IRS SB/SE MEETING

April 24, 2014

WELCOME:

Karen Taylor, Brianne Wilner & Martha Tobias

**Burden Reduction 2014 Initiatives** Laurie Tuzynski, Sr. Advisor, TP Burden Exec Lead

IRS is taking burden reduction seriously. Burden is getting reduced as part of the IRS mission.

* Simplified home office methods with 2013 tax returns
  + Made concerted effort to keep it simple
* Capital gains and rollout of security basis rules. The 1099B are required to include basis on most transactions
* As of March, business taxpayers can participate in online installment plans if under $25K and individuals up to $50K

Currently they are working on burden study on information returns. They send out surveys to affected parties to create models.

Issues still exist with payments to vendors via credit card and then issuing 1099MISC. This creates potential double counting of revenue for the business.

**Information Return Burden & Employment Tax Burden surveys**

John Guyton (RAS Chief) & Brenda Schafer, Lead Program Analyst

RAS = research and analysis

Some changes that have resulted from RAS is home office safe harbor.

They are creating 2 sets of surveys – W2s and info reporting (employment taxes) – for release in October (hopefully). There will be 10K respondants.

The W2 survey is scheduled to be released before the info reporting survey. The surveys should look at Box 12 and Box 14.

We need to let our clients know that these surveys ARE IRS surveys and that the info is for research purposes only.

**What’s on your mind?** Candice Cromling, Director, NPL

Service is still an issue related to budget. Refund processing was not as great an issue. However, identity theft remains a concern.

ACA Corner – being added onto preparer section of IRS.gov. it is expected to be rolled out by July.

**Continuation of IRDM Discussion** – DelRey Jenkins, Director Communications Ourtreach

Dean Silverman, Office of Compliance Analytics

This is a follow up to the discussions from the January meeting.

They are moving into year 2 of activity and always looking to learn – IRS & public. New notices are being sent out.

Year 1 was a small effort and year 2 is a larger effort – 10K + more. This includes AUR and cash reporting and regular notices will be sent for correspondence and field audit. The learning from year 1 is being implemented into year 2 from understanding and mistakes that were made. With 1099K, they are working with TPs to get things corrected. At end of day, they want voluntary compliance.

They feel that they are on the right track and voluntary compliance has improved. However, the results of round 1 should be communicated to TPs and preparers to further enhance the compliance.

They are working on FAQs that will help answer questions and aid in the regulations. The models in effect have proven to be accurate. Online sales and number of transactions have aided in IRS understanding. These results have resulted in changes to the “K”.

Some processors are now required to comply with IRS backup withholding requirements due to inaccurate or incorrect EIN form.

**FY2014 Return Preparer Visitation Program** – Brad Bouton, Dr. SB/SE Exam Policy &

Duane Gillen, Abusive transactions

They partner with various departments to deal with compliance.

For visitation program, it’s both compliance and regulation. Sanctions can be imposed.

Examinations are handled by auditors. They usually take place before the filing season and focus on core components. Also, deal with EITC audits and preparer compliance.

IRS has criteria for selecting preparers for exam. Also, may send out sample of audits for specific preparers.

IRS has rec’d 197 leads with 143 related to preparers for filing issues. They check with other aspects to ensure that a preparer isn’t getting hit from various departments. The focus is on preparer abuse and often with related identity theft.

“Abusive” transactions go through a large screening process after leads are received to vet out to ensure that there truly is an issue.

**E-Services Update about EAR** – Ron Matthews, Sr. Program Mgr. Business Reengineering

Unfortunately, there is nothing that can be done to turn this system back on. The cost estimate of nearly $10M to get running. FISMA – current system didn’t meet requirements of FISMA.

However, they are looking into bringing this into effect through a pilot program in the future.

Lisa McLane

May 13, 2014 – Pivoting away from paper – how the IRS can overhaul customer service and transform its’ business practices

Next meeting is May 22, 2014. Carol Campbell will be on agenda as well as new chief of appeals. Nina Olson will also be in attendance.