

Minutes

IRS/Practitioner's Liaison Committee

An IRS/Practitioner's Liaison Committee Meeting was held on October 19, 2006. The Georgia Society of CPAs hosted the meeting at offices located at 3353 Peachtree Road NE Suite 400, Atlanta, GA. Pete Fishman, Chairperson, called the meeting to order at 9 am. The attendees were as follows:

		<u>PHONE</u>	<u>FAX</u>	
R Peter Fishman	Chairperson	404-252-3773	404-252-2509	fish1276@aol.com
Danny C Smith	IRS	904-665-0778	904-665-1881	danny.smith@irs.gov
Shirl Bishop EA	Record Sec	770-482-9380	770-482-7737	sbishopea@aol.com
Audrey Griffin EA	GAEA	478-953-5016	478-953-6092	griftax@grifsolu.com
Kathleen Collins EA	GAEA	912-355-1040	912-961-9590	kathleencollins9049@msn.com
Al Separk	State Bar	440-422-3200	770-514-1148	asepark@aol.com
Jeffrey H Kess	State Bar	404-223-5900	404-524-4755	jkess@gomeldavis.com
Sam Grubbs EA	NATP	706-323-4340	706-323-7076	sbas@bellsouth.net
David G Fussell	NATP	706-232-8565	706-232-0477	romeea@bellsouth.net
Joel L Pascaner	GSCPA	404-262-2181	404-262-2781	jpascaner@bermanllc.com
Harold A Stamey	GAPA	770-476-1943	770-476-3370	taxman@haroldstameycpa.com
Ralph C McBride	GAPA	770-973-5566	770-973-1764	JDMBA4U@comcast.net
L Eddie Brown	GAPA	770-719-4440	770-461-0234	taxpro@brownenterprises.com
Tad Ransopher	GA State Univ	404-651-4467	404-475-4408	acctdr@gsu.edu
Bill Blakeslee	NSTP	404-634-1034	404-634-8559	wpblakeslee@aol.com
Patti M Richards	IRSAC	404-846-3351	404-816-4642	prichards@richardslawfirm.com
Craig McLaughlin	IRS SBSE	954-423-7748	954-423-7342	craig.mclaughlin@irs.gov
Betty Allen	IRS TAS	404-338-8085	404-338-8096	betty.allen@irs.gov
Willard N Timm	IRS Counsel	404-338-7980	404-338-7929	bill.n.timm@irscounsel.treas.gov
David Delduco	IRS Counsel	404-338-7938	404-338-7928	david.delduco@irscounsel.treas.gov
Debra Daigle	IRS Appeals	404-338-7306	404-338-7353	debra.a.daigle@irs.gov
Janell Gadd	IRS Appeals	404-338-7706	404-338-7365	janell.m.gadd@irs.gov
John J Ranero	IRS Appeals	404-338-7312	404-338-7354	John.J.Ranero@irs.gov
Melissa Chedotal	TICTA	770-455-2135	770-455-2556	melissa.chedotal@tigata.treas.gov
Nancy Sanabria	IRS/FA:W&I	404-338-7957	404-338-7963	nancy.c.sanabria@irs.gov
Melanie Burroughs	IRS Campus	678-530-	678-530-6383	melanie.r.burroughs@irs.gov
Rosalind Whittaker	IRS SBSE			

Pete Fishman, Chairman, asked that all attendees introduce themselves and he welcomed everyone to the meeting.

Shirl Bishop, Recording Secretary, had earlier emailed the minutes of the prior meeting to all members. The minutes were approved.

Shirl took a moment to explain that all representatives of the IRS/Practitioners Liaison Committee must be appointed by an Organization that is already a member of the Liaison Committee. All Organizations are approved by a membership committee prior to becoming a member. Each Organization is then permitted to appoint two representatives and each representative must attend all meetings in order to remain active. If the representative does not request to be excused when he or she is not able to attend a meeting, that representative is subject to dismissal. If a representative is unable to attend a meeting, that representative should contact Pete Fishman or Shirl Bishop prior to the meeting and notify them of the substitute who will attend the meeting. The purpose of the Liaison Committee is to collect and disburse information to and from the IRS and then pass this information along by distributing the minutes to all practitioners who are members of the organizations thus reaching as many practitioners as possible.

