

2006 Taxpayer Advocacy Panel Recommendations

TAP 406-057	Employment Tax on 1040		Status:	Closed	
Date Elevated to IRS:	10/10/2005	Date Counter Response to IRS:		Date Response(s) Received:	6/22/2007
Issue Statement:	Filing of employment tax forms is cumbersome for very small business employers.				
Goal Statement:					
Proposal:	Incorporate small business employment taxes into 1040 as is done with household employees.				
Response from:	Matthew A. Weir, Director, Advocacy Projects				
Response Notes:	<p>As you may know, the Office of Burden Reduction (OTBR) has created an annualized employment tax Form 944 (Employer's Annual Federal Tax Return). This form was designed so the smallest employers (those whose estimated annual employment tax liability, i.e. Social Security, Medicare etc. is \$1,000 or less) will file and pay these taxes only once a year instead of every quarter. While this IRS initiative substantially addressed the submission by the TAP, we have kept this project open because there have been a number of criticisms of the new Form 944 rollout, including:</p> <ul style="list-style-type: none"> • The \$1,000 threshold is too small and the implementation has created more burden for business by requiring employers to continuously monitor whether they surpassing the \$1,000 threshold and therefore no longer eligible to file using Form 944; • Taxpayers meeting the \$1,000 threshold cannot automatically opt in; rather, they must be notified by the IRS as to their eligibility to utilize the form; and • Additionally, once the taxpayers are notified of their eligibility to utilize Form 944, they must affirmatively opt out and provide an acceptable rationale for not utilizing the form (i.e. or face penalties if Form 944 is not used. <p>In sum, there are serious issues with the implementation of the Form 944 initiative, and while it technically answered the TAP's concerns, we believe there is much advocacy left to do to improve the initiative. Consequently, the National Taxpayer Advocate has appointed a representative to represent TAS on a joint task force consisting of the OTBR and other IRS representatives in an attempt to improve the initiative; however, this will be an ongoing effort. Therefore, we are closing this particular project but will continue to work to improve the Form 944 issues through TAS' representation on the task force.</p>				

TAP B06-002	Form 2553 Subchapter S Election		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	3/16/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The IRS experiences an average of 46,000 unpostable 1120S Income Tax Returns per year due to missing, or incomplete or unposted Subchapter S elections. This creates a major burden on the IRS as well as on the taxpayers who must clear up the status of their corporate tax filings. The root cause appears to be a complex and burdensome set of requirements for seeking Subchapter S elections using Form 2553.				
Goal Statement:					
Proposal:	The Burden Reduction Committee proposed two options: eliminate Form 2553 and its requirements altogether, or permit the election at the time the entity files its first return and simplify Form 2553 by eliminating duplicate information requirements and the need for signatures of shareholders of record.				
Response from:					
Response Notes:					

2006 Taxpayer Advocacy Panel Recommendations

TAP A06-001	W4 & W4P		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	3/22/2006	Date Counter Response to IRS:		Date Response(s) Received:	3/9/2006
Issue Statement:	The Form W-4, Employee's Withholding Allowance Certificate, ignores pension income which causes confusion to taxpayers who have a job but are also getting a pension and social security.				
Goal Statement:					
Proposal:	Add a reference to form W-4P, Withholding Certificate for Pension or Annuity Payments, to the Form W-4.				
Response from:	Bob Erickson, Senior Technical Advisor, Tax Forms & Publications				
Response Notes:	The Forms and Publication Unit is currently in the process of adding a sentence to the 2007, Form W-4, Employee's Withholding Allowance Certificate, under "Purpose" indicating: "File the Form W-4P to adjust your withholding for pensions."				

TAP E06-051	EITC Awareness through Employers		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	4/17/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The IRS is concerned that many taxpayers who are eligible for the Earned Income Tax Credit (EITC) do not claim the credit. Some large corporate employers have employees who qualify for the credit.				
Goal Statement:					
Proposal:	The IRS should send correspondence to large corporations encouraging them to point out the benefits of the EITC to their employees and provide them with handy reference tools to use to help their employees learn about the credit.				
Response from:					
Response Notes:					

TAP A06-046	Publication 1, Improvement		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	4/19/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Review Publication 1, Your Rights as a Taxpayer, and provide suggestions for improvement.				
Goal Statement:					
Proposal:	The Committee agreed the publication was good but did suggest specific improvements to make the publication more understandable to taxpayers.				
Response from:					
Response Notes:					

2006 Taxpayer Advocacy Panel Recommendations

TAP A06-045	Publication 4492, Improvement		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	4/19/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Review Publication 4492, Information for Taxpayers Affected by hurricane Katrina, Rita, and Wilma for clarity and conciseness which is easily understood by most taxpayers.				
Goal Statement:					
Proposal:	The Committee reached general consensus that the Publication is good and the average taxpayer can navigate the various provisions enacted for the disaster relief. The Committee provided specific recommendations on improving the publication.				
Response from:					
Response Notes:					

TAP N06-008	CP 39, 42, 75, 75A, CP 88 DAT Scoring		Status:	Closed	
Date Elevated to IRS:	4/24/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the readability and usability of the following notices: CP 39 Balance Due, Overpayment Applied to Balance Due - Secondary SSN , CP 42 Overpaid, Secondary SSN Offset Notice , CP 75 Taxpayer Inquiry, Exam Initial Contact Letter – EIC – Refund Frozen, CP 75A Taxpayer Inquiry, Exam, and the CP 88 Taxpayer Inquiry, Taxpayer Delinquent Investigation (TDI) Refund Hold, using the IRS Document Assessment Tool.				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the notices.				
Response from:					
Response Notes:	Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notices, and/or when necessary, assessing the benefit(s) of revising the notices. This activity is completed and this Item is closed.				

TAP B06-049	Amended Employment Tax Forms		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	5/2/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Currently the Form 941c, Supporting Statement To Correct Information, is not a stand alone form, it must be filed with a Form 843, Claim For Refund and Request for Abatement, to claim a refund with interest and a current period employment tax form when additional tax is owed or an overpayment is to be credited with no interest. Processing the Form 941c with the current period employment tax forms creates problem because the current tax period is adjusted for the tax liability rather than the actual period in which the adjustment occurred while the wage adjustments are corrected in period (or year) in which the error occurred.				
Goal Statement:					
Proposal:	the Committee gathered information form a team of internal and external stakeholders that				

2006 Taxpayer Advocacy Panel Recommendations

	supported processing Form 941C as a stand-alone form.
Response from:	
Response Notes:	

TAP A06-007	Form 8857, Review		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	5/11/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Review Form 8857 and provide the IRS Tax Forms and Publications Program Owners with evaluation after review.				
Goal Statement:					
Proposal:	There are no recommendations to be made at this time; we found that this is a very simple form and easy to complete.				
Response from:					
Response Notes:					

TAP A06-006	Publication 553, Review		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	5/11/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Review Publication 553, Highlights of 2005 Tax Changes, and provide the IRS Tax Forms and Publications Program Owners with evaluation after review.				
Goal Statement:					
Proposal:	On Page 8, (or perhaps on Page 1), add an alert In all capitals that says: It would be useful to note to that all 2006 tax information is preliminary and accurate as of the publication date, and that congress can make changes at any time				
Response from:					
Response Notes:					

TAP V06-056	Form 13614 Intake Form		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	5/12/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	IRS quality review checks have shown that use of the Form 13614, SPEC Intake Form, improves the quality of the returns prepared at volunteer sites. Some volunteers are reluctant to use the intake form.				
Goal Statement:					
Proposal:	The VITA Committee recommended the program owners sell the reasons for and benefits of using the intake form 13614, to the field. In addition, the program owners agreed to revise the form wherever possible to more nearly reflect the "TaxWise" main information page, thus simplifying the volunteer's task when transcribing information from the form to the software.				

2006 Taxpayer Advocacy Panel Recommendations

Response from:	
Response Notes:	

TAP B06-005	Office-In-Home Deductions		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	5/20/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The current requirements and forms to use Office-In-Home (OIH) deductions are complex and burdensome and taxpayers would benefit from a simple alternative offered as an option.				
Goal Statement:	<p>Our goal is to propose changes that:</p> <p>a) Could be implemented without a need for legislative action</p> <p>b) Reduce taxpayer burden and achieve significant cost savings by offering an option for those who choose to use it, by eliminating the need to file Form 8829, and</p> <p>c) Reduce the burden on the IRS in processing the more cumbersome forms</p>				
Proposal:	The Taxpayer Burden Reduction (TBR) committee of TAP proposes an optional flat dollar amount based deduction as an alternate to the current method of using Form 8829 to achieve this goal.				
Response from:					
Response Notes:					

TAP N06-009	CP Notice 79 Scoring		Status:	Closed	
Date Elevated to IRS:	5/23/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the readability and usability of the CP Notice 79 , Taxpayer Inquiry, Earned Income Credit Eligibility Requirement, using the IRS Document Assessment Tool.				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the notice.				
Response from:					
Response Notes:	Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. This activity is completed and this Item is closed.				

2006 Taxpayer Advocacy Panel Recommendations

TAP N06-010	CP Notices 16, 30, 31, 45, 49, 54B, 54Q, and 60 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	5/24/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Notice Committee scored the readability and usability of the following notices: CP 16 Overpaid, Overpayment with Offset, CP 30 Overpaid, Estimated Tax Penalty Notice, CP 31 Taxpayer Inquiry, Undelivered Refund Check Notice, CP 45 Taxpayer Inquiry, Credit Elect Change, CP 49 Overpaid, Overpayment Adjustment - Offset, CP 54Q SSN and Name Inquiry - Second Request, CP 54B Taxpayer Inquiry, Inquiry Regarding Name and SSN - Refund Delayed, and CP 60 Balance Due, Credit Reversal Adjustment Notice, using the IRS Document Assessment Tool.				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the notices.				
Response from:					
Response Notes:	Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. This activity is completed and this Item is closed.				

