

Date: June 8, 2015

IRS Practitioner Liaison Meeting

Concord, NH

Time: 9:00 a.m. – 12:00 p.m.

Attendees:

- Mary Marcotte, Senior Stakeholder Liaison, IRS Stakeholder Liaison Field
- Steve Ingraham, New York Area Manager (NH, NY and MA), IRS Stakeholder Liaison Field
- Shahid Babar, Territory Manager, IRS Small Business/Self-Employed (SB/SE) Field Collection
- Joceline Champagne, New Hampshire Local Taxpayer Advocate, IRS Taxpayer Advocate Service (TAS)
- Nancy Dery, New Hampshire Representative, Taxpayer Advocacy Panel (TAP)
- Peter Goodwin, Group Manager, IRS SB/SE Examination
- Deirdra Logan, IRS Governmental Liaison (NH, ME and VT)
- Peter Colbath, Tax Auditor, NH Department of Revenue Administration
- Lynn Annicchiarico, President, National Association of Tax Professionals (NATP), New Hampshire Chapter
- Sol Asmar, Board Member, NATP, NH Chapter
- Norma Boyce, Secretary, NATP, NH Chapter
- Robert Capriole, President-Elect, Northern New England Society of Enrolled Agents (NNESEA)
- Jeff Goodrich, Low Income Tax Clinic Director, Legal Advice Referral Center (LARC)
- Barbara Heggie, Low Income Taxpayer Project Coordinator, NH Bar Association
- Jeffrey Kent, Board Member, NATP, NH Chapter
- Edda Martin, National Society of Accountants (NSA) State Director for New Hampshire, 2nd Vice President for Education, New Hampshire Society of Accountants (NHSA)
- Kelly McPherson, Director, NNESEA
- Beathan Regan, Tax and Financial Outreach Coordinator, LARC
- Carol Romeril, Board Member and Education Committee Chair, NATP, NH Chapter
- Chris Sawyer, Treasurer, NATP, NH Chapter
- Dr. Richard Spead, New England Liaison, Association of Certified Fraud Specialists
- Ed Wagner, NHSA
- John Walker, Secretary, NHSA
- John Washburn, Past Tax Section Chair, NH Bar Association
- Dawn Whiting, Tax Section Member, NH Bar Association
- Ross Winer, New Hampshire Society of CPAs and the National Conference of CPA Practitioners

Meeting Summary

Mary Marcotte - Senior Stakeholder Liaison, IRS Stakeholder Liaison Field

Mary welcomed the meeting participants and thanked them for their attendance. She reminded everyone that a summary of today's meeting will be sent out to all attendees and she asked that a representative from each organization share the meeting summary with their respective organization's members.

Steve Ingraham - New York Area Manager (NH, NY, and MA), IRS

Stakeholder Liaison Field (SLF) – Steve introduced himself and thanked the organizations in attendance for their participation in the liaison meeting. He also thanked John Walker from the NH Society of Accountants for helping with this event. He added our partners are very important and Stakeholder Liaison Field (SLF) values these relationships. The exchange of information at these meetings is key to the success of our programs.

Steve stated that many of the IRS issues recently in the news stem from lack of funding, resources and staffing. SLF has 30% less in staffing nationwide. SLF currently has 109 employees compared to the 160 which is considered full staffing. SLF falls under the Small Business/Self-Employed Division's Operations Support Unit. Even though they are not part of compliance, what SLF does is important. Steve asked everyone if they thought there was a value to these meetings. He encouraged those that feel there is value to these meetings to let us know and to also share their opinion with their elected officials. This is important because our job is not case driven. It is hard to measure education and outreach. One example of a possible way to measure the effect of SLF's outreach efforts is the Schedule C initiative. The results of that effort were not seen until two years later when the error rate on Schedule C went down dramatically. SLF currently has a New Entrepreneur Program which is similar to the Schedule C initiative in that it focuses on the importance of proper recordkeeping and the accurate reporting of business income.

Steve explained that SLF has recently been asked to measure what we do. Stakeholder Liaisons (SLs) have contacted their local tax professional organizations to ask about membership numbers and they will continue to contact those organizations periodically to update those figures. When SLF holds an event like today's meeting, they count how many organizations attend and include the number of the organizations' members in their "potential reach" calculation. There is no way of knowing if we reach everyone who belongs to an organization, but the potential reach is a start. In their contacts with local tax professional organizations, SLs will also be asking how the organization shares our information with their members (i.e. website, professional newsletters or email distribution).

