

January 10, 2017

Alaska Practitioner Liaison Meeting

Virtual Meeting via WebEx

Time: 1:00 pm – 3:00 pm Alaska

Attendees:

Internal Revenue Service

- Mike Cvitkovic, Stakeholder Liaison
- Kari Gilje, Stakeholder Liaison
- Liska Foss, Appeals, Team Manager
- Therese Fulton, Field Assistance Manager
- Gregory Hahn, SBSE, Associate Area Counsel
- Chris Harris, SBSE, Collection Territory Manager
- Sonia Oen, SBSE Examination Group Manager
- Coral Quimby, Taxpayer Advocate Service Senior Analyst
- Sue Stockman, W&I, SPEC Territory Manager
- Marty Walker, SBSE, LB&I Territory Manager
- Caroline Ware, Alaska Taxpayer Advocate

Practitioner Representatives

- Therese Sharp, Chair, ASCPA, Alaska Society of CPAs
- Karen Ague, ASCPA
- Jon Brewer, ASCPA
- John Rodgers, ASCPA
- Lisa Rogers, ASCPA
- Christy Lee, ABA, Alaska Bar Association
- Chuck Schuetze, ABA
- Barbara Hompesch, EA, Alaska Society of Independent Accountants
- Paula Laurion, EA, ASIA
- Kathie Riley, EA, ASIA
- LaVonne Scott, EA, ASIA
- Sherry Whah, EA, National Association of Tax Professionals

Meeting Summary

Mike Cvitkovic, Stakeholder Liaison, Seattle

Mike informed the group that Kristen Hoiby is out ill and welcomed Kari Gilje of Stakeholder Liaison Northwest Area and thanked her for her assistance. With the

January 23rd start to the filing season there are a number of items that practitioners need to be aware of.

Issuers of Forms W-2 must both file those information returns with the government and provide copies to payees by January 31st. The [W-2 Verification Code](#) verifies W-2 data and, by extension, provides enhanced assurance of the integrity of the 1040 return with which the W-2 is submitted. Last year was the first trial year and it was very successful so IRS is significantly expanding the volume and functionality for the upcoming filing season. If a client presents a W-2 with the code, preparers are urged to input the code on the electronic filing to enhance the test monitoring.

For 2017, filers, who have [lost or did not receive an IP PIN](#), can go to irs.gov to retrieve it. If retrieval is not possible, taxpayers may request reissuance.

The 2015 “Protecting Americans from Tax Hikes” act (PATH Act) expanded the due diligence requirements for paid preparers. For tax year 2016, the [Form 8867](#) will be retitled and repurposed to address not only the Earned Income Tax Credit, but also the Child Tax Credit and the American Opportunity Tax Credit. After the initial base line questions, there will be individual sections on each of the 3 credits – with the EITC section including 2 questions, the Child Tax Credit section including 3 questions and the American Opportunity Tax Credit section containing just one question. The \$500 penalty for failure to comply with EITC due diligence is now expanded to include the Child Tax Credit and American Opportunity Tax Credit.

This filing season, like last year, preparers can expect that some clients will receive a [Letter 0012C](#). The letter is being used to point out possible discrepancies between the Advance Premium Tax Credit reported on the taxpayer’s 2016 tax return versus the Advance Premium Tax Credit reported to IRS on the Marketplace’s Form 1095A. It is important to respond to the letter in order to maintain the taxpayer’s eligibility for advance premium payments for the following year.

The PATH Act mandated additional time for the IRS to [review refund claims based on the Earned Income Tax Credit and the refundable portion of the Child Tax Credit](#). To comply with the law, the IRS will hold the refunds on EITC and ACTC-related returns until February 15. The IRS will hold the entire refund. The IRS cannot release the part of the refund that is not associated with the EITC and ACTC. Return preparers should submit returns as they normally do. Hardship claims for these refunds will not be accepted before February 15, as this refund hold is required by law. “Where’s My Refund?” will still be the best way to check the status of a refund. [Publication 2043](#) contains information helpful for practitioners.