TAP B06-048	Innocent Spouse Relief		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	6/5/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	In their current state, both Form 8857 and the instructions for filling them lead to high rates of rejected claims because of ineligibility, or errors and omissions by taxpayers. Consequently the burden on taxpayers and the IRS in processing them are high.				
Goal Statement:	Our goal is to propose changes to the draft of the new and improved version of Form 8857 and related instructions that: a) Facilitate easier and correct determination by the taxpayers of their eligibility for this relief as well as fully understanding the information requirements by the IRS, b) Make it easier for taxpayers to submit Form 8857 properly filled out the first time around, c) Reduce the burden on taxpayers and the IRS in processing Form 8857, and d) Achieve significant cost savings by minimizing, if not totally eliminating the back and forth correspondence when the IRS processes them.				
Proposal:	The TBR committee's observations on the revised Form 8857 and related instructions are as follows: <ul style="list-style-type: none"> • The proposed revisions should solve many of the preparation and filing problems which had been identified with current Forms 8857 and the follow up questionnaire 12510 • The reading level has been lowered. • It appears that the form can be filled out without referring to the instructions. • The draft Form 8857 now contains information which previously required a follow-up questionnaire (Form 12510). • These changes make it more likely that taxpayers requesting Innocent Spouse Relief will make an informed decision as to whether to initially file the form by understanding what information they will need to furnish and that their former spouse must be notified. Detailed comments are provided in Appendix A.				
Response from:					
Response Notes:					

2006 Taxpayer Advocacy Panel Recommendations

TAP 206-004	"Timely Response Required" on Envelopes		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	6/12/2006	Date Counter Response to IRS:		Date Response(s) Received:	11/14/2007
Issue Statement:	Many taxpayers fail to open Internal Revenue Service (IRS) time sensitive notices in a timely manner. Taxpayers not only lose opportunities to contest assessments without going to tax court, but also get stuck with mounting interest and penalties.				
Goal Statement:	Encourage taxpayers to open correspondence in a timely manner to ease taxpayers' burden as well as IRS' burden in pursuing non-responders.				
Proposal:	Require that all IRS correspondence to taxpayers with a due date, include on the outside of the envelope the wording "Timely Response Required" printed in bold font.				
Response from:					
Response Notes:	It would be cost-prohibited to implement this proposal. Separate files are needed to print envelopes with and without the "Timely Response Required" verbiage. This could create files that would be too small to process systemically and would have to be processed manually. Quality is also impacted because, the effectiveness of the automated bulk processing facility is contingent upon having consistent, repeatable processes and every variation introduced reduces both production quantity and quality. The current equipment does not have the capacity to print to have two different outgoing mailer envelopes, those with and without "timely response required."				

TAP 206-003	Schedule D and D1 Consolidation		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	6/12/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Internal Revenue Service's (IRS') requirement to list each trade in Form 1040, Schedule D , U.S. Individual Income Tax Return, Capital Gains and Losses and D-1 Capital Gains and Losses Continuation Sheet for Schedule D imposes an undue burden on taxpayers, and results in increased cost to the IRS in processing tax returns.				
Goal Statement:	Eliminate the need to provide a detailed listing of each trade in Schedules D and D-1, thus reducing the time and cost to both taxpayer and IRS.				
Proposal:	The Taxpayer Advocacy Panel (TAP) recommends that the IRS permit taxpayers to provide a summary of their securities trading activity separated by long and short term in Schedule D, thus eliminating the need for a detailed listing of each trade.				
Response from:					
Response Notes:					

2006 Taxpayer Advocacy Panel Recommendations

TAP N06-011	105 C, 239C, and 2273C Correspondex Letter		Status:	Closed	
Date Elevated to IRS:	6/13/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Notice Committee scored the readability and usability of the following correspondex letters: LTR 0105C Claim Disallowed LTR 0239C Scrambled SSN Clarification to Taxpayer, LTR 0239CScrambled SSN Clarification to Taxpayer, and the LTR 2273C Installment Agreement Accepted; Terms Explained, using the IRS Document Assessment Tool.				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the letters.				
Response from:					
Response Notes:	Correspondex letters are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the letter , and/or when necessary, assessing the benefit(s) of revising the letter. This activity is completed and this Item is closed.				

TAP 206-017B	Sch C-EZ Changes		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	6/13/2006	Date Counter Response to IRS:		Date Response(s) Received:	8/9/2007
Issue Statement:	Internal Revenue Service (IRS) trained volunteers who work at free tax preparation sites, Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE), are currently prohibited from preparing Schedules C, Profit or Loss from Business (Sole Proprietorship). The sties can prepare a Schedule C-EZ, Net Profit from Business. However, the Schedule C-EZ can not be used when the expenses are \$5,000 or greater, the schedule shows a loss, or there is more than one Schedule C-EZ.				
Goal Statement:	Increase the number of low-income, self-employed taxpayers who can have their tax returns completed at VITA and TCE sites.				
Proposal:	TAP recommend the following changes: 1. Allow VITA/TCE to offer a higher level of training or certification test for volunteers who prepare returns at sites serving low-income, self-employed taxpayers. The training could be offered at two levels: •complete training on completion of Schedule C; and •basic training that excludes "depreciation of assets" and "business use of home." 2. Increase the limit of expenses to \$10,000 for Schedule C-EZ and index the limit to the cost of living; allow multiple Schedules C-EZ for each taxpayer and allow Schedule C-EZ to be used when a business has a net loss.				
Response from:	Jodi L. Patterson, Director, Office of Taxpayer Burden Reduction				
Response Notes:	Based on correspondence from the Tax Forms & Publications office dated March 2, 2007, the filing requirement threshold for business expenses was raised from \$2,500 to \$5,000 in 2004 and the Treasury's Office of Tax Analysis opinion was that increasing the business expense threshold to \$10,000 and allowing more than one Schedule C-EZ to be filed by one taxpayer would increase non-compliance due to misreporting of expenses.				

2006 Taxpayer Advocacy Panel Recommendations

TAP V06-044	VRPP Testing Materials Focus Group		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	6/15/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Develop and ensure the accuracy of the testing materials for volunteer certifications--the test, retest and test answers for the printed and e-learning products, Link & Learn Taxes.				
Goal Statement:					
Proposal:	The team recommended a major revision to the testing concept for the 2006 tax certification process. The team was allowed to define their vision of how the test should be structured. The goal of the certification process is to ensure that volunteers are prepared to provide accurate returns for their clients which requires adequate training, a testing process that ensures the required competencies are achieved and an adequate quality review process be evaluated. TAP members worked with IRS and representatives from TCE/AARP on the project. IRS adopted the recommended revision to the testing concept.				
Response from:					
Response Notes:					

TAP A06-047	On-line Pub17- Your Federal Income Tax- Individuals		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	6/17/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	IRS requested the Ad Hoc Committee review Publication 17, Your Federal Tax Guide for Individuals. The TAP previously worked on this publication and made a set of recommendations to the IRS. The Committee was asked to review the suggestions and review the progress made so far. The three areas of focus will be: 1) Improve Navigation of the on-line publication; 2) Usage of keywords as a search option, and 3) Ideas for on-line usability.				
Goal Statement:					
Proposal:	The Committee reviewed the publication and suggested IRS advertise this publication with the tax preparers and VITA/TCE volunteers before the next tax season and also that the IRS contact tax practitioners and VITA/TCE volunteers and seek their input based on their experience using the on-line publication during the filing season.				
Response from:					
Response Notes:					

2006 Taxpayer Advocacy Panel Recommendations

TAP N06-037	DAT Scoring for CP 23, 24, and 25		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	7/12/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the readability and usability of IRS notices CP 23, Estimated Tax Discrepancy, Balance Due of \$5 or More, the CP 24, Overpaid, Estimated Tax Discrepancy, Overpayment of \$1 or More, and the CP 25, Even Balance, Estimated Tax Discrepancy, Balance Due <\$5, Overpayment <\$1, using the IRS Document Assessment Tool. Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice.				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the CP 23, 24, and 25 Notices.				
Response from:					
Response Notes:					

TAP V06-012	Process Based Training Endorsement		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	7/24/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The IRS has developed Process Based Training (PBT) for teaching tax preparation to volunteers. PBT follows the 1040 form and integrates the use of the intake and interview sheet, tax law, and tax preparation, including the use of the TaxWise program. PBT was used for the 2005 tax filing season as a pilot and the pilot is expected to continue this year.				
Goal Statement:					
Proposal:	<p>The VITA Issue Committee thoroughly reviewed Publication 4491, Process Based Training (PBT) and endorsed it as a replacement to Publication 678, Volunteer Student Guide. The Committee believes the close integration between tax law, tax preparation, and the use of the TaxWise program is important to the successful training of tax preparation volunteers. The Committee then suggested some specific changes to the material which will improve the training material.</p> <p>PBT currently targets Basic and Intermediate Volunteer Tax Preparer Training. PBT needs to be augmented to include material for Advanced, Military, and International tax preparers to enable PBT to be used as a full replacement to Publication 678, Volunteer Training Guide. Subject material to be added includes: Pensions, Social Security, Railroad Retirement Benefits, Sale of Stock and Sale of Home.</p> <p>We believe PBT has four important objectives:</p> <ol style="list-style-type: none"> 1) Obtaining correct and complete data from the client at the interview stage; 2) Using Form 1040, U.S. Individual Income Tax Return, Instructions; Publication 17, Your Federal Income Tax (For Individuals); and Publication 4012, Volunteer Resource Guide, to research client issues at the site when preparing tax returns; 3) Completing the data entry into TaxWise; and 4) Successfully completing a quality review of the tax return to eliminate errors. <p>We would like to see additional emphasis on the second objective. We recommend that students use these other three documents (Form 1040 Instructions, Publication 17, and Publication 4012) as part of PBT training. We also recommend that consideration be given to minimizing the presentation of material in PBT, which is available in these other three documents.</p>				