During Steve's presentation a practitioner made a comment about measuring SLF's outreach efforts. One of the critical information pieces to measure is the inflow of information that tax professionals share with IRS. The practitioner has seen subtle changes in the IRS process that occurred by hearing their feedback. This exchange is critical. Steve agreed with the practitioner's comments and reminded everyone that SLF elevates issues identified by tax professionals through our [Issue Management Resolution System \(IMRS\)](#). SLF is also very interested in recommendations to solve any identified issues.

Mary Marcotte – Senior Stakeholder Liaison, IRS Stakeholder Liaison Field

Mary provided an update on several IRS programs. She began her comments by discussing some Affordable Care Act (ACA) resources and reminders. Mary reviewed the information available on the IRS [ACA Tax Provisions webpage](#) including links to the [ACA Information Center for Tax Professionals](#) and the new "What's Trending" page. She reminded the practitioners that their clients may qualify for the [Small Business Health Care Tax Credit \(SBHCTC\)](#) if they have fewer than 25 full-time equivalent employees, pay an average wage of less than \$50,000 a year (adjusted for inflation beginning in 2014), and pay at least half of their employees' health insurance premiums. While reviewing the [ACA: What's Trending](#) page, she pointed out 2 new electronic publications: [Publication 5215, Affordable Care Act: Reporting Responsibilities for Health Coverage Providers](#), and [Publication 5208, Affordable Care Act: Are you an Applicable Large Employer?](#) She also briefly reviewed some of the additional information posted on that page, such as the relief for individuals who received corrected Forms 1095-A, *Health Insurance Marketplace Statement*, penalty relief for individuals who were unable to file an accurate return by April 15 because their Form 1095-A was incorrect or delayed, and penalty relief for taxpayers that had a 2014 tax liability because they received too much advanced premium tax credit.

Mary continued her comments by reviewing the requirements of the IRS [Annual Filing Season Program](#). She noted that the program is for unenrolled preparers and that those who choose to participate can meet the requirements of the program by obtaining 18 hours of continuing education, including a six hour federal tax law refresher course with a test. Mary stressed that unenrolled preparers will want to consider either participating in the Annual Filing Season Program or becoming an Enrolled Agent due to the change in practice rules effective January 1, 2016. Unenrolled tax return preparers who do not participate in the Annual Filing Season Program will not be permitted to represent any clients before the IRS for tax returns and claims for refund prepared and signed after December 31, 2015.

Mary concluded her comments by reminding the practitioners that using IRS online tools can save them and their clients valuable time. She pointed out a few links from the IRS homepage including the [Online Payment Agreement](#), [Where's My Amended Return?](#) and [Get Transcript by Mail](#). On behalf of Employee Plans, who were unable to attend the meeting, Mary shared a few Employee Plan online resources including their [3 newsletters](#) (Employee Plans News, Retirement News for Employers and Governmental Plans Updates) and their retirement plan educational videos on the [IRS Video Portal](#).

Shahid Babar – Territory Manager, IRS Small Business/Self-Employed (SB/SE) Field Collection – Shahid began his comments by providing some information on his career with the IRS. He has been with the IRS for 13 years and this is his second year in New England. He supervises 7 collection field group managers in Maine, Massachusetts and New Hampshire. His group managers in NH include Scott Stone who works out of Portsmouth and Kathy St. Laurent who works from the Manchester Office. Shahid's post of duty is in Nashua, NH.

Shahid explained that in Collection, it doesn't matter what went wrong along the way, at the end of the day any type of compliance issue usually comes to them. They see all kinds of compliance issues that range from Innocent Spouse, Bank Secrecy Act (BSA) and Abusive Tax Avoidance Transactions (ATAT). It is a challenge for management to train and retain employees. Collection is going through the same issues as SLF with the budget. The last time they hired Revenue Officers (ROs) was in 2008 and the last big hire of ROs was in 2002. They have lost 9% of their staffing

through attrition and they are also losing a significant number of staff to outside hiring. He added that even though there is no hiring, they are promoting ROs to allow them to perform higher graded work. The plan is to promote 57 employees in the North Atlantic Area.

