

2007 Taxpayer Advocacy Panel Recommendations

TAP T07-4036	TAC -- Publication Method Guide		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	1/12/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Publication Method Guide has not received feedback (on the usability of the document) from individuals outside the IRS.				
Goal Statement:					
Proposal:	<p>The Field Assistance organization should revise each Tax Law Category (TLC) contained in the PMG to implement the specific suggestions detailed in Attachment 1. These modifications can be made in conjunction with the ongoing advances in the PMG's electronic interface or using the current 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 suggestions detailed in Attachment 2.</p> <p>Attachment 1: Suggested Modifications (General)</p> <ol style="list-style-type: none"> 1. Ensure all answers are consistently ordered: first "Yes," then "No." 2. Phrase all questions so that a TRR could read them directly to a taxpayer. Say, "Are you asking about tax year 2005?" instead of, "Is the taxpayer asking about 2005?" In some cases, a more general question such as "Let's determine if ..." may provide a quicker way to an answer that may otherwise take several yes or no questions. 3. Wherever possible, use specific dates instead of timeframes. Say, "July 1 through December 31," instead of, "the last six months of the year." Say, "Born on or after January 1, 1987," instead of, "Under age 19." 4. Eliminate general references to "the year" or "the tax year." Questions phrased like, "Did you pay more than half the cost of keeping up a home for the year?" can be confusing, especially when the taxpayer is asking about a prior tax year or asking about multiple years. Instead, use the date of the year that the PMG covers, "Did you pay more than half the cost of keeping up a home in 2005?" 5. Eliminate technical language in questions. Ask, "What is your marital status?" instead of, "Were you considered married?" 6. Ask open-ended questions, especially when the list of possible answers is small. Use the list of possible answers to direct TRRs to the next step based on the answer provided by the taxpayer. Ask, "When did your spouse die?" instead of, "Did your spouse die in 2003 or 2004?" Ask, "What is your marital status?" instead of, "Were you considered married?" See Steps 3 & 10 in the attached Filing Status TLC for examples. 7. Include more information from the publications with the questions, but do not require that the TRR read this information to the taxpayer unless it is relevant. Having the additional information and definitions immediately available will remind new TRRs of potential complications, but will not slow down or complicate the overall process. See Steps 3, 6 & 9 in the attached Filing Status TLC (Attachment 3) for examples. Expanding the questions may have to be delayed until the PMG system is fully interactive to avoid making the questions too long. 8. Order questions to eliminate redundancy wherever possible. The current order of the questions is often the same order in which the associated publication presents information. However, the publications usually give summarized information and then expand that information in more detail. This leads to repetitive questions in the TLC. A reference to the appropriate page in the TLC may also eliminate redundant questions. 9. Use "sub-sections" of questions to reduce the complexity of the TLC. Sub-sections of questions can separate those questions that the TRR and the taxpayer may have already worked through in a different TLC. Sub-sections of questions also move detailed questions out of the way if they do not apply to a taxpayer's situation. We recognize that this may make TLCs too long and that this modification may have to wait until the TLCs are fully interactive with hidden questions that only pop up when appropriate, based on the prior answer. 10. Give instructions that allow TRRs to skip sub-sections of questions. There is overlap between the TLCs because a question asked in one TLC can actually be the basis for an entire TLC. For instance, in the Filing Status TLC, a question asks, "Can you claim an exemption for 				

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	<p>this person?" This recommendation may also require a fully interactive system so that this type of question will link directly the appropriate TLC.</p> <p>11. Link all STOP points to the publication. Every STOP point in the TLC should be linked to the appropriate section of the publication so that the taxpayer can have access to additional information about the particular reason why the taxpayer's situation did or did not apply to the TLC. The TLC now requires the TRR to manually go to the appropriate page in the publication but this should be a fully automatic interactive link.</p> <p>Attachment 2 – Suggested Interactivity Modifications</p> <p>1. "Hover" definitions. For key words, or phrases with a particular legal meaning, make the phrase a link that the TRR can "hover" over with a mouse. A definition should appear in a pop-up window and should also include information on where to find more detailed information.</p> <p>2. "Split-screen" publications. Questions and answers should appear on one half of the screen and the appropriate section of the publication should appear on the other half. This will make the current linking between the TLC and the publication easier to manage because it will not require moving back and forth between separate windows.</p> <p>3. Hidden questions. Answers to some questions eliminate the need to ask other questions. For instance, if the taxpayer does not have any children, it would be unnecessary to ask about the ages or income of the children. Subsequent questions and answers should appear only when the previous answers make them necessary.</p> <p>4. Print publication and answers. At any point, the TRR should be able to print a document for the taxpayer that contains the questions asked, the taxpayers' answers to each of those questions, and the appropriate sections of the publication.</p>
Response from:	
Response Notes:	

TAP B07-027	Forms 2678 and 941 and Schedule R		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	1/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	4/30/2007
Issue Statement:	The Committee was asked to review Form 2678, Request for Agent and Schedule R, Form 941 Revising to make it more effective and easier to process.				
Goal Statement:	Revise Form 2678 and Schedule R (Form 941) in order to simplify and make them useful.				
Proposal:	The Committee recommended and the OTBR accepted the recommendations of removing, modifying and/or consolidating lines on the Form 2678 and on the Schedule R (Form 941). The OTBR also accepted the recommendation to make some minor changes to the verbiage on both forms. A major change to the Form 2678 was to have both employer and agent's signature on the Form as opposed to only having the employer's signature as in the past. . The new Form 2678 also includes a list of tax forms (F941, 943, 945, F1042, etc) for which the agent must specifically receive the approval of the employer to act on his/her behalf and to check the boxes that apply per form. Furthermore, the agent must indicate whether such authorization per Form is designated for ALL employees or only for SOME employees of the employer.				
Response from:	Office of Taxpayer Burden Reduction (OTBR)				
Response Notes:	The Committee recommended and the OTBR accepted the recommendations of removing, modifying and/or consolidating lines on the Form 2678 and on the Schedule R (Form 941). The OTBR also accepted the recommendation to make some minor changes to the verbiage on both forms. A major change to the Form 2678 was to have both employer and agent's signature on the Form as opposed to only having the employer's signature as in the past. . The new Form 2678 also includes a list of tax forms (F941, 943, 945, F1042, etc) for which the agent must specifically receive the approval of the employer to act on his/her behalf and to check the boxes that apply per form. Furthermore, the agent must indicate whether such authorization per Form is designated for ALL employees or only for SOME employees of the employer.				

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TAP B07-026	Major Areas of Taxpayer Burden		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	2/16/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	To survey the TAP and other organizations on the five most burdensome issues of taxation				
Goal Statement:	Identify the five top burden issues related to taxation				
Proposal:	Provided input to the Office of Program Evaluation Risk Analysis as to major areas of taxpayer burden.				
Response from:					
Response Notes:					

TAP N07-004	CP 289 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	3/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the CP 289, Balance Due, Annual Installment Agreement Statement. 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 the scoring for CP 289.				
Response from:					
Response Notes:					

TAP N07-003	CPs 136 and 171 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	3/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the CP 136, Taxpayer Inquiry, Annual Notification of FTD Deposit Requirements (941, 945, 941SS) and CP 171, Balance Due, Balance Due After Offset. 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 the scoring for CPs 136 and 171.				
Response from:					
Response Notes:					

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TAP N07-002	CPs 102 and 128 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	3/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the CP 102, Balance Due, Math Error, Balance Due of \$5 or More on Forms 941, 941SS, 942, 943, 945 and CP 128, Balance Due, Balance Due After Offset. 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 the scoring for CPs 102 and 128.				
Response from:					
Response Notes:					

TAP N07-001	CPs 16 and 101 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	3/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the CP 16, Overpaid, Overpayment with Offset and the CP 101, Balance Due, Math Error, Balance Due of \$5 or More on Form 940. 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 16 and 101.				
Response from:					
Response Notes:					

TAP 507-005	Sch F and Business Use of Home		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	3/28/2007	Date Counter Response to IRS:		Date Response(s) Received:	6/6/2007
Issue Statement:	The Form 1040 Schedule F, Profit or Loss From Farming, is out of date. It is based on a family farm mentality that is no longer in existence. In particular, there is no line on the Schedule F to enter the amount of expenses from the Form 8829, Expenses for Business Use of Your Home. There is a line on the Form 1040 Schedule C, Profit or Loss From Business (Sole Proprietorship) which serves as a reminder to use the Form 8829.				
Goal Statement:					
Proposal:	The IRS should add a line to the Form 1040 Schedule F to report the "Expenses for business use of your home. Attach Form 8829" and amend the instructions accordingly.				

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Response from:	Sue Sottile, Director, Tax Forms and Publications
Response Notes:	This issue was raised by a farmer at the Omaha Town Hall meeting held March 22, 2007. Nina Olson, National Taxpayer Advocate, raised the issue to the Director of IRS' Tax Forms and Publications. IRS had agreed to consider adding the line to report business use of the home expenses to the Form 1040 Schedule F. Due to the nature of the farming business, it is not common for farmers to have an office that meets the exclusive business use requirement in the home. More often the major portion of the business is conducted in other buildings on the farm. IRS decided not to add a line specifying the carryover of expenses from the Form 8829 to the Form 1040 Schedule F because it would benefit only a small number of farmers but could create confusion for the much larger number of farmers who do not qualify.

TAP B07-029	Form 1099 for Gamblers		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	4/10/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Discussed and provided input to Office of Taxpayer Burden Reduction the issue of the issuance of Information Return, 1099's to gamblers.				
Goal Statement:	To update the guidance on gambling issues provided on revenue procedures				
Proposal:	The OTBR did not have a specific focus on the gambling issues but welcomed all suggestions from the TAP. Suggestions were: 1) ensuring that taxes due are collected from domestic taxpayers who file annual tax returns as well as from tourists by asking casinos to withhold 10% of winnings and requesting those who want a refund of withholdings to file a tax return, 2) increasing the threshold of the W-2G, 3) allowing netting of winnings, 4) keeping the \$1,200 limit for the issuance of the W-2G, 5) reducing the burden to the taxpayer of keeping track of the losses s.				
Response from:					
Response Notes:	OTBR thanked the TAP for the recommendations but there was not follow up on the project.				

