



Annual Report 2019

The Taxpayer Advocacy Panel is...

An independent panel of citizens whose mission is to listen to taxpayers, identify taxpayers' issues, and make suggestions for improving IRS service and customer satisfaction.

A group of citizens who volunteer to listen to what taxpayers have to say about the IRS. We not only listen, we try to do something about it.

A Federal Advisory committee established under the authority of the Department of the Treasury.

A unique organization that increases opportunities for U.S. taxpayers to communicate with the IRS.

Geographically and demographically balanced with approximately 75 members that represent the entire nation.



Taxpayer 
Advocacy Panel

IMPROVING THE IRS
www.ImproveIRS.org

To: The Honorable Steven T. Mnuchin
Secretary of the Treasury

Charles P. Rettig
Commissioner, Internal Revenue Service

Bridget T. Roberts
Acting National Taxpayer Advocate

From: 2019 Taxpayer Advocacy Panel (TAP)

Subject: 2019 TAP Annual Report

It is with great pride that we present our 2019 TAP Annual Report. The TAP is a diverse group of ordinary citizens from around the country who possess a sense of civic duty, patriotism, and belief in an effective and well-regarded taxation system. We volunteer our time and energy to improve IRS services and taxpayer satisfaction.

The 2019 TAP had great leadership led by Heidi Hirschfeld, TAP Chair, and Patrick Kusiak, TAP Vice Chair. As members of TAP, we are committed to helping the IRS improve its services by performing grassroots outreach activities by which TAP members were able to identify many issues raised by taxpayers. The TAP consistently collaborated with the IRS when presented with opportunities to provide feedback on its programs including online tools on the IRS website. The IRS continues to work with the TAP to build on their efforts to improve/expand services that allow taxpayers to interact in ways that works best for them. In 2019, TAP made recommendations on customer service issues that directly effects how taxpayer interactions may occur in-person, over the phone, by mail, or online.

The 2019 TAP consists of six project committees and two internal committees. Each committee has responsibility for a specific area in which it reviews issues, determines whether there is a plausible solution, and provides recommendations to the IRS to improve the taxpayer experience and satisfaction. The 2019 TAP Committees are:

- Notices and Correspondence – Chair: Victor Frausto, Texas
- Special Projects – Chair: Cheryl Williams, Washington
- Tax Forms & Publications – Chair: Bruce Stratton, Idaho
- Taxpayer Assistance Center Improvements – Chair: Kathryn Tracy, Arizona
- Taxpayer Communications – Chair: Patricia Anthony, Texas
- Toll-Free Phone Lines – Chair: Phillip Kleiber, Georgia
- Internal Communications (internal) – Chair: Alice Guy Azzaro, Florida
- Outreach (internal) – Chair: Patrick Kusiak, Virginia

During this year, each committee worked tirelessly to represent the interests of taxpayers and ensure that their voices were heard. TAP members listen to taxpayers around the country, and bring personal knowledge, skills, and abilities to address the many issues raised about our federal tax system. This report covers the wide range of issues TAP identified and elevated to the IRS this year and summarizes IRS plans for implementation. TAP works collaboratively with the IRS. However, there are times when a TAP recommendation may not be adopted. It remains important to identify issues, provide potential solutions, and communicate these to IRS independent of the IRS response. When recommendations are not adopted, the very act of studying, evaluating, and proposing changes to processes and procedures is valuable to the IRS and to the American public.

TAP focuses on conducting outreach that will reach the broadest group of taxpayers, practitioners, and concerned citizens. Success depends on contact with the various groups to receive issues and concerns, solicit ideas regarding impacts, and receive suggestions for improvement. Members conduct grassroots efforts through one-on-one discussions, presentations, town hall events, community involvement, traditional media outlets, social media and networking.

As TAP members, we are proud to serve the interests of American taxpayers, and to provide input towards improving IRS services.

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Letter from the Departing Chair

It is an honor to submit this report of the Taxpayer Advocacy Panel (TAP) for the 2019 calendar year. Our dedicated volunteers provide a vital service to all taxpayers by addressing many issues that impact the service received from the IRS. TAP members have a large variety of backgrounds and skills that helps provide both perspective and creativity needed to develop and refine our recommendations for improvement of the Internal Revenue Service (IRS).

This report includes a detailed accounting of the accomplishments of the committees that make up TAP. Here are some notable highlights for this past year.

- TAP sent 51 referrals to the IRS containing 224 recommendations to improve service to taxpayers. Referrals forwarded during 2019 addressed a wide range of topics and reflected the knowledge and abilities of our volunteers through many hours of research and discussion within the project committees along with the support of a team of experienced IRS professionals.
- TAP members conducted important outreach efforts at each of the five National Tax Forums sponsored by the IRS, delivering TAP's message and answering questions about TAP.
- Members of TAP exhibited a tremendous commitment in completing referrals and reaching out to the public to hear taxpayer issues first-hand. Please review the Annual Summary of TAP Member Activity included in this report.
- The Joint Committee met for the annual planning meeting in mid-August. We were fortunate again this year to meet face-to-face, as opposed to the multi-day phone sessions that occurred in prior years. Face-to-face contact is extremely important and cannot be overstated, so I am grateful to the IRS's TAP management team for finding the funding needed to make this year's meeting happen in person.
- The Taxpayer Bill of Rights was incorporated in every referral that was sent to the IRS. This emphasizes the significance of these rights as a fundamental part of TAP's mission.
- Our Internal Communication Committee has made great progress in expanding our use of social media so we can further spread the word of TAP. Please see the report of that Committee for a discussion of the progress made in utilizing various communication channels.
- The Tax Cuts and Jobs Act added new Code section 4968, which imposes an excise tax of 1.4 per cent on the net investment income of certain colleges and universities. An Ad-Hoc committee was assembled, as a result of a direct request from the IRS, to address the valuation of assets for colleges and universities. We also made suggestions concerning NAICS codes when reporting Unrelated Business Taxable Income (UBTI). In addition, we offered our view as to when disclosure of a related organization is considered a "controlled entity" under Code Section 512(b)(13).
- TAP is developing a database of outreach events and contacts for each state to ensure new TAP members can maintain ongoing partnerships and continue to expand the outreach audience.

- The Toll-Free Committee submitted a referral in 2018 that suggested the IRS allow taxpayers the ability to receive a callback from the IRS rather than wait on hold. After a successful technology demonstration in FY 2019 on the IMF Balance Due Notice line, the IRS plans to continue offering the Customer Callback option incrementally to more taxpayers over the next five years. While Customer Callback does not reduce the actual wait time, it does improve the customer experience by eliminating the need for taxpayers to wait on the phone for service. Customer Callback keeps the taxpayer's place in queue virtually and calls the taxpayer back when a customer service representative becomes available. In theory, taxpayers opting for callback are reconnected to a CSR at about the same time they would have been in the live queue had they not selected the callback option. This will create untold time savings for US taxpayers and create a higher level of satisfaction regarding their experience with the IRS.
- The Taxpayer Assistance Center (TAC) Improvements committee was actively involved writing the new 2019-20 Volunteer Income Tax Assistance (VITA)/Taxpayer Counseling for the Elderly (TCE) proficiency exams. The committee also made changes to the 2019-20 Publication 4012, the VITA/TCE Volunteer Resource Guide. The committee included Health Savings Account (HSA) training within the Advanced training module and proficiency testing to better serve more taxpayers coming to the VITA/TCE sites. They also suggested providing a single page list of payment options for taxpayers at the VITA/TCE sites who have a balance due. Information has now been consolidated into one place which will help taxpayers become better informed about their payment and assistance options, as well as help them better comply with paying their tax obligations.
- TAP continues to work well with stakeholders within the IRS and is often approached by IRS program owners for assistance in addressing taxpayer service issues. The IRS staff makes subject matter experts available to our committees to answer questions and provide information on current practices.
- The 2018 TAP Annual Report identified the implementation of the PATH Act and Tax Reform policies as well as previous issues of identity theft and the IRS transition to the "Future State." These issues have continued to be addressed in the current recommendations and will need to be kept in focus in the future.

As my three-year term on TAP ends along with my tenure as TAP Chair, I want to thank all the very dedicated and talented volunteers who I have had the privilege to work with and get to know. I also want to thank the IRS management, staff and the National Taxpayer Advocate for all the work, support and encouragement we have received this year.

Thank you for taking the time to read this report. I believe you will be impressed by all the hard work and accomplishment as I have been.

Sincerely,
 Heidi Hirschfeld
 2019 National TAP Chair

TAP Vision and Mission Statement

The volunteer members of the Taxpayer Advocacy Panel (TAP) listen to taxpayers, identify taxpayer issues, and make recommendations for improving IRS service and customer satisfaction. The mission is to partner with the IRS and continuously look for ways to improve IRS service to taxpayers.

TAP provides the taxpayer perspective on critical tax administrative programs and helps identify grassroots issues through outreach. TAP also provides opportunities to gather independent taxpayer comments and suggestions regarding IRS service, customer satisfaction, and process improvements. TAP has direct access to the appropriate operating divisions to ensure recommendations are considered. The TAP scope focuses primarily on issues that fall within the jurisdiction of the Wage & Investment (W&I) and Small Business/Self-Employed (SB/SE) Operating Divisions.

Introduction to the Taxpayer Advocacy Panel

The Taxpayer Advocacy Panel (TAP) is an independent advisory committee that operates under the auspices of the Federal Advisory Committee Act (FACA). This Act ensures panel advice and recommendations are objective and accessible to the public. From an administrative perspective, TAP is accountable to the Department of the Treasury (Treasury), the IRS, and the National Taxpayer Advocate. The Taxpayer Advocate Service (TAS), an independent division within the IRS hierarchy, provides essential funding, technical, administrative, and clerical support to TAP.

The Department of the Treasury was the driving force in creating the TAP in 2002 based on a review of IRS advisory committees. This Panel, which was originally named the Citizen Advocacy Panel, operated in only ten states. After reviewing its contributions, Treasury recommended the Panel be expanded nationwide and renamed the Taxpayer Advocacy Panel.

TAP members are drawn from a nationwide pool of citizen volunteers with at least one member from each of the 50 states, the District of Columbia, Puerto Rico, and a member to represent U.S. citizens living and working abroad. Each year, approximately one-third of the TAP members rotate off the Panel and must be replaced. New member recruitment is conducted early each year and is widely advertised in local and national media. Potential members are screened and interviewed by existing panel members and IRS staff, and then undergo a thorough background check. The final list of candidates is forwarded through the Commissioner of Internal Revenue to Treasury for approval and appointment.

Before introducing you to the 2019 work and accomplishments of TAP, the TAP members wish to acknowledge and thank the IRS TAP staff for their talent and commitment. Because of their dedication to the taxpaying public, TAP volunteer members can work to protect and promote taxpayers' interests.

The Taxpayer Advocacy Panel by Geography

Treasury authorized TAP to have up to 75 volunteer panel members for 2019. Appointed members serve a three-year term from December 1 through November 30. Every effort is made to name at least one alternate member per state. Should a member be unable to complete their appointment, or choose to resign from the TAP, an alternate member may replace them during the year or at the start of the next succeeding TAP year.

The list of members in [Appendix A](#) at the end of this report may exceed the number of Treasury authorized members in the listing below due to resignations and other changes in membership during a TAP year.

FIGURE 1, TREASURY AUTHORIZED TAP MEMBERS

State	Member(s)	State	Member(s)	State	Member(s)
Alabama	1	Maine	1	Tennessee	2
Arizona	1	Maryland	1	Texas	4
Arkansas	1	Massachusetts	2	Utah	1
California	5	Michigan	1	Virginia	1
Colorado	1	Minnesota	1	Washington	1
Connecticut	1	Missouri	2	West Virginia	1
Delaware	1	Montana	1	South Dakota	1
District of Columbia	1	Nebraska	1	Tennessee	2
Florida	2	New Jersey	1	Texas	4
Georgia	3	New Mexico	1	Utah	2
Hawaii	1	New York	4	Vermont	1
Idaho	1	North Carolina	1	Virginia	1
Illinois	2	Ohio	2	Washington	1
Indiana	1	Oklahoma	1	Washington, D.C	1
International	1	Oregon	1	West Virginia	1
Kansas	1	Pennsylvania	2	Wisconsin	1
Kentucky	2	South Carolina	1	Wyoming	1
Louisiana	1	South Dakota	1		

TAP 2019 Project Committee Accomplishments

PROJECT COMMITTEE ORGANIZATION

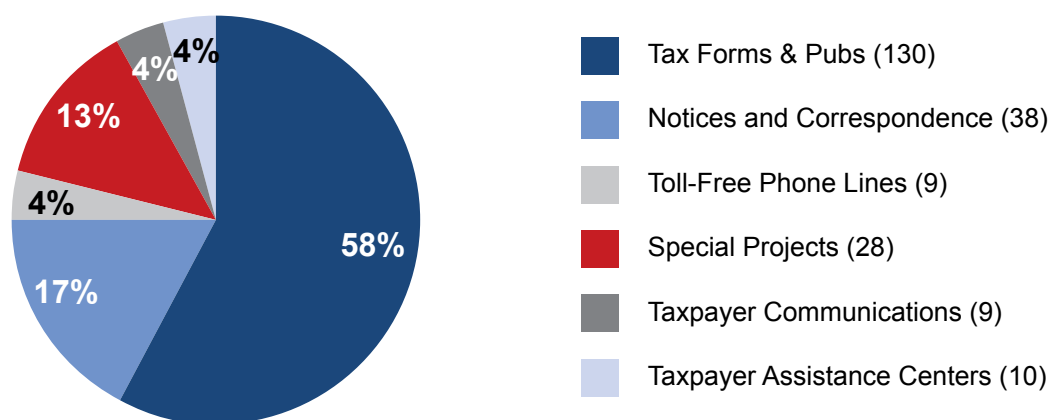
The Taxpayer Advocacy Panel (TAP) consists of six core customer-focused Project Committees in 2019. The committees worked on projects identified and defined by the TAP Joint Committee (JC) and IRS program executives. Each committee was similar in size and consisted of members from around the country. The project committees worked with the IRS to define problems and then develop Referrals with recommendations to address the topics. TAP also addressed ad hoc and grassroots issues and made recommendations to the IRS for changes. The IRS values the outside perspective provided by the diversity of backgrounds, experiences, and thinking of the TAP members, which may lead to fresh approaches not apparent to IRS staff.

The TAP Internal Communications Committee worked on products used in 2019 by TAP for internal TAP business, as well as for interaction with taxpayers. This included publishing the monthly TAP Newsletter, updating outreach materials, improving TAP business cards, and setting procedures to respond to issue submitters to inform them of the status of their issue.

THE TAXPAYER ADVOCACY PANEL SUBMITTED 224 RECOMMENDATIONS TO THE IRS

The six core Project Committees submitted 51 Referrals to the IRS for consideration during the 2019 TAP year. These 51 Referrals contained 224 recommendations to the IRS. Over half of those recommendations originated from the Tax Forms and Publications Committee. The IRS asked for the Committee's review of several tax products and corresponding instructions for recommendations to improve customer satisfaction. Each proposed change is considered an individual recommendation, this accounted for 58% of the recommendations.

FIGURE 2, 2019 TAP RECOMMENDATIONS SUBMITTED TO THE IRS BY COMMITTEE



Recommendations to the IRS may be adopted, partially adopted, considered, or not adopted. TAP recommendations may be rejected based on policy, staffing, or budget concerns. A recommendation that is not adopted may be resubmitted for reconsideration if there is additional information that might impact the IRS decision. Regardless of whether a recommendation is adopted, the very fact the TAP exists to make those recommendations to the IRS provides level of accountability in the mind of the public and is important to the integrity of the process.

In 2019, TAP submitted 224 recommendations to the IRS. The following is the status of these recommendations as of 12/31/2019 and their status may change depending if TAP members accept or rebut IRS responses before, they close out.

FIGURE 3, 2019 TAP RECOMMENDATIONS SUBMITTED TO THE IRS BY OUTCOME

2019 Submitted Recommendations	
Adopted	46
Partially Adopted	22
Considered	6
Resolved Prior	5
Not Adopted	61
Awaiting IRS Response	75
TAP Reviewing IRS Response	9
Total	224

Figure 4 represents IRS responses received during 2019 including those submitted prior to 2019. The Committees have accepted the responses and closed the issues as follows:

FIGURE 4, TAP RECOMMENDATIONS WITH IRS RESPONSES RECEIVED AND CLOSED IN 2019

Recommendations with IRS Responses Received and Closed in 2019			
	Prior Year(s)	2019	Total
Adopted	25	14	39
Partially Adopted	25	4	29
Considered	1	1	2
Not Adopted	19	31	50
Resolved Prior	2	0	2
Total	72	50	122

Of the 122 recommendations to which the IRS has responded and were closed by TAP in 2019, 56 percent were adopted, in whole or in part, which will result in improved service to taxpayers.

FIGURE 5, TAP RECOMMENDATIONS – ADOPTED BY IRS IN 2019

Adopted	
Issue 35819, Refundable Credits Communications	
TAP Recommendation	IRS Action
Create and deploy printed, electronic, and media informational campaigns designed, both in content and in delivery, to reach EITC-eligible workers in the hospitality and health care industries.	Adopted. The IRS will widen our outreach opportunities by developing strong partnerships with the hospitality and health care industries to reach eligible employees.
Issue 36670, IRS NTEE Codes	
TAP Recommendation	IRS Action
Instructions for Form 1023-EZ, Page 6 Modify or Obtain an NTEE Code. For more information, see Pub. 557 (Modify an NTEE Code).	Adopted. This suggestion on the next revision — Instructions for Form 1023-EZ.
Pub 557, page 1, Contents, Chapter 2. The subsection on "Organizational Changes" should be referred to separately in the table of contents to distinguish the information to be inserted below (ID 4) labeled "Modify or Obtain an NTEE Code."	Will adopt this suggestion on the next schedule revision of Pub 557 expected to be release to the public in February 2020.
Pub 557, page 1, Contents, Chapter 2, Filing Requirements and Required Disclosures Miscellaneous Rules. Organizational Changes and Exempt Status Modify or Obtain a NTEE Code.	Adopted. This suggestion on the next schedule revision of Pub 557 expected to be release to the public in February 2020.
Pub 557, page 21, insert before Section 3, Section 501(c)(3) and after the sub-subsection on change in accounting period. Modify or Obtain an NTEE Code	Will adopt this suggestion on the next schedule revision of Pub 557 expected to be release to the public in February 2020.
Issue 35657, 2016 1040 Schedule D Instructions	
TAP Recommendation	IRS Action
A capital asset is any property owned by you except the following <i>Italicize "except" to show emphasis on the word. Ensures that this will be understood as an exclusion list.</i>	Adopted.
Issue 38402, Toll-Free Phone Lines Script Errors	
TAP Recommendation	IRS Action
Revise the After-Hours Scripts and voice announcements to eliminate references to "high call volumes" and "if you choose to wait" - they are irrelevant when the office is closed.	Adopted. The phrase "high call volumes" has been eliminated and callers now hear "For faster service, IRS.gov...."

Figure 5 continued on next page.

