

March 27, 2025

Western Working Together Thursday 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
- Lisa Novack, Stakeholder Liaison
- Lelah Martinez, Stakeholder Liaison
- John Little, Taxpayer Advocate Service
- Jacqueline Schmitt, Taxpayer Advocate Service

Practitioner Representatives

- Steven Stauss, NMSEA
- James Adelman, OK SEA
- Elliott Gidan, CO
- Kate Grubb, WSSEA
- Lisa Rogers, AKSCPA
- Shawn Mattingly, WA
- Larry Hess, NMSCPA
- Michael Davidson, ORSEA
- David Freeland, AAATP
- Krish Perinkulam, AZSEA
- Cynthia Polley, WA
- Ami Oppe, AKSCPA
- Robin Smith, WSTC
- Harriet Strothers, OSCPA
- Jeremy Saladino, WA
- Jaye Tritz, AZ NATP
- John Hawkins, OSCPA
- John Burke, OATC
- Melissa Burr, OSCPA
- Kristen Keats, OSCPA
- Heather Jackson, OSCPA
- Sarah Northcutt, OSCPA
- Terry Bakker, OAIA
- Benita Mairs, WAATP
- Kristina Anderson, OSCPA
- Doug Henne, OSCPA
- Donna Byrne, OR

Meeting Summary

Webinars for Tax Practitioners:

Currently, there are no new webinars scheduled, but we do have prior webinars on the IRS YouTube channel. We're not exactly sure when we'll have new webinars coming, but we will do our best to keep you informed. For now, here is the link to the videos on our YouTube channel: [IRSvideos – YouTube](#) .

IRS.gov Tax Pros page:

Now is an excellent time to talk about our web page on IRS.gov that is dedicated to helping Tax Professionals interact with the IRS and help serve their clients quickly and efficiently. There are a number of tools one can access on the page, including e-services, the Tax Pro Account, and PTIN registration.

E-Services is a suite of web-based tools for tax professionals, reporting agents, mortgage lenders and payers to transact with the IRS. To access accounts, you must accept the terms of agreement when you sign in. Use this to access things like eFile services, transcript delivery, IRIS, etc.

Tax Pro Account is a secure, mobile-friendly, digital self-service that enables you to act on a taxpayer's behalf, view their information and manage their authorizations more efficiently. You can use Tax Pro Account to send power of attorney and tax information authorization requests directly to a taxpayer's individual [IRS Online Account](#). Once the taxpayer approves the request, it's processed in real time.

You can also obtain/renew your PTIN

For details about e-Services, Tax Pro Account, EINs, filing, forms, third party authorizations and other safe and secure online tools to serve your clients, see the [Tax Professionals](#) page on IRS.gov.

A few words about Data Breaches:

A data breach may not be immediately obvious to the practitioner, but here are some signs to watch out for:

- Slow or unexpected computer or network responsiveness such as:
 - Software is slow or actions take longer to process than usual.
 - Computer cursor moves or changes numbers without touching the mouse or keyboard.
 - Unexpectedly being locked out of a network or computer.
- Client tax returns are being rejected because their Social Security number was already used on another return.
- IRS authentication letters (12C, 5071C, 6331C, 4883C, 5747C) are being received even though a tax return hasn't been filed.
- Getting more e-file receipt acknowledgements than the tax professional actually filed.

- The IRS disabled the tax professional's online account.
- Transcripts are being delivered to the tax professional's Secure Object Repository that they did not order.
- Notification from the IRS that the tax professional's Centralized Authorized File number has been compromised. If they suffer a data breach, they should take proactive steps to protect their CAF number and consider requesting a new one to protect themselves and their clients.
- Notification from the IRS regarding a client that they do not represent.

If a practitioner thinks they may have a data breach, **please don't send the breach to your stakeholder liaison's individual work email account...** rather, send an email your area's public facing mailbox.

For the states represented on this call, that email address is:

cl.sl.area.6@irs.gov That way, one of our folks is sure to pick it up. If you send to your state's SL, they may be out at an event that day, or sick, etc.

Please remember that data breaches need to be worked AS SOON AS POSSIBLE, in order to help protect taxpayers/tax pros, and to keep \$\$\$ from going out to the wrong people.

Which brings up another important point. We often see data breaches come into the mailbox late afternoons, and even late afternoon on Friday. **Please do not wait until the end of the workday to report a data breach.** although if that is when you discovered it [even over the weekend], and you are being very proactive, that is awesome... the point is that it takes a bit of time to do the intake questions with the tax practitioner that has experienced the potential breach, and when they come in late in the day, by the time things are all said and done the people we need to forward that intake information to are often gone for the day.

More information can be found here: [Data theft information for tax professionals | Internal Revenue Service](#)

Questions and Answers!

Comment: We are still hearing 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. We have also sent along the suggestion for including a checkbox on the Form 1120-S that would indicate a first-time filing and the desire to file as an S-corporation.

