

Area 6 – Western Working Together Thursday Notes

February 20, 2025

Internal Revenue Service – First Thursday Area 6 Stakeholder Liaison Team

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2025 Tax Filing Season

Be sure to check out irs.gov/getready and share with your clients.

Reminders

Your clients now can go to Online Account for Individuals to obtain lost IPPINs.

For lost IPPINs for minors, go to 800-908-4490.

Go to IR-2025-10 in case you have some people affected by the California Wild Fires.

Issue Management Resolutions System Updates

1. IRS is seeing estimated payments not showing up for the 4th estimated payments. Checks, or on Direct Pay.
2. Spousal Payments IRM 21.5.7.3.2.2 and 21.5.6.3.2.2(1) will systemically post if a return is posted, and a balance due. But IRS is seeing that they do not always get credited. So specifically, if a joint return is to be filed, a best practice would be to post the payment on the primary taxpayer, not the secondary to avoid an IRS notice.
3. When applying to be Certified Acceptance Agent online by e-services, it takes 60 days, and then an acceptance agreement needs to be signed. But the application gets deleted before it can be signed to complete the application on e-services.
4. S-Corporation Status is not timely processed and applicants are seeing issues with the filing of the S-Corporation returns.

Contact your stakeholder liaison if you are also seeing these or other issues. Also, thank you for bringing issues to our attention during the First Thursday calls.

Questions and Answers:

Q: Has anyone heard if there is special reporting on the 1040 for a 529 to Roth conversion and how to treat the basis as being added to the Roth basis?

A: Such rollovers are reported on Form 5498 as Roth IRA contributions and not as rollover contributions. Box 10. Roth IRA Contributions

[Publication 590-A \(2024\), Contributions to Individual Retirement Arrangements \(IRAs\) | Internal Revenue Service](#)

Qualified tuition program rollover to a Roth IRA.

Beginning with distributions made after December 31, 2023, a beneficiary of a section 529 qualified tuition program is permitted to roll over a distribution from the section 529 account to a Roth IRA for the beneficiary if certain requirements are met.

- The rollover must be paid through a direct trustee-to-trustee transfer to a Roth IRA maintained for the benefit of the beneficiary.
- The rollover amount for a year cannot be more than the Roth IRA annual contributions limit, and all such rollovers for the individual's lifetime cannot exceed \$35,000.

- The rollover must be from a section 529 account that has been open for more than 15 years.
- The distribution cannot exceed the aggregate amount contributed to the program (and earnings attributed to the contributed amount) before the 5-year period ending on the date of the distribution.

A distribution made after December 31, 2024, and before April 15, 2025, that is rolled over to a Roth IRA by April 15, 2025, and designated for 2024 would be reported as a Roth IRA contribution for 2024.

Income.

You must include in your gross income distributions from a traditional IRA that you would have had to include in income if you hadn't converted them into a Roth IRA. These amounts are normally included in income on your return for the year that you converted them from a traditional IRA to a Roth IRA.

[Instructions for Forms 1099-R and 5498 \(2024\) | Internal Revenue Service](#)

Qualified tuition program rollover to a Roth IRA.

Effective with respect to distributions made after December 31, 2023, a beneficiary of a section 529 qualified tuition program is permitted to roll over a distribution from the section 529 account to a Roth IRA for the beneficiary, under certain conditions (for example, such rollover must be paid through a direct trustee-to-trustee transfer, are subject to the Roth IRA annual contribution limit and a \$35,000 lifetime limit, and must be from a section 529 account that has been open for more than 15 years). Such rollovers are reported on Form 5498 as Roth IRA contributions and not as rollover contributions.

Specific Instructions for Form 5498

Box 10. Roth IRA Contributions

Enter any contributions made to a Roth IRA in 2024 and through April 15, 2025, designated for 2024. Also enter a rollover contribution to a Roth IRA from a long-term section 529 qualified tuition program that was made after December 31, 2023, and on or before April 15, 2025, that is designated for 2024. However, report Roth IRA conversion amounts in box 3. Report a qualified rollover contribution made under section 408A(e) from an eligible retirement plan (other than an IRA) to a Roth IRA in box 2. Do not include in box 10 contributions to a Roth SEP IRA or Roth SIMPLE IRA.

Also, report qualified rollover contributions made under section 529(c)(E) from a qualified tuition plan (QTP) to a Roth IRA maintained for the benefit of the QTP beneficiary.

Q: Many folks (thru various channels) are reporting that CAF processing for 8821/2848 - using the upload portal - is taking 45+ days. Any reasons why there is so much delay? (Besides the reduction in force going on in the news at the IRS). In this line of CAF delays, can you give a sneak preview of what an IRS CAF person does when they receive a 8821? Do they verify the SSN, name, etc manually? How much of this is automated? Approx how long each 8821 approval/denial take?

A: Stakeholder Liaison will look into getting a presentation or material to provide clarity to the POA process.

Q: TP made payment on notice but the check cleared the bank going to the Administrative Resource Center Us Treasury. And now the IRS agents say they can't see the payment. Ever hear of anything like that?

