

2018 Taxpayer Advocacy Panel Recommendations

Total Elevated Issues 22

TAP Issue ID: 36553 Elevated Date: 06/06/2018	Committee Name: Notice & Correspondence
Status: Monitoring IRS Action	Outcome: Issue Fully Implemented
Title: CP14H Coordination with Installment Agreement	

Issue or Project Statement	<p>Taxpayer compliance and payment is enhanced when taxpayers are given complete information with alternative payment methods and full disclosure of tax, interest, and penalties being assessed. The right to be informed is the first taxpayer right under the Taxpayer Bill of Rights (TBOR) and provides guidance that tax forms, instructions, publications, notices and correspondence should have a clear explanation of the laws and IRS procedures and a clear explanation of the outcomes. Notice CP14 provides clear explanation to the taxpayer that if an installment agreement is in place, to continue making those payments while Notice CP14H does not. Further, Notice CP14 provides the taxpayer information regarding penalties and interest that will be assessed while Notice CP14H does not provide this statement regarding penalties and interest being assessed.</p>
Project Goal Statement	<p>CP14 and CP14H should contain similar language providing the taxpayer consistent information regarding payments, penalties, and interest.</p>

Proposed Solution or Task

A revised notice to taxpayers regarding how to proceed if a taxpayer has an installment agreement in place can be achieved by adding similar language on top left-hand side of page 1 of Notice CP14H such that the left-hand side of Notice would read:

Our records show you have an unpaid shared Responsibility payment for the tax year ending December 31, 2017.

You owe this payment because one or more Members of your tax household didn't have minimum essential health coverage.

Your balance of \$xxx.xx is due immediately.

If you already have an installment or payment agreement in place for this tax year, then continue with that agreement.

If you already paid your balance in full within The past 14 days or made payment arrangements, please disregard this Notice.

Additionally, at the end of Notice CP14H, the interest section of Notice CP14 should also be included. It appears that penalties will not be assessed on Shared Responsibility Payment tax owed, but interest will accrue. Similar language should be added to Notice CP14H to clarify the interest accruing should be added following the section entitled "If we don't hear from you" as follows:

Interest charges We are required by law to charge interest when you do not pay your liability on time. Generally, we calculate interest from the due date of your return (regardless of extensions) until you pay the amount you owe in full, including accrued interest and any penalty charges. Interest on some penalties accrues from the date we notify you of the penalty until it is paid in full. Interest on other penalties, such as failure to file a tax return, starts from the due date or extended due date of the return. Interest rates are variable and may change quarterly. (Internal Revenue Code section 6601)

IRS Final Response

IRS Response:1347

Thank you for your recommendation regarding Notice Computer Paragraph (CP) 14H notice.

We agree with your recommendation to include guidance in the CP 14H notice on how to proceed when an installment agreement is in place. We will work with the Office of Taxpayer Correspondence (OTC) on the wording.

The deadline to submit changes for 2019 has passed. Therefore, the implementation date will be January 1, 2020.

IRS Response:1348

Thank you for your recommendation regarding Notice Computer Paragraph (CP) 14H notice.

We agree with your recommendation to include interest accrual information to the CP 14H notice. We will work with the Office of Taxpayer Correspondence (OTC) on the wording.

The deadline to submit changes for 2019 has passed. Therefore, the implementation date will be January 1, 2020.

TAP Issue ID: 38436 Elevated Date: 11/19/2018	Committee Name: Notice & Correspondence
Status: Elevated to IRS Awaiting Response	Outcome:
Title: CP13 Math Error Notice Content Review	

Issue or Project Statement	A review of math error notices for content and clarity is essential to ensure that taxpayers understand the message(s) that each notice is intended to convey in terms of the specific IRS change(s) to a tax return to decide if they agree, and if not, what actions must be taken within a limited timeframe to contest the IRS' assessment.
Project Goal Statement	<p>IRS uses its math error notices authority to prevent a refund of an improperly claimed credit or deduction, however notices need to be clarified to allow taxpayers to understand their obligations and options. Current Math Error Notices do not make clear what changes are being made to the return or what rights the taxpayer has regarding a dispute with the change.</p> <p>Math Error Notices in current form impact six of the Taxpayer Bill of Rights: the right to quality service, the right to pay no more than the correct amount of tax, the right to challenge the IRS's position and be heard, the right to appeal an IRS decision in an independent forum, the right to privacy and the right to a fair and just tax system.</p>
	<p>Form or Publication Subsection (Paragraph # and Page #, etc) CURRENT TEXT (Enter the current text per the form/pub/instructions related to your comment)</p> <p>*If there is no current text related to your suggestion, leave blank RECOMMENDED TEXT (Enter your recommended draft text related to your comment) Comments/Justification for change</p> <p>Page 1,</p> <p>Amount Due Section</p> <p>“As a result, you do not owe us any money...” “Because we have already reduced your refund, you do not owe us any money...” The circumstances under which this notice is sent are confusing. Why, if IRS has disallowed the child tax credit, is there no reduction in refund or increase in balance due? Presumably it is because the IRS has already reduced the refund sent to the taxpayer. If true, this should be explained in the notice.</p> <p>Because of these confusing circumstances, the taxpayer is likely to ignore the notice. Even if she disagrees, she doesn't owe any money, so there doesn't seem to be any urgency to correcting a mistaken notice. However, she is not told by the notice</p>

that correcting it could INCREASE her refund.
Page 1,

Amount Due Section
Summary

TS _____
Summary

Payments you made

Tax you owed

Amount due

Summary

Taxes you owed based on your taxable income in 2016

Payments/Withholdings Credited in 2016

Amount due

New text will provide the taxpayer with more clarity up front in the Summary portion of the notice. The additional language also will help the taxpayer begin to understand what numbers the IRS used for their decision which will assist the taxpayer with any verification or rebuttal processes.

Page 1,

Amount Due Section

“We believe there’s a miscalculation” “We believe there’s been a miscalculation” Grammar
Page 1,

Paragraph #1

We made changes to your return that correct this error. As a result, you do not owe us any money, nor do we owe a refund. We made an adjustment of \$496.00 to your tax return that corrected this error. As a result, you do not owe us any money, nor do we owe you a refund based on the above adjustment. ** there is not a detailed explanation on the first page on the reason why changes were made to taxpayer’s 2016 form 1040A

Page 2,

“What you need to do - continued”

“If we don’t hear from you, we’ll assume you agree with the information in this notice.” “If we do not hear from you by DATE, we will proceed as if you agree with the information in this notice.” The word “assume” is dismissive and carries a negative connotation.

Remove the contractions for better grammar. If there is a deadline for responding (like, within 60 days), it should be made explicit to the taxpayer. If there is no deadline, this should be made explicit to the taxpayer as well. Information provided to taxpayers should be consistent with information provided on IRS.gov related to CP12 when queried by taxpayers. Also, it should be

Proposed Solution or Task

to CRTs when queried by taxpayers. Also, it should be consistent with guidance found in
IRM 21.5.4.4.1
IRM 21.5.4.4.2
IRM 21.5.4.5.4 and
IRM 21.5.4.5.5
Page 2,

“Changes to your 2016 tax return”

“One or more of your children exceeds the age limitation” “According to our records, the following individuals were too old to qualify for the Child Tax Credit, because they were 17 or older during the tax year: Name of Child and Their Year of Birth According to IRS Records”

My recommendation would give the taxpayer information to allow them to determine whether they agree with the IRS change. Currently, taxpayers have no basis to agree or disagree with the IRS change, because they do not know what it is based on. They are forced to call.
Page 2,

Changes to Your Tax Return

We didn't allow all or part of your child tax credit on line 35, and/or additional child tax credit on line 43.....
Add an adjacent line item 35 and/or 43, whatever the case may be, to show the difference between the miscalculation and the corrected adjustment Taxpayers have the right to be informed.
Page 2,

Changes to Your Tax Return

“One or more of your children exceeds the age limitation” Be Specific: “Two of your children exceed the age limitation” Taxpayers have the right to be informed.
Page 2,

