

2019 Annual Report Recommendations

Total Elevated Issues 51

TAP Issue ID: 35920 Elevated Date: 12/04/2019	Committee Name: Special Projects
Status: TAP Reviewing IRS Response	Outcome: Issue Fully Implemented
Title: IRS Check Endorsement	
Issue Statement	My personal check for 2016 Tax Return Balance Due cleared my bank. When I looked at the image, the endorsement showed the first 4 letters of my last name and my full social security number. In the age of Identity Theft and the precautions taken by government agencies, I would think this would be a practice that should be discontinued. My recommendation would be to find an alternative method for identifying a check remittance. Perhaps a cross-reference number assigned to the 1040-V and used on the remittance check or some other means. Thank you for listening.
Goal Statement	To determine if the IRS may be putting taxpayers at risk of identity theft by possibly exposing their social security numbers (SSNs).
Proposed Solution	Have the IRS determine if their endorsements for tax payments or for any tax related checks are including the taxpayer's SSN. If true then the IRS should look into possible alternatives that would not include the taxpayer's SSN such as a different tracking method.

<p>IRS Initial Response</p>	<p>IRS Response:</p> <p>Thank you for your recommendation regarding the social security number (SSN) appearing on cancelled checks.</p> <p>We use the taxpayer identification number (TIN)/SSN as the taxpayer's IRS account number. The TIN/SSN is also part of the 56-digit audit trail endorsement, printed on the back of each check/remittance, during the Electronic Check Presentment (ECP) process. Various functions/areas within the IRS use this audit trail to resolve payment issues. There are strict controls in place to mitigate the risk of unauthorized access to remittances and the information contained in the audit trail. With the use of ECP, the paper check is destroyed, and the image is shared only with the taxpayers' financial institution.</p> <p>We do offer the taxpayers the option to securely submit payments via IRS Direct Pay on the IRS.gov website. The use of Direct Pay is a free service in which taxpayers receive instant confirmation of their payment.</p> <p>Based on the above information we will not be adopting the recommendation.</p>
<p>IRS Final Response</p>	<p>IRS Response:</p> <p>Thank you for your recommendation regarding the social security number (SSN) appearing on cancelled checks.</p> <p>We use the taxpayer identification number (TIN)/SSN as the taxpayer's IRS account number. The TIN/SSN is also part of the 56-digit audit trail endorsement, printed on the back of each check/remittance, during the Electronic Check Presentment (ECP) process. Various functions/areas within the IRS use this audit trail to resolve payment issues. There are strict controls in place to mitigate the risk of unauthorized access to remittances and the information contained in the audit trail. With the use of ECP, the paper check is destroyed, and the image is shared only with the taxpayers' financial institution.</p> <p>We do offer the taxpayers the option to securely submit payments via IRS Direct Pay on the IRS.gov website. The use of Direct Pay is a free service in which taxpayers receive instant confirmation of their payment.</p> <p>Based on the above information we will not be adopting the recommendation.</p>

TAP Issue ID: 35966 Elevated Date: 07/09/2019	Committee Name: Special Projects
Status: TAP Reviewing IRS Response	Outcome:
Title: Deficient options for accessing account online	
Issue Statement	I noticed that the ONLY way to obtain account information online is to have a mobile phone for authentication - this is NOT acceptable! Possession of a mobile phone should not be a prerequisite, and there are other, more secure ways of verifying identify. My goal to verify receipt of my 2017 estimated tax payment was finally obtained via the well-hidden phone number and guessing the correct option.
Goal Statement	To identify alternate methods of authenticating a taxpayer.
Proposed Solution	To amend the requirements to include "or land line" in addition to option #4 – "a mobile phone with your name on the account." (irs.gov/individuals/get-transcript) Request Online, What You Need
IRS Initial Response	IRS RESPONSE: In June 2016, the IRS moved all online taxpayer information to an enhanced security system to provide increased protection to sensitive personal information. The self-service system, known as Secure Access, includes a rigorous identity verification process that helps protect taxpayer data and IRS systems from identity thieves and cyberattacks. Secure Access includes multiple authentication requirements designed to meet federal authentication guidelines and to ensure the identity of the individuals using our online services.
IRS Final Response	IRS RESPONSE: In June 2016, the IRS moved all online taxpayer information to an enhanced security system to provide increased protection to sensitive personal information. The self-service system, known as Secure Access, includes a rigorous identity verification process that helps protect taxpayer data and IRS systems from identity thieves and cyberattacks. Secure Access includes multiple authentication requirements designed to meet federal authentication guidelines and to ensure the identity of the individuals using our online services.

TAP Issue ID: 36545 Elevated Date: 09/27/2019	Committee Name: Tax Forms and Pubs
Status: Closed	Outcome: Issue Partially Implemented
Title: Form 8941- Health Care Credit for businesses	

Issue or Project Statement	<p>Project Statement: Determine Form 8941, Credit for Small Employer Health Insurance Premiums, clearly communicates appropriate guidance to the public.</p>
Project Goal Statement	<p>Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.</p>
	<p>ID 1666 you may be entitled to a credit. Proceed ahead with preparation of this form. In Line C, after the answer "Yes," the Taxpayer is told to stop since they are not entitled to the credit. After the answer "no," there is no further explanation. A taxpayer who answers no may think that means no credit is allowed while the contrary is the case. As a result, guidance should be added to alert the taxpayers that they still may get the credit and need to continue to fill out the form.</p> <p>Form 8941 Instructions, page 1, left-hand column, Reminder section</p> <p>ID 1667 Employers in Hawaii can't claim this credit for insurance premiums paid for health plan years beginning after 2016. For more information, see Waiver for Hawaii in the instructions for line A. Employers in Hawaii can't claim this credit for insurance premiums paid for health plan years beginning after 2016. For more information, see Waiver for Hawaii in the instructions for line A.</p> <p>TIP. If you do not qualify for the credit, most employers can claim a deduction for employee premium payments, which can also help to defray the costs of providing health insurance for employees. Many small taxpayers will discover the credit is not available for them. It would be helpful to let them know the tax laws still offer assistance in bearing the cost of providing health insurance by allowing a tax deduction. Form 8941 Instructions, page 1, right-hand column, under Eligible Small Employers</p> <p>ID 1668 2. You had fewer than 25 full-time equivalent employees (FTEs) for the tax year. You may be able to meet this requirement even if you had 25 or more employees. For details, see Worksheets 1 and 2. 2. You had fewer than 25 full-time equivalent employees (FTEs) for the tax year. You may be able to meet this requirement even if you had 25 or more employees. For example, an employer with 48 employees that are each half-time employees has 24 FTEs and can claim the credit. For details, see Worksheets 1 and 2. The example will help illustrate how the general statement may apply to some taxpayers. Form 8941 Instructions, page 1, right-hand column, under Eligible Small Employers</p> <p>ID 1669 TIP. Although the term "eligible small employer" is defined in the Internal Revenue Code to include employers with "no more</p>

in the Internal Revenue Code to include employers with no more than 25 FTEs, the phaseout of the credit amount operates in such a way that an employer with exactly 25 FTEs is not, in fact, eligible for the credit. TIP CAUTION. Although the term "eligible small employer" is defined in the Internal Revenue Code to include employers with "no more than" 25 FTEs, the phaseout of the credit amount operates in such a way that an employer with exactly 25 FTEs is not, in fact, eligible for the credit. A TIP indicates a point to help the taxpayer get a greater tax benefit. This TIP advises the taxpayer that with exactly 25 FTEs, the taxpayer gets no credit. Thus, a CAUTION is a better indicator for the point being made. Form 8941 instructions, page 1, column 2, the first full paragraph

ID 1670 For all other eligible small employers, the maximum credit is 50% of premiums paid, can be taken against both regular and alternative minimum tax, and is claimed as part of the general business credit on Form 3800. For all other eligible small employers, the maximum credit is 50% of premiums paid and can be taken against both the regular and alternative minimum tax. The credit is claimed as part of the general business credit on Form 3800. The sentence as written is not grammatically correct, is too long, and is difficult to understand. Deleting the two commas and breaking it into two sentences makes it easier to read. Form 8941 Instructions, page 1, column 2, under TIP

ID 1671 TIP. Partnerships, S corporations, cooperatives, estates, trusts, and tax-exempt eligible small employers must file this form to claim the credit. TIP. Partnerships, C corporations, sole-proprietorships, cooperatives, estates, trusts, and tax-exempt eligible small employers must file this form to claim the credit. The TIP excludes C corporations and sole proprietorships who must also file the form in order to take the credit. The omission of these two types of taxable entities could cause confusion for the taxpayer Form 8941 Instructions, page 3, last paragraph

ID 1672 Wellness program. If a plan of an employer provides a wellness program, for purposes of meeting the uniform percentage requirement any additional amount of the employer contribution attributable to an employee's participation in the wellness program over the employer contribution with respect to an employee that doesn't participate in the wellness program isn't taken into account in calculating the uniform percentage requirement, whether the difference is due to a discount for participation or a surcharge for nonparticipation. The employer Wellness program. If a plan of an employer provides a wellness program, for purposes of meeting the uniform percentage requirement, the following applies. Any additional amount of the employer contribution attributable to an employee's participation in the wellness program over the employer contribution with respect to an employee that doesn't participate in the wellness program isn't considered in calculating the uniform percentage requirement. This is true whether the difference is due to a discount for participation or a surcharge for nonparticipation. The employer The existing first sentence is too long and difficult to understand. By breaking it into three separate sentences, it is easier to read and understand Form 8941 Instructions, page 4, column 2, the TIP under Specific Instructions

ID 1673 TIP. Partnerships, S corporations, cooperatives, estates, trusts, and tax-exempt eligible small employers must file this form

Proposed Solution or Task	<p>to claim the credit..... TIP. Partnerships, S corporations, C corporations, sole-proprietorships, cooperatives, estates, trusts, and tax-exempt eligible small employers must file this form to claim the credit..... This is the exact same sentence as on page 1, column 2, under TIP. The TIP excludes C corporations and sole proprietorships who must also file the form in order to take the credit. The omission of these two types of taxable entities could cause confusion for the taxpayer</p>
	<p>ID 1666 No. No, you may be entitled to a credit. Proceed ahead with preparation of this form. In Line C, after the answer “Yes,” the Taxpayer is told to stop since they are not entitled to the credit. After the answer “no,” there is no further explanation. A taxpayer who answers no may think that means no credit is allowed while the contrary is the case. As a result, guidance should be added to alert the taxpayers that they still may get the credit and need to continue to fill out the form. Adopt with changes to be consistent with TFP style. No. Go to line 1. See instructions.</p> <p>ID 1667 Employers in Hawaii can’t claim this credit for insurance premiums paid for health plan years beginning after 2016. For more information, see Waiver for Hawaii in the instructions for line A. Employers in Hawaii can’t claim this credit for insurance premiums paid for health plan years beginning after 2016. For more information, see Waiver for Hawaii in the instructions for line A.</p> <p>TIP. If you do not qualify for the credit, most employers can claim a deduction for employee premium payments, which can also help to defray the costs of providing health insurance for employees. Many small taxpayers will discover the credit is not available for them. It would be helpful to let them know the tax laws still offer assistance in bearing the cost of providing health insurance by allowing a tax deduction.</p> <p>Non-Adopt - Out of scope and not applicable. Hawaii has a long-standing state law, referred to as the Prepaid Health Care Act, which requires virtually all employers to offer coverage to their employees and provides small employers premium assistance. Because of that, Hawaii has received a 5-year waiver for SHOP requirement.</p> <p>ID 1668 2. You had fewer than 25 full-time equivalent employees (FTEs) for the tax year. You may be able to meet this requirement even if you had 25 or more employees. For details, see Worksheets 1 and 2. 2. You had fewer than 25 full-time equivalent employees (FTEs) for the tax year. You may be able to meet this requirement even if you had 25 or more employees. For example, an employer with 48 employees that are each half-time employees has 24 FTEs and can claim the credit. For details, see Worksheets 1 and 2. The example will help illustrate how the general statement may apply to some taxpayers. Adopt.</p> <p>ID 1669 TIP. Although the term “eligible small employer” is defined in the Internal Revenue Code to include employers with “no more than” 25 FTEs, the phaseout of the credit amount operates in such a way that an employer with exactly 25 FTEs is not, in fact, eligible for the credit. TIP CAUTION. Although the term “eligible small employer” is defined in the Internal Revenue Code to include employers with “no more than” 25 FTEs, the phaseout of the credit amount operates in such a way that an employer with exactly 25</p>

FTEs is not, in fact, eligible for the credit. A TIP indicates a point to help the taxpayer get a greater tax benefit. This TIP advises the taxpayer that with exactly 25 FTEs, the taxpayer gets no credit. Thus, a CAUTION is a better indicator for the point being made.

Adopt.

ID 1670 For all other eligible small employers, the maximum credit is 50% of premiums paid, can be taken against both regular and alternative minimum tax, and is claimed as part of the general business credit on Form 3800. For all other eligible small employers, the maximum credit is 50% of premiums paid and can be taken against both the regular and alternative minimum tax. The credit is claimed as part of the general business credit on Form 3800. The sentence as written is not grammatically correct, is too long, and is difficult to understand. Deleting the two commas and breaking it into two sentences makes it easier to read.

Adopt.

ID 1671 TIP. Partnerships, S corporations, cooperatives, estates, trusts, and tax-exempt eligible small employers must file this form to claim the credit. TIP. Partnerships, S corporations, C corporations, sole-proprietorships, cooperatives, estates, trusts, and tax-exempt eligible small employers must file this form to claim the credit. The TIP excludes C corporations and sole proprietorships who must also file the form in order to take the credit. The omission of these two types of taxable entities could cause confusion for the taxpayer Non-

Adopt - C corporations and sole proprietors are not pass-through entities and thus can go directly to Form 3800 if their only credit is from a pass-through entity. They should not be listed here.

ID 1672 Wellness program. If a plan of an employer provides a wellness program, for purposes of meeting the uniform percentage requirement any additional amount of the employer contribution attributable to an employee's participation in the wellness program over the employer contribution with respect to an employee that doesn't participate in the wellness program isn't taken into account in calculating the uniform percentage requirement, whether the difference is due to a discount for participation or a surcharge for nonparticipation. The employer Wellness program. If a plan of an employer provides a wellness program, for purposes of meeting the uniform percentage requirement, the following applies. Any additional amount of the employer contribution attributable to an employee's participation in the wellness program over the employer contribution with respect to an employee that doesn't participate in the wellness program isn't considered in calculating the uniform percentage requirement. This is true whether the difference is due to a discount for participation or a surcharge for nonparticipation. The employer The existing first sentence is too long and difficult to understand. By breaking it into three separate sentences, it is easier to read and understand Adopt

ID 1673 TIP. Partnerships, S corporations, cooperatives, estates, trusts, and tax-exempt eligible small employers must file this form to claim the credit. TIP. Partnerships, S corporations, C corporations, sole-proprietorships, cooperatives, estates, trusts, and tax-exempt eligible small employers must file this form to claim the credit This is the exact same sentence as on page 1

IRS Initial Response	<p>the credit. This is the exact same sentence as on page 11, column 2, under TIP. The TIP excludes C corporations and sole proprietorships who must also file the form in order to take the credit. The omission of these two types of taxable entities could cause confusion for the taxpayer</p> <p>Non-Adopt - C corporations and sole proprietors are not pass-through entities and thus can go directly to Form 3800 if their only credit is from a pass-through entity. They should not be listed here.</p>
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TAP Issue ID: 36654 Elevated Date: 09/27/2019	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: 1040SR - Let Seniors Use the Short Tax Form	

Issue or Project Statement	Project Statement: Determine if the Form 1040-SR: U.S. Tax Return for Seniors clearly communicates appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.
	<p>ID 1633 Income Section, lines 1-6 Add a line for "Additional Income" and a reference to Schedule 1 Insofar as the taxpayer can itemize deductions, there may later arise, through the tax benefit rule, the need to add income back (such as in the case of a later recovered loss deducted the prior year). There should be a reference in this section to Schedule 1 for additional income, as there is at line 9 for Itemized Deductions. Further, under 10 different circumstances, the taxpayer may not use Schedule 1 and must refer to the 12 pages of calculation instructions in Publication 525 to identify and report additional income.</p> <p>ID 1634 It is our understanding that the IRS intends to incorporate the Instructions to Form 1040 as the Instructions to Form 1040-SR. We suggest the Form 1040-SR include cross references for relevant form lines to their corresponding Form 1040 Instruction lines The Instructions for Form 1040 refer to line numbers in the Form 1040, both prospectively and retrospectively. The line numbers in Form 1040-SR do not match the Form 1040 Instructions.</p> <p>ID 1635 Utility of this form, apart from its enhanced font size, over Form 1040 is unclear. The Form 1040-SR implies the inclusion, or at least review, of 11 schedules and other forms, including Schedule A (Itemized Deductions), Schedule EIC (Earned Income Credit), Schedule 1 (Additional Income and Adjustment to Income), Schedule 2 (Tax), Schedule 3 (Nonrefundable Credits), Schedule 4 (Other Taxes), Schedule 5 (Other Payments and Refundable Credits), Form 4972 (Tax on Lump Sum Distributions), Schedule 8812 (Additional Child Tax Credit), Form 8814 (Parent's Election to Report Child's Interest and Dividends) , and Form 8863 (Education Credits). Because many taxpayers filing this form may have income comprised mostly of passive investment income, they may also need Form 6251 (AMT) and Form 8962 (Premium Tax Credit). As well, we anticipate that many taxpayers using the Form 1040-SR will need Form D (Capital Gains and Losses) and Form 8949 (Sales and Other Dispositions of Capital Assets). There is, therefore, a good possibility the taxpayers will need 15 additional Forms and Schedules attached to Form 1040-SR.</p> <p>ID 1636</p>

ID 1637

These two forms are identical except for the font size and the standard deduction information. On the 1040, the standard deduction information is in a balloon in the left-hand margin; and on the 1040-SR, it is in a box at the bottom of page 1. Rename the draft Form 1040-SR to Form 1040 and eliminate the current draft Form 1040. There is no reason to have two identical forms. One of the complaints taxpayers continue to make is the font size is too small and the form is difficult to read. The draft 1040-SR solves this problem. In addition, the draft Form 1040 is no longer a one-half page form so there is no reason to keep it.

ID 1637

All three of these schedules use a type font that is smaller than used on the Form 1040-SR. Increase the font size on all three of these forms so it matches the font size on the Form 1040-SR.

One of the complaints taxpayers continue to make is the font size is too small and the form is difficult to read. The font size used on the Form 1040-SR is much easier to read. All three forms take up less than a page and there should be plenty of room to increase the font size, especially since they will be commonly used forms.

Form 1040-SR, Third Party Designee section and Paid Preparer Use Only section

ID 6 Third Party Designee
(Other than paid preparer)

Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions.

? Yes. Complete below

? No

Paid Preparer Use Only

Check if:

? 3rd Party Designee

Third Party Designee
(Other than paid preparer)

Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions.

? Yes. Complete below

? No

? No

? Yes

? Paid preparer

-or-

? Other third party. Complete below

Paid Preparer Use Only

Check if:

? 3rd Party Designee

The addition of the "third party designee" section while leaving the checkbox on the "Paid preparer Use Only" section is confusing. The taxpayer has three choices: allow the paid preparer to be a third-party designee; selecting a person other than the paid preparer to be a third-party designee; or not having a third-party designee at all. Providing for all three alternatives and moving them all to the same section of the form will make it much easier for

Proposed Solution or Task	the taxpayer to understand their three alternatives and to indicate their choice.
IRS Initial Response	<p>ID 1633 Unsure what is requested. Line 7a is "Other income from Schedule 1, line 9."</p> <p>ID 1634 Form 1040 and 1040-SR line numbers are the same. Form 1040-SR</p> <p>ID 1635 Unclear what is requested. Non adopt. Form 1040-SR is legislatively mandated (P.L. 115-123, Div. D, Title II, sec. 41106). Because of last year's Form 1040 redesign, both forms are similar.</p> <p>ID 1636 NOTE: Also included in project #40751: 2019 F1040 Non adopt. Form 1040-SR is legislatively mandated (P.L. 115-123, Div. D, Title II, sec. 41106). Because of last year's Form 1040 redesign, both forms are similar</p> <p>ID 1637 NOTE: Also included in project #40751: 2019 F1040 Non adopt. We are unable to make this change for 2019. Form 1040-SR, Third Party Designee section and Paid Preparer Use Only section</p> <p>ID 6 NOTE: Also included in project #40751: 2019 F1040 Non adopt. We will clarify the use of the check boxes in the instructions and consider for the next revision.</p>

TAP Issue ID: 36969 Elevated Date: 06/04/2019	Committee Name: Special Projects
Status: TAP Reviewing IRS Response	Outcome:
Title: Complicated for US citizen living abroad	
Issue Statement	Taxpayers may not have easy internet access nor the ability to file returns electronically. While international taxpayers may be disproportionately affected, it is also a potential concern for all taxpayers. For this reason, it is important that the 1040 instruction manual be corrected to more clearly identify where this information is in the booklet.
Goal Statement	To clarify with greater specificity where in the 1040 instruction manual information about where to mail in returns, and how and where to claim health/dental insurance out of pocket premiums is located.
Proposed Solution	<ol style="list-style-type: none"> 1. This heading is not included in the instructions. 2. Processing software does not currently allow a TOC reference to the back cover. If a work around is possible we will add a TOC entry for the mailing addresses. 3. These topics are already discussed. 4. We generally do not reference page numbers. 5. We have not added this heading to the instructions. 6. We will add an index item for "Where Do You File" the heading on the back cover. 7. The TBOR is on its own page for emphasis and this page has no logical connection to the mailing addresses. 8. These topics are covered in detail in the Instructions for Schedule A. 9. These are not new items to be included in "What's New." Additionally, they are covered in detail in the instructions and publication you cite. 10. See above.
IRS Initial Response	IRS Adopted 1 out 10 recommendations <ol style="list-style-type: none"> 1. Non adopt. This heading is not included in the instructions. 2. Non adopt. Processing software does not currently allow a TOC reference to the back cover. If a work around is possible we will add a TOC entry for the mailing addresses. 3. Non adopt. These topics are already discussed. 4. Non adopt. We generally do not reference page numbers. 5. Non adopt. We have not added this heading to the instructions. 6. Adopt. We will add an index item for "Where Do You File" the heading on the back cover. 7. Non adopt. The TBOR is on its own page for emphasis and this page has no logical connection to the mailing addresses. 8. Non adopt. These topics are covered in detail in the Instructions for Schedule A. 9. Non adopt. These are not new items to be included in "What's New." Additionally, they are covered in detail in the instructions and publication you cite. 10. Non adopt. See above.

TAP Issue ID: 37026 Elevated Date: 09/27/2019	Committee Name: Special Projects
Status: Monitoring IRS Action	Outcome: Dropped by Committee
Title: PREVENTION OF IDENTITY THEFT RELATING TO REFUNDS	
Issue Statement	Taxpayer suggests that taxpayers have the option of submitting a paper form indicating that they do not want any future refunds submitted electronically, that paper checks be issued. Taxpayer is concerned about this after Equifax breach. Taxpayer does not have e-mail.
Goal Statement	The goal of this project is to make it easier to not opt to have your refund direct deposited; instead, to have a paper check mailed.
Proposed Solution	Relocate statement to the beginning of this section to make it easier to find what to do in cases when taxpayer doesn't want refund direct deposited.
IRS Initial Response	IRS policy is to encourage direct deposit, as the quickest and safest method to receive a refund. It is not difficult to locate the instructions for requesting a paper check.
IRS Final Response	IRS policy is to encourage direct deposit, as the quickest and safest method to receive a refund. It is not difficult to locate the instructions for requesting a paper check.

<p>TAP Issue ID: 37336 Elevated Date: 11/20/2019</p>	<p>Committee Name: Tax Forms and Pubs</p>
<p>Status: Closed</p>	<p>Outcome: Issue Partially Implemented</p>
<p>Title: F2555 and Inst</p>	
<p>Issue or Project Statement</p>	<p>Project Statement: Determine Form 2555: Foreign Earned Income and Instructions clearly communicates appropriate guidance to public.</p>
<p>Project Goal Statement</p>	<p>Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience</p>
	<p>ID 1617 Form 2555 Instructions, page 1, column 2 Tax Home test. Insert after first paragraph</p> <p>Recommended Text Note: If you did not live 330 full days in a foreign country during a 12-month period, you are not entitled to claim the Foreign Earned Income exclusion. The 330 qualifying days do not have to be consecutive.</p> <p>Comments/Justification The clarification is made to inform taxpayers that they must live 330 or more days outside the U.S. during a 12-month period to receive the exemption.</p> <p>ID 1618 Form 2555 Instructions, page 1, column 1, General Information</p> <p>insert new text Report foreign income in U.S. dollars. The Internal Revenue Service has no official exchange rate. Generally, it accepts any posted exchange rate that is used consistently. You can view the IRS yearly average currency exchange rates at: https://www.irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates and you may find more information on foreign exchange rates at: https://www.irs.gov/individuals/international-taxpayers/foreign-currency-and-currency-exchange-rates</p> <p>Comments/Justification To provide information to taxpayers who do not know that the IRS has this information on their website. This information is important when completing Form 2555.</p> <p>ID 1619 Form 2555 Instructions, page 2, column 3, Specific Instructions, Part II</p> <p>Add new - Above Part II</p> <p>Comments/Justification NOTE: You must complete Part II or Part III below, not both. Completing both parts may result in your exclusion being denied. To assist paper filers in completing this form correctly as some</p>

To assist paper filers in completing the form correctly, as some taxpayers do not know that you can only claim the exclusion under one of the two methods. Provide guidance to allow them to complete the form correctly.

ID 1620

Form 2555 Instructions, page 5, column 3, Part VIII

Add after instructions for Line 44: Line 45. Enter the amount from line 45 in parentheses on Schedule 1 (Form 1040), line 21, Other Income, and next to the amount enter "Form 2555." On Schedule 1 (Form 1040), subtract this amount from your additional income to arrive at the amount reported on Schedule 1 (Form 1040), line 22.

