

2003 Taxpayer Advocacy Panel Recommendations

TAP A03-23	EITC Alternative Documentation		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	3/12/2003	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The EITC Committee was asked to recommend alternative documentation that the IRS might accept to establish a taxpayer's eligibility to claim the EITC with a qualifying child under the IRS precertification initiative				
Goal Statement:					
Proposal:	While not endorsing the precertification process, the Committee endorsed the IRS' use of third party affidavits as an acceptable form of documentation to verify the EITC residency requirement for a qualifying child. In addition, the Committee recommended adding "landlord/housing manager" and "neighbor" to the list of third parties as sources of verification. The Committee also proposed that the documentation requirements for proving a child's relationship to a taxpayer other than biological or adoptive parents be significantly eased, for example, by presuming that the relationship requirement is met if the residency requirement is met and accepting a third party affidavit as satisfactory documentation for the relationship requirement as well as the residency requirement.				
Response from:					
Response Notes:	Several Committee recommendations are reflected in changes made to the IRS initiative and forms, including: <ul style="list-style-type: none"> - Postponement of pilot program while public comment was solicited. - Reduction in scope of pilot program to obtain proof of residence from taxpayers based on demographics. - Elimination of relationship documentation requirement. - Addition of "Landlord or property manager" as source of verification of residence of "qualifying child." - Addition of neighbors as source of verification of residence of "qualifying child" under consideration. - Elimination of requirement that child-care provider supplying verification of residence be "licensed." 				

TAP A03-024	Forms 8836, 8856 Improvement		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	4/2/2003	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The EITC Issue Committee was asked to provide feedback on draft Form 8836, Qualifying Children Residency Statement, and Form 8856, Qualifying Child Relationship Statement, proposed to implement the EITC Precertification Initiative.				
Goal Statement:					
Proposal:	<p>The Committee provided line-by-line recommendations for improvement of Form 8836, including:</p> <ul style="list-style-type: none"> • Require separate form for each child. • Instead of requiring "personal knowledge," the verification statement should allow the third party to state that the taxpayer(s) lived with the child(ren) for the specified period "to the best of my knowledge and belief under penalties of perjury." • Add to the face of the form "Criminal penalties may be imposed for making a false statement" after "Under penalties of perjury." • Amend the Instructions by including an explanation of Who Must File and/or Who May File. • Explain the benefits of precertification for the taxpayer in the Instructions <p>In addition, the Committee objected to the requirement that SSNs of the applicants and their children be provided to third parties because of privacy and security concerns and proposed a separate form for the third party and alternate ways for the IRS to obtain the third party</p>				

2003 Taxpayer Advocacy Panel Recommendations

	<p>verification.</p> <p>The Committee provided line-by-line recommendations for improvement of Form 8856, including:</p> <ul style="list-style-type: none"> • Add a Baptismal Certificate or equivalent ceremonial record as a means of documentation. • Amend the Instructions by including an explanation of Who Must File and/or Who May File. • Add step grandchild and step great-grandchild and step-niece and step-nephew as examples under Relationship Test in the Instructions. • Explain the benefits of precertification for the taxpayer in the Instructions. <p>The Committee also proposed that Schedule EIC might be changed to encompass the information required by Forms 8836 and 8856.</p>
Response from:	
Response Notes:	IRS added information to Form 8836 instructions to on "Who Must File," "Special Rule for Child Born or Died" in tax year, and explanation of the benefits of precertification.

TAP 303-001	Preparer Record Keeping Requirements		Status:	Closed	
Date Elevated to IRS:	5/16/2003	Date Counter Response to IRS:		Date Response(s) Received:	6/9/2003
Issue Statement:	Comments submitted by the Taxpayer Advocacy Panel (TAP) in response to temporary regulations and the notice of proposed rulemaking issued on April 24, 2003, relating to a paid income tax preparer's obligation to retain and furnish copies of income tax returns and claims for refund.				
Goal Statement:					
Proposal:	TAP endorses upgrading current record-keeping requirements under Code section 6107(b) to allow electronic storage. TAP requested the regulations, applicable forms, instructions, or guidance clarify whether certain forms must continue to be maintained on paper due to signature requirements. Examples might include (1) EITC verification forms, and (2) for electronically filed returns, forms requiring a signature on both federal and state returns. Other than these forms, TAP recommends that preparers be allowed to choose to maintain taxpayer data on electronic media, with the ability to recreate the tax return.				
Response from:	Chief Counsel, Department of Treasury				
Response Notes:	Activity completed and TAP received acknowledgement that comments were received by the Chief Counsel, Department of Treasury office.				

TAP 403-002	Social Security Worksheet		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	6/17/2003	Date Counter Response to IRS:		Date Response(s) Received:	12/16/2003
Issue Statement:	The Social Security Benefits Worksheet included with Forms 1040 and 1040A is visually confusing and complicated for the average taxpayer to complete. Publication 915, Social Security Benefits and Equivalent Railroad Retirement Benefits obtained from the IRS Website contains a very clear and simplified worksheet on page 15 (Worksheet 1, Figuring Your Taxable Benefits).				
Goal Statement:					
Proposal:	The format and wording of the Worksheet 1, Figuring Your Taxable Benefits, available in Publication 915 should be substituted for the worksheets included in the Forms 1040 and 1040A				

2003 Taxpayer Advocacy Panel Recommendations

	instructions.
Response from:	Denise S. Fayne, Director, Tax Forms and Publications Division
Response Notes:	The IRS declined to make the recommended change. The IRS conducted a focus group on the same subject, which resulted in the format used in the instructions, and the IRS also decided to format the worksheet used in Publication 915 more along the lines of the one the focus group preferred.

