IRS NEWS FOR TAX PROFESSIONALS
FEBRUARY 2012

▪ A webinar entitled "Getting Ready for Filing Season 2012 – Individuals and Businesses" will be presented on January 25, 2012 at 1 p.m. Central (noon Mountain) and will be (archived* for later viewing at the IRS Video Portal. Registration

▪ IR 12-01 Taxpayers have until April 17 to file their tax returns.

▪ IR 11-116 The standard mileage rate for business stays at 55.5 cents per mile (unchanged from the July 1 mid-year adjustment).

▪ Headliner 317 FUTA tax: Employers in credit reduction states must adjust the unemployment tax liability on their 2011 Form 940. Twenty-one states are affected. These include Minnesota, Wisconsin, Illinois, Indiana, Kentucky, Arkansas, Michigan, and Missouri.

▪ IR 11-124 The Temporary Payroll Tax Cut Continuation Act of 2011 temporarily extends through Feb. 29, 2012, the two percentage point payroll tax cut for employees, continuing the reduction of the Social Security tax withholding rate from 6.2 percent to 4.2 percent of wages paid. A new “recapture” provision, applies to those employees who receive more than $18,350 in wages during the two-month period.

▪ Recent legislation expands the work opportunity tax credit. The credit is available to businesses that hire eligible unemployed veterans who begin work on or after Nov. 22, 2011, and before Jan. 1, 2013.

▪ IR 11-117 Taxpayers will use Form 8938 to report specified foreign financial assets for tax year 2011. Temporary regulations have been issued for IRC 6038D reporting legislated by the Foreign Account Tax Compliance Act (FATCA). This is in addition to, and with different filing thresholds, than they may have under FBAR, TD F 90-22-1 that is submitted to the Treasury Department.

▪ New Form 8949 is now used to report capital gains and losses and the totals are reported on Schedule D. It replaces Schedule D-1.

YOUR PRACTICE

▪ Fingerprinting of provisional tax return preparers has been tabled.

▪ IR 11-122 Due Diligence and the Earned income Tax Credit. Final regulations require paid tax return preparers to file a due diligence checklist, Form 8867, with any federal return claiming the Earned Income Tax Credit (EITC) beginning Jan. 1, 2012. This is the same form that is currently required to be completed and retained in a preparer's records. Treasury Decision 9570, sections 7, discusses. View an archived program at http:/www.irsvideos.gov/ and other information at EITC Central.

▪ The use of the Identity Theft Protection PIN (IP PIN) is explained in Understanding Your LTR4869CS Letter.

▪ Form 2848 Power of Attorney and the Instructions were revised in October 2011. For joint returns: Each spouse or former spouse must submit a separate POA. Any listed representative on the POA is permitted access to the tax information related to the joint tax return, but can only represent the authorizing spouse. The new separate POA form requirement results partially from the renewed focus on conflict of interest concerns. Although a return may have been filed "jointly," there are many situations where the taxpayers have separated or divorced and may have competing interests related to certain issues.

▪ Per Internal Revenue Manual (IRM) 4.19.13.9.6, if a taxpayer requests additional time to submit requested documentation, the time will be automatically granted *up to* 30 days on the first request. ...Note: [In] Cases where the Statutory *Notice of Deficiency* has been issued... the extension is to submit additional documentation and will not extend the time to petition Tax Court.

▪ The fee to take the Special Enrollment Examination to become an Enrolled Agent increased from $101 to $105 per part. IRS.gov, SEE Candidate Information Bulletin.

▪ TESTING: We anticipate we will be able to provide test scores to those who have already tested and implement same day results by approximately March. Additionally, the test vendor has continued to expand the number of sites where the test is available. Ultimately there will be about 270 testing sites. Find a list of test sites.