Comments/Justification

Although this information is included on Form 2555, there are no instructions for line 45 under the instructions for Part VIII. Adding the instructions for line 45 will add additional clarification of how to report the amount on Schedule 1 (Form 1040)

ID 1621

Form 1040 instructions for Schedule 1, line 21 on pages 87 through 90.

Add as an additional paragraph at the end of the instructions for line 21 on page 90, column 1: Foreign Earned Income Exclusion and Housing Exclusion. Include on line 21 the Foreign Income Exclusion and Housing Exclusion calculated on Form 2555, Foreign Earned Income, Part VIII, Line 45. Enter the amount in parenthesis and next to the amount enter "Form 2555." This amount should be deducted from the total of Additional Income reported on lines 1 through 21 of Schedule 1 (Form 1040) in arriving at the amount to enter on line 22. The instructions for Schedule 1 (Form 1040), line 21, includes several items that should be reported on line 21, but makes no mention of the Foreign Income Exclusion and Housing Exclusion.

Comments/Justification

Adding this paragraph, similar to the paragraphs for the Net Operating Loss Deduction, Medicaid Waiver Payments to Care Providers, and Olympic and Paralympic Medal and USOC Prize Money, will add additional clarification of how to report the amount on Schedule 1 (Form 1040).

ID 1622

Schedule 1, (Form 1040), line 36 and new line 37 Note: Adoption of this requires the adoption of the following three conforming changes

Change Schedule 1 (Form 1040) as follows: Change line 36 to line 37 and insert a new line 36 with a description "Other Adjustments. List type and amount ?" followed by a blank space, similar to that on line 21, to list the types and amounts. Schedule 1 (Form 1040), line 36, tells the taxpayer to enter several items (a total of 11, not including the Foreign Housing Deduction) if applicable. It does not include the Foreign Housing Deduction, which is an item to be included. Line 36 is not designed to enter additional items and is confusing. By adding an additional line similar to line 21 on the form, it makes the form less confusing.

Making this change will also require conforming changes to the instructions for Form 2555 and Schedule 1 (Form 1040), which will also make the forms and instructions less confusing.

<p>Proposed Solution or Task</p>	<p>Conforming changes to Form 2555 Instructions, page 6, Part IX</p> <p>Include on line 36 any of the following write-in adjustments. To find out if you can take the deduction, see the form or publication indicated. On the dotted line next to line 36, enter the amount of your deduction and identify it as follows: Add the following after the instruction for Line 49: Line 50. Enter the amount from line 50 on Schedule 1 (Form 1040), line 36. Next to the amount, enter "Form 2555."</p> <p>Conforming changes to Schedule 1 (Form 1040) Instructions, for line 36 on page 96, column 3.</p> <p>Include on line 36 any of the following write-in adjustments. To find out if you can take the deduction, see the form or publication indicated. Enter the amount and next to it identify it as indicated below</p> <p>Conforming changes for Form 1040 instructions for Schedule 1, line 36 on pages 96 and 97. Add as an additional paragraph at the end of the instructions for line 36 on page 97, column 3</p> <p>Add as an additional paragraph at the end of the instructions for line 36 on page 97, column 3</p> <ul style="list-style-type: none"> • Foreign Housing Deduction from Form 2555, Foreign Earned Income, Part IX, Line 50. Report the amount determined on Form 2555, Part XI, Line 50, and identify as "Form 2555."
	<p>ID 1617 Form 2555 Instructions, page 1, column 2</p> <p>Adopted, except for not capitalizing "foreign earned income exclusion." See Page 1 of the draft 2019 Instructions for Form 2555 circulated on 8/12/19 (click link below). http://linprod3.publish.no.irs.gov/tfpcirc/circ/2019/circ_20i2555_20190812163340.pdf</p> <p>ID 1618 Form 2555 Instructions, page 1, column 1, General Information</p> <p>Not adopted. As noted in the heading for Part IV of Form 2555, taxpayers are required to use the exchange rate in effect when they actually or constructively receive the income. If there is more than one exchange rate, taxpayers are to use the one that most properly reflects their income. They can generally get exchange rates from banks and U.S. Embassies. Rates on the IRS website are annual average rates and should not be used to convert income received or expenses incurred in foreign currency to US dollars. The conversion rate is the one used on the day payments are received or expenses incurred, and not on an annual basis.</p> <p>ID 1619 Form 2555 Instructions, page 2, column 3, Specific Instructions, Part II</p> <p>Adopted, except for some minor changes to the wording, and dropping the last sentence, which may not be correct. See bottom right corner of Page 2 of the draft 2019 Instructions for Form 2555 circulated on 8/12/19 (click link in ID 1617 response above).</p> <p>ID1620 Form 2555 Instructions, page 5, column 3, Part VIII</p>

Adopted, except for replacing the word "subtract" with "combine," which is standard Tax Forms and Publications Division language for this situation. Also, line references to Schedule 1 (Form 1040 or 1040-SR) were updated to correspond to the 2019 form. See Page 5 of the draft 2019 Instructions for Form 2555 circulated on 8/12/19 (click link in ID 1617 response above).

ID 1621

Form 1040 instructions for Schedule 1, line 21 on pages 87 through 90.

Non adopt. The Form 2555 instructions clearly tell taxpayers where to enter the information on Schedule 1. We generally try to avoid repeating information given in other instructions. Generally, the other items listed are not carried over from other forms that clearly direct the taxpayer where to enter the information. We follow this general rule to prevent the 1040 instructions from becoming overwhelming large and unusable.

ID 1622

Schedule 1, (Form 1040), line 36 and new line 37 Note: Adoption of this requires the adoption of the following three conforming changes Non adopt. For 2019 we cannot add a line to Schedule 1. We will consider for the following year.

The 3 following conforming changes likewise are not adopted.

ID 1618

Form 2555 Instructions, page 1, column 1, General Information

NONE – insert new text

Report foreign income in U.S. dollars. The Internal Revenue Service has no official exchange rate. Generally, it accepts any posted exchange rate that is used consistently. You can view the IRS yearly average currency exchange rates at: <https://www.irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates> and you may find more information on foreign exchange rates at: <https://www.irs.gov/individuals/international-taxpayers/foreign-currency-and-currency-exchange-rates> To provide information to taxpayers who do not know that the IRS has this information on their website. This information is important when completing Form 2555.

ID 1619

Form 2555 Instructions, page 2, column 3, Specific Instructions, Part II

Add new - Above Part II

NOTE: You must complete Part II or Part III below, not both. Completing both parts may result in your exclusion being denied. To assist paper filers in completing this form correctly as some taxpayers do not know that you can only claim the exclusion under one of the two methods. Provide guidance to allow them to complete the form correctly.

ID1620
Form 2555 Instructions, page 5, column 3, Part VIII

Add after instructions for Line 44: Line 45. Enter the amount from line 45 in parentheses on Schedule 1 (Form 1040), line 21, Other Income, and next to the amount enter "Form 2555." On Schedule 1 (Form 1040), subtract this amount from your additional income to arrive at the amount reported on Schedule 1 (Form 1040), line 22. Although this information is included on Form 2555, there are no instructions for line 45 under the instructions for Part VIII. Adding the instructions for line 45 will add additional clarification of how to report the amount on Schedule 1 (Form 1040)

ID 1621
Form 1040 instructions for Schedule 1, line 21 on pages 87 through 90.

Add as an additional paragraph at the end of the instructions for line 21 on page 90, column 1: Foreign Earned Income Exclusion and Housing Exclusion. Include on line 21 the Foreign Income Exclusion and Housing Exclusion calculated on Form 2555, Foreign Earned Income, Part VIII, Line 45. Enter the amount in parenthesis and next to the amount enter "Form 2555." This amount should be deducted from the total of Additional Income reported on lines 1 through 21 of Schedule 1 (Form 1040) in arriving at the amount to enter on line 22. The instructions for Schedule 1 (Form 1040), line 21, includes several items that should be reported on line 21, but makes no mention of the Foreign Income Exclusion and Housing Exclusion. Adding this paragraph, similar to the paragraphs for the Net Operating Loss Deduction, Medicaid Waiver Payments to Care Providers, and Olympic and Paralympic Medal and USOC Prize Money, will add additional clarification of how to report the amount on Schedule 1 (Form 1040).

ID 1622

Schedule 1, (Form 1040), line 36 and new line 37 Note: Adoption of this requires the adoption of the following three conforming changes Change Schedule 1 (Form 1040) as follows: Change line 36 to line 37 and insert a new line 36 with a description "Other Adjustments. List type and amount ?" followed by a blank space, similar to that on line 21, to list the types and amounts. Schedule 1 (Form 1040), line 36, tells the taxpayer to enter several items (a total of 11, not including the Foreign Housing Deduction) if applicable. It does not include the Foreign Housing Deduction, which is an item to be included. Line 36 is not designed to enter additional items and is confusing. By adding an additional line similar to line 21 on the form, it makes the form less confusing. Making this change will also require conforming changes to the instructions for Form 2555 and Schedule 1 (Form 1040), which will also make the forms and instructions less confusing.

Conforming changes to Form 2555 Instructions, page 6, Part IX

Include on line 36 any of the following write-in adjustments. To find out if you can take the deduction, see the form or publication indicated. On the dotted line next to line 36, enter the amount of your deduction and identify it as follows: Add the following after the instruction for Line 49: Line 50. Enter the amount from line 50 on Schedule 1 (Form 1040), line 36. Next to the amount, enter "Form 2555."

Conforming changes to Schedule 1 (Form 1040) Instructions, for line 36 on page 96, column 3.

Include on line 36 any of the following write-in adjustments. To find out if you can take the deduction, see the form or publication indicated. Enter the amount and next to it identify it as indicated below

Conforming changes for Form 1040 instructions for Schedule 1, line 36 on pages 96 and 97. Add as an additional paragraph at the end of the instructions for line 36 on page 97, column 3 Add as an additional paragraph at the end of the instructions for line 36 on page 97, column 3 • Foreign Housing Deduction from Form 2555, Foreign Earned Income, Part IX, Line 50. Report the amount determined on Form 2555, Part XI, Line 50, and identify as "Form 2555."

ID 1617

Form 2555 Instructions, page 1, column 2

Adopted, except for not capitalizing "foreign earned income exclusion." See Page 1 of the draft 2019 Instructions for Form 2555 circulated on 8/12/19 (click link below). http://linprod3.publish.no.irs.gov/tfpcirc/circ/2019/circ_20i2555_20190812163340.pdf

ID 1618

Form 2555 Instructions, page 1, column 1, General Information

Not adopted. As noted in the heading for Part IV of Form 2555, taxpayers are required to use the exchange rate in effect when they actually or constructively receive the income. If there is more than one exchange rate, taxpayers are to use the one that most properly reflects their income. They can generally get exchange rates from banks and U.S. Embassies. Rates on the IRS website are annual average rates and should not be used to convert income received or expenses incurred in foreign currency to US dollars. The conversion rate is the one used on the day payments are received or expenses incurred, and not on an annual basis.

ID 1619

Form 2555 Instructions, page 2, column 3, Specific Instructions, Part II

Adopted, except for some minor changes to the wording, and dropping the last sentence, which may not be correct. See bottom right corner of Page 2 of the draft 2019 Instructions for Form 2555 circulated on 8/12/19 (click link in ID 1617 response above).

ID1620

Form 2555 Instructions, page 5, column 3, Part VIII

Adopted, except for replacing the word "subtract" with "combine," which is standard Tax Forms and Publications Division language for this situation. Also, line references to Schedule 1 (Form 1040 or 1040-SR) were updated to correspond to the 2019 form. See Page 5 of the draft 2019 Instructions for Form 2555 circulated on 8/12/19 (click link in ID 1617 response above).

ID 1621

Form 1040 instructions for Schedule 1, line 21 on pages 87 through 90.

Non adopt. The Form 2555 instructions clearly tell taxpayers where to enter the information on Schedule 1. We generally try to avoid repeating information given in other instructions. Generally, the other items listed are not carried over from other forms that clearly direct the taxpayer where to enter the information. We follow this general rule to prevent the 1040 instructions from becoming overwhelming large and unusable.

ID 1622

Schedule 1, (Form 1040), line 36 and new line 37 Note: Adoption of this requires the adoption of the following three conforming changes Non adopt. For 2019 we cannot add a line to Schedule 1. We will consider for the following year.

IRS Final Response

The 3 following conforming changes likewise are not adopted.

TAP Issue ID: 38434 Elevated Date: 02/07/2019	Committee Name: Notice & Correspondence
Status: Monitoring IRS Action	Outcome:
Title: CP 11 Math Error Notice Content Review	
Issue or Project Statement	A review of math error notices for content and clarity is essential to ensure that taxpayers understand the message(s) that each notice is intended to convey in terms of the specific IRS change(s) to a tax return to decide if they agree, and if not, what actions must be taken within a limited timeframe to contest the IRS' assessment.
Project Goal Statement	<p>IRS uses its math error notices authority to prevent a refund of an improperly claimed credit or deduction, however notices need to be refined to allow taxpayers to understand their obligations and options. Current Math Error Notices do not make clear what changes are being made to the return or what rights the taxpayer has regarding a dispute with the change.</p> <p>Math Error Notices in current form impact six of the Taxpayer Bill of Rights: the right to quality service, the right to pay no more than the correct amount of tax, the right to challenge the IRS's position and be heard, the right to appeal an IRS decision in an independent forum, the right to privacy and the right to a fair and just tax system.</p>
	<p>ID #: 1549 Page 1,</p> <p>"Amount Due" "There was a miscalculation on your 20XX Form 1040" ... Eliminates "we vs. them"</p> <p>ID #: 1550 Page 1,</p> <p>"What you need to do immediately "if you disagree with the changes we made" ...then "If you agree with the changes we made"</p> <p>Rearranging the content reduces the impression that it would be faster and easier to just agree with the changes made.</p> <p>ID #: 1551 Page 1 & 2,</p> <p>"What you need to do immediately continued "If you agree with the changes we made" ...then "If you disagree with the changes we made."</p> <p>Emphasis in agree or disagree with the changes makes clear the taxpayer has the option/right to disagree with the changes, rather than just the amount due. Creates consistency.</p> <p>ID #: 1552 Page 1,</p> <p>"What you need to do immediately Review this notice and compare our proposed changes to the information on your tax return.</p> <p>Make it clear to the taxpayer the changes are only proposed if they have the right to disagree. Remove excess comma after the word</p>

have the right to disagree. Remove excess comma after the word notice.

ID #: 1553

Page 1,

“What you need to do immediately

Review this notice and compare our proposed changes to the information on your tax return. This is a critical step in the taxpayer’s decision to agree or disagree. This instruction should be bolded to make clear this is the first step they should take. Remove excess comma after the word notice.

ID #: 1554

Page 1 – Page 2,

“What you need to do immediately

This section is split by the payment coupon. It should be kept together if possible. When taxpayers get notices from the IRS, the inclination is to immediately see how much they owe before even reading the notice. The reader’s concentration is lost after seeing the amount. Splitting the instructions for the TP to follow immediately causes confusion and frustration.

ID #: 1555

Page 2,

“What you need to do immediately -continued “To preserve your formal appeal rights, including the right to appeal our decision in tax court, you must contact us by phone or in writing within 60 days of the date of this notice. If you provide us information that support your original return, we will reverse the change. If we believe the information you provide does not support your original return, we will forward your case for audit, in which case you will be contacted by the audit staff within 6 weeks to explain the process and your rights.” Add this paragraph as a bullet under the “If you disagree with the amount due”

ID #: 1556

Page 2,

“What you need to do immediately -continued

We will proceed as if you agree with the information in this notice if we don’t hear from you within 60 days.

This lets the taxpayer know they have 60 days.
The word “assume” is dismissive and carries a negative connotation.

Remove the contractions for better grammar.

Information provided to taxpayers should be consistent with information provided on IRS.gov related to CP11 when queried by taxpayers. Also, it should be consistent with guidance found in IRM 21.5.4.4.1, IRM 21.5.4.4.2, IRM 21.5.4.5.4, and IRM 21.5.4.5.5.

ID #: 1557

Page 3,

“If we don’t hear from you”

Proposed Solution or Task

"If we don't hear from you" should indicate what the IRS will do next, not what they expect the taxpayer to do.

ID #: 1558
Page 3,

"Your payments and credits"

This section should have a "Your Calculations" column, like the "Your tax calculations" section above. The suggested change would show the taxpayer where IRS calculations differ from their own calculations.

ID #: 1549

Page 1,

“Amount Due” Non-Adopted

ID #: 1550

Page 1,

“What you need to do immediately Non-Adopted

ID #: 1551

Page 1 & 2,

“What you need to do immediately continued Adopted – proposed implementation date February 1, 2021

ID #: 1552

Page 1,

“What you need to do immediately Non-Adopted

ID #: 1553

Page 1,

“What you need to do immediately Adopted – proposed implementation date February 1, 2021

ID #: 1554

Page 1 – Page 2,

“What you need to do immediately Partially Adopted - Based on – Per TAP 37335 CP10, IRS agreed to move the order of sections “Changes to your XXXX tax return and “What you need to do”. However, due to spacing, the section may still split to the second page depending on the number of math errors. Proposed implementation date February 1, 2021

ID #: 1555

Page 2,

“What you need to do immediately -continued Adopted – proposed implementation date February 1, 2021

ID #: 1556

Page 2,

“What you need to do immediately -continued Adopted – proposed implementation date February 1, 2021

ID #: 1557

Page 3,

“If we don’t hear from you” Adopted – proposed implementation date February 1, 2021

ID #: 1558

Page 3,

“Your payments and credits”

Partially Adopted – IRS will add column if programming allows. Proposed implementation date February 1, 2021

TAP Issue ID: 38435 Elevated Date: 02/07/2019	Committee Name: Notice & Correspondence
Status: Monitoring IRS Action	Outcome:
Title: CP12 Math Error Notice Content Review	
Issue or Project Statement	<p>A review of math error notices for content and clarity is essential to ensure that taxpayers understand the message(s) that each notice is intended to convey in terms of the specific IRS change(s) to a tax return to decide if they agree, and if not, what actions must be taken within a limited timeframe to contest the IRS' assessment.</p>
Project Goal Statement	<p>IRS uses its math error notices authority to prevent a refund of an improperly claimed credit or deduction, however notices need to be refined to allow taxpayers to understand their obligations and options. Current Math Error Notices do not make clear what changes are being made to the return or what rights the taxpayer has regarding a dispute with the change.</p> <p>Math Error Notices in current form impact six of the Taxpayer Bill of Rights: the right to quality service, the right to pay no more than the correct amount of tax, the right to challenge the IRS's position and be heard, the right to appeal an IRS decision in an independent forum, the right to privacy and the right to a fair and just tax system.</p>
	<p>ID #: 1559 Page 1,</p> <p>What you need to do</p> <p>Review this notice and compare our changes to the information on your tax return. There shouldn't be a comma after the word notice.</p> <p>ID #: 1560 Page 2 "Changes to your 20XX tax return" then "What you need to do"</p> <p>Moving the order of these sections keep the flow of the letter linear. Currently the TP must jump from what is wrong to what to do and then back to what is wrong.</p> <p>ID #: 1561 Page 1 & 2,</p> <p>What you need to do "If you do not agree with the changes" should be placed before "If you agree with the changes we made" The number of steps the taxpayer must take if they don't agree is much longer than what they need to do if they agree. This gives the appearance that it is easier to just agree with the changes by placing the burden of proof on the taxpayer.</p> <p>ID #: 1562 Page 2,</p> <p>What you need to do</p> <p>Second Bullet under "If you don't agree with the changes" "To preserve your formal appeal rights, including the right to appeal our decision in tax court, you must contact us by phone or in writing</p>

decision in tax court, you must contact us by phone or in writing within 60 days of the date of this notice. If you provide us information that supports your original return, we will reverse the change. If we believe the information you provide does not support your original return, we will forward your case for audit, in which case you will be contacted by the audit staff within 6 weeks to explain the process and your rights." The language currently being used introduces the term "reversal." That term is used as both a noun and a verb in the same sentence and creates a third transaction. (i.e., original claim, change by IRS, and reversal).

Referring only to the original claim and the change the IRS made simplifies the instructions.

Systemic advocacy told us that the IRS will reverse the change if the TP provides the information to justify the original return after the 60-day period but before the CSED. The current last line of this paragraph implies that if the issue isn't resolved within the 60 days it's a "done deal".

Information provided to the taxpayer should be consistent with information provided on IRS.gov related to CP12 when queried by taxpayers. Also, it should be consistent with guidance found in IRM 21.5.4.4.1, IRM 21.5.4.4.2, IRM 21.5.4.5.4, and IRM 21.5.4.5.5. which appears to indicate the taxpayer can call or write the IRS to preserve formal appeal rights.

ID #: 1563
Page 2,

Under What you need to – cont.

Last sentence under "if you don't agree with the changes" We will proceed as if you agree with the information in this notice if we do not hear from you within 60 days. This lets the taxpayer know they have 60 days.

The word "assume" is dismissive and carries a negative connotation.

Remove the contractions for better grammar.

ID #: 1564
Page 3,

"Your payments and credits"

This section should have a "Your Calculations" column, like the "Your tax calculations" section above. The suggested change would show the taxpayer where IRS calculations differ from their own calculations.

IRS Initial Response	<p>ID #: 1559</p> <p>Adopted – Proposed implementation date February 1, 2021</p> <p>ID #: 1560</p> <p>Adopted – Proposed implementation date February 1, 2021</p> <p>ID #: 1561</p> <p>Non-Adopted</p> <p>ID #: 1562</p> <p>Second Bullet under “If you don’t agree with the changes” Adopted – proposed implementation date February 1, 2021</p> <p>ID #: 1563</p> <p>Last sentence under “if you don’t agree with the changes” Adopted – proposed implementation date February 1, 2021</p> <p>ID #: 1564</p> <p>Partially Adopted – IRS will add column if programming allows – proposed implementation date February 1, 2021</p>
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TAP Issue ID: 38527 Elevated Date: 06/06/2019	Committee Name: Tax Forms and Pubs
Status: Monitoring IRS Action	Outcome: Project/Assignment Completed
Title: Publication 3 - Armed Forces' Tax Guide (Pub 3)	
Issue or Project Statement	Project Statement: Evaluate Publication 3 - Armed Forces' Tax Guide Certificate. Determine the if Publication 3 - Armed Forces' Tax Guide Certificate clearly communicate appropriate guidance to public.
Project Goal Statement	Goal Statement: The goal of this project is to review and improve the Publication 3 - Armed Forces' Tax Guide Certificate and make recommendations to the IRS that will enhance customer service and improve the taxpayer experience.
	ID 1392 Page 3, left column, Introduction Section The current information concerning eligibility for military tax benefits is incomplete and incompatible with more complete and accurate information on the IRS website. The tax rules for members of the armed forces also apply to members of the uniformed services, which includes commissioned members of the Public Health Service and the National Oceanic and Atmospheric Administration. See IRC sec. 7701(a)(15) and IRS website "eligibility for military tax benefits: https://www.irs.gov/individuals/military/eligibility-for-military-tax-benefits ID 1393 Page 3, left column, Introduction, What Isn't covered in this publication Section First, the reference to military pensions is technically incorrect. Retired members of the uniformed services receive retired pay, not pensions. Pensions are payable to veterans by the Department of Veterans Affairs. All payments from the Department of Veterans Affairs are exempt from federal income tax. More importantly, the tax rules for military retired pay, disability retired pay, and disability severance payments are unique and only apply to uniformed service members. They should be in this publication. As a technical matter, reference to Pub. 910 should be deleted. This publication was last published in 2014 and is no longer identified as an available publication at: https://www.irs.gov/forms-pubs-search?search=910 ID 1394 Page 4, Table 1. Items Included in Gross Income 1. Basic pay is received while attending service academies (cadet pay/midshipman pay). 2. The term "wages" does not appear anywhere in title 37, USC, Pay and Allowances of the Uniformed Services. 3. CONUS COLA, authorized by 37 USC §403b, is an "allowance", not a category of pay. See recommendation below. 4. Retired pay (other than certain disability retired pay) is a form of taxable pay. ID 1395 Page 4, Table 1. Items Included in Gross Income

CONUS COLA, authorized by 37 USC §403b, is a taxable allowance, but not an item of "pay."

ID 1396

The term "Combat Pay" has not been operative for military pay purposes for more than 60 years and ceased to be applicable for federal tax purposes more than 20 years ago. It should be changed to reflect federal tax current law.

Combat pay was last payable to members of the armed forces during the Korean War. See Military Compensation Background Papers, Seventh Edition (2011), published by the Department of Defense. http://www.loc.gov/rr/frd/pdf-files/Military_Comp-2011.pdf

Although the exclusion for compensation received by members of the armed forces for service in a combat for the Korean War was enacted as part of the Revenue Act of 1950 (P.L. No. 213) as an amendment Section 22(13) of the Revenue Code of 1939, when codified as section 112 of the Internal Revenue Code of 1954, the section was entitled "Certain Combat Pay of Members of the Armed Forces." (68A Stat. 34). Income Tax Exclusion for Military Personnel During War, 39 FED. B. NEWS & J. 146 (Feb. 1992).

In 1996, the title for IRC sec. 112 was amended by substituting "combat zone compensation" for "combat pay". P.L. 104-188, sec. 1704(t)(4)(A) (1996), 110 Sta. 1887.

ID 1397

As pointed out the Taxpayer Advocate in in her annual report MSP-13, Military Assistance, combat zone service entitled service members to contribute as much as \$54,000 (for 2017) in a retirement account. "This important information is missing from the IRS website." https://taxpayeradvocate.irs.gov/Media/Default/Documents/2017-ARC/ARC17_Volume1_MSP_13_Military.pdf

See also TSP contribution information: <https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/contributionLimits.html>

ID 1398 Change Combat Zone Pay to Compensation

ID 1399 Items identified are payments of varying categories but not forms of "pay" under federal law (title 37, USC).

Exclusion Armed Forces Health Professions Scholarship is mentioned in Pub. 525, based on IRC sec. 117(c)(2)(B).

Defense counsel services and uniforms provided to enlisted personnel are provided in kind, are not payments.

Pursuant to title 38, U.S.C. sec. 5301, benefits under laws administered by the Veterans Administration are exempt from taxation. See also IRC sec. 140(a)(3).

ID 1400 Moved added defense counsel services and uniforms furnished to enlisted personnel from types on nontaxable payments to types of nontaxable in-kind benefits.