2006 Taxpayer Advocacy Panel Recommendations

	Reasons for this are: the material is often preliminary in PBT due to publication date requirements; duplication increases the bulk of PBT unnecessarily; it will encourage students to get used to using these other documents; and less updating of PBT will be required.
Response from:	
Response Notes:	

TAP N06-038	CP 75 Rewrite		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	8/1/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Notice Committee was asked to revise the CP 75, Taxpayer Inquiry, Exam Initial Contact Letter – EIC – Refund Frozen.				
Goal Statement:					
Proposal:	The Committee rewrote the CP 75 to make it easy for taxpayers to understand.				
Response from:					
Response Notes:					

TAP E06-052	EITC Tax Return Preparers' Marketing		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	8/8/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The IRS is concerned that many taxpayers who are eligible for the Earned Income Tax Credit (EITC) do not claim the credit. Many low-income wage earners have their tax return prepared by a paid practitioner.				
Goal Statement:					
Proposal:	The IRS should put an insert in all mailings to tax return preparers explaining the benefits of the EITC to their clients and provide preparers with a handy reference tool that list EITC publications and the EITC check list, either by hard copy or via email, which may heighten awareness of the credit.				
Response from:					
Response Notes:					

2006 Taxpayer Advocacy Panel Recommendations

TAP E06-034	EITC Marketing Insert		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	8/8/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Many eligible taxpayers do not claim the Earned Income Tax Credit (EITC). This is due to the lack of awareness of the credit and/or its requirements. There is also a number of improper claims made for the credit.				
Goal Statement:					
Proposal:	TAP recommended a marketing insert be distributed to tax preparers and large corporations to provide a handy reference tool, either by hard copy or via email, that may heighten EITC awareness.				
Response from:					
Response Notes:					

TAP A06-030	Forms 1099-INT and 1099-DIV		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	8/17/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	TAP researched whether tax exempt-interest dividends reported to taxpayers by regulated investment companies (mutual funds) should be reported on Form 1099-INT, Interest Income, or Form 1099-DIV, Dividends and Distributions.				
Goal Statement:					
Proposal:	Tax-exempt interest should be required to be reported on Form 1099-INT.				
Response from:					
Response Notes:					

TAP N06-039	CP79A and 76 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	8/28/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the CP 79A, Taxpayer Inquiry, Earned Income Credit Two Year Ban, and the CP 76, Taxpayer Inquiry, EIC Recertification Letter - Refund Issued . Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice.				
Goal Statement:					
Proposal:	The Committee submitted their scoring of the CPs 79A and 76.				
Response from:					
Response Notes:					

2006 Taxpayer Advocacy Panel Recommendations

TAP N06-040	CP 53 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	8/28/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the CP 53, Taxpayer Inquiry, Notice of EFT Refund. Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. Taxpayer Inquiry, Notice of EFT Refund				
Goal Statement:					
Proposal:	The Committee submitted their scoring of the CP 53.				
Response from:					
Response Notes:					

TAP V06-055	Link and Learn		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	9/6/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Link and Learn taxes is a web-based tax return preparation site sponsored by the IRS. It is primarily designed for volunteer tax return preparers but is open to any member of the public.				
Goal Statement:					
Proposal:	<p>After reviewing content and testing on line capabilities, the VITA Committee made the following recommendations to enhance the IRS's Internet based "Link and Learn Taxes" tutorial:</p> <ul style="list-style-type: none"> Host the Link and Learn system on a non-IRS site. Continue to allow students to self-pace. Provide access to necessary blank forms. Provide tax calculation software. Rework Link and Learn system to be more user friendly to students using dial-up, eliminating pictures whenever possible. Load the Link and Learn system on disk and make it available to students upon request. Users could then load the system on their own personal computer and would not be dependent on internet response time to move from frame to frame. 				
Response from:					
Response Notes:					

TAP N06-041	CPs 17 and 30A Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	9/7/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the CP 17, Taxpayer Inquiry, Refund of Unfrozen Excess ES Credits and CP 30A, Overpaid, Estimated Tax Penalty Recomputed Notice. Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. Taxpayer Inquiry, Notice of EFT Refund				
Goal Statement:					

2006 Taxpayer Advocacy Panel Recommendations

Proposal:	The Committee submitted their scoring of the CPs 17 and 30A.
Response from:	
Response Notes:	

TAP N06-042	CP 51A, 51B, and 51C Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	9/8/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the CP 51A, Non-Compute, Balance Due of \$5 or more; the CP51B, Non-Compute, Overpayment of \$1 or more, and the CP 51C, Non-Compute, Overpayment of \$1 or more. Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. Taxpayer Inquiry, Notice of EFT Refund				
Goal Statement:					
Proposal:	The Committee submitted their scoring of the CPs 51A, 51B, and 51C.				
Response from:					
Response Notes:					

TAP A06-031	Multilingual Initiative-Limited English Proficiency Needs Assessment		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	9/27/2006	Date Counter Response to IRS:		Date Response(s) Received:	10/12/2006
Issue Statement:	IRS would like to receive grass-roots "frontline" feedback from Limited English Proficient (LEP) taxpayers regarding IRS MLI products and services.				
Goal Statement:					
Proposal:	The IRS should meet with key representatives of the four language groups to review with them the types of publications, brochures, and educational programs and seminars available. The committee recommends that forms be available in all four languages, as is feasible. We also recommend that IRS meet with representatives of Hamni Financial Corporation and NARA Bancorp. Both organizations serve Asian customers, including Chinese, Korean, and Vietnamese speakers. NARA Bank, owned by NARA Bancorp, advertises that it offers internet banking in the Korean language. Similar institutions that service the Russian language community could be contacted. For example, Brighton Beach is a neighborhood in New York where all the store signs are in the Russian language.				
Response from:	Maria Cheeks, MLI Senior Policy Analyst				
Response Notes:	The recommendations made by this committee would be included in the MLI Strategic Plan				

2006 Taxpayer Advocacy Panel Recommendations

TAP A06-032	Financial Literacy Toolkit (FLT)		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	9/27/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	IRS would like to receive feedback from the Ad Hoc TAP members on the IRS' current plan for the development of a Financial Literacy Toolkit, (FLT). The FLT plan and its related information were presented to the Ad Hoc committee at the Washington face-to-face meeting in June 2006				
Goal Statement:					
Proposal:	<p>1 - Make the overall goal of the FLT clearer. Since this toolkit will address more than the specific benefits of filing one's tax return, the new wider goal statement will make a larger audience aware of this toolkit and its critical information.</p> <p>2 – Add more financially specific topics to the subjects for the FLT. Examples of topics are “How to Do a Family Budget”, Including Tax Planning, “How to Identify and Use the Proper Borrowing Agents”, FDIC Insured Banks, “How to Plan for Retirement”, with related saving plans, “How to Prevent Identity Theft”, Protecting Yourself and Family.</p> <p>3 - Review the list of places to distribute the toolkit. A suggested additional location is public libraries, which are often used as meeting places</p>				
Response from:					
Response Notes:					

TAP E06-053	EITC Marketing to Targeted Immigrant Groups		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/10/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The IRS is interested in the future impact of immigration on Earned Income Tax Credit (EITC) claims.				
Goal Statement:					
Proposal:	TAP identified language groups with the largest numbers of immigrants in the United States and helped identify the metropolitan areas where most immigrants settle.				
Response from:					
Response Notes:					

TAP 106-013	Schedule D – Carry Forward Line		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	10/31/2006	Date Counter Response to IRS:		Date Response(s) Received:	11/24/2006
Issue Statement:	Taxpayers who have a capital loss carried over from the prior year need to include the amount of the carryover in the current year's calculation of their capital loss or gain. This entails getting a copy of the previous year's Capital Loss Carryover Worksheet for the Schedule D, (Form 1040) Capital Gains and Losses. Since the worksheet is not a part of the tax return but is in the instruction booklet, often the worksheet is not available for the next year's calculation.				
Goal Statement:	Have the prior year's capital loss carryover information taxpayers readily available to taxpayers' preparing their current year's returns.				

2006 Taxpayer Advocacy Panel Recommendations

Proposal:	Add a line for "short-term capital loss carryover" and "long-term capital loss carryover" to the Schedule D. The Taxpayer Advocacy Panel (TAP) suggests adding two lines to Part III, Summary section of the Schedule D as part of the current line 21. The lines to be added would be line 21a, "Short Term Capital Loss Carryover for 200X" and line 21b, "Long Term Capital Loss Carryover for 200X"
Response from:	Robert Erickson, Senior Technical Advisor, Tax Forms & Publications
Response Notes:	<p>The issue statement (below) has not been factually accurate since 2003:</p> <p>Taxpayers who have a capital loss carried over from the prior year need to include the amount of the carryover in the current year's calculation of their capital loss or gain. This entails getting a copy of the previous year's Capital Loss Carryover Worksheet for the Schedule D, (Form 1040) Capital Gains and Losses. Since the worksheet is not a part of the tax return but is in the instruction booklet, often the worksheet is not available for the next year's calculation.</p> <p>Prior to 2004, the Schedule D instructions required transferring the capital loss carryover losses from the prior year's worksheet. Because of the issue noted above, we changed the worksheet in the 2004 Schedule D instructions to pick up amounts from the prior year tax return instead of from a worksheet in the instructions. The worksheet is now in the current year instructions for that year's tax return.</p>

