

January 15, 2025

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
- Alan Gregerson, Stakeholder Liaison

Practitioner Representatives

- Steven Stauss, NMSEA
- Daniel Stearns, ORSEA
- Teresa Moore, EA WY
- James Adelman, OK SEA
- Elliott Gidan, CO
- Barbara Culver, WSSEA
- Kate Grubb, WSSEA
- Lisa Rogers, AKSCPA
- Laurie Brock, Oregon TAP
- Shawn Mattingly, WA
- Larry Hess, NMSCPA
- Anne Rothrock, NM
- Dale Marino, OSTC
- Michael Davidson, ORSEA
- David Freeland, AAATP
- Krish Perinkulam, AZSEA
- Cynthia Polley, WA
- Ami Oppe, AKSCPA
- Steven Fox-Middleton, WA
- Edwin del Carpio, WA
- Robin Harris, OK
- Mark Neumeister, OKSCPA
- Harriet Strothers, OSCPA
- Jeffrey Quattrone, AZ
- Jeremy Saladino, WA
- Jaye Tritz, AZ NATP
- Gail Baudendistel, WA
- Judy Hanson, WSTC
- John Hawkins, OSCPA
- John Burke, OATC
- Christie Davis

Meeting Summary

Mileage Rate increase:

The optional [standard mileage rate](#) for automobiles driven for business will increase by 3 cents in 2025, while the mileage rates for vehicles used for other purposes will remain unchanged from 2024.

Optional standard mileage rates are used to calculate the deductible costs of operating vehicles for business, charitable and medical purposes, as well as for [active-duty members of the Armed Forces who are moving](#). Beginning Jan. 1, 2025, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

- 70 cents per mile [driven for business use](#), up 3 cents from 2024.
- 21 cents per mile driven for medical purposes, the same as in 2024.
- 21 cents per mile driven for moving purposes for qualified active-duty members of the Armed Forces, unchanged from last year.
- 14 cents per mile driven in service of charitable organizations, equal to the rate in 2024.

The rates apply to fully-electric and hybrid automobiles, as well as gasoline and diesel-powered vehicles.

While the mileage rate for charitable use is set by statute, the mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes, meanwhile, is based on only the variable costs from the annual study.

Under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. And only taxpayers who are members of the military on active duty may claim a deduction for moving expenses incurred while relocating under orders to a permanent change of station. Use of the standard mileage rates is optional. Taxpayers may instead choose to calculate the actual costs of using their vehicle.

Taxpayers using the standard mileage rate for a vehicle they own and use for business must choose to use the rate in the first year the automobile is available for business use. Then, in later years, they can choose to use the standard mileage rate or actual expenses. For a leased vehicle, taxpayers using the standard mileage rate must employ that method for the entire lease period, including renewals.

[Notice 2025-5 PDF](#) contains the optional 2025 standard mileage rates, as well as the maximum automobile cost used to calculate mileage reimbursement allowances under a fixed-and variable rate (FAVR) plan. The notice also provides the maximum fair market value of employer-provided automobiles first made available to employees for personal use in 2025 for which employers may calculate mileage allowances using a cents-per-mile valuation rule or the fleet-average-valuation rule.

OPR Changes to Circ 230:

The Department of the Treasury and the Internal Revenue Service have issued [proposed regulations](#) to update the rules for certain tax professionals who can practice before the IRS; these rules are contained in Treasury Department Circular 230.

The IRS Office of Professional Responsibility generally has responsibility for matters related to practitioner conduct, and exclusive responsibility for discipline, including disciplinary proceedings and sanctions. The proposed regulations, if finalized, would amend Circular 230 in various ways to account for changes in the law and the evolving nature of tax practice.

Among other changes, the proposed regulations would remove or update the parts of Circular 230 related to registered tax return preparers and tax return preparation, as well as contingent fees to reflect changes in the law since the prior amendments to Circular 230 in 2011 and 2014. The proposed regulations would also revise or eliminate other provisions that are out of date.

Additionally, the proposed regulations would incorporate new provisions that better align Circular 230 with the current practice environment, such as requiring that practitioners maintain technological competency as part of their practice before the IRS. The proposed regulations would also clarify some provisions, such as confirming that OPR retains jurisdiction over practitioners who have been suspended or disbarred from practice.

Finally, the proposed regulations would provide rules related to appraisers, including the standards for disqualification.

Emergency Distributions from Retirement Plans:

Taxpayers can get a distribution from an applicable eligible retirement plan for personal or family emergency expenses, according to new guidance.

Notice 2024-55 provides guidance on exceptions to additional tax when taking early permissible retirement plan distributions for emergency personal expenses and for victims of domestic abuse. This was added by SECURE 2.0 and became effective this year.

The notice contains several details about these exemptions, including:

- Defining emergency personal expense distributions, including what constitutes "an unforeseeable or immediate" financial need;
- Providing that qualified defined contribution plans or IRAs are eligible to permit emergency personal expense distributions;
- Describing limitations on receiving emergency personal expense distributions; and,
- Providing that individuals receiving emergency personal expense distributions are permitted to repay these distributions to certain plans.

A taxpayer can receive a distribution from an applicable eligible retirement plan if it is made during the one-year period beginning on the date on which the individual is a victim of domestic abuse by a spouse or domestic partner. The notice:

- Defines domestic abuse victim distributions, including the definition of domestic abuse;
- Provides that IRAs and certain retirement plans not subject to spousal consent requirements are eligible to permit domestic abuse victim distributions;
- Describes the dollar limitation on victim distributions; and,
- Provides that domestic abuse individuals are permitted to repay victim distributions to certain plans.

The Department of the Treasury and the IRS anticipate issuing regulations on the 10% additional tax (including the exceptions to the additional tax) and request comments relating to the notice, specifically on repayments of certain distributions permitted under Sec. 72(t)(2).

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!

When does e-File open? January 15 for business and trust returns, January 27 for individual returns.

Comment: We had several folks with issues regarding unprocessed S-corp elections. This is a problem that persists and has for some years. Please be assured that this has been elevated again.

Suggestion: One of our practitioners suggested that, in lieu of a Form 2553, we have a checkbox on Form 1120-S indicating the taxpayer is electing to be taxed as an S-corp. It could be done under penalty of perjury that the taxpayer is qualified to file as an S-corp and may help clear up much of the processing delay.

Response: That is a great idea, and several on the meeting concurred. It has been put forward.

Q: Is there a standard time for the POA to post? It used to be within 24 hours, but now we are not sure.

A: We understand that the CAF unit and the posting of the 2848s has had some significant fluctuation in their posting times. We will continue to make inquiries and report as we get information. We have not had an update on how quickly they are processing submissions lately.

Q: When uploading 2848 or 8821 through Tax Pro Account we get a generic/canned email indicating if the upload was successful. These responses can be slow, though, and sometimes we have several of these forms to upload, and we are not sure what response email goes with which upload. Could you please make the response emails so that they let us know which upload they are associated with?

A: We have put this suggestion forward.

Q: Could you please put the suggestion forward again to have wage and income transcripts available in March or April rather than later in the Summer? It would be very helpful for those folks that come in with missing W-2.

A: We will put that suggestion forward again.

Discussion on moving the meeting:

At the beginning of the meeting we discussed moving this meeting to Third Thursdays. For the last four meetings our Third Wednesday meeting has coincided with our monthly 'all-employee' meeting. So, let's try moving this meeting to the third Thursday of each month, and perhaps call it Western Working Together Thursdays...or WWTT for short?

Next Scheduled Meeting; Thursday, February 20.