ID 1401 IRS News Release IR-2018-148: <https://www.irs.gov/>

<p>Proposed Solution or Task</p>	<p>newsroom/veterans-owed-refunds-for-overpayments-attributable-to-disability-severance-payments-should-file-amended-returns-to-claim-tax-refunds</p> <p>ID 1402 Information concerning a 'rollover' contribution of a military death gratuity and Service members' Group Life Insurance (SGLI) payments to a Roth IRA appears in Pub. 590A, Contributions to Individual Retirement Arrangements (IRAs). It should also be provided in Pub. 3. The text being added is identical to the information in Pub. 590A (page 46).</p> <p>ID 1403 Three federal laws have established three qualified hazardous duty areas (QHDA's). The existing text of Pub. 3 only identifies one. The recommended addition adds the two other QHDA's.</p> <p>ID 1404 Text from Pub. 525</p> <p>ID 1405 The Tax Cut and Jobs Act (P.L. 115-97, sec. 11045(a)) amended IRC sec. 67 by adding subsection (g), which suspended deductions for miscellaneous itemized deductions for taxable years 2018 through 2025.</p>
	<p>ID 1392 Under consideration We will add the NOAA but, for now, will keep our current terminology saying, "also can receive many of the same tax benefits." Chief Counsel is considering this issue in light of IRC 7701(a) (15). While that section includes components of the uniformed services within the definition of armed forces, those uniformed services must be under the jurisdiction of the Secretary of one of the following: Defense, Army, Navy, or Air Force. Neither the Public Health Service nor the NOAA seem to fit into that category</p> <p>From IRS Signoff Section Below: For ID 2 (ID 1392), we should have an answer by 11-09-2018.</p> <p>Rebuttal: Another applicable law is IRC sec. 140(b), which references 42 USC sec. 213, with respect to the commissioned officers of the Public Health Service.</p> <p>Not Adopted (Rebuttal) The text at the link you originally provided has been updated and no longer says PHS and NOAA gets the same benefits. Because all applicable laws providing tax benefits to members of the U.S. Armed Forces do not apply to members of the PHS or the NOAA, we can't say they receive the same benefits. 42 USC 213 only gives PHS members privileges in very limited situations. While IRC 7701(a) (15) includes components of the uniformed services within the definition of armed forces, those uniformed services must be under the jurisdiction of the Secretary of one of the following: Defense, Army, Navy, or Air Force. Neither the Public Health Service nor the NOAA is currently under the jurisdiction of one of those Secretaries.</p> <p>Page 4, Table 1. Items Included in Gross Income</p> <p>ID 1394 Partially adopted.</p> <p>(1) We will not change "Basic" to "Taxable." The title to the table is Items Included in Gross Income. This already implies these items</p>

are taxable.

(2) We will move CONUS COLA.

(3) Except for moving CONUS COLA, we will not change the list. Once we move CONUS COLA, the list will look exactly like the one at <https://www.military.com/money/personal-finance/taxes/military-taxes-figuring-gross-income.html>.

Rebuttal:

We disagree. The site you referenced belongs to private company. The list on the site does not provide an authoritative description of the various items of military compensation, pays, and allowances. In addition, its description of applicable tax rules is not correct. For example, as of 4/23/2019, it indicates the exclusion for the military death gratuity is limited to \$3,000, when, in fact, the exclusion for the death gratuity is not limited to a specific dollar amount (See IRC Sec 134 (b) (3) (C)).

Not adopted (Rebuttal)

We will not change "Basic" to "Taxable." The title to the table is Items Included in Gross Income. This already implies these items are taxable. Also, basic pay includes more than just pay received while at the academy. Everyone in the military receives basic pay. See, for example, the definition of "basic pay" at <https://militarypay.defense.gov/Pay/Basic-Pay/>

Pages 1, 5, 6, 8, 10, 12, 13, 14, 20, 23, 25 29 (55 instances)

ID 1396 Under consideration.

While we might agree with you on this change, we will defer its consideration to TY2019 as it requires a massive change not only within this product but several of our other products such as those with an EIC computation, e.g., Pub. 721, etc.

Rebuttal: See below and attached cover letter

Partially adopted (Rebuttal)

This change would require numerous changes across numerous products.

We do not have the resources to make this change. We will add verbiage to Pub 3 saying combat pay exclusion and combat pay compensation are the same as combat zone exclusion and combat zone compensation.

Page 5

ID 1397 Under consideration and non-adopted.

(1) The heading for this section is "Income Items of Special Interest." Therefore, there would not be a discussion of contribution limits here.

Contributions are the subject of Pub. 721, which is designed to provide details.

(2) We are looking into the issue regarding the \$54,000. We will consider this in 2019.

(3) While we might agree with you on changing combat pay to combat zone tax exclusion, we will defer its consideration to TY2019 as it requires a massive change not only within this product but several of our other products such as those with an EIC computation, e.g., Pub. 721, etc.

Rebuttal to (3) Above: See below and attached cover letter

Partially adopted (Rebuttal to (3))

This change would require numerous changes across numerous products.

We do not have the resources to make this change. We will add verbiage to Pub 3 saying combat pay exclusion and combat pay compensation are the same as combat zone exclusion and combat zone compensation.

Page 6, Table 2, Items Excluded from Gross Income

ID 1398 Under consideration.

While we might agree with you on this change, we will defer its consideration to TY2019 as it requires a massive change not only within this product but several of our other products such as those with an EIC computation, e.g., Pub. 721, etc.

Rebuttal: See below and attached cover letter

Partially adopted (Rebuttal)

This change would require numerous changes across numerous products.

We do not have the resources to make this change. We will add verbiage to Pub 3 saying combat pay exclusion and combat pay compensation are the same as combat zone exclusion and combat zone compensation.

Page 7

ID 1401 Under consideration.

We have already discussed much of this in some detail in other portions of the pub. We would need to get clearance on further adjustment to our discussions of this notice in Pub 3.

From IRS Signoff Section Below:

For ID 11 (ID 1401), we should have an answer by 12-14-2018

Rebuttal: See below and attached cover letter

Partially adopted (Rebuttal)

We discussed the high points in some detail in 2018 Pub 3 on page 7 under How do I file a claim for a refund of an overpayment attributable to my disability severance pay.

Page 10

ID 1402 Non-adopted.

We don't cover beneficiary information in Pub 3. This addition would be changing the focus of the pub.

Rebuttal:

We disagree. Pub. 3 provides a great deal of information about forgiveness of income taxes for a servicemember who dies while

serving in a combat zone or as a result of wounds, disease, or injury incurred in a combat zone. Guidance is provided to the personal representative of the deceased member, who is often the survivor of the deceased member. The information identified in this recommendation should be included in Pub. 3.

Not adopted (Rebuttal)

This change would require us to expand the scope of the publication. We are unable to do so at this time.

Page 13

ID 1403 Non-adopted.

All these designations have terminated.

For Bosnia and Herzegovina, Croatia, or Macedonia. see section 440103(B) in the Summary of Major Changes to DoD 7000.14-R, Volume 7

A, Chapter 44, Withholding of Income Tax, dated July 2009, at the top of page 44-5 available at https://comptroller.defense.gov/Portals/45/documents/fmr/archive/07aarch/07a_44_Jul09.pdf

For the Federal Republic of Yugoslavia (Serbia/Montenegro), see the Financial Management Regulation, DoD 7000.14-R, Volume 7A, Chapter 10, Figure 10-1, dated November 2016, available at https://comptroller.defense.gov/Portals/45/documents/fmr/current/07a/07a_10.pdf

Rebuttal:

We agree that entitlement for Hostile Fire/Imminent Danger pay ended for Bosnia and Herzegovina, Croatia, or Macedonia on 10/31/2007 and for Federal Republic of Yugoslavia (Serbia/Montenegro) on 5/31/2014. However, the designation of these areas as combat zone for income tax purposes has continuing applicability for several income tax purposes, including the forgiveness of income tax for members who die because of wounds, injuries or disease incurred while serving in those areas they were designated as combat zones.

Adopted (Rebuttal)

We agree. All the named zones were formerly part of Yugoslavia, and "Former Yugoslavia -KIA" is still listed as a site for forgiveness of taxes on page 23 of 2018 Pub 3 under

Step 2: Properly identify the return. Montenegro and Serbia were never removed. They have been listed under The Kosovo area.

See page 14 of 2018 Pub 3. As for the other zones, we agree that, while combat pay for these zones has terminated, retaining these other zones on the list of combat zones is useful in determining forgiveness of taxes of members who die because of injury in the named zone.

TAP Issue ID: 38667 Elevated Date: 09/30/2019	Committee Name: Notice & Correspondence
Status: Elevated to IRS Awaiting Response	Outcome:
Title: CP90 Notice	
Issue or Project Statement	To provide clarity, completeness and content-specific guidance as it pertains to IRS CP90 Federal Payment Levy Program (FPLP)/ Final Notice of Intent to Levy.
Project Goal Statement	Update the current CP90 Notice to reflect the payment options found on www.irs.gov/payments .
Proposed Solution or Task	Please refer to Page 2 of the CP90 Notice. . The current text includes the following: • If you can't pay the amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov/payments for more information about: ? Installment and payment agreements—download required forms or save time and money by applying online if you qualify Automatic deductions from your ? bank account ? Payroll deductions ? Credit card payments Our recommended changes and additions are shown below in bold type: • If you cannot pay the full amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov/payments for more information about: ? Installment and payment agreements—download required forms or save time and money by applying online if you qualify ? Automatic deductions from your bank account ? Payroll deductions ? Credit card payments ? Requests to temporarily delay the collection process
IRS Initial Response	The recommendation is under consideration. Automated Programs is responsible for the following automated levy collection due process notices in addition to the CP 90; CP 90C, 77, 92, 177, 242, 297, 297A & 297C. Each of these notices carry the same verbiage involving the taxpayer's payment options. These notices also mirror the language on other CDP notices (e.g. LT11/1058). We would like to discuss the recommended change with the other owners of CDP notices so that the change could potentially be made to all the CDP notices. We would also need to have the recommendation reviewed by Office of Taxpayer Correspondence and IRS Counsel.

TAP Issue ID: 39926 Elevated Date: 04/25/2019	Committee Name: Tax Forms and Pubs
Status: Monitoring IRS Action	Outcome: Project/Assignment Completed
Title: Schedule 8812 and Instructions	
Issue or Project Statement	Evaluate the Form and Instructions for the Schedule 8812 (Form 1040) Additional Child Tax Credit. Determine if the form and instructions clearly communicate the appropriate guidance to public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.
	ID 1566 General Instructions Caution – If you file Form 2555 or Form 2555-EZ, Foreign Earned Income Exclusion, you cannot claim the ACTC. Identification of the form name immediately following referenced form numbers assists the taxpayer in recognizing which form is being discussed. This cuts down on the time-consuming task of looking up the form to see if it applies. Most taxpayers do not have all forms numbers memorized. Page 1, Column 1, 3rd Paragraph ID 1567 Revise as follows: You also cannot use a qualifying child without the required SSN to claim the child tax credit on either your original or amended 2018 return. However, a qualifying child who does not have the required SSN may be used to claim the credit for other dependents instead. See your tax return instructions See Form 1040, or 1040 NR Instructions for more information about claiming the credit for other dependents Provides clarify to taxpayer. ID 1568 Revised to read as follows: Page 1, Column 3, 1st Paragraph For tax years 2018-2025, qualifying children must have a Social Security number (SSN) by the due date of your return. If your qualifying child does not have an SSN or IRS individual taxpayer identification number (ITIN) issued on or before the due date of your 2018 return (including extensions), you cannot claim the ACTC on either your original or an amended 2018 return. Remove red bolded text, as it is not correct. The Additional child tax credit and the Child Tax Credit cannot be claimed by a taxpayer with a dependent that has an ITIN. Leaving this text in the instructions will cause confusion. See also IRM 21.6.3.4.1.24(1) ID 1569 Delete this paragraph: Page 1, Column 3, 2nd Paragraph If you apply for an ITIN on or before the due date of your 2018 return (including extensions) and the IRS issues you an ITIN as a result of the application, the IRS will consider your ITIN as issued

result of the application, the IRS will consider your TIN as issued on or before the due date of your return

This paragraph should be deleted as it speaks about ITINs which are not allowed to be used when claiming the Additional Child Tax Credit of the Child Tax Credit for tax years 2018-2025. Leaving this paragraph in the instructions will only cause confusion with taxpayers, as it implies a dependent with an ITIN can qualify to obtain the Additional Child Tax Credit and that is not correct under the PATH Act. This paragraph belongs in the instructions for the Form W7 or on Form 1040, not here.
Draft Form Line 6b

ID 1570 Draft 8812 Instructions, Page 2
Nontaxable combat zone compensation pay (see separate instructions)

Line 6b Nontaxable Combat Zone Compensation Pay. Enter on line 6b the total amount of nontaxable combat zone compensation pay that you, and your spouse if filing jointly, received in 2018. This amount should be shown in Form W-2, box 12, with code Q. The term "Combat Pay" has not been operative for military pay purposes for more than 60 years and ceased to be applicable for federal tax purposes more than 20 years ago. It should be changed to reflect federal tax current law.

Combat pay was last payable to members of the armed forces during the Korean War. See Military Compensation Background Papers, Seventh Edition (2011), published by the Department of Defense. http://www.loc.gov/rr/frd/pdf-files/Military_Comp-2011.pdf

Although the exclusion for compensation received by members of the armed forces for service in a combat for the Korean War was enacted as part of the Revenue Act of 1950 (P.L. No. 213) as an amendment Section 22(13) of the Revenue Code of 1939, when codified as section 112 of the Internal Revenue Code of 1954, the section was entitled "Certain Combat Pay of Members of the Armed Forces." (68A Stat. 34). See also Patrick J. Kusiak, Income Tax Exclusion for Military Personnel During War, 39 FED. B. NEWS & J. 146 (Feb. 1992).

In 1996, the title for IRC sec. 112 was amended by substituting "combat zone compensation" for "combat pay". P.L. 104-188, sec. 1704(t)(4)(A) (1996), 110 Sta. 1887.

Recommendations to revise IRS Pub. 3, Armed Forces Tax Guide, have been approved by the TAP Joint Committee for formal submission to the IRS.

Proposed Solution or Task

IRS Initial Response	<p>Draft 8812 Instructions, page 1</p> <p>ID 1566 We will not adopt this suggestion.</p> <p>The TF&P style guide discourages the inclusion of full titles in our instructions. Also, it is reasonable to assume that a taxpayer who files Form 2555 is aware of its purpose.</p> <p>Page 1, Column 1, 3rd Paragraph</p> <p>ID 1567 We will not adopt this suggestion.</p> <p>We do not want to confuse taxpayers by directing them to any instructions, we want taxpayers to use the instructions that are specific to their situation.</p> <p>Page 1, Column 3, 1st Paragraph</p> <p>ID 1568 We will not adopt this suggestion.</p> <p>The “current text” falls under the heading “You must have a taxpayer identification number by the due date of your return.” A taxpayer can claim the ACTC if the taxpayer has been issued an ITIN on or before the due date of their return. The requirement for an SSN only applies to the taxpayer’s qualifying child (see IRC 24 (e)(1), (h)(7)).</p> <p>Page 1, Column 3, 2nd Paragraph</p> <p>ID 1569 We will not adopt this suggestion.</p> <p>The “cited text” is under the heading “You must have a taxpayer identification number by the due date of your return.” A taxpayer can claim the ACTC if they have been issued an ITIN on or before the due date of their return. A taxpayer’s qualifying child cannot be used to claim the ACTC if the child has an ITIN (see IRC 24 (e)(1), (h)(7)).</p> <p>Draft Form Line 6b</p> <p>Draft 8812 Instructions, Page 2</p> <p>ID 1570 We will not adopt this suggestion.</p> <p>Our source for the phrase “nontaxable combat pay” is the Form W-2. In order to avoid confusion, we will continue to use “nontaxable combat pay” until the originators of the Form W-2 change their phrasing.</p>
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TAP Issue ID: 39941 Elevated Date: 04/25/2019	Committee Name: Tax Forms and Pubs
Status: Monitoring IRS Action	Outcome: Project/Assignment Completed
Title: 1040 Schedule C	
Issue or Project Statement	Project Statement: Evaluate Schedule C (Form 1040) Profit or Loss From Business and Instructions. Determine if the form and Schedules clearly communicates the appropriate guidance to public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.
	Schedule C Instructions, What's New, page C – 1 ID 1571 Depreciation and Section 179 Expense Deductions. As a result of the Tax Cuts and Jobs Act (TCJA), passed in December 2017, the maximum Section 179 deduction has been increased to \$1 million, which allows a taxpayer to deduct the entire cost of eligible property in the first year it is placed into service. In addition, bonus depreciation has been increased to 100% of the purchase price for both new and used tangible personal property. New farm equipment can be depreciated over five years instead of seven years (subject to certain exclusions). See page C-7 for instructions for Line 13, Depreciation deductions and section 179 expense deductions. Fringe Benefits. The TCJA eliminated the deduction for commuting transportation expenses for an employee unless necessary for an employee's safety. In addition, the deduction for Qualified Employee Transportation Fringe Benefits (such as mass transit passes, parking) has been eliminated, but this is still a tax-free fringe benefit to the employee. See also Pub. 15-B, Employer's Tax Guide to Fringe Benefits. Both depreciation and fringe benefits are new changes under TCJA and affect Schedule C. Schedule C Instructions, Other Schedules and Forms You May Have to File, page C- 2 ID 1572 Add after Form 6198: Form 6252, to report income from an installment sale where at least one payment is received after the end of the tax year in which the disposition occurs. The current list of forms includes Form 4797 to report gain or loss from sale of business property and Form 8824 to report like kind exchanges. Since installment sales are another form of selling property, which are often used, reference to this form used to report installment sales would be helpful. Schedule C Instructions, After Capital Construction Fund, page C- 3 ID 1573 Add a new section: International Operations. If your business operates outside the U.S. or owns an interest in a non-U.S. entity, then you may have to file some of the following forms:

<p>Proposed Solution or Task</p>	<p>(This is not a required form but only if the taxpayer elects to take the credit) Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations;</p> <p>Form 8992, U.S. Shareholder Calculation of Global Low-Taxed Intangible Income, which is a new form for 2018 that was adopted to address recent tax law changes;</p> <p>Form 8621, Passive Foreign Investment Companies;</p> <p>Form 8858, Information Return of U.S. Persons with Respect to Foreign Disregarded Entities;</p> <p>Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships; and</p> <p>Form 8938, Statement of Specified Foreign Financial Assets. The General Instructions offer helpful advice on forms to file and certain topics of interest to the business taxpayer. Given the ever-increasing global economy, more businesses are operating outside the U.S. and it would be helpful to guide them to some of the more commonly encountered forms, none of which are referred to in the earlier list of forms that do not address international operations. Instructions, Page C-3, Column 1, 2nd Paragraph</p> <p>ID 1574 Add text in red below: Employer Identification number (EIN). You and your spouse do not need to obtain an EIN to make the election. But you may need an EIN to file other returns, such as employment or excise tax returns. To apply for an EIN, see the Instructions for Form SS-4 or apply for an EIN online at IRS.gov (https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online). Add online link to allow for a tax payer to obtain an EIN online instead of just offering them the option of paper filing.</p> <p>Schedule C Instructions, Line 13, first column, page C-7</p> <p>ID 1576 You can also elect under section 179 to expense part or all of the cost of certain property you bought in 2018 for use in your business. See IRS Publication 946, How to Depreciate Property, for more information. Add the new tax law change that modifies bonus depreciation. Schedule C Instructions, Line 26, first column, page C- 10</p> <p>ID 1577 Do not deduct salaries or wages deducted elsewhere on your return or amounts paid to yourself. However, you can deduct compensation paid to others that is reasonable. See IRS Publication 535, Business Expenses, for more information</p> <p>Add some more information to salary deduction section to help the taxpayer.</p>
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IRS Initial Response	<p>Schedule C Instructions, What's New, page C – 1</p> <p>ID 1571 We will not adopt this suggestion. We have deleted this paragraph from the 2019 instructions because it was part of the "What's New" section. This section is revised annually and only includes changes relevant to the current year. Schedule C Instructions, Other Schedules and Forms You May Have to File, page C- 2</p> <p>ID 1572 We will adopt this suggestion. The new bullet will state:</p> <p>"Form 6252 to report income from an installment sale." Schedule C Instructions, After Capital Construction Fund, page C-3</p> <p>ID 1573 We will not adopt this suggestion; however, we will consider adding this information to Publication 334. Instructions, Page C-3, Column 1, 2nd Paragraph</p> <p>ID 1574 We will adopt this suggestion. The new text will state:</p> <p>"...or visit IRS.gov/EIN."</p> <p>Schedule C Instructions, Line 13, first column, page C-7</p> <p>ID 1576 We will not adopt this suggestion. The "current text" has a reference to Pub. 946 in the sentence following it. Also, the TF&P style guide discourages the use of full publication, form, or instruction titles in our instructions.</p> <p>Schedule C Instructions, Line 26, first column, page C- 10</p> <p>ID 1577 We will not adopt this suggestion. Payments made to non-employees is covered in the instructions for Line 11.</p> <p>At the end of the Line 26 instructions, we will add a general reference to chapter 2 of Pub. 535 to direct taxpayers to more information concerning employee pay.</p>
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TAP Issue ID: 39943 Elevated Date: 07/29/2019	Committee Name: Tax Forms and Pubs
Status: Monitoring IRS Action	Outcome: Project/Assignment Completed
Title: Hard to Read 1040 Form Tables & Worksheets.	

Issue or Project Statement	Determine if the Form and Instructions clearly communicates appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the experience of taxpayers.
Proposed Solution or Task	The tables/worksheets on these pages are all shaded in a light-gray color. Remove the shading from the tables and/or worksheets and leave the box around the table.
IRS Initial Response	Partially -Adopt We need to use the shading to differentiate the tables and worksheets from the surrounding text. However, we realize that the shading can be too dark and reduce the contrast. We will work with the contractor to have the shading lightened so that the tables and worksheets are easier to read but clearly stand out from the text.

TAP Issue ID: 40047 Elevated Date: 09/04/2019	Committee Name: Tax Forms and Pubs
Status: Elevated to IRS Awaiting Response	Outcome:
Title: 1099 misc forms	
Issue or Project Statement	Evaluate if a different style of the 1099 Misc. forms can be sent to the taxpayer.
Project Goal Statement	The goal of this project is to recommend to the IRS that updated printing forms be sent to the taxpayer which will enhance customer service and improve the taxpayer's experience.
Proposed Solution or Task	All pinfeed holes must be removed prior to submission. As dot matrix printers are obsolete, it would benefit the taxpayer to receive forms without the pinfeed holes. This is an unnecessary, antiquated, and cumbersome task for the taxpayer.
IRS Initial Response	Pending

TAP Issue ID: 40101 Elevated Date: 06/06/2019	Committee Name: Tax Forms and Pubs
Status: Closed	Outcome: Combined/Associated
Title: Sec 965 - Pub. 5292	
Issue or Project Statement	Project Statement: Evaluate Publication 5292, How to Calculate Section 965 Amounts and Elections Available to Taxpayers. Determine the if Publication clearly communicates appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review the publication and make recommendations to the IRS that will enhance customer service and improve the taxpayer' experience.
	Publication 5292, page 1 ID 1582 For use in preparing 2017 and 2018 Returns While the repatriation tax under Code Section 965 was due with the 2017 tax return, many taxpayers elected to pay the tax over eight years with the second payment due with the 2018 tax return. The current publication contains no information on what the taxpayer must do for 2018 concerning Section 965 reporting and no mention of the new forms adopted by the IRS in January 2019 to deal with this tax. As a result, there is a need to update the publication to address the 2018 taxable year. Pub 5292, Page 2, column 1, Introduction ID 1583 an election to use an alternative method to calculate post-1986 earnings and profits (post-1986 E&P) See Notice 2018-13 (Add a hyperlink to Notice 2018-13. https://www.irs.gov/pub/irs-drop/n-18-13.pdf). For guidance concerning section 965, see Notice 2018-07, 2018-4 I.R.B. 317; Notice 2018-13, 2018-6 I.R.B. 341; Rev. Proc. 2018-17, 2018-9 I.R.B. 384; and Notice 2018-26, 2018-16 I.R.B. 480. Adding information about an additional Notice for the alternative method for computing this tax is beneficial; it saves time by providing direct access to relevant information. Publication 5292, page 2, Introduction, second paragraph at end of paragraph ID 1584 and Notice 2018-26, 2018-16 I.R.B. 460; and Notice 2018-78, I.R.B. 604, as well as Treas. Reg. §§1.965-0 through 1.965-9. Incorporates an additional Notice and the final Treasury Regulations concerning Section 965, which were recently issued. Publication 5292, page 2, Definitions, insert after the definition for "Deferred foreign income corporation" ID 1585 E&P. E&P is the current and accumulated earnings and profits of any corporation. E&P is frequently referred to in other definitions, but there is no definition included. This definition will help the taxpayer understand the text within the publication. Page 2, Column 3, last Paragraph ID 1586 Section 965 amounts must be reported in a particular manner on 2017 tax returns. A person that includes an amount in income under section 965 for its 2017 tax year is required to

income under section 965 for the 2017 tax year is required to include an IRC 965 Transition Tax Statement. (Add hyperlink https://www.irs.gov/pub/irs-news/Appendix%20-QA3_IRC-965-Transition-Tax-Statement_Fillable.pdf)

Adding hyperlinks is beneficial; it saves time by providing direct access to relevant information.

Page 2, Column 3, last Paragraph

ID 1587 See Questions and Answers (Add hyperlink <https://www.irs.gov/newsroom/questions-and-answers-about-reporting-related-to-section-965-on-2017-tax-returns>) about Reporting Related to Section 965 on 2017 Tax Returns. Adding hyperlinks is beneficial; it saves time by providing direct access to relevant information.

Publication 5292, page 2, insert new section after “Who May be Required to Report Section 965 Amounts”

ID 1588 Reporting Amounts with 2018 Tax Returns

Taxpayers subject to the one-time repatriation tax under Code Section 965 that made an election with their 2017 return to pay such tax over eight years must pay their second installment of tax with their 2018 tax return. Individual taxpayers would report the amount of income included for the 2018 year on line 21 of Schedule 1 to Form 1040. Corporate taxpayers would report the amount of income included for the 2018 taxable year on line 15 of Schedule C to Form 1120.

