NPL MEETING

July 31, 2014

**Welcome** – Candice Cromling, Director NPL

**Office of Professional Responsibility** – Karen Hawkins, Director OPR

Links – some new, some revised.

1. This is the fully integrated, revised link (should have June 2014 date)
2. Bulletin that can be subscribed to. If subscribed, you would have received a new Circ. 230.
3. NEW LINK. Plain English description of Circ. 230
4. Reminder. This link has been up for some time. This is the preparer rights and is stuffed into letters to preparers. It is written in plain English
5. 4 page document revised in May after Loving case to provide guidance to preparers during periods of discipline. This is sent to those during settlement.

Nothing left to say about Loving. IT IS OVER. IRS gave back 50 PTINs from suspended or disbarred practitioners. They are still able to prepare return, just not practice before IRS. Some are felons convicted of tax crimes.

PTINs are given to everyone unless in prison and the Agency cannot remove them without injunction (Dept. of Justice). OPR has provided guidance on language for the injunction, such as voluntarily relinquishing PTIN, EFIN, etc.

OPR is only branch with authority to pull PTIN. Legislation needs to occur to give authority to IRS. OPR would appreciate ALL support to garner legislation.

Under the voluntary program, participants MUST agree to be covered under rules of Circ. 230.

OPR is hoping to get the removal from practice rights moved into OPR. It’s a band aid, but all they can do. This would modify existing procedures, not be a new regulation.

All the OPR can do is remove representation rights of a taxpayer, not from preparing. But they don’t have full Circ. 230 rights.

NEW Circ. 230 – been talking about it since 2012. A few changes have been made (published 06/12/14), but nothing dramatic. Tweaks made it better. Practitioners using disclaimers should take responsibility for the disclaimer. References to Circ. 230, IRS, etc. are not appropriate. It has been removed from the Circular, so any reference to it are now inaccurate. THAT is why it should be removed.

Other provisions (10.82 expedited suspension) – can expedite suspension for preparers not filing (personal and employer). However, they can’t take the PTIN away.

Also, procedures in 10.82 include order to show cause for those who lost state licenses, convicted of felony, missing tax returns, etc. Now in more formal language to look official.

OPR is left juggling

Ryan & Ryan Corp. disputed IRS authority to challenge contingent fees on tax prep. Judge found that preparation of ordinary refunds cannot be regulated so contingent fees cannot be regulated. OPR appealed the ruling.

AICPA filed suit against IRS voluntary program.

A trend is forming to jump on Loving bandwagon to question Agency authority.

**ACA – Filing Season Updates** – Martin Pippins, Director Customer Service & Stakeholder Relations, IRS ACA Office

Form 8962 (Premium tax credit) – still in draft format. There is monthly reporting of coverage

Form 8965 – exemptions can be claimed on HHS or IRS filing on 8965. Only 2 categories of exemption on HHS – religious or hardship. Under hardship, there is 14 different hardships. And can only be claimed on HHS. There are different hardships on IRS filings.

There was a special hardship allowance due to coverage gap for signing up on 03/31 but not covered until May.

HHS Exemptions – when first talking to client, ask if and when covered. Also, find out if exemption exists or applied for. Form 8965 is filed regardless of HHS or IRS exemption. The hardship number is specific to each person, not exemption.

The monthly reporting to the IRS includes exemption notifications.

Form 1095A – will be sent to taxpayers from Marketplace. They also can get info from Marketplace website. It covers parents NOT children not covered in the plan. IRS is expecting upwards of 23 Million exemptions to be requested.

The forms are currently available, but the instructions are not. The draft instructions will be released soon, but no date available yet. The forms were just released on mid-July.

Small business tax credit – 8941 was just released, too.

**New Direct Deposit Limits** – Jodi Patterson, Director Return Integrity

Direct deposits limited to 3 deposits into an account. This does not affect most taxpayers. In fact, 60% of the refunds were legitimate. They believe that this is ghost preparers using this to get payments. It doesn’t harm the taxpayer.

After 3rd deposit hits, the entire refund is mailed. This should eliminate the ghost preparers to follow legal procedures. TP will get CP53D. Preparer with valid POA will also get copy. Keep in mind that the limit pertains to deposits, not specific to tax year.

The other 40% are the bad guys.

**Return Preparer Office** – Carol Campbell, Director; Preston Benoit Deputy Director

Most are aware that the Voluntary Program was released on 06/26/14. It has been discussed at the Tax Forums. They will issue records of completion with the PTIN renewal season.

PTIN renewal will begin in October. Fees will remain the same. They have increased the capacity, but still can’t process ALL PTIN holders on the same day/time. They might look at a phased-in season. However, there will be ample time to get it completed.

Sending out PTIN expiration letters. #4731 to 500 preparers – legacy PTIN (prior to 09/2010) and never renewed. #4732 to 800 preparers – using SSN rather than PTIN. #4966 to 3600 preparers with expired PTIN.

PTIN is for individual, not able to be transferred to family, other firm members, etc.

RPO is still planning on sending out preparer letters (approx. 3,750) but language is being revised based on loving.

**A Word with the Deputy Commissioner, Services & Enforcement** – John Dalrymple, Deputy Commissioner, Services & Enforcement

John believes that it is important to liaison with stakeholders as it aids both sides. We help them do their jobs correctly.

2014 was best filing season in many years. This was due in part to no significant legislative changes. If no shut-down, it would have been even easier as the timing was when testing was done.

However, 2015 season will not be the same. Between extenders, FATCA, ACA, etc. many sets of activities exist to complicate matters. The later the extenders get passed, the tougher it will be. The budget will be at best the same as last year (after inflation). This is better than last 3 years where budgets were decreased. Significantly higher call volumes are expected.

Systems are expected to be in place by 01/15/15. Things can happen to affect that. They are planning a lot of outreach to get the word out on the issues. But, the public isn’t interested in taxes in November & December.

Training materials are being produced now for the ACA, FATCA, even before all of the instructions are available.

There are 3 pieces to budget, support, enforcement and services. Funds cannot be moved from one area to another.

CMS & HHS are gearing up for season that are not tax related. IRS will cooperate with them as much as possible, but calls cannot be routed to the other agencies. They are working on contingency plans regarding the extenders. They are assuming things, so some items might need to be turned off, not on. Nothing is expected until after elections, but hope to get them passed quickly AFTER. Some forms might not be able to be filed if this is delayed too late into the year.

He isn’t expecting a complete delay in filing season, but some forms could be delayed. An announcement is forthcoming on the start of filing season.

More online services are coming, but timing is still unknown. As applications are rolled out, the phone support will get reduced and ultimately eliminated. They are planning a lot of user testing prior (BETA) prior to release to ensure that it works for mass release. They learned from the recent release of installment agreements.

**Announcements and Closing** – John Lipold, SRM Branch Chief

HHS – someone will be at the Tax Forum, but will try to get them to NPL meetings.

Next meeting will be September 18, 2014.

Martinsburg outage over Labor Day weekend - 08/30-09/01/14