Adopted	
Issue 32849, EITC Audit Script Review	
TAP Recommendation	IRS Action
Change text (page 1), found on Main Menu (from Welcome), to: <ul style="list-style-type: none"> • If you have sent or faxed us anything, press 1. • If you have not sent or faxed us anything, press 2.If you want to know about your rights as a taxpayer, press 3. 	Adopted.
Change text (page 4), on Previous Contact - Announcement 56181, to: <ul style="list-style-type: none"> • If you are calling about the Earned Income Tax Credit or EITC, press 1. • Otherwise, press 2. 	Adopted.
Change text (page 7), on EITC1.1; Residency Announcement, to: clarified residency, documents needed to support residency point out taxpayer rights.	Adopted.
Change text (page 8), on EITC1.2; Relationship Announcement — clarified relationship requirements, documents needed to support relationship and point out taxpayer rights.	Adopted.
Change text (page 11), found on EITC3; Filing Status, to: clarified Filing Status in detail including tests and point out taxpayer rights.	Adopted.
Change text (page 13), found on EITC3; Your letter tells you what proof you need to qualify for the Earned Income Tax Credit, EITC. You need to mail or fax us this proof. If you have questions, and want to talk with a representative, please stay on the line.	Adopted.
Issue 39941, 1040 Schedule C	
TAP Recommendation	IRS Action
Schedule C Instructions, Other Schedules and Forms You May Have to File, page C- 2. 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.	Adopted. The new bullet will state: “Form 6252 to report income from an installment sale.”
Instructions, Page C-3, Column 1, 2nd Paragraph. Employer identification number (EIN). Provide details on how to apply for an EIN and add online link to allow for a taxpayer to obtain an EIN online.	Adopted. The new text will state: “...or visit IRS.gov/EIN.”

Figure 5 continued on next page.

Adopted

Issue 40159, 2019 Form 1040

TAP Recommendation	IRS Action
<p>Draft Form 1040, Page 1, line 3</p> <p>Standard deduction: Someone can claim you as a dependent You were born before January 2, 1955 You are blind Move this line – insert under: City, town or post office, state, and ZIP code. If you have a foreign address attach Schedule 6.</p>	Adopted.
<p>Draft Form 1040, Page 1, line 5</p> <p>Standard deduction: If someone can claim your spouse as a dependent Move this line — insert above: Dependents (see instructions) (1) First name</p>	Adopted.
<p>Draft Form 1040, Page 1, signature line Sign Here.</p> <p>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.</p>	Adopted.
<p>Draft Form 1040, Page 2; Line 2b</p> <p>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.</p>	Adopted. Because of space constraints on Form 1040-SR, this instruction will be in the left margin.
<p>Draft Form 1040, Page 2; Line 3b</p> <p>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.</p>	Adopted.
<p>Draft Form 1040, page 2, line 8</p> <p>"Adjusted gross income. Combine lines 1 through 7. Make it clear that lines 2a through 5a are not included in the sum.</p>	Adopted.
<p>Draft Form 1040, line 8</p> <p>Adjusted gross income. If you have no adjustments to income, enter the amount from line 7; otherwise subtract Schedule 1, line 36, from line 7. Schedule 1, line 36_____ (add blank line), from line 7.</p>	Adopted.

Figure 5 continued on next page.

Adopted	
Issue 38527, Pub 3 – Armed Forces’ Tax Guide (Pub 3) Military AFTC	
TAP Recommendation	IRS Action
In-kind military benefits. Added defense counsel services and uniforms furnished to enlisted personnel from types on nontaxable payments to types of nontaxable in-kind benefits.	Adopted.
Page 13, Before Sinai Peninsula insert: Qualified Hazardous Duty Areas (QHDA). A QHDA is treated as if it were a combat zone. The existing text of Pub. 3 only identifies one. The recommended addition adds the two other QHDAs.	Adopted. Montenegro and Serbia were never removed. They have been listed under The Kosovo area. See page 14 of 2018 Pub 3.
Page 16–18. Pointed out the need to take into consideration 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 - 2025.	Adopted. We are already addressing both the suspension of the miscellaneous deductions subject to the 2% floor and the consequences of repayments to employers.
Issue 40132, 1040 NR-EZ Inst.	
TAP Recommendation	IRS Action
Instructions to Draft Form 1040-NR-EZ, Page 1, Column 2, Have a balance approach to include not only changes that may be favorable but also changes that may be unfavorable to have a better perception of the US tax system.	Adopted.
Instructions to Draft Form 1040-NR-EZ, Page 1, column 3, Additional Information, Second Sentence Pub. 519, U.S. Tax Guide for Aliens, will be beneficial.	Adopted.
Page 2, Column 2, Substantial Presence Test. Add the word “Testing” after 183 and which appears immediately after the quoted language.	Adopted.
Page 3, Column 3, Election To Be Taxed as a Resident Alien. Added “1040NR” after Do not use Form 1040NR-EZ.	Adopted.
Page 3, Column 3, paragraph 3 To add clarity added “If you make the election to be treated as a resident alien”	Adopted.

Figure 5 continued on next page.

Adopted

Issue 39730, New Form 1040 & Schedules

TAP Recommendation	IRS Action
Draft 1040, Page 1, upper right Added 2 more options: Married Filing Jointly and Single.	Adopted. Verified recommendations incorporated.
Draft 1040, Page 1, Dependents Contains only two lines for dependents Make a separate schedule to list dependents if the taxpayer has more than two.	Adopted. Verified recommendations incorporated.
Draft 1040, Page 1, Standard Deduction after spouse's name Remove "your" from in front of each statement since it is unclear if you are referring to the prior person named or the spouse that this appears under.	Adopted. Verified recommendations incorporated.
Draft 1040, Page 1, Standard Deduction after spouse's name. Remove "Your spouse" is blind change to "Spouse" is blind — Same as above	Adopted. Verified recommendations incorporated.
Draft 1040, Page 1, Standard Deduction after spouse's name. Remove "Your spouse" change to "Spouse" , Same as above	Adopted. Verified recommendations incorporated.
Draft 1040, page 2, line #1. Clarify more than one W2 might be required, added (s) to Form(s) W2.	Adopted. Verified recommendations incorporated.
Draft 1040, page 2, line 17d "Other payments or refundable credits from Schedule 5" Corrected to: "Other payments or refundable credits, attach Schedule 5".	Adopted. Verified recommendations incorporated.

Issue 35050, Delay in ITIN and Refund

TAP Recommendation	IRS Action
Revise ITIN Homepage to include additional basic information: <ul style="list-style-type: none"> • What is an ITIN? • What is an ITIN used for? • Do I need an ITIN? Do I need to renew my ITIN?	Adopted. Agreed to include a visible link to the main ITIN Homepage. The change is scheduled for March 31, 2019.

FIGURE 6, TAP RECOMMENDATIONS – PARTIALLY ADOPTED BY IRS IN 2019

Partially Adopted Recommendations	
Issue 35819, Refundable Credits Communications	
TAP Recommendation	IRS Action
Create and deploy accessible, portable decision tree tools that taxpayers can reference at will, share with others (such as a co-parent), and discuss to make EITC eligibility a collaborative process.	IRS already offers a portable decision tree tool that taxpayers can reference at will, share with others (such as a co-parent), and discuss to make EITC eligibility a collaborative process.
Issue 37017, OID-1099	
TAP Recommendation	IRS Action
Pub 1212, Definitions, Acquisition Premium, Page 2. The adjusted basis also exceeds the total of all amounts payable under the debt instrument (other than qualified stated interest) after the date of purchase, then the debt instrument is treated as not having acquisition premium but is treated as having premium instead.	The purchaser’s adjusted basis exceeds the total of all amounts payable under the debt instrument (other than qualified stated interest) after the date of purchase, then the debt instrument has premium instead of acquisition premium.
Pub 1212, Definitions, Premium, Page 2. Additional Statement being added at the end of the premium definition: “but should rely, as a starting point, on the information return supplied to you on Form 1099-OID.”	Move current last sentence to end. Premium will eliminate the future reporting of OID income by the purchaser, as discussed under Information for Owners of OID Debt Instruments.
Pub 1212, Debt Instruments on the OID List, left hand column, Page 3. The actual holder should rely on the information return (Form 1099-OID) instead. However, that distinction is not apparent to a holder who is cautioned on page 6 and only made clear in the discussion of “Information for Owners of OID Debt Instruments.	If you own a listed debt instrument, you generally should not rely on the information in the OID list to determine (or compare) the OID to be reported on your tax return, but you should use, as a starting point, the information supplied to you on Form 1099-OID.
Pub 1212 Adjustment for Premium, left hand column, Pg. 6 Additional statement added: If you pay a premium to buy a bond, you may be able to amortize the premium over the remaining term of the debt instrument, which allows you to reduce the amount of qualified interest reportable with respect to the Debt instrument starting as of the date of purchase.	If you pay a premium to buy a debt instrument, you may be able to amortize the premium over the remaining term of the debt instrument, which would allow you to reduce the amount of qualified stated interest reportable with respect to the debt instrument starting as of the date of purchase.
Pub 1212; Page 7 column 1 , second paragraph “Nominee” Complete Form 1099-OID and Form 1096 and file the forms with the Internal Revenue Service Center for your area. The text should reflect a name that is searchable to be a resource for the taxpayer	Complete Form 1099-OID and Form 1096 and file the forms with the Internal Revenue Service Center for your area. (See Where to File in the Instructions for Form 1096.)

Figure 6 continued on next page.

Partially Adopted Recommendations

Issue 37144, Form 5329 Part IX is not precise enough

TAP Recommendation	IRS Action
2017 Instructions for Form 5329, page 1, middle column. Add TIP If you can show there is reasonable cause for not receiving your minimum distribution from your qualified retirement plan then the IRS may be able to waive your obligation to pay the 50% additional tax.	Partially Adopted. In lieu of the TIP, for clarity we propose to add to the bulleted item a parenthetical with a hyperlink to the Waiver of tax for reasonable cause section in the instructions.
2017 Instructions for Form 5329, page 1, middle column, first paragraph. The addition is to clarify that they cannot file Form 1040-EZ if they also want to file Form 5329.	Partially Adopted. Beginning in tax year 2018, the Form 1040-EZ is no longer available. Filers of this form will instead use the redesigned Form 1040.
2017 Instructions for Form 5329, Page 8, middle column. Waiver of tax due to shortfall in Required Minimum Distribution. The IRS can waive part or all of this tax if you can show that any shortfall in the amount of distributions was due to reasonable error and you are taking reasonable steps to remedy the shortfall. If you believe you qualify for this relief, attach a statement of explanation and file Form 5329.	Partially Adopted. We will adopt the header with modification for increased specificity. We will also adopt the language “of the shortfall” on line 2 for clarity. Will not adopt the added language because the current language is precise to the additional tax on required minimum distributions and to avoid giving financial planning advice.
FORM 5329 PART IX, Additional Tax on Excess Accumulation in Qualified Retirement Plans, LINE 54. Subtract line 53 from line 52. If zero or less, enter -0- (see instructions if requesting a waiver). This change will alert the taxpayer a waiver may be available and direct the taxpayer to the instructions for requesting a waiver.	Partially Adopted. Instructional reference for required minimum distributions on Form 5329, line 52 already exists, which says: “(see instructions).” This directs taxpayers to Line 52 in the instructions which contains the specific information for those requesting a waiver of tax.

Issue 39941, 1040 Schedule C

TAP Recommendation	IRS Action
Schedule C Instructions, After Capital Construction Fund, page C- 3. 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: Form 5471; Form 8992; Form 8621; Form 8858; Form 8865; Form 8938.	We will not adopt this suggestion; however, we will consider adding this information to Pub 334, Tax Guide For Small Business (For Individuals Who Use Schedule C or C-EZ).
Schedule C Instructions, Line 26, first column, page C- 10. Add however, you can deduct compensation paid to others that is reasonable. See IRS Pub 535, Business Expenses, for more information.	Partially Adopted.

Figure 6 continued on next page.

Partially Adopted Recommendations

Issue 38527, Pub 3 – Armed Forces’ Tax Guide (Pub 3) Military AFTC

TAP Recommendation	IRS Action
Page 3, left column, Introduction, Add the following after The Public Health Service: “and the National Oceanic and Atmospheric Administration”	Partially adopted. We will add the NOAA but, for now, will keep our current terminology saying, “also can receive many of the same tax benefits.”
<p>Suggested the following changes: Taxable pay</p> <ul style="list-style-type: none"> • Active duty basic pay • Cadet/midshipman pay • Back pay wages • Drill pay • Reserve training pay • Training duty pay • Retired pay (other than certain disability retired pay). 	Partially adopted. 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. Will move CONUS COLA and except for moving CONUS COLA, will not change the list. Once CONUS COLA is moved, the list will look exactly like the same.
Pages 1, 5, 6, 8, 10, 12, 13, 14, 20, 23, 25 29 (55 instances). Combat Pay Exclusion And Combat Pay. The term “Combat Pay” has not been operative for military pay purposes for more than 60 years and should be changed to reflect federal tax current law.	<p>Partially adopted. This would require numerous changes across numerous products.</p> <p>Do not have the resources to make this change. Will add verbiage to Pub 3 saying combat pay exclusion and combat pay compensation are the same.</p>
<p>Page 5. Add contributions to: Uniformed Services Traditional Thrift Savings Plan (TSP) contributions and distributions.</p> <p>If you participate in the Uniformed Services Traditional TSP and receive a distribution from your account, the distribution is generally included in your taxable income unless your contributions included tax-exempt combat pay. The National Taxpayer Advocate pointed out 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.”</p>	Partially adopted. The change would require numerous changes across numerous products. Do not have the resources to make this change. Will add verbiage to Pub 3 saying combat pay exclusion and combat pay compensation are the same. Looking into the issue regarding the \$54,000. We will consider this in 2019.
Page 6, Table 2, Items Excluded From Gross Income. Change Combat pay to Combat zone compensation. See Combat Pay discussion above.	Partially Adopted. The change would require numerous changes across numerous products. Do not have the resources to make these changes. Will add verbiage to Pub 3 saying combat pay exclusion and combat pay compensation are the same.

Figure 6 continued on next page.

Partially Adopted Recommendations	
<p>Page 7, Retroactive determination of nontaxable disability severance payments. The Combat-Injured Veterans Tax Fairness Act of 2016 gives certain veterans who received disability severance payments after January 17, 1991, additional time to file claims for credit or refund to recover overpayments attributable to their disability severance payments. Recommended Veterans affected by this legislation receive a notice from the Department of Defense (DoD). Also, provide the following details on: Statute of Limitations; Amount to Claim; and Special Instructions.</p>	<p>Partially Adopted. 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.</p>
Issue 39943, Hard to Read 1040 Form Tables & Worksheets	
TAP Recommendation	IRS Action
<p>Instructions to Form 1040, worksheets and tables on multiple pages. 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 to make it easier for taxpayers to read.</p>	<p>Partially Adopted. Need to use the shading to differentiate the tables and worksheets. However, we realize that the shading can be too dark and reduce the contrast. Will work with the contractor to have the shading lightened so that the tables and worksheets are easier to read.</p>
Issue 40163, Form 4549	
TAP Recommendation	IRS Action
<p>Form 4549 — upper right-hand corner of each page — list page numbers to help taxpayers follow along. Also, include date when Form 4549 is sent to help with identifying final proposed changes. This will help prevent unintentional taxpayer agreements where taxpayers do not fully understand proposed changes.</p>	<p>Partially Adopted. Will revise page 1 of Form 4549 to include the date in a prominent place. If the requested programming cannot be completed in FY20, we will evaluate other alternatives. The IRS cannot number all pages of the report, Form 4549, due to programming limitations with the report writing software.</p>
Issue 35050, Delay in ITIN and Refund	
TAP Recommendation	IRS Action
<p>Revise ITIN Homepage to include additional basic information: What is an ITIN; provide a link to Social Security Administration website; What is an ITIN used for; Do I need an ITIN; provide a link to Determining Alien Status landing page; Do I need to renew my ITIN; Insert: “The IRS will deactivate any ITIN that has not been used on at least one tax return in the past five years.</p>	<p>Partially Adopted. We agree to provide a link to the Social Security Administration website and to place a link to the Determining Alien Status landing page. We cannot adopt the recommendation to insert the statement Do I need to renew my ITIN? The statement contradicts the PATH Act Section 203.</p>

Figure 6 continued on next page.

Partially Adopted Recommendations

Expand hyperlinks to display full title of Forms and Pubs. Insert hyperlink: “Acceptable Documents to Submit Your ITIN Application”. Insert description and explanation of Acceptance Agents. Remove: “Pre-Application Training”; “Form 131551”; and “Form W-7”. Insert hyperlink: “ITIN Expiration FAQs”; “Obtaining ITIN from Abroad”; and “Renew My ITIN”.

Partially Adopted. Will work with the On-Line Services function of expanding full titles of Forms and Pubs. Will add a hyperlink on “Acceptable documents”. Will insert a description of an Acceptance Agent in the menu bar for Acceptance Agents to this page. Cannot remove the following hyperlinks: “Pre-Application Training” or PowerPoint for Acceptance Agents; Form 13551; Form W-7 from the Menu Bar as this is a requirement for participation in the IRS Acceptance Agent Program. Cannot add a hyperlink under the Acceptance Agent menu bar to “Notify the IRS of your current address” as that information is not specific to Acceptance Agents. Cannot insert the hyperlinks: ITIN Expiration FAQs – already contained on the Home page under “Important Reminders”. Will insert hyperlink “Obtaining ITINs from Abroad” on the menu bar under ITIN Resources. Cannot insert the hyperlink: “Renew My ITIN” – this information is already contained on the Home page under “Do I Need to Renew my ITIN”.

Revise How Do I Renew My ITIN Homepage by inserting additional information under “Where do I apply to Renew My ITIN, Option 1”. Insert phone contact information so when original documents aren’t returned within 60 days taxpayers can contact the IRS.

Partially Adopted. Will insert additional information under “Where do I apply to Renew My ITIN, Option 1. We will consider the recommendation to insert phone contact information once we have an opportunity to determine the best option for taxpayers to notify us that their documents have not been returned within 60-days.

FIGURE 7, TAP RECOMMENDATIONS NOT ADOPTED BY IRS IN 2019

Not Adopted Recommendations	
Issue 36670 IRS NTEE Codes	
TAP Recommendation	IRS Action
Instructions for Form 1023, Page 8, Modify or Obtain an NTEE Code. For more information, see Pub. 557 (Modify an NTEE Code). Same as above. If the taxpayer cannot file the easier EZ form, then the taxpayer may reference the instructions for the full form.	Not Adopted. Adding this information could be confusing to the reader because the NTEE code is not required on this form. Not Adopted. Adding this information could be confusing to the reader because the NTEE code is not required on this form.
Issue 37360 Tax Refund Delays, Confidentiality, Taxpayer's Bill of Rights	
TAP Recommendation	IRS Action
Propose IRS provide a private room where taxpayers can discuss sensitive issues at a Taxpayer Assistance Centers (TACs).	Not Adopted. Presently taxpayers can discuss sensitive issues at TACs based on standards and design of TACs.
The IRS must install a "white noise" machine to cover private conversations that are taking place out in the open in TAC offices that cannot or do not provide a private room for discussions.	Not Adopted. Presently taxpayers can discuss sensitive issues at TACs based on standards and design of TACs.
Issue 37017 OID-1099	
TAP Recommendation	IRS Action
Pub 1212, Debt Instruments on the OID List, left hand column, Page 3. Add the following: (except if you are the original holder of the instrument who purchased the bond at its initial issuance to the public).	Not Adopted.
Issue 35657 2016 1040 Schedule D instructions	
TAP Recommendation	IRS Action
Page D-1, col. 3, Recommended changing "Section 126 property" to "Cost-sharing Agricultural Property (section 126)". Tell the TP what the item is and provide the section as a reference.	Not Adopted. The term, "Section 126 property" is used throughout several products.
A taxpayer may not fully appreciate the General Rule. Need to clarify taxpayers get a long-term or short-term capital gain on the sale, unless these three exceptions apply. In addition, a tax rate is given for collectible gain, but not for unrecaptured section 1250 gain.	Not Adopted. The suggested text seems confusing and is non-compliant with the Plain Writing Act.
At the end of the Partnership Interests paragraph add the following: "See also the discussion of Dispositions of Partnership Interests in Pub 541, Partnerships." (Insert the appropriate Hyperlink) Give the taxpayer an additional place to look for more detailed information.	Not Adopted. Under this heading, we refer the TP to the line instructions, which go into deeper detail regarding how this information specifically relates to the Schedule D.