Taxpayers that reported income under Code Section 965 on their 2017 or 2018 tax returns must also complete and attach new Form 965, and either Form 965-A or Form 965-B, which were published in Jan. 2019, to their 2018 income tax return. Form 965 needs to also be filed by any person that would be required to include income under Section 965 but for an aggregate foreign earnings and profits deficit.

Part I of Form 965 is used to report the Section 965(a) inclusion amount. Part II is used to calculate the Section 965(c) deduction and determine the appropriate rate equivalent percentage. Part III is used to report the Section 965 elections that have been made. Additional schedules are to be attached to Form 965 to contain relevant information and computations.

In addition to Form 965, Form 965-A is filed by individual taxpayers while Form 965-B is filed by corporate taxpayers. Certain organizations exempt from tax are exempt from filing Form 965. See Instructions to these forms for more details.

. Gives the taxpayer information that would be helpful for filing their 2018 tax return, including where to report their second installment of the tax, if the taxpayer elected to pay the tax over eight years, as well as recently released forms which must be filed with the 2018 tax return.

Pub 5292, Page 3, column 1 (bottom of column 1)

ID 1589 Workbook To Assist in Calculating Section 965 Amounts
Use the workbook and instructions below to assist in calculating section 965 amounts,

- Section 965(a) inclusions,
- section 965(c) deductions,
- Deemed paid foreign taxes with respect to the section 965(a) inclusions, and the portion of such deemed paid foreign taxes disallowed under section 965(g).

Reword and insert bullet points to highlight items used in calculation.

Publication 5292, page 3, insert a new section after “2016 Tax Year

Section 965(a) Inclusion Amount”

ID 1590 Impact of Adoption of Final Regulations

On Jan. 15, 2019, final Section 965 regulations were published. While the final Section 965 regulations are generally consistent with proposed regulations published on Aug. 9, 2018, there were some changes made to the regulations that may aid taxpayers affected by these rules. Taxpayers should review the final regulations to determine if added flexibility or elections may be available based on their particular circumstances. Treas. Reg. §§1.965-0 through 1.965-9.

New section to help taxpayers filing their 2018 tax returns.
Page 11, third column, second bullet point

ID 1591 *The taxpayer’s net income tax for the tax year without regard to section 965 amounts, (do not include any section 965 amounts, such as amounts described in 965(a) or 965(c)), and without regard to any dividends received from DFICs (“without calculation”).

This paragraph needs to be simplified as it is very difficult to read in its current version. Simplifying it would help provide clarity.
Page 12, Column 2, second paragraph, second bullet

ID 1592 * The shareholder’s net income tax for the tax year without regard to section 965, (do not include any section 965 amounts, such as amounts described in 965(a) or 965(c)), and without regard to any dividends received from DFICs

This paragraph needs to be simplified as it is very difficult to read in its current version. Simplifying it would help provide clarity.
Page 12, Column 1, middle of the column, under With Calculation

ID 1593

If an election is made to pay tax due in installments, the taxpayer must make installment payments according to the following schedule: Provides clarity as to which election is being made.
Page 12, Column 3,

Election Under Section 3.02 of Notice 2018-13 To Use Alternative Method To Compute Post-1986 Earnings and Profits

ID 1594 An election can be made to determine an SFC’s post-1986 earnings and profits using an alternate method (See election sample Statement)- Insert hyperlink to Notice 2018-13.

<https://www.irs.gov/pub/irs-drop/n-18-13.pdf>). If this election is made, the amount of the post-1986 earnings and profits of an SFC as of November 2, 2017 will equal the sum of: (1) the corporation’s post-1986 earnings and profits as of October 31, 2017, and (2) two days of daily earnings amount. Adding hyperlinks is beneficial; it saves time by providing direct access to relevant information.
Page 12, Column 3,

Election Under Section 3.02 of Notice 2018-13 To Use Alternative Method To Compute Post-1986 Earnings and Profits

ID 1595

Daily earnings amount looks to the average daily earnings of the SFC between the beginning of the relevant tax year and October 31, 2017. See Notice 2018-13 6(Insert hyperlink to page 16), section 3.02 for more information. Adding hyperlinks is beneficial; it saves time by providing direct access to relevant information.
Page 16, Insert at the top of the page. (this item is Continued from item above)

Proposed Solution or Task	<p>ID 1596 Format for statement under Section 3.02 of Notice 2018-13 to use Alternative Method to Compute Post -1986 Earnings and Profits. (see below) And add hyperlink: https://www.irs.gov/pub/irs-news/Appendix-QA7_2018-13%20Election_3-18-18_FINAL.pdf Add sample format for taxpayers who elect to use the alternative method for calculating post - 1986 earnings and profits.</p>
	<p>Publication 5292, page 1</p> <p>ID 1582 Non-Adopt Publication 5292 was developed as a stopgap measure to expeditiously issue filing information for tax year 2017 only while the IRS was in the process of developing Form 965 (and related schedules) and Form 965-A and 965-B for tax years beginning in 2018. Due to the timing and logistics of the Tax Cuts and Jobs Act, it was impossible to issue Form 965 and related schedules in time for tax year 2017. This is because there are constraints associated with developing a form (for example, the necessity of OMB approval and the need to allow processing the time necessary to develop the programming needed to process a form). Therefore, Publication 5292 was developed for tax year 2017 only. There was never an intent to revise Publication 5292 for tax year 2018. Taxpayers are required to use Form 965 (and related schedules) and Forms 965-A and 965-B for tax years beginning in 2018. The IRS will consider adding a recent developments article to the product page for Publication 5292 to advise taxpayers of the limited duration of the Publication 5292 and the need to use Form 965 (and related schedules) and Forms 965-A and 965-B for tax years beginning in 2018. Pub 5292, Page 2, column 1, Introduction</p> <p>ID 1583 Non-Adopt - As noted above, the IRS has no intention of further revising Publication 5292. In the 2018 instructions for Form 965, the IRS discusses the alternative method of computing post-1986 E&P (see “Calculating Post-1986 Earnings and Profits in Schedules A, B, and C). Those instructions include a reference to Regulations section 1.965-7(f), which supersedes the Notices. Publication 5292, page 2, Introduction, second paragraph at end of paragraph</p> <p>ID 1584 Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. The 2018 instructions for Form 965 include references to the regulations under 965, which have generally superseded the Notices. Publication 5292, page 2, Definitions, insert after the definition for “Deferred foreign income corporation”</p> <p>ID 1585 Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. The IRS will consider adding a definition of E&P in the 2019 instructions for Form 965. Page 2, Column 3, last Paragraph</p> <p>ID 1586 Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. This is not applicable to the 2018 instructions because the 2018 Form 965 and schedules replace the statement</p>

Page 2, Column 3, last Paragraph

ID 1587

Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. This is not applicable to the 2018 instructions for Form 965.

Publication 5292, page 2, insert new section after "Who May be Required to Report Section 965 Amounts"

ID 1588

Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. In the 2018 instructions for Form 965, the IRS discusses all the information requested in the proposal. Pub 5292, Page 3, column 1 (bottom of column 1)

ID 1589

Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. In the 2018 instructions for Form 965, the IRS discusses all the information requested in the proposal. Publication 5292, page 3, insert a new section after "2016 Tax Year Section 965(a) Inclusion Amount"

ID 1590

Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. In the 2018 instructions for Form 965, the IRS refers to the regulations as appropriate.

Page 11, third column, second bullet point

ID 1591

Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. The IRS will consider this proposal in the 2019 instructions for Forms 965-A and 965-B.

Page 12, Column 2, second paragraph, second bullet

ID 1592

Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. The IRS will consider the proposal when revising the 2019 instructions for Forms 965-A and 965-B.

Page 12, Column 1, middle of the column, under With Calculation

ID 1593

Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. In the 2018 instructions for Forms 965-A and 965-B, the IRS discusses the appropriate payment schedules. Page 12, Column 3,

Election Under Section 3.02 of Notice 2018-13 To Use Alternative Method To Compute Post-1986 Earnings and Profits

ID 1594

Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. In the 2018 instructions for Form 965, the IRS discusses the alternative method of computing post-1986 E&P (see "Calculating Post-1986 Earnings and Profits in Schedules A, B, and C). Those instructions include a reference to Regulations section 1.965-7(f), which supersedes the Notices.

Page 12, Column 3,

Election Under Section 3.02 of Notice 2018-13 To Use Alternative Method To Compute Post-1986 Earnings and Profits

ID 1595

Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. In the 2018 instructions for Form 965,

IRS Initial Response	<p>the IRS discusses the alternative method of computing post-1986 E&P (see "Calculating Post-1986 Earnings and Profits in Schedules A, B, and C). Those instructions include a reference to Regulations section 1.965-7(f), which supersedes the Notices. Page 16, Insert at the top of the page. (this item is Continued from item above)</p> <p>ID 1596 Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. In the 2018 instructions for Form 965, the IRS discusses the alternative method of computing post-1986 E&P (see "Calculating Post-1986 Earnings and Profits in Schedules A, B, and C). Those instructions include a reference to Regulations section 1.965-7(f), which supersedes the Notices.</p> <p>Non-Adopt As noted above, the IRS has no intention of further revising Publication 5292. In the 2018 instructions for Form 965, the IRS discusses the alternative method of computing post-1986 E&P (see "Calculating Post-1986 Earnings and Profits in Schedules A, B, and C). Those instructions include a reference to Regulations section 1.965-7(f), which supersedes the Notices.</p>
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TAP Issue ID: 40103 Elevated Date: 11/20/2019	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: Pub 541 - Limited liability company	
Issue or Project Statement	Project Statement: Determine if Publication 541, Partnerships, clearly communicates appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.
Proposed Solution or Task	Form 541, page 2 Limited liability company (LLC). An LLC is an entity formed under state law by filing articles of organization as an LLC. Unlike a partnership, none of the members of an LLC are personally liable for its debts. An LLC may be classified for federal income tax purposes as either a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in Regulations section 301.7701-3. See Form 8832 and section 301.7701-3 of the regulations for more details. Limited liability company (LLC). An LLC is an entity formed under state law by filing articles of organization as an LLC. Unlike a partnership, none of the members of an LLC are personally liable for its debts, including any penalties, such as a late filing penalty imposed on the LLC. However, if the LLC is an employer, an LLC member that is considered a responsible person could be liable for penalties imposed on the LLC for underpayment or late payment of withheld income taxes, Social Security and Medicare taxes. See Employer's Tax Guide (Circular E), Publication 15. An LLC may be classified for federal income tax purposes as either a partnership, a corporation, or an entity disregarded as an entity separate from its owner by applying the rules in Regulations section 301.7701-3. See Form 8832 and section 301.7701-3 of the regulations for more details. With the explanation of a Limited Liability Company, the publication fails to distinguish that members are still individually responsible for employment tax - related penalties assigned to the LLC.
IRS Initial Response	We reviewed the requested change and after research we determined the suggestion can't be adopted since there is no technical authority to support the change.
TAP Counter Response	REBUTTAL: The technical authority to support the change is the Employer's Tax Guide (Circular E), IRS Publication 15 Page 30
IRS Final Response	We will adopt a portion of the suggested text which places a reference to Pub 15 and 3402. Limited liability company (LLC). An LLC is an entity formed under state law by filing articles of organization as an LLC. Unlike a partnership, none of the members of an LLC are personally liable for its debts. However, if the LLC is an employer, an LLC member may be liable for employer related penalties. See Pub. 15, Employer's Tax Guide (Circular E) and Pub 3402, Taxation of Limited Liability Companies.

TAP Issue ID: 40132 Elevated Date: 04/25/2019	Committee Name: Tax Forms and Pubs
Status: Monitoring IRS Action	Outcome: Project/Assignment Completed
Title: 1040 NR-EZ Inst.	
Issue or Project Statement	Project Statement: Evaluate the Instructions for the 1040 NR-EZ Instructions - U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents. Determine if the instructions clearly communicates the appropriate guidance to public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.
	ID 1490 Add as a new first item in this section. Tax Rates Lowered. For 2018, Federal income tax rates have been reduced with the maximum income tax rate applicable to individuals now equal to 37%. TAP Justification for Change The 2017 Tax Act reduction of tax rates was a major change that is favorable to taxpayers. As a result, it seems appropriate to add it to the other listed changes, which are unfavorable, to give a balanced approach and one that may lead to a better perception of the US tax system. Instructions to Draft Form 104-NR-EZ, Page 1, column 3, Additional Information, Second Sentence ID 1491 Pub. 519, U.S. Tax Guide for Aliens, will be the most beneficial, but the following publications also may help. TAP Justification for Change The addition of the name of Pub. 519 is helpful to taxpayers who may want to know what that publication addresses, and is also consistent with the style used, which gives the name of the publications next cited in this section. ID 1492 Substantial Presence Test You are considered a U.S. resident if you meet the substantial presence test for 2018. You meet this test if you were physically present in the United States for at least: 1. 31 days during 2018; and 2. 183 Testing days during the period 2018, 2017, and 2016, using the following chart: Consistency with fourth column (column (d)) of "the following chart" which contains the word "Testing" and which appears immediately after the quoted language. Tax Tables, Pages 22-33 ID 1493 The tax amounts for single and married filing separately, the only filing statuses allowed, are exactly the same. Combine the status

<p>Proposed Solution or Task</p>	<p>...ing states allowed, are exactly the same. Combine the state labels and eliminate the second column of tax amounts.</p> <p>ID 1494 To make this election, you must attach the statement described under Nonresident Spouse Treated as a Resident in chapter 1 of Pub. 519 to your return. Do not use Form 1040NR-EZ or 1040NR. Add text in red to provide clarity.</p> <p>ID 1495 If you make the election to be treated as a resident alien your worldwide income for the whole year must be included and will be taxed under U.S. tax laws. You must agree to keep the records, books, and other information needed to figure the tax. If you made the election in an earlier year, you can file a joint return or separate return for 2018. If you file a separate return, use Form 1040. You must include your worldwide income for the whole year whether (you file a joint or separate return. Add text in red to provide clarity.</p> <p>ID 1496 Sign Your Return Form 1040NR-EZ is not considered a valid return unless you sign it. Be sure to date your return and enter your occupation in the United States. Mail your return to the address that corresponds with your particular filing address. See your requirements under Where to file (add hyperlink to mailing addresses listed on page 3 and 4) If you have someone prepare your return, you are still responsible for the correctness of the return. If your return is signed by a representative for you, you must have a power of attorney attached that specifically authorizes the representative to sign your return. To do this, you can use Form 2848. Most often instructions on where to file a return are found at the end after the signature. The 1040NR-EZ lists the various addresses at the beginning and they are not easy to find. Providing a hyperlink would help save taxpayers time and eliminate confusion.</p>
<p>IRS Initial Response</p>	<p>ID 1490 - Adopted</p> <p>ID 1491 - Adopted</p> <p>ID 1492 - Adopted</p> <p>ID 1493 - Reject - We are being consistent with the Instructions for Form 1040, which keep the "Single"</p> <p>ID 1494 - Adopted</p> <p>ID 1495 - Adopted</p> <p>ID 1496 - Reject - We believe it will be confusing to insert information on mailing in the middle of a discussion regarding signing your return. This is not done in the 1040 instructions or any other product of which we are aware. The index has a Mailing address entry and that takes readers directly to the mailing addresses.</p>

<p>TAP Issue ID: 40138 Elevated Date: 06/06/2019</p>	<p>Committee Name: Tax Forms and Pubs</p>
<p>Status: TAP Reviewing IRS Response</p>	<p>Outcome:</p>
<p>Title: Silo Rules/NAICS Codes</p>	
<p>Issue or Project Statement</p>	<p>Prior to the TCJA, all the income of a tax-exempt organization derived from its unrelated trades or businesses was netted with all the losses from such trades or businesses.</p> <p>Treasury had expressed concern that some tax-exempt organizations may be establishing separate unrelated trades or businesses for the purpose of netting gains from one such business with losses from another and thereby reduce their tax exposure.</p>
<p>Project Goal Statement</p>	<p>The amended law requires that each unrelated trade or business calculate its gains or losses independently of the other unrelated trades or businesses. This rule now eliminates the access of the netting practice which taxable corporations continue to be able to use. This leaves open the question of which businesses are unrelated for purposes of Code §512(a)(6)(A).</p>
	<p>We propose a three-part approach to establishing an ecology in which guidance grounded in empirical business practice can evolve. By establishment of a reporting process that is transparent and that encourages compliance rather than obfuscation, the IRS can access, in real time, how the tax-exempt community behaves in response to and seeks to comply with this new law.</p> <p>Compliance, especially for purposes of Code Section 512(a)(6) with respect to interpreting the presence of two or more unrelated trades or businesses could be had by giving taxpayers access to three mechanisms for determining whether a business is “unrelated” for this purpose. For convenience of IRS review and comment, we express these mechanisms as three separate recommendations:</p> <p>1. The NAICS might provide a reporting safe harbor to exempt organizations reporting UBTI from more than one unrelated trade or business</p> <p>Together with the following two recommendations, each of the recommended elections, consistently used by each taxpayer, will provide the taxpayer with comfort that its tax positions will not be subject to unexpected penalties arising from a disagreement with the Service over whether a business is “unrelated” and whether its gains or losses ought properly be netted with another unrelated trade or business based on whether it is sufficiently “separate.”</p> <p>At the same time, using these three approaches, each taxpayer’s position will be fully documented, providing the Service and taxpayers continuously updated access to how the statutory requirements are being interpreted and whether such interpretations are consistent with the purpose of the statute. As well, an ongoing sense of the administrative burdens of compliance will be made available by the filed information.</p> <p>Recommendation Number Two of Three</p> <p>2. Tax exempt organizations whose unrelated trades or businesses might not be accurately or adequately distinguished by the NAICS</p>

might not be accurate or adequately distinguished by the RUCES codes could protectively disclose their positions using Form 8275 and thereby avoid certain penalties that could be imposed for merely taking a tax position with which the Service may later disagree. This approach may also serve to provide the IRS with current data regarding how the separate business issue is being addressed by tax exempt enterprises

Recommendation Number Three of Three (SAMS #3)

3. Reliance on a tax professional's advice on a matter of tax law can serve as "reasonable cause" for failure to timely file and failure to timely pay in circumstances where such reliance can be shown to constitute "reasonable cause."

a. In situations of late filing or late payment, the IRS considers a delay to be due to reasonable cause if the taxpayer exercised ordinary business care and prudence and was nevertheless unable to timely file or pay. Reg. §301.6651-1(c)

b. The Internal Revenue Manual prescribes that ordinary business care and prudence is generally the level of care that a reasonably prudent person would use in conducting business. See, IRM §20.1.1.3.1.2(1). By contrast, willful neglect is, generally, a conscious, intentional failure to comply with the tax law, or reckless indifference to the law. See, IRM §20.1.2.1.4.1(2)

c. In *Estate of Thouron*, 752 F.3d 311, 316 (3d Cir. 2014) the Third Circuit identified three types of reliance on an agent in the context of the tax law:

- i. Reliance related to the ministerial task of filing returns and paying taxes
- ii. Reliance under which a taxpayer files or pays after the actual due date, but within the time erroneously advised by a tax professional and
- iii. Reliance on a tax professional's advice concerning a matter of law

The Service could adopt the third test of *Thouron* as one on which tax-exempt entities could rely in taking a position regarding the separateness of their unrelated trades or business for purposes of compliance with Code §512(a)(6). The taxpayer in such circumstance could merely state that the taxpayer is relying on the written advice of a tax professional in concluding that the listed trades or businesses are or are not "unrelated" or "separate" for purposes of Section 516(a)(6). Should a challenge ensue, the taxpayer would produce the written advice in support.

Proposed Solution or Task

IRS Initial Response	<p>IRS Comments</p> <p>Overview: (1) The recommendation for a safe harbor appears to be responsive to the I.R.B. Notice 2018-67 request for comments; IRS:TE/GE:EO has shared with CC:EEE:EO since this is a matter of legal rule-making.</p> <p>(2) As discussed, F. 8275 discloses uncertain positions to avoid penalties.</p> <p>(3) The discussion of reasonable reliance on tax advice appears to be a description of existing rules. To the extent the discussion relates to how separate trades or businesses should be identified, it is responsive to I.R.B. Notice 2018-67 request for comments; IRS:TE/GE:EO has shared with CC:EEE:EO since this is a matter of legal rule-making.</p> <p>Response to Recommendations: (1) Generally, safe harbors create certainty inside the harbor while leaving uncertainty outside. As indicated above, IRS:TE/GE:EO has shared with CC:EEE:EO since this is a matter of legal rule-making.</p> <p>(2) While taxpayers are free to file F. 8275, the goal of the rule-making is to clarify the reporting requirements on F. 990-T.</p> <p>(3) Taxpayers can continue to rely on existing rules. As indicated above, IRS:TE/GE:EO has shared with CC:EEE:EO to the extent this item relates to a matter of legal rule-making.</p>
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TAP Issue ID: 40159 Elevated Date: 04/25/2019	Committee Name: Tax Forms and Pubs
Status: Monitoring IRS Action	Outcome: Project/Assignment Completed
Title: 2019 Form 1040	
Issue or Project Statement	Project Statement: Evaluate Form 1040 Simplified: U.S. Individual Income Tax Return and Schedules. Determine if the form and Schedules clearly communicates the appropriate guidance to public
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.
	ID 1512 Draft Form 1040, Page 1, Standard Deduction after name of taxpayer Standard Deduction Adjustments All of the boxes to check may either eliminate or increase the standard deduction. ID 1513 Draft Form 1040, Page 1, Standard Deduction after spouse's name Standard Deduction Adjustments All of the boxes to check may either eliminate or increase the standard deduction. ID 1514 Draft Form 1040, Page 1, line 3 Move this line – insert under: City, town or post office, state, and ZIP code. If you have a foreign address attach Schedule 6. This allows the name and address to be together. The questions about the taxpayer and spouse help to finalize the general information before listing the dependents. This will keep the general information flowing better. ID 1515 Draft Form 1040, Page 1, Standard Deduction after spouse's name Someone can claim your the spouse as a dependent Remove ambiguity as to who this refers to. ID 1516 Draft Form 1040, Page 1, line 5 Move this line – insert above: Dependents (see instructions) (1) First name This allows the name and address to be together. The questions about the taxpayer and spouse help to finalize the general information before listing the dependents. This will keep the general information flowing better. ID 1517 Draft Form 1040, Page 1, signature line Move this line to bottom of page 2 Placing the taxpayer signature line on Page 1 of Form 1040 could increase the amount of return fraud committed by unscrupulous paid preparers. IRS Tax Tip 2017-05 encourages taxpayers not to sign a blank return and to

2017-18 encourages taxpayers not to sign a blank return and to review their return before signing. To support taxpayers in reviewing their information before signing the return, the signature line should be placed at the bottom of Page 2.

ID 1518
Draft Form 1040, Page 2; Line 2b

b Taxable Interest
(attach Schedule B if required)

Unless instructed to do so, taxpayers will not provide the IRS a list of names of payers of taxable interest. Also, if any interest is from a seller-financed mortgage and the buyer used the property as a personal residence the taxpayer must list this interest first and show that buyer's social security number and address.

ID 1519
Draft Form 1040, Page 2; Line 3b

b Ordinary dividends
(attach Schedule B if required) Unless instructed to do so, taxpayers will not provide the IRS a list of names of payers of taxable dividends.

ID 1520
Draft Form 1040, page 2, line 4a

"IRAs, pensions, and annuities received" Need to emphasize that this line is for pension distributions received; not for contributions to IRAs, etc.

ID 1521
Draft Form 1040, page 2, line 8

"Adjusted gross income. Combine lines 1, 2b through 5b, 6 and 7." To be clear that lines 2a through 5a are not included in the sum.

ID 1522
Draft Form 1040, line 8

Adjusted gross income. If you have no adjustments to income, enter the amount from line 7; otherwise subtract Schedule 1, line 36 _____ (add blank line), from line 7. To be consistent with line 7 and line 18 which includes a blank space to input information from Schedules, adding a blank line after amount requested from Schedule 1, line 36 assist the taxpayer in keeping information at hand without having to pull Schedules for reference.

ID 1523
Draft Form 1040, line 12

Add any amount from Schedule 2 _____ (add blank line) and check here. To be consistent with line 7 and line 18 which includes a blank space to input information from Schedules, adding a blank line after amount requested from Schedule 2 assist the taxpayer in keeping information at hand without having to pull Schedules for reference.

