- Kristen Keats, OSCPA
- Jaye Tritz, AZ NATP
- Melissa Burr, OSCPA
- Robin Smith, WSTC
- David Freeland, AAATP
- Doug Henne, OSCPA
- Kristen Keats, OSCPA
- Gregory Nunn, WA

## Meeting Summary

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### Lelah Martinez, Stakeholder Liaison

The IRS is working to ensure large corporate, large partnership and high-income individual filers pay the taxes they owe. With the help of the Inflation Reduction Act, funds. The IRS is now taking swift and aggressive action to close this gap. The initiative includes the following areas of focus:

- **Prioritization of high-income cases:** The IRS has ramped up efforts to pursue high-income, high-wealth individuals who have either not filed their taxes or failed to pay recognized tax debt. These efforts are concentrated among taxpayers with more than \$1 million in income and more than \$250,000 in recognized tax debt. In an initial success, the total recovered from millionaires through these new initiatives adds up to \$520 million.
- **Pursuing multi-million-dollar partnership balance sheet discrepancies:** The IRS has identified ongoing discrepancies on balance sheets involving partnerships with over \$10 million in assets, which is an indicator of potential non-compliance. Taxpayers filing partnership returns are showing millions of dollars in discrepancies between end-of-year balances compared to the beginning balances the following year. . The IRS announced an initiative to address the balance sheet discrepancy in September and as of the end of October had sent 480 compliance alerts.
- **Ramp up of audits of 76 largest partnerships leveraging Artificial Intelligence (AI):** In 2021, the IRS launched the first stage of its Large Partnership Compliance (LPC) program with examinations of some of the largest and most complex partnership returns in the filing population. The IRS announced in September that it would expand this program to additional large partnerships. As of December, the IRS had open examinations of 76 of the largest partnerships in the U.S. that represent a cross section of industries including hedge funds, real estate investment partnerships, publicly traded partnerships, large law firms and other industries. On average, these partnerships each have more than \$10 billion in assets.
- **Large Foreign-Owned Corporations Transfer Pricing Initiative:** The IRS is increasing compliance efforts on the U.S. subsidiaries of foreign companies that distribute goods in the U.S. and do not pay their fair share of tax on the profit they earn of their U.S. activity. To crack down on this strategy, as of mid-November the IRS has sent compliance alerts to more than 180 subsidiaries of large foreign corporations to reiterate their U.S. tax obligations and incentivize self-correction.
- **Expansion of the Large Corporate Compliance program:** The Large Business & International Division's (LB&I) Large Corporate Compliance (LCC) program focuses on noncompliance by using data analytics to identify large corporate taxpayers for audit. LCC includes the largest and most complex corporate taxpayers with average assets of more than \$24 billion and average taxable income of approximately \$526 million per year. LB&I is expanding the program by starting an additional 60 audits of the largest corporate taxpayers selected using a combination of artificial intelligence and subject matter expertise in areas such as cross-border issues and corporate planning and transactions.

- Partnership Self-Employment Tax Initiative: As part of the agency's increased focus on the tax issues applicable to partnerships and partners, the IRS has been increasing compliance to ensure that Self-Employment Contributions Act (SECA) taxes are being properly reported and paid by wealthy individual partners who provide services and have inappropriately claimed to qualify as "limited partners."

## **Mercean Lam**

We are seeing a new twist on an old scam...the EFIN scam, which we first warned about back in 2021 as you can see in the news release here:

[IRS, Summit partners issue urgent EFIN scam alert to tax professionals | Internal Revenue Service](#)

In the version above, the email would appear as if it were being forwarded by someone, perhaps a familiar name to the recipient, and would request the information be sent back via email.

In the latest version, fraudsters are requesting the information be sent by fax and not email. In the latest version, the emails are appearing to come from the tax professional's software provider, and the emails look pretty convincing. We have seen fraudulent emails posing as coming from Drake, Walters Kluwer, and Intuit [please refer to your handouts for visuals].

Please continue to send these phishing emails to [phishing@irs.gov](mailto:phishing@irs.gov). You should also send the phishing email to the appropriate point of contact at the tax software provider being impersonated. The phishing email address can be found on the tax software provider's website.

If you have faxed in your information to one of these numbers after receiving one of these emails, you should notify Stakeholder Liaison at the appropriate group mailbox for your area...we are in Area 6. Depending on the nature of the information disclosed, you may be a victim of a data breach. Here is the page with the addresses for the group mailboxes: [Stakeholder Liaison Local Contacts | Internal Revenue Service \(irs.gov\)](#)

## **John Blakeman and IMRS** and other updates

We have good news on the Form 56 in that it is on the list of forms to be included in the e-File roster, which essentially means, if we are not mistaken, that, when its turn comes around, it will be saved with the return it is associated with.

## Questions and Answers!

Q: We are having an issue where the POA keeps dropping off the associated estate and trust returns for some clients. This seems to be happening at certain times of the month too...

A: Indeed that is strange, and we will look into this issue.

Q: Is there anything that can be done with the S-corporation elections not being processed? Sending the returns in on paper...anything in on paper, really doesn't seem like the productive thing to do right now.

A: Yes we are hearing this issue in other Areas as well as our Area 6. We get this issue every year to some degree because filing season tends to reveal those types of things...but this year seems particularly bad. We are making inquiries on this issue.

COMMENT: One preparer said she had success with the 2553 when she re-faxed it with a cover letter.

COMMENT: One preparer indicated that 'PPS has been fast and good lately' which is very good news indeed.

### Comments on the Document Upload Tool

- I have used the DUT several times now, and still waiting for a response from them, which they claimed would be in 30 days. No response yet, so I don't know where the documents are going.
- It would be nice to have people sign in with their ID.me account to use the DUT.
- One preparer said it stopped accepting PDFs from them, but another said it was accepting their PDFs.

## **Next Scheduled Meeting; Wednesday, May 15 2024**

Hang in there everyone!...just a few more weeks to go for filing season!