TAP 505-037	Availability of Reward, Form 211		Status:	Closed	
Date Elevated to IRS:	10/31/2006	Date Counter Response to IRS:		Date Response(s) Received:	8/2/2007
Issue Statement:	It is difficult for a taxpayer who reports fraudulent tax activity to determine whether a reward for this information is available.				
Goal Statement:	The Internal Revenue Service (IRS) should readily provide information to taxpayers on how to make a claim for reward in conjunction to a report of tax fraud.				
Proposal:	<p>On the irs.gov web page entitled "How Do You Report Suspected Tax Fraud Activity?" provide a direct link to Form 211, Application for Reward for Original Information, for claiming a reward for reporting suspected fraud. On the same web page, also provide a direct link to Policy Statement 4-27 (formerly P-4-86) for an explanation of when IRS will pay claims for reward and the grounds for rejecting claims.</p> <p>In the "Keyword Search" feature, link the word "reward" and "Form 211" to any search regarding the word "fraud."</p>				
Response from:	Stephen Whitlock, Director Whistleblower Programs				
Response Notes:	<p>Since the origination of your Report, October 30, 2006, significant legislative changes were made to the Informant's Award program which is now referred to as the "Whistleblower Program." Shortly after enactment, Mr. Whitlock was selected as Director and reports directly to the Deputy Commissioner for Services and enforcement.</p> <p>The Tax Relief and Health Care Act of 2006, Public Law 109-432 which was enacted in December 2006, mandated the creation of this office to provide centralized oversight for the program and also significantly changed the award percentages and criteria for submitting a claim. As a result, all existing internal/external forms, publications, Policy Statements processes and information to the public require substantial modifications. A cross-functional operating group has been created to assist this office in implementing these changes. Many of these revisions are in-process but not yet completed.</p> <p>We applaud the efforts of the Taxpayer Advocacy Panels' s efforts in addressing barriers in the</p>				

2006 Taxpayer Advocacy Panel Recommendations

	pre-existing system. As we move forward with the various revisions, the process by which an informant may report potential tax code violations is undergoing significant changes percentages. Incorporated into our actions is an external/internal communication process to disseminate the new information as wide as possible. One major component will be the availability to the public to an external WEBSITE with revised forms, policies and processes. As these changes rollout, your input would be greatly appreciated.
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TAP N06-043	CPs 12E and 62 Series Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	11/9/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the CP 12 E, Even Balance, Math Notice and the CP 62 series of notices for Credit Transfer. Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. Taxpayer Inquiry, Notice of EFT Refund				
Goal Statement:					
Proposal:	The Committee submitted their scoring of the CP 12 E and the CP 62 Series.				
Response from:					
Response Notes:					

TAP B06-050	Employee Misclassification		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	11/16/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Employers sometimes misclassify workers as independent contractors when the classification should be employee. Such misclassification results in the employers passing the burden of payroll taxes to the workers while avoiding paying workers compensation insurance, unemployment insurance, liability insurance and employee benefits. In many cases workers are unaware of their responsibility for paying quarterly estimated tax payments and thus become subject to interest and penalties. Many are also unaware of their responsibility for filing Schedule C and Schedule SE with their annual tax return.				
Goal Statement:	Our goal is to minimize misclassification of workers as independent contractors when they should have been classified as employees.				
Proposal:	TAP offers the following administrative proposals that serve to: A) Educate workers and employers on criteria to be used to correctly determine a worker's status and the tax responsibility of each B) Educate employers on their responsibility for proper classification of workers C) Expand the existing process to share information with other government agencies regarding independent contractors The proposals above were discussed below in detail under three broad categories: Education, Compliance and Enforcement.				
Response from:					
Response Notes:					

2006 Taxpayer Advocacy Panel Recommendations

TAP 406-029	Forms, Web Availability of OCR		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	11/21/2006	Date Counter Response to IRS:		Date Response(s) Received:	11/27/2006
Issue Statement:	Taxpayers have complained about not being able to download and print Optical Character Recognition (OCR) forms from the Internal Revenue Service (IRS) internet site. From the flow of the web site, taxpayers believe their only option is to call and order the forms by phone, a somewhat lengthy and time consuming process.				
Goal Statement:	Make it easier for taxpayers to order OCR forms on www.irs.gov.				
Proposal:	Replace the current link to the Forms and Publications home page with the actual link "Online Ordering for Information Returns and Employer Returns" on the warning page for OCR forms. The current web site configuration takes three clicks to arrive at the web page where a taxpayer orders the forms online.				
Response from:	Matthew Scott, Printing Services Specialist				
Response Notes:	<p>M&P is in agreement with the proposal and will review and modify verbiage as needed for the OCR coversheets, as well as update the link to the following address: http://www.irs.gov/businesses/page/0,,id=23108,00.html (Online Ordering for Information Returns and Employer Returns). Once new verbiage (as applicable) is approved, we will begin incorporating the modified coversheet into future releases of approved OCR products for posting to the IRS.gov website.</p> <p>Thank you for the helpful recommendation.</p>				

TAP 406-019	Forms, Lack of Availability		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	11/21/2006	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	Paper federal income tax forms and instructions are not easily available in most communities and taxpayers find it difficult to find copies				
Goal Statement:	Develop a method for individual taxpayers to acquire the needed paper forms to encourage timely and complete federal income tax filing.				
Proposal:	<ul style="list-style-type: none"> • Create a "Form 1040 check-off," similar to that used for Presidential Election Campaign participation. This "check off" should be placed near the top of the Form 1040, U.S. Individual Income Tax Return, and could read simply: "Check here if you would like to receive a 20xx Tax Booklet and Instructions." This data can then be incorporated into the mail file prepared for the following filing season Form 1040 package delivery. • Improve communication to taxpayers about the importance of ordering the tax forms and publications they need at the start of the filing season. Recommended methods of communicating this key message are: <ul style="list-style-type: none"> Internal Revenue Service (IRS) news releases Featured postings on irs.gov Reminder postcards mailed to taxpayers Alerts in electronic tax software programs 				
Response from:	Sue Sottile, Director, Tax Forms and Publications				
Response Notes:	<p>IRS does not agree with this recommendation. There is no research data which indicates non compliance due to lack forms availability and the cost of this proposed recommendation is prohibitive.</p> <p>IRS believes it current practices are currently the most efficient for both the taxpayer and the service:</p> <p>IRS notes the filing method used by individual taxpayers and each year updates its mailing of tax</p>				

2006 Taxpayer Advocacy Panel Recommendations

	<p>packages accordingly. For example, those who use a paid preparer, e-file from their home computer, etc. do not receive a tax package or the same tax package as does a taxpayer who self-prepared and filed their prior year return on paper. Further, the specific tax package mailed to these individuals is based on their prior year filing pattern in terms of type of return and attachments. This assessment by individual taxpayer is done every year.</p> <p>Our filing season communications (including news releases, Tax Tips and presentations) continue to urge taxpayers to use IRS.gov to receive needed forms quickly and efficiently 24/7 or to call our toll-free forms hotline at 1-800-829-3676 and have the forms mailed to them. We also respond to media requests with information on local community-based paper forms outlets. However as we develop additional customer preference research through on-going Taxpayer Blue Print initiative we will explore this issue further.</p>
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TAP 306-016	Third Party Authorization Expansion		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	11/21/2006	Date Counter Response to IRS:		Date Response(s) Received:	1/17/2007
Issue Statement:	Taxpayers are unable to utilize the checkbox authority past the one year period from the original due date of the returns which were extended due to the disaster extension provisions.				
Goal Statement:	The third party authorization period should be one year, but the period should begin with the actual due date of the return based on any valid extension of time for filing.				
Proposal:	The Internal Revenue Service (IRS) should expand the third party authorization to one year from the due date of the return including any valid extensions based on a presidential disaster declaration or a timely filed extension form. Many taxpayers, especially those in disaster areas, are not able to file their returns by the April 15 due date. The third party designation should be valid for one year from the extended due date.				
Response from:	Susan W. Carroll, Director, Accounts Management				
Response Notes:	Although the 1040 Designee (Checkbox) authority was expanded to include sharing information to resolve some account issues, it continue to be nothing greater than disclosure authority to assist in the completion of return processing and resolve issues within a short period of time. A Third Party Designee does not have the authority to represent or resolve issues with Examination or Collections personnel and the Designee authority is currently irrevocable. In addition, Customer Service Representatives would be required to perform additional research to determine when the Check Box authority ends, if the period is extended. This change could cause confusion and inadvertent disclosures.				

TAP T06-036	PMG, Improvement and Alternatives		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	12/13/2006	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Publication Method Guide (PMG) used by tax resolution representatives (TRR) to answer taxpayer questions in the Taxpayer Assistance Centers (TACs) can be cumbersome for both the TRR and the taxpayer. While consistent use of the PMG increases the accuracy of answers, the PMG process is at once too detailed for efficient use by experienced TRRs and too complex for effective use by new TRRs.				
Goal Statement:	Modify the PMG process to improve the experience of both TRRs and taxpayers when using the PMG to answer questions at the TACs and to increase consistent use of the PMG.				
Proposal:	The Field Assistance organization should revise each Tax Law Category (TLC) contained in the PMG to implement the specific detailed suggestions. These modifications can be made in conjunction with the ongoing advances in the PMG's electronic interface or using the current				

2006 Taxpayer Advocacy Panel Recommendations

	technology. In addition, we recommend that the Internal Revenue Service (IRS) provide additional funding, training, and other resources to the Field Assistance organization so that they can continue to develop a truly interactive version of the PMG that would implement the detailed suggestions.
Response from:	
Response Notes:	