TAP N07-007	CP 297 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	4/17/2007	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 297, Balance Due, Final Notice, Notice of Intent to Levy and Notice of Your Right to a Hearing.				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the CP 297.				
Response from:					
Response Notes:					

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TAP N07-006	CP 136 Taxpayer Inquiry, Annual Notification of FTD Deposit Requirements (941, 945, 941SS)		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	4/18/2007	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 136, Taxpayer Inquiry, Annual Notification of FTD Deposit Requirements (941, 945, 941SS), using the IRS Document Assessment Tool.				
Goal Statement:					
Proposal:	<p>The Notices Committee submitted their scoring of the CP 136 and provided the following comments regarding the notice:</p> <ul style="list-style-type: none"> • Easy to read. • Very understandable and easy to follow. • Well formatted. • Clear presentation. • Margins are not one inch but could be and mixed indentations. • The box over powers the letter; by indenting 1/2 or 3/4 inch and reducing width it would just as easy to read. 				
Response from:					
Response Notes:					

TAP A07-4194	Financial Literacy Toolkit Products		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	5/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Review documents for the Tax Literacy Toolkit, which will include 12-15 products of 1-2 pages each on a variety of topics geared for low income and/or disabled taxpayers, in both English and Spanish. Provide general comments or use track changes, focusing on content and how well the audience will understand the information. Provide feedback by May 8, 2007 so that the IRS can meet its summer completion date.				
Goal Statement:					
Proposal:	<p>Numerous individual comments were submitted to Bridget Mallon. Following are a few excerpts:</p> <p>The files are very helpful and written in clear English. They are very easy to read and follow. ... they are a great source of information.</p> <p>All of them are well written but I fear that there may be some comprehension issues with taxpayers that have minimal education or English language skills. The Tax code is a complex issue and every year when I teach this subject to volunteers in the VRPP program I am faced with the challenge of how do you make a complex issue understandable. ... All in all, a very good job.</p>				

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	<p>On Choosing a Tax Preparer, I would add a comment about the dangers of RALs or RACs even though it is also explained in the "Refund" bulletin.</p> <p>I have a concern that there is not enough information (explanation) of interest rates and how they affect mortgage payments. Perhaps some examples would be useful.</p> <p>Explain what "Employment Taxes" are.</p> <p>Specify how often an ARM interest rate changes – daily, monthly, annually, etc so that people understand their payments can suddenly go up or down.</p>
Response from:	
Response Notes:	

TAP N07-009	Form 12153, DAT Scoring and Rewrite	Status:	Elevated Directly by Committee		
Date Elevated to IRS:	5/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	6/13/2007
Issue Statement:	The Committee was asked to score the readability and usability of IRS Form 12153, Request for a Collection Due Process or Equivalent Hearing, using the Document Assessment Tool (DAT).				
Goal Statement:					
Proposal:	The Committee scored the Form for readability and usability and then rewrote the form for Appeals and Counsel.				
Response from:	Janis Suchyta, CDP Policy Analyst, Appeals, Larry Williams, Senior Attorney, Office of Chief Counsel, Robin Tuczak, Technical Advisor to the Special Counsel to the NT				
Response Notes:	<p>We would like to take this opportunity to acknowledge the work of the Issues committee in reviewing Form 12153, Request for a Collection Due Process or Equivalent Hearing, and thank you for your comments and suggestions using the document assessment tool (DAT) to score the form and drafting a version of the form you would like to see.</p> <p>Form 12153 is a critical part of Collection Due Process that begins the hearing process when the form is received by Collection. With that in mind, it is important that taxpayers understand the intent of the form, how to complete the form, and when and where to return the form. Your comments and suggestions will help us improve the form to meet these goals.</p>				

TAP A07-4065	Form 8888 Direct Deposit of Refund to More Than One Account	Status:	Closed, Proposal Partially Accepted		
Date Elevated to IRS:	6/7/2007	Date Counter Response to IRS:		Date Response(s) Received:	6/14/2007
Issue Statement:	A new form, Form 8888, Direct Deposit of Refund to More Than One Account, is being used for tax year 2006. IRS Forms and Publications has requested that the TAP Ad Hoc Committee review the form and instructions and provide feedback.				
Goal Statement:					
Proposal:	The subcommittee members responded to a set of prepared questions that tested their ability to complete the form properly, and reviewed the entire form and instructions for clarity and readability. Their responses to both types of review formed the basis of this referral.				

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Response from:	Bob Erickson, Senior Technical Advisor for IRS Tax Forms and Publication
Response Notes:	<p>- Page 1 – Specific Instructions states “you are allowing your spouse to receive the refund on your behalf.” We suggest a more specific statement of what this means regarding both joint and individual accounts. We are concerned that there is not a requirement for both spouses signatures, especially for lower income people, and that one spouse may take the refund without the other knowing.</p> <p>Adopt. We will change the first paragraph under "Specific Instructions." Currently it reads: "If you file a joint return and you complete and attach Form 8888, you are allowing your spouse to receive the refund on your behalf. This cannot be changed later." We will change it to "If you file a joint return and you complete and attach Form 8888, your spouse may get at least part of the refund." This should be easier for the taxpayer to understand. We are not going to adopt the suggestion to address joint and individual accounts separately. It would take quite a bit of space on the form to address all the possibilities (husband's individual account, wife's individual account, joint accounts) and the consequences of a deposit to each type of account should be fairly obvious anyway.</p> <p>- We are concerned with lines 1c, 2c, and 3c, in that a Brokerage Account, which may be a common type that is deposited into, is not listed as a type. A HSA and IRA is listed, or “other similar account”. We do not believe a brokerage account is similar to a tax favored account, thereby confusing taxpayers as to whether a deposit into a brokerage account is allowed.</p> <p>Adopt. Although the first sentence of the instructions already states that direct deposits to brokerage accounts are allowed, we will revise the third sentence under "Lines 1c, 2c, and 3c" by adding "brokerage account," after "HSA." This should prevent any misunderstanding.</p>

TAP A07-4066	Form 8910 Alternative Motor Vehicle Credit		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	6/7/2007	Date Counter Response to IRS:		Date Response(s) Received:	6/14/2007
Issue Statement:	A new form 8910, Alternative Motor Vehicle Credit, is being used for tax year 2006. IRS Forms and Publications has requested that the TAP Ad Hoc Committee review the form and instructions and provide feedback.				
Goal Statement:					
Proposal:	The subcommittee members responded to a set of prepared questions that tested their ability to complete the form properly, and reviewed the entire form and instructions for clarity and readability. Their responses to both types of review formed the basis of this referral.				
Response from:	Bob Erickson, Senior Technical Advisor for IRS Tax Forms and Publication				
Response Notes:	<p>We found that the term "credit phaseout" in the general instructions to be somewhat unclear, though later in the specific instruction cleared it up. The general instructions should be clearer.</p> <p>Adopt in principle. We will add “(reduction)” after “phaseout” in the first sentence of that paragraph.</p> <p>Does "You acquired the vehicle for your use" include use for family members? This definition is in the instructions under Alternative Motor Vehicle. Instructions should be provided concerning this possibility.</p> <p>Not adopt. “You” in all of our instructions means only the taxpayer filing the return and not anyone else. Because no special definition of “you” applies, so we don’t provide one.</p> <p>Could "the original use began with you" be reworded something like, "you are the first registered</p>				

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	<p>owner of the vehicle"? This definition is in the instructions under Alternative Motor Vehicle.</p> <p>Not adopt. It is possible for the first user of the vehicle to be someone other than the first registered owner. The original use must commence with the taxpayer in accordance with the statute.</p> <p>Line 9 on the form confused some people as to where this information would come from, since there aren't any instructions for it.</p> <p>Adopt. We will add instructions referring taxpayers to Schedule K-1 (Form 1065) and Schedule K-1 (Form 1120S) to get this information.</p>
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TAP A07-4064	Form 5695 Residential Energy Credits		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	6/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	6/14/2007
Issue Statement:	A new form, Form 5695 – Residential Energy Credits, is being used for tax year 2006. IRS Forms and Publications has requested that the TAP Ad Hoc Committee review the form and instructions and provide feedback.				
Goal Statement:					
Proposal:	The subcommittee members responded to a set of prepared questions that tested their ability to complete the form properly, and reviewed the entire form and instructions for clarity and readability. Their responses to both types of review formed the basis of this referral.				
Response from:	Bob Erickson, Senior Technical Advisor for IRS Tax Forms and Publications				
Response Notes:	<p>- On page 2 of the Form, there is a section Titled "Before You Begin", maybe this should state "Before You Begin Section 2" so people do not think it refers to section 1 they may have just completed. Also, line 27 does not explain why this offsets this credit. A short explanation in the instructions as to why may be nice.</p> <p>1st sentence—Adopt. We will change the heading to "Before You Begin Part II." 2nd sentence—Not Adopt. This is the calculation of limitation based on other credits. Our experience shows that taxpayers are most comfortable with seeing the mechanics of this computation as opposed to the explanation. Our treatment here is consistent with the treatment on other credit forms.</p> <p>- On page 3 there is a section containing, "For purposes of figuring the credit, do not include the amounts paid for the onsite preparation, assembly, or original installation of the property". We believe this section would be better placed BEFORE the bulleted listing of Qualified Improvements.</p> <p>Adopt in Principle. We believe moving the paragraph will interrupt the flow of the first paragraph into the bulleted list. We will, however, set this paragraph off by making it a "Caution."</p> <p>- On page three, there seems to be many references to Home, such as "The home does not need to be your main home", and "If you or your spouse lived in more than one home that you used as a home". This is confusing. Would it be clearer to most Americans to refer to primary and non-primary residences or homes?</p> <p>Not adopt. The decision to use "main home" in all tax products was made many years ago. We did so to simplify and reduce the reading comprehension level for individual taxpayers.</p> <p>- On page 4, under "Qualified Solar Water Heating Property Costs", there is a line, "...if at least half the energy used by the property for such purpose is derived from the sun". Does this mean half of the house, or half the energy to heat water, or neither? We do not believe this is a</p>				

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	<p>very clear sentence. Maybe along the lines of "...if at least half of the energy value of the hot water is derived from the solar heating equipment".</p> <p>Adopt in principle. We will add "qualified solar water heating" before the word "property" in the sentence quoted above.</p> <p>- On page 4 next to the caution symbol, the instructions discuss costs allocable to a swimming pool, hot tub, etc. Does this mean that a solar heater FOR a swimming pool is not allowed? How about a system that both heats water for both the house and the swimming pool. We feel instructions further detailing this exception would be beneficial.</p> <p>Not adopt. The language used is taken directly from the statute. No guidance has been published explaining how to make this allocation, so while we believe such an allocation can be made, we do not have the authority to prescribe how that is done.</p> <p>-</p>
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TAP B07-028	Cost Basis and Capital Gains		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	6/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	To reduce taxpayer burden and address compliance issues related to taxpayers' detailed securities transaction information on the Schedule D and to identify methods for accurate reporting of capital gains and losses through computation of adjusted cost basis.				
Goal Statement:	Reduce the burden of filing the Schedule D.				
Proposal:	<p>TAP provided input to OTBR with regard to pending legislation mandating investment firms to provide cost basis on capital gains transactions to IRS along with reporting gross proceeds.</p> <p>Suggestions from the Committee:</p> <ul style="list-style-type: none"> • Use vendor tax software (e.g. TURBO Tax) as the e-filing solution for reporting details on Schedule D-1 • Broker should track capital gain basis • Use FIFO as a primary method to compute cost basis • IRS needs to determine the method to compute basis for wash sales, inheritance, etc of stock 				
Response from:	Suspended- awaiting legislation				
Response Notes:	TAP did not receive a response from OTBR as the Office is awaiting legislative decision before continuing this project.				

TAP V07-021	Focus Group Participation		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	6/15/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Improve volunteer resource, reference and training materials.				
Goal Statement:					
Proposal:	Committee members worked on project teams to assess and update the volunteer test and certification process, the Publication 678W, Comprehensive Problems and Practice Exercises (training workbook), Publication 3189, Volunteer e-file Handbook and Publication 4012, Volunteer Resource Guide.				
Response from:					
Response					

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TAP V07-4090	VITA Electronic Filing Improvements		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	6/19/2007	Date Counter Response to IRS:		Date Response(s) Received:	6/28/2007
Issue Statement:	The objective of the VITA Electronic Filing Subcommittee is to assess the current state of electronic filing in the VITA program and develop recommendations on how to overcome barriers to electronic filing throughout the Volunteer Return Preparation Program (VRPP) or within targeted areas in the VRPP program (Military VITA, TCE, Tax Aide, and VITA).				
Goal Statement:					
Proposal:	The VITA committee submitted specific recommendations to the IRS on improving the electronic filing process. The recommendations concerned the following areas: 1. The Practitioner Pin be the recommended Pin for all VRPP locations. 2. Recommend that the "setting print packet" instructions starting on Page 39 of the Pub 3189 be revised to be more easily understood by the volunteers for flexibility & ease of use. 4. Recommended that IRS provide more assistance to volunteer sites in locating partners willing to donate equipment to help expand the e-file program. 7. Recommend adding a line to the Social Security Worksheet in TaxWise that will carry the Medicare Part D amount to Schedule A along with Medicare Part B portion. 8 Recommend adding a list of bank routing transit numbers as a resource material.				
Response from:	Libby Blair, Director, Education and Product Development, SPEC Field Operations				
Response Notes:	IRS responded to each of the recommendations. Some were accepted and some were sent to the software vendor for their consideration.				