ID 1524
Draft Form 1040 line 13
a. Child Tax Credit/credit for other dependents _____ b. Add

Proposed Solution or Task	<p>any amount from Schedule 3 _____ (add blank line) and check here. To be consistent with line 7 and line 18 which includes a blank space to input information from Schedule 1, adding a blank line after amount requested from Schedule 3, assist the taxpayer in keeping information at hand without having to pull Schedules for reference.</p>
IRS Initial Response	<p>ID 1512 Non-adopt. We have revised the Standard deduction section for clarity but have not made this change. We will consider for future revisions.</p> <p>ID 1513 Non-adopt. We have revised the Standard deduction section for clarity but have not made this change. We will consider for future revisions.</p> <p>ID 1514 Adopt. We will make this change.</p> <p>ID 1515 Non-adopt. We were not aware this was a cause of ambiguity. We will consider this change for future revisions.</p> <p>ID 1516 Adopt. We will make this change.</p> <p>ID 1517 Adopt. We will make this change.</p> <p>ID 1518 Adopt. We will make this change. (Because of space constraints on Form 1040-SR, this instruction will be the left margin.)</p> <p>ID 1519 Adopt. We will make this change.</p> <p>ID 1520 Non-adopt, already under consideration based on prior request from the JCT and is currently with Treasury for final determination.</p> <p>ID 1521 Adopt. We will make this change (and other changes to clarify line 7).</p> <p>ID 1522 Adopt. We will make this change – and other changes to clarify line 8.</p> <p>ID 1523 Non-adopt. We have revised line 12 for clarity but because of space constraints we are not able to add a separate entry space for the Schedule 2 amount.</p> <p>ID 1524 Non-adopt. We have revised line 13 for clarity but because of space constraints we are not able to add a separate entry space for the Schedule 3 amount.</p>

<p>TAP Issue ID: 40163 Elevated Date: 06/06/2019</p>	<p>Committee Name: Tax Forms and Pubs</p>
<p>Status: Monitoring IRS Action</p>	<p>Outcome: Project/Assignment Completed</p>
<p>Title: Form 4549</p>	
<p>Issue or Project Statement</p>	<p>Project Statement: Determine if the Form 5471, Form 4549: Report of Income Tax Examination Changes clearly communicate appropriate guidance to the public.</p>
<p>Project Goal Statement</p>	<p>Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.</p>
<p>Proposed Solution or Task</p>	<p>Form 4549 – upper right-hand corner of each page ID 1581</p> <p>On each page: Page _____ of _____ Date: MM/DD/YYYY According to the Taxpayer Bill of Rights, taxpayers are entitled to clear notices and correspondence. Taxpayers also have the right to pay only the amount of tax legally due. When subject to an audit, multiple versions of Form 4549 may be provided to the taxpayer. It could be difficult for a taxpayer to determine which is the current version and/or pages could be mixed together and not provide an accurate representation of the final proposed changes.</p> <p>The taxpayer is asked to sign and date Form 4549 and send it back in the envelope provided if the taxpayer agrees with the proposed changes. It is possible the taxpayer could unintentionally agree to changes they are not in agreement with or do not fully understand.</p> <p>Failing to provide basic information, such as the date of the proposed changes/notice, creates confusion during an already complex process for most taxpayers. The date should be displayed in a prominent location that is easy for the taxpayer to locate, such as the top of the form with the page numbers. This will ensure the taxpayer can identify the current proposed changes and can properly match page numbers (that are provided for this purpose) and dates.</p>
<p>IRS Initial Response</p>	<p>The IRS partially agrees. We will revise page 1 of Form 4549 to include the date in a prominent place and submit this request to the Report Generation Software (RGS) team for implementation. If the requested programming cannot be completed in FY20, we will evaluate other alternatives, such as the feasibility of adding the date manually. The IRS cannot number all pages of the report which includes the actual Form 4549 and supplemental pages in the format you requested due to programming limitations with the report writing software.</p>

TAP Issue ID: 40304 Elevated Date: 07/29/2019	Committee Name: Tax Forms and Pubs
Status: Closed	Outcome: Project/Assignment Completed
Title: Hard to Read Half Page 1040 Form.	

Issue or Project Statement	Project Statement: Determine if the form and instructions clearly communicate appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the experience of taxpayers.
Proposed Solution or Task	Proposed Solution/Recommendations: ID 1624 Form 1040 is now on one two-sided page with each side being only one half of the page. Combine page 1 and 2 so that Form 1040 is a one-page form. Taxpayers have made several complaints regarding the new two-page form, such as: 1. The use of two pages is a waste of paper as most taxpayers copy the one-page, two-sided form onto two single-page forms (tax software companies already have adopted this). 2. The form would easily fit one side of a single page with little or no reduction in the print size. 3. The use of a single-page, one-sided form is more economical.
IRS Initial Response	Non-Adopt The Form 1040 layout adopted for 2018 was based on high-level decisions with the goal to simplify the form. The 2019 layout is based on high-level decisions as well, coupled with input we have received. The changes made to the 2019 Form 1040, based these decisions and comments, has resulted in additional lines on the form. For 2019 it is not possible to make it a one-page form, although we will continue to listen to feedback and comments in an effort to make Form 1040 the most user friendly it can be.

TAP Issue ID: 40358 Elevated Date: 04/25/2019	Committee Name: Tax Forms and Pubs
Status: Monitoring IRS Action	Outcome: Project/Assignment Completed
Title: Form 5471 & Inst Schedule J & Subpart F income	
Issue or Project Statement	Project Statement: Determine if the Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, and instructions clearly communicate appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.
Proposed Solution or Task	Page 24, Line 6 ID 1 Attach a statement detailing the nature and amount of any adjustments not accounted for in the E&P determined before reductions for distributions and inclusions (i.e., adjustments other than those listed on lines 2a through 5b). Do not include amounts reported on line 1b. Attach a statement detailing the nature and amount of any adjustments not accounted for in the E&P determined before reductions for distributions and inclusions (i.e., adjustments other than those listed on lines 2a through 5b, such as a merger). Do not include amounts reported on line 1b. As Schedule J was expanded to include accumulated E&P balances and line 6 for other adjustments, the instructions do not provide an example that would guide the taxpayer.
IRS Initial Response	Non-adopt. Adjustments pertaining to mergers are not entered on Schedule J, line 6. Adjustments pertaining to mergers are entered on Schedule J, line 5a. It should be noted that Schedule J, line 6 is merely intended as a catchall. As indicated in the current instructions for Schedule J, line 6, a taxpayer enters an amount on line 6 only if the amount clearly doesn't belong on lines 2a through 5 (according to the instructions for lines 2a through 5b). Line 6 is not a required field. Therefore, we believe that our current instructions are adequate, and we don't feel that taxpayers need examples regarding an entry for this line.

<p>TAP Issue ID: 40513 Elevated Date: 11/25/2019</p>	<p>Committee Name: TAC</p>
<p>Status: TAP Reviewing IRS Response</p>	<p>Outcome:</p>
<p>Title: Methods to assist taxpayers who visit a TAC without</p>	
<p>Issue or Project Statement</p>	<p>The IRS website states that taxpayers who need in-person help from an IRS Taxpayer Assistance Center (TAC) must call to schedule an appointment. All TACs provide service by appointment. The ability to work with taxpayers in-person is an essential IRS service when a tax issue cannot be resolved online or by phone.</p> <p>The IRS recommends that taxpayers consider the self-service options available on IRS.gov before calling for an appointment. Many questions can be resolved online without traveling to a TAC. Publication 5136, IRS Services Guide, includes additional information about where to find help.</p> <p>Many taxpayers with special needs require "Walk-In" service and others prefer in-person service and TACs currently offer this service on a limited basis. However, in-person service is difficult to obtain for taxpayers living in many areas of the country and frustrates their efforts to obtain information necessary to comply with IRS requirements and meet their tax obligations.</p>
<p>Project Goal Statement</p>	<p>To implement an appointment system that reduces the burden on taxpayers in need of in-person assistance to obtain information necessary for tax compliance and consult with TAC experts.</p>
<p>Proposed Solution or Task</p>	<p>A modified scheduling system should be implemented to permit taxpayers without an appointment to walk into a TAC office and receive service. A reasonable number of open time slots would be available. IRS employees should be scheduled to exclusively be available for walk-ins. Additional open time slots would be created when taxpayers fail to show up at their assigned appointment time. When arriving at a TAC office, taxpayers without appointments should be provided an estimated wait time and taxpayers should be encouraged to make an appointment to minimize wait times.</p>

IRS Initial Response

Thank you for identifying issues that taxpayers face when attempting to locate a Taxpayer Assistance Center (TAC). The IRS appreciates your research and recommendations to benefit both the IRS and the taxpayer.

The Field Assistance Scheduling Tool (FAST) does not need to be modified to allow a reasonable number of open time slots to be available to permit taxpayers without an appointment to walk into a TAC office and receive service.

Field Assistance current appointments procedures already accommodate taxpayers who walk-in and receive service without an appointment, if we have capacity to do so. For example, if a taxpayer arrives without an appointment, we will see if we have an appointment available and offer the taxpayer the next available appointment the same day. If there is a hardship situation and no appointment is available, managers will make an exception and advise the taxpayer that they may have to wait while we see if someone does not show up for their appointment, or if an appointment takes less time than scheduled. Managers will work with to ensure these taxpayers are seen within the shortest time possible without adversely impacting other appointments. Additional open time slots are created when taxpayers fail to show up at their assigned appointment time. Currently, taxpayer appointments are cancelled 15 minutes after their scheduled appointment time. These cancellations open additional slots for walk-in taxpayers to receive service on the same day.

TAP Issue ID: 40558 Elevated Date: 09/30/2019	Committee Name: Toll-Free
Status: TAP Reviewing IRS Response	Outcome:
Title: PSA for improveirs.org on Toll-Free Phone Lines	
Issue Statement	Add a public service announcement (“PSA”) to invite taxpayers to convey their suggestions and feedback at improveirs.org, which is monitored by the Taxpayer Advocacy Panel (“TAP”).
Goal Statement	To expand taxpayer awareness of improveirs.org, enhance taxpayer services, and give taxpayers a means to convey their suggestions to address taxpayer concerns and issues.
Proposed Solution	Include an improveirs.org public service announcement in the on-hold announcement carousel.
IRS Initial Response	Thank you for your recommendation regarding adding a public Service announcement promoting the improvingirs.org website for taxpayers to submit issues. As previously shared with the TAP, there is a limit on the number of in-queue messages we can play, coupled with mandated messages we must play and those needed for business needs. We think directing the taxpayer to another organization’s website may be confusing since we already direct them to IRS.gov for on-line assistance. In addition, taxpayer confusion may create demand and disconnects that impact the level of service (LOS) and, the Customer Satisfaction Survey participant rate if we are asking taxpayers to go to another website to provide feedback. As a result, we do not envision this recommendation will have a positive effect on our telephone operations or the taxpayer experience. We will not be adopting this recommendation.

TAP Issue ID: 40613 Elevated Date: 12/06/2019	Committee Name: Taxpayer Communications
Status: TAP Reviewing IRS Response	Outcome:
Title: IRS Forms 2848 and 8821	
Issue or Project Statement	Taxpayer Communications Committee (TCC) has been tasked with assessing public understanding of the use of third-party authorization Forms 2848 (Power of Attorney and Declaration of Representative) and 8821 (Tax Information Authorization) for tax professional representation before the IRS and for third-parties receipt of tax information.
Project Goal Statement	Educate taxpayers on appropriate use of and differences between Forms 2848 and 8821.
Proposed Solution or Task	It is proposed that a “process tree” or “workflow” of sorts be utilized online enabling the taxpayer to be routed to the correct form needed when requesting third party authorization. Recommendations include: 1. Implementation of key words in online searches on irs.gov to direct taxpayer to correct information: i.e., authorization, assist, power of attorney, help with filing, etc. 2. Utilize process forks as answers to the following questions that will direct the taxpayer to the correct form, online and in phone conversations on help lines: o Do you need someone to fill out forms on your behalf? (Form 2848, Power of Attorney) o Do you need someone to view your tax information? (Form 8821, Tax Information Authorization)

ID 1755

OLS agrees with the Taxpayer Advocacy Panel's (TAP's) finding that when the search terms "assist" and "help with" are used on IRS.gov, search results don't help taxpayers understand the differences between Forms 2848 and 8821.

OLS analyzed search terms and found that these terms are both broad context and not frequently used. Associating "help with" and "assist" with definitive topics such as power of attorney and information authorization will not benefit most taxpayers.

To help meet the objective of ensuring that taxpayers are using the correct third-party form, and not providing the third-party undue or unwanted access to taxpayer information/data, OLS used search optimization techniques to promote the Third Party Authorization Purpose page on IRS.gov. This page provides detailed explanation of the two forms. OLS increased findability for both Forms 2848 and 8821 by creating Top Recommendation entries to the complimentary "About" pages for these forms on January 8, 2020.

By March 1, OLS plans to include the Third-Party Authorization Purpose page as a complementary result in the recommendation call-out to promote discovery and help taxpayers determine which third party form meets their needs.

OLS will conduct additional keyword research to identify additional related keywords, and further adjust Top Recommendations as needed, and will discuss website content related to Third Party Authorizations with content owners to determine if changes or enhancements are appropriate. These activities are ongoing.

ID 1756

OLS agrees with the Taxpayer Advocacy Panel's (TAP's) finding that when the search terms "assist" and "help with" are used on IRS.gov, search results don't help taxpayers understand the differences between Forms 2848 and 8821.

OLS analyzed search terms and found that these terms are both broad context and not frequently used. Associating "help with" and "assist" with definitive topics such as power of attorney and information authorization will not benefit most taxpayers.

To help meet the objective of ensuring that taxpayers are using the correct third-party form, and not providing the third-party undue or unwanted access to taxpayer information/data, OLS used search optimization techniques to promote the Third Party Authorization Purpose page on IRS.gov. This page provides detailed explanation of the two forms. OLS increased findability for both Forms 2848 and 8821 by creating Top Recommendation entries to the complimentary "About" pages for these forms on January 8, 2020.

By March 1, OLS plans to include the Third-Party Authorization Purpose page as a complementary result in the recommendation call-out to promote discovery and help taxpayers determine which third party form meets their needs.

OLS will conduct additional keyword research to identify additional related keywords, and further adjust Top Recommendations as needed, and will discuss website content related to Third Party Authorizations with content owners to determine if changes or enhancements are appropriate. These activities are ongoing.

TAP Issue ID: 40664 Elevated Date: 09/27/2019	Committee Name: Tax Forms and Pubs
Status: Closed	Outcome: Issue Partially Implemented
Title: 2018 Schedule A Instruct Page A-16 Footnote 2	

Issue or Project Statement	Project Statement: Determine if the Schedule A and Instructions clearly communicates appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.
	<p>ID 1664 Schedule A Instructions, page A-2 Examples of Medical and Dental Payments You Can Deduct To the extent you weren't reimbursed, you can deduct what you paid for:</p> <p>Insurance premiums for medical and dental care, including premiums for qualified long-term care insurance contracts, as defined in Pub. 502. For example, you can include the premiums paid for Medicare B, Medicare D, and voluntary enrollment in Medicare A as a medical expense. But see Limit on long-term care premiums you can deduct, later. Reduce the insurance premiums by any self-employed health insurance deduction you claimed on Schedule 1 (Form 1040), line 29. You can't deduct insurance premiums paid with pretax dollars (e.g., premiums you pay via your employer's payroll deduction) because the premiums aren't included in box 1 of your Form(s) W-2. If you are a retired public safety officer, you can't deduct any premiums you paid to the extent they were paid for with a tax-free distribution from your retirement plan.</p> <p>Taxpayers are often confused by the term "pretax" and do not understand that insurance premiums are not included in W-2 wages. Including the most common taxpayer examples makes it clear which premiums are included and which are not included in taxable wages. Contributions to 401(k) or other retirement plans can be seen on the W-2 when box 1 and 3 are different; however, medical premiums are not clearly apparent as not included in W-2 wages. This will ensure a taxpayer's right "To pay no more than the correct amount of tax" and "To be informed."</p> <p>ID 1665 Schedule A Instruction, page A-16</p> <p>Note: Residents of Alaska do not have a state sales tax but should follow the instructions on the next page to determine their local sales tax amount.</p> <p>1 Use the Ratio Method to determine your local sales tax deduction, then add that to the appropriate amount in the state table. Your state sales tax rate is provided next to the state name.</p> <p>2 Follow the instructions on the next page to determine your local sales tax deduction, then add to the state tax table worksheet line 2.</p> <p>3 The California table includes the 1.25% uniform local sales tax rate in addition to the 6.00% state sales tax rate for a total of</p>

<p>Proposed Solution or Task</p>	<p>rate in addition to the 6.00% state sales tax rate for a total of 7.25%. Some California localities impose a larger local sales tax. Taxpayers who reside in those jurisdictions should use the Ratio Method to determine their local sales tax deduction, then add that to the appropriate amount in the state table. The denominator of the correct ratio is 7.25%, and the numerator is the total sales tax rate minus 7.25%.</p> <p>4 This state does not have a local general sales tax, so the amount in the state table is the only amount to be deducted.</p> <p>5 The Nevada table includes the 2.25% uniform local sales tax rate in addition to the 4.6000% state sales tax rate, for a total of 6.85%. Some Nevada localities impose a larger local sales tax. Taxpayers who reside in those jurisdictions should use the Ratio Method to determine their local sales tax deduction, then add that to the appropriate amount in the state table. The denominator of the correct ratio is 6.85%, and the numerator is the total sales tax rate minus 6.85%.</p> <p>6 The 4.0% rate for Hawaii is an excise tax but is treated as a sales tax for purpose of this deduction.</p> <p>7 The rate increased during 2018, so the given rate is an average for the year.</p> <p>8 The rate decreased during 2018, so the given rate is an average for the year. The current instructions are not correct in calculating the state and local sales tax. If compared to the Sales Tax Calculator, the suggested language will have the same result. The current language informs the taxpayer to add it to the amount in the sales tax table which is placed on line 1 of the worksheet, and then the worksheet on line 2 informs the taxpayer to again place the amount from the Local Optional Table, therefore adding the amount twice into the worksheet, resulting in an incorrect sales tax amount. To ensure that the taxpayer's rights under the Taxpayer Bill of Rights are protected regarding paying the correct amount of tax, this change would help reduce possible errors in calculation.</p>
<p>IRS Initial Response</p>	<p>ID 1664 Schedule A Instructions, page A-2 Adopt -We agree with the recommendation and will adopt language similar to the recommended text.</p> <p>ID 1665 Schedule A Instruction, page A-16 Partially adopt - The tables should only address the state and/or local tax amounts to be used in figuring the deduction. We will remove language from the table footnotes that duplicates instructions for how to use the state and/or local tax amounts to figure the deduction.</p>

TAP Issue ID: 40698 Elevated Date: 09/04/2019	Committee Name: TAC
Status: TAP Reviewing IRS Response	Outcome:
Title: Modify VITA Training to Include HSA Issues	
Issue or Project Statement	Project Statement: Current training requirements for all VITA volunteer tax preparers require them to certify at either the Basic or Advance level. Many, if not most, certify at the Advanced level. However, to see clients that have health savings accounts), volunteers need to take an additional course relating to HSAs. Since HSA accounts are becoming increasingly more common, being certified in HSA is increasingly important for volunteer tax preparers. However, this certification requirement frequently leads to additional confusion in practice as the site coordinators need to keep careful track of which of their volunteers for that day can see clients with HSA accounts. This leads to overall slower return processing as the site coordinators try to determine who can see these clients.
Project Goal Statement	Goal Statement: To improve the efficiency of VITA to handle clients with HSA accounts and thereby process more returns quicker and more accurately.
Proposed Solution or Task	Proposed Solution: Consolidate the HSA training into the Advanced training course so that all volunteers who pass the Advanced level are also HSA qualified.
IRS Initial Response	For the 2019 Tax Year, the HSA course will remain apart from the Advanced Module. For the 2020 Tax Year, we will explore how incorporating a revised HSA course into the Advanced Module impacts: 1) The total number of Continuing Education credits made available for volunteers who participate (we do not want to reduce the overall number of Continuing Education Credits made available to volunteers); and 2) How partners operate their VITA/TCE sites

TAP Issue ID: 40699 Elevated Date: 09/27/2019	Committee Name: TAC
Status: TAP Reviewing IRS Response	Outcome:
Title: Expand VITA Scope to Include OIC Issues	
Issue or Project Statement	Volunteer Income Tax Assistance (VITA)/Tax Counseling for the Elderly (TCE) Programs - Information Summary for Payment Options, Including Offer-In-Compromise.
Project Goal Statement	To inform taxpayers with balances due who get assistance at VITA/TCE locations, of their payment options, including making an offer-in-compromise.
Proposed Solution or Task	<ol style="list-style-type: none"> 1. Provide a single page summary of information (see attached summary) about payment and other options to taxpayers at all VITA/TCE locations. 2. Placement in Publication 4012, VITA/TCE Volunteer Resource Guide. 3. Placement in Publication 4691 VITA/TCE Training Guide. 4. Inclusion with the IRS Link & Learn Taxes e-learning course modules.
IRS Initial Response	<ol style="list-style-type: none"> 1. SPEC created a 2-page document for volunteers to work through balance due issues with taxpayers, which advises volunteers to refer taxpayers to the Payments page on IRS.gov. It also advises volunteers to tell taxpayers about correcting their withholding for the following tax year. 2. Similar content to assist taxpayer balance due issues is already in the Publication 4012. 3. Similar content to assist taxpayer balance due issues is already in Publication 4491. 4. Similar content to assist taxpayer balance due issues is already in the Link & Learn Taxes e-learning course.

TAP Issue ID: 40705 Elevated Date: 07/30/2019	Committee Name: Toll-Free
Status: TAP Reviewing IRS Response	Outcome:
Title: Option to Participate in Satisfaction Survey	
Issue or Project Statement	Provide taxpayers who call IRS toll free lines the option to participate in current IRS automated customer satisfaction surveys
Project Goal Statement	Enhance current IRS customer satisfaction survey results by providing all callers the option to participate in customer satisfaction surveys post-call automatically. This will provide IRS managers with more feedback at potentially lower cost, and will give taxpayers an option to provide information on their experience.
Proposed Solution or Task	<p>Callers to toll free lines would hear an offer to participate in an automated customer service survey at the end of their call. Those who opt to participate will receive an automated call back to participate in an interactive voice response (IVR) survey of the type presently being used by the IRS.</p> <p>Benefits Automatically inviting all callers to participate in a customer experience survey will improve the image of the IRS and increase the amount of feedback available to IRS managers. It would advance the IRS goal of allowing customers' concerns to be heard. Furthermore, automating the invitation and implementing a call back feature could remove the CSR entirely from the survey protocol, thereby freeing up IRS resources and reducing costs related to the time CSRs presently spend making survey invitations and transferring calls. Finally, increasing the opportunity for taxpayers to share their views on customer service advances the goal of allowing more taxpayers the ability to be heard, if they so choose.</p> <p>Barriers While current surveys are IVR and automated, adding the invitation and call back mechanisms would involve expense and system resources.</p>
IRS Initial Response	<p>Thank you for your recommendation regarding our Customer Satisfaction Surveys.</p> <p>We value the feedback received from callers who participate in our Customer Satisfaction (CSAT) survey. The information from the reports is used to identify key focus areas for improvement. We realize if the survey is available to all taxpayers, this will provide more information to assist us with making improvements.</p> <p>We are exploring the feasibility of automatic survey invitation after the technology upgrade to Investment and Contract Management (ICM) and the move to Internet Protocol (IP) transport technology. These changes are tentatively planned for FY2020 -2021.</p> <p>Our current surveys are under contract for the next two /three years. Any changes will require renegotiation of the contracts.</p>

TAP Issue ID: 40706 Elevated Date: 06/04/2019	Committee Name: Toll-Free
Status: TAP Reviewing IRS Response	Outcome:
Title: 800 Numbers	
Issue Statement	Investigate why the IRS only lists a single 800 number for individual taxpayers to call on its website (www.irs.gov), 1-800-829-1040. Our understanding is that other 800 numbers are only published to taxpayers through IRS notices and other limited distribution channels. We suggest that additional 800 numbers be added to the “individuals” help section of irs.gov.
Goal Statement	To increase customer satisfaction and decrease their call time by displaying the IRS’ top 5 dialed/transferred 800 numbers on the “individuals” help section of irs.gov.
Proposed Solution	<ol style="list-style-type: none"> 1. Wider distribution of toll-free phone numbers that provide faster response to taxpayer issues. 2. Utilizing www.irs.gov as the main source of communication of these numbers, which already exists. 3. Potentially exploring other low-cost ways of communicating the availability of these numbers (e.g., printed materials, social media), again with the goal of relieving pressure on the 1040 line and providing better service to taxpayers.

1. Disagree – Our Accounts Management function limits the broad posting of their telephone numbers because the call menus are designed to efficiently guide customers to the resource (Customer Service Representatives and/or Automated Services) best able to handle a specific issue. A broader posting of telephone numbers that are not designed to bring customers to menus geared to their issues would lead to poorer service for individuals rather than increased customer satisfaction. The 800-829-1040 number takes the customer directly into the IRS Main Menu which is primarily designed to route individual taxpayers (non-business filers with common issues) to the resources they need. Our telephone numbers are used for specific programs and, while many of our numbers can get the customer to the right resource, it is preferable to have the customer travel the most direct route to the specialized resource. Without this strategy, many customers would find themselves in situations where they reach an agent after waiting in queue and upon describing their issue, find that they must be transferred or hang up and call back to the correct number for their issue. Both situations are a waste of time for the taxpayer and a costly use of skilled IRS resources.

While our service is highly budget-driven, Level of Service (measure that Accounts Management uses to gauge its product lines) has been relatively high in recent years. This is largely because of our strategy to channel callers to the specific product line that is best able to serve the customer, reducing secondary transfers and call-backs.

Whenever an IRS telephone number is made public, taxpayers will quickly use the number to reach the service. Numbers must be carefully publicized through a specific program or letter because history shows us that phone numbers get shared broadly by callers who think they might find a faster way of speaking to a representative. This behavior only degrades the service the number was specifically placed in service to serve.

2. Agree - IRS.gov continues to remain the main resource for listing of telephone numbers segmented by the umbrella programs they cover. Several years ago, the IRS restructured the IRS.gov web site, improving the usability of the web site to locate tax related topics, forms/publications, filing returns, making payments, and providing taxpayer assistance through on-line tools, as well as resources for telephone numbers and local assistance.

3. Disagree - The IRS actively looks at new and different methods of communicating it's services. However, printing materials to publicize additional "800" numbers would increase IRS costs and would be redundant. The agency already provides a wealth of on-line tools, resources, telephone and local assistance. Tax publications now provide taxpayers with the appropriate telephone numbers to call to resolve their inquiry.

The IRS is currently using social media to direct customers to IRS.gov, where taxpayers can find answers to most types of questions without having to call the service. Using social media to broadcast additional "800" numbers could increase the number of unnecessary call attempts to resolve initial inquiries. The increased telephone demand would degrade overall service.