Pete informed everyone that Betty Allen, Taxpayer Advocate, is retiring. Her family and friends gave her a fabulous retirement party on October 14, 2006. Al Separk, Harold Stamey, Shirl Bishop and Pete Fishman along with about 250 other friends and family attended and honored her for her 40 years of service to the IRS.

Danny Smith, IRS-Senior Tax Specialist, Stakeholder Liaison, welcomed everyone to the meeting. He also announced that this meeting will be filmed and pictures taken for the purpose of internal training at the IRS. Danny passed out an IRS Telephone Directory for Practitioners.

Rosalind Whittaker, Small Business/Self Employed, Assistant Area Director Collections, Nashville, TN, gave a presentation on the tax gap, enforcement, TIPRA, online payment agreements, and private debt collection. She is the assistant area director for Georgia, Oklahoma, Arkansas, Texas, Alabama, Mississippi, Louisiana, and Tennessee. The Group Managers and their Revenue Officers report to the Territory Manager and the Territory Manager reports to Rosalind. Before taking this position, she has been in management since 1987. She has been a Territory Manager for several areas including the offer program and she has been an analyst to ACS.

SBSE has 28,000 employees which represent 45 million taxpayers including 7 million small businesses (including corporations and partnerships with assets of 10 million or less).

Tax Gap is the difference between tax that should be paid and the amount actually paid on a timely basis. The latest estimate was \$345 Billion with a net of \$290 Billion after enforcement action. SBSE has ¾ of the gap but only 1/3 of the taxpayers. Through Legislation, they are trying to get more recording requirements to address the underreporting of income. They hope to accomplish this by expanding third party reporting to include certain government payments for property and services, expanding third party reporting on debt and credit card reimbursements paid to merchants, clarifying liability for employment taxes for employee leasing companies, expanding beyond income taxes the requirement that paid return preparers sign returns.

80% of the tax gap comes from underreporting, 8% is from non-filing, 10% is from underpayments and 2% is miscellaneous. Enforcement priorities are to discourage and deter non-compliance, assure attorneys, accountants, and tax professionals adhere to standards, detect and deter domestic and offshore activity, and discourage and deter non-compliance within TEGE (tax exempt and government entities).

Payroll processing services are being looked at due to the fact that they are collecting the taxes from the employer and not transmitting the taxes to the IRS. Through legislation, the IRS is trying to make it mandatory that these payroll services post a large bond for the protection of the employers.

Tax Collection Enforcement may include a notice of federal tax lien, levy, summons, seizure, and a substitute for return.

The Notice of Federal Tax Lien should not be a bargaining chip with the Revenue Officer – they may or may not file the lien depending upon the case in order to protect the governments' interest. Revenue Officers are asked to make a determination within 10 days of contacting the taxpayer.

A Levy is an attachment to funds and a Seizure is an attachment to assets. Seizures are not a surprise-the taxpayer is aware before action is taken.

A Summons is a request for information in order to prepare a return or make another type of determination after the IRS has asked for the information but it has not been provided. Form 9297-Request for Information is used before the summons is issued.

A Substitute for Return is used by the IRS to produce a return that the taxpayer has not filed. The IRS tries not to use this method because usually there are adjustments that are necessary when the taxpayer files a return. However, it usually will result in the taxpayer coming forward and filing an actual return. Keep in mind that this actual return must then be processed and the processing time is longer than a timely filed return.

Practitioner Question: What can be done if a Revenue Officer/Collection Officer insists upon using the Substitute for Return instead of the actual return filed by the taxpayer and holds the actual return on his/her desk? Rosalind said that if a practitioner is seeing this happen, the manager should be contacted and asked to get involved. Many times the Revenue Officer/Collection Officer may see some discrepancies in the actual return and this may be the reason the return is being held.