TAP A07-4164	Review Publication 553		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	7/12/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	IRS Forms and Publications requested the TAP Ad Hoc Committee to review and provide feedback on Publication 553 – Highlights of 2006 Tax Changes.				
Goal Statement:					
Proposal:	<ul style="list-style-type: none"> - On page 17 under "Renewable Electricity..." it states "The credit has been expanded to include Indian coal..." We believe that this refers to Native Americans, and that the word Indian may have been in the statute, but we feel Native American is a better term to avoid confusion. If not possible, maybe use "Indian (Native American)" in its place. This same issue is repeated on page 18 under the heading, "Extension of Expired Tax Benefits". - On page 24 under "Credit for Kerosene..." there is a passage, "...you may claim a credit or payment for kerosene used for a nontaxable use in noncommercial aviation (such as use on a farm for farming purposes, in aircraft engaged in foreign trade, in certain helicopters,...)." The phrasing concerning noncommercial aviation, then talking about on a farm for farming purposes was very confusing. After discussion, we believe the sentence is referring to use of aircraft to crop dust, apply fertilizer, etc. Better wording, such as "...use in noncommercial aviation (such as use in farm aviation for farming purposes, in aircraft engaged...)" would greatly clear up the confusion. - On page 29, under the heading "CD for tax products", it states "You can order Publication 1796..." After reading the paragraph, it tells you that the cost is \$35. We believe most taxpayers are used to pubs being free, so wording at the beginning of "You may purchase" or "You may buy" would alert the reader that it is not a free publication. 				

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Response from:	
Response Notes:	

TAP 607-3942	E-Services, Providing AGI		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/21/2007
Issue Statement:	Some applicants for the e-services online tool for tax professionals are concerned with providing their personal Adjusted Gross Income (AGI) when registering for Internal Revenue Service (IRS) e-services. This is a particular concern of tax professionals who use the service solely for business, not personal, purposes and who also work for a tax preparation company or with other tax preparers. Inconsistent terminology and incomplete information about e-services adds to the confusion and reluctance to register and use the service.				
Goal Statement:	To reduce the concerns of each tax professional who must disclose his/her prior year AGI as a requirement to register for IRS e-services. Additionally, this committee seeks clarity and consistency in the terminology used on the e-services web site.				
Proposal:	Provide clarifying, easily accessible information on the e-services website (http://www.irs.gov/taxpros/article/0,,id=109646,00.html). Such clarification will explain why an applicant's prior year AGI is a requirement of the e-services registration process. The solution also ensures that references to Social Security Number (SSN) and Password/Personal Identification Number (PIN) rules are consistent throughout the website. See Appendix 1 for a sample Internal Revenue Bulletin educating current users that e-services registration explains the need to ask the applicant for AGI. See Appendix 2 for suggested changes to various website pages.				
Response from:	David R. Williams, Director, Electronic Tax Administration and Refundable Credits				
Response Notes:	<p>We will assess our options for improvement in the areas you suggested. IRS designed our system to provide secure access to anyone outside the Service who registers so they can be authenticated. Once authentication occurs, users are allowed access to a restricted set of sensitive data. The IRS does not ask for any information we do not already know in order to verify one's identity. Industry best practices for authentication are shared secrets, such as name, social security number, date of birth and adjusted gross income (AGI). Future enhancements will explain the need to use the AGI as a shared secret.</p> <p>We will clarify the definition of a Taxpayer Identification Number and we will ensure the Frequently Asked Questions are more accessible and visible to users. Thank you for your recommendations. We are committed to making e-Services the best product available.</p>				

TAP 607-3400	IRA Minimum Distribution		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	Information regarding Individual Retirement Arrangement (IRA) minimum required distributions at age 70 ½ found in Forms 1040, U.S. Individual Income Tax Return and 1040A, U.S. Individual Income Tax Return, Instructions is not located in sections consistent with the subject of minimum-required distributions. Consequently, many taxpayers are unaware of the minimum-required distribution.				
Goal Statement:	The Internal Revenue Service (IRS) should ensure that those who are impacted by IRA minimum-required distribution rules are able to find the information easily.				
Proposal:	Often the IRS provides guidelines and alerts in the form of "TIPs." In the case of IRA minimum				

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	<p>required distributions, the IRS "TIPs" should be placed in the section referring to IRA Distributions where a taxpayer would logically expect to find such information.</p> <p>It is recommended that the two identical "TIPs" (see TIP below) currently found in the 2006 editions of the Form 1040A Instructions on page 30 (under IRA Deduction) and in the Form 1040 Instructions on page 31 (under IRA Deduction) also be inserted in the relevant 2007 instructions. The "TIP" should be placed on the pages that correspond to locations in 2006 editions of Form 1040 Instructions on page 25 for lines 15a and 15b IRA Distributions and Form 1040A Instructions on page 25 for lines 11a and 11b IRA Distributions.</p> <p>(Picture of TIP)</p>
Response from:	Susanne M. Sottile, Director, Tax Forms and Publications
Response Notes:	<p>We have carefully considered the suggestion but are not adopting it for the following reason. The respective line instructions for reporting income from IRA distributions already have a caution that says an additional tax will be due if the taxpayer was born before July 1, 1935, and received less than the minimum required IRA distribution. Even though the caution is not identical to the tip, the caution warns taxpayers that if they are age 70½ (were born before July 1, 1935), they must take a minimum required distribution or be liable for an additional tax. We do not believe it necessary to repeat the same information in the same line instruction.</p> <p>Traditional IRA account holders turning age 70½ are also notified by their trustees to begin taking minimum distributions.</p>

TAP 107-3926	Form 8300 Filing Instructions		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	11/1/2007
Issue Statement:	The current instructions for Internal Revenue Service Form 8300, "Report of Cash Payments Over \$10,000 Received in a Trade or Business," is unclear as to what constitutes a "suspicious activity" for reporting purposes. Also, regulations do not seem to grant "safe harbor" protection for those who file a voluntary report				
Goal Statement:	Modify the General Instructions under "Voluntary use of Form 8300" to make it more consistent with both the Department of Treasury/Financial Crimes Enforcement Network (FinCen), Form 104, Currency Transaction Report and SAR, "Suspicious Activity Report."				
Proposal:	TAP recommends that reference to the Suspicious Activity Report (SAR) requirements for those who file Form 104 should be added to the instructions of Form 8300. In addition, a statement should be included saying those filing voluntarily will be afforded the same protection as for SAR filers described in Federal law (31 U.S.C. 5318(g) (3)).				
Response from:	Curt Freeman, Supervisory Tax Law Specialist				
Response Notes:	Form 8300 was revised to adopt the recommended changes.				

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TAP 107-3927	Form 8300, e-filing Capability		Status:	Closed, Project/Assignment Completed	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/21/2007
Issue Statement:	Individuals and businesses are required to file a Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, for large or suspicious cash transactions. The current Internal Revenue Service (IRS) procedures require submitting a paper copy of Form 8300 when reporting these transactions. In keeping with the policy of converting to electronic filing, it should be possible for individuals and small businesses to file Form 8300 electronically.				
Goal Statement:	Ease taxpayer burden and reduce IRS costs associated with filing Form 8300				
Proposal:	The committee recommends that as part of the IRS technology upgrade, the IRS develop or otherwise acquire software to enable individuals and businesses to file electronic versions of Form 8300				
Response from:	David R. Williams, Director, Electronic Tax Administration and Refundable Credits				
Response Notes:	<p>We have reviewed your recommendation and unfortunately cannot adopt your proposal at this time.</p> <p>We have determined in partnership with our Small Business Self Employed colleagues that due to the low volume (approximately 175,000 per year) combined with the investment needed to develop and maintain this form electronically, Form 8300 does not lend itself to moving this product to the Modernized e-file platform at this time.</p> <p>Thank you for your recommendation. We are committed to making Modernized e-file the preferred method of filing returns and plan to re-examine our decision for a possible future release.</p>				

TAP 607-3233	Rules for Self-employed Taxpayers		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:	1/14/2009	Date Response(s) Received:	8/9/2007
Issue Statement:	Some self-employed taxpayers are financially overwhelmed when their estimated tax payments become due				
Goal Statement:	Self-employed taxpayers need to know their options for arranging tax payments in a timely manner, using a payment method and schedule that is convenient for them.				
Proposal:	<p>The committee proposes to the Internal Revenue Service (IRS):</p> <p>Advise taxpayers that more frequent estimated tax payments can be made and submitted anytime during the year, including monthly or at the end of contracts, as long as they equal the tax due for each reporting period. (See Appendix I) January 14, 2009</p> <p>Attached is our response to the reconsideration for Issue 607-3233</p> <p>"We intend to incorporate the independent contractor information on Form W-9 or possibly developing the suggested Form W-9 IC. We will need to consider the legality of the proposed Form W-9 IC and consult processing on capturing the information on Form 945."</p> <p>Thank for your agreement. What is your estimated date for implementation?</p> <p>Tax Forms and Publications is unable to adopt this recommendation. Currently, there is no statutory provision that would allow for voluntary employer withholding. Therefore we cannot</p>				

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	<p>change the W-9 or create a W-9 IC.</p> <p>“We do not believe the suggested language should be added to Form 1040-ES. We think the majority of taxpayers are delinquent in estimated tax payment because of cash flow problems and not due to a lack of education on the topic. With the added option of “pay-as-you-go”, we feel the suggested language would add to the confusion of taxpayers who are struggling with the existing requirements.”</p> <p>Tax Forms and Publications has changed the Form 1040ES to include instructions to explain that taxpayers can make more than four estimated tax payments.</p> <p>“With regards to CP-30, don’t believe providing tips is appropriate in a penalty notice as it would complicated the notice (less and more direct simple verbiage is best for understanding) and we don’t want to confuse the taxpayer between what it is they are required to do the notice and what they can opt to do for the future.”</p> <p>We also differ with your conclusion that tips on CP-30 would be confusing. We believe tax payers would benefit from advice on how to prevent penalties in the future.</p> <p>Regarding CP-30, your recent letter expressed your belief that taxpayers would benefit from the inclusion of advice on preventing future penalties in the notice asserting the penalty. Our experience is that simple and direct language results in the best understanding of the message. The risk of confusion from extra suggestions exceeds the potential benefits.</p>
<p>Response from:</p>	<p>Jodi L. Patterson, Director, Office of Taxpayer Burden Reduction.</p>
<p>Response Notes:</p>	<p>TAP's goal of self-employed taxpayers knowing their options for arranging tax payments in a timely manner that is convenient for them would benefit both the taxpayer and the government.</p> <p>The IRS will consider the recommended solution to "advise taxpayers that more frequent estimated tax payments can be made and submitted anytime during the year, including monthly or at the end of contracts, as long as they equal the tax due for each reporting period." The IRS will evaluate the benefits, barriers and potential impacts noted in the recommendation.</p> <p>1/22/2008 Patti Wagner told TAP "We intend to incorporate the independent contractor information on Form W-9 or possibly developing the suggested Form W-9 IC. We will need to consider the legality of the proposed Form W-9 IC and consult processing on capturing the information on Form 945.</p> <p>We do not believe the suggested language should be added to Form 1040-ES. We think the majority of taxpayers are delinquent in estimated tax payments because of cash flow problems and not due to a lack of education on the topic. With the added option of 'pay-as-you-go', we feel the suggested language would add to the confusion of taxpayers who are struggling with the existing requirements.</p> <p>With regards to CP-30, don't believe providing tips is appropriate in a penalty notice as it would complicate the notice (less and more direct simple verbiage is best for understanding) and we don't want to confuse the taxpayer between what it is they are required to do for the notice and what they can opt to do for the future.</p> <p>We will follow up with you as we revise the affected products. Thank you for your valuable input."</p>