Changes to your tax return

One or more of your children exceed the age limit Child -name or ssn or perhaps number (placement) on return
Allow taxpayer to understand which child is being excluded – especially if all are proper age.
Page 2,

“Your payments and credits”

This section should have a “Your Calculations” column, like the “Your tax calculations” section above. If the IRS change is to the Additional Child Tax Credit, the change would appear in the “Your payments and credits” section. The suggested change would show the taxpayer where IRS calculations differ from their own calculations.
Page 2,

Your Payments and Credits

Your payments" followed by numeric amount \$133.75

"Your credits" followed by numeric amount \$1,707.32
Taxpayers have the right to be informed.
Page 2,

Your payments and credits

Add a 'your calculations' column as shown on previous section Your Calculations Allow taxpayer to better see the amount/section being changed by IRS will provide clarity.
Page 2,

Your payments and credits Add new column "Your Calculations" as in row above section "Your tax calculations section". This will allow taxpayer to quickly see what has changed.
CP13

[Delete the third page.] I do not understand what the point of the third page is. It doesn't seem to add anything. Perhaps it's because material is redacted, but I am wondering if two pages would be completely sufficient. One extra page may not seem like a serious matter, but if extra pages are continually being sent, over time this becomes wasteful. I am hoping that the third page has a purpose that I am simply missing.
Page 2,

If you don't agree

Date due, or at least a 'number of days' to respond
Eliminate confusion for taxpayer.
Information provided to taxpayer should be consistent with information provided on IRS.gov related to CP13 when queried by taxpayers. Information provided to taxpayers should be consistent with information provided on IRS.gov related to CP13 when queried by taxpayers.
Also, it should be consistent with guidance found in IRM 21.5.4.4.1, IRM 21.5.4.4.2, IRM 21.5.4.5.4, and IRM 21.5.4.5.5.
Page 2,

What you need to do --continued

call 1-800-829-0922 to review your account. Call 1-800-829-0922 using "Your Caller ID" provided on the top of page one to review your account. This information would be helpful in getting the taxpayer to the proper person and hopefully alleviate excessive hold time.
Pages 1,2,3

Your Caller ID Your Caller ID should populate all pages of CP13 If the taxpayer only has one page of notification, he/she will have the caller id available to them.

Page 2

Page 2,

Changes to your 2016 tax return

Move to page one Provides critical taxpayer information on the first page.

Page 1, 2,

What you need to do section

- should be on page two
- located entirely on one page

This critical information should be on the same page of the notice.

TAP Issue ID: 38437 Elevated Date: 11/19/2018	Committee Name: Notice & Correspondence
Status: Elevated to IRS Awaiting Response	Outcome:
Title: CP16 Math Error Notice Content Review	

Issue or Project Statement	A review of math error notices for content and clarity is essential to ensure that taxpayers understand the message(s) that each notice is intended to convey in terms of the specific IRS change(s) to a tax return to decide if they agree, and if not, what actions must be taken within a limited timeframe to contest the IRS' assessment.
Project Goal Statement	<p>IRS uses its math error notices authority to prevent a refund of an improperly claimed credit or deduction, however notices need to be refined to allow taxpayers to understand their obligations and options. Current Math Error Notices do not make clear what changes are being made to the return or what rights the taxpayer has regarding a dispute with the change.</p> <p>Math Error Notices in current form impact six of the Taxpayer Bill of Rights: the right to quality service, the right to pay no more than the correct amount of tax, the right to challenge the IRS's position and be heard, the right to appeal an IRS decision in an independent forum, the right to privacy and the right to a fair and just tax system.</p>
	<p>Form or Publication Subsection (Paragraph # and Page #, etc) CURRENT TEXT (Enter the current text per the form/pub/instructions related to your comment)</p> <p>*If there is no current text related to your suggestion, leave blank RECOMMENDED TEXT (Enter your recommended draft text related to your comment) Comments/Justification for change</p> <p>Page 1,</p> <p>Changes to your 2015 Form 1040A We believe there's a miscalculation on your 2015 Form 1040A, which affects the following area of your return:</p> <p>** Tax Computation</p> <p>We made changes to your return that correct this error.</p> <p>As a result, your overpayment is_----. We applied---- from your 2015 (Form 1040A) overpayment to the amount you owe for 2012 (Form 1040A). We believe there has been a miscalculation on your 2015 Form 1040A, which affects the following area of your return:</p>

Proposed Solution or Task

****Tax Computation**

You owe prior tax debts, therefore we made changes to your return to correct this error.

As a result, your overpayment is __. We applied all or part of your refund from your 2015 Form 1040A overpayment to the amount you owe for 2012 (Form 1040A) The recommended text explains in clearer detail how the IRS has applied taxpayer's refund to other tax debts.

Also, taxpayer needs to know if all or part of their refund is going to be applied to correct the error.
Page 2,

What you need to do ** What you need to do

** Changes to your 2015 tax return ** Changes to your 2015 tax return

** What you need to do Organization and format of sections on Page 2. It is clearer if changes to 2015 tax return precedes the what you need to do section.

Page 2,

What you need to do
*** What you need to do section

If you agree with the changes we made
If You don't agree with changes What you need to do section***

If you don't agree with the changes
If you agree with the changes that we made ** Format of this section is somewhat intimidating to the taxpayer. If the subsections are rearranged, the taxpayer will not be intimidated when reading the document.

Page 2,

"What you need to do - continued"
4th bullet

"If we don't hear from you, we'll assume you agree with the information in this notice." "If we do not hear from you by DATE, we will proceed as if you agree with the information in this notice. The word "assume" is dismissive and carries a negative connotation. Remove the contractions for better grammar. If there is a deadline for responding (like, within 60 days), it should be made explicit to the taxpayer. If there is no deadline, this should be made explicit to the taxpayer as well. Information provided to taxpayers should be consistent with information provided on IRS.gov related to CP16 when queried by taxpayers. Also, it should be consistent with guidance found in

IRM 21.5.4.1.1 IRM 21.5.4.1.2 IRM 21.5.4.5.1 and

IRM 21.5.4.4.1, IRM 21.5.4.4.2, IRM 21.5.4.5.4, and IRM 21.5.4.5.5.

Page 2,

What you need to do If you don't agree with changes Include a 'date due' or number of days to reply This will eliminate confusion for the taxpayer keep taxpayer informed that could impact their appeal rights. Information provided to taxpayers should be consistent with information provided on IRS.gov related to CP16 when queried by taxpayers.

Also, it should be consistent with guidance found in IRM 21.5.4.4.1, IRM 21.5.4.4.2, IRM 21.5.4.5.4, and IRM 21.5.4.5.5.

Page 2,

Your payments and credits Add new column "Your Calculations" as in row above section "Your tax calculations section". This will allow taxpayer to quickly see what has changed.

Page 3,

Next steps Include --- interest on.... Again, this is an obvious assumption the taxpayer agrees with the changes made. This does not allow the taxpayer time to verify the changed information.