TAP 103-004	Local Telephone Numbers		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	6/19/2003	Date Counter Response to IRS:		Date Response(s) Received:	7/16/2004
Issue Statement:	In states such as Maine, where there are highly rural less-populated areas, the telephone numbers listed for the local IRS office are often long distance calls. Calling the listed numbers causes some taxpayers to incur a toll charge just to find out they should have called a toll free number instead.				
Goal Statement:					
Proposal:	<ul style="list-style-type: none"> • Change description in telephone book to read, "IRS – recorded message service only." • List the IRS toll -free number and its purpose. • Educate all Local Taxpayer Advocate offices about the toll charges in their area so they are aware of the expense for their constituents. 				
Response from:					
Response Notes:	The program owner responded to TAP through discussion at a subcommittee meeting. Changes have occurred to telephone system, the original proposal needs to be revised to reflect changes.				

TAP 503-003	FreeFile Alliance Partnership		Status:	Closed	
Date Elevated to IRS:	6/22/2003	Date Counter Response to IRS:	7/30/2004	Date Response(s) Received:	11/25/2003 9/15/2004
Issue Statement:	TAP members would like to support the IRS in reaching the goal of 80 percent of returns filed electronically. One part of this initiative is the Free File Alliance. With the 2002 filing season, the IRS instituted "FreeFile," a new electronic system for filing taxes geared to individual taxpayers. With the help of 17 FreeFile partners, the IRS has increased the number of e-filers substantially. However, there remain many issues with the alliance process that need review and correction.				
Goal Statement:					
Proposal:	<ol style="list-style-type: none"> 1. Limit the number of FreeFile Alliance members. 2. Standardize the software across providers. 3. Limit commercialization/marketing of firm's other services to users. 4. Allow taxpayers to download returns and store them on their personal computers. 5. A point-of-service survey should be available for every return attempted. 6. Have the IRS convert FreeFile Alliance members to independent contractor status with the agency, and pay a nominal fee per e-filed return. 7. Allow taxpayers to file returns directly with the IRS and bypass the middleman. 8. Involve TAP members as partners on the review team. <p style="color: green; margin-top: 0;">During the telephone conversation, Area 5 was told that TAP members could not be included as a team member of the IRS in the Free Alliance direct negotiations. TAP's intent was to work with the IRS strategy team and provide feedback prior to the negotiations. The establishment of closer ties between the IRS program owner and TAP would provide readily available taxpayer input that could help to improve the Free File program.</p>				
Response from:	Terence Lutes, Director of Electronic Tax Administration				

2003 Taxpayer Advocacy Panel Recommendations

Response Notes:	Terry Lutes held telephone conference with Area 5. Recommendations were taken into consideration while negotiating the Free File Alliance for 2004 Filing Season. Further recommendations need to be forwarded prior to June 2004 and will be considered for the negotiations for 2005 Filing Season. Mr. Lutes also answered panel members specific questions. We appreciate TAP's interest to assist us with the Free File web page development/testing. We currently have sufficient usability testing planned through our Ogden, Utah testing facility and therefore, will not require additional assistance.
------------------------	--

TAP G03-021	TAP Marketing Strategy		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	7/8/2003	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Ad Hoc Committee reviewed previous marketing materials developed by IRS in-house media specialists for the previous CAP organization.				
Goal Statement:					
Proposal:	Seeing the need to conserve limited funding and with an eye toward continuity with the previously noted CAP, we proceeded to focus on the suitability and applicability of all existing materials. It was agreed to utilize, as much as possible, previously developed materials as well as currently existing TAP items – for our upcoming fiscal year marketing efforts vis-à-vis TAP.				
Response from:					
Response Notes:	Suggested changes to existing TAP materials made and booklet describing materials distributed to all members.				

TAP A03-018	Changes to Form 8867		Status:	Closed	
Date Elevated to IRS:	7/14/2003	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The EITC Issue Committee was asked to provide feedback on Form 8867, Paid Preparer's Earned Income Credit Checklist, which was developed to help preparers meet the due diligence requirements of Internal Revenue Code section 6695(g). Some preparers are unaware of the due diligence requirements and others find Form 8867 difficult to use.				
Goal Statement:					
Proposal:	The committee recommends IRS make more preparers aware of the due diligence requirements through specific changes to forms and publications, those dealing with EITC directly as well as those frequently used by tax practitioners, such as Publication 1045, Tax Professionals Guide to Federal Tax Products. In addition, the committee suggested line by line changes to the form to make Form 8867 user friendly. The committee also recommended increased compliance visits to preparers to insure preparers are complying with the law. The EITC Committee recommended that IRS solicit best practices from EITC preparers when revising this form.				
Response from:					
Response Notes:	Recommendations resubmitted in 2005 at program owner's request see TAP E05-002				

2003 Taxpayer Advocacy Panel Recommendations

TAP A03-006	Financial Literacy		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	7/31/2003	Date Counter Response to IRS:		Date Response(s) Received:	10/14/2003
Issue Statement:	Financial literacy among America's youth is a national issue. For example, Federal Reserve Chairman Alan Greenspan recently launched a national campaign for financial literacy of our youth. Chairman Greenspan points to a number of factors that indicate financial literacy is inadequate. Several committees from the TAP have identified understanding the tax filing process as key to financial literacy.				
Goal Statement:					
Proposal:	The Internal Revenue Service (IRS) has a number of resources that would support educational efforts for financial literacy, i.e., the IRS website (www.irs.gov). This website contains both teacher lesson plans and student tutorials. It is our opinion that there is a disconnect between the resources available from the IRS and the education provided to the youth. A national effort should be initiated to bridge this gap.				
Response from:	Nina E. Olson, National Taxpayer Advocate				
Response Notes:	Letter stated on-going activities and information on IRS and TAS personnel that are currently working issue. Also advised TAP to continue working with the IRS about the specific issue of financial education about taxes for high school students and work towards specific proposals for IRS to consider.				