TAP 206-020	Tollfree, Access to Person Option		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	1/22/2007	Date Counter Response to IRS:		Date Response(s) Received:	2/20/2007
Issue Statement:	Taxpayers are concerned that the Internal Revenue Service's (IRS) toll-free telephone lines provide only a limited, automated menu and do not always make it clear how to reach a person.				
Goal Statement:	Provide more user-friendly options on the telephone lines for less sophisticated or less knowledgeable taxpayers and always make it clear how to reach a person.				
Proposal:	This proposal recommends the addition of an option to speak with a person to the main menu of all IRS toll-free lines. The Taxpayer Advocacy Panel's (TAP) recommended wording for the menu option is: "Please press 0 (zero) or stay on the line if you need help in directing your call to someone who can assist you."				
Response from:	Frankie Harrell, Program Analyst, Customer Account Services, Program Coordination & Support				
Response Notes:	<p>The IRS is constantly reviewing contact center industry practices to determine the best possible services to our customers within resource constraints in our very complex environment. We work hard to make our telephone menus as clear as possible, but do recognize that there can still be some customer frustrations. We are pursuing a strategic direction that focuses on the delivery of overall enhanced customer service via specialization of employee skills for improved quality, and taxpayer self-assistance options using telephone and internet automation. Within our budget confines, we must diligently try to: deliver as much service as possible via taxpayer self-assistance options; lead as many people as possible to taxpayer self-assistance automation; 'train' our customers to accept automation as a first step; and discern as much about the caller's issue as possible before sending them to a human assistor. Our efforts are consistent with industry practices.</p> <p>In order to provide the ability for a caller to 'zero out' to a screener to direct their call, we estimate that up to 200 additional full-time equivalents (FTE) would be required. Assuming a static or declining budget, applying these resources to screeners, rather than staff actually answering questions, would result in decreased service to the larger customer population. Customers would most likely wait in queue longer to speak with someone knowledgeable in their specific issue, and overall customer satisfaction, as well as other business measures, would decline.</p> <p>There would also be costs associated with the systemic changes necessary to implement this recommendation. A very rough order of magnitude estimate would be approximately \$6 million for programming, additional infrastructure equipment for manually routing more calls, and additional system capacity needed for the larger screener group.</p> <p>Although we agree with the portion of the TAP goal which states 'Provide more user-friendly options on the telephone lines for less sophisticated or less knowledgeable taxpayers' we simply do not have the budget to implement your suggested solution at this time. We must continue to focus resources on the customer demand that cannot be met with automated services. We believe that we should continue to maximize our automation tools and available resources to assist the greatest number of customers, and direct any available resources to answering the caller's issues.</p>				

2006 Taxpayer Advocacy Panel Recommendations

TAP 306-026	Spanish Correspondence Availability		Status:	Closed	
Date Elevated to IRS:	1/22/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	Taxpayers in the United States do not have the option to receive correspondence in Spanish.				
Goal Statement:	Facilitate taxpayers' effective communication with the Internal Revenue Service (IRS) for taxpayers whose primary language is Spanish.				
Proposal:	Limited English Taxpayers should have the option of receiving and sending written communication in Spanish.				
Response from:	Sue Sottile, Director, Tax Forms and Publications				
Response Notes:	<p>IRS has implemented systemic changes that allow for the issuance of Spanish letters and notices in the domestic United States upon a taxpayer's request. Taxpayers can request them via Spanish toll-free assistance. We also now provide that information in Spanish on notices sent out in English to alert taxpayers to this assistance available. In addition all of our toll-free services offer assistance in Spanish as the first alternative when calling regarding a notice or letter.</p> <p>The IRS has over 250 LEP tax-related products in its inventory.</p>				

TAP 106-025	Forms and Publications, Search by Keyword		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	1/25/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	The Internal Revenue Service (IRS) web site, www.irs.gov , allows citizens to download its forms, instructions, and publications. While the web site allows citizens to easily search and download by form and publication numbers or by topic, the web site makes it difficult to search by "keyword," such as the words contained in forms and publications titles.				
Goal Statement:	Make it easier to find relevant forms and publications on www.irs.gov .				
Proposal:	<p>The Taxpayer Advocacy Panel (TAP) has received several complaints from taxpayers about the difficulty in finding forms and publications on the IRS' website. To validate these complaints, the ability to search for forms and publications on www.irs.gov was tested.</p> <p>The website was searched for Form 1127, Application for Extension for Time for Payment of Tax, by entering "Application for Extension for Time for Payment of Tax" into the <Search> field on www.irs.gov (shown in the upper right corner of Figure 2). For this test, it was assumed the taxpayer knew the title of the form but not the form number. The search engine presented over 17,000 possible hits, yet none of the first twenty results presented the form as a possible match even though the wording entered into the <Search> function was the precise title of Form 1127.</p> <p>For taxpayers who do not know the form or publication number but know the title or approximate title, the lack of "search by keyword" function can cause frustration and delays in finding relevant tax forms and publications.</p> <p>The website does have an "Advanced Search" function where one can limit the search solely to forms and instructions, as well as publications. Figure 3 shows the Advanced Search screen. To make searching for forms, instructions, and publications easier, it is recommended that the IRS add an option to the list of search types shown in Figure 1 to include "Search by Keyword." This search capability could be built on the basis of the Advanced Search screen with the "Limit Search To" options of <Forms and Instructions> and <Publications> checked as defaults. The Taxpayer Advocacy Panel (TAP) has received several complaints from taxpayers about the difficulty in finding forms and publications on the IRS' website. To validate these complaints, the</p>				

2006 Taxpayer Advocacy Panel Recommendations

	<p>ability to search for forms and publications on www.irs.gov was tested.</p> <p>The website was searched for Form 1127, Application for Extension for Time for Payment of Tax, by entering "Application for Extension for Time for Payment of Tax" into the <Search> field on www.irs.gov (shown in the upper right corner of Figure 2). For this test, it was assumed the taxpayer knew the title of the form but not the form number. The search engine presented over 17,000 possible hits, yet none of the first twenty results presented the form as a possible match even though the wording entered into the <Search> function was the precise title of Form 1127.</p> <p>For taxpayers who do not know the form or publication number but know the title or approximate title, the lack of "search by keyword" function can cause frustration and delays in finding relevant tax forms and publications.</p> <p>The website does have an "Advanced Search" function where one can limit the search solely to forms and instructions, as well as publications. Figure 3 shows the Advanced Search screen. To make searching for forms, instructions, and publications easier, it is recommended that the IRS add an option to the list of search types shown in Figure 1 to include "Search by Keyword." This search capability could be built on the basis of the Advanced Search screen with the "Limit Search To" options of <Forms and Instructions> and <Publications> checked as defaults.</p>
Response from:	Sue Sottile, Director, Tax Forms and Publications
Response Notes:	<p>The Topical Index link on the Forms and Publications landing page takes taxpayers to the "Topical Index to Forms, Instructions and Publications" page at http://www.irs.gov/formspubs/article/0,,id=98171,00.html. This index is provided to address the examples given in the Proposal (where a taxpayer knows the title, or approximate title, but not the number). "Extension" would be the relevant "keyword" (i.e., main topic or subject of the item the taxpayer needs to find) in the title of Form 1127, Application for Extension for Time for Payment of Tax, so taxpayers would click on the letter "E" in the alphabetical listing. They would then find the Form 1127 on the resulting page. However, to validate that the Topical Index is not meeting taxpayer needs for finding Forms, Instructions and Publications by "keyword", IRS will conduct a usability analysis. We will then be better able to determine whether a modification to the IRS.gov search engine or other alternative will best address any usability deficiencies.</p>

TAP 106-023	Letter 2645C Improvements		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	12/19/2007
Issue Statement:	Internal Revenue Service (IRS) employees select and choose paragraphs to include when issuing Letter 2645-C, Interim Letter. If the IRS employee does not choose the correct paragraphs when sending the letter to taxpayers, the taxpayer may not fully understand the situation which can lead to problems such as their defaulting on an installment agreement with the IRS.				
Goal Statement:	Ensure that Letter 2645-C clearly communicates to taxpayers what needs to be done.				
Proposal:	<p>IRS employees issuing Letters 2645-C should use the following statement with regard to tax periods for which there is a balance owed: "Penalty and interest will accrue until your issue is resolved. You can reduce the amount of penalty and interest that may accrue by:</p> <ul style="list-style-type: none"> • Making a partial or full payment now. If you choose to make a payment, please write the taxpayer identification number and tax period listed at the top of this letter on your check or money order or, • Making a payment arrangement with the IRS if you do not have funds to pay now. <p>If the taxpayer is already on an installment agreement, the IRS employee should always include Paragraph # 8 which says: "Your installment agreement is still in effect, so please continue to make your scheduled payments."</p>				
Response from:	Jeff Barnhorst, Tax Analyst, SE:W:CAS:AM:PPG:B				