TAP Issue ID: 37212 Elevated Date: 12/04/2018	Committee Name: Special Projects
Status: Elevated to IRS Awaiting Response	Outcome:
Title: Need a contact person to chat about Tax on Crypto	

Issue or Project Statement	<p>TAP Special Projects ID Theft Subcommittee (“the Subcommittee”) examined:</p> <ol style="list-style-type: none"> 1. Expansion of the search terms that are used by taxpayers in looking for information in the search box on the IRS webpage 2. Improvement of users’ experience by minimizing steps to obtain the desired information
Project Goal Statement	To streamline user experience in the search box by reviewing and consistently updating search terms as they become more prevalent.
Proposed Solution or Task	<p>Results show that “cryptocurrency” returns are not very helpful. If, though, “virtual currency” is used, returns are extensive. However, that term is not as popular. Interestingly, the only area showing a search on “virtual currency” is the District of Columbia area, which may be due to IRS testing.</p> <p>A list of alternative searches could be suggested within the search results. These results may differ due to regionality, use, or spelling:</p> <p>“virtual currency” or “virtual money” “cryptocurrency” or “crypto currencies” “digital currency” or “digital money” “bitcoin” or “bit coin” or “bitcoin exchange” “ethereum” or “digital money” or “central bank digital currency”</p> <p>More importantly, the search box, aside from updating as new terms become more commonplace, should be more dynamic to allow hitherto unused phrases, as the lexicon changes. In other words, information related to cryptocurrencies is not easy to find in one place, and it is not in a good format.</p> <p>Recommendations to improve usability of IRS website include but are not limited to search terms that are used by taxpayers. Analytics reports can provide information on the frequency of different search terms. For example, if taxpayers are searching more frequently on “cryptocurrency” as opposed to “virtual currency”, the more recognizable term (to the taxpayer) should return a broader choice of information.</p>

TAP Issue ID: 37360 Elevated Date: 11/06/2018	Committee Name: TAC
Status: Elevated to IRS Awaiting Response	Outcome:
Title: Tax Refund Delays, Confidentiality, Taxpayer's Bil	

Issue or Project Statement	It has been observed that in some TAC Offices there may be a lack of confidentiality due to an open room setting. Personally Identifiable Information (PII) may be revealed to anyone listening. There is a lack of space to provide complete privacy, such as a small office with four walls and a door that discussions can be made in. Individuals in the waiting area can hear the private discussions between the assistants and the taxpayers.
Project Goal Statement	Taxpayers need a private space to discuss confidential matters with the IRS. Taxpayers should be able to discuss matters without other persons overhearing sensitive information.
Proposed Solution or Task	We propose two solutions to this issue: <ol style="list-style-type: none"> 1. The IRS must provide a private room that taxpayers can discuss sensitive issues in, or 2. 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.

TAP Issue ID: 38550 Elevated Date: 11/06/2018	Committee Name: TAC
Status: TAP Reviewing IRS Response	Outcome:
Title: Taxpayers being Turned Away in Error at TAC Office	

Issue or Project Statement	It has been observed by TAP Members and Staff that taxpayers without an appointment are being turned away in error and TAC Appointment Exception Procedures are not being followed or considered. It has also been observed that Security Personnel are handing out Forms 15006 and turning taxpayers away from TAC Offices.
Project Goal Statement	Every taxpayer without an appointment who visits a TAC office has a right to be seen by a TAC employee and consideration of TAC Appointment Exception Procedures must be followed.

Proposed Solution or Task	<p>We propose the following solutions to this issue:</p> <ol style="list-style-type: none">1. A Directive or Memo be given to all security guards at all TAC offices2. TAC office managers routinely remind security guards not to turn taxpayers away from the TAC on a as needed basis3. Make the following changes to IRM 21.3.4.2.4.2 TAC Appointment Exception Procedures:<ol style="list-style-type: none">a. Move 1. to the end of the IRM to ensure taxpayers are given consideration to the other exception procedures - 1. Taxpayers who do not have a pre-scheduled appointment will be advised that service is by appointment.b. Add the following: “only if it is to see another taxpayer” to 3. Cancel appointments for those who fail to appear within 15 minutes after their scheduled time.4. A SERP Alert be sent out to all TAC employees to follow IRM 21.3.4.2.4.2 TAC Appointment Exception Procedures5. IRS TAC Office Form 15006 needs to be changed to clearly reflect TAC Appointment Exception Procedures.<ol style="list-style-type: none">a. Make a Paymentb. Pick up Formsc. Get a Transcriptd. File a Current Year Tax Form6. IRS needs to adequately staff TAC offices to assist walk-in taxpayers and those with special needs and circumstances. Taxpayers should be afforded an opportunity to speak with a TAC employee for consideration of their questions.7. Current TAC sign is not welcoming to taxpayers and is likely to lead to taxpayers turning away and/or being turned away, thinking they need to come back only when they have an appointment. The National Taxpayer Advocate, Nina Olson, has urged the IRS to consider changing the wording on this sign to read: “APPOINTMENTS RECOMMENDED BUT WALK-INS ARE WELCOME. Although appointments may be available for walk-ins, to avoid a wait, call 844-545-56400 or go to IRS.gov to make an advance appointment.” We concur with this recommendation and ask the IRS to remove all current signage and adopt the National Taxpayer Advocate’s, Nina Olson, recommendation.
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TAP Issue ID: 36670 Elevated Date: 11/02/2018	Committee Name: Tax Forms and Pubs
Status: Elevated to IRS Awaiting Response	Outcome:
Title: IRS NTEE codes	

Issue or Project Statement	<p>Project Statement: Evaluate availability of instructions on modifying IRS NTEE Codes generated in Form 1023 and Form 1023-EZ, Instructions for Form 1023, Instructions for 1023-EZ as well as related activity codes discussed in Publication 557.</p>
Project Goal Statement	<p>Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.</p>
Proposed Solution or Task	<p>ID 1387 The taxpayer that needs to modify or add an NTEE Code might consult the instructions for Form 1023-EZ since this is where the NTEE Code is created. This will point the taxpayer to the correct publication where the information will be outlined more specifically. Instructions for Form 1023, Page 8, End of Part IV.</p> <p>ID 1388 Same as above. If the taxpayer cannot file the easier EZ form, then the taxpayer may reference the instructions for the full form.</p> <p>ID 1389 The subsection on "Organizational Changes" should be referred to separately in the table of contents to distinguish that information from the information to be inserted below (ID 4) labeled "Modify or Obtain an NTEE Code". Also, the page number should be a hyperlink Publication 557, page 1, Contents, Chapter 2, Filing Requirements and Required Disclosures</p> <p>ID 1390 See reason below. This addition to the table of contents highlights the addition of the material on how to modify or obtain an NTEE Code. Also, the page number should be a hyperlink Publication 557, page 21, insert before Section 3, Section 501(c)(3) Organizations, and after the sub-subsection on change in accounting period</p> <p>ID 1391 As part of the process of applying for recognition as a tax-exempt entity, nonprofit organizations are assigned an NTEE Code, which can be assigned by the IRS in error, or not assigned at all. The procedure to change an NTEE Code, or to request the issuance of a NTEE Code when one was not previously issued, is not discussed in any instruction, listed on any form or explained in any publication. This additional subsection will give the taxpayer a method for modifying, or obtaining, the correct NTEE Code.</p>

TAP Issue ID: 36995 Elevated Date: 06/06/2018	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: W-4 Employees Withholding Allowance Certificate w4	

Issue Statement	Evaluate W-4: Employee's Withholding Allowance Certificate. Determine if the form clearly communicates the appropriate guidance to public.
Goal Statement	The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.
Proposed Solution	<p>ID 1344 Clarify that a spouse's nonwage income may affect the withholding calculation.</p> <p>ID 1345 Since there are numerous taxpayers with social security benefits or unemployment compensation, as well as spouses with similar benefits, the instructions should alert the taxpayer to refer to the calculator or Publication 505 when the taxpayer or their spouse is collecting social security benefits or unemployment compensation.</p> <p>ID 1346 This addition will emphasize and clarify the impact claiming personal allowances have on the taxpayer's paycheck. An excessive amount of personal allowances may result in a balance due when filing a tax return.</p>

TAP Issue ID: 37005 Elevated Date: 11/02/2018	Committee Name: Tax Forms and Pubs
Status: Elevated to IRS Awaiting Response	Outcome:
Title: F 5471- Info U.S. Persons W/ Foreign Corp & Inst	

Issue or Project Statement	Project Statement: Evaluate the Form 5471 (Information Return of U.S. Persons With Respect to Certain Foreign Corporations) and Applicable Schedules and determine if they clearly communicate appropriate guidance to the taxpaying public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer experience.