TAP E03-022	Self-Employment Filing Requirements		Status:	Closed	
Date Elevated to IRS:	8/1/2003	Date Counter Response to IRS:		Date Response(s) Received:	12/1/2003
Issue Statement:	Self-employment (Schedule C) non-filers represent a large segment of individual non-filers within the Small Business Self-Employed (SB/SE) division of the Internal Revenue Service (IRS). Complexity of tax laws, lack of knowledge and confusion over filing requirements contribute to non-filing among Schedule C, self-employed, individual taxpayers.				
Goal Statement:					
Proposal:	The committee proposed that the IRS partner with the Social Security Administration and Congress to increase the self-employment tax threshold amount to match requirements to receive the minimum of one Social Security credit. A self-employed taxpayer must file and pay self-employment tax on net earned income over \$400 even though the current threshold for one Social Security credit is \$890.				
Response from:	Cheryl Gramalia, Director Filing & Campus Compliance				
Response Notes:	Evaluated Committee's recommendation regarding IRS filing requirements and Social Security threshold and agreed. However, IRS is unable to implement a change since addressing the disparity between IRS and SSA filing requirements requires legislative change and can not be considered by the Program Owner for further action. An identical recommendation is currently under evaluation by the National Taxpayer Advocate (NTA) for inclusion in its 2004 Annual Report to Congress, as part of the Service's response to a Treasury Inspector General for Tax Administration report (TIGTA) audit dated May 2003.				

2003 Taxpayer Advocacy Panel Recommendations

TAP 303-005	Third Party Authorization		Status:	Closed	
Date Elevated to IRS:	8/11/2003	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Joint Committee of the Taxpayer Advocacy Panel (TAP) is considering the issue of expanding the Third Party Authorization by Checkbox. The committee is seeking a clearer understanding of how the Internal Revenue Service (IRS) determined the limits of the authorization and the barriers to further expansion. The Joint Committee would like advice from Counsel on this issue.				
Goal Statement:					
Proposal:					
Response from:					
Response Notes:	Prior to response, IRS expanded the authority to all rights authorized by the taxpayer signing the Form 882, Tax Information Authorization, for the current tax year and the authority extends until the anniversary date of the return due date.				

TAP E03-026	Schedule C Taxpayer Compliance		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	8/27/2003	Date Counter Response to IRS:		Date Response(s) Received:	3/23/2004
Issue Statement:	Complexity of tax laws, lack of knowledge, and confusion over filing requirements contribute to non-filing among Schedule C self-employed taxpayers.				
Goal Statement:					
Proposal:	<p>The Schedule C Non-Fileer Committee presented the following four proposals to encourage Schedule C taxpayer compliance:</p> <ol style="list-style-type: none"> 1. Recommended including a FYI box on the Form W-9, Application for Individual Taxpayer Identification Number. 2. Recommended a "Benefits of Filing" message be an integral component of the Service's Non-filer communication strategy. 3. Notice Response Study proposal to be included in the Taxpayer Education and Communication outreach. 4. "Awareness of IRS" curriculum. 				
Response from:	Cheryl Gramalia, Director, Filing and Campus Compliance				
Response Notes:	<p>FYI box on Form W-9 recommendation not accepted. "Benefits of Filing" Message recommendation accepted and news release schedule for April 30, 2004. Notice Response Study recommendation scheduled for implementation September 2004. "Awareness of IRS" curriculum recommendation not accepted since similar curricula are already under development.</p>				

TAP A03-019	Improvement of Form 8862		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	8/29/2003	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The EITC Committee was asked to provide feedback on the Form 8862, Information to Claim Earned Income Credit After Disallowance. The Form 8862 is completed by a taxpayer whose earned income credit was reduced or disallowed in a prior year to show eligibility for claiming the				

2003 Taxpayer Advocacy Panel Recommendations

	credit for the current year.
Goal Statement:	
Proposal:	The EITC committee performed a line by line analysis of the current Form 8862 for the purpose of making specific recommendations for clarifying and simplifying the form to reduce taxpayer burden. In addition, the EITC proposed IRS reduce the form to a checkbox statement on Schedule EIC since the form is used neither for examination nor submission processing. The committee also recognized the large number of math errors created by taxpayers not filing the Form 8862 with their EITC claim and recommended steps IRS should take to increase awareness of the filing requirement.
Response from:	
Response Notes:	Gerbore informed the Committee that the revised Form 8862, which mirrored the Committee's recommendations, was presented to publishing and Chief Counsel, but neither liked the revision. Unfortunately Counsel felt the form duplicated a lot of the information asked on the tax return and contained in Publication 596 and the instruction booklets.