Shahid then discussed the recent realignment of Collection work. IRS now has Campus and Field Collection under one span of control. This change resulted in numerous inconsistencies; competing priorities, policies and different thresholds for campus compared to the field. Now there is one Director who can bring all Field, ACS and Campus Collection together into one organization. Since the realignment there has been an improvement in the case selection and processing of the work.

Shahid concluded his comments by saying that it is case quality and timeliness that he uses to determine the quality of the work done by his employees. He considers an unnecessary delay by his employees as a violation of taxpayer rights. Shahid's expectations for his employees are quality service to the taxpayer. He wants to hear from practitioners if there is no call back from an RO within 24 hours. Shahid may be contacted at 603-594-4077.

Joceline Champagne – New Hampshire Local Taxpayer Advocate, IRS Taxpayer Advocate Service - Joceline began her comments by discussing the role of the Taxpayer Advocate Service (TAS). TAS is an independent organization within the IRS. It is their job to ensure that every taxpayer is treated fairly, and that they know and understand their rights. If taxpayers have disputes with the IRS that they have been unable to resolve through normal IRS channels, if a taxpayer faces an immediate threat of adverse action, or if the taxpayer has tried to reach the IRS repeatedly and no one has responded (or the IRS had not responded by a date promised), then TAS can help. (See [Publication 1546](#) for more details)

Joceline stated that TAS still tries to have live people to answer the phone. Many calls they receive they can't help with because they don't meet TAS criteria. A majority of their cases are in the program because they meet the TAS economic hardship criteria. If the case meets economic hardship criteria, the taxpayer or taxpayer representative should hear from TAS within three business days. Joceline encouraged the practitioners to contact TAS again if they do not hear from a case worker within the three business day timeframe. Joceline also explained that a case may be worked out of the local area because of inventory balancing. Sometimes a case will be transferred out of the office based on the issue or the status of the account with the IRS. Advocates are required to be in touch with the taxpayer every 30 days at a minimum; unless a longer follow-up timeframe is agreed upon by the taxpayer or the taxpayer's representative.

Joceline reminded everyone that the TAS Systemic Advocacy Management System (SAMS) can be accessed online at www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS. Please remember that SAMS is available and you are encouraged to submit systemic issues you see in your work with taxpayers. The National Taxpayer Advocate Nina Olson has made it clear that she wants all potential systemic issues on the SAMS system so TAS can funnel those concerns up to Congress.

Joceline concluded her comments by discussing the best way to open a TAS case. She recommended that tax professionals submit a [Form 911](#) along with [Form 2848](#). That way you will be sure to be supplying TAS with complete information. She also briefly discussed

the following publications: [Publication 4535](#), *Identity Theft Prevention and Victim Assistance*; [Publication 5074](#), *Protect your tax refund*; and [Publication 5170](#), *Taxpayer Bill of Rights*. If anyone wants to reach Joceline they should call the Portsmouth office intake line at 603-373-6202 and tell the intake clerk you want to talk to Joceline. She will make sure Joceline gets the message.

Nancy Dery - New Hampshire Representative, Taxpayer Advocacy Panel (TAP)

Nancy provided an overview of Taxpayer Advocacy Panel (TAP). TAP is made up of 75 members who generally serve a 3 year term. TAP members work about 500 volunteer hours a year. They are a diverse group of people from various backgrounds; however, Nancy noted that TAP members cannot be federal employees. There is one member from every state and they have a member from Puerto Rico. There is also a new international member in Switzerland who is on a Special Program team. Budget cuts have closed all foreign IRS offices, so now taxpayers have to go to the Embassy for tax help. There are toll free lines for international taxpayers, but Nancy said she has heard that taxpayers may still incur phone charges.

Nancy explained that the IRS budget cuts have made it difficult for TAP to achieve its goals. TAP has worked on suggested solutions and they are not considered because of potential cost. TAP projects have helped improve IRS notices and correspondence and some tax forms. The Taxpayer Assistance Centers (TAC) have started taking appointments which was a TAP idea. At this time Nancy said the success of the TAC appointment process is unclear. TAP continues to work on improving the IRS toll free lines and taxpayer communication. They have a committee for collection and improving payment compliance. Another idea that came from TAP was that identity theft victims should be assigned one IRS person to work their case from beginning to end.