<p>Proposed Solution or Task</p>	<p>ID 1349</p> <p>Each of the schedules begins with line a Separate Category (Enter code - see instructions.)</p> <p>To improve clarity, taxpayer understanding and compliance, I recommend that text be revised to insert the word "Income" so that line a on Schedule J, I-1, E, P, and H would read as follows:</p> <p>"Separate Income Category (Enter code – see instructions)" (inserted text underscored for illustration purposes only).</p> <p>ID 1351 Credits for increasing research activities from Form 3800 line 1c, include credit amount allowed.</p> <p>"all Parts III" – consider replacing with, "add Part III page, one for each credit".</p> <p>Move Form 3800 before the line number. The proposed instructions are unclear, not sure if the information requested is from 'line1c' and all applicable parts of the form, or just 1c, Part III.</p> <p>Line 1 states: 'Total credits allowed in current year. Enter the amount from Form 1120, Schedule J, Part I, line 6; or the applicable line of your return.'</p> <p>It is recommended the IRS follow the format for line 1 above for line 1c.</p> <p>ID 1352 Credits Reducing Regular Tax Liability in Computing Base Erosion Minimum Tax Amount (BEMTA), Part II, line 8</p> <p>Low income housing credit from Form 3800 line 1d and 4d, include credit amount allowed.</p> <p>"all Parts III" – consider replacing with, "add Part III page, one for each credit".</p> <p>ID 1353 Renewable electricity production credit but only to extent of the renewable electricity under section 45 (a) from Form 3800 lines 1f and 4e, include credit amount allowed.</p> <p>"all Parts III" – consider replacing with, "add Part III page, one for each credit".</p> <p>ID 1354 Page 5, Schedule B Credits, Credits Reducing Regular Tax Liability in Computing Base Erosion Minimum Tax Amount (BEMTA), Part II, line 10</p> <p>Investment credit but only to extent of energy credit property under section 48 from Form 3800 line 4a, include credit amount allowed.</p> <p>"all Parts III" – consider replacing with, "add Part III page, one for each credit".</p>
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TAP Issue ID: 37006 Elevated Date: 11/02/2018	Committee Name: Tax Forms and Pubs
Status: Elevated to IRS Awaiting Response	Outcome:
Title: F 5472 Info Return of a 25% Foreign-Owned & Inst	

Issue or Project Statement	Evaluate the Form 5472 (Form 5472: Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business) and Instructions to determine if they clearly communicate appropriate guidance to the taxpaying public.
Project Goal Statement	The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayer experience.

Proposed Solution or Task	<p>ID 1354 Delete the paragraph and Replace it with: Foreign taxpayer identifying number (FTIN). A FTIN is a taxpayer number issued by a foreign government for reporting of income and tax payment purposes to the foreign country. Part II, boxes 1b(3), 2b(3), 3b(3), and 4b(3) were added for FTINs. Foreign-owned U.S. DEs must enter an FTIN, if the foreign owner has one. Filers of Form 5472, other than foreign-owned U.S. DEs, can enter an FTIN on these lines. However, they must also enter a U.S. identifying number or reference ID number on lines 1b(1)-4b(1) or 1b(2)-4b(2), respectively. See the instructions for these lines for more information. Notice 2017-46 provides more information on furnishing FTINs to the IRS. Note: (insert web link to Notice 2017-46)</p> <p>Remove BOLD font for “Foreign taxpayer identifying numbers” per TF&P style guide.</p> <p>Add a sentence to clarify and explain what a FTIN is and one more at the end, with a hyperlink to provide access to more information on the requirement to furnish FTINs.</p> <p>ID 1355 The common parent corporation must attach to form 5472 a schedule stating which members of the U.S. affiliated group reporting corporations under section 6038A, and which of those members are joining in the consolidated filing of form 5472. Add the word “corporation” right after the word “parent”, to clarify the meaning of the word parent.</p> <p>ID 1356 Add to the end of the paragraph on page 3, Column 1, seventh paragraph: If more space is needed, show the information requested on an attached sheet.</p> <p>Abbreviations of the country names are not allowed therefore there may not be enough space in the box provided if reporting corporation is operating in more than one country. Similar instructions are provided in other boxes that have limited space to provide requested information.</p> <p>ID 1350 Does the reporting corporation claim foreign derived dividend income benefits (under section 250) with respect to any parts listed in Part IV? Make the letter S a lower case s; change recommended to provide uniformity and consistency with other listings of an Internal Revenue Section.</p>
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TAP Issue ID: 37017 Elevated Date: 11/02/2018	Committee Name: Tax Forms and Pubs
Status: Elevated to IRS Awaiting Response	Outcome:
Title: OID-1099	

Issue or Project Statement	Project Statement: Determine if the 1099-OID form and instructions clearly communicates appropriate guidance to public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.
	<p>ID 1406 A debt instrument does not have acquisition premium, however, if the debt instrument was purchased at a premium. However, if 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. See Premium, later. The presence of acquisition premium may be used by the purchaser to reduce the future reporting of OID income by the purchaser, as discussed in Information for Owners of OID Debt Instruments. The language of the original statement may be technically consistent with the regulations, but the language is confusing to a lay person who is not proficient in dealing with complex regulations. Also, unlike other definitions, there is no statement as to the relevance of this definition.</p> <p>ID 1407 Additional Statement being added at the end of the premium definition. The presence of premium will eliminate the future reporting of OID income by the purchaser, as discussed below in Information for Owners of OID Debt Instruments. Explanation is needed as to the relevance of the definition of premium.</p> <p>ID 1408 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. 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 should rely, as a starting point, on the information return supplied to you on Form 1099-OID. The OID list is provided as a guide to brokers and middlemen to assist in preparation of information returns. 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."</p> <p>ID 1409 The OID amounts listed are figured without</p>

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reference to the price or date at which you acquired the debt instrument. The OID amounts listed are figured without reference to the price or date at which you acquired the debt instrument (except if you are the original holder of the instrument who purchased the bond at its initial issuance to the public). This statement is true for a person who acquired the debt instrument in the secondary market (i.e., after original issuance) from the original holder, but it is not true for the holder of the instrument who acquired it at original issuance. The "issue price" is determined by the initial offering price to the public, which is the price that the initial or original buyer paid for the debt instrument. ID 1410 Additional statement added to the end of the Adjustment for Premium paragraph. 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 would allow you to reduce the amount of qualified interest reportable with respect to the Debt instrument starting as of the date of purchase. See Pub. 550, Investment Income and Expenses, Discussion of Bond Premium Amortization. This paragraph states the presence of premium will eliminate any future reporting of OID income. However, this discussion never addresses what the purchaser may otherwise do with the premium.

ID 1411 Complete Form 1099-OID and Form 1096 and file the forms with the Internal Revenue Service Center for your area. Complete Form 1099-OID and Form 1096 and file the forms with the Internal Revenue Service Center for your area. See the Instructions for Form 1096 Where to File. (refer to "Where to file my taxes" on www.irs.gov). Inform the taxpayer where to find the local Internal Revenue Service Center. I did a search for Internal Revenue Service Center (the text referenced) on the IRS.GOV website and did not get a listing of service centers. The text should reflect a name that is searchable to be a resource for the taxpayer.

ID 1412 "The daily index ratios for Treasury inflation-protected securities are available on the internet..." "The daily index ratios for TIPS are available on the internet..." The publication refers to "Treasury inflation-protection securities," after having defined that phrase as "TIPS" in the prior column and despite consistently using the abbreviation "TIPS" in preceding and following sections.

TAP Issue ID: 37144 Elevated Date: 11/02/2018	Committee Name: Tax Forms and Pubs
Status: Elevated to IRS Awaiting Response	Outcome:
Title: Form 5329	

Issue or Project Statement	Project Statement: Evaluate Form 5329: Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts and Instructions. Determine if the form clearly communicates the appropriate guidance to public.
Project Goal Statement	Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.