TAP B03-027	Native Language Training		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	9/1/2003	Date Counter Response to IRS:		Date Response(s) Received:	9/1/2006
Issue Statement:	The IRS has an initiative to improve services offered to limited English proficiency (LEP) taxpayers, and asked TAP for feedback.				
Goal Statement:					
Proposal:	<p>The MLI Committee researched and prepared written and verbal feedback to the programs owners and recommended that IRS:</p> <ul style="list-style-type: none"> • Train more VITA volunteers in their native languages • Work with the Federal and State agencies charged with oversight of the Temporary Assistance to Needy Families to ensure basic education • Reach out to Miami "notarios" and provide training workshops in their native languages • Facilitate the sharing of "unofficial" documents and pamphlets prepared by Low Income Tax Clinics (LITCs) with communities and organizations that serve LEP taxpayers. 				
Response from:	Mary E. Davis, MLI Program Owner				
Response Notes:	The MLI Program Owner responded that 1. Training more VITA volunteers in their native language is an ongoing part of the VITA business model. 2. Through the SPEC program, IRS has established partnerships with various community and governmental organizations, including the Department of Health and Human Services. 3. IRS declined to reach out to "notarios," preferring to keep their outreach open to all tax preparers and tax practitioners. 4. IRS rejected the proposal of facilitating the sharing of "unofficial" documents and pamphlets prepared by LITCs because IRS does not have resources available to perform a quality review of such documents. The IRS will only provide materials whose information has been validated through official IRS channels.				

TAP N03-020	CP-2000 Recommendations		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	9/9/2003	Date Counter Response to IRS:		Date Response(s) Received:	8/11/2004
Issue Statement:	The IRS CP-2000 notice informs taxpayers of IRS's proposed changes to the taxpayer's tax return. The original version of the Notice is difficult for the average taxpayer to comprehend or navigate through the process. Further, CP-2000 notice delivered minimal, and, in some cases, confusing information to the taxpayer. The IRS incorporated many of the TAP – Notice Committee's recommendations and incorporated them into the revised CP-2000 notice, dated				

2003 Taxpayer Advocacy Panel Recommendations

	<p>July 23, 2003 and asked the committee to submit any further recommendations and/or changes.</p> <p style="text-align: center;">The TAP – Notice Committee members were then given copies of the revised CP-2000 notice (dated July 23, 2003) and asked to submit any further recommendations and/or changes.</p>
Goal Statement:	
Proposal:	<p>Highlights of the changes are as follows:</p> <ol style="list-style-type: none"> 1. The “Summary of Proposed Changes” section is now preceded by: “Why You Are Getting This Notice,” instead of: “How Does This Effect You?” The section also includes penalty and interest expiration dates, as recommended. 2. In the “What You Should Do” section, an installment agreement request was added, and a recommendation for the taxpayer to review his/her rights in The Examination Process Booklet was now included. 3. The “Frequently Asked Questions” section now includes an explanation of why the taxpayer needs to pay interest and penalties, as required by law. 4. Wording in the revised CP-2000 notice “Response Form “ section has been added which directs the taxpayer to review the Explanation Section and decide whether (s)he agrees or disagrees with IRS proposed changes. 5. The “Before Mailing” Section in the July CP-2000 now advises the taxpayer to make copies of his/her Response Form, as well as The Installment Agreement Request, if utilized. This was not in the June CP-2000 notice. 6. Finally, the July CP-2000 “Explanation Section” has been expanded to include explanation codes and addresses of the financial institutions that issued taxable interest and/or dividends.
Response from:	Ann Gelineau, Wage & Investment Single Point of Contact
Response Notes:	<p>Response from Program Owners, James Cesarano and Ann Gelineau stated input from the Notices Committee was considered. A revised Notice CP 2000 was issued in late 2004 which reflected recommendations made by the Notice Committee members. At the 2004 Annual TAP Conference a copy of the old notice and new notice was circulated.</p> <p>This "issue" is complete. The Notice committee thanks the IRS for requesting pre-decisional input.</p>

TAP 403-013	Recommendations for Form 990	Status:	Closed, Proposal Partially Accepted		
Date Elevated to IRS:	9/12/2003	Date Counter Response to IRS:		Date Response(s) Received:	11/10/2003
Issue Statement:	Various individuals and groups have discussed with us their concerns about the burdens that the Form 990, Return of Organization Exempt From Income Tax, filing requirements can cause for non-profit organizations, especially newer groups and smaller groups. Their general proposals were that the filing requirements for charitable groups should be decreased and that the filing thresholds should be increased.				
Goal Statement:					
Proposal:	<p>(1) The IRS should develop a plain language pamphlet to assist smaller and newer nonprofits in completing the Form 990, including advice on what kind of records to keep, what penalties can be assessed against nonprofits who fail to comply, and what recognized exceptions to the penalties exist.</p> <p>(2) IRS provides assistance and information for charities and other non-profits through various sources. These include toll free assistance at 877-829-5500, on the IRS website at Tax</p>				

