

NPL MEETING
September 18, 2014

Welcome – Candice Cromling, Director NPL & Jane Agule, Analyst, NPL

Filing Season Communications – Karin Rice, Mgr W&I Corporate & Executive Communications

Promoting web-first programs and service approach. There will be targeted promotional programs, but will drive TP to web FIRST with “where’s my refund?”, “where’s my amended return?” and “Get Transcript”

TP need to also be aware of office hours in different offices

ACA – spending time and energy to get prepared for ACA and premium tax credit. All TP will be required to address healthcare on 2014 tax returns. They will continue to address ACA issues even for those NOT going onto Exchanges.

Beginning in October 2014, services will be increased to include business customers and tax law. In January 2015, walk-in offices will be able to answer ACA questions.

ACA Tax Provisions page – broken out by type (i.e. individual, employers, etc). Videos are available within the various provisions. There is a minimum essential coverage chart available along with tables, etc.

Exemptions are also discussed along with a chart describing the exemptions and how to claim it.

Premium Tax Credit page – there is a summary of the marketing materials and descriptions plus videos on how to claim the credit. The page talks about eligibility and what is required to report it. Plus there are FAQs.

Healthcare Tax Tips – effort to offer various tips in one location. These tips are what has been released over the past few months.

IRS You Tube Channel – videos to talk about ACA and help direct TP

Tool – click on the tools bar and get a page of the various links (where’s my refund?). This is recent tips from IRS.

Feel free to forward questions to Jane Agule on items not on site or needed to be updated on site.

ACA – Tax Pros Page on IRS.gov – John Lipold, SRM Branch Chief

These pages were created with W&I, ACA and other departments. There is a new info center for tax professionals – **ACA Tax Provisions**. They pulled together existing resources from IRS.gov and placed them also onto this page to aid professionals. They are looking to put a predominant link of home page. There will be navigation on the left of the page and link to exchange and ACA topics on the right. There are different “buckets” of info based on type of TP. This is a useful tool for tax professionals. This page should be available in the next day or so.

Currently, there is no true due diligence guidance for this tax year. As long as we know that it's not patently false, we should simply go with what the TP tells us. It's difficult in that the IRS doesn't know the rules that the practitioners will be enforcing. The biggest concern falls under what is minimum essential coverage? And what verification will be sent to TP?

Issues also exist on the timing of calculating the premium tax credit and how to truly determine the accurate values.

Answers to various questions will be posted onto THIS page with links to ACA/HHS

Model Development Techniques & Processes – Eric Schweikert, Director Compliance Analytics Pilots

His office reports to the Commissioner and works to bring data and analytics into force. They deal with refund fraud, identity theft, EITC. They work to not only detect but also prevent. They also work on tax gap reductions and exam selections.

Refund fraud and identity theft – works with W&I and return integrity group. They use predictive models to detect issues in returns. First-party non-compliance issues exist where there is concern with the return as filed including wrong withholdings, inaccurate data, etc.

For identity theft, they can chase the money, but it is difficult. Therefore, they try to stop the refund BEFORE it's mailed or as early in the process as possible. They have established models to predict.

1. Prevent – IP Pin. There is limited cost
 - a. Authenticating the TP is costly
2. Authenticating – TP can get an e-file PIN
 - a. Not high security system, but it's a trade-off

Modeling – high predictability of issues based on type of return and often real returns are caught in this. They also use matching that allows them to match against information returns to verify info on returns to get refunds sent to the TP. They can also send AUR notice

Remediating – try to get money back from banks (TP accounts).

To try to not affect real TP, the models are set to allow false positives that allow returns and give benefit of the doubt to TP.

Overall belief is that the IRS has developed good models, but they also keep updating the models. They adjust the Objective of the model to stay with the times.

What's on Your Mind – Candice Cromling

SB/SE Field Update – Shane Ferguson, Director SB/SE Field Liaison

It's been a tough few years (starting in 08/12) and they are bruised and battle scarred but now healing. 30% of exams are now virtual. They are trying to focus on issue resolutions between local and national issues. He feels that there will be a move toward more face-to-face discussions including using forums, national meetings, etc. Also, they like going to practitioner liaison meetings.

They started doing relationship management visits to large organizations to discuss how to work together. It allows them to leverage with our members to "get the word out".

Exempt Organizations (EO) – news on F1023EZ – Jane Maxwell, Exec. Assist. EO LSS Project

This is a streamlined application for EO. Form launched on July 1, 2014 along with Rev. 2014-40. It sets forth procedures for applying by smaller organizations. Approx. 70% should be able to submit this form. The long form is 23 pages vs. 3 pages for the EZ. It's based largely on representations by applicant.

Many organizations that had to reapply for status are now able to file EZ for reinstatement if eligible.

The instructions are detailed and educational. There is also an eligibility worksheet to determine IF they can use this form. Questions discuss annual receipts, nature of activities, etc. The EZ can be filed electronically on www.pay.gov as well as paying the filing fee. There are YouTube videos and is plenty of info on the website. The IRS feels that the e-file aspects will reduce the incomplete applications submitted.

One concern is the lack of additional documentation required for submission and could there be more false applicants. In preparation for the launch is a post-determination compliance and is a better use of resources.

Return Preparer Office Updates – Carol Campbell, Director RPO

Still in the process of rolling out filing season program and issues related to it. It will be for both preparers and taxpayers. The PTIN renewal process is getting ready to start. We need to remind out members that there is a 2 ½ month renewal period, not one day. Don't renew immediately and be aware of last week renewal issues.

They are still working on the return preparer database and should be running in January. EA renewals are coming in November for select EAs. Plus, they are still working on compliance and educational letters. The current letters have been well received on Schedule C, Additional Child Tax, etc. Probably more letters than last year (1,200 – 2,500 sent last year).

As for educational visits for Schedule C, they had control and test group. There was a 12% improvement. For due diligent letters, 7% difference. For continuing education, 8 % different. No educational visits for this year. 572 in test group and 475 in control group.

There are 2 suits on PTIN. One was filed last week (class action) and one in 11th Circuit that is pending. Plaintiff counsel is the same in both suits. In the 11th Circuit, there was a summary judgment in favor of IRS. Only difference is that Loving was decided AFTER the initial judgment.

Announcements and Closing – John Lipold, SRM Branch Chief. Next meeting 10/16/14

ACA will be coming in October, Karen Shiller, POA Project status, e-levy and e-summons will be discussed by Collections.

Follow ups:

- July – Rev. Proc. 81-38 controls rights to represent clients and will be replaced 01/01/16 as phase in of voluntary program under Circ. 230 as Rev. Proc. 2014-42.
- CP522 generated but not mailed on partial-payment installment agreement. The agreements were erroneously defaulted.
- Power outages – 09/22 – 09/25 electronic management in Memphis
 - Columbus weekend – 10/11 to 10/14 Martinsburg
 - Many 10/11 to 10/12
 - MeF status under search will let us know status.
 - Quick Alerts will be sent out.