IRS Practitioner Liaison Meeting

June 21, 2023

Those in Attendance:

John Baumer ASCPA Kelly Bellomo IRS Collections Manager

Wendy Bingham ADOR Collections Kurt Branning IRS Exam TM

Pauline Cox IRS Exam Appeals Rebecca daCosta IRS Counsel

Tracy Essig AFIT IRA Feldman Phoenix Tax Workshop

Dave Freeland AAATP Christine Freeland AAATP

Leanna Griffin AAATP Katie Gudgel NATP

Kimberly Hayden IRS Exam Appeals Jarome Hepworth IRS Appeals TM, Collection

Carrie Kiser AAATP Deborah Morales IRS Taxpayer Advocate

Lisa Novack IRS Stakeholder Liaison Gregory Oda IRS Office of Fraud Enforcement

Thala Rolnick AFIT Stacy Scott ADOR

Bree Stamper Community Legal Serv Philip Wilson

**Lisa Novack** moderated the meeting. She discussed Stakeholder Liaison’s interaction with the community. They are looking for more feedback and suggestions from the tax professional community.

SL has been gathering feedback by hosting round table meetings since the beginning of the year. These included obtaining suggestions on what kind of improvements can be made using IRA funding. They were seeking input and ideas on how to disseminate information to taxpayers.

SL also had round tables on **Form 1099Ks**. There is additional 1099-K information online, including in the form of frequently asked questions. There were questions regarding how the IRS is going to process all the additional documents and the types of notices they will be sending to taxpayers. This is still to be determined. It was also noted that a single 1099K could have income earned by a rental property, a Schedule C and amounts that are not taxable. It was suggested that the IRS should have a reconciliation form where the different locations of the same 1099K are reported. It was also brought up that many Form 1099s must be obtained online and many unsophisticated taxpayers may not even know to look for them. It was suggested the IRS work with app companies to provide taxpayers with needed information.

There was a conversation on the **IRS modernization feedback**. This included ID.me and how many people are not able to sign up. Some are not able to because they have moved and their ID does not agree with their actual address. Other older taxpayers may not have computers or are not computer knowledgeable. Others just are afraid of putting their information “out there.” Many elderly taxpayers are trying to close online accounts rather than adding another one. In the case of low-income taxpayers, not only do they not have computers, they may not have an address.

There was a discussion regarding obtaining copies of client estimated tax payments before filing the return. This includes more quickly processing power of attorneys. A taxpayer can call the IRS at 800-908-9946 and the service will send a “record of account” within a week to the taxpayer’s last known address.

Future enhancements coming to the IRS Online Account:

* The ability to update address online
* Submitting extensions online if there is at least a $1 payment.
* Virtual assistance when a taxpayer owes tax including setting up online payment plans.
* Business Online Account

Future enhancements coming to Tax Pro Account:

* A location where preparers can see all the powers of attorney they have on file and close any they no longer need.
* Review Taxpayer account activity

It was asked if the IRS could initiate setting up taxpayer accounts that then would be activated by the taxpayer. In this case there is concern about identification verification

IRS is encouraging everyone to get an **IPPIN**. It now takes 430 days to process a return where there was identity theft. The following is from the IRS website:

You may use our [Get an IP PIN](https://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin) online tool to retrieve your current IP PIN. If you don’t already have an account on IRS.gov, you will be asked to register for an account and validate your identity.

If you previously created an online account and obtained an IP PIN, access [Get an IP PIN](https://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin) and log in to your account. You may be required to verify your identity again due to our increased account security.

***If you're*** ***unable to retrieve your IP PIN online***, you may call us at 800-908-4490 for specialized assistance, Monday - Friday, 7 a.m. - 7 p.m. your local time (Alaska & Hawaii follow Pacific Time), to have your IP PIN reissued. An assistor will verify your identity and mail your IP PIN to your address of record within 21 days.

There a going to be a new system called “InFORM Me” where more information can be retrieved about forms and notices. Will be able to focus on specific line numbers to learn more. They will be demonstrating at Nationwide Tax Forums and other events.

**Information Returns Intake System (IRIS),** E-Filing Information Returns (1099 Portal)

In early 2023, IRS had a soft opening where taxpayers could file Form 1099 online. It will not initially replace the Fire System. Publication 5717 explains the system.

External users will validate their identities using the latest authentication process prior to completing the IRIS Application for Transmitter Control Code (TCC). The IRIS Application for TCC is available on [**www.irs.gov/iris**](http://www.irs.gov/iris).**Allow up to 45 calendar days for application processing.**

See Resource document for more information.