A: If the w/d came out of a bank account, the submission code on the bank statement can be used to have PPS find the payment. For Payment Traces see [About Form 3911, Taxpayer Statement Regarding Refund](#)

Q: All of the broad head count losses and future uncertainty will have significant service impacts. Do you know what the delays in processing might look like?

A: Current processing times can be found on IRS.gov [Processing status for tax forms | Internal Revenue Service](#)

Q: With all the recent news about the potential of unauthorized access to taxpayer records, what steps can CPAs take to advocate for improved IRS data protection measures? How can we leverage our connections with the AICPA and legislators to support efforts in strengthening taxpayer data security? Do you have any specific advice on how we can contribute to this advocacy effort?

A: Inform Congress of the support for strengthening data security measures for the IRS.

Q: 2020 ERC claims are statute is closed, and amended return was sent in. Any idea?

A: IRS 6501 has a three-year statute, or two years from year tax paid for a payment or refund. No exception or exclusion to change that IRC Code. The IRS can assess the amount in three years, and taxpayer can file amended returns within the three years, or amended return will be not accepted outside that three-year statute.

Q: Is there any way for a tax preparer to remove their name from a filed return? this was raised in our discussion group The issue was the taxpayer had not paid the preparer.

We heard at a seminar that if the preparer signs as the PAID PREPARER and wasn't paid, he could request to have his name removed as the Paid Preparer.

A: Check with the IRS [Office of Professional Responsibility](#) and the [Return Preparer's Office](#)

Q: E-filing POAs on the IRS: What is the update on of the idea of getting a confirmation with the client information of a successfully filed POA form? Can preparers at least get a confirmation e-mailed back? Also, the Form 2848 upload is not working (see below):

IRS

Guide Me
Please answer the questions below so we can route you to the right place.

Answered Questions

- ✔ What type of request would you like to submit?
Form 2848, Power of Attorney and Declaration of Representative
- ✔ Did the taxpayer electronically sign the form in a remote transaction?
No
- ✔ In order to route your submission properly, please select one of the following for the taxpayer on line 1 of the form:
The taxpayer:
has a domestic address

A: There are disclosure issues with the IRS identifying the client. Alan Gregerson will submit the confirmation code idea and find out why the Form 2848 Upload Tool is not working.

Q: What happens if you file several POA's at one time?

A: Another preparer suggested noting the order of the POAs' filed and file the emails with filing confirmation in the order of how they were submitted.

Q: Prior to marriage, both taxpayers were in a payment plan. Now married and filing MFJ with a refund. How is the refund divided between the two taxpayers? How can the division of the refund be explained to the IRS? Injured spouse form or Innocent spouse?

A: Usually, the refund goes to primary first. Refer to [Injured Spouse - Taxpayer Advocate Service](#) in regards to injured spouse and [Innocent spouse relief | Internal Revenue Service](#) in regards to innocent spouse.

Q: On the Form 1040-X, can a [third party designee box](#) be added to the Form 1040-X, like on Form 1040?

A: This was a suggestion in previous years and was elevated. The suggestion about a [third party designee box](#) being added to the Form 1040-X for processing questions will once again be elevated.

Q: Any hints from the group on filing a POA for a deceased taxpayer?

A: Include a copy of the death certificate and the document confirming the person's right to sign a POA, such as a personal representative or estate administrator. You potentially would have to submit the POA a couple of times because not all representatives know how to process such POA. Also, A form 56 for sure needs to be filed, and to be on the IRS account. This link has additional information needed, [Request deceased person's information | Internal Revenue Service](#)

Q: ACS has paused automatic lien filings for 5 years now. Will this function be fixed soon?

A: As of 2/6/25, IRS employees can only issue a Notice of Federal Tax Lien when establishing an Installment Agreement or CNC Hardship closure. All other issuance of Notice of Federal Tax Liens remains suspended until further notice.

Q: Can a block for an incorrect 1099-K on Form 1040 be added? This would be more helpful rather than to input this onto the tax return, and the payer will not have to ask the issuer to correct 1099-K.

A: Unfortunately, it is too late to change this year's tax form. Submit comments to the IRS about forms to [IRS.gov/FormsComments](https://www.irs.gov/formscomments). Include "NTF" followed by the form or publication number (for example, "NTF1040) in the body of the message to route your message properly.

Q: Is it true about the status of "no hiring" by the IRS?

A: Yes. Review [USAJOBS.gov](https://www.usajobs.gov) for any future hiring announcements.

Q: Practitioners are encountering many Revenue Agents lately that have retired or left the service with cases in progress. In addition, they have noticed an uptick in quick collection actions after audit.

A: Stakeholder Liaison will do their best to get you in touch with the correct individuals to help identify who has been reassigned the case when an employee has left with no notice.

Q: Is there a special unit to handle deceased taxpayer questions?

A: There is not a specific unit for everything about a deceased taxpayer. However, some contact information may be found on [Deceased person | Internal Revenue Service](#).

Next Meeting

Thursday March 20, 2025
9:00 a.m. – 10:00 a.m. AKST
10:00 a.m. – 11:00 a.m. PST
11:00 a.m. – 12:00 p.m. MST

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