<p>Proposed Solution or Task</p>	<p>ID 1383 2017 Instructions for Form 5329, page 1, middle column, end of “Who must file” Section.</p> <p>The waiver option for not taking the required minimum distribution is only noted on the last page of the instructions. By contrast, the waiver option for not making a required rollover is flagged on page 2 in the first column and then, later discussed in greater detail. It is a financial hardship for a taxpayer on a limited amount of income to pay a 50% penalty due unless it is required. The waiver would eliminate the taxpayers need to pay the penalty pending IRS review.</p> <p>ID 1384 2017 Instructions for Form 5329, page 1, middle column, first paragraph of “When and Where to File Section</p> <p>Many retirees file Form 1040-EZ. The addition is to clarify that they cannot file Form 1040-EZ if they also want to file Form 5329.</p> <p>ID 1385 2017 Instructions for Form 5329, Page 8, middle column Section</p> <p>This section of the instructions addresses the ability of the IRS to waive all or a part of a minimum distribution requirement and the related additional tax on excess accumulations, if there is a reasonable cause for a waiver. The suggested language changes will: (1) clarify the information to be inserted on line 54 of Form 5329, and (2) alert taxpayers that promptly remedying a shortfall in required distributions would be important information to provide to the IRS. This can help establish the reasonableness of their claim for a waiver.</p> <p>ID 1386 Form 5329, PART IX Additional Tax on Excess Accumulation in Qualified Retirement Plans (Including IRAs), LINE 54 Section</p> <p>This change will alert the taxpayer that a waiver may be available and direct the taxpayer to the instructions for requesting a waiver.</p>
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TAP Issue ID: 37220 Elevated Date: 06/06/2018	Committee Name: Tax Forms and Pubs
Status: Elevated to IRS Awaiting Response	Outcome:
Title: Pub 976, Disaster Relief	

Issue or Project Statement	Evaluate Publication 976: Disaster Relief, to determine if the publication clearly communicates the appropriate guidance to public. Enable taxpayers to visualize the relationship between three required IRS forms that must be used by the taxpayer to claim Disaster Relief under the Casualty and Theft Losses regulations.
Project Goal Statement	The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience. To improve the Disaster Relief instructions by adding a new "FORM FLOW" icon with hyperlinks so that the taxpayer can quickly visualize the relationship between the three required forms to claim Casualty and Theft Losses.
	<p>ID 1336 Pub 976, page 2, 1st Col., after "Future Developments," and before, "Disaster-Related Relief," move 1st paragraph of "Introduction," from page 3, 1st Col. Section.</p> <p>No change in text, this is a change in the order of paragraphs only.</p> <p>Insert heading and paragraph on page 2, 1st Col., after "Future Developments," and before, "Disaster-Related Relief". The Introduction to the Publication is buried on page 3. Also, the Section headed, "Disaster Related Relief," which summarizes various special tax provisions applicable to taxpayers in disaster areas, has no introductory language, and starts abruptly. It needs a brief introduction, to orient the taxpayer as to the organization and content of the publication. Moving the existing "Introduction" to the beginning of the publication solves both issues.</p> <p>ID1337 Pub 976, page 1, re-arrange "Contents," so that "Introduction," comes after "Future Developments," and before, "Disaster-Related Relief". Change the order of "Contents," so that "Introduction," follows "Future Developments," and comes before "Disaster-Related Relief". See above for suggested re-organization of publication, for clarification and ease of taxpayer understanding</p> <p>Pub 976, page 3, 1st Col., insert new paragraph, after current paragraph entitled, "Additional Child Care Credit" Section.</p> <p>Insert the following new paragraph on page 3, 1st Col., after current paragraph entitled, "Additional Child Care Credit" Employee Retention Credit. An eligible employer with a U.S. income tax filing requirement who conducted an active trade or business in the Hurricane Harvey, Hurricane Irma, Hurricane Maria, or the</p>

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California wildfire disaster zones may be able to claim the employee retention credit. The credit is 40% of qualified wages for each eligible employee (up to a maximum of \$6,000 in qualified wages per employee). For more information, see Employee Retention Credit, later."

The text in italics above should be a HYPERLINK to the Employee Retention Credit section on page 15 This Section of the Publication summarizes many of the special tax provisions applicable to taxpayers in disaster areas, but it does not mention the Employee Retention Credit, which is included beginning on page 15.

The suggested language is modeled on the 1st paragraph of the Employee Retention Credit section beginning on page 15.

ID 1338 Pub 976, page 3, 1st Col., insert a new heading in place of "Introduction" On page 3, 1st Col., insert a new heading in place of "Introduction:"

"Additional Information" See above.

The remainder of this section of text relates to "comments and suggestions," and "Useful Items." Pub 976, page 1, re-arrange "Contents," to change the current, "Introduction," to "Additional Information" Section.

On page 1, of "Contents," change the current, "Introduction," to "Additional Information".

"Additional Information" will follow "Reminder" and come before "Definitions". See above.

This change is necessary to keep the Contents in line with the Publication as changed.

ID 1339 Publication 976, Contents, page1 Section

Add new content item that relates to suggested insert on page 6

ID 1340 Publication 976, page 6, column 1, after section on Victims of California wildfires... Section

Other disasters have occurred in 2017 for which relief may be available. Eligible taxpayers include those affected by severe storms and related events (such as flooding, tornados, landslides, mudslides and straight line winds) that took place beginning on July 28, 2017 in parts of West Virginia, April 28, 2017 in parts of Missouri, April 26, 2017 in parts of Arkansas, February 7, 2017 in parts of Louisiana, January 20, 2017 in parts of Mississippi, and January 2, 2017 and Jan. 21, 2017 in parts of Georgia. See the IRS list of Recent Tax Relief.

Apart from the listed disaster areas referred to on pages 4-6, there were several other severe 2017 storms for which special tax relief was granted

forms for which special tax relief was granted.

However, a taxpayer may believe this publication contains an exclusive list and no relief is available.

ID 1341 Instructions for Pub 976: Disaster Relief. (Page 7; Last paragraph; bottom right corner) Section

Add a new "FORM FLOW" icon with a mini-flowchart that contains hyperlinks to the three required forms for a taxpayer to claim casualty and theft losses.

See the example below.

Also, see the Excel spreadsheet attachment with active hyperlinks. Most taxpayers do not understand that many IRS forms are not standalone forms. The information on one form will flow to another form and that information will flow to another form.

ID 1342 Publication 976, page 15, column 1, Residents of Puerto Rico Section

If you are a resident of Puerto Rico who is required to file Form 1040, then you may qualify to elect to use your 2016 earned income to figure your 2017 ACTC, ... This sentence does not conclude with the action an affected taxpayer may take (i.e., an election to use 2016 earned income in computing 2017 ACTC), but rather refers the taxpayer to another location for what can be done.

ID 1343 Publication 976, page 15, column 1, Note Section

Residents of U.S. Virgin Islands. Note discusses a possible benefit only for U.S. Virgin Islands residents. However, U.S. Virgin Islands residents would not be aware of this helpful pointer, especially since this Note is preceded by two prior headers that refer to Puerto Rico residents.

TAP Issue ID: 38527 Elevated Date: 08/17/2018	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: Publication 3 - Armed Forces' Tax Guide (Pub 3)	

Issue or Project Statement	<p>Project Statement: Evaluate Publication 3 - Armed Forces' Tax Guide Certificate. Determine the if Publication 3 - Armed Forces' Tax Guide Certificate clearly communicate appropriate guidance to public.</p>
Project Goal Statement	<p>Goal Statement: The goal of this project is to review and improve the Publication 3 - Armed Forces' Tax Guide Certificate and make recommendations to the IRS that will enhance customer service and improve the taxpayer experience.</p>
	<p>ID 1392 Page 3, left column, Introduction Section</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 and the National Oceanic and Atmospheric Administration.</p> <p>See IRC sec. 7701(a)(15) and IRS website "eligibility for military tax benefits: https://www.irs.gov/individuals/military/eligibility-for-military-tax-benefits</p> <p>ID 1393 Page 3, left column, Introduction, What Isn't covered in this publication Section</p> <p>First, the reference to military pensions is technically incorrect. Retired members of the uniformed services receive retired pay, not pensions. Pensions are payable to veterans by the Department of Veterans Affairs. All payments from the Department of Veterans Affairs are exempt from federal income tax. More importantly, the tax rules for military retired pay, disability retired pay, and disability severance payments are unique and only apply to uniformed service members. They should be in this publication.</p> <p>As a technical matter, reference to Pub. 910 should be deleted. This publication was last published in 2014 and is no longer identified as an available publication at: https://www.irs.gov/forms-pubs-search?search=910</p> <p>ID 1394 Page 4, Table 1. Items Included in Gross Income</p> <ol style="list-style-type: none"> 1. Basic pay is received while attending service academies (cadet pay/midshipman pay). 2. The term "wages" does not appear anywhere in title

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37, USC, Pay and Allowances of the Uniformed Services.

