

December 5, 2017

Alaska Practitioner Liaison Meeting

Virtual Meeting via WebEx

Time: 12:00 pm –1:30 pm Alaska

Attendees:

Internal Revenue Service

- Kristen Hoiby, Stakeholder Liaison, NW Area Manager
- John Blakeman, Stakeholder Liaison
- Diane Wittman, SBSE Exam, Program Manager
- Chris Harris, Collection, Program Manager
- Tom Vangen, Appeals, Supervisory Appeals Officer
- Sarah DeBurlle, Acting Alaska Taxpayer Advocate

Practitioner Representatives

- Therese Sharp, Chair, ASCPA, Alaska Society of CPAs
 - Christina Passard
 - Lisa Rogers, ASCPA
 - Christy Lee, ABA, Alaska Bar Association
 - Chuck Schuetze, ABA
 - Barbara Hompesch, EA, Alaska Society of Independent Accountants
 - Paula Laurion, EA, ASIA
 - Sherry Whah, EA, National Association of Tax Professionals
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Meeting Summary

John Blakeman, Stakeholder Liaison, Portland

Estimated Taxes:

The IRS has seen an increasing number of taxpayers subject to estimated tax penalties, which apply when someone underpays their taxes. The number of people who paid this penalty jumped from 7.2 million in 2010 to 10 million in 2015, an increase of nearly 40 percent. The penalty amount varies, but can be several hundred dollars.

The IRS urges taxpayers to check into their options to avoid these penalties. Adjusting withholding on their paychecks or the amount of their estimated tax payments can help prevent penalties. This is especially important for people in the sharing economy, those with more than one job and those with major changes in their life, like a recent marriage or a new child.

There are some simple tips to help taxpayers.

Information Release 2017-182:

<https://www.irs.gov/newsroom/10-million-taxpayers-face-an-estimated-tax-penalty-each-year-act-now-to-reduce-or-avoid-it-for-2017-new-web-page-can-help>

Fact Sheet 2017-12, October 2017:

<https://www.irs.gov/newsroom/the-basics-of-estimated-taxes-for-individuals>

Get Ready Campaign:

There are important changes that taxpayers need to know about before the start of the 2018 filing season. The IRS is taking numerous steps to help educate taxpayers and increase awareness of the new tax law changes during a “Get Ready” outreach campaign. [e.g. ITIN renewal folks and those filing before feb 15 with AOTC or EITC]

Our “Get Ready” campaign will help accomplish this by using traditional and social media communications and outreach. So essentially, a number of news releases over the next two months that focus on particular topics that will help taxpayers be prepared to not only file in a timely fashion, but also receive any refunds due timely as well. In addition to a number of news releases and Tax Tips, the IRS will use Thunderclap, a crowd speaking social media platform, to rally IRS partners and stakeholders in spreading the “Get Ready” message.

ITIN Renewal:

The Internal Revenue Service reminds taxpayers with expiring Individual Taxpayer Identification Numbers (ITINs) to submit their renewal applications as soon as possible. Failing to renew them by the end of the year will cause refund and processing delays in 2018.

The IRS mailed more than 1 million letters to taxpayer households that include an ITIN holder with middle digits 70, 71, 72 or 80. Affected taxpayers who expect to file a tax return in 2018 should submit a renewal application now.

“As we approach the end of the year, we urge people to renew their ITINs as quickly as possible,” said John Koskinen, now Former IRS Commissioner. “Renewing early will make things easier for ITIN holders during the tax-filing season and avoid tax refund and processing delays.”

To help taxpayers, the IRS has prepared a variety of informational materials, including flyers and fact sheets, [available in several languages](#) on IRS.gov. In addition to English and Spanish, ITIN materials are available in Chinese, Korean, Haitian Creole, Russian and Vietnamese.

Those who must renew their ITIN can choose to renew the family’s ITINs together even if family members have an ITIN with middle digits other than 70, 71, 72, 78, 79 or 80. Family members include the tax filer, spouse and any dependents claimed on the tax return.

So here’s the score... if you have clients who will need to renew ITINs this year, do it now rather than turn in the W-7 with the tax form... the tax form gets processed rather quickly, especially if filed electronically. But the ITIN application goes to a different group to be worked and takes much longer.

ITIN Home Page: <https://www.irs.gov/individuals/individual-taxpayer-identification-number>

National Tax Security Awareness Week:

We just finished with NTSAW last Friday, and its associated news releases and tweets, and the crux of the campaign is to keep data security at the forefront of people's minds as we enter the holiday shopping season and then filing season. Be it theft of personal information, client data, filing of fraudulent tax returns... Identity Theft has become an epidemic across the world now, and it is up to all of us to do our best to keep our personal information secure.

Two points to emphasize here:

If you have a client who experiences a W-2 data loss (such as might happen with one of many email scams), they should send an email with their contact information to dataloss@irs.gov , as these are the folks who will help with that. As a tax practitioner, if you experience a data breach just send an email to our group mailbox at sl.northwest@irs.gov , or email me at john.w.blakeman@irs.gov , either way, we'll forward it to Brian Wozniak, our group's Data Theft cadre member, who will contact you asap. Usually within a couple of hours after the email has been received, but sometimes the next day. He'll help you with the next steps you need to take to get through the ordeal.