Preparers have until the end of 2012 to pass the two-and-a-half-hour timed test, and they can take it as many times as necessary to pass. While test takers are not allowed to bring reference materials into the site, reference materials are provided online during the test. Publication 17 and a copy of the Form 1040 itself and the long Form 1040 instructions will be available. The test is structured in such a way that "if someone has to look up every answer, timewise they may have challenges."

▪ All Preparer Tax Identification Numbers (PTINs) expire on Dec. 31, but the system will continue to accept renewals after that deadline. Anyone who has experienced technical difficulties attempting to renew their PTIN should review these online troubleshooting tips.

▪ Return preparer visitations are underway.

WEB TIPS

▪ Find 2012 Tax Tips and 2012 Fact Sheets, including two fact sheets on Identity Theft.

▪ New hours of service for most IRS toll-free telephone lines will be 7:00 a.m. to 7:00 p.m. local time. This includes telephone assistance for individuals, businesses, and the Practitioner Priority Service. As a reminder, the IRS is available online 24 hours a day, 7 days a week, for you and your clients. Use automated services on IRS.gov to get help, answers to important tax questions and access to:

- Interactive Tax Assistant
- Online transcript requests
- Where's My Refund?
- How to Contact the IRS

▪ A redesigned page on IRS.gov explains the Offer in Compromise process.

▪ Now is a good time to ask your clients to organize their records. - Learn more in this YouTube video

▪ The IRS offers a video on Choosing a Tax Preparer for a Small Business. Also see Fact Sheet 12-5, Choosing a Tax Preparer , Tax Tip 2012-06. and a YouTube video for individuals.

▪ New Form 14157, is used to submit a complaint about a tax preparer.

EVENTS

▪ Plan now for the 2012 IRS Nationwide Tax Forums
http://www.irstaxforum.com/index

June 19-21	Orlando, FL
July 10-12	Atlanta, GA
July 17-19	San Diego, CA
July 31- Aug 2	Las Vegas, NV
August 21-23	Chicago, IL
August 28-30	New York, NY

▪ Attend a 2012 workshop for small and mid-sized 501(c)(3) organizations.

- Bloomington, IN (February 28)
- Indianapolis, IN (February 29, 2012)
- Lincoln, NE (May 22, 2012)
- Kearney, NE (May 24, 2012)

TECHNICAL GUIDANCE

▪ Commissioner Douglas H. Shulman Speaks at the IRS/George Washington University 24th Annual Institute

▪ FS 11-13 This fact sheet summarizes information about federal income tax return and FBAR filing requirements for duel citizens in Canada, the United Kingdom and other countries.

▪ Headliner 316 explains the new process to amend a previously filed Form 8300, Report of Cash Payments Over $10,000 Received in a Trade or Business, or TD F 90-22.1, Report of Foreign Bank and Financial Accounts

▪ IR 11-118, IRS Offers Tips for Charitable Giving

▪ IR 11-120 The Filing Deadline Extended to March 30 for Some Tax-Exempt Organizations. The 990-N e-postcard filing system will not be affected.

▪ IR 11-121 Low- and moderate-income workers can take steps now to save for retirement and earn a special tax credit in 2011 and the years ahead.

▪ IR 11-125 New members to the Internal Revenue Service Advisory Council (IRSAC), include Janeen Ryan, EA, of Aurora, Colo., and Christopher Riley, CPA, of Decatur, Ill.

▪IR 11-126 Published temporary regulations provide guidance on the treatment of amounts paid to acquire, produce or improve tangible property and regarding the accounting for, and dispositions of, property subject to depreciation. The regulations provide objective standards and bright-line rules intended to simplify compliance with the capitalization provisions contained in section 263(a) of the Code.

▪ IR 12-02 The Taxpayer Advocacy Panel (TAP) has 26 new members. www.improveirs.org, including Kenneth Armstrong of Kalispell, MT, Martha Zachery of Inver Grove heights, MN, and Edward Sykes of Rose Hill, KS.