Figure 7 continued on next page.

Not Adopted Recommendations	
<p>Page D-4, col 3, bottom paragraph.</p> <p>Add the word “to” in the current text. Adding the preposition and commas clarifies the intent of the sentence.</p>	<p>Not Adopted. The preposition (to) references the indirect object (property) being giving to both nouns (spouse and former spouse), in the same sentence. There’s no need to repeat the preposition when we list two nouns directly thereafter.</p>
<p>Add a TIP: “First, see the instructions for Form 1040, line 13, to determine if Schedule D is required.” (Insert the appropriate Hyperlink). A taxpayer may start with Schedule D, rather than the Form 1040 when they see “Capital Gain Distribution” on their 1099. Adding this tip will save them from significant unnecessary effort.</p>	<p>Not Adopted. Line 13, exception 2 in the Form 1040 instructions say that taxpayers with capital gain distributions must file Schedule D, but may be exempt from filing Form 8949 in certain situations.</p>
Issue 32849 EITC Audit Script Review	
TAP Recommendation	IRS Action
<p>Change text (page 3), found on Taxpayer Rights (from Main Menu), New Announcement (English), to:</p> <p>Explain taxpayer rights in detail; Also, change text (page 3), to: If you have sent or faxed us information, press 1, Otherwise, press 2.</p>	<p>Not Adopted.</p>
<p>Change text (page 6), found on EITC1; Qualifying Child Menu (from EITC Menu), to explain all attributes of a qualifying child. If you need to know how to show the child lived with you, press 1. If you need to know how to show the child is related to you, press 2. If you need to know how to show the child’s age fits the rules, press 3. To go back to the previous menu, press 8. To hear your choices again, press 9.</p>	<p>Not Adopted.</p>
<p>Change text (page 10), found on EITC2; Dependents to clarify each child you have listed as a dependent , four things have to be true. The child must have lived with you. The child must be related to you. The age of the child has to fit the rules. And you must have provided more than half of the child’s support for the tax year. You also need to prove support. Form 886-H-DEP helps you figure this out. If you don’t have the proof, you still have rights. Those rights are listed in the Pub 3498A.</p>	<p>Not Adopted. The current message is very similar and simpler to understand.</p>
Issue 35872 AM Assistors (CSRs) to support online self help	
TAP Recommendation	IRS Action
<p>Develop a script for AM to inquire at the beginning of the call as to the taxpayer’s level of online proficiency for potential redirection to online resources.</p>	<p>Not Adopted. Requiring CSRs to use a script may provide useful information. However, gathering this feedback would be labor intensive. We obtain similar feedback from our Customer Satisfaction Surveys. Also, this would increase the duration of the call therefore preventing us from assisting other callers.</p>

Figure 7 continued on next page.

Not Adopted Recommendations	
Institute a no-reply email system for AM to follow up with direction to online resources, i.e. IRS.gov , YouTube videos, etc. and a ticker in the email with up-to-date information. A ticker is a line of text that continuously scrolls along the bottom, or other location, of an email. It can be inserted easily with HTML code.	Not Adopted. As part of the redesign, IRS streamlined navigation to key account-based services. In addition, IRS uses informational messages on our toll-free phone line, while taxpayers are on hold, that promote the use of the Web. IRS is exploring digital outbound notices that could accomplish this goal. However, resource limitations restrict starting this process.
Issue 39926 Schedule 8812 and Instructions	
TAP Recommendation	IRS Action
Add the form name “Foreign Earned Income Exclusion” after Form 2555. Identification of the form name immediately following referenced form numbers assists the taxpayer in recognizing which form is being discussed and saves time researching to see if it applies.	Not Adopted. 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.
Page 1, Column 1, 3rd Paragraph. Change text from “See your tax return instructions” to “See Form 1040, or 1040 NR Instructions”.	Not Adopted. We want taxpayers to use the instructions that are specific to their situation.
Page 1, Column 3, 1st Paragraph Revised to read as follows: 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.	Not Adopted. 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)).
Page 1, Column 3, 2nd Paragraph. 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.	Not Adopted. 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)).
Page 2. Change the term “Combat Pay” to “Combat Zone Compensation”.	Not Adopted. 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.

Figure 7 continued on next page.

Not Adopted Recommendations

Issue 39941 1040 Schedule C

TAP Recommendation	IRS Action
Schedule C Instructions, What's New, page C – 1. Both depreciation and fringe benefits are new changes under TCJA and affect Schedule C and this information should be included.	Not Adopted. 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.

Issue 40159 2019 Form 1040

TAP Recommendation	IRS Action
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.	Not Adopted. We have revised the Standard deduction section for clarity but have not made this change. We will consider for future revisions.
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.	Not Adopted. We have revised the Standard deduction section for clarity but have not made this change. We will consider for future revisions.
Draft Form 1040, Page 1, Standard Deduction after spouse's name Change “Someone can claim your spouse as a dependent” to “Someone can claim the spouse as a dependent”. Remove ambiguity as to who this refers to.	Not Adopted. There is no ambiguity with the use of “the” or “your.”
Draft Form 1040, line 12 Add any amount from Schedule 2 _____ (add blank line) and check here. 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.	Not Adopted. 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.
Draft Form 1040 line 13 Adding a blank line after amount requested from Schedule 3, to assist the taxpayer in keeping information at hand without having to pull Schedules for reference.	Not Adopted. 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.

Issue 36509 IRS Google Business Listing

TAP Recommendation	IRS Action
IRS should develop a standardized procedure for setting up and maintaining listings using Google on-line tools. For example, assist taxpayers with locating a Taxpayer Assistance Center (TAC), the website link on the Google business listing could link to the IRS.gov page that provides look up tools for the nearest TAC while also providing information about scheduling appointments.	Not Adopted. Using Google tools would require the IRS to maintain two independent systems to update TAC information, IRS.gov and Google which would dramatically increase burden.

Figure 7 continued on next page.

Not Adopted Recommendations

Issue 38527 Pub 3 – Armed Forces/ Tax Guide (Pub 3) Military AFTC

TAP Recommendation	IRS Action
<p>Page 3, left column, Introduction</p> <p>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 (PHS) and the National Oceanic and Atmospheric Administration (NOAA).</p>	<p>Not Adopted. 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.</p>
<p>Page 10, Before Moving Expenses insert: Information concerning a 'rollover' contribution of a military death gratuity and Servicemembers' Group Life Insurance (SGLI) payments to a Roth IRA appears in Pub. 590A, Contributions to IRAs. It should also be provided in Pub. 3.</p>	<p>Not Adopted.</p> <p>We don't cover beneficiary information in Pub 3. This addition would be changing the focus of the pub.</p>
<p>Page 14, Insert the following information: Military retirement pay;</p> <p>Disability; Qualified reservist distribution (QRD); Veterans' benefits; Dependency Indemnity Compensation (DIC); and Retroactive VA determination.</p>	<p>Not Adopted. We would have to change the scope of Pub 3 if we were to include a comprehensive discussion of veterans' issues. The pub was designed for active armed forces members. The placement in Pub 3 of the discussion of that severance pay for veterans' issue last year was unique. An overhaul to comprehensively discuss veteran issues would result in a massive change in the direction of the pub.</p>

Issue 40101 Sec 965 – Pub. 5292

TAP Recommendation	IRS Action
<p>Pub 5292, page 1. Pub contains no information on what the taxpayer must do for 2018 Section 965 reporting and no mention of the new forms adopted by the IRS in January 2019 to deal with this tax.</p>	<p>Not Adopted. Pub 5292 was developed as a stopgap for tax year 2017 while the IRS was in the process of developing Form 965 (and related schedules). Due to the timing of the Tax Cuts and Jobs Act, it was impossible to issue Form 965 and related schedules for tax year 2017.</p>
<p>Page 2, column 1, Introduction</p> <p>Add an election to use an alternative method to calculate post-1986 earnings and profits (post-1986 E&P).</p>	<p>Not Adopted. As noted above, the IRS discusses the alternative method of computing post-1986 E&P.</p>
<p>Pub 5292, page 2, Introduction, Incorporate an Additional Notice and the final Treasury Regulations concerning Section 965, which were recently issued.</p>	<p>Not Adopted. As noted above, the IRS has no intention of further revising Pub 5292. 2018 instructions for Form 965 include references to the regulations under 965.</p>
<p>Pub 5292, page 2, Definitions, insert after the definition for "Deferred foreign income corporation"</p>	<p>Not Adopted. As noted above. IRS will consider adding a definition of E&P in the 2019 instructions for Form 965.</p>

Figure 7 continued on next page.

Not Adopted Recommendations	
<p>Page 2, Column 3, last Paragraph Add hyperlinks to IRC 965 Transition Tax Statement. Adding Hyperlinks saves time by providing direct access to information.</p>	<p>Not Adopted. As noted above. This is not applicable to the 2018 instructions because the 2018 Form 965 and schedules replace the statement.</p>
<p>Page 2, Column 3, last Paragraph Add hyperlinks to See Questions and Answers.</p>	<p>Not Adopted. As noted above.</p>
<p>Pub 5292, page 2, insert new section after “Who May be Required to Report Section 965 Amounts” ID 6 New Section 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.</p>	<p>Not Adopted. As noted above, IRS has no intention of revising Pub 5292. In 2018 instructions for Form 965, the IRS discusses all the information requested in the proposal.</p>
<p>Pub 5292, Page 3, column 1 (bottom of column 1). Workbook To Assist in Calculating Section 965 Amounts. Use the workbook and instructions to assist in calculating section 965 amounts.</p>	<p>Not Adopted. As noted above, the IRS has no intention of further revising Pub 5292. In the 2018 instructions for Form 965, the IRS discusses all the information requested in the proposal.</p>
<p>Pub 5292, Page 3, column 1 (bottom of column 1). Workbook To Assist in Calculating Section 965 Amounts. The work-book calculates the 965(a) inclusions, the section 965(c) deductions, the 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).</p>	<p>Not Adopted. As noted above, the IRS has no intention of further revising Pub 5292. In the 2018 instructions for Form 965, the IRS discusses all the information requested in the proposal.</p>
<p>Page 11, third column, second bullet point. *The taxpayer’s net income tax for the tax year without regard to section 965. This paragraph needs to be simplified, it is very difficult to read. Simplifying it would help provide clarity.</p>	<p>Not Adopted. As noted above, the IRS has no intention of further revising Pub 5292. The IRS will consider this proposal in the 2019 instructions for Forms 965-A and 965-B.</p>
<p>Page 12, Column 2, second paragraph, second bullet. *The shareholder’s net income tax for the tax year without regard to section 965. This paragraph needs to be simplified, it is very difficult to read. Simplifying it would provide clarity.</p>	<p>Not Adopted. As noted above, the IRS has no intention of further revising Pub 5292. The IRS will consider the proposal when revising the 2019 instructions for Forms 965-A and 965-B.</p>
<p>Page 12, Column 1, middle of the column, under With Calculation If an election is made, the taxpayer must make installment payments according to the following schedule: Provides clarity as to which election is being made.</p>	<p>Not Adopted. As noted above, the IRS has no intention of further revising Pub 5292. In the 2018 instructions for Forms 965-A and 965-B, the IRS discusses the appropriate payment schedules.</p>
<p>Page 12, Column 3, Election Under Section 3.02 of Notice 2018-13 To Use Alternative Method To Compute Post-1986 Earnings and Profits. Adding Hyperlinks is beneficial; it saves times by providing direct access to information.</p>	<p>Not Adopted. As noted above, the IRS has no intention of further revising Pub 5292. In the 2018 instructions for Form 965, the IRS discusses the alternative method of computing post-1986 E&P.</p>

Figure 7 continued on next page.

Not Adopted Recommendations	
Page 12, Column 3, Election Under Section 3.02 of Notice 2018-13 To Use Alternative Method To Compute Post-1986 Earnings and Profits. Adding Hyperlinks is beneficial; it saves times by providing direct access to information.	Not Adopted. As noted above, the IRS has no intention of further revising Pub 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 16 Insert new: Sample election statement. Add hyperlink on page 12 to this page. And add the listing of this sample form to the index. Format for statement under Section 3.02 of Notice 2018-13 to use Alternative Method to Compute Post -1986 Earnings and Profits.	Not Adopted. As noted above, the IRS has no intention of further revising Pub 5292. In the 2018 instructions for Form 965, IRS discusses the alternative method of computing post-1986 E&P (see “Calculating Post-1986 Earnings and Profits in Schedules A, B, and C).
Issue 40132 1040 NR-EZ Inst.	
TAP Recommendation	IRS Action
Tax Tables, Pages 22–33 The tax amounts for single and married filing separately, the only filing statuses allowed, are exactly the same. Combine the status labels and eliminate the second column of tax amounts.	Not Adopted. We are being consistent with the Instructions for Form 1040, which keep the “Single” and the “Married filing separately” columns separate even though they have the same dollar amounts.
Page 12, Column 3, 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)	Not Adopted. 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.
Issue 40358 Form 5471 & Inst Schedule J & Subpart F income	
TAP Recommendation	IRS Action
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).	Not Adopted. Adjustments pertaining to mergers are not entered on Schedule J, line 6. It should be noted that Schedule J, line 6 is merely intended as a catchall.
Issue 40304 Hard to Read Half Page 1040 Form	
TAP Recommendation	IRS Action
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.	Not Adopted. The Form 1040 layout adopted for 2018 was based on high-level decisions with the goal to simplify the form.

Figure 7 continued on next page.

Not Adopted Recommendations

Issue 35050 Delay in ITIN and Refund

TAP Recommendation	IRS Action
Revise ITIN documentation requirement statements to provide more comprehensive guidance to taxpayers on non-original documentation accepted.	Not Adopted. The ITIN documentation requirement statement on the IRS.gov ITIN Homepage mirrors the statement used in IRS written instructions, products and other communications to maintain consistency.

Issue 35872 AM Assistors (CSRs) to support online self help

TAP Recommendation	IRS Action
Develop a script for AMs for redirection of internet-savvy taxpayers to self-help options.	In 2014, IRS began actively promoting our Web-First Service Strategy to direct taxpayers to irs.gov. In August 2017, a redesign of IRS.gov made it easier to locate topics and web-based resources.
Include public service announcements (PSA) during hold times with direction to online resources, possibly tying to YouTube video scripts, similar to the recommendations in TAP Issue 35056.	IRS utilizes public service announcements to direct taxpayers to online resources during hold times. A team evaluates scripting options and testing to determine best options for taxpayers.

Issue 39941 1040 Schedule C

TAP Recommendation	IRS Action
Schedule C Instructions, Line 13, first column, page C-7. See IRS Pub 946, How to Depreciate Property, for more information. Add the new tax law change that modifies bonus depreciation.	We will not adopt this suggestion.

Issue 35185 International Future State

TAP Recommendation	IRS Action
Adapt an authorization process using multi-factor authentication to accept non-US based mobile phone and employ a consumer credit reporting agency with international services to validate financial accounts.	The need for a US based mobile phone is no longer required. Now, instead of a US based cell phone, a user can download the IRS2Go app on a smart phone or tablet to receive the security code.

Issue 40159 2019 Form 1040

TAP Recommendation	IRS Action
Draft Form 1040, page 2, line 4a Need to emphasize this is for pension distributions received not for contributions to IRAs, etc.	Under consideration based on prior request from the Joint Committee on Taxation (JCT) and is currently with Treasury for final determination.

Project Committee Chair Reports

NOTICES AND CORRESPONDENCE COMMITTEE

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Antoinette Ross, Program Analyst, District of Columbia

Annie Gold, Management Assistant, Texas

Committee Work Scope and Recommendations

The Notices and Correspondence Committee addresses the ongoing effort to improve IRS notices and correspondence that cause confusion and undue burden to taxpayers. Taxpayers are frequently confused by IRS notices and form letters that do not explicitly state what actions are required, the underlying cause of the problem, or available options and remedies to the issue(s). Taxpayers spend unnecessary time, money and effort in not just resolving these issues, but with also trying to understand vague, incomplete, or overly complicated notices or correspondence. The Notices and Correspondence Committee also focuses on making recommendations to improve the content, clarity, tone, and organization of IRS notices and letters, which results in a better experience to the taxpayer.

The following issues were elevated to the IRS for consideration:

- **Issue 38667 – CP90 Federal Payment Levy Program (FPLP)/Final Notice of Intent to Levy.** The goal of the committee was to provide clarity, completeness, and content-specific guidance as it pertains to CP90 Federal Payment Levy Program (FPLP)/Final Notice of Intent to Levy. The committee updated the CP90 Notice to reflect payment options found on www.irs.gov/payments.

- **Issue 40907 – Improve Notice Language on CP Letters (CP 515-IMF, CP 518-BMF, CP 04).** The Office of Tax Correspondence (OTC) reached out to the Notices and Correspondence Committee to review CP 515-IMF, CP 518-BMF, and CP04 Notices to provide specific comments on how to improve the notice’s language. CP Notices are tax account related, public-use correspondence created because of an account related activity or condition. In these cases, the CP 515-IMF, CP 518-BMF, and CP 04 Notices deal with informing taxpayers that they have filed a tax return during a specific year. Since tax processors can choose specific paragraphs to include in these CP Notices, there can be up to 400 versions of the CP notices. The committee reviewed all paragraph options and made recommendations to provide clarity, completeness, and content-specific guidance.

Other Activities and Achievements

At the beginning of the 2019 Taxpayer Advocacy Program year, the first order of business for the Notices and Correspondence Committee was to respond to the IRS’s responses to the Issue submissions made during the 2018 TAP season. Those Issues and the Notices and Correspondence Committee’s Response are listed below.

- **Issue 37335 – CP10 Math Error Notice review for Content and Clarity.** CP10 Notices are sent to taxpayers when a math error adjustment affects estimated tax payments for the coming year. During calendar year 2017, the IRS sent 13,238 CP10 Notices. Of the 7 recommendations made by the NCC, the IRS adopted 5 and non-adopted 2.
- **Issue 38434 – CP11 Math Error Notice review for Content and Clarity.** CP11 Notices are sent to taxpayers when a math error adjustment results in an amount due. During calendar year 2017, the IRS sent 585,806 CP11 Notices. Of the 10 recommendations made by the NCC, the IRS adopted 7 and non-adopted 3.
- **Issue 38435 – CP12 Math Error Notice review for Content and Clarity.** CP12 Notices are sent to taxpayers when a math error adjustment in a payment becoming and overpayment or when an original overpayment amount has changed. During calendar year 2017, the IRS sent 1,290,893 CP12 Notices. Of the 6 recommendations made by the NCC, the IRS adopted 5 and non-adopted 1.
- **Issue 38436 – CP13 Math Error Notice review for Content and Clarity.** CP13 Notices are sent to taxpayers when a math error adjustment results in a zero-account balance. The taxpayer is not due a refund, nor owes an additional amount. During calendar year 2017, the IRS sent 67,128 CP13 Notices. Of the 17 recommendations made by the NCC, the IRS adopted 11 and non-adopted 6.
- **Issue 38437 – CP16 Math Error Notice review for Content and Clarity.** CP16 is sent to taxpayers when a match error adjustment results in a refund being applied to other tax debts. During calendar year 2017, the IRS sent 100,961 CP16 Notices. Of the 7 recommendations made by the NCC, the IRS adopted 6 and non-adopted 1.