Nancy's TAP term will be ending soon. The TAP member application period just ended and a new representative for NH will be chosen at the end of Nancy's term. TAP has their own [website](#) and toll free number 1-888-912-1227. Nancy encouraged the meeting participants to contact TAP if they have ideas for improving the IRS.

Peter Goodwin - Group Manager, IRS Small Business/Self-Employed (SB/SE)

Examination - Peter provided an update on SB/SE Examination. He explained that Exam's priority projects change year to year. Peter said that this year there is an emphasis on identifying and stopping tax schemes and abusive promoters. Information on Abusive Tax Avoidance Transactions (ATAT) is worked through the Lead Development Center (LDC). They will prepare a potential case and send it to Exam to be worked. Peter added that tax professionals are a good source for tips on potential tax schemes.

Another area of emphasis in Examination is flow-through entities. The focus is on S-corps and partnerships. Over the years, there has been an increase in the use of flow-through entities, particularly partnerships. There is a specialized Exam flow-through group in Stoneham, MA. Other Exam groups still work flow-through returns, but not as many as this specialized group. The Tax Equity & Fiscal Responsibility Act (TEFRA) identified a particular category of partnership. Generally, a partnership with 10 or more partners at any one time during the partnership's tax year is a TEFRA partnership. These types of partnership returns tend to be more complex which has made it necessary to provide additional training for Revenue Agents.

Offshore Voluntary Disclosure Initiative (OVDI) cases are also being worked in the local area. IRS [offshore voluntary disclosure programs](#) are designed to encourage taxpayers

with undisclosed offshore assets to become current with their tax liabilities. The OVDI program began in 2009. Since that time there have been over 50,000 voluntary disclosures from individuals who have paid about \$6.5 billion in back taxes. Examination is working tax treaty cases and any cases from the private banking industry.

[National Research Program \(NRP\)](#) examinations continue. The NRP process can be cumbersome, but these examinations are important because they dictate future IRS examinations. This type of audit often involves trivial verification and that is the number one complaint with a NRP audit.

Peter also discussed identity theft. He said that sometimes taxpayers are aware that they are victims and sometimes they are not aware until they are contacted by Examination. In Exam they will see Form W-2 and Form 1099 documents with the taxpayer's information, but the taxpayer did not earn the income. A lot of these cases come out of Florida. There may still be reasons why the taxpayer's return should be examined. In those situations, the examination will continue, but the ID theft issue will be worked as well.

Peter concluded his presentation with a few comments about the [Fast Track Settlement \(FTS\) Program](#). This program involves the examiner, group manager, taxpayer, a duly authorized representative (when applicable) and an Appeals mediator working together to resolve disputed issues in certain qualified, unagreed cases. The benefits of FTS include quicker case resolution, reduced interest costs for the taxpayer, and less burden. Appointments are generally set up in 3 -5 business days. Most issues are resolved with no need to go to Appeals.

Peter Colbath, CPA – Tax Auditor, NH Department of Revenue Administration

Peter works in the Audit Division at the NH Department of Revenue (NHDRA). He provided everyone a wrap-up of how the filing season went for NHDRA. Modernized e-file (Mef) began in NH on January 29th. They have been hoping to start using Mef in previous years and they have finally implemented accepting the Interest and Dividend return (Form DP-10) and the Exception & Penalty for Underpayment of Estimated Tax (Form DP-2210/2220). Initial reports indicate the Mef launch was a success and Peter encouraged its continued use. He also wanted to remind everyone that if they e-file there is no need to mail Interest and Dividend returns. This is causing duplicate returns to be reviewed. Mef supports all entity types. Currently, the Department is accepting returns only and not extensions, electronic funds withdrawal (EFW) or estimated payments. E-filing using our Webfile system meant you had to type out the entire Form DP-10. Now with Mef, you can submit the return through the preparation software along with the federal return. NH has no e-file mandate. Some software vendors have chosen not to participate. Since payment by electronic funds withdrawal is not available, payments for balance due returns should be made by check with a NH payment voucher or made on-line at www.revenue.nh.gov/.