Q: Regarding tax free distribution from 529 Plan: the issue at hand is tuition paid at the end of December 2024 for the 2025 spring semester. Taxpayer wants to take money out of 529 plan in 2025 and offset the tuition paid in 2024. Any luck finding any guidance?

A: We spent a bit of time checking into this, and guidance indicates the distribution from the plan needs to be taken in the same year as when the related expense was paid in order to be considered a tax-free distribution. Look to Treas. Reg. 1.529-3 and its attendant subsections as well. Tax Topic 313 on IRS.gov also talks about distributions, [Topic no. 313, Qualified tuition programs \(QTPs\) | Internal Revenue Service](#) . There is also a Q&A page for 529 Plans on IRS.gov: [529 Plans: Questions and answers | Internal Revenue Service](#) , but neither specifically talks about the timing of distributions. Publication 970 has information as well.

We will make the suggestion that the Q&A page includes language on the timing of the distribution.

Q: Are there special reporting requirements for a 529 Plan rollover to a Roth?

A: The administrator of the plan needs to send a 1099-Q, and the taxpayer needs to report it on the 1040, but it is a new thing to be able to do a rollover from this type of plan, and there's no specific line for it yet on the 1040. There do not seem to be any 'special' or out of the ordinary reporting requirements that we could find.

Q: An article published by NATP says 2024 wage an income transcript will be available March 30, 2025. Is this true? I haven't found any info on this yet.

A: Wage and Income Transcripts for 2024 are now available through the Individual Online Account or by submitting Form 4506-T.

Q: One practitioner had a client that had not received their ERC refund. When the practitioner contacted the IRS about the status, she was told it was selected for examination. The taxpayer hasn't received a notice of examination. Is this a common issue? Do you have any recommendations for steps the taxpayer or practitioner should take?

A: No suggestions at this time. A return may be flagged as being selected for examination, but it may take some time before it is assigned to an examiner. Give it a couple of weeks and call again to see if any progress has been made.

Q: Several practitioners stated that timely payments made and postmarked before the original due date of the tax return, but received by IRS after the due date, are being treated as paid late, and penalties for late payment are assessed. Many times, it is not cost effective for a taxpayer to pay a practitioner to plea for penalty abatement. This has been an issue for many years. Mail takes a good bit of time to get to anywhere from Alaska. How can we get the IRS to pay attention to postmarks?

A: This is a recurring issue...there is a disconnect when a return is filed electronically, and the tax owed is paid with a check sent by mail. The thing to remember is that our systems will check to see if associated payment has been received with balance due returns that are sent in, and it happens pretty quickly after the return is efiled and accepted on our end. The late payment notices are automatically generated, and

they go out even before the check has been processed. The best thing to do is to pay via an electronic method such as EFTPS or Direct Debit, for example.

Q: Can you give us an update on the size of the backlog and what the IRS is doing to speed up POA processing?

A: We do not have an update at this time, but we are inquiring again.

Q: We are having problems with IRS processing forms 2848 for incapacitated taxpayers. This is a growing problem with our aging population. It would be helpful if irs.gov had acceptable language for durable POA's in an easy to find spot that all taxpayers and IRS representatives can easily find. Finding and slogging through Publication 216 is not efficient or helpful.

A: If the issue becomes a hardship, you may call Taxpayer Advocate Service: [Contact us - Taxpayer Advocate Service](#) . We will also send in the feedback/request for durable POA language.

Q: Will we have the Nationwide Tax Forums this year?

A: Yes, it looks like the Tax Forums will be happening this year: [IRS Nationwide Tax Forum](#) . Registration is already underway.

Q: Can you give an update on the size of the backlog and what the IRS is doing to speed up form SS-4 processing?

A: We do not have an update at this time, but we shall inquire.

Q: We have had clients get the letter asking if they have filed a return when they have not filed. The letter has them call and they do. They are given an ID PIN, but we still are required to file on paper-WHY?

A: Further inquiries indicate clients have received a Letter 5071C, and when they call and say they have not filed a return they are given an IPPIN and told they need to file on paper. This procedure is new to us but may very well be how they are handling these situations now. It sounds like we already have a return under the taxpayers TIN, and proper procedure dictates they send in a paper return with their IPPIN.

Q: Are IPPINS immediately active once they are assigned?

A: Yes. You should be able to use the IPPIN as soon as it is assigned.

Q: Is it possible for us to get the number of 'reductions' in each department of the IRS?

A: Perhaps, but at this time we are not entirely sure what that will be.

Q: Has any progress been made toward trusts being able to use direct pay by bank debit, like individual taxpayers have been able to do for years? We talked about paying by credit card last time, but the trust would have to pay the merchant fee, which is unacceptable.

A: We have not had any word on whether or when that will be available, but responses from attendees seem to indicate it may be possible to set up payment through your tax software.

Next Scheduled Meeting; Thursday May 15.