2006 Taxpayer Advocacy Panel Recommendations

Response Notes:	<p>There is a note on Letter 2645C to include paragraph #5 on all systemically generated letters. This paragraph is already included on 2645C letters systemically generated through Desktop Integration (DI). A request has been submitted to include paragraph #5 in all 2645C letters generated through Correspondence Imaging System (CIS). Following is the information from paragraph #5: If you have a current installment agreement with us, please continue to make scheduled payments while waiting for our response. Even if you do not have a formal installment agreement, you may make payments to reduce the balance owed and minimize interest and penalty charges. To help us apply payments properly, make checks or money orders payable to the United States Treasury, and clearly print your name, the tax year on which you owe, and your Social Security or Employer Identification number on the check.</p> <p>Additional paragraph to be added to letters beginning January 2008.</p>
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TAP 106-024	Form 1040V and Estimated Tax Payments		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	3/5/2007
Issue Statement:	Taxpayers who file Form 1040, U.S. Individual Income Tax Return, showing a balance due, can send the tax payment with the tax return. However, if the taxpayer needs to make an estimated tax payment as a result of completing the tax return, the estimated tax payment must be sent to a different address than where the tax return is sent.				
Goal Statement:	Make it possible for taxpayers to send their tax return, tax payment and first quarter estimated tax payment to the same address.				
Proposal:	<p>IRS should eliminate the need to mail tax payments due at the same time to two different addresses using two different payment vouchers and also eliminate the need to mail an estimated tax payment separate from the tax return when there is no tax owed for the current year.</p> <p>A line should be added to Form 1040V, Payment Voucher, so the taxpayer can indicate that the first quarter estimated tax payment is included. Further, the Form 1040V should be renamed the Form 1040V-ES to better describe its new purpose.</p> <p>The instructions for the new line on the Form 1040V-ES could read: "If you are also making an estimated tax payment for 200_, indicate the amount of the estimated tax payment on Form 1040V-ES." In addition, the instructions to the new Form 1040V-ES should be changed to indicate the form can be used when:</p> <ul style="list-style-type: none"> a) making a payment for a balance due shown on the current year tax return, b) making the April 15th estimated tax payment or c) making a payment for a balance due on the current year tax return and an estimated tax payment. <p>A proposed rendition of a Form 1040V-ES payment voucher is attached.</p> <p>Second, third and fourth quarter estimated payments will continue to be sent with the Form 1040ES, Estimated Tax for Individuals.</p>				
Response from:	Frankie Harrell, Program Analyst, Customer Account Services, Program Coordination & Support				
Response Notes:	<p>We appreciate the panel's request to combine Forms 1040-ES and 1040-V. As you know, each form has its own unique purpose and is designed to facilitate efficient and accurate payment processing.</p> <p>The Form 1040-V allows individual taxpayers who have a balance due on their Form 1040 to submit their return and payment to the same address; thereby, allowing IRS to process the payments faster. Approximately half of the Form 1040-V's are processed in the lockbox banks and the other half is processed at the Submission Processing Campuses. Neither the Submission Processing Campuses nor the lockbox banks have the capacity to handle all of the</p>				

2006 Taxpayer Advocacy Panel Recommendations

	<p>mail in one site. We believe your suggestion would create significant capacity issues for processing and a substantial increase in misapplied payments.</p> <p>The Form 1040-ES document is processed through electronic scanning at the lockbox banks. This process not only allows the taxpayer to submit their estimated tax payments but also serves to ensure the payments are accurately posted. Electronic scanning of documents provides the most efficient and cost effective means of processing payments, as it is faster, less prone to key-stroke errors, and less costly to the taxpaying public. Because payments received with a return and estimated tax payments have two different transaction codes, our current technology would not allow a combined document to be scanned. Instead, we would have to process these payments as split payments increasing the need for manual labor. This would dramatically increase the potential for human error resulting in an increase in misapplied payments.</p> <p>In 2005, the statistics for Form 1040-V non-scannable payments at the lockbox banks was 93%. In 2006, the non-scannable rate was 23% and the scannable rate was 75% at the lockbox banks. This demonstrates IRS's continual efforts to reduce manual labor and increase efficiency and accuracy when processing payments.</p>
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TAP 506-027	Forms & Publications Employee Background		Status:	Closed	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:	10/22/2007	Date Response(s) Received:	4/3/2007
Issue Statement:	The Internal Revenue Service (IRS) forms and publications are written in a manner that is confusing and not easily understood. Taxpayers spend numerous hours trying to interpret "IRS" language. IRS personnel charged with the writing of forms and publications do not have educational backgrounds in the areas of English and Journalism.				
Goal Statement:	To increase taxpayer understanding of IRS forms and publications, and thereby, increase compliance.				
Proposal:	<ul style="list-style-type: none"> • Employ persons specifically trained to communicate via the written word such as English or Journalism majors. Increase the pool of potential candidates by posting positions across the country. • Use frontline customer service employees as focus groups during the revision process. In addition, implement call-site data collection to help determine areas of taxpayer confusion and misunderstanding. • Continue to promote adherence to the internally developed IRS Style Guide. In the final review process, place increased emphasis on readability and comprehension in conjunction with technical accuracy. <p style="color: green;">First, the sub-committee, Robert L. Meyers, Rajiv Shaw, Sandra Bland and Area 5 would like to thank you for your quick response to our letter regarding employee training and background for those Internal Revenue Service (IRS) employees charged with the responsibility of writing forms and publications. After reading your response, it appeared to us that some confusion exists regarding our recommendation and that some clarification is necessary. It is our hope that you will review this clarifying information and reconsider your response to our recommendation based upon better understanding of its intent.</p> <p style="color: green;">Educational Background In discussing the educational background of those charged with writing IRS forms and publications, we assure you we understand and wholeheartedly agree that all forms and publications must contain accurate text that not only meets the letter of the law, but also guides the taxpayer to successful completion of the responsibilities expected of them. We do not agree, however, that making forms and publications more readable must necessarily increase the risk of technical inaccuracies. It is for this reason that the committee recommends--not that all writers be English majors--but rather that there be a concentrated effort to achieve a balance between meeting the standards of law and IRS expectations, and presenting clear and concise directions</p>				

2006 Taxpayer Advocacy Panel Recommendations

for the end user, the American taxpayer. If, in the past, those charged with reviewing publications for readability changed the intent of the communication, their actions would have been contrary to the goal of writing for clarity. We believe there can be a balance where the details of law and accounting can be expressed in terms that are both readable and accurate.

Alternative Worksites

The committee is pleased to read that efforts are made to utilize alternative worksites, including work-at-home positions and satellite offices. Not clear to the committee, however, is the statement, “[W]e have not as yet found a way that we believe would allow us to hire employees situated throughout the country and allow us to train them.” At a time when on-line instruction and remote learning are becoming commonplace, and include increasingly complex subject matter, the committee is convinced that on-line instruction is a viable alternative to on-site training. With the time required for production cycles (approximately a year long process) it would appear that adequate time is available for regular, timely training sessions during each production cycle, with emphasis on the particular skill required at that point in the process. In a similar regard, the committee suggests that rather than emphasis on all Tax Law Specialists having to “have strong technical tax knowledge and writing skills, (but) also form design and development skills and electronic publishing knowledge and skills,” a division of labor such as that described at the Deere Company example in the original recommendation may enhance the overall quality of the products being developed.

Using Frontline Employees as Focus Group

The committee was pleased to learn that focus groups are used to respond to IRS products and that their responses are considered in the review of each product. We applaud the plan to visit the call sites and to acquire even more feedback, and encourage the continued use of taxpayer feedback via the focus groups you identified in your response to the committee. We feel it is very important to continue to ask self-filing taxpayers to respond to the products and encourage the IRS to consider also using tax preparers, as we have learned that they, too, will be able to provide valuable insights, much as the business units now being surveyed.

Increased Emphasis on Readability and Comprehension in Final Review Process

The writing process the IRS utilizes can be effective in ensuring the readability and comprehension of IRS publications and instruction forms. The committee agrees that all publications must be technically accurate and that no changes be approved that might result in substantive errors. We do believe, however, that adequate time can be allowed to assure both technical accuracy and comprehension. If either aspect is not present, the publication has a reduced chance of successful communication, as indicated in an editorial comment by Stephen Moore, senior economics writer for the Wall Street Journal’s editorial page where he wrote:

“This year there are a record 66,000 pages of mostly incomprehensible tax laws to comply with, and for those with more complicated returns, 526 separate forms that may need to be filled out...The complexity of the tax code, the cost it imposes on the economy simply to comply with it, and the civilian army of agents needed to enforce it continues to grow like cancer cells attacking the healthy ones.”

According to the Taxpayer Assistance Blueprint, Phase 2 (TAB2):

“The TAB team identified three approaches to meeting taxpayer needs: assisting taxpayers in complying with their federal tax obligations, satisfying demand for services, and removing barriers to service use. Key findings associated with taxpayer needs include the following:

- Noncompliance may result from tax law complexity, confusion and inadvertent errors.
- Examples of the barriers taxpayers face in attempting to access IRS services include limited reading and writing skills, tax law complexity, and challenges faced by groups with special needs.”

An example of the value of writing IRS forms and publications in plain language is the Federal-State Reference Guide for State and Local Government Employers (IRS Pub. 963), first published jointly by the IRS, the Social Security Administration (SSA), and the State of Colorado in 1995. In 2002, the IRS Director of Federal-State-Local Governments documented an increase in FICA, Federal Insurance Contributions Act, withholdings, which represents both Social Security and

2006 Taxpayer Advocacy Panel Recommendations

	<p>Medicare taxes and/or Medicare-only taxes paid to the U.S. Treasury from 1997 through 2000 by public employers and employees of \$12 billion due solely to the outreach and education intervention that occurred nationwide with the publication and distribution of the Guide for state and local government employers. Written in a plain-language style, the Guide clarified the coverage and tax withholding obligations for many public employers who began voluntarily paying the additional monies they owed the U.S. Treasury.</p> <p>Unfortunately, the very complexity that makes writing forms and publications so difficult for the IRS makes it even more important that they be written at a level of comprehension most taxpayers can readily understand. We believe this is achievable without sacrificing either the letter or the intent of the law. We also believe that, by employing persons skilled in technical writing, editing in the final review process can result in a product that is both technically accurate and understandable.</p> <p>The committee again reiterates our appreciation for your detailed response to our initial proposal and hope that with the clarifying statements included in this response further consideration of our recommendations will result.</p>
Response from:	Curt Freeman, Acting Director, Tax Forms and Publications
Response Notes:	