Clients may still have EITC and ACTC beyond February 15th if the return is selected for examination. Overpayments due to withholding and ES payments would be refunded. A [CP75 Notice](#) will be sent to affected taxpayers.

The [Practitioner Priority Service](#) will increase staffing during the filing season so wait times should be at an acceptable level. PPS is available from 6:00 a.m. to 6:00 p.m. Alaska Time. There is a limit of five clients per call. There is a limit of ten account-related transcripts per call. After two hours on hold calls to PPS will disconnect. The number is 1-866-860-4259.

Paid tax return preparers are reminded to [renew PTINs](#).

In order to strengthen the security around online tools, including e-Services, IRS is requiring [certain e-Services users to validate their identities](#). Letter 5903 is being sent to selected e-Services users. Letter 5903 provides options none of which involve going to the e-services site. One option is to go through the Secure Access authentication process at irs.gov. Another option is to call the e-Services Help desk. A last resort option is to visit the Anchorage Taxpayer Assistance Center. See the Field Assistance report below for more details on the last option. Later, in 2017, [all e-Services users](#) will be required to go through the Secure Access identity authentication process.

The "[Protect Your Clients; Protect Yourself](#)" page on irs.gov contains a wealth of information on identity theft. Practitioners should contact IRS Stakeholder Liaison (e-mail michael.e.cvitkovic@irs.gov) to report instances of **data compromises** (computer thefts, account takeovers, computer breaches) occurring in their practices. Stakeholder Liaison will refer information to IRS Criminal Investigation.

Practitioners are urged to check the number of returns filed under their EFINs to help thwart refund fraud. The [Check Your EFIN](#) page shows the steps to take.

The IRS continued its new service approach by introducing the [Finding Out How Much You Owe](#) online tool at the end of last year.

There is now a long [list of online tools](#). Three online services, Get Transcript Online, Identity Protection PIN, and View Your Balance, all require an additional level of authentication referred to as [Secure Access](#).

In 2017 IRS plans to expand the use of technology and evolve towards more interactive and efficient ways of doing business with taxpayers using [Taxpayer Digital Communication](#) (TDC), also known as Secure Messaging. TDC is an Online Web-based secure communications portal enabling the IRS and taxpayers to communicate by sending both one-way and two-way secure messages. A pilot study involving correspondence examinations of Form 1040 Schedule A Itemized Deductions will be conducted at the Philadelphia campus. Supporting PDF and Word documents can be securely uploaded and the IRS examiner can immediately review the submission and take action for the next step and complete the exam online without any further paper.

[Private Debt Collection](#) is slated to commence in spring of 2017.

[Passport Denial/Revocation](#) will also begin in 2017.

FinCEN will grant filers failing to meet the [FBAR](#) annual due date of April 15 an automatic extension to October 15 each year. Accordingly, specific requests for this extension are not required.

IRS Department Head Reports

Greg Hahn, Counsel

Greg informed that the next Tax Court is scheduled for June 12th 2017 at the U.S. District Courthouse in Anchorage. The calendar call will commence at 10 a.m. Greg encouraged attorneys and paralegals to use the Virtual Service Delivery (VSD) to interact with counsel lawyers in Seattle during the development of cases.

Liska Foss, Appeals

Liska advised that she will be retiring on January 20 and that Gregg Knudsen-St. Cyr of Portland will serve as acting Appeals Team Manager. His contact information is: e-mail, Gregg.T.Knudsen.StCyr@irs.gov phone, 503-265-3639. Alaska cases will continue to be worked out of Seattle. Practitioners should pursue telephone or Virtual Service Delivery alternatives.

Sonia Oen, Examination

Sonia updated on the priority programs in exam: abusive promotions (71 injunctions in 2015), flow-through audits (16% increase in Forms 1065 and 1120S filings), offshore tax evasion (Offshore Voluntary Disclosure Initiative), national research program (2014 data review), preparer visits (none currently scheduled in Alaska), and identity theft. No TCOs are based in Alaska. Two TCOs travel from Seattle to Anchorage and Fairbanks twice a year. Two RAs are based in Anchorage and get some help from 2 RAs that travel up from Washington. With this level of staffing Sonia asked for patience regarding claims for refund. She suggested using the fast track settlement program to resolve disagreements. Her phone number is 907.786.9732.