TAP Issue ID: 40707 Elevated Date: 07/30/2019	Committee Name: Toll-Free
Status: TAP Reviewing IRS Response	Outcome:
Title: Improve International Access to the IRS	

Issue or Project Statement	International Taxpayers should not have to experience significant cost to get help from the IRS. As of now there is only one phone number (not toll free) listed for international taxpayers to get help from the IRS. This puts the burden of cost to get help on the taxpayer, and depending on the amount of calls and time, the cost could be substantial. It also could be a deterrent for a taxpayer to be compliant with their taxes.
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Project Goal Statement	Improve access and provide lower cost for international taxpayers to contact the IRS.
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Proposed Solution or Task	<ol style="list-style-type: none"> 1. Offer toll free numbers for our international callers. 2. The IRS could add links to their website to allow callers to use technical applications such as Google phone, Skype or other internet phone applications. 3. Forwarding calls from existing Social Security international numbers to a rep within the IRS. 4. Add an option to the app where a taxpayer could call directly to the IRS at no cost similar to Facetime or Messenger. 5. Provide information to international taxpayers about other communication options that would allow them to make free calls if a taxpayer cannot afford to contact the IRS. <p>Adopting some or all of the proposed changes would include the benefit of expanded service options available to international taxpayers who need to get help from the IRS without the burden of the cost falling on the taxpayer. We believe that improved quality of service at a lower cost or no cost to international taxpayers would encourage these individuals to stay compliant with their taxes.</p> <p>Possible barriers to adopting these proposals include the cost that would be involved in having a toll-free number for international taxpayer or adding a link to the IRS app. Another barrier would be the possible time and training that would be involved with forwarding calls from the existing Social Security international numbers to a rep within the IRS.</p>
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	<ol style="list-style-type: none"> 1. We agree, it would be nice to provide toll-free telephone service to taxpayers outside the United States. Currently, international callers use local numbers that are forwarded via local switch to the toll-free network (TFN), that feed into IRS. The caller will be charged for the international call to the local billing telephone number (BTN) in Philadelphia. International Toll Free services do exist in the marketplace, however, IRS does not currently have a contractual option in place to introduce such services. Our carrier, Verizon, offers the service but we currently don't have the option or ability to procure international toll-free services Finally, we'd need to investigate technical viability within our current IP environment to ensure the service would align with our contact center call processing. We will not be implementing this recommendation. 2. Thank you for your recommendation regarding telephone service for international taxpayers.
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The IRS has not looked at it recently, but when the issue of high cost international calls is discussed the internet phone is part of the conversation.

As part of our discussion we have looked at the internet phone service, and each of these services, and others allows the caller to connect via IP from one subscriber to another. We are not a subscriber and cannot endorse the use of one service over another, at least without a competitive procurement action. Even if that were done, we do not know if it is possible to take such a call and queue it. This would only work if the service had a connection to the Public Switched Telephone Network (PSTN), so a subscriber could call one of our numbers and then be queued.

We will not be implementing this recommendation.

3. Based on our research, the Social Security Administration (SSA) does not provide toll-free telephone services to international callers. We will not be implementing this recommendation for SSA to transfer calls to the IRS.

4. The IRS has not looked at it recently, but when the issue of high cost international calls is discussed the internet phone is part of the conversation.

As part of our discussion we have looked at the internet phone service, and each of these services, and others allows the caller to connect via IP from one subscriber to another. We are not a subscriber and cannot endorse the use of one service over another, at least without a competitive procurement action. Even if that were done, we do not know if it is possible to take such a call and queue it. This would only work if the service had a connection to the Public Switched Telephone Network (PSTN), so a subscriber could call one of our numbers and then be queued.

We will not be implementing this recommendation.

5. IRS.gov provides information to international taxpayers, as well as resident and non-resident aliens. All the Interactive Tax Assistant (ITA) topics provide the following guidance and link, "For information regarding nonresidents or dual-status aliens, please see international taxpayers.

In some cases, if the taxpayer has an international mailing address, they may be able to register for the Online Payment Agreement and Tax Compliance Check applications by receiving an activation code sent by postal mail.

Our Privacy, Governmental Liaison, and Disclosure (PGLD)

Operating Division continues to identify options and solutions for all taxpayers to authenticate online, including international taxpayers.

When the authentication issue is addressed for international taxpayers, Online Account will provide options for international taxpayers to view their payoff amount, balance owed for each tax year and payment history. Along with viewing information, taxpayers can select an electronic payment method or request tax transcripts for more detailed information.

We have not looked at it recently, but when the issue of high cost international calls is discussed the internet phone is part of the conversation.

We have looked at the internet phone service, and each of these services, and others allows the caller to connect via IP from one subscriber to another. We are not a subscriber and cannot endorse the use of one service over another, at least without a competitive procurement action. Even if that were done, we do not know if it is possible to take such a call and queue it. This would only work if the service had a connection to the Public Switched Telephone Network (PSTN), so a subscriber could call one of our numbers and then be queued.

TAP Issue ID: 40751 Elevated Date: 11/20/2019	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: TAP 2019 F1040 Parent Project	
Issue or Project Statement	Project Statement: Determine if the Form 1040: U.S. Individual Income Tax Return clearly communicates appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.
	ID 1639 2019 draft Form 1040 and 1040-SR Rename the draft Form 1040-SR to Form 1040 and eliminate the current draft Form 1040. There is no reason to have two identical forms. One of the complaints taxpayers continue to make is the font size is too small and the form is difficult to read. The draft 1040-SR solves this problem. In addition, the draft Form 1040 is no longer a one-half page form so there is no reason to keep it. ID 1640 1040 Filing Status If you checked the MFS box, enter the name and SSN of spouse. If you checked the HOH or QW box, enter the child's name and SSN if the qualifying person is a child but not your dependent. ? To ensure that the IRS can track the proper filing status of the spouse when choosing MFS, it is important to include the SSN. If a qualifying child is not a dependent, in order to ensure the proper claiming of credits available, it is important to include the child's SSN in order to prevent the credits from being used by another person claiming the child as a dependent. In the 2018 instructions, the SSN is not listed as a required entry on this line. As the EITC is a credit that is frequently abused, just adding the child's name would not allow the IRS to properly track the credit. ID 1641 Draft Form 1040, page 1 Foreign country name (if applicable) This addition would make it clear to the taxpayer that the entire line of information can be omitted. ID 1642 2019 draft Form 1040 and 1040-SR, lines 4a through 4d Change the line for pensions and annuities such that it is numbered 5a and b, making the social security amounts on line 6a and b. Renumber the rest of the form accordingly. The form is a little confusing because it changes format. Adding a separate number for pensions and annuities makes it consistent with the rest of the current lines 2a through b. It also makes it easier to read and understand. ID 1643 Page 2 Line 12a Change box 12a2 to "Schedule D Worksheet" and move from 4972 to the instructions for insertion on line 12a3.

Format suggestion:

Move the box for line 12a to the far-right column and change the wording for line 12b to read "Add the amount on line 12a and the amount on Schedule 2, line 3, and enter the total." More people will be confused and possibly make mistakes if they are required to fill in the blank for figuring the tax from the Schedule D tax worksheet.

ID 1644

2019 draft Form 1040 and 1040-SR, line 12b

b Add the amount from Schedule 2, line 3, and the amount from line 12a and enter the total. Adding the words "the amount from" makes it more understandable.

ID 1645

2019 draft Form 1040 and 1040-SR, line 13b

b Add the amount from Schedule 3, line 7, and the amount from line 13a and enter the total. Adding the words "the amount from" makes it more understandable.

ID 1646

2019 draft Form 1040 and 1040-SR, line 18d

d Enter the amount from Schedule 3, line 14. Adding the words "Enter the amount from" makes it more understandable.

ID 1647

2019 draft Form 1040, Schedule 1

Add a line 22 as follows:

22 Other adjustments to income. List type and amount ?

.....

Renumber the existing line 22 to 23 and change the first part of the line to read "Add lines 10 through 22"

Conforming change to Form 1040, Line 8a:

Adjustments to income from Schedule 1, line 23 Assuming the 2019 instructions will be similar to the 2018 instructions, additional types of adjustments to income not otherwise specifically included on the form are supposed to be entered on the dotted line portion of line 22 of Schedule 1. The instructions describe the other types of income and indicate the amount, along with an applicable description, be entered on the dotted line on line 22 and the total in the box for line 22. This is confusing to taxpayers and not consistent with the top part of the form used to report additional income. Making this change will make the "Adjustments to Income" portion of the form consistent with the "Additional Income" portion. It will also make it easier for the taxpayer to understand how to properly report the other adjustments to income.

ID 1648

2019 Draft Form 1040 and 1040-SR, Schedules 1, 2, and 3

Increase the font size on all three of these forms so it matches the font size on the Form 1040- SR. One of the complaints taxpayers continue to make is the font size is too small and the form is difficult to read. The font size used on the Form 1040-SR is much easier to read. All three forms take up less than a page and there should be plenty of room to increase the font size, especially since they will be commonly used forms.

ID 1649

Form 1040, Third Party Designee section and Paid Preparer Use Only section

Third Party Designee

<p>Proposed Solution or Task</p>	<p>(Other than paid preparer)</p> <p>Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions. <input type="checkbox"/> Yes. Complete below <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Paid preparer -or- <input type="checkbox"/> Other third party. Complete below</p> <p>Paid Preparer Use Only</p> <p>Check if: <input type="checkbox"/> 3rd Party Designee The addition of the “third party designee” section while leaving the checkbox on the “Paid preparer Use Only” section is confusing. The taxpayer has three choices: allow the paid preparer to be a third-party designee; selecting a person other than the paid preparer to be a third-party designee; or not having a third-party designee at all. Providing for all three alternatives and moving them all to the same section of the form will make it much easier for the taxpayer to understand their three alternatives and to indicate their choice.</p>
	<p>ID 1639 2019 draft Form 1040 and 1040-SR NOTE: Also Included in Project #36654: F1040SR Non adopt. Form 1040-SR is legislatively mandated (P.L. 115-123, Div. D, Title II, sec. 41106). Because of last year’s Form 1040 redesign, both forms are similar.</p> <p>ID 1640 1040 Filing Status Non adopt. The instructions tell MFS taxpayers where to include their spouse’s SSN.</p> <p>ID 1641 Draft Form 1040, page 1 Non adopt. The line above tells taxpayers “If you have a foreign address, also complete the spaces below.” This is also explained in the instructions.</p> <p>ID 1642 2019 draft Form 1040 and 1040-SR, lines 4a through 4d Non adopt. IRA distribution and pensions and annuity payments were reported on the same line in 2018. Programming for the 1040 was well underway when the decision to separate pension annuity payments was made. At that point it was not feasible to add a new line number and thus renumber all subsequent lines because of the additional work that would be required.</p> <p>ID 1643 Page 2 Line 12a Non adopt. The Schedule D Tax Worksheet is one of the methods that certain taxpayers use to figure the tax on their taxable income. That amount would be entered directly on the line 12a entry space. The</p>

<p>IRS Initial Response</p>	<p>3 boxes are used to indicate that other tax amounts are included in the amount on the entry space. We indented the entry space as we generally do for intermediate lines.</p> <p>ID 1644 2019 draft Form 1040 and 1040-SR, line 12b Non adopt. Spacing issue.</p> <p>ID 1645 2019 draft Form 1040 and 1040-SR, line 13b Non adopt. Spacing issue.</p> <p>ID 1646 2019 draft Form 1040 and 1040-SR, line 18d Non adopt. Follows format of 18a, b, and c.</p> <p>ID 1647 2019 draft Form 1040, Schedule 1 Non adopt. Will consider for 2020 revision.</p> <p>ID 1648 2019 Draft Form 1040 and 1040-SR, Schedules 1, 2, and 3</p> <p>NOTE: Also Included in Project #36654: F1040SR Non adopt. We are unable to make this change for 2019.</p> <p>ID 1649 Form 1040, Third Party Designee section and Paid Preparer Use Only section</p> <p>NOTE: Also Included in Project #36654: F1040SR Non adopt. Although the use of the checkbox will be clarified in the instructions and we will consider this suggestion for the 2020 revisions of Forms 1040 and 1040-SR</p>
	<p>A rebuttal is provided herein for issues 1639, 1640, 1642, 1643, 1644, 1645, 1646, 1647, 1648, and 1649.</p> <p>ID 1639 TAP Rebuttal to IRS Response: We understand the legislative mandate for Form 1040-SR. The reality is that the Form 1040 and Form 1040-SR are essentially identical except for the font size and the placement of the standard deduction chart on the 1040-SR. Since the Form 1040-SR is mandated, our revised recommendation as a rebuttal to your response is to change the font size on the Form 1040 to that used on the Form 1040-SR. The complaints from taxpayers that the font size on the existing Form 1040 is too small and difficult to read comes from a wide variety of taxpayers and not just those over the age of 55. Increasing the font size on the Form 1040 will be beneficial to all taxpayers, regardless of age.</p> <p>ID 1640 TAP Rebuttal to IRS Response: You are correct that the instructions tell MFS taxpayers where to include the spouse's SSN, but the intent is to make it easier for taxpayers to properly complete the form. There is no reference to the instructions on the Form 1040. Putting the added verbiage would be of great benefit to the taxpayers. In addition, you did not address the recommendation to include the child's SSN in the case of filing jointly or QM. We request this recommendation be</p>

of filing Form 941. We request this recommendation be reconsidered.

Note: This recommendation was also included as part of Project 36654 – Form 1040-SR and should be considered equally applicable to Project 36654.

ID 1642

TAP Rebuttal to IRS Response:

Just because it was reported that way in 2018, does not mean it is the best interests of the taxpayer and in making the Form easier to understand. In addition, the reporting on the 2018 Form was different than in prior years. Requiring additional work does not seem to be a valid reason for not making the change if the change is in the best interests of the taxpayer. We request this recommendation be reconsidered.

Note: This recommendation was also included as part of Project 36654 – Form 1040-SR and should be considered equally applicable to Project 36654.

ID 1643

TAP Rebuttal to IRS Response:

You are correct that Schedule D is only one of the methods used to calculate the tax. However, it is used much more frequently than the taxes calculated on either Form 8814 or 4972. Moving the Form 4972 to the instructions for insertion on line 12a3 and replacing checkbox 12a2 with Schedule D is much more user friendly to the taxpayer and would require fewer taxpayers to have to use box 12a3. We request this recommendation be reconsidered.

Note: This recommendation was also included as part of Project 36654 – Form 1040-SR and should be considered equally applicable to Project 36654.

ID 1644

TAP Rebuttal to IRS Response:

We fail to see the spacing issue. The words “the amount from” could easily be inserted on both Form 1040 and Form 1040-SR. We request this recommendation be reconsidered.

Note: This recommendation was also included as part of Project 36654 – Form 1040-SR and should be considered equally applicable to Project 36654.

ID 1645

TAP Rebuttal to IRS Response:

We fail to see the spacing issue. The words “the amount from” could easily be inserted on both Form 1040 and Form 1040-SR. We request this recommendation be reconsidered.

Note: This recommendation was also included as part of Project 36654 – Form 1040-SR and should be considered equally applicable to Project 36654.

ID 1646

TAP Rebuttal to IRS Response:

It does not follow the format of 18a, b, and c in that those lines describe the actual credits. Our recommendation makes the wording on the line more understandable. In addition, the insertion of the words does not create a spacing issue. The words “the amount from” could easily be inserted on both Form 1040 and Form 1040-SR. We request this recommendation be reconsidered.

Note: This recommendation was also included as part of Project 36654 – Form 1040-SR and should be considered equally applicable to Project 36654.

ID 1647

TAP Rebuttal to IRS Response:

You failed to provide any reasoning for not adopting this recommendation for this year. Acceptance of this recommendation makes the Form much more understandable, provides consistency with Part I of Schedule 1, and easier to use for the taxpayer. If necessary, you could use the existing line 21 Reserved for future use, which has no functional use. The conforming change to Form 1040, line 8a is a very simple change and there does not appear to be any spacing issue on either Form 1040 or Form 1040-SR. We request this recommendation be reconsidered.

Note: This recommendation was also included as part of Project 36654 – Form 1040-SR and should be considered equally applicable to Project 36654.

ID 1648

TAP Rebuttal to IRS Response:

You have not provided any reason for not adopting this recommendation. It would seem to be an easy and logical change. This is especially true since none of the three Schedules takes up more than two-thirds of the page and would still easily fit on one page with the increased font size. As mentioned in our original recommendation, one of the significant complaints we continue to get from taxpayers is that the fonts are too small, and the forms are difficult to read. This recommendation would remedy that complaint. We request this recommendation be reconsidered.

Note: This recommendation was also included as part of Project 36654 – Form 1040-SR and should be considered equally applicable to Project 36654.

ID 1649

TAP Rebuttal to IRS Response:

You have not provided any reason for not adopting this recommendation for 2019. As stated in our recommendation above, providing for all three alternatives and moving them all to the same section of the form will make it much easier for the taxpayer to understand their three alternatives and to indicate their choice. We request this recommendation be reconsidered.

Note: This recommendation was also included as part of Project 36654 – Form 1040-SR and should be considered equally applicable to Project 36654.

TAP Counter Response

ID 1639

Non adopt. These decisions are made at a high level and included Treasury. We are not authorized to make changes at the present time.

ID 1640

Non adopt for TY2019. Pending review and approval we will consider adding text "See separate instructions" to TY2020 revision to help address situation.

ID 1642

Adopt for TY2020. We did not receive timely authorization to make the change for TY2019.

ID 1643

Non adopt. The 3 boxes indicate additions to regular tax. Regular tax is calculated using one of the methods described in the instructions which include tax table, tax computation worksheet, Schedule D tax worksheet, Qualified dividends and capital gains tax worksheet and foreign earned income worksheet. Making Schedule D a box is not appropriate as it is one of the ways to calculate tax on income. If a taxpayer uses the Schedule D tax worksheet they don't check any box on line 12a. We will move the entry space flush right for TY2020.

ID 1644

Adopt for TY2020. In addition, the entry carried over from Schedule 2 will have a dedicated line on the 2020 revision.

ID 1645

Adopt for TY2020. In addition, the entry carried over from Schedule 3 will have a dedicated line on the 2020 revision

ID 1646

Adopt for TY2020

ID 1647

Adopt for TY2020

ID 1648

Non adopt. These decisions are made at a high level and included Treasury. We are not authorized to make changes at the present time.

ID 1649

Partially adopt for TY2020. We will delete the checkbox in the "Paid Preparer Use Only" section of the return.

TAP Issue ID: 40785 Elevated Date: 07/30/2019	Committee Name: Special Projects
Status: TAP Reviewing IRS Response	Outcome: Issue Fully Implemented
Title: Filing threshold for Married Filing Separately	
Issue Statement	<p>There is a discrepancy in various IRS publications concerning the filing threshold for taxpayers who are married and file separately. This leaves many people within this status unsure as to whether or not they need to file a tax return. Namely, Publication 54 states that this threshold is \$12,000 whereas the other publications reviewed state that this threshold is \$5. It is important that the 1040 instructions booklet and Publications 17, 54, 501, 570 and any other applicable IRS documents be corrected to clearly and consistently identify the proper tax threshold for taxpayers filing as married filing separately.</p>
Goal Statement	<p>The goal is to make corrections to any guidance referencing the filing threshold for taxpayers who are married and filing separately.</p>
Proposed Solution	<ol style="list-style-type: none"> 1. The first solution to this problem requires a determination as to which amount, \$5 or \$12,000, is the correct threshold for taxpayers who are married and filing separately or whether either amount is correct. <p>Based on the correct amount</p> <ol style="list-style-type: none"> 2. Correct Chart A on Page 10 and Chart B on Page 11 of the 1040 Instructions (Cat. No. 24811V). 3. Correct Table 1 in Publication 501 ("Dependents, Standard Deduction and Filing Information"- Cat. No. 15000U). 4. Correct Table 4-1 on page 21 of Publication 570 (Tax Guide for Individuals With Income From U.S. Possessions) Cat. No. 15118B. 5. Correct Table 1-1 on page 6 of Publication 17 ("Your Federal Income Tax For Individuals" - Cat No. 10311G). 6. Correct page 3 of Publication 54 ("Tax Guide for U.S. Citizens and Resident Aliens Abroad"- Cat. No. 14999E)

1. Instructions for Form 1040-NR.

Not Adopted.

CC:INTL:01 and CC:WI requested the removal of the \$5 threshold. Per Treas. Reg. § 1.6012-1(b)(2)(i) expressly requires that Form 1040-NR be filed when an NRA (“nonresident alien”) is ETB (“engaged in a U.S. trade or business”) even if the amount of gross income for the taxable year is less than the minimum amount specified in IRC 6012(a) for making a return. There are few NRAs that are not ETB so the mention of this limit is confusing.

CC:INTL:01 requested the removal of the \$12,000 (the standard deduction based) threshold. For the same reason the \$5 threshold was removed, especially since the only NRAs who can take the standard deduction are students and business apprentices meeting the criteria in Article 21 of the United States-India Tax Treaty. There would be even fewer (if any) NRAs falling into this category that are not ETB so again the mention of this limit would be confusing.

2. Chart A and Chart B in the Form 1040 instructions are correct. Therefore, there is no action that needs to be taken.

3. Table 1 in Publication 501 is correct. Therefore, there is no action that needs to be taken.

4. Table 4-1 in the 2018 Publication 570 was correct when released to the public on February 22, 2019. The 2019 Publication 570 will have the correct information in Table 4-1 when released to the public by the end of February 2020.

5. Table 1-1 in Publication 17 is correct. Therefore, there is no action that needs to be taken.

6. The 2018 Publication 54 was released to the public on December 27, 2019, with the corrected table on page 3 of the publication. Earlier, on September 6, 2019, we had posted a correction as a Recent Developments article on the Publication 54 product page at www.irs.gov/Pub54. The 2019 Publication 54 was released to the public in December 2019 with the correct information in the table on page 3.

IRS Initial Response

TAP Issue ID: 40876 Elevated Date: 09/04/2019	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: Penalty Form 2210, Schedule A-1	
Issue or Project Statement	Project Statement: Determine if Form 2210: Underpayment of Estimated Tax by Individuals, Estates, and Trusts Premiums clearly communicates appropriate guidance to public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.
Proposed Solution or Task	Form 2210 Instructions, Page 2, Right hand column, Waiver of Penalty ID 1650 The underpayment was due to a casualty, disaster, or other unusual circumstance, and it would be inequitable to impose the penalty. For federally declared disaster areas, see Federally declared disaster. The underpayment was due to a casualty, disaster, or other unusual circumstance, and it would be inequitable to impose the penalty. A waiver may be appropriate because of death, serious illness, or injury. Similarly, if the individual cannot obtain the information necessary to compute his or her tax when the taxpayer's books and records were destroyed by fire or another casualty. For federally declared disaster areas, see Federally declared disaster. It would be helpful for taxpayers to understand what "unusual circumstances" may permit waiver of the penalty. This is based on relevant precedent (e.g., Meyer v. Commissioner, T.C. Memo 2003-12; In the Matter of Sims, 92-1 USTC ¶15,034) and legislative history (H.R. Conf. Rep. No. 98-432 (Part 2), at 1489 (1984); S. Rep. No. 98-169, at 506-07 (1984). Form 2210, Part I, line 9, first bullet point after the Yes box ID 1651 If Box B, C, or D applies, you must figure your penalty and file Form 2210. If Box B, C, or D applies, you must figure your penalty using either Part III or Part IV and file Form 2210. Adding the additional verbiage makes it clear the taxpayer may use either Part III or Part IV. It is also consistent with the instructions for the second bullet point, which indicates the taxpayer may use either Part III or Part IV.
IRS Initial Response	ID 1650 Adopted for 2019 ID 1651 Adopted for 2019

TAP Issue ID: 40902 Elevated Date: 09/27/2019	Committee Name: TAC
Status: TAP Reviewing IRS Response	Outcome:
Title: TELEPHONE APPOINTMENT CONFIRMATION TO TAXPAYERS	
Issue or Project Statement	<p>The IRS website states that taxpayers who need in-person help from an IRS Taxpayer Assistance Center (TAC) must call to schedule an appointment. All TACs provide service by appointment. The ability to work with taxpayers face-to-face via appointments is an essential service that the IRS provides when a tax issue cannot be resolved online or by phone.</p> <p>The IRS recommends that taxpayers consider the self-service options available on IRS.gov before calling for an appointment. Many questions can be resolved online without taxpayers having to travel to a TAC. Publication 5136, IRS Services Guide, includes additional information about where to find help.</p> <p>Current publications instruct taxpayers on how to schedule an appointment with an IRS employee. Taxpayers who provide an email address will receive a confirmation email within 24 hours of scheduling with a reminder notification that will be sent 48 hours prior to the appointment time. Despite these email confirmations and reminders, IRS representatives encounter many late arrivals, no-shows, and taxpayers arriving without the required documentation.</p>
Project Goal Statement	To improve the taxpayer’s customer service and reduce the “no-shows or late arrival rate for scheduled appointments at TAC offices by providing additional appointment confirmation options to the taxpayer.
Proposed Solution or Task	<p>In order to minimize missed scheduled meetings with taxpayers, the following is recommended:</p> <ol style="list-style-type: none"> 1. When a taxpayer has ready access to e-mail, continue to send an e-mail reminder <ul style="list-style-type: none"> o A recorded telephone reminder message o A text reminder message 2. At the taxpayer’s preference, they could also receive <ul style="list-style-type: none"> o A recorded telephone reminder message o A text reminder message 3. For each option above, a confirmation of attendance should be made <ul style="list-style-type: none"> o Either by return e-mail, selecting an option on the recorded telephone message or a return text message o Or a request to reschedule the appointment 4. The message should include the logistics of the appointment such as <ul style="list-style-type: none"> o Time, date o Location o Security access o Documents required of the taxpayer

1. Thank you for researching and analyzing ways to reduce no shows or late appointment arrivals. The IRS appreciates your research and recommendations to benefit both the IRS and the taxpayer.

The IRS will continue to send email confirmations to those taxpayers that provide an email address.

2. The IRS has explored the option of sending telephone and text messages and determined these options are not feasible to adopt at this time.

The appointment system cannot send text messages based solely on the taxpayer's phone number. The system employs the ServiceNow email service. In order to send a text message using ServiceNow, the IRS would be required to secure the taxpayer's cellphone provider. This could negatively impact the appointment line service as well as the performance of the appointment system.

3. The IRS has explored the option of taxpayer confirmations. Receipt of a taxpayer confirmation does not prohibit the taxpayer from being a no-show for their appointment. The IRS could not cancel an appointment because we did not receive a confirmation.

In addition, due to cybersecurity and the protection of the taxpayer's personally identifiable information (such as names, addresses and identification numbers), the IRS cannot allow taxpayers to respond to emails and/or texts. The IRS has determined at this time, this option has no benefit.

4. The IRS currently provides an email confirmation to taxpayers that provide an email address. The email does provide the time, date and location of the scheduled appointment. The IRS does not provide information on security to enter a building with a TAC, since each location is different and would be difficult to document and maintain security features of every building in the appointment system.

