

October 16, 2024

Pacific Northwest Action Wednesday IMRS Call

Virtual Meeting via MS Teams

Time: 10:00 am –11:00 am (PDT)

Attendees:

Internal Revenue Service

- John Blakeman, Stakeholder Liaison
- Mercean Lam, Stakeholder Liaison
- David Higgins, Stakeholder Liaison
- Kristen Hoiby, Stakeholder Liaison
- Melissa Chapman, Taxpayer Advocate Service

Practitioner Representatives

- Terry Bakker, OAIA
- Steven Stauss, NM
- Robin Smith, WSTC
- Kate Grubb, WSSEA
- Teresa Moore, EA WY
- Jeremy Saladino, WAATP
- James Adelman, OK SEA
- Elliott Gidan, CO
- Judy Hanson, WSTC President
- Barbara Culver, WSSEA
- Lisa Rogers, AKSCPA
- Melissa Burr, OSCPA
- Laurie Brock, Oregon TAP
- Doug Henne, OSCPA
- David Freeland, AAATP
- Heather Jackson, OSCPA
- Colleen Barbee, OSTC
- Shawn Mattingly, WA
- Jaye Tritz, AZ NATP
- Larry Hess, NMSCPA
- Harriet Strothers, OSCPA
- Jim McClafin, WSSEA
- LaVeta Scherer, WA NATP
- Anne Rothrock, NM

Meeting Summary

David Higgins, Stakeholder Liaison

ERC Process for Third Party Payers

About supplemental claims

The Internal Revenue Service has announced a supplemental claim process to help third-party payers and their clients resolve incorrect claims for the Employee Retention Credit.

Third-party payers report and pay clients' federal employment taxes under the third-party payer's Employer Identification Number. They handle clients' payroll and tax reporting duties. Some of these TPPs filed ERC claims for multiple employers. If a third-party payer's client has since determined it is ineligible for the ERC and wants to resolve their claim, it is the third-party payer that needs to correct it.

This [supplemental claim](#) process lets a third-party payer that filed a prior claim with multiple clients "withdraw" only some clients while maintaining the claims of the qualifying clients.

A supplemental claim is an adjusted employment tax return that allows a third-party payer to correct and/or consolidate previous claims that they filed on or before January 31, 2024, if those claims have not yet been processed by the IRS. By filing a supplemental claim, the third-party payer is asking the IRS not to process outstanding adjusted employment tax returns for the tax period. The IRS will treat claims filed before the supplemental claim as if they were never filed. The supplemental claim process is for third-party payers to which **all** of the following apply:

- The third-party payer has filed one or more claims aggregating Employee Retention Credits for itself and/or clients using the TPP's Employer Identification Number.
- The third-party payer made the claim on an adjusted employment tax return (Forms 941-X, 943-X, 944-X or CT-1X).
- The IRS has not processed any of the claims the third-party payer is including in the supplemental claim.

This process is **not** for:

- Common law employers who did not use a third-party payer and instead filed adjusted employment tax returns using their own Employer Identification Number. These employers may be eligible for either the [claim withdrawal process](#) if their claim is pending, or for the IRS's second [Voluntary Disclosure Program](#) if they received the ERC.
- Third-party payers that received the full amount of ERC claimed on behalf of themselves and their clients. They may be eligible for the IRS's second [Voluntary Disclosure Program](#).

Mercean Lam, Stakeholder Liaison

Drought Relief for Farmers and Ranchers:

The Internal Revenue Service today issued guidance providing tax relief for farmers and ranchers in applicable regions forced to sell or exchange livestock because of drought conditions. Under the guidance, farmers and ranchers may have an extended period of time to replace their livestock and defer tax on any gains from the forced sales or exchanges.

[Notice 2024-70](#) provides a list of the applicable areas, by county or other jurisdiction, designated as eligible for federal assistance. The list includes 41 states and other regions for which drought was reported during the 12-month period ending on Aug. 31, 2024.

The tax relief generally applies to capital gains realized by eligible farmers and ranchers on sales or exchanges of livestock held for draft, dairy or breeding purposes. Sales of other livestock, such as those raised for slaughter or held for sporting purposes, or poultry, are not eligible.

The replacement period extension announced in the notice gives eligible farmers and ranchers four years until the end of their first tax year after the first drought-free year to replace the sold or exchanged livestock. As a result, eligible farmers and ranchers whose drought-sale replacement period was scheduled to expire at the end of 2024 will have until the end of their next tax year to replace the sold or exchanged livestock.