States also want to know about W2 theft. You can email the Federation of Tax Administrators at StateAlert@taxadmin.org and they will send you a point of contact for your state who will also walk you through the process.

If you or your employees receive a W-2 scam email, you should forward that email to phishing@irs.gov and put "W-2 scam" in the subject line.

Note: Brian does a great job talking about this on the IRS/SSA Emp Tax webcast... and we've got another coming up on Dec 14. Here's the link where you can register:

<https://www.irs.gov/businesses/small-businesses-self-employed/webinars-for-tax-practitioners>

New Secure Access Process for e-Services:

Still no word on when this will be up and running, but we are working around the clock. Rest assured that we'll let you know when it is.

Penalty Waiver Form 1098-T for 2017:

Colleges and Universities have a waiver for this year as well on putting the Amount Paid on F1098-T, but that may not be the case next year. So now is a good time to tell your clients that they may very well need to let you know what they actually paid for next year's taxes.

PTIN Renewal:

The Internal Revenue Service reminded the nation's more than 727,000 federal tax return preparers that they must renew their Preparer Tax Identification Numbers (PTINs) for 2018. All current PTINs will expire Dec. 31, 2017.

Anyone who prepares or helps prepare any federal tax return, or claim for refund for compensation must have a valid PTIN from the IRS. The PTIN must be used as the identifying number on returns prepared. Failure to have and use a valid PTIN may result in penalties.

"We ask that you renew your PTIN as soon as possible to avoid a last-minute rush," said Carol A. Campbell, Director, IRS Return Preparer Office. "It's easy to let this slip as the holiday season approaches."

For those who have a 2017 PTIN, the renewal process takes a few moments online. Those who cannot remember their user ID and password can find online tools to assist them. Preparers can get started at www.irs.gov/ptin. If registering for the first time, the PTIN application may also be completed online. There is no fee for obtaining or renewing a PTIN.

Paper [Form W-12](#), IRS Paid Preparer Tax Identification Number Application and Renewal, is available for paper applications and renewals, and takes four to six weeks to process.

All enrolled agents, regardless of whether they prepare returns, must have a PTIN in order to maintain their status.

IR-2017-180:

<https://www.irs.gov/newsroom/2018-ptin-renewal-period-underway-for-tax-professionals>

Statement: Effective December 1, 2017, the electronic listings on IRS.gov containing information about Preparer Tax Identification Number (PTIN) holders and Enrolled Agents will no longer include their email addresses. This decision has been made after carefully considering the challenges related to the interests of data security and protection, especially those directed at tax return preparer information.

Social Media – e-Subscriptions:

Connect with the IRS

The IRS uses social media tools to share the latest information on tax changes, initiatives, products and services. Connect with the IRS through the following social media tools.

IRS2Go

Get quick access to IRS social media, sign up for helpful tax tips, check your tax refund status and make a payment — all with the [IRS2Go mobile app](#). IRS2Go is available in both English and Spanish for Android and iOS mobile devices.

YouTube

Tune in to the IRS YouTube channels. You can watch short, informative videos in English, American Sign Language and other languages.

Twitter

IRS tweets include various tax-related announcements, news for tax professionals and hiring initiatives.

Tumblr

The IRS Tumblr blog provides current tax information.

Facebook

The IRS Return Preparer Facebook page posts useful information for tax professionals.

Audio files for Podcasts

Subscribe to IRS Podcasts on iTunes or download them from the [Multimedia Center](#).

Subscriptions

Sign up for free [e-News subscriptions](#) on many topics. This news is delivered straight to your inbox. See which ones you want to join.

Protect Your Identity

At the IRS, privacy and security are paramount. We use these tools to share public information with you. Don't post your social security number or other confidential information on social media sites. Always protect your identity when using any social networking site. We will not be able to answer personal tax or account questions on any of these site

IRS Department Head Reports

Diane Wittman, SBSE Examination

Diane Wittman was next on the call. She is a Territory Manager in Seattle that covers Washington and Alaska, but also has 8-10 agents in other states. She currently has 2 agents in Alaska and manager Sonia Oen who many of you know. Sonia also manages a group in Tacoma. Diane travels agents to Alaska and asks that practitioners don't cancel the appointments—when they do, the audit becomes a correspondence audit. They also circuit ride TCOs to Anchorage and Fairbanks to handle as many cases as they can.

SBSE programs include NRP audits, which continue to include a lot for Alaska. These audits are very time consuming. In addition, there are OVDI (Offshore Voluntary Disclosure Initiative) cases—these are generally worked out of another state. The Research and Experimentation Credit is also important. Please review Sections 174 and 41 before including these on a return. Be watchful also on partnership returns—

sometimes things get tripped up as they pass through multiple layers of partnerships. All agents are trained in partnerships, though some specialize in the subject. Exam also continues to do preparer visits. When a preparer is identified preparing returns with incorrect information PAC audits may be initiated which test 30 different returns. If the preparer still does not come into compliance a referral might be made to the Lead Development Center. The Lead Development Center sends referrals to the field and there are 13 agents in the Western States that work these issues. If the case is egregious, the case is referred to the Department of Justice for a possible injunction.