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TAP 707-4091	Forms and Publications Information		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	7/26/2007
Issue Statement:	Taxpayers are unable to locate forms and publications during tax season at some familiar locations such as post offices due to the voluntary nature of the Community Based Outlet Program (CBOP) and the Tax Forms Outlet Program (TFOP)				
Goal Statement:	Basic information on how to obtain forms and publications should be available where taxpayers might ordinarily go to obtain the items.				
Proposal:	The Internal Revenue Service (IRS) should provide a poster to libraries, post offices, Tax Assistance Centers (TACs), and other potential outlets that do not participate in the CBOP or TFOP to alert taxpayers as to the availability of forms and publications on the IRS website or through the IRS Forms and Publications phone number.				
Response from:	John R. Wood, Chief, Distribution Requirements Branch IRS Distribution Division				
Response Notes:	<p>We concur with the Goal Statement and Proposed Solution with the exception of mailing this proposed poster directly to non-participant locations. Prior to receiving this TAP, we began work on products that would support this proposal. However, we cannot mail these new IRS Publications (the attached irs.gov flyer and referral poster) directly to non-participating outlets because we only maintain mailing and account files for participating outlet locations. It would be impossible for us to maintain information on non-participant locations. However, these products will be available and easy to print from irs.gov and we will announce their availability through various methods described below. We will also provide these publications and suggestions for their use through our current outlet channels and ask them to communicate the availability of these products through their normal communications processes.</p> <p>The new Publication 4596 was designed based on survey feedback from our external partners and it is being finalized as a downloadable PDF file. It will not be printed and stocked. It will only be on the Internet - available to all for downloading. The American Library Association will be provided with a PDF file for transmitting to all libraries nationwide. The PDF will also be available on our TFOP and CBOP program landing pages on irs.gov. We are also working with W&I Communication to review the options of sending out Alerts and including it in Filing Season Messages. The poster does not include a telephone number or hours/days of operation because it was focusing on alternate community locations for pick up of products. Also we did not want to refer people to telephones whereby we would be sending them paper, but rather to the Internet so they may get their products immediately.</p> <p>Secondly, we created the Publication 4604 as a flyer to be used at all outlets. It will encourage taxpayers to download material from the Internet and telephone numbers are also listed. These publications should be approved shortly. Drafts of these are included for your reference.</p>				

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TAP 707-3959	Form 1040 EZ – Filing by IRS		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/21/2007
Issue Statement:	Taxpayers filing IRS Form 1040EZ, Income Tax Return for Singles and Joint Filers with No Dependents, spend a significant amount of time and money preparing this form. The IRS compiles sufficient electronic data to complete this form for those taxpayers qualified to use it.				
Goal Statement:	Reduce taxpayer burden associated with completion of IRS Form 1040EZ. Enhance the intrinsic value to the taxpayer and the IRS by helping the Service better utilize its electronic filing and data system capability.				
Proposal:	The IRS completes Form 1040EZ for those taxpayers who file this form in the previous year. The IRS transfers existing data from its files to the 1040EZ form. The taxpayer reviews the form for accuracy, signs and files the IRS prepared return, or files a new return.				
Response from:	David R. Williams, Director, Electronic Tax Administration and Refundable Credits				
Response Notes:	<p>This proposal is commonly referred to as "Return-Free Tax Systems." While you raise some interesting points, the IRS is not ready to adopt your proposal at this time.</p> <p>In December 2003, the Treasury Department issued a report to Congress, entitled "Return-Free Tax Systems: Tax Simplification Is a Prerequisite." The report found that some taxpayers could potentially be exempted from a filing requirement under the current tax system. The report also found that it would be problematic to shift to a return-free system without first simplifying the current income tax system. Exempting taxpayers from a return filing requirement under the current income tax system could shift burdens from some taxpayers to their employers, other businesses, state governments, and the IRS. Among those eligible to participate in a return-free tax system, compliance costs might not decline significantly if eligible taxpayers currently file relatively simple returns or are reluctant to participate. Without tax simplification, a return-free tax system may not reduce overall compliance and administrative costs. A copy of the December 2003 report is available at the following web site: No other reports have been issued.</p> <p>The President's budget makes it clear that the current administration is committed to simplifying the tax code, to make it fairer, more pro-growth, and less burdensome for taxpayers to comply with and for the IRS to administer. As you know, the President appointed a bipartisan Advisory Panel on Federal Tax Reform in January 2005. As part not contain any recommendations regarding filing requirements under their two tax reform options. If the Administration recommends a tax reform proposal that includes a return-free component, we will report to Congress on the legislative and administrative changes needed for implementation as well as its cost requirements.</p>				

TAP A07-4063	Review Form 1040 Instructions for 2007		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	A new Pub, Pub 600 – State and Local General Sales Taxes, is being used for tax year 2006. IRS Forms and Publications has requested that the TAP Ad Hoc Committee review the form and instructions and provide feedback.				
Goal Statement:					
Proposal:	On page 7 there are two tables, "2006 Optional Local Sales Tax Tables for Certain Local Jurisdictions", and, at the top, "Which Optional Local Sales Tax Table Should I Use?" Page 5 already has a table, "2006" Optional State and Certain Local Sales Tax Tables". We believe the similarity of the titles of these tables to be confusing. If the table on page 7 was named "Certain Local Jurisdictions Tables", and the top Table labeled "Which Certain Local Jurisdiction Table				

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	Should I Use", it would make the publication less confusing.
Response from:	
Response Notes:	

TAP 107-3334	Form 1127 Update		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/17/2007
Issue Statement:	Form 1127, Application for Extension of Time for Payment of Tax, has not been revised since November 1993 and the information as to where to file this form and the verbiage as to who approves the request are both obsolete.				
Goal Statement:	Provide a current, accurate version of Form 1127.				
Proposal:	<p>The subcommittee proposes that the Internal Revenue Service (IRS) review and revise Form 1127 in the next periodic set of form revisions that it performs. Specific revisions include:</p> <ul style="list-style-type: none"> - removing all references to the term "District Director" and "Chief, Special Procedures function" and inserting the appropriate function/position title; - under filing requirements, instructions as to where the form is to be mailed need to be updated to reflect the correct processing function. 				
Response from:	Harvey R. Aefsky, Program Director, Technical Insolvency				
Response Notes:	IRS agrees with TAP's recommendation that IRS review and revise this form. Specifically, we agree that all references to the terms "District Director" and "Chief, Special Procedures function" need to be replaced with the appropriate function and/or position titles. Also, we agree that the instructions as to where the form is to be mailed need to be updated to reflect the correct processing function. The need to update to this form has been previously identified, but operational questions regarding processing of this form arising from the Internal Revenue Service reorganization have delayed this project. Once we resolve these issues, we will update the form and provide guidance for its use and processing.				

TAP 407-4037	Private Delivery Services		Status:	Closed, Proposal Accepted	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/16/2007
Issue Statement:	A taxpayer attempted timely delivery of a tax return using a private delivery service, but encountered difficulty since the private delivery service he attempted to use was not approved by the Internal Revenue Service (IRS). The taxpayer was frustrated by this process as he was not aware that IRS only allowed certain private delivery services.				
Goal Statement:	Provide information for approved private delivery service in the Form 1040, U.S. Individual Income Tax Return Instructions in a spot closely situated with the United States Postal Delivery (USPS) addresses.				
Proposal:	Move the current information regarding the use of private delivery service to be included under the heading, Where do you file?, so all delivery options appear on the same page.				
Response from:	Susanne M. Sottile, Director, Tax Forms and Publications				
Response Notes:	The Taxpayer Advocacy Panel (TAP) recommends that to raise taxpayers' awareness of the PDS alternative, the PDS information in the instructions to these returns be moved to the back covers. Alternatively, if there isn't room for the PDS information on the back covers, the TAP recommends that the IRS add a reference on the back covers to the PDS information.				

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	It is true there isn't room for the PDS information on the back covers. However, there is room to add a reference for where to find the PDS information. Therefore, as a result of the TAP recommendation, we plan to add references to the PDS information to the back covers of the instructions for Forms 1040, 1040A, and 1040-EZ. Although not mentioned in the recommendation, we will also leave the index entries giving the page numbers of the PDS information in the indexes of all three instruction booklets.
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TAP 107-4050	Interest on Refunds and Notice CP 21B		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	7/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/13/2007
Issue Statement:	Taxpayers issued a refund with interest added by the Internal Revenue Service (IRS) are not consistently informed that this interest is taxable income				
Goal Statement:	The IRS should clearly and always inform taxpayers on the notice CP 21, Data Processing Adjustment Notice, Overpayment of \$1 or more, that interest included in a refund of overpaid tax is taxable income in the year it is received.				
Proposal:	<p>The committee proposes that the IRS minimally modify the CP 21B section titled, We Changed Your Account, which is generally used to notify taxpayers of an adjustment made and the amount of overpayment due to the taxpayer so that it is obvious to taxpayers that interest received on this overpayment is taxable.</p> <p>The CP21B, which is issued after the taxpayer's account has been credited with the overpayment, should not only state that the refund check will include interest if applicable, but it should also state that interest on tax refunds is taxable in the year the refund is received.</p> <p>Suggested Wording and Placement: Under the section of the CP 21B notice titled, How This Affects You, the current language is, "Your refund will include interest, if applicable"; we recommend the statement be changed to Your refund will include interest, if applicable. Please be aware that interest you receive on tax refunds is taxable income to you in the year you receive it. Retain this for your records; no further notices will be sent.</p>				
Response from:	Rene S. Schwartzman, Acting Director, Accounts Management				
Response Notes:	<p>Thank you for your interest in reducing taxpayer confusion through improving our taxpayer notices, specifically Notice CP 21B. We agree with your recommendation to add a statement to the CP 21B which would inform the taxpayer that interest included in a refund of overpaid tax is taxable income in the year it is received. We initiated the work order to revise the Notice, and it will include the following statement:</p> <p>"Your refund may include interest. Please be aware that interest you receive on tax refunds is taxable income to you in the year you receive it. Please retain this notice for your records."</p> <p>Since the IRS does issue a 10991NT to the taxpayer, we did not include the suggested text of "no further notices will be sent."</p> <p>In addition, we took your recommendation one step further. The IRS has 19 other notices and letters that inform taxpayers they are due a refund and that interest on that refund will be included, if applicable. These notices and letters will be revised to include your recommendation as well.</p>				