Ongoing Work

During the 2019 TAP season, the Committee addressed the following issues.

- **Issue 36503 – CP2000 Used to Reject CTC for New ITIN Holders.** A taxpayer filed a tax return that claimed a Child Tax Credit (CTC) and applied for an Individual Taxpayer Identification Number (ITIN) with the return. The taxpayer received a CP2000, which is a general notice that informs the taxpayer that the information the IRS has does not match what is on the return. The PATH Act affected taxpayers' ability to claim CTC. The committee recommended dropping the issue but reserved the right to reopen it.
- **Issue 36991 – Poor Wording of Notice 220.** A taxpayer submitted this issue because they were charged a penalty because they did not “make a proper deposit.” The committee reviewed a Notice 220 but did not see any obvious issues. In August 2019, the NCC program analyst reached out to the submitter for a redacted copy; no response was received so the issue was placed into the parking lot.
- **Issue 40095 – Hardship Withdrawal Denial Based on IRC 165.** A taxpayer requested a hardship withdrawal (to avoid the penalty) from their mutual fund account, but the hardship was denied because it did not meet the criteria for a hardship withdrawal. The committee recommended this issue be dropped because it deals with policy or law.
- **Issue 40826 – Form 1099-B Capital Gains.** The committee recommend this issue be dropped because the issue deals with policy or law.
- **Issue 41119 – CP12 Notice.** Notice CP12A asks the reader to review the notice and compare IRS changes to the information on their tax return. In this issue, the taxpayer feels there should be a notification that directs readers to the back of the form where the actual changes are noted. The NCC addressed CP12 Notices in the 2018 TAP season and committee members felt that the taxpayer's request to include a line informing the reader to turn the notice overly simplistic. The issue was dropped.
- **Issue 41123 – IRS Correspondence Letter.** The taxpayer received a letter for a balance due. The taxpayer sends the payment via the IRS's online payment system by the due date. The IRS sent a follow-up letter stating payment has not been received and assessed additional penalties and interest. After researching the issue, the problem was the time lag with the IRS's online payment system processing and notifying of the payment received. The committee recommended this issue be dropped and forwarded to the Taxpayers Advocate Services' Systemic Review.
- **Issue 41278 – Notice CP504B Intent to Seize (Levy).** The CP504B Notice informs a taxpayer of an amount due on an account and the intention of the IRS to seize (levy) property. In August 2019, NCC program analyst sent email to the issue submitter and verified the concern was with a timing lag of the notices. The taxpayer's account issue was resolved. Members recommended the issue be dropped.

- **Issue 41232 – CP2000 Notices for Qualified Charities.** IRS matching routines do not appear to consider Qualified Charitable Distributions (QCD) from IRAs. CP2000 notices are generated 2 years after the donation was made, stating that taxpayers may have under-reported their retirement income and proposing additional taxes due. The committee has decided to drop this issue as it deals with tax law.

The following issues are currently being worked by the Committee:

- **Issue 40908 – Improve Language on CP Notices: 108, 516, and 518 IMF.** Review the notices for clarity and content. The Office of Tax Correspondence (OTC) reached out to the Notices and Correspondence Committee to review CP108, CP516, and CP518-IMF Notices to provide specific comments on how to improve these notices to make it easier for taxpayers to understand and comply with the tax law.
- **Issue 39747 – ITIN Rejection Notice - CP567.** When the IRS rejects an ITIN application, a standard rejection letter is sent to the taxpayer. This issue is that the IRS's current rejection form letter does not list the reason or reasons for the rejection.

Issues Under Consideration for 2020

The following issues will be under consideration in 2020:

- **Issue 40229 – Rejected Taxes.** A taxpayer asked for assistance with their 990ez form that was returned for corrections. The taxpayer states the letter does not indicate what corrections are needed. The NCC program analyst has reached out to the submitter for a copy of the letter.
- **Issue 39806 – CP2000 regarding unreported income.** A taxpayer received a CP2000 letter regarding his 2016 tax return that indicated they did not report some income. Since the CP2000 is a general notice that informs the taxpayer that the information the IRS has does not match what is on the return, the NCC program analyst has reached out to the submitter for a redacted copy of the letter.
- **Issue 40117 – Letter regarding Form 941 filling.** Tax preparer stated his client received a letter regarding a 941 Form that they believe is not applicable to their client. The tax preparer believes it refers to a 1023 application and an irrevocable trust. This issue was placed in the parking lot while additional background and research is conducted.

SPECIAL PROJECTS COMMITTEE

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Rose Babb, Administrative Staff, New York

Committee Work Scope and Recommendations

During the 2019 TAP year, the Special Projects Committee had two Sub-Committees, the International Sub-Committee, and the ID Theft Sub-Committee.

The International Sub-Committee placed its focus on easier access and quicker turnaround on the issuance of ITINs. Many questions came up during the year specifically related to ITINs and other problems that face taxpayers that live abroad. The Sub-Committee clarified instructions on various forms, such as Form 3520 and Form 3520-A, regarding foreign trusts. All issues were vetted and cleared from SAMS that the Sub-Committee received in 2019.

The International Sub-Committee actually had an international member on it in 2019, which helped immensely. Because the international member was an advocate and brought us issues through SAMS that affected real-life taxpayers (instead of just theoretical), the Sub-Committee worked on more concrete problems that will help a great deal of international taxpayers. We look forward to the coming years and making the complex matter of international taxation easier to understand and comply with.

Along with these two matters, a further subject was explored — that of international taxpayers filing married filing separately (MFS). There were topics related to this that were presented to the Sub-Committee and several were cleared.

The ID Theft Sub-Committee this year worked on processes going more expeditiously, primarily the timeliness of Form 2848, EIN issuance, and e-services. The Sub-Committee had several discussions with subject matter experts (SMEs) to ascertain which issues to work on, and which

to transfer to different committees for better disposition. All issues were vetted and cleared from SAMS that the Sub-Committee received in 2019.

The Sub-Committee also worked on revising the instructions for Form 1040 for both payment options and health care options. In addition, we spoke again to SMEs to determine practitioners and their responsibilities regarding the Taxpayer Advocate's objectives.

The International Sub-Committee elevated the following issues to the IRS for its consideration:

- **Issue 36969/37337: Clarifying the 1040 Instructions: Where to Mail Tax Returns and Health Claims:** Referral on this issue suggests that this is a potential concern for all taxpayers, so we recommended the 1040 instruction manual be corrected to more clearly identify where this information is in the booklet. This issue has been elevated to IRS and is currently awaiting response.
- **Issue 40785: Filing Threshold for Married Filing Separately:** The goal for this referral was to make corrections to any guidance referencing the filing threshold for taxpayers who use the filing status married filing separately. This issue has been elevated to IRS and is currently awaiting response.
- **Issue 41230: Foreign Trusts IRS Penalty Notices for Late Forms:** Taxpayers were receiving \$10,000 penalty notices erroneously. It involved foreign trusts and the return filing date. Special Projects is currently reviewing IRS response.
- **Issue 41405: Tax ID PIN Request Process:** This issue has been elevated to IRS and is awaiting response.
- **Issue 41526: IRS Forms + Instructions // Expanded Foreign Languages:** This issue has been elevated to IRS and is awaiting response.
- **Issue 41565: TIN matching with Form 8966s under FATCA:** This issue has been elevated to IRS and is awaiting response.
- **Issue 41566: TINs and GIINs:** This issue has been elevated to IRS and is awaiting response.

The ID Theft Sub-Committee elevated the following issues to the IRS for its consideration:

- **Issue 35423: Victims of ID Theft Issued Form CP 5747C:** This issue was merged with Issue 41405 and elevated to IRS: see above.
- **Issue 35920: IRS Check Endorsement:** This issue was elevated to IRS and waiting response.
- **Issue 35966: Deficient options for accessing account online:** This issue has been elevated by our committee and is awaiting a response from the IRS.
- **Issue 37026: Prevention of ID Theft Related to Refunds:** The goal of this project was to make it easier to not opt to have your refund direct deposited; instead, to have a paper check mailed. TAP is currently reviewing IRS response.
- **Issue 41411: IRS personal account information:** This issue has been elevated to IRS and is awaiting response.

The ID Theft Sub-Committee will be working the following issue in 2020:

- **Issue 41296:** E-Services, POA Withdrawal and Consistency

The International Sub-Committee transferred the following issue to the Systemic Advocacy department within the Taxpayer Advocate Service:

- **Issue 36399:** Ogden UT Center Tax Return Processing

The International Sub-Committee elevated the following issue to the National Taxpayer Advocate for consideration:

- **Issue 40164:** USVI Territory Needs Representation

The following issues were resolved by the ID Theft Sub-Committee:

- **Issue 36550:** Mandatory IP Issuance was resolved before elevation
- **Issue 36671:** SS4 Form was dropped after speaking with a Subject Matter Expert
- **Issue 36785:** Submitting POA Through E-Services was screened and transferred to Taxpayer Communications Center
- **Issue 41280:** Issue Related to Employer Identification Number was dropped due to the Taxpayer Bill of Rights, specifically the Right to Privacy.

Activities and Achievements

The following are some highlights from 2019:

- Conducted outreach by attending various forums, expos, and community gatherings around the world throughout the year
- Provided feedback to the IRS and TAP concerning making improvements to the TAPSpace website
- Assisted in implementing the “Paycheck Checkup” feature on irs.gov.
- Conducted outreach to the public on IRS Change website and Paycheck Checkup, encouraging people to check income tax withholding in 2019 and for 2020.
- Conducted outreach on the new Roadmap and will continue to do so in 2020.

Issues Under Consideration for 2020

All issues submitted to the committee during 2019 were vetted and cleared. The Committee will be working the following issue, which was originally placed in the 2019 parking lot for later consideration, in 2020:

- **Issue 41296:** Review the Multi-Factor Authentication (MFA) for verification to prevent identity theft.

TAX FORMS AND PUBLICATIONS COMMITTEE

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IRS Program Owners

Wage & Investment (W&I)

TAS/Communications Stakeholder Liaison & Online Services Staff

Robert Rosalia, Program Analyst, New York

Rose Babb, Management Assistant, New York

Committee Work Scope and Recommendations

The Tax Forms and Publications Committee (TFP) reviews and makes recommendations for changes in forms and publications used by taxpayers. Requests for review come from the IRS, tax practitioners, taxpayers, and also may be generated by members of the Committee.

This year we continued our work on the general review of tax forms and publications as brought to our attention. In addition, we spent considerable time reviewing the draft 2019 Form 1040 and related schedules. The Screening Committee, along with our committee analyst, reviewed all the issues for project consideration. The issues that were accepted were divided between two subcommittees to develop recommendations for consideration by the entire committee.

The nature of the work of TFP is to look comprehensively at major issues affecting taxpayer experiences, as well as the details of individual forms and publications that may cause confusion for taxpayers. In some cases, the IRS has requested TFP provide feedback on a form or publication before publishing. In 2019, the Committee sent 26 separate issues, which included a total of 127 different recommendations, to the IRS for consideration.

It should be noted the Committee has experienced some frustration and disappointment with the IRS in what appears to be their lack of importance attached to our recommendations, especially as related to Form 1040, Form 1040-SR, and schedules related to both forms. The Committee made a number of recommendations and many were rejected with no explanation; with an explanation simply that they couldn't or wouldn't change the forms; or that it would be considered for 2020. We were specifically asked to review the forms and provide input, which

we did in a very timely manner. Explanations which indicated they wouldn't change the form without any accompanying reasoning included or that they would consider it for next year did not seem adequate to the Committee.

It is also troublesome that the Committee is still waiting on a response from the IRS on 20 issues, most of which contained multiple recommendations. Seven of these are from issues submitted in 2018! The nature of tax forms and publications is that many of them are revised on an annual basis and therefore a timely action by the Committee and response by the IRS is critical. By not responding to submitted issues on a timely basis, it essentially represents a rejection of the Committee's recommendations by the IRS without them having to provide any reasoning or justification. If TAP is going to be effective in identifying systemic issues and making recommendations for changes that will benefit both the taxpayer and the IRS in its administration of taxes and tax compliance, the IRS must give the TAP recommendations a very high priority and provide a response in a timely fashion.

The following issues were elevated to the IRS for consideration:

- **Issue 36545 – Form 8941, Health Care Credit for Business.** The recommendations included language to offer clarification of when a taxpayer is entitled to the credit, a tip to help employers understand that they may be entitled to the credit, an example to illustrate how an FTE equivalent is calculated, and additional information as to what business entities may take the credit as well as other line items that could have caused confusion for the average taxpayer if left unchanged. The goal of the committee members was to determine if burdens exist and if taxpayer rights are being addressed. The Committee is waiting on a response from the IRS.
- **Issue 36654 – Form 1040-SR.** The Committee completed a review of the 2019 Draft 1040-SR and recommended 12 changes as follows:
 - The Form 1040 and the new Form 1040-SR are essentially identical except for a larger font on the 1040-SR, so we recommended simply using the new Form 1040-SR and do away with the draft Form 1040;
 - Including a child's name and Social Security numbers for children who are not dependents when filing status is MFS, HOH or QW;
 - Language clarifying that the name of a foreign country needs to be included only when it is applicable to the taxpayer;
 - Changing the line numbers for reporting pension and annuities to make it consistent with the rest of the form;
 - Reformatting the lines for reporting that taxes were computed using the Schedule Worksheet;
 - Changing the verbiage on several lines of the Form to make the description more easily understood;
 - Adding an additional line on Form 1040, Schedule 1 to describe other adjustments to income;

- Increasing the font size on Schedules 1, 2, and 3 so it matches the font on the 1040-SR; and
- In order to clarify the taxpayers' choices for a Third-Party Designee, we recommended changes to the Third-Party Designee section.

In a separate Issue (#40751 – Form 1040) we made similar recommendations for changes to the draft Form 1040-SR. The IRS responded to a draft of the Project, which was sent to the IRS due to concerns about time limitations and rejected all of the recommendations included in the draft. The Committee is waiting on a response from the IRS on both the final submittal of the project and on the Committee's rebuttal to the IRS responses to the draft.

- **Issue 37336 – Form 2555 & Instructions.** Form 2555 is used to claim the Foreign Earned Income Exclusion, the Foreign Housing Exclusion, and the Foreign Housing Deduction. A total of nine different recommendations were made. The Committee recommended several clarifying changes to the instructions. It also recommended some conforming clarifying language to the instructions for Form 1040, Schedule 1 regarding how to properly report the items on it. In addition, Schedule 1 of Form 1040 was confusing because there were no actual lines to report the Foreign Housing Deduction and the Committee recommended changes to Schedule 1 to accommodate the deduction. The IRS accepted 3 recommendations and rejected 3 recommendations. The Committee has sent the IRS a rebuttal to 2 of the 3 rejected recommendations. The Committee is waiting on a response from the IRS to the rebuttals.
- **Issue 39926 – Form 8812 (Form 1040) Additional Child Tax Credit and Instructions.** The Committee completed a review of Form 8812 and its instructions. With the changes to the Internal Revenue Code made by the Tax Cuts and Jobs Act enacted in December 2017, it was important to ensure updates were made to the form and to the instructions. The Committee recommended 5 changes, including the following: identifying form references as most taxpayers do not memorize form numbers, clarifying the need for Social Security numbers for children to qualify for the credit, clarifying that ITIN did not qualify for this credit, and changing Combat Pay to Combat Compensation to provide consistency to other recommendations submitted to the IRS. The IRS responded indicating they would not adopt any of the recommendations.
- **Issue 39943 – Hard to Read Form 1040 Tables and Worksheets.** The 2018 instructions to the Form 1040 contained several worksheets and tables which many taxpayers found difficult to read. The problem seemed to be caused by the fact the worksheets and tables were filled with gray. The Committee recommended removing the shading entirely but continuing to enclose the worksheets or tables in a box with a dark line around it. The IRS partially adopted the recommendation.
- **Issue 40047 – Form 1099MISC.** The Committee received a concern from a taxpayer regarding the format in which she received blank copies of the 1099 MISC form. The Committee reviewed the form and it was found that blank copies of the form are sent out for dot-matrix printers. This makes it difficult for the taxpayer to complete the forms properly as these types of printers are no longer available. The instructions for the Form 1099Misc inform the taxpayer to remove the sides before returning them to the IRS. The Committee made recommendations for a new format to be sent to taxpayers

which would be compatible for printers available. This issue has been submitted to the IRS for consideration and the Committee is currently waiting on a response.

- **Issue 40101 – Publication 5292, How to Calculate Section 965 - Amounts and Elections Available to Taxpayers.** This issue was submitted at the encouragement of TAP member Loren Medina (California) and concerns the computation of Section 965 transition tax. Changes clarify that the publication can be used for the preparation of 2018 taxes and point taxpayers to other IRS documentation, using specific hyperlinks to simplify transfer tax calculation. The Committee also recommended two new sections to the publication, including Reporting Amounts with 2018 Tax Returns and the Impact of Adoption of Final Regulations. The Committee made 15 different recommendations. The IRS rejected all of the recommendations because the Publication 5292 was a stop gap publication and is being replaced by the instructions to Form 96.
- **Issue 40103 – Pub 541, Limited Liability Company.** The committee sent a recommendation to the IRS to revise the text in Publication 541 – Partnerships to clarify the liability of members/owners of limited liability companies (LLCs) classified as partnerships with respect to tax penalties. Recommended text to clarify members/owners of LLCs classified as partnerships are not generally liable for the debts and obligations of the LLC, including any tax penalties 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. The recommended text refers readers to Employer's Tax Guide (Circular E), Publication 15. The IRS rejected the recommendation, but a rebuttal was sent, and the committee has not yet received a response from the IRS on the rebuttal.
- **Issue 40132 – Form 1040 NR-EZ Instructions - U.S. Income Tax Return for Certain Nonresident Aliens with No Dependents.** The committee reviewed the form instructions and provided a list of 7 recommended sections, of which the IRS accepted 5. The changes recommended included the following:
 - The addition of a clarification to inform a nonresident alien that he/she has the option of being treated as a resident alien for tax purposes, in which case the return needs to be filed on the 1040.
 - The addition of a description immediately following the listing of publication 519 to assist the taxpayer in obtaining more information on the treatment of aliens.
 - The addition of clarifying language to the 83-day substantial presence test period to determine if the taxpayer should file Form 1040NR or 1040NR-EZ vs a Form 1040.
 - The addition of a note regarding the treatment of worldwide income when electing to be treated as a US person.
 - The addition of information regarding where to mail tax return, which included a hyperlink to the page with the address to where returns are to be mailed.
 - A recommendation to consolidate the tax rate columns for the Single and Married Filing Separate filing statutes as the tax rates are the same for both.

- The addition of a note in “What’s New” describing the changes to the tax rates and specifically adding that the maximum tax rate is 37%.

The IRS adopted items numbered 1 through 4 and number 7 and rejected items numbered 5 and 6.