TAP 706-030	TAC Mail Dropoff Procedures		Status:	Closed	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	Taxpayer Assistance Centers (TACs) that do not have mail screening capability will not accept documents or packages that taxpayers bring in person to the TAC when the Revenue Officer (RO) or Revenue Agent (RA) who requested the material is absent. This practice complies with an Internal Revenue Service (IRS) directive that protects the safety of IRS employees, but inconveniences taxpayers and could even cause a taxpayer to miss a specific deadline for providing information and consequently become subject to levy and other seizure activities.				
Goal Statement:	Implement a procedure, consistent with the safety of IRS employees, for TACs to accept documents or packages from taxpayers in the absence of the RO or RA who requested the materials.				
Proposal:	<p>Amend the Internal Revenue Manual to direct ROs and RAs who anticipate being absent from the TAC to (a) arrange for another IRS employee at the TAC to accept materials the RO or RA requested from the taxpayer, and (b) specify that "back-up" plan on their voicemail greeting.</p> <p>If a taxpayer attempts to deliver materials in compliance with a request from an RO or RA when that person is absent and has not implemented a back up plan, the Manual should (a) direct other IRS employees at the TAC to document the taxpayer's attempt to deliver materials and (b) direct the RO or RA to extend the deadline for providing the information for a minimum of one week.</p>				
Response from:	Sue Sottile, Director, Tax Forms and Publications				
Response Notes:	It is IRS policy for TAC employees to accept payments/packages when the RO's and RA's are not available. If the specific RO is not available and there is no group clerk, TAC employees will contact the designated RO/RA of the day to assist the customer. If no one is available, the TAC employee will accept the package (checks, returns, etc) and place it in the mail drop of the appropriate RO or group. If the package is not sealed, and the identity of the person who should get the package is unclear, then the TAC employee will research, process the payment/return, and provide copies of the payment/return transaction to the appropriate function the via established mail drops. If the Advocacy Panel has specific examples where this policy has not been followed they may direct them to the Director, Field Assistance Wage & Investment Division				

2006 Taxpayer Advocacy Panel Recommendations

TAP 206-031	Household Employees, Clarity of Instructions		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	3/2/2007
Issue Statement:	Existing instructions do not provide clear instructions to taxpayers on when to stop filing employment tax forms for household employees, such as, nannies, cleaning people, gardeners, caretakers, etc. The instructions also promote taxpayer confusion by using the terms "Household" and "Business" interchangeably.				
Goal Statement:	Internal Revenue Service (IRS) instructions should inform taxpayers they need not file employment tax forms if they no longer have household employees and clarify the use of the terms "Household" and "Business" used in the forms, instructions and publications				
Proposal:	<p>TAP recommends the following changes to the Publication 393, 200x Federal Employment Tax Forms, and other employment tax forms, instructions and publications:</p> <p>1) Include on the front of future Publications 393, 200x Federal Employment Tax Forms, a statement such as: "You need NOT file employment tax forms for the tax year in which you did not pay wages above \$xxx to any household employees."</p> <p>2) Define and use the term "Household/Business" instead of using the terms "Household" and "Business" separately and interchangeably on the Form 941, Employer's Annual Federal Unemployment (FUTA) Tax Return, in the Form 941 Instructions and in the Publication 393. Alternatively, use only the term "Business" and define it as referring to both business entities and household employers for purposes of employment taxes.</p> <p>3) Move Item #16 on Page 2 of Form 941 (check box for "Final" filing of Form 941) to the top of the front page of the form, similar to its placement on the Form 1065 Schedule K-1 Partner's Shares of Income, Credits, Deductions, etc.</p> <p>4) Change text to make it clear that taxpayers should label their last Form 941, Employer's Quarterly Federal Tax Return, as "FINAL." A section in the instructions appropriately labeled: "If this is the last year you employ household help" would highlight this information for the taxpayer.</p>				
Response from:	Carole A. Barnette, Acting Review Chief, Business Branch				
Response Notes:	<p>The recommended statement to include on the front of future Publications 393, 200x Federal Employment Tax Forms, a statement such as: "You need NOT file employment tax forms for the tax year in which you did not pay wages above \$xxx to any household employees "would not be accurate if the employer has household employees and other employees. The employer may include both on Forms 941, 940, etc. However, we could include language stating that Schedule H (Form 1040), Household Employment Taxes, will be sent automatically if Schedule H was filed in the previous year.</p> <p>IRS uses the term business on Form and Instructions for the 941 because the products are for an audience that overwhelmingly consists of business entities and not household employers. While employers can choose to file Form 941 for household employment or include taxes for their household employees on Form 941, the form is not designed for use by household employers and the instructions refer these employers to Schedule H (Form 1040), Household Employment Taxes, and Publication 926, Household Employer's Tax Guide because it is simpler and easier.</p> <p>The IRS will consider placing a check box for "Final" filing of Form 941 conspicuously on the front page.</p> <p>The redesigned Form 941 is processed by optical character recognition (OCR) equipment. Because of the technical requirements of that technology, addition of "FINAL" would not necessarily be noticed on a return and could interfere with or cause errors in processing.</p>				

2006 Taxpayer Advocacy Panel Recommendations

TAP 206-014	EFTPS Registration Process		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	3/5/2007
Issue Statement:	The registration process for the Electronic Federal Tax Payment System (EFTPS) for individual taxpayers is not simple to use and requires, at best, a two-week wait time. This extended waiting time is specific to individual taxpayers and does not apply to businesses or preparers.				
Goal Statement:	Simplify the process for individual taxpayer's registration and participation in the EFTPS.				
Proposal:	Eliminate the need for bank and identify verification prior to the individual's using the EFTPS to make estimated tax payments. The IRS should use the same process for bank verification as used by those selecting the electronic funds withdrawal method of payment when filing their individual tax return electronically.				
Response from:	Frankie Harrell, Program Analyst, Customer Account Services, Program Coordination & Support				
Response Notes:	<p>This recommendation encourages IRS to use the same process for bank verification on EFTPS as the process used by those taxpayers selecting the Electronic Funds Withdrawal (EFW) method of payment when filing their individual tax return electronically. For both EFTPS and EFW, certain entity and banking information is required from the taxpayer to initiate and complete the payment process. When a taxpayer files their return electronically and requests an EFW payment, the entity information is secured from the taxpayer's income tax return and is systemically validated against the IRS Individual Masterfile. In this same validation process, the banking information provided by the taxpayer is validated with the Financial Organization Master File, and the payment is created for EFTPS processing. The taxpayer's payment is associated with their tax return.</p> <p>When a taxpayer enrolls in EFTPS via the internet, the same required entity and financial information is needed to create the EFTPS account and complete the validation process. This initial validation process for EFTPS enrollment takes approximately the same amount of time as the EFW validation process.</p> <p>The primary difference between the two processes is the assignment of the EFTPS Personal Identification Number (PIN) to the taxpayer. The PIN is necessary to authenticate the taxpayers' identity each time they log on to EFTPS and ensures the integrity of their tax payment information. Currently, our security guidelines prevent us from assigning the PIN to taxpayers electronically. All PINs must be sent to the Masterfile address of record via the U.S. Postal Service. At this time, we believe these procedures are necessary to protect sensitive taxpayer information, as well as, maintain the superior standard of integrity of the Treasury's main payment processing system.</p>				

TAP 206-017	Self-employed and Free Tax Preparation		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	5/23/2007
Issue Statement:	Internal Revenue Service (IRS) trained volunteers who work at free tax preparation sites, Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE), are currently prohibited from preparing Schedules C, Profit or Loss from Business (Sole Proprietorship). The sties can prepare a Schedule C-EZ, Net Profit from Business. However, the Schedule C-EZ can not be used when the expenses are \$5,000 or greater, the schedule shows a loss, or there is more than one Schedule C-EZ.				
Goal Statement:	Increase the number of low-income, self-employed taxpayers who can have their tax returns completed at VITA and TCE sites.				
Proposal:	TAP recommend the following changes:				

2006 Taxpayer Advocacy Panel Recommendations

	<p>1. Allow VITA/TCE to offer a higher level of training or certification test for volunteers who prepare returns at sites serving low-income, self-employed taxpayers. The training could be offered at two levels:</p> <ul style="list-style-type: none"> •complete training on completion of Schedule C; and •basic training that excludes “depreciation of assets” and “business use of home.” <p>2. Increase the limit of expenses to \$10,000 for Schedule C-EZ and index the limit to the cost of living; allow multiple Schedules C-EZ for each taxpayer and allow Schedule C-EZ to be used when a business has a net loss.</p>
Response from:	Leslye Baronich, Director, Field Operations, Stakeholder Partnerships, Education and Communication
Response Notes:	<p>SPEC has determined that preparation of Schedule C, as well as more expansive schedules C-EZ, is not feasible in the near term.</p> <p>As you are aware, the IRS has developed a comprehensive volunteer return preparation program quality initiative in response to Treasury inspector General for Tax Administration (TIGTA) and IRS findings of inaccuracies in volunteer tax return preparation services. The IRS and its partners are devoting sizable resources to reverse the error trend. SPEC leadership feels that adding the individual business component to volunteer return preparation program initiatives could result in a negative impact on the recent progress made in improving tax return accuracy. Allowing variations in the return preparation process to different types of sites has impacted our ability to provide consistency, which is critical at this juncture. Allowing some sites to prepare more complex returns would work against us.</p> <p>SPEC certainly believes there is merit in your recommendation to develop an individual business, low income, free tax preparation program. The effort necessitates collaboration between the IRS and new or existing partners</p>

TAP 606-018	Form W-10 Employer Identification Number		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	Child care providers are reluctant to furnish their social security numbers when asked to certify their names, addresses and Taxpayer Identification Numbers (Tin) on Form W-10, Dependent Care Provider's Identification and Certification. They are concerned that providing their social security number will expose them to identity theft				
Goal Statement:	Reduce or eliminate the opportunity for child care providers to have their identities stolen.				
Proposal:	Add to the instructions for Form W-10, Dependent Care Provider's Identification and Certification, the following language: "to minimize identity theft, apply for an Employer Identification Number (EIN)." We recommend this language be inserted in Part I of the Specific Instructions, immediately preceding the "How to get a TIN" section.				
Response from:	Sue Sottile, Director, Tax Forms and Publications				
Response Notes:	IRS cannot agree with this recommendation since individuals who are dependent care providers are required to provide only an SSN (or ITIN) on Form W-10, they cannot obtain an EIN. Code section 6109 (a) (2) explains that for purposes of furnishing an identifying number to other persons, that number is the individual's social security account number.				