Practitioner Question: If an actual return is faxed to Practitioner Priority Service, why does PPS need to send the return to another campus for processing? It would be helpful if the return could be processed immediately. Rosalind said she would check into the processing procedures. She said that the IRS tries to send the information to the service center where experts in that area of the tax law are located. If the case has many issues than multiple service centers may be involved in the resolution.

Practitioner Comment: Whenever a Power of Attorney is presented to an IRS employee, that POA should be filed with the CAF unit immediately.

Practitioner Comment: Perhaps we should educate the tax practitioners on the time line relating to notices that the IRS sends to taxpayers so they will understand the implications. This may reduce the amount of tax court cases. Bill Timm, IRS Counsel, made the comment that the notices are going out faster and sometimes taxpayers are not given a reasonable opportunity to reply because the Service is so focused on time and getting the cases through the system. Another practitioner commented that the time frame of notices seems to have shortened; however, the time frame for getting information FROM the Service has lengthened.

TIPRA (Tax Increase Prevention Reconciliation Act) was passed in 2005 and implemented in July 2006 and impacted Offer in Compromises. Payment (20%) is now required with lump sum and periodic payment offer applications.

Practitioner Comment: Taxpayers are not always able to come up with the 20% and thus they are either not filing an OIC or making it so low that it take extra time for processing or they will be rejected. For example, if an offer is based upon a future third party transaction, this offer can no longer be submitted because of the 20% rule. This is another area where the tax practitioners should be educated. J K Harris Company will simply tell the taxpayer that they will file an offer for a very large fee, however, the offer is rejected and J K Harris Company is the only winner. Tax practitioners should be educated on the parameters of an offer so taxpayers are better served. It was further suggested that the IRS investigate some of the companies like J K Harris Company who frequently take advantage of taxpayers. Rosalind pointed out that if there is doubt as to liability or the taxpayer is low income, they are exempt from the 20%.

Practitioner Comment: When you are presenting an offer for a corporation that owes payroll taxes and you want to file an offer for the individual responsible also, you must file two offers AND the individual must have been assessed the trust fund penalty or the offer will be rejected. You must pay the \$150 twice even though it is a related offer. Further discussion revealed that the IRS issued a memo over a year ago that stated that if the responsible parties have not yet been assessed, Compliance has the ability to consider assessing the individual after the offer has been accepted on a corporation.

If there is no litigation or appeal the IRS has two years to resolve an Offer in Compromise. Form 656 is undergoing revision.

A new tool for taxpayers is the Online Payment Agreement. In order to use the online application (now available on IRS.gov) the taxpayer must have filed all required tax returns and should have available the Balance due notice from the IRS, the Social Security Number or Individual Taxpayer Identification Number, and the Personal identification number, which can be established online using the caller identification number from the balance due notice

Three payment options are available when applying online:

- 1) Pay in Full. Taxpayers who pay within 10 days save interest and penalties
- 2) Short-Term Extension. Receive a short-term extension of up to 120 days (must qualify). No fee is charged, but additional penalties and interest will accrue.
- 3) Monthly Payment Plan. A \$43 user fee will be added to the amount owed and interest and penalty will continue to accrue on the unpaid balance.

To access the application go to IRS.gov, use the pull-down menu under “I need to”...and select “Set up a Payment Plan” The application is available Monday through Friday from 6am to 12:30am, Saturday from 6am to 10pm and Sunday from 4pm to midnight (all are Eastern Times).

The American Jobs Creation Act of 2004 permits IRS to use Private Debt Collection Agencies. Approximately 40 States are currently using private debt collectors. The IRS currently has three firms and they have collected approximately \$500,000 through September 2006. They are making taxpayer privacy a top priority. The private debt collectors will not be authorized to take collection action. They are handling accounts where it is obvious that the taxpayer wants to comply and the dollar amounts are such that the Service would not get around to these accounts for some time.