3. CONUS COLA, authorized by 37 USC §403b, is an “allowance”, not a category of pay. See recommendation below.

4. Retired pay (other than certain disability retired pay) is a form of taxable pay.

ID 1395 Page 4, Table 1. Items Included in Gross Income

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

ID 1396

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

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

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

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

ID 1397

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

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

ID 1398 Change Combat Zone Pay to Compensation

ID 1399 Items identified are payments of varying

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

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

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

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

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

ID 1401 IRS News Release IR-2018-148: <https://www.irs.gov/newsroom/veterans-owed-refunds-for-overpayments-attributable-to-disability-severance-payments-should-file-amended-returns-to-claim-tax-refunds>

ID 1402 Information concerning a 'rollover' contribution of a military death gratuity and Service members' Group Life Insurance (SGLI) payments to a Roth IRA appears in Pub. 590A, Contributions to Individual Retirement Arrangements (IRAs). It should also be provided in Pub. 3. The text being added is identical to the information in Pub. 590A (page 46).

ID 1403 Three federal laws have established three qualified hazardous duty areas (QHDA). The existing text of Pub. 3 only identifies one. The recommended addition adds the two other QHDAs.

ID 1404 Text from Pub. 525

ID 1405 The Tax Cut and Jobs Act (P.L. 115-97, sec. 11045(a)) amended IRC sec. 67 by adding subsection (g), which suspended deductions for miscellaneous itemized deductions for taxable years 2018 through 2025.

TAP Issue ID: 39730 Elevated Date: 11/02/2018	Committee Name: Tax Forms and Pubs
Status: Elevated to IRS Awaiting Response	Outcome:
Title: New 1040 Form & Schedules	

Issue or Project Statement	<p>Project Statement: Evaluate Form 1040 Simplified: U.S. Individual Income Tax Return and Schedules. Determine if the form and Schedules clearly communicates the appropriate guidance to public.</p>
Project Goal Statement	<p>Goal Statement: The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.</p>
	<p>ID 1358 Draft Form 1040, Page 1, upper right</p> <p>There are three different categories listed on page 2 of the draft 1040. The taxpayer is used to seeing these categories and would miss the absence of married filing jointly and also single.</p> <p>ID 1360 Draft Form 1040, Page 1, Dependents</p> <p>Currently, anyone with more than 4 dependents has to make a separate statement to list the additional dependents. With only two spaces, this will affect more families and a separate schedule for them to fill out may be appropriate.</p> <p>ID 1362 Draft Form 1040, Page 1, Standard Deduction after name of taxpayer.</p> <p>All of the boxes to check may either eliminate or increase the standard deduction.</p> <p>ID 1363 Draft Form 1040, Page 1, Standard Deduction after spouse's name.</p> <p>All of the boxes to check may either eliminate or increase the standard deduction.</p> <p>ID 1364 Draft Form 1040, Page 1, Standard Deduction after spouse's name.</p> <p>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.</p> <p>ID 1365 Draft Form 1040, Page 1, line 3</p> <p>This allows the name and address to be together. The questions about the taxpayer and spouse help to finalize the general information before listing the dependents. This will keep the general information flowing better.</p> <p>ID 1366 Draft Form 1040, Page 1, Standard Deduction</p>

<p>Proposed Solution or Task</p>	<p>after spouse's name. Same as ID 1364.</p> <p>ID 1367 Draft Form 1040, Page 1, Standard Deduction after spouse's name. Same as ID 1364.</p> <p>ID 1368 Draft Form 1040, Page 1, Standard Deduction after spouse's name.</p> <p>Remove ambiguity as to who this refers to. ID 1369 Draft Form 1040, Page 1, line 5. Same as ID 1365</p> <p>ID 1359 Draft Form 1040, Page 1, signature line</p> <p>Placing the taxpayer signature line on Page 1 of Form 1040 could increase the amount of return fraud committed by unscrupulous paid preparers. IRS Tax Tip 2017-05 encourages taxpayers not to sign a blank return and to review their return before signing. To support taxpayers in reviewing their information before signing the return, the signature line should be placed at the bottom of Page 2.</p> <p>ID 1370 Draft Form 1040, page 2, line #1</p> <p>To be clear that more than one W2 might be required.</p> <p>ID 1371 Draft Form 1040, Page 2; Line 2b</p> <p>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> <p>ID 1372 Draft Form 1040, Page 2; Line 3b</p> <p>Unless instructed to do so, taxpayers will not provide the IRS a list of names of payers of taxable dividends.</p> <p>ID 1373 Draft Form 1040, page 2, line 4a</p> <p>Need to emphasize that this line is for pension distributions received; not for contributions to IRAs, etc.</p> <p>ID 1374 Draft Form 1040, page 2, line 7</p> <p>To be clear that lines 2a through 5a are not included in the sum.</p> <p>ID 1375 Draft Form 1040, page 2, line 17d</p> <p>All other references to Schedules instruct the taxpayer to attach the relevant Schedule.</p> <p>ID 1376 Schedule 1-5</p> <p>The schedules contain several numbered lines that are designated "reserved." The numbering is similar to the old 1040 which is making it confusing, especially when the word Reserved is used. Many taxpayers will question what is meant by reserved and will spend</p>
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question what is meant by reserved and will spend countless hours searching to determine what this means. As a result, we suggest the numbering start in the normal sequence of 1, 2, etc. and eliminate any reserved items.

ID 1377 Schedule 1 (form 1040), Heading

To make clear to taxpayer that the Schedule is only attached if it is required.

ID 1378 Draft 1040 Schedule 1

Reserved 1-9b is unclear as Line 6 is taken from Schedule 1. Line 7 is addition of income minus adjustments, line 8 is standard deduction and line 9 is qualified business deduction with no 9b? Many taxpayers will question what is meant by reserved and will spend countless hours searching to determine what this means. As a result, we suggest the numbering start in the normal sequence of 1, 2, etc. and eliminate any reserved items.

ID 1379 Schedule 1 (form 1040), line # 28

To help the taxpayer understand that this line is for contributions to, not distributions from, retirement plans, etc.

ID 1380 Schedule 4 (Form 1040), line 62c

To be consistent with other references to the 1040 Simplified Instructions.

ID 1381 Schedule 4 (Form 1040), line 63

To be clear that the Form 965-A is attached to the 1040 Simplified.

ID 1382 Schedule 6, bottom right, last box (PIN)

This box appears to be asking for an ERO PIN, if so then add a box asking for ERO (#). If this section is requesting an IP PIN then add a second box for the spouse's PIN. And, a note "see instructions" that provides tax payers who live in a foreign country are to enter their PIN on schedule 6 and not on page 2 of the 1040 as it is not a good idea to request this information in two separate places/forms.

ID 1361 Schedule 6, top of form and bottom of form

If a taxpayer does not have a foreign address, there is not a need for Schedule 6 and the taxpayer would not know where to place a request for a third-party designee. Nowhere on the 1040 is direction for the taxpayer to make a selection for a third-party designee. Placing it with the signature line allows the taxpayer to finalize the return after reviewing and make the selection for a third-party as applicable.