- **Issue 40163 – Number and date pages on Form 4549.** The Committee reviewed Form 4549, Report of Income Tax Examination Changes. It is important for taxpayers to understand the information on this form as it proposes changes to their tax returns. 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 tax changes. 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. Therefore, the Committee has recommended adding a date field to the top of the form (with the page numbers) in a prominent location that is easy for taxpayers to locate. 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, helping to prevent taxpayers from unintentionally agreeing to changes they are not in agreement with or do not fully understand and reducing follow-up calls in an attempt to confirm which form is correct/the most current. The IRS partially adopted the recommendation.
- **Issue 40304 – Half Page 1040 Form.** The 2018 Form 1040 was designed to be a two-sided, one-half page form. Taxpayers made several complaints regarding the new two-page form, such as:
 - The use of two pages is a waste of paper as most taxpayers copy the one-half page, two-sided form onto two single-page forms (tax software companies already have adopted this);
 - The form would easily fit on one side of a single page with little or no reduction in the print size; and
 - The use of a single-page, one-sided form is more economical.

The Committee recommended putting the form on a single page, one-sided format. The IRS will not adopt the recommendation due to changes made and reflected in the draft Form 1040.

- **Issue 40358 – Form 5471, Information Return of U.S. Persons with respect to certain foreign corporations and instructions.** The Committee reviewed the new Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations, and instructions, and made one recommendation to improve the readability, understanding, and ease of use of the new form. Since a related schedule for Form 5471 was expanded to include accumulated earnings and profits balances and other adjustments, the recommendation was to provide an example of the kind of adjustment that should be included. The proposed solution will ensure that the form and instructions are easy to read and follow. The IRS did not adopt this recommendation.
- **Issue 40664 – Schedule A and Instructions.** The Committee reviewed Schedule A and its instructions to determine if there was clear guidance to the taxpayer. The

Committee identified two areas in which a taxpayer could become confused with filling out the form and identifying appropriate deductions. The first area was examples of Medical and Dental premiums. In the current instructions it uses the term pre-tax in regard to premiums that are not deductible. The Committee suggested using an example after pre-tax dollars such as “premiums you pay via your employer’s payroll deductions” to make it clearer for the taxpayer. The second area identified were the instructions for using the state tax table for use in determining the local sales tax deduction. When following the existing instructions, a taxpayer would double the deduction by placing the amount from the state tax table and then putting this amount on the worksheet. It was recommended that the IRS remove the statement of adding it to both the table and the worksheet. This recommendation ensures that a taxpayer’s right to pay the correct tax occurs. The Committee is currently waiting on a response from the IRS.

- **Issue 40751 – Form 1040 Project.** The Committee completed a review of the 2019 Draft 1040 and recommended 11 changes as follows:
 - The Form 1040 and the new Form 1040-SR are essentially identical except for a larger font on the 1040-SR and so we recommended simply using the new Form 1040-SR and do away with the draft Form 1040;
 - Including a child’s name and Social Security numbers for children who are not dependents when filing status is MFS, HOH or QW;
 - Adding clarifying language that the name of a foreign country needs to be included only when it is applicable to the taxpayer;
 - Changing the line numbers for reporting pension and annuities to make it consistent with the rest of the form;
 - Reformatting the lines for reporting that taxes were computed using the Schedule Worksheet;
 - Changing the verbiage on several lines of the Form to make the description more easily understood;
 - Adding an additional line on Form 1040, Schedule 1 to describe other adjustments to income;
 - Increasing the font size on Schedules 1, 2, and 3 so it matches the font on the 1040-SR; and
 - Making changes to the Third-Party Designee section in order to clarify the taxpayers’ choices for a Third-Party Designee.

The IRS responded to a draft of the Project, which was sent to the IRS due to concerns about time limitations and rejected all 11 of the recommendations included in the draft. The Committee has sent the IRS a rebuttal to 10 of the 11 rejected recommendations.

The Committee is waiting on a response from the IRS to the rebuttals.

- **Issue 40876 – Form 2210, Penalty for Underpayment of Tax.** The Committee made two recommendations to make the Form instructions easier to understand. Language was added to help taxpayers better understand what “unusual circumstances” may permit waiver of the penalty. In addition, language was added to make it clear that in certain circumstances, taxpayers could use either Part III or Part IV of the Form to calculate their penalty. The Committee is waiting on a response from the IRS.
- **Issue 41167 – 401(k) Plan Contribution Limits.** An informational topic on the IRS website regarding 401(k) and Profit-Sharing Plan Contributions included examples which were confusing, difficult to understand, and seemed to be incorrect. The Committee submitted one recommendation for changing to the wording in the examples to more clearly explain the limitations. The Committee is waiting on a response from the IRS.
- **Issue 41347 – Form 965, Inclusion of Deferred Foreign Income Upon Transition to Participation Exemption System, and Related Schedules and Instructions.** The TCJA had a large impact on certain taxpayers. Section 14103 amended the section 965(a) inclusion amount based on accumulated post -1986 deferred foreign income of certain foreign corporations by US shareholders, directly or indirectly. For tax year 2017 the IRS issued publication 5292 to instruct taxpayers how to calculate the foreign tax and foreign tax credits. Publication 5292 will not be revised going forward, the IRS has opted to provide direction on how to calculate 965 figures solely in Form 965 instructions, which have been expanded to combine some of Publication 5292 content. Upon review of the drafts of Form 965 and their schedules, Committee determined there were certain topics which could use additional clarification such as, the correct referencing of schedules A through H; expanding the definitions of income and adding clarification per code section 962 and 965(b); and adding a hyperlink to FAQs compiled by the IRS. The recommendations continue with explaining who must file, as applicable to 501(a) entities, and other applicable Code sections such as 511 and 4940 (private foundation investment income), and the use of forms 965-A and 965-B. The explanation of how to handle corrections to Form 965 and when to provide the IRS with statements when submitting corrected a corrected Form 965 have been expanded. Lastly, a recommendation for a note addressing how to handle the burdens of domestic partnerships and S corporations and other pass through entities and the treatment of transition tax imposed by the new legislation was added. The Issue included seven different recommendations, as described above, and the Committee is currently waiting on a response from the IRS.
- **Issue 41382 – Schedules C & E.** The Committee reviewed Schedule C and Schedule E instructions to determine if there were clear guidance to the taxpayer regarding reportable income and new guidance for rental property. The Committee identified in Publication 535 that the new regulations adopted in September needed to be included in the instructions for the Qualified Business Income Deduction in which a taxpayer understood what qualified for this deduction for rental property. In addition, in the Instructions for Schedule C it was unclear that a taxpayer needed to include income reported on Form 1099-MISC as well as all other income received. It was recommended that the language be made clear that all sources of income were reported on the Schedule C. This recommendation ensures that a taxpayer’s right to pay the correct tax occurs. The recommendations would make taxpayers aware of new regulations and what income was reportable. The issue contained

two recommendations and the Committee is currently awaiting a response from the IRS. The recommendations were approved and sent to the Joint Committee for consideration then to forward to the IRS for their consideration.

- **Issue 41402 – Pub 531 Tip Reporting.** Publication 531, Reporting Tip Income, was initiated by the committee to evaluate the clarity and completeness of tip reporting instructions for self-employed taxpayers. Publication 531 advises self-employed taxpayers to report tip income on Schedule C.

Self-employed persons may report tip income on either a Schedule C or C-EZ. Leaving off reference to a Schedule C-EZ may confuse the taxpayer into believing that unless they use a Schedule C, tips do not need to be reported or that they must use Schedule C to report tip income. Clarifying that the tips received by self-employed persons may be reported on Schedule C or Schedule C EZ gives taxpayer accurate information and reduces confusion. As per the Taxpayer Bill of Rights (TBOR), taxpayers have a set of fundamental rights they should be aware of when dealing with the IRS. These recommendations will improve the taxpayer's "Right to be Informed" and "Right to Quality Service." The issue has one recommendation and the Committee is waiting on a response from the IRS.

- **Issue 41505 – Form 8867 and EIC Worksheet.** The Committee completed a review of the 2019 draft Form 8867 and the New Preparer's Due Diligence Checklist and recommended seven changes. The changes include removing the word "contemporaneously" from a couple of checklist items as it is new requirement added for 2019 and creates an additional burden on already overworked tax preparers providing services to low income taxpayers. The other changes involved making changes to several checklist items making them simpler and easier to understand. Currently, the Committee is waiting on a response from the IRS.

Ongoing Work

The committee will be considering to accept or rebut all of the responses received from the IRS on the following issue:

- **Issue 36343 – TFP Style Guide for Tax Forms and Publications.** In 2018, the Committee made a recommendation for the Tax Forms and Publication Style Guide to aid in bridging any communication gaps and ensuring product consistency throughout all IRS products. The IRS responded late in 2019 and in its response to the recommendations, adopted three, rejected 10, partially adopted three, and stated four would remain under consideration.

The IRS provided a response in 2019 to the following issues that were submitted by the committee in 2018:

- **Issue 35657 – Schedule D & instructions.** One of the key recommendations made is to immediately alert the taxpayer that capital gains reporting may not need to be made on the Schedule D and thus save taxpayer time and effort. Six recommendations were submitted for review to the IRS. One was adopted and five were not adopted. A rebuttal to misleading the taxpayer concerning the reporting of a sale was resubmitted, but it was again not adopted.

- **Issue 37144 – Form 5329.** Form 5329 is used to account for additional taxes or penalties on tax-favored accounts. The Committee addressed the 50% penalty for not taking the Required Minimum Distribution (RMD) from retirement accounts. The Committee felt the form and instructions needed more information to make sure the taxpayer understood they had the option to attach a reasonable cause statement and pay the penalty if the IRS does not make a favorable determination. The Committee made four separate recommendations and the IRS partially adopted all four.
- **Issue 38527 – Rebuttal to IRS response of the referral being “under consideration”.** *Publication 3, Armed Forces Tax Guide*, was initiated by the committee in response to concerns identified by the National Taxpayer Advocate in her annual report to Congress, as Most Serious Problem 13, Assistance to Military Taxpayers. A preliminary review of the recommendations of this project resulted in a meeting with a Subject Matter Expert (SME) within the Taxpayer Advocate Service and the favorable endorsement of that SME of the extensive changes recommended to the content and wording within the publication. Errors and omissions identified in the National Taxpayer Advocate’s Annual Report were specifically addressed, including the addition of information about special retirement plan contributions limits applicable only to members of the armed forces that served in a combat zone and survivors of members who die on active duty. Some of this information is not addressed in any current IRS publications. Also, recommendations were made on Pub. 3 guidance specific for military taxpayers that are also found in other publications of the IRS, with the intention of making Pub. 3 the primary source of tax information for the millions of current and former members of the armed forces, their dependents and other family members. The recommended changes also addressed information recently published by the IRS in Notice 2018-148, July 11, 2018, regarding the implementation of recent federal legislation related to the proper tax treatment of disability severance payments and authorizing refunds for years as early as 1991 for thousands of disabled veterans. The recommended changes to Pub 3 also clarified the proper tax treatment of disability severance pay. That information was also recommended to be included in Pub. 3. The Issue included eight recommendations. The IRS responded in 2019, rejecting two recommendations, partially adopting one recommendation and indicating as “under consideration” for five of the recommendations. The Committee rebutted four of the IRS responses. In the IRS response to the rebuttals, they did not change any of their original conclusions.
- **Issue 39941 – Sched. C (Form 1040) Profit or Loss from Business and Instructions.** The Committee performed a complete review of Schedule C and instructions to improve the usefulness to taxpayers considering the changes to the Internal Revenue Code made by the Tax Cuts and Jobs Act (TCJA) enacted in December 2017. The Committee recommended six changes, including clarifying specific instructions related to Section 179 expense deductions, bonus depreciation, and fringe benefit deductions; enhancing the guidance to taxpayers with international operations; including an important on-line link for obtaining an EIN electronically; adding a reference to Form 6252 for reporting income from an instalment sale; and adding clarifying language regarding the deduction for compensation on Schedule C. The IRS adopted two of the recommendations, partially adopted one of the recommendations, and rejected three of the recommendations.

- **Issue 40159 – Form 1040 for 2018 reviewed for changes in 2019.** The committee sent recommendations to the IRS that mirrored many of the recommendations sent forward for the 2018 draft. These recommendations focused on filing status, standard deduction, dependent lines, changing the signature line for added security, line title clarity, reminders to the taxpayer, along with a host of other small changes that might cause difficulty for the taxpayer. Thirteen recommendations were submitted for review to the IRS. Seven have been adopted; two were not adopted due to being updated prior to submittal and one issue is under consideration. The recommendations that were accepted by the IRS focused on moving different parts of the form around to make the form less confusing to the taxpayer, adding clarifying information and schedule attachments next to various lines, and specifying specific line numbers that are being summed so the taxpayer knows exactly what is supposed to appear on that line.

Responses are pending to the following issues submitted by the committee to the IRS in 2018:

- **Issue 36995, IRS Form W-4: Employee’s Withholding Allowance Certificate.** The Committee reviewed and evaluated IRS Form W-4, Employee’s Withholding Allowance Certificate, to determine if the form communicates appropriate guidance to the public. The Committee made three recommendations: a) asking to provide language to remind the taxpayer to consider a spouse’s income when calculating the number of allowances; b) to consider whether the taxpayer or a spouse receives social security benefits or unemployment compensation; and c) to provide general guidance that a higher number of allowances claimed will result in a lower amount of tax withheld from a taxpayer’s wages. The IRS informed the committee that two of the recommendations were already being incorporated into future draft instructions, and the Social Security recommendation could not be adopted due to a change in the tax law.
- **Issue 37005 – Form 5471, Information from US Person Foreign Corp and Issue 37006 – Form 5472, Information from 25% Foreign-Owned US Corp.** These related projects were significantly impacted by major changes made to the tax treatment of certain foreign income that were enacted as part of the Tax Cut and Jobs Act (P.L. 115-97). The committee had the opportunity to review and provide input to the IRS concerning Work Request Notices (WRNs) for revisions to Form 5471 and Form 5472, as well as new Form 8991. Formal referrals for both forms were also submitted to the IRS. The recommendations made focused on adding clarity and explaining the FTIN. The Committee is awaiting a response from the IRS and plans to review and comment on instructions for these forms when they are available.
- **Issue 37220 – Publication 976: Disaster Relief.** The Committee submitted a total of eight recommendations to clarify Publication 976: Disaster Relief. Recommendations included adding introductory language, changing the order of contents for ease of taxpayer understanding, emphasizing the Employee Retention Credit, including several other severe 2017 storms not noted on pages 4-6, adding an action that a resident of Puerto Rico may use 2016 earned income to compute 2017 ACTC, and adding language to point out that residents of the U.S. Virgin Islands potentially have benefits. Many taxpayers do not fully understand that many IRS forms are not standalone forms. To add clarity, the Committee recommended adding a new “Form Flow” icon with a

mini-flowchart containing hyperlinks to help taxpayers understand the relationship of various IRS forms where information flows from Form 4684 (Casualties and Thefts) to Schedule A (Form 1040/Itemized Deductions / Line 20) to Form 1040 (Page 2/Line 40). Currently, the Committee is awaiting an IRS response.

- **Issue 39836 – Instructions for Form 1040 Simplified (2018).** The Committee reviewed the new draft Instructions for Form 1040 Simplified and made suggestions to improve understanding to the taxpayer in completing the new Form 1040 Simplified. The Committee’s final proposal suggested more consistency in wording throughout the instructions, better flow of Schedules 1-6 to the Form 1040 Simplified, clarification of what transfers from the new schedules to the 1040, guidance on limitations of the Qualified Business Income deduction, uniformity with Publication 3, Armed Forces Tax Guide, and other changes to help the taxpayer understand the instructions. Another key recommendation included providing the phone number for ordering forms in the instructions. While internet access is sometimes viewed as being universally available to all Americans, there are large groups of taxpayers who lack sufficient internet access and must rely on paper forms and correspondence and the telephone. The review was done without a finalized Form 1040 Simplified. A further review may be necessary to coordinate any changes made from the suggestions of the Committee’s review of the draft Form 1040 Simplified. Currently, the Committee is awaiting the IRS’ response to the recommendations.
- **Issue 39940 – Form 1040 Schedule A (Itemized Deductions).** The Committee recommended two changes to Schedule A (1040) to increase taxpayers’ understanding of the form. The changes included editing language and cautioning taxpayers that Job Expenses and Certain Miscellaneous Expenses are no longer deductible under the Tax Cuts and Jobs Act of 2017. Many taxpayers will attempt to add these non-deductible expenses to “Other Miscellaneous Deductions.” A warning on Form 1040 Schedule A will reduce the number of taxpayers that erroneously take job expenses, tax preparation fees, investment advisory fees, safe deposit box fees, and other previously deductible miscellaneous expenses as an itemized deduction. Currently, the Committee is awaiting an IRS response.

Issues Under Consideration for 2020

The following issues will be under consideration in 2020:

- **Issue 37155** – Reviewing the possibility of the IRS providing fillable forms and schedules on its website
- **Issue 40832** – Review of Form 1040 instructions
- Review of final 2019 Form 1040 and related common schedules with respect to IRS responses received on **Issues 36654** – 2019 draft Form 1040, **37336** – 2019 draft Form 2555, and **40751** – 2019 draft Form 1040-SR.

TAXPAYER ASSISTANCE CENTER IMPROVEMENTS COMMITTEE

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Committee Work Scope and Recommendations

The work of the Taxpayer Assistance Centers Improvement Committee (TACIC) is specifically directed towards improving customer service and taxpayer's experience at Taxpayer Assistance Centers (TAC) throughout the country. In addition to the work within TACIC, the committee has partnerships with and works closely with the Internal Revenue Service (IRS), and Stakeholder Partnerships, Education & Communication (SPEC) to provide assistance with various Volunteer Income Tax Assistance (VITA)/Tax Counseling for the Elderly (TCE) projects.

The following issues were elevated to the IRS for consideration:

- **Issue 40698 – Modification of VITA/TCE training to consolidate Health Savings Accounts (HSA) training into the Advanced Training Course.** Current training requirements for volunteer tax preparers require certification at the basic or advanced level. Although many certify at the advanced level, volunteers must take a separate HSA training course and certification test to assist taxpayers with HSA issues. Since these accounts are becoming more common, being certified with processing HSA is more important than ever. The goal is to improve the speed and efficiency of tax preparation services for taxpayers at VITA sites by training more volunteers on how to process tax returns that have HSA-related information.
- **Issue 40699 – VITA/TCE Programs – Information Summary Worksheet for Payment Options, Including Offer-In-Compromise.** Many taxpayers are unaware of their payment options when they have a balance due on their tax return. This information worksheet provides details and links to the irs.gov website for payment

options, including Offer-in-Compromise (OIC). Low Income Taxpayer Clinics (LITC) information is included to inform taxpayers of the different types of help available to the public. We suggested the information worksheet be provided in Publication 4012 – VITA/TCE Volunteer Resource Guide as well as VITA/TCE sites.

- **Issue 40902 – Telephone, Recorded Call, or Text Message Confirmation for Appointments made at TAC locations** – The IRS currently reminds taxpayers of their TAC appointments by email. Since many taxpayers such as the elderly, low income, and underserved individuals do not have access to the Internet or email, the TCC suggested the IRS provide additional methods of reminding taxpayers of their scheduled TAC appointments. This may reduce the IRS “no show” rates as well as providing a higher level of customer service. In addition to the appointment confirmation, the TACIC recommended the call provide additional instructions such as how to cancel or reschedule an appointment, parking instructions, parking costs, or other helpful information for taxpayers visiting TAC locations.
- **Issue 40782 – Include Google (or other Map vendor) Map link next to each TAC location as shown on the IRS website – “Contact My Local Office.”** The IRS offers map links in other areas of its website, but it does not currently have links that taxpayers use to determine which TAC location is nearest to them. By adding a map link, taxpayers can plan accordingly to determine the route, time that it takes, and other various factors. The goal is to facilitate taxpayers getting to a TAC office appointment on time and as easily as possible.
- **Issue 40513 – Methods to assist taxpayers who visit a TAC location without an appointment.** The committee recommending 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.