Danny Smith, IRS-Senior Tax Specialist, Stakeholder Liaison, spoke about the tools available to tax practitioners free from the IRS. Here is a list of the subscriptions available:

E-News for Tax Professionals
IRS Digital Dispatch
IRS Tax Tips
SB/SE Mailing News
FSLG Newsletter
Employee Plans News
Retirement News for Employers
Exempt Organizations
Schedule M-3 FAQ Mail Service

Danny suggested that all practitioners subscribe to E-News for Tax Professionals (which identifies IRS CPE for tax practitioners including Tax Talk today & IRS phone forums as well as other IRS information specific to tax practitioners). Depending on your client base, you may want to subscribe to one of the other free IRS e subscriptions. Go to IRS.gov, click on Tax Professionals and then click Subscriptions and enroll in all that interest you.

Danny also spoke about the Issue Management Resolution System (IMRS). The IRS Stakeholder Liaison function has established the IMRS, a streamlined and structured process that facilitates stakeholder issue identification, resolution and feedback. IMRS captures, develops, resolves and responds to significant national and local practitioner issues. When stakeholder organizations notify the IRS of concerns about IRS policies, practices and procedures, Stakeholder Liaison researches the issues to bring about resolution. IMRS also identifies nationwide trends in the reporting, filing and paying requirements that may necessitate changes to IRS processes and procedures. Progress on issues is closely monitored to assure proper response and communication to the initiating and all impacted stakeholders. You may read about current and prior IMRS issues by going to IRS.gov and click the tax professionals tab. Many new procedures are implemented through the suggestions brought up by practitioners. For example, at our last Liaison meeting Larry Nichols suggested that the IRS calendar be made electronic so it can be downloaded to Outlook. That was a good suggestion and it will happen next year. Not all suggestions are implemented but they are reviewed. IMRS is a terrific tool – please take a look into this one !!!! Set your schedule to check each and every month for new issues.

Craig McLaughlin, IRS-Area Manager Stakeholder Liaison Georgia/Florida, volunteered the services of SB/SE to speak at meetings of practitioners. Craig spoke about the national phone forums which cover many topics and you can call in from your office and attend the forum and receive CPE credit. You can ask the speaker questions while on these phone forums. Register for E-News for Tax Professionals to find out about these phone forums. When you register, you will receive a PIN number. Keep it in a safe place-you will use it for each phone forum.

David Delduco, IRS-Associate Area Counsel, announced that there is a tax court calendar on October 30th. David said the calendar call is the most entertaining part and he suggested that we attend one if we haven't in the past.

Melissa Chedotal, Manager, IRS, TIGTA (Treasury Inspector General for Tax Administration), passed out flyers highlighting TIGTA's mission. TIGTA is interested in anything that affects tax administration. They are interested in the IRS Phishing emails that are going out to many taxpayers and originate from all over the world. Their investigation shows that there are at least 7 countries where these emails are originating. TIGTA is helping victims also who responded to the emails. TIGTA is actively working to shut down the server where the email originated. Please notify TIGTA if you have information.

TIGTA is also interested in the Private Debt Collection Agencies where a taxpayer is being scammed by someone pretending to be a Private Debt Collector. There are only three collection agencies being used by the IRS and they are listed on the IRS.gov website. Alert your taxpayers to make sure they know who they are talking to and releasing information to if they are contacted. The IRS sends a notice to the taxpayer informing he/she that their file has been given to a private debt collection agency. Checks collected will be made payable to the US Treasury not the collection agency.

Debra Daigle, IRS-Appeals Team Manager, said as of October 1st she has taken over as Team Manager for Steve Sheppard for the Collection Group. They have hired two new settlement officers to help with the volume of work. Steve is currently working as a technical advisor for their area director.

Janell Gadd, IRS-Appeals, said she handles the large case program and she would be happy to help practitioners representing taxpayers with large case issues.