The IRS is investigating the ability to provide a "what to bring" list (contained in the appointment scheduling system) on the emails we send taxpayers. Currently, the assistor provides this information verbally when the appointment is made.

IRS Initial Response

TAP Issue ID: 40907 Elevated Date: 12/16/2019	Committee Name: Notice & Correspondence
Status: Elevated to IRS Awaiting Response	Outcome:
Title: CP Notices: 04; 515IMF; 518BMF	

Issue or Project Statement	<p>Project Statement: Improve Office of Tax Correspondence (OTC) CP Notices. The Office of OTC is responsible for creating and designing over 400 CP Notices. CP Notices are tax account related, public-use correspondence created as a result of an account related activity or condition.</p>
Project Goal Statement	<p>Goal Statement: CP Notices are sometimes hard to understand and make it harder for taxpayers to comply with tax law. OTC requests the TAP Committee to review a category of notices and provide specific comments on how to improve notices.</p>
	<p>Proposed Solutions: The following proposals refer to title and page numbers contained in the attached documents.</p> <p>CP515-IMF Rec #1 Page-1 Current Text Social Security number [TP SSN] Proposed Text Taxpayer Identification number [TP TIN]</p> <p>Rec #2 Page-1 Current Text We sent you a previous notice informing you of this, but the notice may have been returned as undelivered or could not be mailed by the United States Postal Service (USPS). Proposed Text We sent you a previous notice informing you of this, but the notice may have been returned as undelivered or could not be delivered by the United States Postal Service (USPS).</p> <p>Rec #3 Page-4 Current Text Our records show that you may also have returns for other tax years that still have not been filed. Proposed Text Our records show that you have not filed your return(s) for [Tax years]. Please file your past due returns immediately. If you have any questions, please contact us for help.</p> <p>Rec #4 Page-4 Current Text This information indicates that you should file a tax return for the Tax year shown above. If you need Wage and Income information you can: You can find more information about requesting transcripts at www.irs.gov/transcript. Proposed Text If you need Wage and Income information: You can find more information about requesting transcripts at www.irs.gov/transcript</p>

www.irs.gov/transcript

Rec #5 Page-7 Current Text

Social Security number
[TP SSN]
Proposed Text
Taxpayer Identification number
[TP TIN]

CP518-BMF

Rec #6 Page-1 Current Text

[Social Security number]
Proposed Text
[Taxpayer Identification number/Employer Identification number]
[TIN/EIN]

Rec #7 Page-2 Current Text

We sent you a previous notice asking you file your Form [tax form number]. However, we still haven't received a response from you.

Proposed Text
We sent you a previous notice asking you to file your Form [tax form number]. However, we still haven't received a response from you.

Rec #8 Page-2 Current Text

If you can't pay the amount due (font is different)
Proposed Text
If you can't pay the amount due (font needs to be consistent)

Rec #9 Page-2 Current Text

Pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Review all of our payment options in the payment options section of this notice.

Proposed Text
Pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Review all payment options in the payment options section of this notice.

Rec #10 Page-2 Current Text

Make a payment 24 hour a day, 7 days a week
Proposed Text
Make a payment 24 hours a day, 7 days a week

Rec #11 Page-3 Current Text

[Our records show that you file your tax return on a fiscal year basis. To continue filing this way, you're required to file a Form 8752 (Required Payments or Refund Under Section 7519) every year. If you don't file this form, we may require you to file on a calendar year basis, and you will have to file additional returns when your filing period changes]

Proposed Text
[Our records show that you file your tax return on a fiscal year basis. To continue filing this way, you're required to file a Form 8752 (Required Payments or Refund Under Section 7519) every year. If you don't file this form, we may require you to file on a calendar year basis, and you will have to file additional returns when your filing period changes.]

Rec #12 Page-3 Current Text

If you need assistance, please don't hesitate to contact us. (font is different)

Proposed Text

If you need assistance, please don't hesitate to contact us. (font needs to be consistent)

Rec #13 Page-9 Current Text

Pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Review all of our payment options in the payment options section of this notice.

Proposed Text

Pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Review all payment options in the payment options section of this notice.

Rec #14 Page-9 Current Text

Pay now electronically or by phone

Proposed Text

Pay electronically or by phone

Rec #15 Page-10 Current Text

You may also be able to pay by debit or credit card for a small fee, depending on the type of tax you owe. To see all of our payment options, visit www.irs.gov/payments.

Proposed Text

You may also be able to pay by debit or credit card for a small fee, depending on the type of tax you owe. To see all payment options, visit www.irs.gov/payments.

Rec #16 Page-11 Current Text

[Our records show that you file your tax return on a fiscal year basis. To continue filing this way, you're required to file a Form 8752 (Required Payments or Refund Under Section 7519) every year. If you don't file this form, we may require you to file on a calendar year basis, and you will have to file additional returns when your filing period changes]

Proposed Text

[Our records show that you file your tax return on a fiscal year basis. To continue filing this way, you're required to file a Form 8752 (Required Payments or Refund Under Section 7519) every year. If you don't file this form, we may require you to file on a calendar year basis, and you will have to file additional returns when your filing period changes.]

Rec #17 Page-11 Current Text

If you need assistance, please don't hesitate to contact us. (font is different)

Proposed Text

If you need assistance, please don't hesitate to contact us. (font needs to be consistent)

Rec #18 Page-14 Current Text

My business had no activity for the period

Proposed Text

My business had no activity and had no income to report for the above period

CP04

Rec #19 Page-1 Current Text

Social Security Number

Proposed Text

Taxpayer Identification Number

Rec #20 page-1 Current Text

If we don't receive your completed response form

Proposed Text

Proposed Solution or Task	<p>Proposed Text If we don't receive your completed Response form</p> <p>Rec #21 Page-3 Current Text Social Security Number Proposed Text Taxpayer Identification Number</p>
IRS Initial Response	<p>Note on this section. We agree that the text changes are simple to make in a programming sense. However, changing IDRS notices like these is an involved, lengthy process. Collection HQ will have to initiate a "Green Button" request for each through OTC and Publishing Services Requests (PSR) for each. We will have to submit updated Programming Requirement Packages for each notice. After a series of meetings with OTC on the changes. OTC will initiate Unified Work Requests (UWR) for each. OTC will coordinate review of the changes. Then we will monitor the UWRs for 1.5 to 2 years to ensure the changes are correctly implemented.</p>

TAP Issue ID: 41100 Elevated Date: 11/08/2019	Committee Name: Toll-Free
Status: TAP Reviewing IRS Response	Outcome:
Title: Add Prompt to Practitioner's Line for POA	
Issue Statement	Announcement for practitioners checking status of POAs for clients
Goal Statement	Save time for practitioners through reminders on how to check status of a form 2848 Power of Attorney
Proposed Solution	We recommend that the IRS add a Public Service Announcement to the Practitioner Priority Toll-Free line to remind practitioners to check with their clients to verify if they have received a notice that their form 2848 has been rejected. Please don't forget that if any errors occur on the 2848 form ONLY the taxpayer is notified. If you're looking for the status of your 2848 form, first check with the taxpayer to see if they have received an error notice from the IRS.
IRS Initial Response	Thank you for your recommendation regarding adding a POA message on our Practitioner Priority Service (PPS) telephone line. The PPS telephone line was updated based on your recommendation and implemented on 10/07/19. The message is as follows, ANNC # 7660- If you are checking on the status of a Form 2848 and it's been over five business days since you submitted it, please check with your client first. It may have been returned due to errors.

TAP Issue ID: 41167 Elevated Date: 11/08/2019	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: Retirement Topics 401K Contribution limits	
Issue or Project Statement	Project Statement: Review the examples 1 and 2 shown on page 3 under the heading Overall Limit on Contributions, of the informational topic regarding 401(k) Profit-Share Plan Contribution Limits posted on the IRS website at https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits to determine if it is accurate and clearly explains the limitations.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service, improve the taxpayers' experience, and insure accurate information if being provided. Evaluation of the examples provided regarding 401(k) Profit-Sharing Plan Contributions Limits are correct and clearly explains the contributions limits.
	Recommended change on website for Compensation limits found at: https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits Informational topic on IRS website regarding 401(k) and Profit-Sharing Plan Contribution Limits on page 3, examples 1 and 2 and the paragraph entitled "Compensation limits for Contributions, found at: https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits Example 1: Greg, 46, is employed by an employer with a 401(k) plan, and he also works as an independent contractor for an unrelated business. Greg sets up a solo 401(k) plan for his independent contracting business. Greg contributes the maximum amount to his employer's 401(k) plan for 2018, \$18,500. Greg would also like to contribute the maximum amount to his solo 401(k) plan. He is not able to make further elective deferrals to his solo 401(k) plan because he has already contributed his personal maximum, \$18,500. He has enough earned income from his business to contribute the overall maximum for the year, \$55,000. Greg can make a nonelective contribution of \$55,000 to his solo 401(k) plan. This \$55,000 limit is not reduced by the elective deferrals Greg made under his employer's plan because the limit on annual additions applies to each plan separately. Example 2: In Example 1, if Greg were 52 years old and eligible to make catch-up contributions, he could contribute an additional \$6,000 of elective deferrals for 2018. His catch-up contribution could be split between the plans in any proportion he chooses. Or, Greg may contribute the full \$6,000 catch-up contribution to his plan. This is because, although he made nonelective contribution to his solo 401(k) plan up to the maximum of \$55,000, the \$55,000 limit is not reduced by the elective deferral catch-up contributions. Compensation limit for contributions

Compensation limit for contributions

Remember that annual contributions to all of your accounts - this includes elective deferrals, employee contributions, employer matching and discretionary contributions and allocations of forfeitures to your accounts - may not exceed the lesser of 100% of your compensation or \$56,000 for 2019 (\$55,000 for 2018). In addition, the amount of your compensation that can be taken into account when determining employer and employee contributions is limited. The compensation limitation is \$280,000 in 2019 (\$275,000 in 2018).

Example 1: In 2018, Greg, 46, is employed by an employer with a 401(k) plan, and he also works as an independent contractor for an unrelated business. Greg sets up a solo 401(k) plan for his independent contracting business. Greg contributes the maximum elective deferral amount to his employer's 401(k) plan for 2018, \$18,500. Greg would also like to contribute the maximum amount to his solo 401(k) plan. He is not able to make further elective deferrals to his solo 401(k) plan because he has already contributed his personal maximum, \$18,500, to his employer's plan. He has enough earned income from his business to contribute the overall maximum for the year, \$55,000. Greg can make a nonelective contribution of \$55,000 to his solo 401(k) plan. This \$55,000 limit is not reduced by the elective deferrals Greg made under his employer's plan because the limit on annual additions applies to each plan separately.

Example 2: In Example 1, if Greg were 52 years old and eligible to make catch-up contributions, he could contribute an additional \$6,000 of elective deferrals for 2018. His catch-up contribution could be split between the plans in any proportion he chooses. Or, Greg may contribute the full \$6,000 catch-up contribution to his plan thereby making the total contribution to his plan \$61,000. This is because, although he made nonelective contributions to his solo 401(k) plan up to the maximum of \$55,000, the \$55,000 limit is not reduced by the elective deferral catch-up contributions.

Compensation limit for contributions

Remember that annual contributions to all of your accounts maintained by one employer (and any related employer) - this includes elective deferrals, employee contributions, employer matching and discretionary contributions and allocations of forfeitures to your accounts, but not including catch-up contributions - may not exceed the lesser of 100% of your compensation or \$56,000 for 2019 (\$55,000 for 2018). This limit increases to \$62,000 for 2019 (\$61,000 for 2018) if you include catch-up contributions. In addition, the amount of your compensation that can be taken into account when determining employer and employee contributions is limited. The compensation limitation is \$280,000 in 2019 (\$275,000 in 2018).

Examples 1 and 2, coupled with the paragraph on compensation limits for contributions, are confusing with respect to how the catch-up contributions affect the overall contribution limit. The added verbiage makes it clear that the overall contribution limit is increased by the amount of catch-up contributions.

11-15-2019 IRS RESPONSE:

TE/GE C&L was already in the process of updating this page for the changes in the COLA numbers and did look at the examples. Please take a look at the page now and let me know if any further changes are needed. Thank you.

<https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits>

TE/GE C&L was already in the process of updating this page for the changes in the COLA numbers and did look at the examples. Please take a look at the page now and let me know if any further changes are needed. Thank you.

<https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits>

1-10=2020 IRS RESPONSE:

We had already updated this page for 2019/2020 numbers. See the text below. It's the current webpage with your changes (that haven't been made yet) in red.

Please review and let me know if this language is acceptable. Thanks.

Example 1: In 2019, Greg, 46, is employed by an employer with a 401(k) plan, and he also works as an independent contractor for an unrelated business and sets up a solo 401(k). Greg contributes the maximum elective deferral amount to his employer's 401(k) plan for 2019, \$19,000. He would also like to contribute the maximum amount to his solo 401(k) plan. He is not able to make further elective deferrals to his solo 401(k) plan because he has already contributed his personal maximum, \$19,000, to his employer's plan. He would also like to contribute the maximum amount to his solo 401(k) plan.

Greg is not able to make further elective salary deferrals to his solo 401(k) plan because he has already contributed his personal maximum, \$19,000, to his employer's plan. However, he has enough earned income from his business to contribute the overall maximum for the year, \$56,000. Greg can make a nonelective contribution of \$56,000 to his solo 401(k) plan. This \$56,000 limit is not reduced by the elective deferrals Greg made under his employer's plan because the limit on annual additions applies to each plan separately.

Example 2: In Example 1, if Greg were 52 years old and eligible to make catch-up contributions, he could contribute an additional \$6,000 of elective deferrals for 2019. His catch-up contribution could be split between the plans in any proportion he chooses. Or, Greg may contribute the full \$6,000 catch-up contribution to his solo 401(k) plan, thereby making the total contribution to his plan \$62,000. This is because, although he made nonelective contributions to his solo 401(k) plan up to the maximum of \$56,000, the \$56,000 limit is not reduced by the elective deferral catch-up contributions.

IRS Initial Response

TAP Issue ID: 41230 Elevated Date: 09/27/2019	Committee Name: Special Projects
Status: Monitoring IRS Action	Outcome:
Title: Foreign Trusts IRS Penalty Notices For Late Forms	
Issue Statement	IRS instructions are unclear regarding the due date of substitute Form 3520-A. As a result taxpayers are being charged penalties for failure to file.
Goal Statement	To correct IRS instructions to clarify the due date of substitute Form 3520-A.
Proposed Solution	Correct both: (1) the instructions for Form 3520, and (2) the instructions for Form 3520-A to make the due date of substitute Form 3520-A clear
IRS Initial Response	We will adopt the suggestion to clarify the due date for filing a substitute Form 3520-A in the Instructions for Form 3520 and the Instructions for Form 3520-A.

TAP Issue ID: 41347 Elevated Date: 11/25/2019	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: Form 965, schedules A & B	
Issue or Project Statement	Project Statement: Determine if Form 965 and Instructions clearly communicates appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review Form 965 and Instructions and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.
	ID 1740 Form 965 Instructions, Page 1 - Contents Specific Instructions Change to read: Schedule A (Form 965) - U.S. Share Holder's Section... Schedule B (Form 965) - D Deferred Foreign Income Corporation's Earnings & Profits Schedule C (Form 965) - U.S. Shareholder's Aggregate Foreign Earnings and Profits Deficit Schedule D (Form 965) - U.S. Shareholder's Aggregate Foreign Cash Position Schedule E (Form 965) - U.S. Shareholder's Aggregate Foreign Cash Position – Detail Schedule F (Form 965) - Foreign Taxes Deemed Paid by Schedule G (Form 965) - Foreign Taxes Deemed Paid by Schedule H (Form 965) Section 1- Amounts Reported on Forms 1116 and 1118 and Disallowed Foreign Taxes Schedule H (Form 965) Section 2 – Applicable Percentage Disallowance of Foreign Tax Credit Not From Pass-Through The schedule names in Form 965 instructions are incomplete. The names should be modified to include the complete name of the Schedule by including, (Form 965) after the Schedule A, Schedule B, Schedule C, etc. Referring to a Schedule by the letter only may cause confusion as Schedule A, Schedule B, Schedule C (etc.) are names given to schedules used with Form 1040. Referring to the Schedules by their complete name will eliminate confusion. Besides changing the name of Schedules, A, B, C, D, E, F, G, H, on page 1 of the Instructions, as indicated in the paragraph above, the changes should be made throughout Form 965 instructions. ID 1741 Form 965 Instructions, Page 1 – Column 2, Definitions, above last paragraph Insert directly above, E&P deficit foreign corporation. E&P. E&P is the current and accumulated earnings and profits of any corporation. E&P is frequently referred to in other instructions, but there is no definition included. This definition will help the taxpayer understand the text within the publication. ID 1742 Form 965, Part III E Was the election provided for in Regulations section 1.965-2(f)

E. Was the election provided for in Regulations section 1.965-2(f)(2) made? Yes ___ No ___

F. Was an election made under Code section 962 in determining the transition tax? Yes ___ No ___. If yes, please attach any related forms used in computing the transition tax (including forms used in claiming any possible foreign tax credit used to reduce or eliminate the transition tax). An individual may have made an election under Code §962, which allows an individual to be taxed as if he or she is a corporation. Such election may be beneficial since it may allow the individual to claim a foreign tax credit for foreign taxes imposed on the company's income. IRC sec. 962 allows certain individuals to apply the tax rates of corporations for income includible in gross income under IRC sec. 951. But there is no place on Form 965 to show that the election under IRC sec. 962 is being made.

Instructions for Schedules E, F, and G (at page 2) address the election under section 962. Here's the text of those instructions: "Deemed paid foreign taxes and disallowance (Schedules F, G, and H). Eligible individuals making a section 962 election and corporations should use Schedules F, G, and H to determine the foreign taxes deemed paid with respect to their section 965(a) inclusions and the portion of such deemed paid foreign taxes disallowed under section 965(g). Under section 962 and Regulations sections 1.962-1 and 1.962-2, an individual U.S. shareholder of a CFC may elect for a tax year to be taxed at corporate rates under section 11 on amounts included in his or her gross income under section 951(a) and to claim a foreign tax credit for foreign income taxes deemed paid with respect to such amounts under sections 902 and 960."

It would be helpful to add a question as to whether such election was made to better allow the IRS to analyze the computation of the transition tax. It would also be helpful to then ask the taxpayer to supply any related forms used in computing the transition tax to allow for easier review of the actual tax due.

ID 1743

Form 965, Instructions, page 2, left hand column

Who must file

...In addition, any person that would be required to include amounts in income under section 965 of the Code but for an aggregate foreign E&P deficit allocated in accordance with section 965(b) must complete and attach Form 965 to its tax return.

2017 Tax Year: If you already filed your 2017 Tax Return and reported income under section 965 transition tax, which may have also included a separate Transition Tax Statement in accordance with IRS 2017 guidance, you do not have to file an amended 2017 return with a Form 965. However, you must attach Form 965 to your 2018 tax return. See Questions and Answers about Tax Year 2018 Reporting and Payments Arising under section 965, FAQ 6, for more information: <https://www.irs.gov/newsroom/questions-and-answers-about-tax-year-2018-reporting-and-payments-arising-under-section-965> The "Who Must File" discussion refers to the 2017 and 2018 tax years, but it is unclear whether Form 965 must be filed with a 2017 tax return.

Taxpayers affected by the transition tax have likely filed their 2017 tax returns and accounted for the transition tax following IRS

guidelines in effect at that time. The Instructions do not give guidance as to whether those taxpayers must file an amended 2017 return and now include Form 965, or just file Form 965 with their 2018 return. That conclusion should be included in the Instructions along with the specific guidance on the need to file Form 965 with their 2018 return.

ID 1744

Form 965, Instructions, page 2, left hand column

Who must file

Exception. An organization exempt from tax under section 501(a) is required to complete Form 965 only if the section 965 amounts are subject to tax under section 511 (unrelated business income) or section 4940 (private foundation investment income).

Form 965-A and Form 965-B. Individual taxpayers and entities taxed like individuals must also file Form 965-A with their income tax return if they have a section 965 net tax liability in tax year 2017 or 2018, or both. A corporate taxpayer must file Form 965-B with their tax return when there is a net section 965 tax liability in tax year 2017 or 2018, or both. Consult the instructions to these forms for added details, including the requirements for filing these forms.

Taxpayers should be alerted in the Instructions the need to file Forms 965-A or 965-B if they have an inclusion.

ID 1745

Form 965, Instructions, page 2, right hand column

How To Complete

All U.S. persons ... In addition, any person that would be required to include amounts in income under section 965 of the Code but for an aggregate foreign E&P deficit allocated in accordance with section 965(b) should file Form 965. Please attach a statement to the Form explaining this situation. The Form does not indicate where the taxpayer would disclose this E&P deficit situation. It may be helpful to add the text to the Instructions to address this situation.

ID 1746

Form 965, Instructions, page 2, right hand column -Corrections

Corrections to Form 965

If you file a Form 965 that you later determine is incomplete or incorrect, file a corrected Form 965 ... and attach a statement identifying the changes.

Domestic Partnerships, S Corporations or Other Pass-Through Entities

A domestic partnership, S corporation, or other passthrough entity should attach a statement to its Schedule K-1s that includes the following information for each deferred foreign income corporation for which such passthrough entity has a section 965(a) inclusion amount. See Questions and Answers about Tax Year 2018 Reporting and Payments Arising under section 965, FAQ 9, for more information: <https://www.irs.gov/newsroom/questions-and-answers-about-tax-year-2018-reporting-and-payments-arising-under-section-965> There are added burdens put on domestic partnerships, S Corporations or Other Pass-Through Entities arising from the transition tax in conveying pertinent information to

Proposed Solution or Task	arising from the transition tax in conveying pertinent information to their partners or owners. This added Instruction alerts them to this responsibility and refers them to a FAQ for additional guidance.
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All 7 Recommendations Non Adopted

1. The table of contents in the January 2019 instructions for Form 965 provided the title of each related schedule. As such, we believe it would be highly unlikely that filers could confuse the 965 schedules with 1040 schedules. Besides, the vast majority of Form 965 filers were domestic corporations who file Form 1120.

2. We did not define the term “earnings and profits” because for each product, we consider the target audience when determining which terms to define. Our assessment was that a definition of earnings and profits was not necessary for this product. Note that we also do not define that term earnings and profits in the instructions for Forms 5471 and 1118 (two forms that a domestic corporation filing Form 965 would also complete).

3. Regulations section 1.962-2(b) indicates that “a United States shareholder shall make an election under this section by filing a statement to such effect with his return for the taxable year with respect to which the election is made.” As such, the election would have already been made with Form 1040, and it is not necessary to duplicate this information on Form 965. An individual will only file Schedule F or Schedule G if a section 962 election is in effect. If an individual files a Schedule F or G, the IRS verifies that an section 962 election was made with the taxpayer’s Form 1040 return.

4. We understand and appreciate the concern, however, we believe that when a January 2019 set of instructions asks filers to “complete and attach Form 965 to its income tax return,” it is reasonable to believe that filers will know that the instructions are referring to the taxpayer’s 2018 income tax return, and that, if the instruction was instead intended to refer to the taxpayer’s 2017 income tax return (with an amended return required), the instructions would have stated so. Furthermore, as noted in the recommendation, to the extent clarification is needed, this clarification is available in other IRS published guidance. As indicated in a later response below, because of the effective date of P.L. 115-97, section 14103, which amended section 965 of the Code, the IRS had to issue guidance quickly and in a piecemeal manner. The January 2019 instructions for Form 965 were never intended to be read as the one and only source of guidance for completing tax year 2017 and tax year 2018 Forms 965.

5. At the top of Form 965, there is a statement that says “Go to www.irs.gov/Form965 for instructions and the latest information.” Form 965-A is listed as a related product in that location. As indicated in the previous response, because of the effective date of P.L. 115-97, section 14103, which amended section 965 of the Code, the IRS had to issue guidance quickly and in a piecemeal manner. The January 2019 instructions for Form 965 were never intended to be read as the one and only source of guidance for completing tax year 2017 and tax year 2018 Forms 965. It is but one of many sources of information issued by the IRS.

6. There is no need to attach a statement. The taxpayer reports an aggregate foreign E&P deficit on the line 16 total of Schedule A, column (i).

7. The January 2019 instructions for Form 965 was but one of many sources of guidance issued with respect to tax year 2017 and 2018 filings of Form 965. Because of the timing of P.L. 115-97 and the effective date of P.L. 115-97, section 14103, which amended Code section 965, the IRS had to issue guidance quickly and in a piecemeal manner. As such, it wasn’t practical to develop a comprehensive 100-page set of instructions that addressed all section 965 issues. These instructions were never intended to be read as the one and only source that addressed all section 965 issues.

TAP Issue ID: 41382 Elevated Date: 11/25/2019	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: Including all business income on Sch C	
Issue or Project Statement	Project Statement: Evaluate clarity and completeness of the guidelines for taking the Qualified Business Income Deduction for rental property.
Project Goal Statement	Goal Statement: The goal of this project is to recommend to the IRS that current references to finalized Notice are reflected in the instructions for taking the Qualified Income Deduction for rental property.

ID 1747

PUB 535, Qualified Business Income Deduction, page 50, paragraph 2 Determining your qualified trades or businesses. Your qualified trades and businesses include your section 162 trades or businesses, other than trades or businesses conducted through a C corporation, W-2 wages earned as an employee, and specified service trades or businesses.

In general, to be engaged in a trade or business, you must be involved in the activity with continuity and regularity and your primary purpose for engaging in the activity must be for income or profit. If you own an interest in a pass-through entity, the trade or business determination is made at that entity's level.

The ownership and rental of real property may constitute a trade or business. Notice 2019-38 provides a safe harbor under which rental real estate enterprise will be treated as a trade or business for purposes of the QBI deduction. For more information, on the safe harbor see Notice 2019-38. Rental real estate that does not meet the requirements of the safe harbor may still be treated as a trade or business for purposes of the QBI deduction if it is a section 162 trade or business.

In addition, the rental or licensing of property to a commonly controlled trade or business operated by an individual or a pass-through entity is considered a trade or business under section 199A. Due to the changes finalized regarding the Qualified Business Income Deduction on September 24, 2019, the proper Notice needs to be reflected in the instructions regarding rental property qualifying for the QBID deduction. This ensures taxpayers have the updated reference when making this deduction on their tax return.