Peter provided a list of software vendors in his power point. He cautioned that some vendors seem to encourage taxpayers to file a Form DP-10 when they actually do not have a filing requirement. NHDRA received many zero balance Form DP-10 returns that were submitted by first time filers and appeared not to have a filing requirement. For every zero balance return a particular vendor files, the vendor gets \$5.00. NHDRA has contacted these vendors and urged them to strengthen their language on the actual filing requirements.

The NH forms had minimal changes and were on the website in early January. Peter went over the common filing errors which haven't changed much from year to year. He reminded everyone that for Business Profits Tax and Business Enterprise Tax purposes, generally a taxpayer and their spouse should be filing two separate returns. An exception to this is jointly owned rental property, however, taxpayers should be consistent with which spouse is listed first on the return. Filing an extension without payment does nothing if the return when filed will have a balance due. Peter also warned the preparers in attendance not to edit a prior year return to make it fit the current year. In addition he reminded everyone that non-profit organizations are not required to file Business Profits Tax, if they are truly non-profit.

Peter concluded his comments by highlighting some legislation currently being considered that would reduce the Business Profits Tax (BPT) and the Business Enterprise Tax (BET) rate. NH may also be offering a tax amnesty program in the near future. Future plans for Mef include the acceptance of electronic payments and the acceptance of business returns. Business e-file will be rolled out in phases, one entity type at a time.

Additional information can be found in [Peter's PowerPoint presentation](#). Tax practitioners may contact Peter by phone (603) 230-5087 or email Peter.Colbath@DRA.NH.GOV

Issues & Status

Virtual Small Business Tax Workshop – A practitioner suggested that the link to the [IRS Virtual Small Business Tax Workshop](#) be more prominently located on the IRS webpage.

Issue Status – NY Area SLF Manager Steve Ingraham will be elevating this suggestion through the New Entrepreneur Program team.

Suggestion to add a tax professional organization contact list to the IRS website- A practitioner stated that the information on the IRS website has improved but suggested that the webpages on complex issues should include a disclaimer to contact a tax professional with a link to a list of tax professional organizations. Stakeholder Liaison Mary Marcotte noted that there used to be an IRS partners list on the IRS website and that she would check after the meeting to see if it was still there.

Issue Status – The IRS website has a webpage on [Choosing a Tax Professional](#) that contains several links to assist taxpayers in selecting an appropriate tax professional for tax return preparation and other tax issues. One of the links on the webpage provides [a list of national tax professional organizations](#).

Power of Attorney processing suggestion – After a discussion on Power of Attorney processing delays, a practitioner suggested that the IRS look into allowing the submission of Form 2848 through a third party vendor, perhaps one or more of our partner software vendors.

Issue Status – This suggestion is being elevated through the Issue Management Resolution System (IMRS).

Roundtable & Comments

Issues brought up in the roundtable discussion requiring further research are part of the "Issues & Status" section of this meeting summary. Other questions and issues discussed during the meeting are summarized below.

There was some brief discussion on identity theft and phishing scams. During Collection Territory Manager Shahid Babar's presentation a comment was made that if a taxpayer or taxpayer representative receives a call from an IRS employee using a calling card it is difficult to identify if it is really the IRS. Shahid responded that IRS telephone numbers are also "masked" from IRS office phones. Each Revenue Officer (RO) and Collection Group Manager has a cell phone that the agency has provided and that number should be shared with the taxpayer. He added that he will share this concern with his staff and remind them that they should be sharing their cell phone number with taxpayers and their representatives. Exam Manager Peter Goodwin added during his presentation remarks, that if there is any doubt to an IRS employee's identity, the taxpayer or their representative should ask for additional information such as the employee's badge number, their group manager's name and telephone number, and their territory manager's name and telephone number. Stakeholder Liaison Mary Marcotte commented that tax practitioners can also contact her at mary.e.marcotte@irs.gov and Stakeholder Liaison Mary Hanson at mary.s.hanson@irs.gov for verification of an employee's name and contact information.

Next Scheduled Meeting

The next New Hampshire Practitioner Liaison meeting will be held in January 2016. This will be a virtual meeting. A "save the date" e-mail will be sent out in the fall.