

December 1, 2010  
Practitioner Liaison Meeting  
Milwaukee, WI  
12:30 - 3:30pm

**Attendees:**

Jan	Anderson	National Association of Tax Professionals
Jim	Bartlett	Liberty Tax
Ron	Berman	Wisconsin Institute of CPAs
Richard	Cummings	UW - Whitewater
Bob	Dallman	Milwaukee Tax Club
David	Fayram	Wisconsin Society of Enrolled Agents
Wendi	Hall	American Society of Women Accountants
Tricia	Knight	Wisconsin Institute of CPAs
Sam	Micale	Wisconsin Association of Accountants
Mary	Rozek	UW - Milwaukee
Lonn	Spangler	H & R Block Franchises
Marlene	Dunn Till	National Association of Tax Professionals
Carol	Tollefson	H&R Block Corporate
Linda	VanSluys	H&R Block Corporate
Don	Wollersheim	Wisconsin Society of Enrolled Agents
Laurie	Ziegler	Wisconsin Society of Enrolled Agents
<b><u>Wisconsin Department of Revenue:</u></b>		
Gregg	Frazier	Audit Bureau Director
<b><u>Internal Revenue Service:</u></b>		
Bob	Arango	Governmental. Liaison
Michelle	Benson	Area Manager, Stakeholder Liaison
Roy	Block	Taxpayer Advisory Panel
Mary	Delzer	Taxpayer Advocate Service
Tom	Horgan	SPEC
Tiffany	Howe	Insolvency
Joan	Jeselun	Stakeholder Liaison
Barbara	Johnson	Taxpayer Advocate Service
Kerstin	Lanser	Stakeholder Liaison
Mark	Miller	Counsel
Kathy	Mostowik	Stakeholder Liaison
Tim	Sherrill	Collection
Jon	Thelen	Examination

### **Meeting Summary:**

#### **Offer-in-Compromise - Tim Sherrill, IRS Collection Territory Manager**

Tim provided everyone with a copy of Forms 656, 656A, and a list of FAQs regarding the Offer-in-Compromise (OIC) process. He explained the various payment terms available to taxpayers. The only change on the Form 656 that he highlighted was that Doubt as to Liability offers no longer go on the F656-they have their own form, F656-L. Only Doubt as to Collectability offers go on the F656. All "Collectability" offers require an application fee of \$150 regardless of payment option, but it can be waived if the individual's income falls below a certain amount. A 20% down payment is required for the Lump Sum offer, which can also be waived based on income levels. In lieu of the 20% down payment, deferred payment options require the taxpayer to include the first installment with the "Offer" and continue to make installments while the Offer is being investigated. Tim said it should take no longer than 6-9 months to complete the process based on the cooperation and speed in which the taxpayer provides all requested documentation. Consider contacting the Examiner/Specialist's manager if you feel the investigation is not progressing.

The benefits to the taxpayer are that liens will be removed upon full payment of the terms; the interest and penalties stop accruing; and they get a fresh start. The benefit to the IRS is that they are guaranteed up to 5 years of compliance, and they collect money that may not have ever been collected. In the case of unemployed or underemployed taxpayers the IRS will look at factors such as how long it has been since the person was employed and what they are doing to find work.

A discussion followed the presentation and several practitioners made suggestions on how to change or improve the OIC program. Tim will take these back to his staff for consideration.

#### **WI Department of Revenue Updates – Gregg Frazier, Audit Bureau Director**

Diane Hardt was unable to attend the meeting due to a scheduling conflict. Gregg spoke to the group in her place.

- 1099-G are now paperless and that information can be found on-line
- A new project is starting in regard to the sharing of audit results between WDOR and IRS. The state is finding that following an IRS audit, taxpayers are not properly amending their state returns. When

the state receives the IRS audit report, a year or more may have lapsed. If the taxpayer did not amend their state return this could result in an audit by the state of any open years. This information is shared with the IRS and the cycle starts over again. The state wants to find out why the sharing of information takes so long and what they can do to promote the voluntary filing of amended returns in this situation.

### **Innocent Spouse – Tom Horgan, IRS SPEC**

Tom provided the group a copy of the newly revised Form 8857 and its instructions. He highlighted the various changes in language on the form and additional items now required. Tom also explained the difference between injured spouse and innocent spouse and when their respective forms are filed. The injured spouse form should be filed with the tax return and the innocent spouse is not filed with the tax return. One concern always brought up with these cases is the sharing of personal information. If the case goes to Tax Court, one must ask to have the information withheld and provide a reason. This is especially important in cases of abuse.

Tom stated that this request could take up to six months to process. He also stated that Publication 971, Innocent Spouse Relief, is being updated and is scheduled for a December release.

### **Taxpayer Advocate Update – Barbara Johnson, IRS Taxpayer Advocate**

Barbara provided the group with a “goodie bag” of various items from their office. At this time she was only able to discuss information that came from the 2009 Amended Report. Nina Olson, National Advocate, will be in front of congress before the end of the year presenting the 2010 annual report. Barbara discussed the power point provided; she stated that the objectives are the Hot Topics, some of which included the SAMS program, TAS Leadership, and Publication 1546 – Taxpayer Advocate Service – Your Voice at the IRS.