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TAP V07-4096	VITA Branding		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	8/7/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/7/2007
Issue Statement:	Develop opportunities to better package the VRPP program and leverage the strengths of the program to enhance its marketing to clients. Make recommendations that will enhance marketing of the VRPP program (using IRS resources) in order to extend the reach of the program to additional clients.				
Goal Statement:					
Proposal:	<ol style="list-style-type: none"> 1. Increase the visibility and promote the credibility of free tax preparation. 2. Develop and/or communicate the existence of a poster that may be displayed at each VITA site, noting that the volunteer preparing "your" return has: <ol style="list-style-type: none"> a. been trained in current tax law; and b. been certified as competent to prepare the return by successfully completing a test designed by the IRS. 3. Develop a plan to partner with other government programs (national, state or local) that work with low-income families to include information about VITA in their mailings. 4. Integrate VITA information into existing IRS material in a visible way (for example: an ad for VITA on the back page of the "Instructions for Form 1040" and "1040A Instructions" booklets). 5. Conduct mailings to specific target groups such as Earned Income Tax Credit (EITC) recipients promoting VITA services. 6. Develop a program with a goal to enhance the sharing of available promotional products with partners. 7. Create a bi-fold, business envelope size write-up/brochure, which could be mailed out or left in public places (community buildings, libraries, public buildings etc) promoting VITA services. 8. Solicit neighborhood leaders to promote VITA services. 9. Identify more rural partners. 10. Include information about VITA in mailings to clients who call the IRS and request that forms be mailed to them. 11. Include information about VITA with press releases, e-file messaging and advertising that the IRS currently does. 12. Update and widely distribute Publication 3676A, "VITA E-file Poster." 13. Produce camera-ready products that can be placed in various types of media. These should be available for downloading from IRS.GOV. 14. Create customizable Public Service Announcements (PSA) for local VITA groups to use on television and radio, thus ensuring consistent message. 15. Make information about free assistance from VITA more visible and easily accessible on the homepage of IRS.GOV. 16. Have a message about VITA inserted into the hold music. 17. Solicit support of National Taxpayer Advocate (NTA) and Local Taxpayer Advocates (LTA) to promote/endorse VITA/Tax Counseling for the Elderly (TCE) during their outreach efforts. 				

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Response from:	Carol Barnett, Director, Product and Partnership Development
Response Notes:	<p>1. Increase the visibility and promote the credibility of free tax preparation. See Publication 3676A (ENG/SP), VITA Poster – We are Volunteers. We also have a “new” product we are testing that is targeted to Partners, Pub 1209, Community Based – Free Tax Preparation.</p> <p>2. Develop and/or communicate the existence of a poster that may be displayed at each VITA site, noting that the volunteer preparing “your” return has:</p> <ol style="list-style-type: none"> a. been trained in current tax law; and b. been certified as competent to prepare the return by successfully completing a test designed by the IRS. <p>Publication 3676A (ENG/SP), VITA Poster - We are Volunteers - is designed to for this purpose. Your suggestions for content changes will be considered. This year’s product has already been changed to reflect that volunteers are “certified”. We’re printing approximately 26,000 publications for the Tax Year 2007. The revised product will be on IRS.gov in early October.</p> <p>Site Coordinator training is an area of emphasis this year. The course materials will also emphasize the products available to Coordinators to satisfy their program goals as well as promote their site.</p> <p>3. Develop a plan to partner with other government programs (national, state or local) that work with low-income families to include information about VITA in their mailings. We already do this with many partners not just government.</p> <p>4. Integrate VITA information into existing IRS material in a visible way (for example: an ad for VITA on the back page of the “Instructions for Form 1040” and “1040A Instructions” booklets). We made changes to the 1040 instruction series this year to brand VITA better. Taxpayer Advocates Staff owns the “earlier” pages in the instruction booklets. Requests for adding information to their pages were denied.</p> <p>5. Conduct mailings to specific target groups such as Earned Income Tax Credit (EITC) recipients promoting VITA services. Our territories and partners already do this.</p> <p>6. Develop a program with a goal to enhance the sharing of available promotional products with partners. Enhanced Pub 1084, Site Coordinators Resource Guide; included this information in the Site Coordinator Training; and we are in the process of enhancing the partner page information on IRS.gov in response to partner feedback. Additionally, our Local territory offices discuss this with their partners.</p> <p>7. Create a bi-fold, business envelope size write-up/brochure, which could be mailed out or left in public places (community buildings, libraries, public buildings etc) promoting VITA services. Resources are limited to develop new products. Perhaps some existing products can be revised. The VITA Program is currently promoted in several IRS publications. See above.</p> <p>8. Solicit neighborhood leaders to promote VITA services. We already work heavily with local and state politicians and community leaders.</p> <p>9. Identify more rural partners. SPEC currently has a Rural Initiative. It includes expanding rural activities in all SPEC Areas in FY2008.</p> <p>10. Include information about VITA in mailings to clients who call the IRS and request that forms be mailed to them. Good suggestion, our Education and Product Development Division can research this further. Of course we will need to coordinate this with other IRS organizations responsible for responding to these inquiries and shipping products.</p> <p>11. Include information about VITA with press releases, e-file messaging and advertising</p>

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	<p>that the IRS currently does. Good suggestion, our Communication and Marketing Division can work with Wage & Investment Communications to include messages about the free volunteer program in appropriate releases.</p> <p>12. Update and widely distribute Publication 3676A, "VITA E-file Poster." See #2 above.</p> <p>13. Produce camera-ready products that can be placed in various types of media. These should be available for downloading from IRS.GOV. Electronic copies of SPEC's Education & Outreach products are available for viewing on IRS.gov. The EITC Office offers the EITC Toolkit. This toolkit includes the EITC Marketing Express which allows Partners to customize EITC communication products.</p> <p>14. Create customizable Public Service Announcements (PSA) for local VITA groups to use on television and radio, thus ensuring consistent message. Publication 1084, Site Coordinators Guide includes customizable PSAs.</p> <p>15. Make information about free assistance from VITA more visible and easily accessible on the homepage of IRS.GOV. We are currently working with the owners of IRS.gov in coordination with the Taxpayer Assistance Blueprint to make access to VITA/TCE more visible and user friendly.</p> <p>16. Have a message about VITA inserted into the hold music. We will forward this suggestion to our Accounts Management Division for consideration.</p> <p>17. Solicit support of National Taxpayer Advocate (NTA) and Local Taxpayer Advocates (LTA) to promote/endorse VITA/Tax Counseling for the Elderly (TCE) during their outreach efforts. We partner with the Taxpayer Advocate's offices at the National and Local level to deliver EITC and other taxpayer key messages, such as the Katrina efforts and support. Is there something more specific you had in mind?</p>
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TAP V07-4095	VITA E-Filing	Status:	Elevated Directly by Committee		
Date Elevated to IRS:	8/7/2007	Date Counter Response to IRS:		Date Response(s) Received:	8/7/2007
Issue Statement:	Assess the current state of electronic filing in the VITA program and develop recommendations on how to overcome barriers to electronic filing throughout the VRPP program or within targeted areas within the VRPP program (Military VITA, TCE, Tax Aide, and VITA).				
Goal Statement:					
Proposal:	<p>1. Recommend that the "Practitioner's Pin" be made the recommended pin for all VRPP locations. Further recommend that UTS set "Practitioner's Pin" as the default in the 2008 version of TaxWise software distributed to VRPP locations. Additionally, we recommend that the 2008 version of publication 3189 "Volunteer E-file Administrator Guide" be updated by designating the "Practitioner's Pin" as the preferred pin and including the detailed instructions needed to set it as the default in the TaxWise software, should that be necessary.</p> <p>2. Recommend that publication 3189 "Volunteer E-File Administrator's Guide," page 39 of instructions, be revised to make setting print packet simpler, more comprehensive and more easily understood by volunteers.</p> <p>3. Recommend that publication 3189, page 56, concerning the rule that requires submission of returns to UTS within 3 calendar days, be revised by including some exception language due to emergencies in the volunteer program.</p> <p>4. Recommend the IRS research possible grant programs or other methods that VRPP sites may use to secure donated laptops and other equipment for use in expanding the E-File</p>				

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	<p>program. Further recommend that the IRS post the results of their research on IRS.GOV and make every effort to notify VRPP sites of its existence.</p> <p>5. Recommend that the IRS publicize the availability of the training EFIN allowing volunteers access to online pre-use software before filing season. Also recommend that the means to obtain the training EFIN be promoted to both volunteer leaders and volunteers.</p> <p>6. Recommend the addition of a line to the Social Security Worksheet to both capture the Medicare "Part D" amount and pass that amount to Schedule A along with the Medicare "Part B" amount.</p>
Response from:	Carol Barnett, Director, Product and Partnership Development
Response Notes:	<p>The 2007 revision of Publication 3189 always lists the Practitioner PIN method of signing the return electronically first when referring to the two signature options for e-file returns. The instructions on setting the defaults were shown in Publication 3189 last year and will be updated for the 2007 version.</p> <p>The information on setting print packages was updated to include more detailed information on completing this process.</p> <p>Transmission of returns within 3 calendar days is an IRS e-file requirement. For more information on this and other ERO requirements please refer to Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns. It is our recommendation to ensure sites comply with all ERO requirements to have backup support in case of illness, injury, etc.</p> <p>Publication 3189 must reflect the e-file rules that are established by the Electronic Tax Administration (ETA) office. The requirement to submit returns to UTS within 3 calendar days is an ETA rule and must be adhered to at all times. It is recommended that all e-file sites establish backup measures to ensure that all volunteer prepared returns are submitted timely in cases of emergency situations.</p> <p>IRS has asked for a legal opinion from IRS Counsel on linking to external web sites from IRS.gov.</p> <p>The IRS already publicizes the availability of the training EFIN allowing volunteers access to online pre-use software before filing season.</p> <p>The recommendation to add a line to the Social Security Worksheet to both capture the Medicare "Part D" amount and pass that amount to Schedule A along with the Medicare "Part B" amount was forwarded to Media & Publications for consideration.</p>

TAP V07-4094	VITA Training		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	8/7/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The VITA Committee will continue to provide feedback and support to the SPEC Training Program by assessing processes and products. Participate on an ad hoc basis in product reviews and process analysis.				
Goal Statement:					
Proposal:	Overall, there is concern over the timely availability of and the need for improved accuracy and clarity of training materials. For instance, most instructors are required to also complete the certification test prior to the availability of a current year's version of TaxWise. There also have been numerous corrections to the printed materials in recent years. It is difficult to communicate these corrections on a timely basis to instructors, and thence to volunteers. The IRS should review training materials developed by outside sources, address quality reviews to ensure accuracy and develop more training on 1099-MISC and Schedule C-EZ allowable expenses, since this is becoming a growing sector of our clients.				