TAP Issue ID: 39836 Elevated Date: 09/20/2018	Committee Name: Tax Forms and Pubs
Status: TAP Reviewing IRS Response	Outcome:
Title: New 1040 instructions 1040 inst - new F1040	

Issue or Project Statement	Evaluate Instructions for the Form 1040 Simplified: U.S. Individual Income Tax Return and Schedules. Determine if the form and Schedules clearly communicates the appropriate guidance to public.
Project Goal Statement	The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.
	<p>ID 1413 Instructions 1040; Page 1; Below: Increased Standard Deduction</p> <p>Page 1 is a summary of major changes for 2018. However, a major change was not included in the summary. The personal and dependent exemptions have been eliminated and should be included as a bullet point with the other major changes.</p> <p>ID 1414 Page 6, column one, change in tax rates</p> <p>Add text to provide clarity. More tax rates were added, however, a change in the tax rates does not necessarily mean the taxpayer will be paying a lower tax under the new tax codes.</p> <p>ID 1415 Page 6; 2nd column</p> <p>In the "What's New" section of the 1040 Instructions, the new \$500 credit for other dependents needs more details to explain which dependents qualify for the \$500 credit.</p> <p>ID 1416 Page 6, Middle Column, Social security number (SSN) required for child tax credit.</p> <p>Add text to provide clarity</p> <p>ID 1417 Draft Form 1040 Instructions, Page 6, right hand column, under header "Special rules for capital gains invested in qualified opportunity zone funds"</p> <p>The current text implies the reinvestment must be in 2018, whereas the reinvestment only has to be made within 180 days after the sale to get this tax benefit.</p> <p>ID 1418 Draft Form 1040 Instructions, Page 11, Chart C-Other Situations when You Must File</p> <p>A taxpayer can make an election with respect to the tax on the Section 965 deferred income to either (1) defer the tax if it arose from ownership of an S corporation that owns stock in a foreign corporation or (2) pay it</p>

over eight years in other cases. In either case, the taxpayer must file a 2018 tax return to make these elections regardless of whether it may otherwise have to file a tax return.

ID 1419 Draft Form 1040 Instructions, Page 16, middle column, Change of Address

The IRS is only to be alerted once a taxpayer moves. The IRS does not track the taxpayer's plans to move and its effective date nor does the IRS have to confirm that the taxpayer actually moved.

ID 1420 Draft Form 1040 Instructions, Page 16, middle column, Foreign Address

A taxpayer with a foreign address needs to complete new Schedule 6 and such facts should be stated.

ID 1421 Page 23, Column 3, end of 1st Paragraph

Add new language to tell taxpayers that mailing a return when the IP PIN has been lost is an option.

ID 1422 2018 Form 1040 Instructions Page 27, Lines 4a and 4b, IRAs, Pensions and Annuities, TIP

The Instructions are written for and addressed to taxpayers. To the taxpayer who will be completing and filing Form 1040, the money received is a distribution from a retirement plan. It is not a payment by the taxpayer to the plan or to any other person or entity. The 1099-R which is sent to the taxpayer correctly refers to this as a distribution. In the current instructions, however, sometimes these monies are referred to as distributions and sometimes as payments, leading to possible confusion.

ID 1423 Instructions Page 28, Pensions and Annuities, First Paragraph

See above.

ID 1424 Instructions Page 28, Fully Taxable Pensions and Annuities, First Paragraph

See above.

ID 1425 Instructions Page 28, Partially Taxable Pensions and Annuities, First Paragraph

See above.

ID 1426 Instructions Page 28, Simplified Method, Paragraph 2.a.

See above.

ID 1427 Instructions Page 29, Simplified Method Worksheet, "Before You Begin", More than one person or annuity

See above.

ID 1428 Instructions Page 29, Simplified Method

Proposed Solution or Task	<p>ID 1428 Instructions Page 29, Simplified Method Worksheet, Lines 1, 5 and 11</p>
	<p>See above.</p>
	<p>ID 1429 Instructions Page 30, Age (or Combined Ages) at Annuity Starting Date</p>
	<p>See above</p>
	<p>ID 1430 Instructions Page 30, Lines 5a and 5b, Social Security Benefits, TIP</p>
	<p>See above. ID 1431</p>
	<p>Instructions for Form 1040, U.S. Individual Income Tax Return, Page 30, Line 6</p>
	<p>Since a subtotal has not been entered from lines 1-5b, the taxpayer may not include previous income from lines 1-5b and transfer only line 22 from Schedule 1 to line 6. Instructions on 1040 states add lines 1-5 and does not clarify that 2a-5a are not included in total income.</p>
	<p>ID 1432 Instructions for Form 1040, U.S. Individual Income Tax Return, Page 30, Line 7</p>
	<p>Line 6 has an entry space for the total from Schedule 1, line 22. To be consistent to the taxpayer, an entry space should also be included in Line 7. This keeps calculated results from Schedule 1 together on the 1040 for convenience to the taxpayer.</p>
<p>ID 1433 Draft Form 1040 Instructions, Page 32, right hand column, after header "Determining Your Qualified Business Income"</p>	
<p>This is a major limitation on this new tax benefit, which should be raised.</p>	
<p>ID 1434 Page 44, line 17a, line 8</p>	
<p>The term "Combat Pay" has not been operative for military pay purposes for more than 60 years and ceased to be applicable for federal tax purposes more than 20 years ago. It should be changed to reflect current federal law.</p>	
<p>Combat pay was last payable to members of the armed forces during the Korean War. See Military Compensation Background Papers, Seventh Edition (2011), published by the Department of Defense. http://www.loc.gov/rr/frd/pdf-files/Military_Comp-2011.pdf</p>	
<p>Although the exclusion for compensation received by members of the armed forces for service in a combat for the Korean War was enacted as part of the Revenue Act of 1950 (P.L. No. 213) as an amendment Section 22(13) of the Revenue Code of 1939, when codified as section 112 of the Internal Revenue Code of 1954, the section was entitled "Certain Combat Pay of</p>	

Members of the Armed Forces.” (68A Stat. 34). See also Patrick J. Kusiak, Income Tax Exclusion for Military Personnel During War, 39 FED. B. NEWS & J. 146 (Feb. 1992).

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

Identical recommended revisions are being submitted for Pub. 3, Armed Forces Tax Guide.

Page 45 See comment above.

ID 1436 Page 90, line 32, IRA Deduction

See comment above.

ID 1437 Page 92, IRA Worksheet

See comment above.

ID 1438 Page 112, Index

See comment above.

ID 1439 Instructions for Form 1040, U.S. Individual Income Tax Return, Page 95, Schedule 2

Nowhere in the instructions for Schedule 2 does it instruct the taxpayer to carry amounts from Line 45 or Line 46 to the 1040. When looking at the 1040 Line 11b it does not offer an entry space for Schedule 2 amounts. The alignment of Line 11 on the 1040 makes it difficult for the taxpayer to determine which figure to enter. It states on 11b “Add any amount from Schedule 2 and check here.” The checkmark is directly beside Line 11.

There needs to be some instruction to add 11a and 11b together and place the total on Line 11 of the 1040.

ID 1440 Instructions for Form 1040, U.S. Individual Income Tax Return, Page 97, Schedule 3

The general instructions list refundable credits which are not “nonrefundable credits”. On the 1040 there is a separate section for refundable credits from Schedule 5. This could lead to mass confusion with the taxpayer. It is important to separate the terms “nonrefundable and refundable” to eliminate math errors and special conditions regarding refundable credits.

Again, the alignment of Line 12 on the 1040 makes it difficult for the taxpayer to determine which figure to enter. It states on 12b “Add any amount from Schedule 3 and check here.” The checkmark is directly beside Line 12.

ID 1441 Page 104, Middle column, Third Party Designee

Provide clarity that it is not required to select the third-party designee in two places.

ID 1442 Page 104, Middle column, CAUTION! Bullet

Change “you” to “your”

ID 1443 Page 93.

Getting tax forms and publications.

While internet access is sometimes viewed as being universally available to all Americans, there are actually large groups of taxpayers who lack internet access and thus, rely on paper and the phone. The most recent census (2012) showed 43.2% of individuals over the age of 65 did not have internet access. In addition, the percentage of Blacks and Hispanics without internet access was between 35-38%. 60% of those without high education and 35% of those with a high school education did not have internet access. The PEW Research Center’s Internet/Broadband Fact Sheet shows that internet usage as of this year is 89%, but that still leaves 11% of all Americans without access to this medium.