2003 Taxpayer Advocacy Panel Recommendations

	<p>Information for Charities & Other Non-Profits and through workshops given by field agents in local communities. To better serve the 990 customer, we recommend that the availability of these resources be marketed more boldly. We recommend an “eye-catching” box be predominantly included on all Form 990 related items.</p> <p>(3) Tax-exempt organizations, especially the newer and smaller ones, do need substantial assistance in order to file a proper Form 990. We recommend the IRS develop a web-based tutorial about completing the Form 990. Until this is available, the IRS should provide links to websites that already have such self-tutorial materials.</p> <p>(4) To complement the web-based tutorial, the IRS should develop a training video tape or CD which could be made available to non-profits to assist them in completing the Form 990.</p> <p>(5) We recommend the IRS communication strategy include key messages for the Form 990 customer. Targeting the peak filing periods, IRS should issue press releases via print, e-news and the Digital Daily three times a year. Information to be shared should include filing requirements and obligations, recording keeping and tips for penalty avoidance.</p> <p>(6) The IRS should market the Form 990EZ more prominently to smaller nonprofits. The web-based tutorial could include a decision tree that could lead smaller organizations to complete the Form 990EZ. Secondly, in the Determination Letter sent to new tax-exempt organizations, there should be a notice alerting them that they may be able to file a Form 990EZ. The IRS should, as with the regular Form 990, develop a web-based tutorial for completing the Form 990EZ.</p> <p>(7) We strongly urge that the IRS especially where no revenues have been lost to the IRS because of the failure to file or the failure to file a complete return, adopt a standard of “good faith” compliance. We are also convinced that this “good faith” criterion can be incorporated into the present standard of “reasonable cause.” So long as a tax-exempt organization has made a good faith effort to comply and the organization moves reasonably to correct any oversights or failures, IRS should not impose daily penalties. Instead, the IRS compliance activities should stress educating the group on its filing requirements and directing the organization to where help is available.</p>
Response from:	Steven T. Miller, Director, Exempt Organizations
Response Notes:	Steven T. Miller explained point by point each of the panel's recommendations and which have been incorporated in the forms changes for 2004. For those not considered, he explained the rationale for not considering.

TAP 303-008	Informing IRS Employees about TAP		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	9/19/2003	Date Counter Response to IRS:		Date Response(s) Received:	12/30/2004
Issue Statement:	Nurturing sources of viable issues is essential to TAP's successful mission. IRS employees can be an excellent source for noting recurring and systemic problems and possible solutions. The members are aware that the Service has a program in which IRS employees can present their suggestions and may be rewarded for them. However, the members believe there is merit in this recommendation, as IRS employees may wish to utilize another referral source.				
Goal Statement:					
Proposal:	That the Taxpayer Advocacy Service send out educational information on TAP to all IRS employees asking for their support, information, suggestions, and help to provide improved taxpayer services.				
Response from:	Bernard E. Coston, Director, Taxpayer Advocacy Panel				
Response Notes:	Issue addressed in TAP Communication Strategy; implementation is ongoing.				

2003 Taxpayer Advocacy Panel Recommendations

TAP 103-011	Individual Taxpayer Identification Number		Status:	Closed	
Date Elevated to IRS:	9/19/2003	Date Counter Response to IRS:		Date Response(s) Received:	7/6/2004
Issue Statement:	Lack of understanding as to when to apply for and use an Individual Taxpayer Identification Number (ITIN)				
Goal Statement:					
Proposal:	TAP recommended more outreach and education on the ITIN. A standard flyer, easy to read (aimed at a first grade literacy level per the advice of LITC educators) concerning the application for and use of the ITIN would be useful. The flyer could then be translated into multiple languages.				
Response from:	Jerry Heschel, Director, Individual Taxpayer Identification Number				
Response Notes:	<p>ITIN Director Heschel reported that after the December 17, 2003, ITIN revisions, the IRS supplemented the mass communication effort with direct outreach to communities with a vested interest in ITINs, tailored to audience needs, in the following ways:</p> <ul style="list-style-type: none"> • Sent a direct mail package to Acceptance Agents, transmitting documents and instructions for their immediate use. • The National Public Liaison office contacted national practitioner organizations, and the IRS also reached tax professionals en masse with electronic news items to all IRS e-news for Tax Professionals and the Digital Dispatch subscribers. • Liaison with state and federal government officials (i.e., Department of Labor, Social Security Administration, National Governors Association, and state agencies) through the IRS Governmental Liaison office. • Immediately preceding the announcement, IRS provided procedural information, training, and products (i.e., a flyer for use in Taxpayer Assistance Centers) for all IRS customer contact employees to enable them to advise and assist customers. The IRS also established an internal communications loop to handle questions on unique situations. 				

TAP 403-012	Just in Time Policy		Status:	Closed	
Date Elevated to IRS:	9/19/2003	Date Counter Response to IRS:		Date Response(s) Received:	9/10/2005
Issue Statement:	The IRS frequently sends information and forms out to practitioners and other members of the public so late as to be practically useless for its intended purpose. This issue was passed on to TAP by the former Citizen Advocacy Panel (CAP) members and was considered something that should be looked at for possible change.				
Goal Statement:					
Proposal:	<p>In light of the legislative work delaying the release of forms and thus the late publication of Package X, it may be time for the IRS to change the format of Package X. The tax dollars that go into printing this publication are wasted if they are not of use to those who need them when they come out. Many practitioners/accountants now access forms and instructions they need from the Internet. If the IRS emphasized that all forms are available on the website on the 1045 ordering form, it may discourage offices ordering the Package X when it is not needed. For those who still need paper format, perhaps a loose-leaf binder format would work better. That would allow everything to be sent in December. Forms not yet approved would be sent in "preliminary" format, and as the final approved copies come out, they could be sent and offices would replace the "preliminary" forms with the "final" forms.</p> <p>Since the Stakeholder Partnerships, Education and Communication (SPEC) organization is</p>				

2003 Taxpayer Advocacy Panel Recommendations

	responsible for the Volunteer Income Tax Assistance program, TAP recommended that SPEC consider working up as much of their own materials as possible. If that is not feasible, TAP recommended using the "early release" versions of the forms for the early training, until the Tax Forms and Publications Division can get final versions out.
Response from:	
Response Notes:	IRS has decided not to publish the Package X.