Sue Stockman, Stakeholder Partnership Education and Communication (SPEC)

Sue stated that training and certification is ongoing for the volunteers who will staff around 40 low and moderate income tax preparation sites. TaxSlayer software will be used this filing season. SPEC continues to partner with United Way and the Alaska Business Development Center. With the closure of the Fairbanks Taxpayer Assistance Center the SPEC/Field Assistance partnership to offer a Virtual Service Delivery (VSD) program at the Noel Wien library is the substitute. Taxpayers receive assistance from an IRS employee in California using the two-way VSD system. Taxpayers can set up appointments on Mondays and Fridays from 10 a.m. – 3 p.m. (closed for lunch 11:30-12:30) by calling 1-844-545-5640.

Caroline Ware, Taxpayer Advocate Service

Caroline mentioned that the National Taxpayer Advocate's Annual Report to Congress was released today. It can be viewed at <https://taxpayeradvocate.irs.gov/>. She urged practitioners to continue submitting individual cases using Form 911 and to use the Systemic Advocacy Management System (SAMS) for systemic issues. Here is the SAMS link – <https://www.irs.gov/advocate/systemic-advocacy-management-system-sams>. Regarding staffing two retirees have been replaced by

new case advocates who are just starting and beginning training. They were also fortunate to hire a group secretary, but are still without an intake person at this time.

Therese Fulton, Field Assistance

Therese reported that the Fairbanks office has closed and is likely to remain so. Fairbanks residents may now use the Virtual Service Delivery (VSD) program at the Noel Wien library to obtain person-to-person IRS service. If face-to-face service is required at the Anchorage TAC office or at the Fairbanks library, call 1-844-545-5640 to schedule an appointment. See [office hours and services provided](#) as services differ between the two sites. For tax practitioners who wish validate their e-services identities, Therese said they should make an appointment and bring Letter 5903, two pieces of unexpired ID, and a birth certificate or Social Security card.

Chris Harris, Collection

Chris reported that staffing is down to two revenue officers and no secretary in Anchorage. That means there is no longer staff on the second floor to accept returns/payments. ROs from Seattle will periodically go to Alaska to help with the caseload. Collection is trying to have more face to face meetings with people to resolve problems. So far visits have been to Nome and Soldotna. Collection is focusing on in-business taxpayers, using outreach and face-to-face contacts to foster compliance via FTD Alerts and the Early Interaction Initiative. Al Dallman is managing the Alaska group from Seattle. His phone number is 206.946.3274. Private debt collection companies will be given cases out of queue that Collection cannot get to. Letters and phone calls will be made to taxpayers transferred to private collection.

Marty Walker, Large Business and international

Marty stated that staffing is expected to remain at three agents in Anchorage and one in Fairbanks. Helen Fyodorov manages the staff from Portland OR; e-mail, Helen.A.Fyodorov@irs.gov, phone 503-265-3683. LB&I is moving to more issue-based examinations overseen by an issue manager and a team lead. As we move into our Future State historical audits will continue, but we will also began to perform audits based on campaigns approach. Claims submitted after thirty days must be filed formally. Marty urged practitioners to use fast track settlement and pre-filing agreements. Fees did increase after 6/2016 and 1/1/17, but time savings of 30-48% can result.

Issues & Status

No Alaska issues rose to the national IMRS level.

Sherry Whah reported a problem during the summer with CP 2000s omitting withholding clearly shown on the return. This was already on the national radar and her statement was added to it.

After the previous PLM, Barbara Hompesch provided examples from other practitioners of POAs for businesses taking longer than normal for assignment. It turned out that the practitioner had failed to change the fiscal year beginning and ending dates correctly. (added after the meeting)

Several practitioners raised concerns in December about problems with the online e-Services validation process and long holds for the e-Services help desk. Their complaints were added to a number of similar complaints received across the nation. The help desk planned to increase their hours. (added after the meeting)

Practitioners were invited to submit both procedural and tax law questions.

Next Scheduled Meeting

The date is to be determined.