The Taxpayer Advocate’s recent “Area of Focus #5,” as reflected in her annual report to Congress, describes what some refer to as the ‘digital divide’ – the lack of internet access by a substantial number of taxpayers. “TAS survey research has shown that approximately 33 million U.S. taxpayers have no broadband access at all. In addition, 14 million U.S. taxpayers have no internet access at all.”

The IRS drive to “encourage” internet use to obtain forms leaves an unacceptably vast number of individuals without the ability to obtain needed forms. In the Taxpayer Advocacy Panel Report of 2017 to Congress, the Toll-Free Committee identified a Most Serious Problem as being the IRS needs to modernize the way it serves taxpayers over the phone. Publicizing the toll-free phone number available to obtain forms – 1-800-829-3676 (1-800-TAX-FORM) – helps to ensure all taxpayers have access to required forms and that all taxpayers’ rights are met.

ID 1444 Page 102,

Order Form for Forms and Publications
See comment above

TAP Issue ID: 39940 Elevated Date: 11/19/2018	Committee Name: Tax Forms and Pubs
Status: Elevated to IRS Awaiting Response	Outcome:
Title: 1040 Schedule A	

Issue or Project Statement	Determine the if Schedule A (Form 1040) Itemized Deductions, clearly communicate appropriate guidance to public.
Project Goal Statement	The goal of this project is to review and make recommendations to the IRS that will enhance customer service and improve the taxpayers' experience.
Proposed Solution or Task	<p>ID 1445 Draft Schedule A, Taxes you paid</p> <p>And is used when summing something together. Or is used when choosing between two things.</p> <p>ID 1446 Draft Schedule A, Other Itemized Deductions</p> <p>Job Expenses and Certain Miscellaneous Expenses are no longer deductible under 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 advice fees, safe deposit box fees and other previously deductible miscellaneous expenses as an itemized deduction.</p>

TAP Issue ID: 36641 Elevated Date: 12/06/2018	Committee Name: Toll-Free
Status: Elevated to IRS Awaiting Response	Outcome:
Title: IRS' Private Debt Collection Toll-Free Line	

Issue Statement	Enhance and expand options that taxpayers are provided when calling the toll-free number 844-875-3420.
Goal Statement	Provide taxpayer options beyond those that exist, which consist only of direct connections to the four private collection agencies.
Proposed Solution	<p>1) Add three additional prompts to the four existing prompts (all direct connects to the four PDC's) (Referrals 1 – 3):</p> <p>a. Direct connect to the Taxpayer Advocate Service (877-777-4778)</p> <p>b. Direct connect to phone line of the Low Income Taxpayer Clinic or LITC (202-317-4700)</p> <p>c. Direct connect to the Treasury Inspector General for Tax Administration or TIGTA (800-366-4484)</p> <p>2) Place these three additional prompts before the prompts to connect to the Private Debt Collectors</p> <p>3) Advise taxpayers of their right to provide PDC a "Do Not Call Notice". This should be done both through the toll-free line and included in the CP 40 written Notice received by taxpayer. (Referral 4)</p>

TAP Issue ID: 38402 Elevated Date: 08/02/2018	Committee Name: Toll-Free
Status: TAP Reviewing IRS Response	Outcome:
Title: Toll-Free Phone Lines Script Errors	

Issue Statement	The After Hours Scripts do not match the actual messages received by callers. The messages “We are experiencing high call volume” and “ If you choose to wait, your call will be processed in the order it was received” are irrelevant if the call is received after hours.
Goal Statement	To coordinate After Hours Scripts with the announcements actually heard by callers during non-business hours. 1. After the welcome, callers are told “We currently are experiencing high call volumes. 2. Callers are then offered the option to visit IRS.GOV and provided a list of services that can be completed on line. 3. Next callers are informed “If you choose to wait, your call will be processed in the order it was received.” 4. Only then the caller is advised “Our office is currently closed. We have only automated touchtone services available at this time or you can visit the irs internet site at www.irs.gov.” followed by the normal business hours and the availability of automated options.
Proposed Solution	Revise the After Hours Scripts and voice announcements to eliminate references to “high call volumes” and “if you choose to wait . . .” as they are irrelevant when the office is closed.
IRS Initial Response	IRS accepted this recommendation -- Proposed Implementation Date: 10/29/18
IRS Final Response	IRS Response Received September 14, 2018: Thank you for your recommendation regarding our telephone scripts. In August 2018 we updated the toll-free 1040 telephone upfront message/script played during open hours. The phrase “high call volumes” has been eliminated and callers now hear “For faster service, IRS.gov....”. We expect to have all Accounts Management toll-free numbers that are playing the “high call volumes” message/script updated with the new verbiage, as shown above, no later than October 29, 2018.

TAP Issue ID: 39905 Elevated Date: 11/07/2018	Committee Name: Toll-Free
Status: TAP Reviewing IRS Response	Outcome:
Title: PSA Free File	

Issue Statement	Few taxpayers use the Free File system, which is intended to help low- and moderate-income filers, while Congress moves to make the program permanent. The key reason taxpayers are not using Free File is because they are unaware of its existence.
Goal Statement	The goal of this referral is to recommend several different ways that the IRS could improve and increase the level of marketing of the Free File program.
Proposed Solution	<ul style="list-style-type: none"> • Implementing Free File on the messaging callers receive while on hold with the IRS and/or add a tag line on to existing PSAs • Improved positioning and placement of Free File on www.irs.gov • Starting and/or increasing frequency of Free File messaging on IRS social media platforms (Twitter, Facebook, etc.)

TAP Issue ID: 39906 Elevated Date: 11/07/2018	Committee Name: Toll-Free
Status: Elevated to IRS Awaiting Response	Outcome:
Title: Toll-Free Phone Lines Callback Technology	

Issue Statement	In support the Internal Revenue Service (IRS) Mission Statement , the Toll Free Phone Lines Committee makes the following recommendation related to installing and implementing Customer Callback (CC) technology, which will allow taxpayers flexibility in choosing how to spend time waiting to speak with an IRS Customer Service Representative (CSR) over the IRS's toll-free phonelines.
Goal Statement	The goal of this project is to secure funding specifically for implementation of customer callback technology to both modernize and improve the quality of customer service to taxpayers. The Taxpayer Advocate Service has stated that long hold times were burdensome for taxpayers. Callback technology will provide a more efficient method for taxpayers to interact with the IRS, improving quality of service, and increasing access for those taxpayers that may not have the ability or desire to remain on hold for long periods of time. The IRS has explored CC technology (also known as Virtual Queuing) for years, but has not yet implemented a customer service solution.
Proposed Solution	<p>In support of the Taxpayer Advocate's request to implement CC technology, TAP recommends the IRS develop and implement an option for taxpayers to be called back by a CSR in lieu of the current practice of waiting on hold. Proof of concept testing has been approved for filing season 2019, however this committee recommends long-term investment in the program to update IRS telephone technology in line with private sector counterparts. Customer Callback technology addresses the issues long wait-times can create for taxpayers and provides a solution to meet critical taxpayer needs and preferences. It coordinates with the IRS' efforts in changing and expanding services to assist more taxpayers. Use of CC technology provides the following benefits:</p> <ol style="list-style-type: none"> 1) Announces to the taxpayer the expected wait-time, using more accurate wait-time estimates. 2) Permits the caller to choose to either: <ol style="list-style-type: none"> a. Continue to hold for a CSR, or b. Request a return call, and provide the taxpayer with a time estimate for return call.

TAP Issue ID: 40124 Elevated Date: 12/06/2018	Committee Name: Toll-Free
Status: Elevated to IRS Awaiting Response	Outcome:
Title: TP's Contact Information if Disconnected	

Issue Statement	When a Taxpayer (TP) caller reaches a Customer Service Representative (CSR), the CSR should ask for permission to call back and ask for a callback number in case the call is disconnected.
Goal Statement	Improve service and customer satisfaction by making sure calls get completed.
Proposed Solution	Have the CSR ask the taxpayer for permission to call back if disconnected and a callback number. There needs to be a place in the system so that when the TP calls back in the future, the "new" CSR will have permission on file as well a number to call back the TP (i.e., Notes Section, etc)