**Greg Oda** discussed **Employee Retention Credit Fraud**. See his slides (included in the Resource document).

**Kurt Branning** discussed IRS SBSE examination. The agents have been back in the field for about a year. The first contact will always be in writing. They are able to receive documents electronically and signatures electronically through October 31, 2023.

New audits will not include new types of individual audits for taxpayers with income under $400,000. There are some programs that already exist for these taxpayers, and they will not go away. The $400,000 threshold does not apply to businesses.

They have 30 agents across the country doing nationwide research credit audits.

Beginning April 2021, audit has a new office on Fraud.

They are hiring and have direct hiring authority. They can receive resumes directly and set up interviews. This has reduced the hiring process to about a month. To qualify as an IRS auditor, the applicant must have either an accounting degree or 30 accounting credits. The local payrate for a grade 11 is approximately $72,000.

They have not been hiring TCOs. This is because they are not sure how office audits will fit into the new audit system.

Many of the IRS publications are in multiple languages.

Areas they are concentrating on in auditing include promotor issues, pass through entities, micro captive insurance, marijuana, gig economy. Because of the $400,000 threshold they will be focusing more on entities including partnerships and S-corporations. They are still learning how to audit partnerships based on the 2018 changes.

They are also doing due diligence visits.

**Pauline Cox** is with IRS Field Office Manager of Exam Appeals. They deal with whatever examinations audit sends to them, including international and domestic. They are trying to replenish their staff and are looking to hire 4 more appeals officers. They are looking for grade 13 & 14 levels. They are down to 2 agents. They mostly are not in the field. They also hold virtual meetings. Each agent can have up to 50 cases, but they still work only 40 hours a week.

They are installing new systems.

When a taxpayer first receives a letter from them, it will allow them to elect to send and receive document through secured email (TDC). This is the best way to communicate with them. If you try to send a document via a thumb drive, they need to receive special permission to open it.

They are still working remotely except for any face-to-face meetings. Most small cases are being worked out of Fresno.

**Kelly Bellomo** is an IRS Field Collections Revenue Manager. They are also looking to hire and are able to use direct hiring. They require a college degree. Right now, their staff is bare bones. As they hire, they are required to use their best people to train the new incoming. In 2009, they had 10 full groups of officers. Now they have only 3 people.

During Covid, they did everything by phone, but now they are back in the field. Unlike audit, they do conduct cold calls. They carry ID and business cards. A taxpayer may call either the police or a special IRS number to verify they really are revenue officers. If an RO comes to a location and no one answers, they will leave a business card. Taxpayers should not ignore their visit.

They are also pursuing high income nonfiling collection cases.

**Jarom Hepworth** is an IRS Appeals team manager in collection. He handles collection due process cases and field collections. He also handles pre and post trust fund appeals.

He is also hiring through direct hire.

He also uses TDC (secure messaging) to work with taxpayers. Once the case is closed, this electronic file is closed.

The Taxpayer First Act states that the taxpayer can request their administrative file. This does not contain documents the taxpayer sent to the officer or any Appeals workpapers.

**Rebecca daCosta** is with Chief Counsel. While their office has 18-20 employees, a lot of those employees are on parental leave. They are working partially in the office and partially virtually.

There is a new litigation division for bigger cases. The smaller cases had been sent to Denver, but they are coming back.

The tax court has amended some of their rules. There are 2 upcoming Phoenix calendar dates.

There is still a lot of litigation on easement contributions and micro captive insurance cases.

They are having special settlement days July 19 through the 21st. These will be virtual.

**Wendy Bingham** is head of collections at Arizona Department of Revenue. They began outbound calling and will start collection enforcement if they do not a receive response from taxpayers. Each employee does have an ID so they can identify themselves.

**Frank Bustos** is with TAS and he works systemic accuracy public policy cases. These include issues like the IRS courtesy disconnects that instead now allow for callbacks. They also work on identification verification issues.

We are going to have a 3rd low-income tax clinics in the state. The new one will be in northern Arizona.

**Deborah Morales** is the new Taxpayer Advocate Manager. Her prior position as lead, has now opened up. They handle hardship cases. They are not able to work with
Appeals since Appeals is independent from the IRS. They have one intake person.

If a taxpayer or representative has submitted a case, and the issue has been resolved, they should send a letter to request a withdrawal of the case.