Barbara went on to talk about some of the services their office provides. She told the group that TAS cannot make OIC determinations. In efforts to advocate for the taxpayers, TAS sends a referral to the OIC unit and asks for a determination. In order to make sure the taxpayers are afforded their rights, the Case Advocate contacts a Revenue Officer Technical Advisor who works for TAS. If a case has something to do with campus services, it is referred there. She explained that the TAS staff is made up of employees with various IRS backgrounds. They have a good

working relationship with the Milwaukee employees, all of whom work together to provide excellent service. No case is closed until it is resolved.

### **Taxpayer Advocacy Panel Update – Roy Block, IRS Manager**

Roy passed out a map of the nation showing which state belonged in which area. He manages areas 4 and 5. They have a small staff with only four offices and 25 employees in the nation. The panel also consists of private citizens who volunteer their time. They meet monthly by phone and every six months face-to-face. These individuals hold a three-year term. They started in 1998 and expanded in 2001. There is a representative from each state based on the number of tax returns filed.

Their office works the same cases as TAS, but in a different manner. The Advocate's office looks at individual problems, which the panel looks at the big picture. One of their goals is how the IRS can save money. For example, they developed the Small Business Calendar that is now so widely popular. Projects they are currently working on include streamlining the OIC process, e-file systemic problems, the abatement process of certain penalties, and a publication soon to be released for truckers.

The IRS also gives them work to do, such as reviewing notices to make sure they are clear and concise. The panel has also worked on correcting problems with the current PTIN registration. Roy welcomed calls from practitioners if they have suggestions on how the IRS can save money.

### **PTIN Update – Kathy Mostowik, IRS Stakeholder Liaison**

Kathy stated that we are nearing the 300,000 mark for successful PTIN registrations and 100,000 more are in various stages of completion. There is still some confusion as to who is required to obtain a PTIN, so Kathy provided everyone with a copy of the PTIN scenarios, which are found in the Frequently Asked Questions (FAQs) at [IRS.gov/taxpros](https://www.irs.gov/taxpros). These FAQs provide some guidance in determining whether or not a person is required to get a PTIN.

She also explained that we do not have access to the PTIN system, so we are unable to assist with any specific problems a practitioner may encounter while attempting to become successfully registered. She stated that the system is continually be enhanced and there have been significant improvements since registration began.

**Testing:** Kathy stated that testing for all unenrolled preparers should begin sometime in mid-2011. If an unenrolled tax preparer obtains a PTIN before testing becomes available, they will have until December 31, 2013 to pass the test. Once testing becomes available, unenrolled preparers will be required to pass the test before they can obtain a PTIN.

**Continuing Education:** We do not yet know when the effective date for the continuing education requirement will begin. It is the intent that the requirement will be waived during the first year of implementation. Once the continuing education requirement begins, affected preparers will have a full twelve months to meet their first year's requirement.

There is a possibility that some relief for testing and continuing education requirements for those people who do not sign a return or work under the supervision of a tax professional. If there is any relief, this will be addressed in the final regulations.

The reduced **Enrolled Agent** fee should be announced soon.

**Representative Change of Address:** If a practitioner has an address change, there is no need to change each power of attorney. The practitioner must write a letter indicating the change of address and either fax it or mail it to the CAF unit where the power of attorney is on file. For Wisconsin, the CAF unit is located at the Ogden Campus. **The letter must be signed.** This information can be found in the instructions for Form 2848, Power of Attorney.

#### **Miscellaneous Items - Kerstin Lanser, IRS Stakeholder Liaison:**

Kerstin reminded everyone that the FTD paper coupons will be discontinued as of 12/31/2010. All taxpayers should be registered for the EFTPS program as of 1/1/2011. If they have automatically been pre-registered, they will receive a letter. This will save the government \$65 million over the first five years.

Taxpayers who erroneously received the Making Work Pay Credit will now be receiving Letter 3064C. This money must be repaid.

Taxpayers who received the First Time Home Buyer's Credit in 2008 will receive a letter from the IRS reminding them that they need to start repayment in 2010. Taxpayers who took the credit in 2009 will also receive a letter but it is strictly educational. It will remind them of the

situations under which they may need to repay the credit. A third letter will be sent to certain taxpayers if based on external databases it appears that they have disposed of their home after having taken the credit.

More resources will be allocated to monitoring practitioner visits by exam. This year the visits will be more focused on what practitioners may be doing wrong. EITC Due Diligence visits will also be made.

### **Issues and Status:**

**Issue Status Report:** There were no unresolved issues from the June 2010 PLM.

### **IRS Roundtable and Comments:**

Jon Thelen, Exam Manager (representing Dan Sostock): Examination had a good year and met their exam plan. Next year's plan is similar and will include NRP and audits of Business Returns (1120, 1120S, and 1065). Hiring for January has been postponed to July. They will be doing preparer visits again next year.

Michelle Benson, SL Area Manager: stated that this has been a busy fall and that her staff is keeping up with all of the legislative changes. In the six states she manages, there were 42 major events in the last few months attended by over 4,000 practitioners. She continues to support our program.