TAP 203-014	EFTPS Short Form Worksheet		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	9/22/2003	Date Counter Response to IRS:		Date Response(s) Received:	9/22/2003
Issue Statement:	Area 2 received a comment that the Electronic Funds Transfer Program System (EFTPS) phone prompts is misleading. Upon review, it was observed that the EFTPS Telephone Prompts do not match the EFTPS Short Form Worksheet included in the EFTPS Payment Instruction Booklet. This disconnect between the prompts and worksheet may confuse taxpayers who opt to complete the worksheet before dialing in to the Voice Response System (VRS).				
Goal Statement:					
Proposal:	Change the Short Form Worksheet to match the Voice Response System.				
Response from:	L. Thomas Davis, EFTPS Team Leader				
Response Notes:	Letter a thank you and acknowledgement of the acceptance of the proposal by the EFTPS Team Leader. The Short Form Worksheet has been changed to match the VRS and the updated worksheet would be included in the new Payment Instruction Booklet to be released in the near future.				

TAP 103-007	Table Addressing Phase outs		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	9/24/2003	Date Counter Response to IRS:		Date Response(s) Received:	8/30/2004
Issue Statement:	Over many years, various administrative and legislative changes that were designed to be income tax incentives were implemented. They included: tax credits for children, for being married and filing jointly, for student loan interest, IRA contributions, etc. The disparity of the phase outs at various income levels and the differing eligibility requirements are confusing to taxpayers. Many of the tax credits and incentives do not escalate with inflation.				
Goal Statement:					
Proposal:	Publish a table showing the various tax credits and deductions addressing both eligibility requirements and the income phase ins and outs in the 1040 series instruction booklets. The table would provide a good visual aid for taxpayers to compare the various credits and deductions.				
Response from:	Sandra L. Kopta, Chief, Individual Forms and Publications Branch				
Response Notes:	8/30/2004 This suggestion was to add a table to the Form 1040 series instruction booklets that would address the various credits and deductions along with their respective eligibility requirements. We are not adopting this suggestion for the following reasons. Each deduction or credit has its own specific set of rules of eligibility. For example, some deductions (such as the student loan interest deduction) and credits phase out using modified adjusted gross income. Others (such as the child tax credit) phase out using adjusted gross income. A further complication is that the definition of modified adjusted gross income can also				

2003 Taxpayer Advocacy Panel Recommendations

	vary among the different deductions and credits. We would have to keep the table to a manageable size and it would only provide taxpayers with a limited amount of information. We prefer to direct taxpayers to the specific sets of instructions for each deduction and credit. Taxpayers can see all the rules that apply and it lessens the possibility of error.
--	---

TAP B03-025	Tax Curriculum for ESL Individuals		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/23/2003	Date Counter Response to IRS:		Date Response(s) Received:	8/30/2004
Issue Statement:	The IRS & English as a Second Language (ESL) educators should collaborate on the development and promotion of a tax education curriculum that can be implemented in adult ESL programs across the Nation. This is a cost effective way to address the needs of recently migrated immigrant groups; primarily in teaching this population about their tax compliance obligations.				
Goal Statement:					
Proposal:	<p>The MLI committee made the following recommendations regarding development of a tax curriculum for taxpayers with limited English proficiency (LEP): 1) A variety of cost effective programs to meet the specific needs of those who have recently immigrated can be added to existing government-sponsored programs such as the Low Income Tax Clinics (LITCs) and ESL classes.</p> <p>2) Develop a small booklet on tax compliance and taxpayers' rights in English and another language useful to the local immigrant population. An example was distributed at the MLI Committee October 2003 meeting in Washington, D.C. The example titled, YOUR VOICE, YOUR VOTE, was printed in English and Bosnian for the St. Louis community. It was funded by Verizon Wireless. 3) Develop a relationship with the Federal Deposit Insurance Corp (FDIC) and other government agencies to include useful tax information in their publications. FDIC's MONEY SMART series is an adult financial education product. It is printed in English, and Spanish and soon to be printed in Chinese. It does not cover any information on tax compliance or taxpayer's rights. This very useful program is being used by many banks to educate less informed clients about basic financial matters. 4) With amendment to the Fair Credit Reporting Act, Congress has adopted the Financial Literacy Education Improvement Act, calling for the establishment Financial Literacy And Education Commission, the Secretary of the Treasury as chair to improve the financial literacy and education of persons in the U.S. through development of a national strategy to promote financial literacy and education. The IRS should take full advantage of this opportunity.</p>				
Response from:	Mary E. Davis, MLI Program Owner				
Response Notes:	<p>IRS supported the MLI Committee's continuing work of the development and promotion of a tax education curriculum that can be implemented in adult ESL programs across the nation.</p> <p>1. The recommendation to train more VITA volunteers in their native language is an ongoing part of the VITA business model. 2. Through the SPEC program, IRS has established partnerships with various community and governmental organizations, including the Department of Health and Human Services. 3. IRS declined to reach out to "notarios," preferring to keep their outreach open to all tax preparers and tax practitioners. 4. IRS rejected the proposal of facilitating the sharing of "unofficial" documents and pamphlets prepared by LITCs because IRS does not have resources available to perform a quality review of such documents. The IRS will only provide materials whose information has been validated through official IRS channels. 5. IRS supported the MLI Committees' continuing work of the development and promotion of a tax education curriculum that can be implemented in adult ESL programs across the nation.</p> <p>Bruce Twomley, MLI Chair, update: the committee accepted IRS' responses to all items except to number 4, which the committee challenged, based on its belief the IRS had not fully understood the proposal. The committee had not requested IRS to accept and publish any particular LITC work products, and the committee agreed quality review would be essential. The</p>				