Other Activities and Achievements

TACIC members assisted the IRS SPEC group with some of the VITA/TCE training products and resources annual review. TACIC members spent numerous hours reviewing and updating Publication 4012 – VITA/TCE Volunteer Resource Guide, which provides annually updated information on the preparation and review of income tax returns. This product is used by thousands of volunteers across the country at every VITA/TCE site.

TAC members assisted in writing the updated 2020 tax season Form 6744, VITA/TCE Volunteer Assistor’s test/retest. These tests certify VITA/TCE volunteers’ competency in the areas of: basic, advanced, military, international, Health Savings Accounts, Federal Tax Law update test for Circular 230 professionals, and foreign students. Tests are taken every year by volunteers to certify knowledge and proper application of the current year’s tax laws in preparing Federal Income Tax returns.

TACIC members formulated a uniform report form for reviews of member visitations of TAC locations throughout the country. Current and future committee members will use this form to report findings in a variety of areas, including customer service and areas in need of improvement. More TACIC members visited TAC locations this Taxpayers Advocacy Program season than in any other season. It has been the TACIC's goal to see first-hand how taxpayers are treated and what level of customer service they received at the visited locations. The TACIC seeks to offer improvements based on the visits, with an "eye for the taxpayer experience." The TACIC's goal is to ensure taxpayers are afforded the following Taxpayer Bill of Rights while visiting TAC locations:

- *The Right to Be Informed*
- *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 Finality*
- *The Right to Privacy*
- *The Right to Confidentiality*
- *The Right to Retain Representation*
- *The Right to a Fair and Just Tax System*

In conjunction with the Forms and Publications Committee, TACIC members participated in the 2019 draft Form 1040 review and made recommendations for improvements. The TACIC appreciated the opportunity to provide input for this very important project.

Ongoing Work

The work will continue for the following issues in 2020:

- **Issue 41083 – Re-alignment with population for Taxpayer Advocate Services (TAS) Offices.** Taxpayers would be better served if there were more TAC locations, especially in the top five cities in each state, as determined by population. The IRS needs to re-evaluate the population in each state's major cities and determine the need for more TAS offices. Taxpayers must travel long distances to get help at TAS locations. In many states, there is only one location to obtain Taxpayer Advocate Services. Please see the irs.gov website for listings: <https://www.irs.gov/advocate/local-taxpayer-advocate>. This is a substantial burden for underserved taxpayers to travel significant distances for service.
- **Issue 40169 – Making an appointment for help at TAC locations online.** To better serve their customers, many private sector companies offer the ability to make appointments online. The TACIC are exploring options for the IRS.

- **Issue 40310 – Different Methods of Identity Verification for online Transcript Ordering.** Offering a variety of means to verify identity will benefit taxpayers by reducing the burden with complying with only a few limited methods. The TACIC is exploring options such as using debit card or checking account information.
- **Issue 40311 – TAC Appointments Return Phone Call if Lines are Busy.** Taxpayers should be afforded the option to leave their call back information for a return phone call if the IRS TAC appointment telephone lines place them on hold for over 15 minutes. Many private companies have moved to this option to offer better customer service.

Community Outreach – the TACIC members were very active in their individual states participating in many outreach and education events. Members participated at IRS Tax Forums throughout the country by staffing information booths where they interacted with tax practitioners and other members of the tax accounting community to raise awareness of TAP’s mission and to gather specific concerns from the tax preparers’ community.

Issues Under Consideration for 2020

The following issues will be under consideration in 2020:

- **Weekly “Walk-In” Days at TAC locations.** This effort will help taxpayers who are unable to make an appointment, or who drive long distances. Having a walk-in, no appointment necessary day would allow for taxpayers, who may just need transcripts or other quick service, the ability to have same day services. In the past, taxpayers were able to walk-in to TAC locations to obtain the help they needed. Now that TAC has gone to an appointment only system (with some exceptions), they still encounter the need to provide same day service to some taxpayers.
- **Monthly Monitoring of Google, Yelp! and other Review Providers of TAC Locations Across the Country.** Taxpayer’s reviews of the TAC locations will help the TACIC members to determine if there are any issues to address. Monthly monitoring of taxpayer’s experiences will help determine if there are systemic issues to explore. The TACIC need to determine if anyone with the IRS looks at these reviews in any type of formal way. The goal is to offer excellent customer service at TAC locations.
- **Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) product review, in conjunction with, Stakeholder Partnerships, Education & Communication (SPEC) is the Outreach and Education arm of the Wage and Investment Division of the IRS.** The TACIC is pleased to have been asked to participate in VITA/TCE Training and Resources review and materials writing for the past several years. The TACIC’s work has been done to partner with SPEC and offer expertise in this area. The TACIC will continue this partnership with IRS SPEC as this work is important with producing excellent, high quality materials for VITA/TCE programs.
- **The ability to make an appointment and get a case started with the Taxpayer Advocate Service (TAS) online.** This would allow taxpayers to not only make an appointment with TAS online, but to also provide initial case information to get a case established. This would help resolve issues ahead of time and speed up the process of assisting taxpayers who are most in need. The ability to solve most issues online would be ideal, as it would reduce the burden on taxpayers to travel to TAS and TAC locations.

TAXPAYER COMMUNICATIONS COMMITTEE

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Committee Work Scope and Recommendations

The work of the 2019 Taxpayer Communication Committee concentrated on the Taxpayer understanding of the Third-Party Authorization process. The committee focused on the premise of “Do Taxpayers understand the use and the differences between Forms 8821 and 2848?”. The committee also worked on providing 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. The committee generated recommendations for Project Issues 40613 and 41392 for IRS consideration to improve the taxpayer experience regarding Third-Party Authorization process.

- **Issue 40613 – Understanding Taxpayer Representation via the Use of Forms 2848 and 8821** - Taxpayers have indicated they do not understand which third party form they should complete - 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.

The following recommendations were made:

- 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.
- 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:
 - Do you need someone to fill out forms on your behalf? (Form 2848, Power of Attorney)
 - Do you need someone to vie your tax information? (Form 8821, Tax Information Authorization)
- **Issue 41392: Tax Professional Online Account & Taxpayer Online Authorization –** Taxpayer Communications Committee (TCC) was tasked with providing the IRS 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. The committee outlined some issues taxpayers might have to consider when providing third-party authorization online such as:
 - If you were to give authorization to tax professional, how long would you want that authorization to remain active?
 - Would you want a regular reminder to maintain (keep or withdraw) that authorization at set time?
 - What types of actions would you like a tax professional to be able to take on your behalf?

The committee reviewed taxpayers’ feedback on the current third-party process with a focus on the taxpayer’s online experience. The committee submitted the following recommendations for IRS consideration when implementing the third-party online process:

- 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:
 - submit inquires to resolve questions
 - respond to IRS correspondence
 - receive notices and letters
 - 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:
 - electronic signature option
 - online with the IRS from home
 - online at the tax professional's office
 - at the tax professional's office
- Taxpayers would like to terminate an existing authorization through one of the following methods:
 - electronic signature option
 - online with the IRS from home

Potential 2020 Committee Projects

The committee will commence work on the following projects in 2020:

- **Project 37272: IRS Communication for Military Personnel** – The National Taxpayer Advocate (NTA) has stated that the IRS customer service and information provided to the military personnel does not meet their needs and preferences. This was the NTA's 13th most serious problems (MSP). The TCC received correspondence from the public in issue 38423 where a disabled veteran informed the TAP program that recent changes to the login verification qualifiers for the, www.IRS.gov/myaccount, system is discriminatory, adds additional barriers, and excludes millions of taxpayers from full access and use of the online tools and resources available on this website. The TCC will research correspondence towards military and veterans in an effort to help to IRS improve military interaction with the IRS.
- **Issue 30724: Free E-file Providers are not Free** – The IRS official website has links to a list of tax software companies that are supposed to provide free tax return filing for taxpayers that meet certain criteria. Some of the providers advertise free filing of state returns for taxpayers who meet certain criteria. Taxpayers are complaining the E-filers listed do not provide free E-file service and the IRS correspondence is misleading. The committee will research the IRS communications on Free E-filers and make recommendations to improve the correspondence and protect taxpayers from being burdened by erroneous fees.

The committee addressed the following referrals submitted by the 2018 Taxpayer Communication Committee. The IRS responded in 2019 to the following referral:

- **Issue Referral 35819: Refundable Credits Communications** – The committee recommended the IRS create and deploy accessible, portable decision tree tools that taxpayers can reference at will, share with others (such as a co-parent), and discuss to make EITC eligibility a collaborative process. With greater understanding and confidence in the eligibility decision, taxpayers will be less likely to rely on poor information or anecdote and more likely to apply for credits to which they are legally entitled.

The IRS agreed to adopt the recommendation. In addition, IRS will include the decision tree on the “EITC Publications, Forms, Brochures and Other Resources” page. The TCC accepted the IRS decision. The IRS plans to implement the recommendation on **9/30/2019**.

TOLL-FREE PHONE LINES COMMITTEE

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Rose Babb, Management Assistant, New York

Committee Work Scope and Recommendations

The focus of the Toll-Free Phone Lines Committee in 2019 was to actively follow-up on key referrals submitted in 2018, specifically the implementation of Customer Callback Technology (issue 39906), as well as tackle several new issues that came to the Committee's attention.

The new issues included improving access to phone assistance for International Taxpayers, expanding the ability for taxpayers to provide feedback to the IRS through survey responses, and working toward improving access for practitioners to learn the status of the Power of Attorney (Form 2848) For example, practitioners need to know whether the Power of Attorney has been received, has been approved, or if there are any errors, to better assist their clients.

When we review the Committee's referrals, the primary focus is to understand how any specific recommendation would affect and/or improve elements of the Taxpayer Bill of Rights. Our goal is to find workable, low-cost solutions to problems that taxpayers and practitioners encounter on a daily basis, as well as working with IRS to determine if there are changes that can be made to improve the taxpayer/practitioner experience. Ensuring that our referrals are grounded in this manner has been an effective compass for the Committee to find the highest leverage issues to tackle.

The following issues were elevated to the IRS for consideration:

- **Issue 40558 – Public Service Announcement for improveirs.org on Toll-Free Phone Lines.** When taxpayers have recommendations for improving IRS services or procedures, TAP invites them to submit their ideas on improveirs.org. The Taxpayer Advocacy Panel maintains this website. On this website, taxpayers have the opportunity

to submit their ideas for improvements to IRS policies or procedures or to enhance the taxpayers experience with the IRS. Ideas submitted through the website serves as a repository for TAP committees to evaluate as possible recommendations. The IRS toll-free lines typically have a variety of “on-hold” messages. For example, one message refers taxpayers to irs.gov to request for forms or publications. We recommend the IRS incorporate an announcement informing taxpayers that they may submit their ideas for IRS service improvements at the TAP website, improveirs.org.

- **Issue 41674 – Customer Callback (CCB) Script.** 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. Referral includes language saying [you will receive a call back in a specified amount of time from either area code (XXX), (304) or from US government.]

Adopting this script would benefit the taxpayer by helping the taxpayer receive optimum customer service in the most time efficient manner. We believe that improved quality of service would encourage taxpayers receive the assistance needed to stay compliant with their taxes.

Other Activities and Achievements

In addition to working on the 2019 referrals, the Committee had the following activities and achievements:

The Toll-Free Committee was excited to learn that the FY2020 IRS budget plan includes \$10 million to support Customer Callback technology, an enhancement that was recommended by our committee in 2018. The budget document, submitted to Congress in May 2019, states that “Funding will be used to build a robust callback solution for all toll-free telephone services. In addition, the multi-year solution will provide robust call handling and enhanced call monitoring and reporting to reduce the risk for any additional wait times upon reconnect.” It goes on to state that the expected benefits will be reducing taxpayer wait time and reducing taxpayer burden by offering options for a callback or to remain in live queue.

The following issues were elevated to the IRS for consideration:

- **Issue #40705 – Caller Option to participate in a customer satisfaction survey -** 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.

The IRS is 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 FY 2020-2021.

- **Issue 40706 – Publish Additional “800” Telephone Numbers on the irs.gov website** – Based on data the team received, from 10/1/17 to 4/30/18, nearly 4.3 million calls came into the 1-800-829-1040 line. The next highest volume line, with a little over 3.0 million calls, was the line to make appointments at Tax Assistance Centers.

After that, the volume drops to 1.9 million calls to a refund status line. So, the third highest call volume is 56% lower than the 1040 line. Since this is the only line widely published, it is no surprise that this is the most utilized line by a very wide margin. The IRS overall has a branding issue with US taxpayers, and much of the negativity comes from the difficulty in reaching live assistance via the phone. Reducing hold times and offering more direct assistance to taxpayers who choose to call for assistance could be an excellent way to begin reversing the negative perceptions. Also, the publishing of additional lines would carry a high perceived benefit to taxpayers, as they are calling a line that is designed to solve their particular issue.

Recommendations:

- Wider distribution of toll-free phone numbers that provide faster response to taxpayer issues. The IRS Disagreed with this Recommendation.
- Utilizing www.irs.gov as the main source of communication of these numbers, which already exists. The IRS Agreed with this Recommendation.
- 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. The IRS Disagreed with this Recommendation.

The committee is accepting the decision for now, based on the explanation, and putting this in the parking lot.

- **Issue 40707 – High Cost for International Taxpayers to Call IRS** – International taxpayers are an important part of individuals who pay tax in the U.S. An accepted TAP definition of “international taxpayer” is broadly defined to include “U.S. individuals working, living, or doing business abroad, U.S. entities doing business abroad, foreign individuals working or doing business in the U.S., and foreign entities doing business in the U.S.” Based on the U.S. Department of State Report, as of 2016 over nine million American citizens live abroad. The IRS receives about half a million calls a year from international taxpayers (about 500,000 in 2019 and about 400,000 in 2018). Using returns that include Form 2555 and Form 1042S as markers for number of returns filed by international taxpayers, over four million international returns were filed in 2016 (IRS SOI Tax Stats).

A response was received and will be sending it back for reconsideration, after additional research.

- **Issue 40124 – Taxpayer Contact Information if Disconnected from CSR.** This issue has been partially accepted by the IRS and is under consideration for adoption for 10/1/2020; the members have decided to discuss a rebuttal on the portion of the issue that was not adopted by the IRS.

- **Issue 41100 – Adding an Announcement to the Practitioner’s Line** — We recommended 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. The message should include the following content:

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.

We feel that adding this announcement will assist as a reminder to practitioners to check with their client before calling the IRS to check on the status of Form 2848, since the taxpayer would be contacted by the IRS if an error causes the Power of Attorney to be rejected. We feel this will help to alleviate some of the frustration that the practitioners feel and will lessen the calls to IRS to check on the status of Form 2848 that submitted.

Please note that this recommendation was immediately approved and implemented by the Internal Revenue Service on October 7, 2019.

Ongoing Work

The following issues are still under consideration:

- **Issue 40704 – Voice Messaging Option**
The Voice Messaging Option would permit Taxpayers on hold to leave a voice mail message and terminate the call. This is different from the current beta project for Customer Call back (CCB) technology (Issue #41674).
- **Issue 41465 – Expand TAP Awareness on IRS/TAS survey questions and websites.**
- **Issue 41110 – Taxpayer Survey Data Reports –**
The Toll-Free Phone Lines (TFPL) Screening Committee reviewed the comments and/or issues contained in the Survey Data Reports and distributed them to the appropriate TAP committees to work on.

AD HOC COMMITTEE

Leads

Sue Wennermark,* Rhode Island
Dan Smolnik, Connecticut

Members

Heidi Hirschfeld, New York
Kathryn Tracy, Arizona
Patrick Kusiak, Virginia
Loren Medina, California
Bruce Stratton, Idaho

*Participated during the Projection Origination in TAP year 2018

Designated Federal Officer (DFO)

Terrie English, TAP Director, Texas

IRS Program Owners

Taxpayer Advocate Service, Systemic Advocacy

TAS/Communications Stakeholder Liaison & Online Services Staff

Robert Rosalia, Senior Program Analyst, New York
Gilbert Martinez, Senior Program Analyst, Texas
Kevin Brown, Management Assistant, District of Columbia
Rose Babb, Management Assistant, New York

Committee Work Scope and Recommendations

The Ad Hoc Committee was assembled 2018 in response to IRS and Chief Council request for feedback and recommendations on exempt organization issues, new excise tax on endowments, partnership audit rules and liability allocation which resulted in the following six Project Issues completed in 2019:

- **Issue 40136 – Section 4968(c) Excise tax on Investment Income**
Instructions to Form 990 (then in draft form) provided that taxpayers could use any reasonable method of valuation of assets, consistently used, to determine whether their aggregate value reaches the \$500,000 per student threshold imposed by new Code §4968, and referenced the principles described in Reg. §53.4942(a)-2(c)(4). These principles, however, only address the valuation of publicly traded securities and real estate. As the investment portfolios of many colleges and universities contain intangible property and interests for whose valuation there is no clear guidance, the committee also proposes some alternative and additional mechanisms for valuation of such assets.

Not described in section 511(a)(2)(B) (relating to state colleges and universities) and the aggregate fair market value of the assets of which at the end of the preceding taxable year (other than those assets which are used directly in carrying out the institution's exempt purpose) is at least \$500,000 per student of the institution.

With respect to item (D), above, the then-draft Form 990 for 2018 includes, at line 16 of part V, a question asking if the taxpayer is an institution subject to the excise tax imposed by Code §4968. If the answer is in the affirmative, the taxpayer is directed to complete Schedule O on Form 4720. In turn, page 19 of the then-draft Instructions for Form 990 provides a worksheet for the taxpayer to use to calculate the value of its assets, “not used directly in carrying out the organization’s exempt purpose.” The instructions provide for the use of, “any reasonable method of valuation,” with the provision that such method be, “consistently used.” Those instructions reference the principles of Reg. §53.4942(a)-2(c)(4) as providing a reasonable method of valuation.

The provisions of Reg. §53.4942(a)-2(c)(4) only address the valuation of publicly-traded securities and real estate. However, many university endowment portfolios contain intangibles and other property for which there is no guidance on valuation.

The Ad Hoc Committee proposed three additional valuation methods be made available to taxpayers to accommodate those asset portfolios not amenable to valuation within the guidance of Reg. §53.4942(a)-2(c)(4):

- The committee proposed the addition of a reference to Reg. §53.4942(b)-2(a)(4), which generally provides for fair market value to be used as a reasonable method of valuation for purposes of determining asset value under Code §4968(b)(1)(D)
- The committee also proposed that unadjusted historical cost could be deployed as fair market value in circumstances where neither a ready market nor a conventional valuation method exist (such as in the case of historical objects and certain works of art). The taxpayer might also demonstrate that the fair market value of the subject asset is other than historical cost, so long as such an alternative valuation method is consistently used by the taxpayer
- Because historical cost can have little relationship to present value in many circumstances, such as intellectual property and partnership interests, the Ad Hoc Committee also proposed that the Safe Harbor Valuation Methods provided at Reg. §§1.409A-1(b)(5)(iv)(B)(2)(i), (ii), and (iii) (generally providing methods of valuation that will be presumed reasonable in the cases of certain deferred compensation plans) be adopted to the new excise tax scheme. This approach is proposed to encourage voluntary compliance

Systemic Advocacy in coordination with the IRS has not yet responded to the recommendations of the Ad Hoc Committee.