Exam also continues to work identity theft issues—trying to separate the real taxpayer, from the perpetrator. There are good videos on IRS.gov that help your clients know what to expect in an audit situation that should help put your clients at ease.

Chris Harris, Collection

Chris's territory covers Alaska, Washington, Oregon, Montana, and Wyoming. As one might imagine, they are very short staffed as well. Currently there is only 1 Revenue Officer in Alaska. There is talk of hiring more officers later in the fiscal year, but nothing set in stone yet. Chris also commented that even with the short staffing, which is really a national issue too, they are working to increase face-to-face meetings because they are simply more productive than phone meetings.

A top priority continues to be unpaid payroll taxes and mitigation of payroll issues. The Failure to Deposit Alerts Pilot (2015) yielded very positive results. These are the 'soft' letters sent to taxpayers when it appears they may be heading for some issues with their payroll obligations (e.g. late payments, etc.).

Chris also reminded the group about passport revocation in certain circumstances where taxpayers have a seriously delinquent tax debt. 'Seriously delinquent' means a legally enforceable outstanding tax liability of more than \$50,000 (including interest and penalties). To learn more about this please click the following link: [Revocation or Denial of Passport in Case of Certain Unpaid Taxes](#).

And, as always, there are a number of ways one can pay their tax bill: EFTPS, card, cash, check, IRS Direct Pay, and if you can't pay it all now, there are installment plans available too. For payment options, please click the following link: <https://www.irs.gov/payments>. If the client's outstanding liability (including interest and penalties) is less than \$50,000 and you have a 2848 for them, you can actually do the installment agreement for them.

Tom Vangen, Appeals

Territory includes AK, OR, WA, and ID. However, there are no Appeals Officers actually located in Alaska, although they will sometimes send folks there for more complex situations.

Appeals takes a national approach to its caseload; balancing the work between those Posts of Duty that are more busy with those that are less busy. While cases are worked locally as much as possible, they could very well be worked out of a different Post of Duty. Factors to consider when transferring a case to its locality include such things as volume of records, physical needs of the taxpayer, complexity of the issues, etc. The decision to transfer a case and work it locally rests with the front-line manager.

Appeals continues to explore options to help taxpayers whose situations require an 'in-person' conference. In person procedures include: face-to-face, Virtual Service Delivery, Case Assistance, and Circuit Riding. Appeals has started a pilot program, with WebEx, which allows practitioners and taxpayers to video conference directly with Appeals Officers, using their own personal computing devices, and the Appeals Officers' computers- rather than the video teleconferencing rooms. If you absolutely need a face-to-face meeting, Tom suggests you put that in your dispute letter.

Appeals is encouraging more Alternative Dispute Resolution (ADR) options, which involve the presence of both the taxpayer and the government. These alternative procedures facilitate understanding and agreement on both sides, and reduce case time. Options include: Fast Track Mediation (Appeals officer facilitates settlement between parties while at the audit level) Fast Track Settlement (same as Fast Track Mediation, except Appeals Officer can propose a settlement- still at the audit level), Rapid Appeals Process (RAP) (New! After the case is in Appeals, the Appeals Officer, Practitioner, and/or taxpayer sees a need/benefit both parties being present – same as Fast Track Settlement except the case is at the Appeals level. If a settlement through the RAP process is not achieved, then the exam team is dismissed and negotiations continue between the TP and the Appeals Officer. Post Appeals Mediation (Appeals officer from another office facilitates mediation between Appeals Team Manager, Appeals Officer, and Practitioner/taxpayer) is the final ADR option available to the Taxpayer.

It takes 4-6 months for a traditional Appeals conference, so if you are just not into waiting that long, why not try one of the Settlement/Mediation options? To learn more about these programs, please click the following link: [Appeals Mediation Programs](#)

Sarah DeBurle, Taxpayer Advocate Service (TAS)

Sarah will be the Acting Local Taxpayer Advocate until around May of 2018, when the permanent LTA arrives.

Not a lot of updates from TAS at this time, but one thing TAS is watching out for is the levy of military retirement benefits. Currently, for SSA benefits, there is a 'low income filter' that mitigates/excepts low income taxpayers from having their SSA benefits levied. That filter did not get applied to military retirement benefits.

Issues & Status

One question arose about Cost Segregation studies and how useful they are. This is a situation where, for example, someone buys a building, and they hire an 'expert' to go through and assign categorization/value to the various building components for depreciation purposes. While we cannot speak to the usefulness of these, there is an Audit Technique Guide for Cost Segregation:

<https://www.irs.gov/businesses/cost-segregation-audit-techniques-guide-table-of-contents>

Another concern arose with regard to Penalty Abatement procedures. We've had some instances where the client's (or the practitioner's) FTA (First Time Abatement) has been used when the penalty scenario arose from an error on our part. This issue is now working its way through our Issue Management Resolution System.

Next Scheduled Meeting

The date is to be determined.