▪ IR 12-03 has new proposed guidelines designed to provide relief to more innocent spouses requesting equitable relief from income tax liability. Notice 12-08

▪ IR 12-05 The IRS reopened the offshore voluntary disclosure program to help people hiding offshore accounts get current with their taxes and announced the collection of more than $4.4 billion so far from the two previous international programs.

▪ Announcement 11-81 provides temporary relief with respect to Individual Retirement Accounts (IRAs) in circumstances in which the IRA owners have signed certain indemnification agreements or granted certain security interests in accounts that may have an effect on their IRAs.

▪ Announcement 11-82 describes several important changes to the Employee Plans determination letter program.

▪ Announcement 12-03 extending to April 2, 2012, the deadline to submit on-cycle applications for opinion and advisory letters for pre-approved defined contribution plans for the plans' second six-year remedial amendment cycle

▪ Notice 11-97 identifies statutory, regulatory, and guidance changes that must be taken into account in submissions by retirement plan sponsors.

▪ Notice 11-101 requests comments regarding when (and under what circumstances) transfers by a trustee of all or a portion of the principal of an irrevocable trust (Distributing Trust) to another irrevocable trust (Receiving Trust), sometimes called “decanting,” that result in a change in the beneficial interests in the trust are not subject to income, gift, estate, and/or generation-skipping transfer (GST) taxes.

▪ Notice 12-03 provides guidance on current refunding issues for tax-exempt bond financing under certain disaster relief bond programs

▪ Notice 12-05 provides a safe harbor reporting method that an eligible real estate mortgage investment conduit (REMIC) may use to satisfy its reporting obligations with respect to information regarding REMIC assets that the REMIC must report to residual interest holders. Revenue Procedure 12-14

▪ Notice 12-09 provides additional guidance regarding the requirement that certain employers report the value of employer-sponsored health care coverage on the employees’ Forms W-2. The notice restates and amends the interim guidance in Notice 11-28 ACA pages

▪ Revenue Ruling 12-01 clarifies the treatment of certain liabilities under the section 461(h)(3) recurring item exception to the economic performance requirement of the all events test. Under the all events test, an accrual method taxpayer can accrue a liability in the year in which the liability is fixed and determinable and economic performance has occurred.

▪ Revenue Ruling 12-05 provides tables of covered compensation under § 401(l)(5)(E) of the Code and the Income Tax Regulations, for the 2012 plan year.

TAX-EXEMPT ORGANIZATIONS

▪ Internships Available in the IRS Exempt Organizations office as 2012 summer interns. Read more in the Internship Fact Sheet; if interested, apply by March 2, 2012.

▪ Attend a 2012 workshops for small and mid-sized 501(c)(3) organizations.

▪ Find the list of organizations that have had their tax-exempt status automatically revoked.

- Fact Sheet
- Reinstatement of Tax-Exempt Status
- Frequently Asked Questions
- Publication 78

REPORTS & STATISTICS

- Check out January's Hot Issues report from the Issue Management Resolution System.
- Read the Employee Plans News page and the Social Security Administrations W2 News,
- A new set of tax gap estimates for tax year 2006 show compliance rates remain statistically unchanged. IR 12-4   FS 12-6
- The IRS Enforcement and Service Results for FY 2011 detail audit, collection and taxpayer service activities.
- IR 12-06 The National Taxpayer Advocate released its Annual Report to Congress.
- **Schedule M-3 Update for 2012 and 2013** Subject always to a possible need to reflect changes in law, there are no other planned changes to Schedule M-3 forms for tax year 2012. An IRS M-3 Study Group was formed following the enactment of the Form 1120 Schedule UTP requirements (see Announcement 10-75) and charged with seeking to reduce any duplicate reporting between Schedule UTP and Schedule M-3. The M-3 Working Group has obtained input from external and internal stakeholders and is currently reviewing and considering that information in conjunction with findings from the first year of Schedule UTP implementation.