2003 Taxpayer Advocacy Panel Recommendations

	<p>committee, nonetheless, contended the development of a clearinghouse for LITC ESL work products is essential to share promising practices and to avoid duplication, and the committee further believed IRS, at least, ought to have an interest in its own access to the information so that valuable contributions would not be lost (or that misleading information might be corrected). Program owners responded positively by assigning to the committee the development and distribution of a questionnaire directed to the LITCs to gauge their interest and to take suggestions as to how such a clearinghouse might work. Responses were very supportive. What remains on the table is how this partnership with the IRS can go forward to make the clearinghouse a reality.</p>
--	---

TAP 603-015	Provider Identification Number		Status:	Closed	
Date Elevated to IRS:	11/17/2003	Date Counter Response to IRS:		Date Response(s) Received:	11/24/2003
Issue Statement:	<p>The dependent care credit is claimed on Form 2441 if Form 1040 is used or, on Schedule 2 for Form 1040A, and is available to married couples only if they file a joint return. Section 21(e)(9)(A) requires the taxpayer identification number of the dependent care provider, and dependent care providers may not want to provide a Social Security Number due to identity theft concerns.</p> <p>The credit is claimed by the taxpayer reporting on his or her Form 2441 or Schedule 2 the correct name, address, and taxpayer identification number (TIN) of the dependent care provider, unless the provider is tax-exempt. Individual dependent care providers must provide their social security numbers, raising privacy concerns.</p>				
Goal Statement:					
Proposal:	<p>TAP recommended that dependent care providers be allowed to provide a PTIN instead of their social security numbers as a taxpayer identification number. The Form W-7P could be re-titled, "Application for Preparer or Dependent Care Provider Tax Identification Number." By using a PTIN, the childcare provider will meet the requirement under section 21(e)(9)(A) of furnishing an identifying number on returns where the credit is taken. Although TAP recognizes that dependent care providers can use EINs, TAP advocates a separate dependent care provider TIN because "the SS4 Form is very intimidating and most of the information requested on the form is not relevant to dependent care providers."</p>				
Response from:	Robert A. Erickson, Tax Law Specialist, Forms and Publications				
Response Notes:	<p>Erickson responded that this proposal cannot be adopted unless the Treasury regulations under section 6109 are amended. Section 6109(d) requires that "the social security number issued to an individual... shall, except as otherwise specified under regulations of the Secretary, be used as the identifying number of such individual for purposes of this title." Regulations section 1.6109-2 specifically provides for the P-TIN exception for preparers. There is no exception currently in the regulations to allow for a "dependent care provider TIN." The only exception relevant to a child care provider is under Regulations section 301.6109-1(a)(1)(ii)(D), which allows the use of an employer identification number (EIN) if the provider is in a trade or business. Based on the information, TAP reconfigured proposal; see TAP 606-018.</p>				

TAP 203-017	On Hold for Toll Free		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	11/19/2003	Date Counter Response to IRS:		Date Response(s) Received:	12/22/2003
Issue Statement:	<p>The Internal Revenue Service (IRS) toll-free line periodically experiences heavy call volumes. A taxpayer seeking to contact the IRS through the toll-free line may, therefore, experience significant wait times before an IRS Customer Service Representative accesses the call.</p> <p>While placed on hold during calls to IRS, a taxpayer hears classical music, periodically interrupted with vocal announcements that state "Do not hang up. Your call is important to us. Calls are</p>				

2003 Taxpayer Advocacy Panel Recommendations

	taken in the order received...."
Goal Statement:	
Proposal:	<p>Callers should be given the option of hearing classical music on hold or alternate messages.</p> <p>Alternate messages could include:</p> <ul style="list-style-type: none"> • Approximate Current Hold Times • Recommendation that Caller Note the IRS Employee Name, Identification Number, Call Center, and document the call in their personal tax records (Jarrell / Paolone). • Listing of Best Times to Contact the IRS (when they are least busy) <p>Informative Messages</p> <ul style="list-style-type: none"> - Tax Tips - Recent Tax Regulations & Rulings - Reference to Online Tax Resources - Frequently Called Telephone Numbers - IRS News Releases - Frequently Asked Questions <p>In addition, IRS should reduce the frequency with which hold music or a message is interrupted with the vocal announcement. Such interruption is distracting and, after being on hold for an extended time, may irritate callers.</p> <p>Hold messages should be re-evaluated on an annual basis.</p>
Response from:	David L. Medeck, Director, Joint Operations Center
Response Notes:	<p>Providing the estimated wait time is a goal IRS is working toward but funding is a barrier for the immediate future. IRS experience has been that offering informational messages has a negative impact and that callers abandon the queue 28% of the time at the beginning of the message. IRS will further study the frequency of playing the "Do not hang up. Your call is important to us..." message for best practices and what changes would be feasible in the IRS operating environment.</p>