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	<p>1. VOLUNTEER STUDENT GUIDE AND WORKBOOK (PUB 678 and 678W)</p> <ul style="list-style-type: none"> • Sequence of lessons does not follow the sequence for completing Form 1040. We recommend that if 678 is retained in the future, it be re-sequenced to follow Form 1040. • Size is cumbersome. Suggest moving examples and exercises to 678W, thus allowing 678W to support Process Based Training, as well as 678. • Add more varied versions of taxpayer's forms (1099R's and W-2's). • Practice exercises need to reflect the types of taxpayer's scenarios that are prevalent for VITA and TCE clients. <p>2. PROCESSED BASED TRAINING GUIDE (PUB 4491)</p> <ul style="list-style-type: none"> • Lacks the depth of examples and exercises of the Student Guide and Workbook (Pub. 678 and 678W). Therefore, there is a need to either reference Workbook (Pub. 678W) or develop a replacement workbook to supplement Pub. 4491 utilizing more examples in training. • Lessons for Advanced, Military and International certifications workbook must be developed. • Recommend using references to 1040 Instruction booklet, Publication 17 and Volunteer Resource Guide instead of duplicating in Pub. 4491. • Recommend TaxWise training concerning the use of Form 2210, Underpayment of Estimated Tax by individuals. Specifically, there needs to be training on how to treat the form when it pops up and/or how to disable the form. <p>3. VOLUNTEER ASSISTOR'S TEST AND RETEST (PUB 6744 and 6745)</p> <ul style="list-style-type: none"> • Support 80% certification level with all questions having equal value as long as there is a minimum of 15 questions per level of certification test (basic, intermediate, advanced). • Support use of scenario based questions without compounding of answers. • Support questions that ensure volunteers use intake sheet, reference guide and quality review form. • Recommend providing enough forms to complete all test questions. • Because of timing of when instructors need to be certified, recommend either allowing early testing using previous year's TaxWise software or providing availability of early version of current year's TaxWise for certification. • Eliminate trick questions – examples: 2007 certification test question 5-6 concerning childcare paid to mother who was not eligible for SS number, and question 7-9 concerning energy credit. • Recommend testing to the basics – the test should be consistent from year to year and only test to the basic competencies. This would avoid concerns over last minute congressional changes such as "extenders" in 2006 and items that have a limited life such as TETRA and Residential Energy Credit for 2006. These items should be addressed in training but do not need to be in the certification exam. • Volunteer Resource Guide questions should not have a page number as an answer, instead ask for a specific piece of information. For example, a question regarding CTC might be: Which step of the "Interview Tips for Child Tax Credit" in the 4012 asks the question, "did the child provide over half of his or her own support for 2006?" <p>4. VOLUNTEER RESOURCE GUIDE (PUB 4012)</p> <p>Guide needs to be streamlined – one suggestion is to let the guide be a reference for tax law like it was in previous years and have a separate reference for computer software (TaxWise and TaxWise Online).</p>
<p>Response from:</p>	<p>Carol Barnett, Director, Product and Partnership Development</p>
<p>Response Notes:</p>	<p>The IRS agreed that the current paper based approach to training does not allow the flexibility required to make last minute legislation changes or to resolve technical issues with the materials. One of the key drivers for transitioning volunteer training to e-learning is this issue. In addition to maximizing the use of technology for self-study and classroom training, Link and Learn Taxes (VITA/TCE e-learning application) provides the opportunity for more immediate and consistent updates to the materials.</p> <p>Over the past few years, we have been working closely with an outside course developer to develop the process based training (PBT) materials that are designed to supersede our current training products for Tax Year 2008. As the PBT materials evolve we will address scope and</p>

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	<p>content concerns and will continue to improve our quality review and editing processes.</p> <p>Please provide specific regarding the timely availability of the materials. Our current processes for updating and reviewing the Link and Learn Taxes (available on IRS.gov the first full week of November) and the paper products (Publication 678 and et al available the last week of Thanksgiving) does not provide much flexibility in the delivery dates. Since PBT will focus on the process of completing a return, we will pursue opportunities for earlier delivery of the PBT materials.</p> <p>The IRS response addressed each portion of the recommendation in detail. Many of the issues raised by TAP will be resolved by the IRS fully implementing the Process Based Training (PBT) and phasing out the Publication 678 for tax year 2008. The PBT follows the sequencing of preparing the tax return and when it is fully implemented will cover all phases of the VITA/TCE and Military training. Wherever possible, IRS will not duplicate information in the PBT materials of any of the technical reference materials which will reduce the size of the training materials.</p>
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TAP N07-024	Vision impaired project		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	8/17/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Review the Treasury Inspector General Tax Administration (TIGTA) regarding services for the Vision-impaired.				
Goal Statement:					
Proposal:	The Committee prepared a memo of recommendations to improve services to the visually-impaired.				
Response from:					
Response Notes:					

TAP A07-4305	Review Form 1040 Instructions for 2007		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	8/29/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Sue Sottile, Director, IRS Tax Forms and Publications requested that the TAP Ad Hoc committee review the 2007 instructions for Form 1040, Individual Income Tax Return and provide feedback by August 31, 2007				
Goal Statement:					
Proposal:	The changes that have been made thus far to the 1040 Instructions reflect the intent of the changes as stated in the list of specific changes. We have no recommendations regarding these changes.				
Response from:					
Response Notes:					

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TAP 407-4208	Form 1099-R Codes Conflict in Transcripts		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	9/5/2007	Date Counter Response to IRS:		Date Response(s) Received:	9/10/2007
Issue Statement:	The Transcript Delivery System (TDS) does not provide the distribution codes (number and /or letter) for the Forms 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. The distribution codes lead taxpayers to different filing requirements and are required for tax preparation software to complete the tax return.				
Goal Statement:					
Proposal:	The IRS should include the distribution code, both numbers and/or letters, on TDS.				
Response from:	Brian Sitzma, Individual Adjustment Section				
Response Notes:	<p>Several changes will be made to the Form 1099-R in the TDS Wage and Income Mapping document for 2008:</p> <p>1) The literals for the Form 1099-R need to be changed from "Premature Payment" to: 'Early Distribution' for code 1 and from "Premature Distribution" to 'Early Distribution--Exception Applies' for code 2. These literal changes mirror the Form 1099-R. This change needs to be included in the next build.</p> <p>2) There is an additional code for 2007: 'B - Designated Roth Account Distribution'.</p> <p>3) The distribution codes need to be displayed.</p>				

TAP A07-4306	TETR Feedback		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	9/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	There were not more taxpayers who claimed the "Credit for Telephone Excise Tax Paid", either through Forms 1040, 1040EZ or 8913. As of August-2007, IRS Newswire reported that 92.1 million taxpayers or 71.6 percent of all individual tax return filers, requested telephone tax refunds totaling \$4 billion.				
Goal Statement:					
Proposal:	<p>The following barriers were observed or theorized by 15 TAP members that include 3 professional tax preparers, 6 volunteer tax preparers, 1 tax attorney, and 5 general taxpayers. In this small sample size, all four of the barrier categories appear to be equally significant.</p> <ol style="list-style-type: none"> 1. Taxpayer did not know about the TETR <ol style="list-style-type: none"> a. Taxpayer prepared his own return b. Some software, such as H&R Block TaxCut, did not prompt for TETR if user went directly into the forms and did not use the interview questions c. Taxpayer did not realize TETR meant a tax credit rebate d. People fill out the 1040 the same way every year, particularly if they are doing paper returns e. People don't listen to the news 2. Taxpayer thought he was not eligible <ol style="list-style-type: none"> a. Didn't know he could apply without a SSN or ITIN b. Didn't have a phone at the time he filed c. Didn't know he could apply if he only had a cell phone d. Some AARP tax preparers were told cell phones were not eligible e. Neither the 1040EZ nor the 1040EZ-T specifically mentioned that cellular service usually includes bundled long distance, although this was mentioned on the IRS website. f. Phone bill was not in his own name (only the 8913 explained how to apply in this situation) g. Read that too many people were claiming the wrong amounts and didn't want 				

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	<p>trouble</p> <p>h. Tax preparer erroneously told taxpayer TETR was a non-refundable credit</p> <p>3. Taxpayer did not know how to get the TETR</p> <p>a. Couldn't find the place to take it on the 1040</p> <p>b. Looked in the credit section on 1040 and gave up</p> <p>c. Confused that the refund was coming from the IRS, thought it would be credited on his phone bill</p> <p>d. Assumed it would be sent automatically like past adjustments to taxes</p> <p>e. Thought he had to go through all his phone bills for receipts</p> <p>f. If he didn't understand it, he didn't bother with it</p> <p>g. Amount was too low or too complicated to bother</p> <p>h. At 4 pages of instructions, 1040EZ-T was too complex for a simple refund</p> <p>4. Taxpayer does not normally file a tax return</p> <p>a. Cost too much to pay a preparer to get the TETR</p> <p>b. Not required to file and didn't want to get back into the tax system</p>
Response from:	
Response Notes:	

TAP N07-4444	Letter 4281C		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	9/28/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Committee was asked to provide comments and feedback on the 4281C, Breach Notification Letter.				
Goal Statement:					
Proposal:	Provided comments/feedback on a "quick turn around" basis for the 4281C Breach letter.				
Response from:					
Response Notes:					

TAP B07-030	Form 940		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/1/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Reviewed revised Form 940 for IRS				
Goal Statement:	Reviewed revised Form 940 for IRS				
Proposal:	Reviewed revised Form 940 for IRS				
Response from:					
Response Notes:					

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TAP A07-025	Focus Group		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/1/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The project was preparing materials to conduct, and analyzing transcripts resulting from, focus groups.				
Goal Statement:					
Proposal:	<p>The focus groups were conducted in eight cities by a vendor under contract with the EITC Office. Comments recorded during these interviews identify specific paid preparer issues, and will form the basis to develop recommendations to improve communications between IRS and persons preparing returns with EITC information.</p> <p>The last interview transcript was forwarded to the EITC Committee in December; the report with recommendations is under construction.</p>				
Response from:	Debra Holland, Director, Earned Income Tax Credit				
Response Notes:	From focus groups and other discussions with tax professionals, IRS knows that there are concerns over the EITC due diligence requirements. IRS reports reaching out to software developers to help preparers comply with EITC Due Diligence and to improve communication.				

TAP B07-031	Schedule C Taxpayers		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/1/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Provided input to IRS on issues faced by taxpayers when filing Schedule C				
Goal Statement:	Reduce the Burden for Schedule C Filers				
Proposal:	<p>The Committee addressed the link between burden and the tax gap as the OTBR presented stating that burden will be shifted, not resolved, when addressing the tax gap. OTBR responded that the correlation between errors on Form 1040, Schedule C burden and the tax gap will influence the approach that the OTBR will take in reducing burden. Reducing the tax gap- OTBR said- is intended to be a by-product of reducing burden related to errors.</p> <p>To reduce the burden on the Schedule C, the Committee identified the following issues:</p> <ol style="list-style-type: none"> 1) Need for education 2) Identifying small business burden should not be limited to Schedule C but extended to Forms 1065, 1120 and 1120S as well 3) Burden in claiming: depreciation, office-in-the-home deduction, cost of goods sold and inventory 4) Distinguishing honest mistakes and intentional omission of income or overstatement of expenses – this also affects tax gap issue 5) Inflating income on Schedule C with the purpose of claiming the Earned Income Tax Credit 6) Identifying industry specific burden is necessary as some industries are more burdensome than others 7) Hiring a professional to file Schedule C is a burden and a cost beyond normal good bookkeeping practices 8) Legislative changes are needed to reduce the tax gap without creating extra burden 9) 1099 Issues must be addressed such as “accidental business owners” who were not identified as self-employed until after receiving a Form 1099. Schedule C-EZ limits need to be increased to address these people 10) Identifying when a business is a hobby and when it is a business. 				
Response from:	Office of Taxpayer Burden Reduction				
Response	OTBR response to the suggestions above:				