John Ranero, IRS-Appeals/Income Tax, said that he has been told that the appeals cycle time is too high and they should give taxpayers and representatives a 14 day period of time to respond. If the 14 days expires, then another 14 day period is given and if that expires, the case will be closed and sent to counsel. This is due to a large extent because of lack of resources. **Bill Timm, IRS-Associate Counsel**, said that after the case is closed appeals will not take the case back. This is a policy issued by the National Office. Counsel cannot consider circumstances that can be discussed with appeals, so Bill suggests that taxpayer representatives be aware and comply with the 14 day period. John said that if there is an unusual circumstance to call him directly to see if he can help. He cannot promise anything, but he will listen.

Nancy Sanabria-IRS/Field Assistance: W&I, reported that their 400 offices are still open. Walk-ins are still being seen. If the taxpayer or representative drops off a tax return, they can make a copy of page 1 only and date stamp that page or they will date stamp a copy that the taxpayer or representative provides. Danny Smith suggested that taxpayers and representatives e-file returns to save time and receive an automatic receipt for the filing. Discussion followed regarding certified mail and it was determined that e-filing is always the best way to file a return in order to have proof of filing.

Melanie Burroughs-IRS/Atlanta Campus W&I, said they are processing the tax returns as quickly as possible.

Practitioner Question: How can someone report another person or business for non compliance with tax laws and regulations?

How Do You Report Suspected Tax Fraud Activity?

If you suspect or know of an individual or company that is not complying with the tax laws, you may report this activity by completing [Form 3949-A](#). You may fill out Form 3949-A online, print it and mail it to:

Internal Revenue Service
Fresno, CA 93888

If you do not wish to use Form 3949-A, you may send a letter to the address above. Please include the following information, if available:

- Name and address of the person you are reporting
- The taxpayer identification number (social security number for an individual or employer identification number for a business)
- A brief description of the alleged violation, including how you became aware of or obtained the information
- The years involved
- The estimated dollar amount of any unreported income
- Your name, address and daytime telephone number

Although you are not required to identify yourself, it is helpful to do so. Your identity can be kept confidential. You may also be entitled to a reward.

Frequently Asked Questions - [1.13 IRS Procedures: Reporting Fraud](#)

Below is some additional information from the Internal Revenue Manual. It gives a phone #, 1-800-829-0433, but the phone # prompts you to complete the Form 3949-A.

25.2.1.3 Handling the Information **(02/03/2006)** **(04-27-1999)**

1. Effective January 3, 2006, callers who want to provide information alleging a violation of the Federal tax laws may call the Self-Service Fraud Hotline at 1-800-829-0433. The Self-Service Fraud Hotline replaces the process of toll-free assistors receiving "live"informant calls.
2. When the informant calls the Self-Service Fraud Hotline, he/she will be presented with the following two options for reporting tax fraud or abuse:
 - Complete a new public use Form [3949A](#), Information Referral, or
 - Provide the information via a letter.

Betty J Allen-IRS Taxpayer Advocate, said that she has really enjoyed working with the IRS/Practitioner Liaison Committee members and the tax practitioners of Georgia. Betty improved the resolution rate at the Tax Forums from 65% when the forums started to 91% this year. Betty's last day will be December 22, 2006. Shirl Bishop, representing the Liaison Committee, thanked Betty for her years of service. She extended Betty an invitation to attend the meeting anytime.

Danny Smith thanked everyone, both practitioners and IRS employees, for attending and making our meetings a success.

Next Meeting

Pete announced that the next meeting will be on

Wednesday, January 17, 2007 – NOTE: This is a change !!!!!

Pete encouraged all members to continue to submit topics for future meetings. If your members have concerns, please ask them to send you the information. Please submit your requests to Pete Fishman at fish1276@aol.com or Shirl Bishop EA at sbishopea@aol.com no later than 30 days prior to the meeting date. Of course, you can submit items at anytime – you do not have to wait until 30 days prior to the meeting.

Please remember to share the minutes of this meeting with the members of your organization.

The meeting was adjourned.