ID 1748

2018 Instructions for Schedule C Profit or Loss From Business, Line 1, Page C-5 Enter gross receipts from your trade or business. Include all income you received in your trade or business including amounts properly shown on Forms 1099-MISC. You can find more information in the instructions on the back of the Form 1099-MISC you received. Trying to explain to a senior citizen taxpayer who provided entertainment to assisted living facilities and senior centers that he needed to include ALL his income--not just those reported on 1099-MISCs.

Please consider the following. We believe some IRS instructions addressing Forms 1099 and gross income don't merely say to include amounts shown on Forms 1099-MISC but, instead, say to include all income received, including but not limited to, Forms 1099-MISC. That way, the taxpayer/reader can't use the language in the instructions to argue why they only reported income from Forms 1099-MISC (and left out other receipts).

ID 1749

2018 Instructions for Schedule C Profit or Loss From Business, Line 1, Page C-5

Enter gross Income from your trade or business. As a technical matter, gross receipts do not equal gross income.

Proposed Solution or Task

IRS Initial Response

IRS Adopted 2 recommendations and Not Adopted 1

1. Not adopt: The 2018 Pub 535 chapter dealing with QBID was removed for the 2019 revision and can be listed as Resolved Prior to Elevation: 2/21/2020. The 2018 Pub. 535, chapter 13, QBID material was consolidated on Forms 8995 and 8895-A and their instructions.

2. We will adopt this suggestion for 2020. The new text will state: "Enter gross receipts from your trade or business, including amounts properly shown on Forms 1099-MISC. You can find more information in the instructions on the back of the Form 1099-MISC you received."

3. We will not adopt this suggestion. "Gross income" is figured on line 7 of the Sch C. "Gross receipts" is the preferred language for line 1 of Sch C and it conforms to the language used on form 1120 for corporation.

TAP Issue ID: 41392 Elevated Date: 12/06/2019	Committee Name: Taxpayer Communications
Status: Closed	Outcome: Issue Fully Implemented
Title: Tax Professional Online Account & Taxpayer Online	
Issue or Project Statement	Customer Account Services (CAS) is seeking TAP insight on the taxpayer's preferred experience with an online account for tax professionals to perform transactions with the IRS on behalf of their clients.
Project Goal Statement	The Taxpayer Communications Committee (TCC) will gather and provide CAS the taxpayer feedback on their preferred experience when accessing an online application where tax professionals can perform transactions with the IRS on their behalf.
Proposed Solution or Task	<p>Currently, all authorizations are filed on paper which increases the amount of time to resolve a taxpayer's issue. We propose to make online access available. Taxpayers expressed support for the new online authorization application. The IRS systems design can be configurable to support changes after more thorough usage testing. We propose the following recommendations:</p> <ul style="list-style-type: none"> • Make the online authorizations available until it has been revoked • Taxpayers would like a regular (annual) reminder to maintain the current authorization for the online account • Taxpayers would like the tax professional to take multiple actions on their behalf including: <ul style="list-style-type: none"> o submit inquires to resolve questions o respond to IRS correspondence o receive notices and letters o establish installment agreements • Taxpayers would like to see tax professionals/IRS transactions online • Taxpayers would like to receive electronic notifications about transactions on a periodic basis (immediately, monthly, or weekly) • Taxpayers would like to provide authorizations to the IRS through a variety of methods: <ul style="list-style-type: none"> o electronic signature option o online with the IRS from home o online at the tax professional's office o at the tax professional's office • Taxpayers would like to terminate an existing authorization through one of the following methods: <ul style="list-style-type: none"> o electronic signature option o online with the IRS from home

IRS Initial Response

We agree with your recommendation. We will ensure authorizations are visible to taxpayers at least as long as the authorizations are current.

We agree with the recommendation. We will include the development of notifications, for taxpayers, in the tax professional's account. Development of a tax professional account does not have an established timeline. However, it will be delivered in an iterative fashion with capabilities first limited then enhanced over time. In addition, notifications may not be part of the initial release.

We agree with the recommendation. The capabilities for actions beyond authorizations are envisioned for the Tax Professional Account. However, a timeline for development of these capabilities has not been established.

We agree with the recommendation. As the tax professional account is enhanced with new functions, we will explore adding the ability for taxpayers to view the transactions taken on their behalf through Online Account or other capabilities.

We agree with the recommendation. As the Tax Professional Account is developed, a notification process will be included to advise the taxpayer when a tax practitioner is requesting access to their information or when taking an action on the taxpayer's behalf.

We agree with the recommendation. The tax professional account will allow taxpayers to authorize tax professionals to represent them or obtain tax information in a variety of methods. IRS continues to develop authentication and e-Signature options. Once available they will be incorporated in the On-Line Account for tax professionals.

We agree with the recommendation. Taxpayers will have the ability to withdraw/revoke authorizations online or on paper.

TAP Issue ID: 41402 Elevated Date: 11/08/2019	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: Pub 531	
Issue or Project Statement	Project Statement: Evaluate clarity and completeness of tip reporting instructions for self-employed taxpayers.
Project Goal Statement	Goal Statement: The goal of this project is to recommend to the IRS that current instruction in Pub. 531 be revised to clarify tip reporting requirements for self-employed taxpayers and improve the taxpayer's experience.
Proposed Solution or Task	Pub 531, page 6, Self-employed persons ID 1729 Current: Self-employed persons. If you receive tips as a self-employed person, you should report these tips as income on Schedule C. See Pub. 334, Tax Guide for Small Business, for more information on reporting business income. Suggested: Self-employed persons. If you receive tips as a self-employed person, you should report these tips as income on Schedule C or Schedule C-EZ. See Pub. 334, Tax Guide for Small Business, for more information on reporting business income. Justification: Self-employed persons need to report tips on either a Schedule C or C-EZ. Leaving off reference to a Schedule C-EZ may confuse the taxpayer into believing unless they use a Schedule C, tips do not need to be reported. Pub. 334 provides guidelines for both Schedule C and C-EZ so to provide consistency, it is important to include the reference to Schedule C-EZ. To ensure the taxpayer's right to pay the correct tax, it is important that they have a clear area to report all income received throughout the year.
IRS Initial Response	IRS is rejecting this suggestion because Schedule C-EZ was made historical (obsolete) beginning in Tax Year 2019/Processing Year 2020. Therefore, referring to it in other products would be incorrect.

TAP Issue ID: 41405 Elevated Date: 12/04/2019	Committee Name: Special Projects
Status: TAP Reviewing IRS Response	Outcome:
Title: Tax ID Pin number request process	

Issue Statement	<p>The suggestion is for the IRS to review other ways to verify identity from low-income taxpayers. The current process discriminates against them. Low-income people move from place to place for various reasons. In order to get a 6-digit number via text to complete the process, the taxpayer must have a mortgage loan number (they may not own a home), a credit card number (they do not always have credit cards and debit cards are not permissible), auto loans (they may not have a car and therefore use public transportation), a cell phone with major carriers (many have prepaid cell phones). Low income people need their refund and many can't verify their identity by using the on-line option because they cannot provide the required information to obtain a 6-digit pin number.</p> <p>Also taxpayers who have been the victim of identity theft are now receiving CP 5747C letters, requiring them to physically appear in person at an IRS office to prove their identity. Not only does this apparently cause a lot of concern to those who receive this letter, it also requires them to make an appointment. A couple of matters were raised: first, taxpayers who are not proficient in English may just go directly to an IRS office without understanding they need to make an appointment, or what specific documents to bring with them; and second, this requirement to physically present oneself can be a terrible inconvenience to some taxpayers given the hours when IRS offices are open (surgeons and medical professionals were one example) or the distance required to get to one. The question from the group was whether there was one or more options for people to be "validated" without personally appearing. There was push-back from the IRS to the suggestion that tax practitioners should be allowed to use a POA or something similar to validate a client. (While most practitioners are honest, there have apparently been over 3,000 practitioners sanctioned over the years and we're all familiar with the "refund mills" run by some.) In any case, there was a suggestion that a "certified acceptance agent" could be used to perform this validation. While I'll admit I have no idea what a certified acceptance agent is (or how you become one), the IRS seemed to think there might be some merit in this idea.</p>
Goal Statement	<p>To determine if the current IRS requirements for verifying identity have a disproportionate effect on taxpayers or might be impossible for low-income taxpayers to achieve. If true then making changes to any guidance that would ensure taxpayers the ability to acquire an Identity Protection Personal Identification Number (IP PIN) needs to be implemented in all applicable instructions, forms, and guides. Also to determine if the IRS requirements for taxpayers who are victims of identity theft to appear in person at an IRS office may be overly burdensome.</p>

Proposed Solution	<p>Should it be approved that additional options are needed to ensure taxpayers have the ability to acquire an IP PIN and/or the IRS wants to relax the appear-in-person requirements for Victims of ID Theft Issued Letter CP 5747C, then one suggestion would be to utilize a system already in place as an acceptance agent, such as existing Low Income Taxpayer Clinic (LITC) sites. Then make the following changes.</p> <ol style="list-style-type: none"> 1. Add additional options for taxpayers to get their IP PIN like noted below as Identity Verification Documents or similar to the acceptable identification being used nationwide for Real ID cards (see attached). 2. Update form 1040 instructions, the 800 phone number, and the IRS.gov/CP01A and IRS.gov/SecureAccess websites. 3. Update any changes to the "When to File a Form 14039, Identity Theft Affidavit" specifically pertaining to Letter 5747C.
IRS Initial Response	<p>Currently, eligible taxpayers may opt-in to receive an IP PIN that will proactively protect their tax account from a fraudulent filing. The opt-in process uses the Get an IPPIN web tool and requires identity verification through the secure access application. We are currently exploring alternative methods for obtaining an IP PIN that would be tailored to low income taxpayers and provide options for verification other than through secure access. Once the alternative methods for taxpayers to obtain an IP PIN are available, we will update the information on IRS.gov. We will also advise our customer service representatives (CSRs) of all the options available to taxpayers to obtain an IP PIN.</p> <p>We are currently exploring alternative methods for obtaining an IP PIN that would be tailored to low income taxpayers and provide options for verification other than through secure access. Once the alternative methods for taxpayers to obtain an IP PIN are available, we will update the information on IRS.gov. We will also advise our customer service representatives (CSRs) of all the options available to taxpayers to obtain an IP PIN.</p> <p>We feel making updates to the Form 1040 instructions, page 25, would not be appropriate at this time. The information on page 25, Form 1040 instructions, is not meant to provide guidance on how to apply for an IP PIN. The information explains how to input an IP PIN that has already been assigned to the taxpayer. Annually, taxpayers with an existing IP PIN requirement, receive a notice (CP01A) with a new IP PIN to use on filings for that year. The telephone number (800) 908-4490, and the IRS.gov/CP01A website are references to assist taxpayers who lost their IP PIN or did not receive a notice CP 01A as expected.</p>

TAP Issue ID: 41411 Elevated Date: 12/04/2019	Committee Name: Special Projects
Status: Elevated to IRS Awaiting Response	Outcome:
Title: IRS personal account information	
Issue Statement	I am a US citizen residing in New Zealand. I need to access my IRS account to see how much money has been credited to me. I have tried to register on-line at this site: https://sa.www4.irs.gov/eauth/pub/es_general.jsp But since I do not have US-based contact details, I am unable to register. This means I have effectively no way to view my account other than a long phone call to the IRS audit people who will only reveal a limited amount of information. The registration process needs to be made available to international US taxpayers.
Goal Statement	To make it possible for taxpayers living outside the United States to be able to create and access an online account with the IRS.
Proposed Solution	The IRS must identify and implement alternative means to verify the identity of taxpayers living overseas and thereby enable them to be able to create and access an online account with the IRS.
IRS Initial Response	Pending

TAP Issue ID: 41505 Elevated Date: 11/25/2019	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: form F8867	
Issue or Project Statement	Project Statement: Determine if the Form 8867: Paid Preparer's Due Diligence Checklist clearly communicates appropriate guidance to the public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer's experience.
	ID 1731 Part I, Item 3, 1st bullet point Interview the taxpayer, ask questions, and contemporaneously document the taxpayer's responses ... The word "contemporaneously" is a new addition to this form. We understand the concern that there have been issues in EITC requests, which may, in certain cases, been due to failure of the tax return preparer to exercise adequate due diligence. However, since the EITC was adopted to offer needed assistance to low income taxpayers and most low-income taxpayers will need the assistance of a tax return preparer, enhancement of existing detailed requirements may make more tax return preparers less inclined to represent low income taxpayers in requesting an EITC. In an analogous area, the Treasury proposed adoption of regulations under Code §385, which addresses whether a debt instrument should be treated as true debt for tax purposes. The Treasury proposed adoption of detailed documentation requirements, some of which required preparation of contemporaneous documentation. In analyzing public comments on the proposal, the Treasury was ultimately persuaded by comments that said the "complexity, cost and burden" imposed by the regulations call for its withdrawal. As a result, the Treasury chose to not finalize those regulations but rather postponed adoption pending further study. At the same time the Treasury was receptive to concerns affecting large businesses, the Treasury should do the same for low-income taxpayers. Many low-income taxpayers seek assistance from VITA tax clinics who are especially overworked. These VITA preparers may be less inclined to assist on EITC requests given the added time this new rule will place on them, which will frustrate a long-standing program of Congress adopted to help the poor. As a result, we suggest deletion of the contemporaneous standard. ID 1732 Part I, Item 4(b) Did you contemporaneously document your inquiries? Same reason as for item above. ID 1733 Part 1, Box 5, Line 1 Should read: Do you intend on complying with the record retention

Should read: Do you intend on complying with the record retention requirement?

Justification: The record retention requirement begins when the tax professional completes the tax return, obtains the information and prepares the worksheet and continues for three years. This question is written as if the record retention requirement began prior to the time when the tax pro met with the taxpayer or the tax return was prepared and filed - and that is incorrect. The question should be written to ask if the tax pro will in fact comply with this requirement that begins when the return is completed/filed. It is grammatically incorrect as the requirement is set to apply to the period that follows as it cannot occur in the past.

ID 1734

Part I question 3

Combine into 1 bullet point

Remove paragraph in Red

The 2 bullet points say the same thing

- Redundant – If the interviewer is asking the questions then they are at that point reviewing the data so why would we need to ask if the data was reviewed?

ID 1735

Part I question 4

Bold “YES” and “NO”

(If “Yes,” answer questions 4a and 4b. If “No,” go to question 5.)

Bolding this will help prepares and taxpayers see this quickly and move on to the next question

ID 1736

Part I question 7

Bold –

(If credits were disallowed or reduced, go to question 7a; if not go to question 8)

Again, Bolding will allow better directive.

ID 1737

Part II question 9a

Rewrite last sentence too and bold (Skip to 10 if no qualifying child)
Simplify and shorten the statement

Proposed Solution or Task

IRS Initial Response

IRS did Not Adopt 4 recommendations and Adopted 3

1. The word “contemporaneously” was included to conform with the instructions and regulations. The instructions inform the return preparer they must contemporaneously document their inquiries and the taxpayer’s responses in their files. Treasury Regulation 1.6695-2(b)(3) “. . . The tax return preparer must also contemporaneously document in the preparer’s paper or electronic files any inquiries made and the responses to those inquiries.”
2. Non-adopt. Same reason as for item above.
3. Non-adopt. The question has been vetted by counsel.
4. Non-adopt. The questions appear redundant but it’s to clarify that the return preparer (1) must determine that the taxpayer is eligible for the credits. And then (2) review that information to determine the amount of the credits.
5. Adopt.
6. Adopt.
7. Adopt. We will review to determine how the sentence can be simplified. And will bold any statement in the parentheses.

TAP Issue ID: 41526 Elevated Date: 12/04/2019	Committee Name: Special Projects
Status: TAP Reviewing IRS Response	Outcome:
Title: IRS Forms + Instructions // Expanded Foreign Langu	
Issue Statement	<p>Dear Sir or Madam: Because of the implementation of FATCA (Foreign Account Tax Compliance Act) globally in concert with the US practice of Citizenship Based Taxation, it is expected that all US citizens are to file their US tax declarations and pay any monies owed to the IRS. As a result of FATCA, a rapidly growing population of Accidental Americans has come to the forefront plus those previously unidentified Americans who have never lived in the United States. Nevertheless, they are expected to follow US law where they live. Many in the aforementioned populations especially the Accidental American population do not speak, read, or write English or other more common languages. In order for these individuals to comply properly to US law, it is necessary for the IRS to expand its breadth of languages offered for the forms and instructions. The languages offered need to include French, German, Italian, Japanese, Arabic, etc. so that adherence to US law can be respected. I deal with a growing number of these individuals around the world as I speak three languages and I can confirm that it is exceedingly difficult for compliance since the IRS forms and instructions are not available in their native tongue. It is important to note that the vast majority of these individuals cannot afford the US tax compliance professional costs and fees in order to comply therefore it is imperative that they have at their disposal the necessary documents in their native tongue. Since the expectation is full compliance with the US tax system, when will the IRS forms and instructions be available in the languages needed? I look forward to your reply. Sincerely, Keith REDMOND American Overseas / Accidental American Global Advocate</p>
Goal Statement	<p>To determine if the IRS needs to develop instructions, forms, publication and other documentation in a much wider variety of foreign languages and to develop the capacity to communicate (including by telephone) with taxpayers living overseas in a much wider variety of foreign languages.</p>
Proposed Solution	<p>The IRS needs to ensure that US persons living overseas, who do not speak English or other common languages, are able to comply with their US taxation obligations. The IRS should develop instructions, forms, publication and other documentation in a much wider variety of foreign languages and develop the capacity to communicate (including by telephone) with taxpayers living overseas in a much wider variety of foreign languages. In addition to existing capacities in Spanish, Vietnamese, Chinese, Korean, and Russian, additional language capacities that the IRS must develop include, without limitation: French, German, Italian, Japanese, Arabic, Swedish, Norwegian, Finnish, Danish, Dutch, Portuguese, Czech, Slovenian, Croatian, Indonesian, Thai, Hebrew, Greek, Hindi, Turkish, Farsi, Polish, Latvian, Lithuanian, Estonian, Bulgarian, Romanian.</p>

This request was received by LB&I WIIC on 04/06/2020.

After consultation with the office responsible for the FATCA program, the office responsible for IRS forms and publications, the office responsible for online services, and the office responsible for assisting callers from outside the United States, some of the recommendations may be implemented by the end of the first quarter of FY2021.

Per the office responsible for the FATCA program, they do not currently have any plans to translate the FATCA web pages or products into any foreign languages. They do not have the resources or expertise to do so, any translations would need to be reviewed by Counsel in order to maintain the carefully crafted legal meanings within each translated page, and there are many recurring updates to the web pages and products that would make it unfeasible to update each foreign language page each time there is an update. However, they do welcome other countries to place their own translations of the FATCA web pages on their own government web sites. They are in a much better position to understand the nuances of the foreign language translations and helps eliminate any translation risks to the IRS.

Per the office of responsible for IRS forms and publications, they are tasked with the multi-lingual initiative focused on translating more products into Spanish and other languages. This will be an ongoing process aimed at assisting Limited English Proficient (LEP) taxpayers.

Per the office responsible for online services, they continue to support IRS offices requesting high-traffic web pages, for which they are responsible, be translated into languages impacting the most taxpayers. However, due to program limitations (in addition to resource limitations), web pages cannot be translated into certain languages.

Per the office responsible for assisting callers from outside the United States, the staff answering calls to the international non-toll-free number can use the over-the-phone interpreter service (a contracted service that charges by the minute) to assist LEP taxpayers.

IRS Initial Response

TAP Issue ID: 41565 Elevated Date: 12/04/2019	Committee Name: Special Projects
Status: TAP Reviewing IRS Response	Outcome:
Title: TIN matching with Form 8966s under FATCA	
Issue Statement	Nearly half of FFI 8966s do not contain valid TIN/SSNs. The reason is not recalcitrant banks since banks can do nothing about the problem. Rather, there are 2 sources: (1) filers have no SSN and find it difficult to obtain one; and (2) they have one but resist disclosing it to FFIs with no concern for the security issues involved. A simple solution is for IRS to issue ITINs to expats, accidental Americans and dual nationals on demand. This would cut SSA, for whom FATCA-related issues are distractions from their core mission and which is subject to its own legal and political constraints which make it difficult for them to be helpful, out of the picture. Since IRS issues ITINs on its own for no purpose but tax processing there are no administrative or practical issues involved in doing this. I have no idea whether enabling legislation might be needed, but such legislation would be uncontroversial and so a trivial attachment to some larger bill when convenient can easily do the job. If the grace period for FATCA compliance is extended for two years that would allow a year for accidentals and dual nationals to obtain ITINs without raising SSN-related issues or concerns, and a second year for 8966 reporting to proceed with ITINs.
Goal Statement	To determine if the IRS needs to issue an individual tax identification number (ITIN) to each American living overseas who requests one.
Proposed Solution	The IRS should issue an ITIN to each American living overseas who requests one.
IRS Initial Response	Since it recommends assigning ITINs to accidental Americans, etc., this should go to the ITIN Unit in W&I. We previously had cross-BOD discussions on this topic and determined there are limitations on what can be done. As we understand it, Congress requested the Service to reduce the number of ITINs it issues. This proposal would generate a significant increase in ITINs. Furthermore, current provisions would not allow the Service to issue an ITIN to someone eligible to receive an SSN.

TAP Issue ID: 41566 Elevated Date: 12/04/2019	Committee Name: Special Projects
Status: TAP Reviewing IRS Response	Outcome:
Title: TINs and GIINs	
Issue Statement	<p>Nearly half of FFI 8966s do not contain valid TIN/SSNs. This makes matching filers' returns with 8966s very difficult. IRS believes that if filers reported the GIINs on their 8938s in their individual returns (now optional) this would facilitate matching. IRS would like this to be mandatory but Treasury mgt. is concerned by compliance issues. To assist filers, IRS has developed an online "FFI download tool". TIGTA has endorsed this. But the tool works badly (I'll explain if asked) and must remain optional. There is a simple solution. FFIs should include their GIINs on their monthly statements, much as most now include BICs and IBANs. The cost for FFIs is trivial and filers will have the necessary information right at hand.</p>
Goal Statement	<p>To determine how to make it possible for taxpayers to supply their foreign financial institution's Global Intermediary Identification Number (GIIN) on Form 8938.</p>
Proposed Solution	<p>The IRS should determine if one or both of the following proposals can be implemented:</p> <ol style="list-style-type: none"> 1) Improve the "FATCA Foreign Financial Institution (FFI) List Search and Download Tool" (found at this link: https://apps.irs.gov/app/fatcaFfiList/fli.jsf) by doing the following: <ol style="list-style-type: none"> a) By making it more clear to taxpayers using the tool how to identify the GIIN that applies to each foreign account the taxpayer holds, b) By enabling the tool to be searched using both accents in Latin script as well as scripts other than Latin scripts, such as Cyrillic, Aramaic, Hebrew, Japanese, etc., and c) By making the tool's interface available in a larger variety of languages, and/or, 2) Require the relevant foreign financial intuitions to include the applicable GIIN on their clients' monthly bank statements
IRS Initial Response	<p>There is always room for improvement, however, the FATCA budget was slashed to the bare minimum and this is not considered a priority. It should be noted that if an individual cannot find its exact FI (e.g., Xbank of the world within different countries, the first five alphanumeric numbers are always going to be the same, what changes is the type of FI and their country code) they can still use the FATCA ID and put that on their 8938. This would then, at least, narrow it down for the IRS and would still be considered compliant. We have shared this option during external speaking events.</p> <p>This would require a reg change and we previously lobbied for it when the regs were being drafted but were told that it would put too much of a burden on the FI. Also, we basically were never funded for FATCA implementation, so funding/resources are an issue. From our perspective, we would like to see additional reporting of the GIIN. But the only thing Treasury would agree to is optional reporting, as stated by the TAP.</p>

TAP Issue ID: 41674 Elevated Date: 11/25/2019	Committee Name: Toll-Free
Status: TAP Reviewing IRS Response	Outcome:
Title: Callback Customer Technology Script	
Issue Statement	The Committee has developed a message which taxpayers will hear, on several Internal Revenue Service (IRS) telephone lines, providing the option to either stay on hold for XX minutes or have the IRS callback, within a specified period of time, when Customer Service Representatives (CSRs) are available
Goal Statement	Develop a script to be used for the Customer Callback technology (CCB).
Proposed Solution	<p>The committee developed the following script:</p> <p>All customer service representatives are currently assisting other callers.</p> <p>Your approximate wait time is XX minutes.</p> <p>You may continue waiting, or you can leave your telephone number for a callback within xx minutes without losing your place in the queue.</p> <p>If you prefer a callback. Please press 1. Otherwise, you will remain on hold.</p> <p>Please enter the 10-digit phone number where you would like to receive the callback.</p> <p>You will receive your callback at xxx-xxx-xxxx. If this is correct, press 1. To enter a different number, press 2.”</p> <p>You will receive your callback within 15 to 25 minutes. Please be advised that the call will come in showing [area code 304 or “US Government”] on your caller id. Goodbye.</p>

IRS Initial Response	<p>Thank you for your recommendation on the script to be used for customer callback.</p> <p>In 2019, the IRS incorporated a call script for customer callback that closely resembles the recommended TAP script.</p> <p>IRS Call Script:</p> <ul style="list-style-type: none">• Our customers are answered in the order received, so please do not hang up. The next available representative will be with you as soon as possible.• We estimate your wait time to be between xx and xx minutes. (where xx to xx is 15 to 30 OR 30 to 60)• Rather than wait on hold, we can call you back when it's your turn.• To receive a callback, press 1. Please hold while your call is transferred to our callback service.• Please enter the 10-digit phone number where you would like to receive the callback.• You will receive your callback at xxx-xxx-xxxx. If this is correct, press 1. To enter a different number, press 2.• You will receive your callback in XX minutes from now (where xx is 20, 29, 38, 47, or 56 minutes depending on the estimated wait time calculation)• Goodbye. <p>There were systemic issues with consistently displaying the correct Caller ID with land lines and various wireless providers. Therefore, the caller ID was not incorporated.</p>
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