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Notes:	<p>1) Education is a solution to some of the pre-filing and filing burden issues. Once these issues are identified, OTBR can focus on education efforts</p> <p>2) OTBR was to narrow their project by addressing only Schedule C filers. The solutions generated from this project may also be beneficial to the small business community as a whole</p> <p>3) Each line on Schedule C should be analyzed. Preliminary research has been conducted to identify error rates for each line item as well as burden. This information will help in prioritizing the issues within the identified market segments.</p> <p>4) The tax gap data does not distinguish between honest mistakes and intentional mistakes or overstatement of expenses. It does, however, provide error rate information that allows the OTBR to focus on industries and line item issues. OTBR does agree that e-businesses and cash businesses have a high probability of being non-compliant</p> <p>5) This particular issue impacts Schedule C indirectly and it is an enforcement issue to address the tax gap and not one caused by burden</p> <p>6) OTBR does need to identify market segments/industries that are subject to the most significant amount of “unnecessary” or avoidable compliance burden</p> <p>7) OTBR asks: “How can we reduce the compliance burden on sole proprietor small businesses to the extent that hiring a tax professional is truly an option?” and “What are “normal good bookkeeping practices” vs. “additional bookkeeping practices” for tax purposes?”</p> <p>8) OTBR will focus on administrative remedies to address compliance burden and not develop legislative proposals</p> <p>9) OTBR recognizes the need to reach “accidental business owners” before they receive the Form 1099-MISC and file their Form 1040. OTBR is considering increasing the threshold of the Schedule C-EZ.</p> <p>10) OTBR says this is a good pre-filing issue if filing and reporting requirements for hobby vs. businesses is in fact a significant problem and is creating errors and burden.</p> <p>NOTE: Reducing the Burden on Schedule C is still an ongoing project in 2007</p>
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TAP N07-016	CP 225(B) and CP 207 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/5/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the readability and usability of IRS Notice CP 225(B), Balance Due, Missing Payment Applied and CP 207, Taxpayer Inquiry, Proposed FTD Penalty, using the Document Assessment Tool (DAT).				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the Notice CP 225(B) and CP 207.				
Response from:					
Response Notes:					

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TAP N07-019	CP 159 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/5/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the readability and usability of IRS Notice CP 159, Balance Due, Loss of Installment Privilege on Form 2290, using the Document Assessment Tool (DAT).				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the Notice CP 159.				
Response from:					
Response Notes:					

TAP N07-017	CP 215(B) and CP 161 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/5/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the readability and usability of IRS Notice CP 215(B), Balance Due, Civil Penalty and CP 161, Balance Due, No Math Error, using the Document Assessment Tool (DAT).				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the Notice CP 215(B) and CP 161.				
Response from:					
Response Notes:					

TAP N07-018	CP 187(B) and CP 261 scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/5/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the readability and usability of IRS Notice CP 187(B), Balance Due, Annual Reminder and CP 261, Taxpayer Inquiry, Notice of Acceptance as an S Corporation, using the Document Assessment Tool (DAT).				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the Notice CP 187(B) and CP 261.				
Response from:					
Response Notes:					

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TAP 207-3944	Tax Treatment of Litigation Settlement Proceeds		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	10/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	11/21/2007
Issue Statement:	<p>1. Instructions for Form 1040 Schedule D Capital Gains and Losses, and Publication 525, Taxable and Nontaxable Income, do not include a discussion of how distribution from securities class action litigation settlement proceeds should be treated for tax purposes. Absence of any guidance could result in taxpayers paying higher taxes than they may actually owe.</p> <p>2. Some law firms distributing such proceeds issue a Form 1099-MISC, Miscellaneous Income, to the taxpayer and others do not report such distributions at all. Receiving the Form 1099-MISC forces the taxpayer to report and pay taxes on those proceeds as ordinary income.</p>				
Goal Statement:	To provide clear instructions on the classification and reporting of income from a litigation settlement resulting from securities class action suits.				
Proposal:	<p>The Taxpayer Advocacy Panel (TAP) recommends that the Internal Revenue Service (IRS) consider the following items to fully address this issue:</p> <ol style="list-style-type: none"> 1. Clarify the instructions for Form 1040 Schedule D to include a paragraph on the treatment of securities class action settlement proceeds and describe how the taxpayers should report this income in Form 1040 Schedule D. 2. Revise the instructions for Form 1099-MISC to state that it is not to be used for reporting distribution of securities class action litigation settlement proceeds. 3. Revise instructions for Form 1099-B, Proceeds from Broker and Barter Exchange Transactions, to state that it should be used to report securities class action settlement proceeds distributed by groups who handle such transactions 4. Revise section subtitled "Court Awards and Damages" in Publication 525 to include securities class action litigation distributions and their tax treatment. 				
Response from:	Randall Swanson, Individual Tax Forms and Publications Branch				
Response Notes:	<p>We are adopting in part. We are adding a sentence to the "Court Awards and Damages" section of the 2007 revision of Publication 525 to clarify that the character of the proceeds as ordinary income or capital gain depends on the nature of the underlying claim.</p> <p>We are not adopting the suggestion to revise the instructions for Form 1099-MISC, Form 1099-B, or Schedule D. Form 1099-MISC, not Form 1099-B, is where these proceeds should be reported. Depending on the nature of the underlying claim under which the proceeds are paid, Schedule D may or may not be the correct place to report the income.</p>				

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TAP 307-3671	SSN Name Control Mismatch on E-filed Returns		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	10/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	12/19/2007
Issue Statement:	Internal Revenue Service (IRS) often rejects returns with social security number (SSN) and name control (NC) mismatch on electronically filed returns of taxpayers with multiple last names. This occurs even when the taxpayer is using the correct last name as specified by the Social Security Administration (SSA).				
Goal Statement:	Eliminate rejections of e-filed returns due to SSN/NC mismatch filed by taxpayers with multiple last names who are using the correct name on their tax return.				
Proposal:	Internal Revenue Service (IRS) often rejects returns with social security number (SSN) and name control (NC) mismatch on electronically filed returns of taxpayers with multiple last names. This occurs even when the taxpayer is using the correct last name as specified by the Social Security Administration (SSA).				
Response from:	Jimmy L. Smith, Director, W&I Submission Processing				
Response Notes:	<p>We are currently revising Section 7 of Publication 1346, Specification Package, to provide clarification of the rules that govern NC for taxpayers who have multiple last names. In addition, specific examples of taxpayers with multiple last names will be added to assist practitioners.</p> <p>ELF processing will continue to require an exact match on the NC by allowing the current reject codes, which identify who are using the appropriate NC that resides on Master File, to remain in place, thereby, deterring fraud and identity theft when filing an electronic return.</p>				

TAP 207-4011	Form 8863, Education Credits		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	10/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	11/21/2007
Issue Statement:	Taxpayer began filling out Form 8863, Education Credits, (Hope and Lifetime Learning Credits) but found after reaching the end of the form that he was not eligible because of his adjusted gross income (AGI). This could be corrected if the instructions indicated up front who is eligible.				
Goal Statement:	To save taxpayers the time and effort of beginning to file Form 8863 only to find out that they are ineligible for the credit.				
Proposal:	Add onto the caution prior to Part 1 of Form 8863, "See instructions for additional eligibility restrictions." Also, move bullet pointed list of said restrictions to top of instruction sheet under "Who can take this credit?" or "Purpose of Form".				
Response from:	Randall Swanson, Individual Tax Forms and Publications Branch				
Response Notes:	We will adopt in part for 2007. We are adding "See instructions to find out if you are eligible to take the credits" to the top of Form 8863, just below the title. We are not adopting your suggestion to rearrange information in the instructions. All of the conditions for eligibility are described in the instructions under Who Can Take the Credits. Our instructions are written under the assumption that the taxpayer will read all of the conditions of eligibility before completing the form and we believe the current ordering of information within that section clearly explains the requirements.				

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TAP 107-4287	Third Party Designee on the Form 1040X		Status:	Closed, Proposal Rejected	
Date Elevated to IRS:	10/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	11/27/2007
Issue Statement:	Allowing taxpayers to authorize third party designees on Form 1040X, Amended U.S. Individual Income Tax Return.				
Goal Statement:	To allow a third party designee on Form 1040X.				
Proposal:	By adding a "Third Party Designee" entry above the signature section of Form 1040X as the one appearing on the Form 1040, U.S. Individual Income Tax Return, a taxpayer can authorize the same or another designee to discuss with the Internal Revenue Service (IRS) any change(s) made to the original tax return.				
Response from:	Jesse Gonzales, Tax Analyst				
Response Notes:	<p>W&I Accounts Management does not concur with the TAP recommendation for a variety of policy, privacy, and legal issues:</p> <ul style="list-style-type: none"> • Although the 1040 Third Party Designee (Check Box) authority has been expanded to include a sharing of information to resolve some account issues, it continues 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. Generally, account issues are in Examination or Collections after one year. If the authorization is expanded to allow amended returns, designees may attempt to handle issues that require representation by someone qualified to practice before the IRS. • The Check Box authority is currently irrevocable. The Designee may be a paid preparer or friend or family. If the taxpayer decides he/she no longer needs or wants the Designee/preparer's services, the Designee could receive information he/she is not entitled to receive because the authority is irrevocable. <p>Customer Service Representatives will be required to perform additional research to determine when the Check Box authority ends, if the period is extended. This change could create confusion and cause inadvertent disclosures</p>				

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TAP N07-015	Notice Scoring of Forms 886H-HOH, 886H-EIC and 886H-DEP.		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the Forms 886H-HOH, Supporting Documents for Head of Household Filing Status; 886H-EIC, Supporting Documents for Taxpayers Claiming EIC on the basis of a Qualifying Child(ren); and 886H-DEP, Supporting Documents for Dependency Exemptions. 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:	<p>The Committee submitted the scoring of the Forms 886H-HOH, 886H-EIC and 886H-DEP for the 2005, 2006 and 2007 versions.</p> <p>Additional comments regarding the 2007 version: At the top where it says "Your child must meet..." I suggest it read, "A qualifying child is one who meets the relationship, age and residency tests and qualifies you for the Earned Income Credit."</p> <p>Put Part one on the first page and part two on the part for taxpayers without a qualifying child.</p> <p>Between the Relationship test and Age Test put the statement "If your child does not meet the relationship test, stop now unless you can qualify for the EIC under part two."</p>				
Response from:					
Response Notes:					

TAP V07-022	Volunteer Tax Return Preparation Software Testing		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	10/23/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	Last year, committee members recommended to the IRS that volunteers be part of the beta testing for the software used by volunteer tax return preparers. The beta test consisted of using typical examples of returns prepared at volunteer sites to evaluate the system.				
Goal Statement:					
Proposal:	A member of the VITA Committee participated in testing the software used by volunteers to prepare tax returns.				
Response from:					
Response Notes:	<p>A variety of tax preparation scenarios were tested successfully as well as the "roll forward" function for taxes prepared in 2006. The tests showed the system to be working properly.</p> <p>The participants also discussed the process of software updates during the tax season with the objective of having a stable system on day one of the system and having minimum updates as many tax preparation sites have limited technical experience. CCH/UTS understands this concern. They do significant testing on updates before they are sent to production. Some changes are forced on them as the product includes both Federal and State tax return preparation capability, and some of these changes don't arrive to CCH/UTS until February. When an update is distributed, sites should review the update and consider not installing unless it</p>				

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	directly impacts their site. Certain updates are mandatory and must be installed to allow continued e filing.
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TAP N07-023	CP 63	Status:	Elevated Directly by Committee		
Date Elevated to IRS:	10/25/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to review and provide feedback and comments on the CP 63, We Have Held Your Tax Refund - Act Now, notice.				
Goal Statement:					
Proposal:	The Committee provided comments and feedback on a "quick" turn-around basis for the CP 63 refund Hold notice.				
Response from:					
Response Notes:					