- **Issue 40138 – Silo and NAICS**

Review of the suitability of North American Industrial Classification System (NAICS) codes as discriminators for purposes of determining whether businesses are unrelated in the context of Code §512(a)(6)(A), and proposal of alternative or additional tests for separateness of unrelated trades of businesses for purposes of compliance with Code §512(a)(6).

Under the Tax Cuts and Jobs Act, P.L. 115-97, a tax exempt organization that has more than one unrelated trade or business will now compute unrelated business taxable income (UBTI), including, for purposes of determining any NOL deduction, separately for

each unrelated trade or business, and without regard to the \$1,000 deduction allowed by Code §512(b)(12).

For tax exempt organizations that have more than one unrelated trade or business, UBTI is calculated using the following rules:

- (A) UBTI, including for purposes of any net operating loss deduction, is computed separately with respect to each separate unrelated trade or business, not including the specific deduction that applies for dioceses, religious orders, or conventions or associations of churches under Code §512(b)(12). See, Code §512(a)(6)(A);
- (B) The organization's UBTI is calculated as the sum of the UBTI so computed with regard to each unrelated trade or business, less the specific deduction under Code §512(b)(12); and C) For purposes of step B, above, the UBIT for any such trade or business may not be less than zero. Code §512(a)(6)(C)

Prior to the TCJA, all the income a tax-exempt organization derived from its unrelated trades or businesses was netted with all the losses from such trades or businesses.

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. 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 access to the netting practice that 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).

In Notice 2018-67, the IRS has proposed, among other things, that organizations distinguish among their unrelated trades or business through use of the business codes contained in the North American Industry Classification System (NAICS). NAICS codes are widely used by the federal government.

The Ad Hoc Committee observed that the NAICS codes are, however, neither comprehensive nor sufficiently specific to provide a unitary source of distinctions among businesses, especially for purposes of calculating liability for tax. For example, preparing and selling meals and snacks for immediate consumption from motorized vehicles or nonmotorized carts, catering a route — are all classified in Industry 722330 and renting out facilities without providing catering staff — are classified in Industry 531120 along with Lessors of Nonresidential Buildings

The Ad Hoc Committee proposed that the NAICS codes can continue to be used as a safe harbor available to exempt organizations reporting UBTI from more than one unrelated trade or business. As well, the committee proposed two other mechanisms affected taxpayers might employ in identifying unrelated businesses:

- Taxpayers who determine that their unrelated trades or businesses might not be adequately differentiated by the use of NAICS codes could use another method and protectively disclose their positions using Form 8275, and thereby avoid

potential penalties arising from merely taking a tax position with which the IRS may later disagree.

- The taxpayer could be given the explicit option of relying on the advice of a tax professional in concluding that certain of its businesses are unrelated or separate for purposes of Code §516(a)(6), much as articulated by the Third Circuit Court of Appeals in *Estate of Thouron*, 753 F. 3d, 311, 316 (2014). Appropriate reliance on the written opinion of a tax professional would thereby allow the taxpayer access to the “reasonable cause” defense to penalties arising from IRS claims of failure timely pay taxes or file a return.

Systemic Advocacy in coordination with the IRS has not yet responded to the recommendations of the Ad Hoc Committee.

- **Issue 40139 – Form 990 Schedule R, Parts II and IV**

Controlled Entity under 512(b)(13): Clarification of when of a related organization is a “controlled entity” within the meaning of Code §512(b)(13) for purposes of completing Schedule R of Form 990.

In this project, the Ad Hoc Committee sought to offer its views as to when disclosure of a related organization as a “controlled entity” under Code §512(b)(13) is required at Parts II and IV of Schedule R of Form 990. The committee proposed several amendments to the (then, in draft form) Instructions for Schedule R, with the purpose of facilitating clarification of:

- The difference between a related organization and a controlled entity for purposes of Schedule R; and
- The reason the IRS requires certain transactions between the filing organization and a controlled entity to be reported on the schedule, even if the transaction amount is less than the reporting thresholds applicable to other transactions with related organizations?

The Ad Hoc Committee proposed, among other things, that the instructions for Schedule R be amended to also include information that states, in effect:

- 1) A related organization for Form 990 purposes is defined by the glossary and instructions. A controlled entity is one type of related organization, whether tax-exempt or taxable, that is defined in Code §512(b)(13) to include subsidiaries that are more-than-50 percent controlled by the organization. Code §6033(h) requires controlling organizations to report certain controlled entity transactions, including loans, fund transfers and receipt of interest, annuities, royalties or rents from the controlled entity, on their Forms 990. Use Schedule R to report this information. Because receipts or accruals of interest, annuities, royalties, or rent from a controlled entity are subject to special tax treatment under section 512(b)(13), they must be reported regardless of amount; and
- 2) With respect to Part II, Columns (g) and (i) of the Instructions to Schedule R, the Ad Hoc Committee proposed adding the language “[A] related organization must be identified as a controlled entity in this part, whether or not any transactions that require special treatment with respect to the unrelated business taxable income of the filing exempt organization have occurred.”

Systemic Advocacy in coordination with the IRS has not yet responded to the recommendations of the Ad Hoc Committee.

- **Issue 40153 – Form 4720 & Form**

990 Proposal of revisions to Form 990, Form 4720, and the Instructions for Form 4720, to comport with the requirements created by the addition of new Code §4968 made by §13701 of P.L. 115-97.

The Ad Hoc Committee undertook the project to provide recommendations for revisions to Form 4720 and its Instructions as well as Form 990 to reflect changes to the tax law imposed by new Code §§4968(b) and (c).

- 1) The Ad Hoc Committee proposed two general language amendments to better differentiate between part-time and full-time students for purposes of the threshold language of Code §§4968(b)(1)(A) and (B) and (b)(2).
- 2) Recommended two general language amendments to reconcile the definition of net investment income with the purpose of the statute and to appropriately broaden the category of expense to be used in determining net investment income. The committee proposed that the instructions be updated to match the broader definition allowed by the Code.

Systemic Advocacy in coordination with the IRS has not yet responded to the recommendations of the Ad Hoc Committee.

- **Issue 40184 – Forms 1065, Schedule K-1; 1120S, Schedule K-1; & instructions – Information related to §4968**

Section 1370(a) of The Tax Cuts and Jobs Act, P.L. 115-97, added new Code Section 4968 which imposes an excise tax of 1.4% on the net investment income of certain private colleges and universities.

Many private colleges and universities will have investment income as a result of their investments in partnerships and S corporations. These partnerships and S corporations will need to provide information to their partners and stockholders which are private colleges or universities that will allow them to properly calculate any excise tax that might be imposed under §4968.

There is nothing in the instructions to Schedules K-1 of either Form 1065 or Form 1120S explaining that this information needs to be reported or how to report it. Nor is there any information in the instructions to either form to indicate this a new requirement for 2018. The committee suggested that having this information available for the 2018 filing season would be of value.

For example, the Instructions to Schedule K-1 might be usefully amended to include a description of what information to provide to partners that are colleges or universities subject to the new excise tax. This information might include, without implied limitation, asset basis information, net investment income (to include applicable recalculation of any depreciation expense), and identification of assets intended or available for the use of the educational institution as well as those assets not directly used in carrying out the institution's exempt purpose.

Systemic Advocacy in coordination with the IRS has not yet responded to the recommendations of the Ad Hoc Committee.

- **Issue 40183 – Definition of Full-Time Student and Full-Time Student Equivalent**

Paragraph (b)(2) of §4968 defines students as: “the number of students of an institution (including for purposes of determining the number of students at a particular location) shall be based on the daily average number of full-time students attending such institution (with part-time students taken into account on a full-time student equivalent basis).”

Section 1370(a) of The Tax Cuts and Jobs Act, P.L. 115-97 added new Code Section 4968 which imposes an excise tax of 1.4% on the net investment income of private colleges and universities:

- (A) which had at least 500 tuition-paying students during the preceding taxable year
- (B) more than 50 percent of the tuition-paying students of which are located in the United States
- (C) which is not described in the first sentence of section 511(a)(2)(B) (relating to state colleges and universities) and
- (D) the aggregate fair market value of the assets of which at the end of the preceding taxable year (other than those assets which are used directly in carrying out the institution’s exempt purpose) is at least \$500,000 per student of the institution.

Paragraph (b)(2) of §4968 defines students as: “the number of students of an institution (including for purposes of determining the number of students at a particular location) shall be based on the daily average number of full-time students attending such institution (with part-time students taken into account on a full-time student equivalent basis).”

The terms, “full-time student,” and, “full-time student equivalent,” have not been defined either in the statute or by any proposed regulation. Nor is there any guidance in the congressional committee reports. Each state, and in some cases individual educational institutions, has its own definition of what constitutes a full-time student and full-time student equivalent. Furthermore, those definitions usually involve different criterion for undergraduate students, graduate students, doctoral students, law school students, graduate law school students, medical school students, and various other classifications. Each one of these classifications typically has a different range of hours for determining a full-time student with the range being between eight and 15 credit hours.

These state and institution differences will likely result in significant inconsistencies in determining the number of full-time and full-time student equivalencies and in the determination of the correct amount of any excise tax liability. It could also lead to those determinations being subject to abuse. It is in the best of interests of proper tax enforcement administration to have understandable and consistent definitions of these terms.

There is no current definitive guidance on the definition of a full-time student or a full-time student equivalent. Taxpayers need to know how to apply the provisions of §4968 to properly calculate their liability for the excise tax imposed under this section. In addition, from the perspective of the IRS, any methodology used to determine the number of

students needs to be both reasonable and consistent as applied by the individual institution affected.

The immediacy of this is of utmost concern since it applies to tax years beginning after December 31, 2017.

The IRS needs to provide a regulatory definition of, “full-time student,” and, “full-time student equivalent,” for purposes of the application of §4968.

At a minimum, the IRS needs to provide guidance for the current tax filing year in the instructions to Form 990, Part V, Line 16.

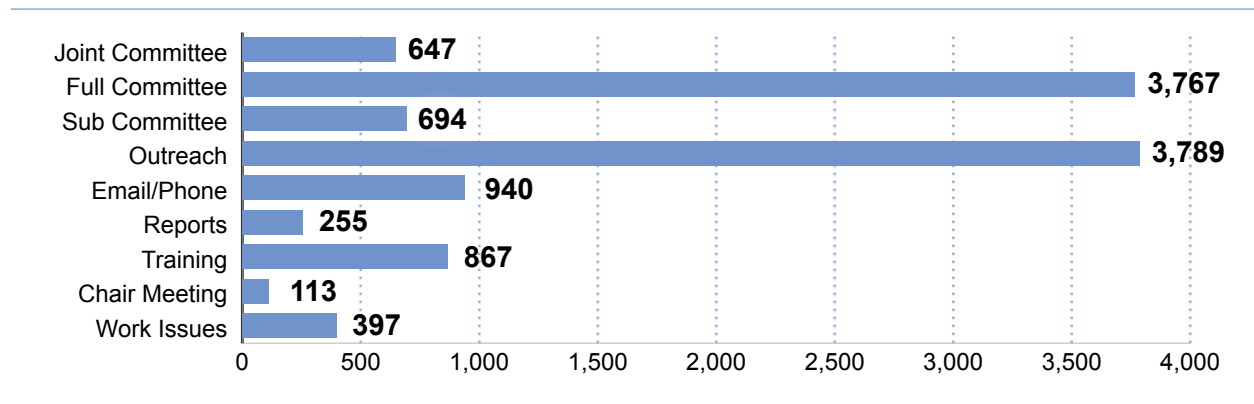
Systemic Advocacy in coordination with the IRS has not yet responded to the recommendations of the Ad Hoc Committee.

Annual Summary of TAP Member Activity

TAP volunteers submit a monthly activity report showing volunteer hours worked on various types of activities. These reports were reviewed, and the hours and activities were organized into categories. TAP members reported a total of 11,469 volunteer hours devoted to TAP activities in 2019. Because of the inherent inaccuracy in reporting hours worked, these hours represent the minimum number of volunteer hours. A description of the major activities and the hours devoted to these major activities is shown below.

The annual face-to-face meeting is a two- and one-half-day event, attended by all TAP members, which includes a full day of training about TAP and IRS issues that volunteers need to be successful. The remaining time is spent in committee organization such as election of lead persons, subcommittee and screening committee assignments, establishing meeting times and other administrative details, and beginning the work of the committee. This work may include briefings from IRS program owners about issues the committee will be working on during the year. The hours reported for the face-to-face meetings account for many of the volunteer hours listed above but are not included below.

FIGURE 8, 2019 REPORTED HOURS PER ACTIVITY REPORTS



Joint Committee — The Joint Committee is the governing body of TAP and includes the TAP chair and vice chair, along with the chair of each of the established project committees. The Joint Committee meets monthly to review the work completed by the project committees and once each year to review the future direction of TAP and to establish coming year TAP priorities.

Committee — Each TAP volunteer is assigned to one of six established committees. Members may also participate in two internal committees (Internal Communications and Outreach), as well as different ad hoc committees that may be formed during the year.

Subcommittee — Most of the committees use a subcommittee structure to accomplish their work. Each subcommittee meets administratively in addition to its main committee. Established committees have a screening committee that meets separately to review potential new issues. Both the established committees and the Joint Committee have quality review subcommittees.

Outreach — Outreach is an integral part of the TAP mission. Outreach includes a variety of activities designed to provide opportunities to listen to taxpayers and identify taxpayer issues and ultimately to propose recommendations to improve IRS service to taxpayers and increase customer satisfaction.

Email/Phone — Aside from the annual face-to-face meeting and outreach activities, all TAP interactions occur via email or phone. The time spent interacting with other members not specifically allocated to other activities is reported in this category.

Reports — This includes the time each TAP member spends completing his or her monthly activity reports and other reporting requirements. Other reporting requirements such as newsletter articles and chair reports are categorized under this heading.

Training — Hours reported in this category reflect training meetings conducted during the year to train new members and educate members about issues facing taxpayers. It also includes time spent by both mentors and new TAP member mentees to assist them in integrating in the TAP organization.

Chair Meeting — This category is used for meetings between chairs and vice chairs of a single committee or the chairs and vice chairs of committees working together on a project to coordinate activities or address concerns and challenges.

Working Issue — TAP members use this category to report the time they spend working separately or as part of a group in research, discussion, and consideration and development of proposals, in addition to the time spent drafting recommendations and related reports.

Outreach

OUTREACH COMMITTEE

Chair

Patrick Kusiak, TAP National Vice Chair, Virginia

Members

Cynthia Pinkney, Toll-Free Phone Lines, Texas
Robert “Bob” Moretti, Special Projects, Montana
Andrea Price, Taxpayer Assistance Centers, Ohio
Hodari Brown, Taxpayer Communications, Michigan
Felecia Dixson, Tax Forms and Publications, Missouri
Bradford Folta Jr., Notices and Correspondence, Maine

Designated Federal Officer (DFO)

Cedric Jeans, Chief TAP East, Tennessee

TAP Staff

Fred Smith, Program Analyst, District of Columbia
Kevin Brown, Management Assistant, District of Columbia

Committee Work Scope

Outreach is an important component for the success and continuation of the Taxpayer Advocacy Panel (TAP) effort. TAP members reach out and connect with tax professionals (attorneys, accounts, enrolled agents, paid preparers and others) as well as taxpayers in local communities around the country and overseas; they speak at trade associations, civic organizations and communicate with small business owners, tax professionals, legislators, and local and state organizations to identify the issues taxpayers experience in their dealings with the Internal Revenue Service (IRS). Because of these grass roots efforts, TAP receives comments, suggestions, and concerns and provides a voice for these concerns. After review and analysis of selected issues and concerns, TAP project committees formulate, review, and approve for submission to the IRS formal recommendations to improve IRS service to the public, including recommendations to improve forms, publications, programs, procedures and practices.

Since outreach is an integral part of the TAP mission, the Outreach Committee is charged with leading, tracking, and communicating TAP member outreach efforts. Each TAP Project Committee is represented by its respective Vice Chair (VC), who leads his or her project committee members in their outreach efforts. Outreach ideas and success stories are shared at the monthly Outreach meetings chaired by the National Vice Chair, providing different approaches for Vice Chairs to take back to their respective Project Committees. TAP members are encouraged to pursue opportunities to speak about TAP wherever the general taxpaying public is present.

The Committee first met in April after completion of the face-to-face meetings, where the Project Committee VCs were elected. Despite the late start, the Committee operated seamlessly, exchanging information about the various outreach tasks conducted by all TAP members. Strategies were discussed for increasing outreach opportunities and ensuring that all TAP

members are connected to their Local Taxpayer Advocates, expanding virtual outreach success and improving activity reporting.

The 2019 group of Project Committee VCs were extremely creative, committed, enthusiastic, engaged, hard-working and were responsible for this year's outreach successes. They or members of their project committees represented TAP at National IRS Nationwide Tax Forums conducted around the country, gave periodic reminders to fellow Committee members to complete activity reports, and arranged for time at monthly meetings to report on outreach activities and share ideas. Their contributions were instrumental to the Committee's overall success this TAP year.

Activities and Achievements

The primary goal of the TAP National Vice Chair for 2019 was to build on past TAP Outreach efforts and identify and implement institutional changes in several areas to enhance the effectiveness and efficiency of the TAP Outreach effort.

In addition to supporting the Chair, the National Vice Chair worked to improve two specific facets of TAP outreach efforts:

- **IRS Nationwide Tax Forums.** In addition to ensuring TAP presence at Nationwide Tax Forums, for the first time this year, "Speak Up" brochures describing TAP, its mission, and efforts were included in the registration packets given to attendees at all of the Nationwide Tax Forums, in an effort to encourage attendees to stop by the TAP desk to share concerns and learn more about TAP. Steps have been taken to make this modest but efficient and effective marketing effort as a part of future IRS Nationwide Tax Forums.
- **Outreach database/calendar:** Building on the efforts of prior Outreach committees, one project/effort initiated by the Outreach committee this year was to compile a comprehensive database/list/calendar of outreach efforts conducted by TAP throughout the year. The outreach information from each member's monthly activity report was the primary source of information for the database. All TAP members were encouraged to provide as much detailed information about each event as possible in the remarks section of the activity report, i.e., date, time, location, frequency, sponsor information (name, contact info, type of sponsor, etc.), expected audience size, etc., particularly if the event was a regularly recurring opportunity for outreach. Due to technical limitations of the TAP Space platform, the information in this database can only be accessed by TAP staff. In addition, an effort will be undertaken to enhance the granularity of outreach information captured by the monthly activity report to improve the ability of TAP staff to capture this important outreach information.

Social media: This year the use of social media played a major role in increasing the audience reached by TAP outreach efforts of our individual members. The efforts of the Internal Communications Committee addressed elsewhere in this report, to update, enhance, and promulgate TAP's social media guidance, couple with the individual efforts of TAP members using social media expanded the reach of TAP outreach this year.

