

IRS Update



IRS Presenters:
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Registered Tax Return Preparer Program

- Jan. 18, 2013 – U.S District Court enjoined the IRS from enforcing the regulatory requirements for registered tax return preparers
- Feb. 1, 2013 – Court clarified that order does not affect the requirement for all paid tax return preparers to obtain a preparer tax identification number



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Voluntary Classification Settlement Program

- Allows taxpayers to voluntarily reclassify workers as employees for future tax periods
- Provides partial relief from federal employment taxes
- Program expanded Feb. 2013
 - Employers under audit, other than employment tax audit, can qualify
 - Statute of limitations reduced to three years



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VCSP Advantages

- Taxpayers pay a reduced rate (Section 3509(a)) with no interest and penalties on this amount
- Results in just over one percent of amounts paid to workers for the past completed year
- Audit protection for past years on workers being reclassified
- Program provides certainty for federal employment tax purposes



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Individual Taxpayer Identification Number

- IRS issues ITINs to individuals required to have a U.S. taxpayer identification number and are not eligible to obtain an SSN
- Effective Jan 1, 2013, the IRS implemented new procedures affecting:
 - Application process
 - Acceptance Agent Program



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ITIN Program Changes Application Process

Changes impacting individuals:

- Applying directly to the IRS, only original identification documentation or copies certified by the issuing agency accepted
- Other avenues available for verification of key documents
- ITINs issued for a five-year period rather than indefinite



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ITIN Program Changes Acceptance Agent Program

Changes impacting Certifying Acceptance Agents:

- CAAs allowed to use Form W-7 COA (Form 14194) certifying ITIN application documents reviewed / verified
- Attach original or certified documents to COA
- New / stronger due diligence requirements
 - CAAs must be covered under Circular 230
 - Complete forensic training by 12/31/13



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Responding to CP-2000 Notice

Automated Under Reporter / CP 2000 Notice

- Identifies discrepancy between income / payment IRS has on file and reported on Form 1040
- Typically gives taxpayer 30 days to provide supporting documentation or agree with proposed adjustment



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Responding to CP-11 Notices

CP 11 Notice

- Identifies a possible miscalculation reported on Form 1040
- Typically gives taxpayer 60 days to provide supporting documentation or agree with proposed adjustment



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Changes to Form 2848 Power of Attorney

- Joint returns
- Copies of notices and communications
- Acts authorized
- Representative designations
- Future developments



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Third-party designee "Check Box"

- Intended to facilitate processing of tax return
- Not for compliance issues or CP-2000
- Expires one year after due date of return



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Rescinding an Existing POA

Taxpayer:

- New Form 2848 without checking Box 6
- Write "REVOKE" across the top of previously filed Form 2848 and sign
- Send statement revoking POA

Representative:

- Write "WITHDRAW" across the top of previously filed Form 2848 and sign
- Send statement revoking POA



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Correcting Wage Statements (Form W-2c and Form W-3c)

- Form W-2c, *Corrected Wage and Tax Statement*, used to correct errors on Form W-2, *Wage and Tax Statement*
- Form W-3c, *Transmittal of Corrected Wage and Tax Statements*, used to transmit Copy A of Forms W-2c to the Social Security Administration



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When is Form W-2c Not Required

Form W-2c is not required if:

- Error is discovered after Form W-2 is issued to the employee but *before* it is sent to the SSA
- Only error is incorrect address for employee



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When to use Form W-2c

- Correct employee's name or SSN Only
- Correct an incorrect tax year or EIN
- Correct two W-2s filed in error to same taxpayer
- Use Form W-3c for transmittal



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Undeliverable Forms W-2 and W-2c

- Original undeliverable forms should be kept for four years
- OR
- An electronic reproduction must remain a viable alternative through April 15th of the fourth year after the attempted delivery



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Online Tools and Services

The screenshot shows the IRS website's 'e-services - Online Tools for Tax Professionals' page. The page includes a navigation menu with options like 'Filing', 'Payments', 'Refunds', 'Credits & Deductions', 'News & Events', 'Forms & Publications', 'Help & Resources', and 'For Tax Pros'. The main content area is titled 'e-services - Online Tools for Tax Professionals' and contains sections for 'Registration' and 'Already Registered? Login'. A 'What's new with e-services?' section is also visible at the bottom.



Transcript Delivery System

The screenshot shows the IRS 'Transcript Delivery System' page. The page header includes 'Welcome AQTREC3000 | e-services | TDS Tutorial | TDS Home | Mailbox | Sign Out'. The main content area is titled 'Transcript Delivery System' and features a section 'What You Can Do' with four bullet points: 'On-Line Transcript Request', 'Generate Reports', 'My Transaction History', and 'Request Bulk Transcripts'. A callout box titled 'e-services secure mailbox' is positioned above the 'Generate Reports' section. Another callout box titled 'Get More Information' is positioned to the right of the 'Generate Reports' section, containing the text: '•Prior to using TDS ensure you have obtained a Power of Attorney.' The page footer includes 'Privacy Policy' and 'version 10/10/14'.



Online Tools and Services

Popular online tools used by tax professionals:

- Subscription Services
- Where's My Amended Return?
- Online Payment Agreement
- Offer In Compromise Pre-Qualifier Tool
- Online Employer Identification Number (EIN)
- IRS Video Portal
- Affordable Care Act Tax Provisions



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Identity Theft National Crackdown

- Stopping identity theft and refund fraud is a top priority for the IRS
- Efforts expanded in 2013
 - Refund fraud detection and prevention
 - Criminal Investigation enforcement



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Refund Fraud Detection and Prevention

- Increased identity theft screening filters
- Expanded pilot program with local law enforcement agencies
- Collaborate with financial institutions
- Expanded Identity Protection Personal Identification Number pilot



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Criminal Investigation Enforcement

- Increased number of identity theft investigations
- Nationwide enforcement sweeps
- Expanded Law Enforcement Assistance Program



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IRS Divisions and Special Operations

Four primary IRS divisions:

- Wage and Investment
- Small Business / Self Employed
- Large Business and International
- Tax-Exempt and Government Entities



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Practitioner Priority Service®

- Available to all practitioners with valid third party authorizations; services include:
 - Locating and applying payments
 - Resolving taxpayer account problems
 - Explaining IRS communications
 - Providing procedural guidance
 - Providing transcripts of taxpayer accounts
 - Provide Forms 1099 and W-2 information
 - Securing taxpayer income verification



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