TAP 607-3455	Social Security Benefits – IRS Assumption of Base Amount	Status:	Closed, Proposal Partially Accepted		
Date Elevated to IRS:	10/29/2007	Date Counter Response to IRS:		Date Response(s) Received:	11/21/2007
Issue Statement:	Married taxpayers who lived apart from their spouse for the entire calendar year and file as Married Filing Separately (MFS) are generally allowed a \$25,000 base amount before their Social Security benefits become taxable. Taxpayers are often disallowed this base amount by IRS because they overlook a necessary step identified in the tax form instruction booklet, which is using a write-in identifier indicating that they are eligible for the \$25,000 base amount.				
Goal Statement:	The Committee seeks to reduce tax form entry errors made by taxpayers who report Social Security benefits, file as Married Filing Separately, and have lived apart from their spouse for the entire calendar year.				
Proposal:	<p>The IRS uses "caution" statements to identify when a taxpayer may need to take extra precautions or pay closer attention to an issue when it can create a taxpayer burden. A caution statement should be added to Form 1040 Instructions and Form 1040A Instructions immediately before the exception statements and under the Form 1040 Instructions for Lines 20a and 20b, and Form 1040A Instructions, Lines 14a and 14b, that notifies the taxpayer that a write-in identifier may need to be included and also reminds the taxpayer of the importance of the use of the Social Security Benefits Worksheet. The caution should read:</p> <p>CAUTION: If you are married filing separately and lived apart from your spouse for all of 20XX, enter a "D" to the right of the word "benefits" on line XX, after completing the Social Security Benefits worksheet on page XX. If the letter "D" is missing, your tax benefits may be reduced.</p>				
Response from:	Randall Swanson, Individual Tax Forms and Publications Branch				
Response Notes:	With certain exceptions that do not affect this issue, the Form 1040 and 1040A instructions direct taxpayers to the Social Security Benefits Worksheet to figure out how much, if any, of their social security benefits are taxable and how to report the benefits. The worksheet twice instructs taxpayers who are married filing separately and who lived apart from their spouse all year to enter the letter "D" to the right of the word "benefits" on the appropriate line of their tax return. If taxpayers read and follow the current instructions, they will correctly report their social security benefits. Therefore, we do not believe adding to the current instructions is the best way to address the problem.				

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	<p>Notice 703 is included with every social security benefits statement sent to taxpayers. The notice includes a brief worksheet to determine if some of the benefits may be taxable. The notice does not advise taxpayers that the full amount of their benefits must be shown on their tax return regardless of whether any amount is taxable or not. Nor does the notice instruct taxpayers who are married filing separately and living apart from their spouse all year to enter "D" to the right of the word "benefits" on the appropriate line of their tax return. When the worksheet on the notice shows that the benefits are not taxable, some taxpayers may not be reading the Form 1040 or 1040A instructions regarding how to report the benefits. This may be why they are not aware of the requirement to enter the letter "D" to the right of the word "benefits" if they are married filing separately and lived apart from their spouse all year. Therefore, because of the TAP recommendation, we plan to revise Notice 703 to clarify the reporting instructions for taxpayers who are married filing separately and who lived apart from their spouse all year. The 2007 notice has already been sent to print so the revision will be done for 2008.</p>
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TAP A07-4441	Pub 553 Printed or On-line for 2007?		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	11/8/2007	Date Counter Response to IRS:		Date Response(s) Received:	11/8/2007
Issue Statement:	<p>On October 8, 2007, Director of Tax Forms and Pubs, Sue Sottile requested Ad Hoc Committee input on the preference for having an electronic Publication 553, Highlights of Tax Changes for 200X, for tax year 2007. Only a very small number of taxpayers request paper copies, whereas 178,000 taxpayers accessed the electronic version between Jan to Aug 2007. The IRS believes most taxpayers and their representatives go online to get Pub 553 and would like to get it early in the filing season. But, it is the catch-all pub and as such is late if there is late enacted legislation, as has been the case the last two years.</p>				
Goal Statement:	<p>Summarize subcommittees' views on how Pub 553 situation might be improved and respond collectively to a list of questions provided by IRS Program Owner.</p>				
Proposal:	<p>Consolidated Response to Questions from Sue Sottile:</p> <p>Content needs:</p> <ul style="list-style-type: none"> • What are your organization's primary requirements with regards to tax law changes in our tax products? <ul style="list-style-type: none"> o Taxpayers need to know how they will be affected by tax law changes at the beginning of the tax season. • Are you aware that there is a 'What's Hot' on irs.gov that details the tax law changes? <ul style="list-style-type: none"> o The average taxpayer would not know; we TAP members only found out because we are members of TAP. • Would 'What's Hot' be sufficient for your organizational needs? <ul style="list-style-type: none"> o No, since most taxpayers aren't aware of that feature. • Are you interested in receiving 2008 tax change information with the 2007 information? <ul style="list-style-type: none"> o Yes, taxpayers want current and succeeding year changes. • If yes, when do you want to receive the 2008 tax changes? <ul style="list-style-type: none"> o As early as possible, and certainly before January 31st. <p>Paper versus Electronic: Do you need a paper product?</p> <ul style="list-style-type: none"> • What do you see as some of the benefits of a paper Publication 553? <ul style="list-style-type: none"> o Easier to read a paper version than an online version. o Can print out only the parts that affect me • What do you see as some of the negatives of a paper Publication 553? <ul style="list-style-type: none"> o Timeliness, expense to the IRS, effort in obtaining paper copy • Do you use the on-line Publication 553? <ul style="list-style-type: none"> o Taxpayer who uses a tax preparer often relies on the professional to inform them of the pub 553 impact. • What do you see as some of the benefits of an on-line Publication 553? <ul style="list-style-type: none"> o 24x7 availability, timeliness, cost savings to the IRS 				

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	<ul style="list-style-type: none"> • What do you see as some of the negatives of on-line Publication 553? o No negatives, but see additional considerations below <p>Timeliness:</p> <ul style="list-style-type: none"> • How important is the timeliness of the information
Response from:	Sue Sottile, Director of IRS Tax Forms & Publications
Response Notes:	Thanked the Committee for quick response. IRS will not go electronic this year and will offer the paper version.

TAP 507-3534	Address for Tax Payments		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	11/13/2007	Date Counter Response to IRS:		Date Response(s) Received:	1/10/2008
Issue Statement:	Internal Revenue Service (IRS) payments and forms submitted by mail now go to multiple addresses. Due to the continuing IRS reorganization, in many instances these addresses are confusing and counterintuitive to taxpayers.				
Goal Statement:	Provide individual taxpayers who file and who make tax payments by mail with one resource listing the appropriate addresses for submitting those payments and associated tax forms.				
Proposal:	<p>1.Improve IRS website search capability so that keyword search for "payment" provides taxpayers with direct link to payment addresses.</p> <p>2.Provide on the IRS Web page access to payment information via a featured navigation box.</p> <p>3.Make an IRS publication (similar to Pub. 3891, Lockbox Address Directory) with a unified list of all possible mailing addresses for individual returns and payments.</p>				
Response from:					
Response Notes:	<p>1. We do not recommend using a keyword "payment" to provide taxpayers with access to address information for returns mailed with payments. The single word "payment" is too general and would likely invite queries by taxpayers and practitioners for information on a variety of payment issues.</p> <p>2. We have initiated action to request Public Portal Branch include a new link, i.e. "Where-to-file returns, with or without payments" on the IRS.gov home page that will take taxpayers directly to the Where-to-File section of the website. We are making changes to the Where-to-File assembly page to better explain what address information is available and to clarify how best to access that information.</p> <p>3. We do not concur with the recommendation for a new publication for individuals filing returns with payments. The addresses for filing individual forms are available in the booklets or other instructions with the forms. Taxpayers can also obtain filing addresses by calling the IRS toll-free number. That information is available on the IRS.gov website.</p>				

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TAP N07-020	CP 162 Scoring		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	11/15/2007	Date Counter Response to IRS:		Date Response(s) Received:	
Issue Statement:	The Committee was asked to score the readability and usability of IRS Notice CP 162, Untimely Filing Penalty-Partnership, using the Document Assessment Tool (DAT).				
Goal Statement:					
Proposal:	The Notices Committee submitted their scoring of the Notice CP 162.				
Response from:					
Response Notes:					

TAP 307-3910	Delay in TAC Services and Support		Status:	Closed, Proposal Partially Accepted	
Date Elevated to IRS:	12/12/2007	Date Counter Response to IRS:		Date Response(s) Received:	1/31/2008
Issue Statement:	Individual taxpayers have been contacting TAP regarding service and support issues from the Taxpayer Assistance Centers (TAC). Taxpayers are calling the TAP toll-free number and also submitting feedback on the TAP web site on a variety of TAC support issues.				
Goal Statement:	Identify the principal taxpayer issues with the TAC offices and develop a work process to send this information on to TAC management on a frequent basis to enable these customer concerns to be dealt with.				
Proposal:	On a monthly basis, TAP will consolidate all new taxpayer communications (from taxpayer telephone calls to TAP, input on the TAP web site or from TAP outreach) and forward them to TAC management. TAC management will analyze this feedback, work to make systematic changes if appropriate, and send individual taxpayer feedback to the appropriate TAC office for site resolution where appropriate				
Response from:	Michelle R. Jones, Policy Analyst, , Customer Assistance-Relationship & Education , Field Assistance, Operations & Training				
Response Notes:	<p>The IRS thanked the team for providing the issues identified in the Taxpayer Assistance Centers (TACs) by its customers monthly. IRS consolidated the feedback associated with the reported issues in a comprehensive report.</p> <p>Additionally, the report contained information on the upcoming initiatives that addressed many of the TAP reported issues. Three other documents covering the information discussed in the report were also attached:</p> <p>A copy of the Q-matic flyer A copy of the Facilitated Self-Assistance Research Project talking point A copy of the Payment/Forms sign</p> <p>IRS plan to continue to address issues and concerns associated with hours of operations, employee problems, service delays, forms issues, payment concerns or other issues identified in 2008 and is looking forward to working with TAP members during the upcoming tax year.</p>				

TAP T07-3981	TAC -- Customer Experience		Status:	Elevated Directly by Committee	
Date Elevated to IRS:	12/31/2007	Date Counter Response to		Date Response(s)	

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	IRS:	Received:
Issue Statement:	<p>Taxpayer assistance centers (TAC) have faced many challenges over the last year. In the summer of 2005, an announcement was made to close 68 TAC offices nationwide. A congressional mandate stopped the closures, keeping the offices open until a thorough review of the closures could be made. When some TAC employees heard the news of the closures, they became concerned about their future with the TAC organization and took positions elsewhere. Since then, the organization has only hired for critically needed positions to staff small TACs operated by one or two employees. This has affected both TAC employees and TAC customers.</p>	
Goal Statement:	<p>To assess the customer experience from both sides of the counter and make recommendations to the Program Owner about the findings</p>	
Proposal:	<p>The Customer Survey Subcommittee, with the help of program owners, TAP staff and Carol Hatch (TAS Research Analyst), designed and developed a customer survey. They also conducted training for TAP members who administered the survey. With a great deal of help from many additional TAP members; the survey was conducted twice – once during tax season and once after tax season. Each time over 500 responses were collected. The survey was available in English and Spanish. TAP staff have inputted the survey responses into a database.</p>	
Response from:		
Response Notes:		