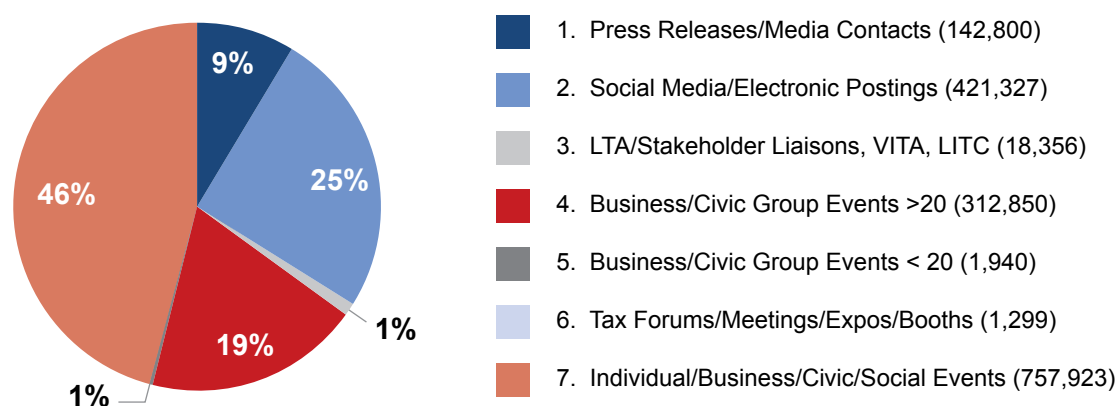
In 2019 we continued to recognize notable outreach efforts by TAP members using the Outreach Spotlight report in the monthly TAP Newsletter. We highlighted Project Committees and individual members who achieved outstanding results in audience reach, outreach hours, and number of events for the prior month. Along with the Outreach Spotlight, monthly reports from each Project Committee were posted on TAP Space. These offer greater detail regarding outreach activities. As society moves to a digital world, virtual outreach methods will allow TAP members to be more efficient in reaching taxpayers, tax professionals, and community and business leaders. The Outreach Committee is encouraged by TAP staff efforts in producing tools to help TAP members perform in this venue and believes that a focus on enhancing electronic formats will enable and expand future outreach efforts.

Additionally, the Outreach Committee continued collaboration with the Internal Communications Committee that was instituted in 2017. The National Vice Chair routinely attended ICC meetings in 2019.

OUTREACH SUMMARY

TAP members conduct outreach in a variety of venues. These include National Taxpayer Advocate Forums held across the United States, professional organizations, service clubs, one on-one discussions with taxpayers, media outlets, press releases, and social media. Members also meet with individuals running for or currently holding local, state and national political offices. Use of social media has proven to be a great outreach tool and members use social media outlets to share the TAP mission. In 2019, TAP members reported 3,789 hours on Outreach Activities reaching a total audience of 1,656,495 individuals through 1,360 events. In Figure 9, these events are classified into seven major categories meant to convey the scope of each type of outreach activity.

FIGURE 9, 2019 OUTREACH REPORTED AUDIENCES



Press Releases/Media Contacts, Interviews — Local newspapers and radio stations may contact Members to discuss their appointment to TAP or the work of the TAP. It is most likely the audience reached is larger than reported as it is difficult to determine the audience reached from these activities. Often newspaper readership or subscription information is not reported.

Social Media/Other Electronic Postings — Members use social media, such as LinkedIn, Twitter, Instagram and Facebook, to let others know about TAP. Other members choose to monitor these and similar sites or specific forums and blogs to identify current and emerging taxpayer issues. Members also take advantage of electronic newsletters published by professional groups and firms. It is difficult to accurately report individuals reached through these efforts as members of social media communities forward information posted by TAP members. The above two categories are primarily one-way communication but reach a far larger audience and are the most efficient method of outreach as determined by numbers reached for volunteer hours provided to reach taxpayers.

LTA (Local Taxpayer Advocate)/Stakeholder Liaisons/VITA/Other IRS — Some LTAs and Stakeholder Liaisons actively seek out working relationships with TAP members and encourage their participation in meetings and activities such as meetings with congressional staff and tax practitioners. TAP members listen for issues that can be brought to TAP, give presentations, or

otherwise participate in the meeting or activity. Several TAP members are active in VITA or Low-Income Taxpayer Clinics (LITC).

Large Business/Civic Groups > 20 — TAP members are invited to participate and actively solicit opportunities to “tell the TAP story” to business or civic groups with memberships presumed to be greater than 20. These groups might include professional or trade organizations, chambers of commerce, homeowner associations, senior centers, non-profit organizations, and state or local government boards or commissions. If travel is involved, it is included in the reported time.

Small Business/Civic Groups ≤ 20 — This is like the above category but is for groups where the membership is presumed to be 20 or less. It can also include book clubs, local investment clubs, women’s clubs, executive committees, and local boards and commissions.

Tax Forums/Annual Meetings/Expos — These opportunities present themselves less frequently but tend to provide larger audiences than most meetings with individuals focused on improvement of taxpayer service. TAP members may participate by staffing a booth or by speaking about the TAP mission and activities. When distance, schedules, and budgets permit, the members attend IRS Nationwide Tax Forums, National Taxpayer Advocate Forums, and statewide or regional conferences.

Individual/Business/Civic Social Events — This category represents various types of networking, from a business luncheon to a chat with a neighbor or coworker about TAP. It could be a small group such as a neighborhood block party or a one-on-one meeting with a city council member; however, the personal nature of this type of outreach tends to generate more TAP issue submissions than any other.

Internal Communications Committee

Chair

Alice Azzaro, Florida (April through October 2019)

Robert Moretti, Montana (October through November 2019)

Members

Robert Moretti, Montana (Vice Chair - April through October 2019)

Shani Bowser, Pennsylvania

Hodari Brown, Michigan

Victor Frausto, Texas

Ryan Groff, Maine

Licia Haynie, Hawaii

Kristen Petersen, Colorado

Robin Sabio, New York

Thurston Smith, Tennessee

Anthony Whitmarsh, California

Designated Federal Officer (DFO)

Susan Jimerson, Chief TAP West, Washington

TAS/Communications Stakeholder Liaison & Online Services Staff

Antoinette Ross, Program Analyst, District of Columbia

Annie Gold, Management Assistant, Texas

Committee Work Scope and Recommendations

The Internal Communication Committee (ICC) has had a highly successful year under the leadership of Chair Alice Azzaro who served as the chief spokesperson and the primary point of contact. The ICC, like other Taxpayer Advocacy Panel (TAP) committees, was initially held up by the federal government shutdown, however, this did not dampen the enthusiasm and hard work completed by the ICC members. The ICC is integral to the TAP mission by providing consistent and up-to-date messaging to the TAP members. The ICC has two primary responsibilities 1) publishing the monthly newsletter and 2) maintaining a social media presence. The ICC works closely with the Outreach Committee to assist TAP members with outreach ideas, opportunities, and information. This work is essential to providing a consistent message about the TAP mission to taxpayers in an appropriate format.

Other Activities and Achievements

ICC members diligently ensured that all the TAP committees contributed to the highly successful monthly TAP newsletter the “on TAP.” Monthly assembly of the newsletter was assigned on a rotational basis to help share the workload. Notable articles included numerous TAP stories that appeared in newspapers, magazines, and on social media that reached in the tens of thousands of audiences. Overseas taxpayers were also well informed thanks to an aggressive international media presence. Other examples included summaries of the many TAP issues being worked by the TAP membership.

The ICC's social media focus is to have a larger presence on various social media platforms and to develop a TAP Social Media Guide as a reference for TAP members. For example, the committee worked to establish or improve upon, the existing Facebook account, as well as different platforms such as Instagram, Twitter, LinkedIn, and other accounts. A major accomplishment was establishing a point of contact (administrator) with regular yearly handoffs to ensure the social media presence was sustained. There were also the beginnings of a conceptual library of content for social media postings where all TAP members could share timely materials and content especially for future TAP members. Lastly, the ICC is actively reviewing and expanding the ICC Continuation Manual where TAP members can learn about the guidelines for behavior on social media. The ICC Continuation Manual is also where TAP members can learn about best practices and suggestions.

Ongoing Work

Other highlights for 2019 include: ensuring TAP members receive new revised business cards for their outreach activities; supplying or providing "Speak Up" brochures for attendees at the five IRS Tax Forums; and, ensuring all messaging, regardless of the platform, communicate TAP's mission especially to taxpayers.

Another significant achievement was the National Taxpayer Advocate's (NTA) release of the "Taxpayer Roadmap." The NTA has stated *the Roadmap is a visual representation of the taxpayer's journey through the tax system. It shows the convoluted nature of our tax system and the taxpayer's path through that system.* Additional information can be seen at [Taxpayer Advocate Service Road Map and Video](#).

TAP Special Events and Activities

2020 TAP Leadership elections

The TAP members elected Phillip Kleiber as the 2020 National TAP Chair. Mr. Kleiber, a Georgia resident, served on the Toll-Free Phone Lines Committee for the past two years. In his second year with the TAP he served as the Chair for the Toll-Free Phone Lines Committee and a member of the 2019 Joint Committee. He brings strong leadership skills and a wealth of knowledge of the TAP program in his third year on the panel.

Robert Moretti was elected to serve as the 2020 TAP Vice Chair. Mr. Moretti, a Montana resident, served as a member of the Special Projects Committee and the Internal Communications Committee in 2019. As a member and Chair of the Internal Communications Committee he played an important role in finalizing the TAP Social Media Guide, which was updated to provide instructions to the TAP membership for conducting virtual outreach.

New Member Appointments for 2019

TAP was pleased to welcome 31 new members in February 2019. The new TAP members are comprised of candidates newly approved by Treasury, as well as, previously approved alternates to join the returning members and to round out the panel of 64 volunteers for the year. The new members were selected from more than 300 interested individuals who applied during an open recruitment period last spring and the pool of alternate members who applied in prior years.

2020 TAP Recruitment Drive

TAP completed a successful recruitment drive to recommend to the IRS Commissioner and the Department of Treasury approval of 19 new members to serve on the panel and 18 alternates. Alternates approved during this year's recruitment will be considered for future member vacancies. The new TAP members will join returning members and previously elevated alternates to round out the panel of 65 volunteers for 2020. The new members were selected through a competitive process from more than 300 applications received during the recruitment period.

TAP Members continue to be a listening post at IRS Tax Forums

Tax professionals from across the U.S. attended five IRS Nationwide Tax Forums. TAP was pleased to send representatives to each Tax Forum to interact with tax professionals about the work of TAP and to hear about issues impacting multiple taxpayers. The issues TAP members receive from their outreach efforts often results in new projects being established to develop recommendations for improving IRS customer service.

Letter From the Incoming Chair

I am very excited and honored to take over the role as Taxpayer Advocacy Panel (TAP) Chair next year in 2020. In the two years I have spent as a TAP member, I have seen the Internal Revenue Service (IRS) be responsive to TAP's referrals which has resulted in improving the taxpayer experience. This is reflected in TAP's Annual Report. We have and will continue to look for ways to gain more input and insight from both the taxpaying public and practitioners, to reach our most important goal of addressing any needs that are impacting the service received from the IRS. Important legislation passed during 2019, the Taxpayer First Act, may bring a huge opportunity for TAP, as the IRS is developing a clearly defined organization designed to evaluate and execute many of the improvements our TAP Committees have been discussing over the past few years.

The Taxpayer First Act office is forming now, and all TAP members have been invited to participate in Focus Groups and provide input. The chance to work with this office will bring one of the greatest opportunities for the TAP panel members to bring ideas directly to an organization who has a charter to change the way the IRS is organized. One focus of TAP input has been to emphasize the need for the IRS to take a more customized approach to the way they service taxpayers and practitioners. For example, currently there is one toll-free number that hundreds of millions of taxpayers are directed to call with questions. Given the complexity of the U.S. Tax Code and the number of individual issues and questions that arise each year, the IRS cannot efficiently handle the workload. To use just one example, what if this workload was divided by income level, directed toward Customer Service Representatives that are specifically trained to answer typical questions from that taxpayer demographic? This is the type of change that could happen through the Taxpayer First Act, and TAP wants to be a driver and positive partner toward that change.

Outreach to communities and tax professionals from TAP is one of the key elements in accomplishing our task. TAP and our IRS partners spend a lot of time emphasizing the importance of this task, and I believe we are continuing to grow and improve our skills and efforts in this area. I look forward to working closing with our Outreach partners by reaching back out to them and showing how their input impacted change in the IRS. This is not always possible, but many times we can draw a straight line from input received during Outreach to actions that took place.

This is my third year as a TAP Member, and it has been a very rewarding experience. The charter given to the IRS in executing the tax code and annually processing millions of tax returns is a daunting one indeed. On behalf of all my fellow TAP members, I would like to thank the dedicated professionals at the IRS who provide direction, organize meetings, and generate the discussion that move referrals forward and effect change that improve the taxpayer experience. Also, thank you to all of the TAP volunteers from across the United States who donate their time and talents to this very worthwhile endeavor. Thank you again for the opportunity and privilege to participate and lead this group during 2020.

Phillip Kleiber
2020 National TAP Chair

Appendix A: Taxpayer Advocacy Panel Members

Member	State	Project Committee
Anthony, Patricia	Texas	Taxpayer Communications
Azzaro, Alice	Florida	Toll-Free Phone Lines
Berlage, Paul	Ohio	Notices and Correspondence
Bowser, Shani	Pennsylvania	Tax Forms and Publications
Brookens, Michelle	Illinois	Taxpayer Communications
Brooks, Courtney	Oregon	Taxpayer Communications
Brown, Hodari	Michigan	Taxpayer Communications
Bunner, Tracy	Utah	Tax Forms and Publications
Burrows, Alyssa	Pennsylvania	Toll-Free Phone Lines
Campbell, Sheila	District of Columbia	Taxpayer Communications
Dixson, Felecia	Missouri	Tax Forms and Publications
Dorsey, Tasheka	Louisiana	Taxpayer Assistance Centers
Fitzherbert, Ronald	New Mexico	Notices and Correspondence
Flakes, Terrill	Georgia	Toll-Free Phone Lines
Folta Jr., Bradford	Maine	Notices and Correspondence
Frausto, Victor	Texas	Notices and Correspondence
Gray, Gina	Oklahoma	Special Projects
Groff, Matthew	Massachusetts	Tax Forms and Publications
Hauer, Kathryn	South Carolina	Toll-Free Phone Lines
Haynie, Licia	Hawaii	Tax Forms and Publications
Herman, Richard	California	Taxpayer Assistance Centers
Hirschfeld, Heidi	New York	Tax Forms and Publications
Hughes, John	Tennessee	Special Projects
Hunter, Jeri*	Nebraska	Notices and Correspondence
Illickal, Manoj	New York	Notices and Correspondence
Kasal, Millicent	Minnesota	Taxpayer Communications
Kleiber, Phillip	Georgia	Toll-Free Phone Lines

* Resigned during the TAP year

Member	State	Project Committee
Kusiak, Patrick	Virginia	Tax Forms and Publications
Lin, Ai	California	Taxpayer Communications
Manasa, Harold	North Carolina	Taxpayer Assistance Centers
Martin, Joseph	Missouri	Taxpayer Communications
Mason, Kimberly	Illinois	Special Projects
Medina, Loren	California	Tax Forms and Publications
Moretti, Robert	Montana	Special Projects
Mosely, Tiffany	California	Special Projects
Oliver, Zanobia	South Dakota	Toll-Free Phone Lines
Petersen, Kristen	Colorado	Special Projects
Peterson, Bernard	New York	Toll-Free Phone Lines
Pierre, Kimberly	Texas	Toll-Free Phone Lines
Pinkney, Cynthia	Texas	Toll-Free Phone Lines
Price, Andrea	Ohio	Taxpayer Assistance Centers
Rice, Lacy	Kentucky	Toll-Free Phone Lines
Russell, Richard	Alabama	Special Projects
Sabio, Robin*	New York	Taxpayer Communications
Selden, Stephen	Maryland	Tax Forms and Publications
Shamgochian, Michael	Massachusetts	Notices and Correspondence
Smith, Emmanuel	Kentucky	Taxpayer Assistance Centers
Smith, Leonard	Arkansas	Notices and Correspondence
Smith, Thurston	Tennessee	Notices and Correspondence
Smolnik, Dan	Connecticut	Tax Forms and Publications
Snyder, Laura	France	Special Projects
Sowell, James	Florida	Taxpayer Assistance Centers
Stratton, Bruce	Idaho	Toll-Free Phone Lines
Townsend, Patrick	Kansas	Taxpayer Assistance Centers

* Resigned during the TAP year

Member	State	Project Committee
Tracy, Kathryn	Arizona	Taxpayer Assistance Centers
Vanderver, Stephen	Indiana	Toll Free Phone lines
Walrond, Carmela	New Jersey	Tax Form and Publications
Whitmarsh, Anthony	California	Taxpayer Assistance Centers
Williams, Cheryl	Washington	Special Projects

* Resigned during the TAP year

Appendix B: Taxpayer Advocacy Panel IRS Staff

Name	Position Title	Location
Terrie English	TAP Director	Texas
Kevin Brown	Management Assistant	District of Columbia
Kudiratu Usman	Program Analyst	District of Columbia
Lisa Billups	Program Analyst	Texas
Gilbert Martinez	Program Analyst	Texas
TAP East		
Cedric Jeans	TAP Program Manager	Tennessee
Rose Babb	Management Assistant	New York
Rosalind Matherne	Program Analyst	District of Columbia
Robert Rosalia	Program Analyst	New York
Fred Smith	Program Analyst	District of Columbia
TAP West		
Susan Jimerson	TAP Program Manager	Washington
Annie Gold	Management Assistant	Texas
Matthew O'Sullivan	Program Analyst	California
Antoinette Ross	Program Analyst	District of Columbia
Otis Simpson	Program Analyst	District of Columbia
Conchata Holloway	Program Analyst	North Carolina
Carolyn Duckworth	Program Analyst	Missouri

Appendix C: TAP Leadership and Committee Assignments

TAP Management	Location
Terrie English, Designated Federal Officer (DFO)	Texas
Cedric Jeans, Chief, TAP East	Tennessee
Special Projects	
Taxpayer Forms and Publications	
Toll-Free Phone Lines	
Susan Jimerson, Chief, TAP West	Washington
Notices and Correspondence	
Taxpayer Assistance Centers Improvement	
Taxpayer Communications	

Appendix D: Acronyms

AM	Accounts Management
CSO	Communications, Stakeholder Liaison and Online Services
CSR	Customer Service Representative
DFO	Designated Federal Officer
EITC	Earned Income Tax Credit
ERISA	Employee Retirement Income Security Act
FACA	Federal Advisory Committee Act
FIRE	Filing Information Returns Electronically
FY	Fiscal Year
GST	Generation Skipping Transfer
IRA	Individual Retirement Accounts
IRC	Internal Revenue Code
IRS	Internal Revenue Service
JC	Joint Committee
LITC	Low Income Taxpayer Clinic
LTA	Local Taxpayer Advocate
NCC	Notices and Correspondence Committee
NTA	National Taxpayer Advocate
PIN	Personal Identification Number

PR	Puerto Rico
PSA	Public Service Announcement
QCD	Qualified Charitable Distribution
SB/SE	Small Business/Self-Employed
SME	Subject Matter Expert
SSN	Social Security Number
TAC	Taxpayer Assistance Center
TAP	Taxpayer Advocacy Panel
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TCC	Taxpayer Communications Committee
TCE	Tax Counseling for the Elderly
TF&P	Tax Forms and Publications
Treasury	Department of the Treasury
USPS	United States Postal Service
VC	Vice Chair
VITA	Volunteer Income Tax Assistance
W&I	Wage and Investment

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