The IRS provides this extension to eligible farmers and ranchers if the applicable region is listed as suffering exceptional, extreme or severe drought conditions during any week between Sept. 1, 2023, and Aug. 31, 2024. This determination is made by the National Drought Mitigation Center.

Details, including an example of how this provision works, can be found in [Notice 2006-82](#), available on IRS.gov.

More information on reporting drought sales and other farm-related tax issues can be found in [Publication 225, Farmer's Tax Guide](#), available on IRS.gov.

John Blakeman, Stakeholder Liaison

Beneficial Ownership Information:

Preparers and small business representatives in more than a few states have expressed concern at their Practitioner Liaison Meetings and Small Business Forums about the Beneficial Owners Information (BOI) that has to be filed with FINCen. They have questions such as, "Do preparers have the authority to do the report for their clients or is that delving into the area of an attorney?" Also, many are concerned that their clients will not know to file this report and be assessed penalties.

Here is our web page on Beneficial Owner Information: [Beneficial owners | Internal Revenue Service \(irs.gov\)](#) On this page it directs visitors to contact FINCen regarding

questions on BOI, and not to contact IRS. There is also a link to the FINCen web site, FAQs on the subject, and an explanatory video as well.

SL has requested that IRS host a national webinar with FINCen presenting and answering questions about BOI. The coordinator for the national webinars has a relationship with FinCEN and is making it happen! In fact, it is scheduled for November 7, and it is posted on the web page now: [Webinars for tax practitioners | Internal Revenue Service \(irs.gov\)](#)

Collector Issues and Feedback

Comment: We got feedback from that question asking if..
Is there any way we could schedule things so that not 'everything' goes down for maintenance at the end of the year?

Response:

Thank you for the suggestion.

The year-end maintenance shutdown timeframe involves all tax years that come in electronically. This process is intensive, and the agency requires time to complete and perform accuracy testing to ensure the Filing Season opens on time.

IMRS AND ONGOING ISSUES

Please remember to send your SL any feedback you may have on interactions you have with the following IRS applications and programs:

- IRIS
- Document Upload Tool
- Resumption of Collection Notices
- Digital Assets [cryptocurrency and related issues]
- Inflation Reduction Act
 - Clean energy credits
 - IRS modernization efforts
- Direct File
- American Rescue Plan Act of 2021 [for example, 1099K]

So really, what we are asking is that when you encounter these things, or when you are working with them, please take the time to let us know how your experience was. I know it's hard to remember when we are in the thick of things, but it really goes a long way to helping us improve your experience with us.

Questions and Answers!

Q: Can you file Forms 1099-R with IRIS?

A: Yes, here is the IRIS web page with information on what forms can be filed: [E-file information returns with IRIS | Internal Revenue Service \(irs.gov\)](#)

Q: Can we please get clarification on when the \$600 reporting threshold will be in place?

A: As it stands, the 1099-K threshold will be \$600 next year, but it's been a while since anything has been said on that subject. It is a good bet, though, that in the next few weeks/next month we will start to get updates and reminders for the upcoming filing season and start of a new year, which may very well include information on 1099-K.

Q: When client was in their account to retrieve their IPPIN they noticed their old address was in there. How do you recommend we update?

A: Use Form 8822 to update address with the IRS.

Comment: the DUT is great, but we really need more and better clarification on where the documents go and if it's been received by the right person for our own client files.

Comment: The IRS of the future should be able to 'accept more things by email and process things faster. And the computers all talk to one another so PPS has no reason to say I can't see that. And there are call backs for all phone numbers.'

Q: There were several questions on transcripts and what can be ordered and how far back can we go...

A: Here is our Get Transcript web page with information on ordering transcripts for individuals as well as a link for how to obtain Business Tax Transcripts: [Get your tax records and transcripts | Internal Revenue Service \(irs.gov\)](#)

Q: We have a church as a client that is changing banks and they need a copy of their SS-4 to show proof of EIN. How can we obtain this?

A: In this circumstance, because the church obtained the EIN some decades ago, we would recommend calling the Business Help line first: 800-829-4933. You should also be able to request this from the Exempt Organizations Help line at 800-829-5500.

Another option might be if the church filed payroll returns, the bank might accept a copy of one of those as proof of EIN.

Next Scheduled Meeting; Wednesday, November 20.