2006 Taxpayer Advocacy Panel Recommendations

TAP 606-021	Customer Service, Improve Quality		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	Many taxpayers believe the information given to them by the Internal Revenue Service (IRS) is inaccurate or inconsistent. There is a wide-spread perception that if they contact the IRS more than once about the same issue, they get different answers to their question.				
Goal Statement:	The goal is to create confidence in the public that the IRS provides accurate and consistent information.				
Proposal:	<p>The proposal is to engage in a very public process to: 1) develop a comprehensive IRS-wide plan for continuous quality improvement of customer services; and 2) inform and educate taxpayers about quality improvement efforts and their results.</p> <p>A broadly, representative task force on quality improvement should be formed. Possible task force membership would include representation from: Taxpayer Advocacy Panel (TAP), Internal Revenue Service (IRS), Service Corps of Retired Executives (SCORE), tax preparers, accountants/CPAs, Volunteer Income Tax Assistance (VITA), American Association of Retired Persons (AARP), National Treasury Employees Union (NTEU), and Universities/academia.</p> <p>The Task Force will focus on IRS customer service as provided through the telephone, the web site and walk-ins. Specifically, the task force will improve accuracy and build public confidence by accomplishing the following:</p> <ol style="list-style-type: none"> 1. Review current practices and make recommendations to improve the accuracy and consistency of answers. 2. Review current training plans and practices and make recommendations to improve. 3. Review current quality improvement plans and create a comprehensive plan for on-going efforts to continually improve quality. 4. Inform and educate the public about efforts and results in improving accuracy. 5. Create a plan for publicizing and changing public perception about quality improvement efforts and results. <p>Upon completion of the above work, the task force work will forward its recommendations to the IRS Commissioner and conclude its work.</p>				
Response from:	Sue Sottile, Director, Tax Forms and Publications				
Response Notes:	<p>We are not in agreement to establish a joint task group as outlined in this proposal since the IRS current roadmap for improvement is the recently completed Taxpayer Assistance Blueprint (TAB). Stakeholder feedback was extensively utilized in the development of the TAB which defines the IRS strategy for service and quality improvement. To facilitate and coordinate implementation of TAB recommendations, a Taxpayer Services Program Management Office (TSPMO) and IRS governance process for service investment decisions has been established. The core mission of the TSPMO is to institutionalize a culture of continual strategic and operational service improvement. It will serve as a focal point to highlight, facilitate, and integrate investments, processes, and initiatives that will improve the effectiveness and efficiency of service delivery to taxpayers, partners, and the government. The IRS agrees with the Taxpayer Advocacy Panel that delivering quality consistently across service channels is a critical and integral part of achieving successful service outcomes and believe that is reflected in TAB's key measures and strategies. The IRS recognizes and appreciates TAP's interest in formalizing the stakeholder engagement process. As such, the TSPMO will work with TAP to ensure that the stakeholders addressed in this proposal have a forum through which their feedback and recommendations can be introduced and discussed.</p>				

2006 Taxpayer Advocacy Panel Recommendations

TAP 106-022	CP 521 Interest Rate		Status:	Closed, Proposal Rejected																	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007																
Issue Statement:	Taxpayers on monthly installment agreements with the Internal Revenue Service (IRS) are not always aware of how much penalty and interest is being assessed and paid. Paying through installments to the IRS is costly for taxpayers and many do not have a clear picture of the true cost of their particular installment plan.																				
Goal Statement:	Encourage taxpayers currently in installment agreements with the IRS to use more cost-efficient tools to pay off their tax liability.																				
Proposal:	<p>The IRS should alter the CP-521, Installment Agreement Reminder Notice, to show a monthly breakdown of interest and penalty paid that follows the method being used by most mortgage and credit card companies.</p> <p>One way the IRS could accomplish this is by using a payment breakdown on the CP-521 similar to the following example:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Interest charge @ 7.5% per annum from 7/1/06 to 7/31/06</td> <td style="text-align: right;">\$ 6.25</td> </tr> <tr> <td>Penalty charge @ 6.0% from 7/1/06 to 7/31/06</td> <td style="text-align: right;">5.00</td> </tr> <tr> <td>Principal payment credited 7/31/06</td> <td style="text-align: right;">188.75</td> </tr> <tr> <td style="padding-left: 20px;">Total Payment made</td> <td style="text-align: right;">\$200.00</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Principal amount (tax owed) by taxpayer as of 7/1/06</td> <td style="text-align: right;">\$1,000.00</td> </tr> <tr> <td>Less: Principal payment made 7/31/06</td> <td style="text-align: right;">188.75</td> </tr> <tr> <td>Principal amount owed by taxpayer as of 7/31/06</td> <td style="text-align: right;">\$ 811.25</td> </tr> </table>					Interest charge @ 7.5% per annum from 7/1/06 to 7/31/06	\$ 6.25	Penalty charge @ 6.0% from 7/1/06 to 7/31/06	5.00	Principal payment credited 7/31/06	188.75	Total Payment made	\$200.00			Principal amount (tax owed) by taxpayer as of 7/1/06	\$1,000.00	Less: Principal payment made 7/31/06	188.75	Principal amount owed by taxpayer as of 7/31/06	\$ 811.25
Interest charge @ 7.5% per annum from 7/1/06 to 7/31/06	\$ 6.25																				
Penalty charge @ 6.0% from 7/1/06 to 7/31/06	5.00																				
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Total Payment made	\$200.00																				
Principal amount (tax owed) by taxpayer as of 7/1/06	\$1,000.00																				
Less: Principal payment made 7/31/06	188.75																				
Principal amount owed by taxpayer as of 7/31/06	\$ 811.25																				
Response from:	Sue Sottile, Director, Tax Forms and Publications																				
Response Notes:	Collection instructions along with information in the installment agreement already encourage taxpayers to use more cost-efficient tools to pay off their liability. "Before requesting an installment agreement, you should consider other less costly alternatives, such as a bank loan or credit card payment." This is standard language used by in both correspondence/notices and by phone assistants to alert the taxpayer to alternatives. Unfortunately The CP 521 reminder notice is provided to the taxpayer with a stub to submit a payment to a lockbox. System and programming limitations prevent putting the detailed information suggested in this recommendation on the notice. The CP 89 notice provides an annual accounting of all outstanding balances to a taxpayer and does provide on a yearly basis the breakdown you recommend.																				

TAP 406-035	Form 4506, Request Copy of Tax Return		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	Taxpayers have expressed concern about third party use of copies of their tax returns and transcripts requested by filing Forms 4506, Request for Copy of Tax Return and 4506-T, Request for Transcript of Tax Return.				
Goal Statement:	Raise taxpayers' awareness of the consequences of requesting that tax return information be delivered to a third party.				
Proposal:	In bold type, highlight both the cautionary statement in Line 5 and the separate caution statement immediately above Line 6 on Form 4506 and 4506-T to make clear that a signature gives the third party listed (e.g.--a mortgage company) the right to receive all pertinent data on the specified tax return(s).				
Response from:	Sue Sottile, Director, Tax Forms and Publications				

2006 Taxpayer Advocacy Panel Recommendations

Response Notes:	IRS Tax Forms and Publications agree to bold face the second sentence on line 5. However, changing the style of the "Caution" would violate established Style Guide rules.
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TAP 406-015	Forms, Show Changes on Drafts		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	2/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	When the Internal Revenue Service (IRS) posts draft versions of a form for public comment, there is no indication of what has changed from the previous version.				
Goal Statement:	Receive more and better quality user feedback on draft forms posted by IRS for comment on IRS website.				
Proposal:	IRS should mark up the draft version so it is easy to identify the changes from the previous version of the form.				
Response from:	Sue Sottile, Director, Tax Forms and Publications				
Response Notes:	IRS cannot currently adopt this recommendation. A significant amount of additional time and technical staff would be needed to mark up changes within the current forms development process to provide this information. The Service already interacts with taxpayers through a special e-mail posting box and through continuous interaction with external stakeholder groups such as the TAP, IRPAC, IRSAC, and National Public Liaison stakeholders.				

TAP 206-028	Form 1099 Free Electronic Filing		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	7/2/2007	Date Counter Response to IRS:		Date Response(s) Received:	7/17/2007
Issue Statement:	Charitable organizations and small businesses with fewer than 250 Forms 1099-MISC, Miscellaneous Income, are required to use third party providers to file them electronically with the Internal Revenue Service (IRS). Note: This recommendation was sent to Sue Sottile on 11/16/2006; she requested the recommendation be forwarded to the Director of the Martinsburg Computing Center for consideration.				
Goal Statement:	Enable charitable organizations and small businesses to file Forms 1099-MISC electronically at no cost. The information and instructions on how to do so should be easily accessible.				
Proposal:	Implement a system similar to the Social Security Administration (SSA) Business Services Online that would allow those filing small numbers of forms to do so electronically at no cost. If the cost to do this or the time required to implement the new system makes this impractical in the short term, TAP recommends the IRS arrange free filing through authorized providers for small churches, other non-profit organizations and small businesses. Information and filing instructions should be easily accessible to all qualifying organizations.				
Response from:	Charles H. Koeneke, Jr., Chief, Information Returns Branch				
Response Notes:	The IRS clarified portions of TAP's recommendations and stated that many software providers already offer options in its "suite" of applications that convert the data into the acceptable format for submitting the data to the Filing Information Returns Electronically (FIRE) System. In reference to the panel's proposed solution, the IRS has been exploring a number of options for				

2006 Taxpayer Advocacy Panel Recommendations

	<p>allowing easier filing electronically of information reporting documents, including the use of an on-line form for filing Form 1099-MISC, similar to the Social Security Administration Business Services on-line. Based on IRS' conversations with their Chief Counsel's Office, at a minimum, IRS would need IRS commissioner-level approval or a legislation change from Congress to implement the proposal.</p>
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