TAP 103-009	Quality Control for IRS Correspondence		Status:	Closed	
Date Elevated to IRS:	12/12/2003	Date Counter Response to IRS:		Date Response(s) Received:	12/2/2003
Issue Statement:	The Internal Revenue Service (IRS) should improve quality control when IRS is responding to the Taxpayer via standard form letter with pick and choose paragraphs. Paragraphs chosen are not addressing taxpayers concerns and are often misleading.				
Goal Statement:					
Proposal:	Establish a quality control process whereby letters that require the IRS employee to pick and choose from a database of paragraphs to compile the letter are reviewed to ensure that the letter addresses the taxpayer's situation and is not confusing or misleading.				
Response from:	Ann L. Gelineau, Wage & Investment Notice Single Point of Contact				
Response Notes:	Indicating that implementing suggestion is not feasible with our current systems. IRS issues over 1 million pieces of correspondence each year and cost to hire, train, and provide space and equipment for the significant number of employees needed to complete a 100% review would be cost prohibitive.				

TAP 603-016	W-4 Clarification		Status:	Closed	
Date Elevated to	1/5/2004	Date Counter		Date	

2003 Taxpayer Advocacy Panel Recommendations

IRS:		Response to IRS:		Response(s) Received:	3/21/2004
Issue Statement:	When filling out a Form W-4, Employee's Withholding Allowance Certificate, to determine the proper amount of tax withholding from wages, taxpayers carefully indicate the number of withholding allowances that pertain to their situation. The Treasury Department developed the numbers to accommodate broad ranges of income because more accurate calculations would greatly complicate the form. For policy reasons, there is a small, inherent bias toward under-withholding on the form itself. Consequently, a taxpayer can complete the form accurately and still owe several hundred dollars at the end of the year. Many taxpayers do not like such an inaccurate system.				
Goal Statement:					
Proposal:	Taxpayers should be referred to the Withholding Calculator available on the IRS website as well as to the Publication 919 for accurate withholding. Additional advice needs to be given in the instructions whenever the IRS is discussing the correct amount of withholding. Possible wording could include: <ul style="list-style-type: none"> • "Check the amount that you are having withheld several times during the year." • "If you owed money last year, make sure you change your withholding." • "If you change jobs or start a second job, check your withholding." • "When determining your withholding, please consider ALL of your income from ALL sources." 				
Response from:	Carole Barnette, Acting Chief TEGE and Specialty Forms and Publications				
Response Notes:	The response provided historical background on the W-4 Form and the withholding rate schedules, including the purpose of the form: "The longstanding purpose of the instructions to the Form W-4 has been to provide employees with a simplified way of adjusting their withholding for deviations from the hypothetical situation that underlies the withholding rate schedules, that is, a worker earning all of his or her income ratably over the course of a year from a single job. These deviations include, but are not limited to, the worker's itemized deductions, statutory adjustments, tax credits, and head of household filing status." The response also explained the requirements of the form: "In short, the instructions for Form W-4 represent a careful balancing between accuracy and complexity. While longer and more complicated instructions would undoubtedly lead to more accurate withholding, they would do so only if widely used. Experience - especially the experience with a four-page Form W-4 with more accurate instructions issued in 1987 under a Congressional mandate - strongly suggests that longer, more complex instructions would not be widely used and might even be counterproductive and lead to further increases in the deviations between withholding and tax liability." The response also discussed the space restrictions on the current form and stated consideration would be given to changing the wording as suggested as space permits.				

TAP 103-010	Offer in Compromise Fee		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	5/7/2004	Date Counter Response to IRS:		Date Response(s) Received:	12/12/2003
Issue Statement:	The \$150 fee for the Offer in Compromise (Form 656) is burdensome on those whose income slightly exceeds the poverty levels or whose present financial circumstances prohibit even this modest sum. There is currently no mechanism for waiver of this fee beyond the one waiver for poverty levels.				
Goal Statement:					
Proposal:	Provide a mechanism to allow a waiver of the \$150 filing fee for the Offer in Compromise beyond the initial waiver for poverty-level taxpayers. Examples of allowing the waivers might be: when the offer is above a certain percent of the tax owed, first time exemption for offers, or circumstantial waivers -- health related, unemployment, abusive domestic situations necessitating hiding.				
Response from:	Cheryl Sherwood, Director, Payment Compliance				

2003 Taxpayer Advocacy Panel Recommendations

Response Notes:	<p>The IRS first gave general background on why the fee was implemented. Response to concern about no mechanism for waiver of fee beyond the waiver for poverty levels was explanation of why IRS choose the Department of Health and Human Services poverty level figure and noted that taxpayers seeking consideration of an offer solely under the basis of doubt as to liability do not pay the fee. IRS' response to TAP concern that the fee is a disincentive to some taxpayers for re-entering the taxpaying system is that poverty waiver excludes most taxpayers who would most likely be disadvantaged. Furthermore, if the offer is accepted to promote effective tax administration or accepted based on doubt as to collectibility with special circumstances, the fee will either be applied to the amount of the offer or refunded. As to the concern that another fee of \$150 is required for each offer submitted, IRS responded that this is required under Treasury Regulation 300.0 and the general rule is that the IRS needs as many Form 656s as there are entities seeking to compromise. The IRS believes that the Offer in Compromise application fee balances, to the greatest extent possible, the interests of the government and the vast majority of taxpayers who submit an offer for consideration.</p>
------------------------	--