

## 2016 Taxpayer Advocacy Panel Recommendations

Total Elevated Issues 32

<b>TAP Issue ID: 17399</b> <b>Elevated Date: 12/03/2016</b>	<b>Committee Name: Notice &amp; Correspondence</b>
<b>Status: Elevated to IRS</b> <b>Awaiting Response</b>	<b>Outcome:</b>
<b>Title: Payment due dates need to be altered</b>	
Issue Statement	The Taxpayer Advocacy Panel (TAP) requested re-establishment of the Notices & Correspondence Committee because taxpayers continue to submit items for this area. The Committee has determined that the payment due dates on collection notices are ambiguous. This referral falls within TAP's core mission, which is to resolve unnecessary conflicts between taxpayers and the IRS.
Goal Statement	Our aim is to clarify what the IRS is seeking in basic collection procedures. It would also help prevent or minimize the imposition of penalties and interest, and the raising of frivolous challenges to the sound and reasonable administration of tax laws

Proposed Solution

1. The IRS is required by law to send collection notices to advise taxpayers of when payments or responses are "due by". However, payments that are timely postmarked but received after the "due by" date are deemed untimely by the IRS. IRS notices fail to inform taxpayers of the distinction between when responses are sent versus received. We believe this is especially unfair when taxpayers believe in good faith that they have been timely and have taken steps to that end. Further, this policy is inconsistent with the filing and payment of a tax return, as the IRS considers a tax return or extension to have been filed timely if postmarked by the filing deadline.

2. It is important that a collection notice sent to a taxpayer state clearly that the "payment must be received by" a certain date, that that is the "due by" date, and that the taxpayer is solely responsible for ensuring the IRS's timely receipt. It should further state that the taxpayer should consider mailing or sending his/her payment sufficiently in advance of this "due date" since it is his or her sole responsibility to ensure timely receipt by the IRS and thus avoid the possible imposition of penalties and interest.

3. In making this recommendation, we are keenly aware that in the past there has been an exercise of discretion by the IRS in the use of "grace periods". At this time we regard the subject of "grace periods" beyond the scope of this recommendation and make no further comment on that subject.

<b>TAP Issue ID: 34179</b> <b>Elevated Date: 10/14/2016</b>	<b>Committee Name: Notice &amp; Correspondence</b>
<b>Status: Elevated to IRS</b> <b>Awaiting Response</b>	<b>Outcome:</b>
<b>Title: Combined Annual Wage Report (CAWR) Letters Review</b>	
Issue or Project Statement	<p>The IRS Small Business/Self-Employed (SB/SE) Division asked TAP Notices &amp; Correspondence Committee, "Be Informed" Subcommittee, ("the Committee") to review the following correspondence letters:</p> <ul style="list-style-type: none"> <li>• 0098c, Wage Discrepancy per SSA; Information/Verification Requested;</li> <li>• 0099c, Letter of Employment Tax Problem (CAWR); and</li> <li>• 2057c, Wage Discrepancy; Information/Verification Requested</li> </ul> <p>from a self-employed or business taxpayer's point of view.</p> <p>The committee has accepted the following tasks:</p> <ol style="list-style-type: none"> <li>(1) Assess whether the letters clearly convey the intended message.</li> <li>(2) Make recommendations to increase their effectiveness.</li> </ol>
Project Goal Statement	<p>Improve taxpayer customer service for Combined Annual Wage Report (CAWR) program for the Memphis and Philadelphia Service Centers.</p> <ol style="list-style-type: none"> <li>1. Review the 98C, 99C, and 2057C IRS Letters and suggest changes to improve clarity for taxpayers.</li> <li>2. Educate employers and payroll agents regarding preparing quarterly payroll tax forms and filing annual Forms W-2, Wage and Income Statement timely.</li> </ol>

Proposed Solution or Task	<p>Please see Exhibits A, B, and C (for letters 009C, 0099C, and 2057C respectively), regarding recommendations regarding language, format, and paragraph order.</p> <p>The committee has the following general suggestions:</p> <ol style="list-style-type: none"> <li>1. Recommended changes begin after the “Dear Taxpayer” Salutation line, as no changes are allowed by the IRS to the header sections.</li> <li>2. The comments are ordered to match the sections of the letter templates.</li> <li>3. All suggested wording is italicized in order to distinguish it from the committee’s instructions regarding content or format.</li> <li>4. Any headings should be left-justified and in bold font.</li> <li>5. If possible, rather than referencing letter dates, which may be confusing to the taxpayer, the IRS should consider assigning a Reference # to be used for all correspondence on the same matter in the same tax year.</li> <li>6. Refer taxpayer to various SB/SE business resources at IRS.gov below the closing section of the letter. <ol style="list-style-type: none"> <li>a. Introduce this section with a heading such as Additional References and Resources.</li> <li>b. Reference links only to the Publication 3498-A and the Taxpayer Bill of Rights document, so as not to deluge the TP with any more paper than necessary, due to the complexity of the matter being addressed by this letter.</li> <li>c. Social Security Administration, Employer Reconciliation Process, <a href="https://www.ssa.gov/employer/recon/recon.htm">https://www.ssa.gov/employer/recon/recon.htm</a></li> <li>d. IRS, Combined Annual Wage Reporting Missing Form W-2 Inquiries, <a href="https://www.irs.gov/Businesses/Small-Businesses-&amp;Self-Employed/Combined-Annual-Wage-Reporting-Missing-Form-W-2-Inquiries">https://www.irs.gov/Businesses/Small-Businesses-&amp;Self-Employed/Combined-Annual-Wage-Reporting-Missing-Form-W-2-Inquiries</a> for issues with forms filed with SSA.</li> <li>e. See link <a href="https://www.irs.gov/Businesses/Small-Businesses-&amp;Self-Employed/Combined-Annual-Wage-Reporting-Employment-Tax-Problem-Inquiries">https://www.irs.gov/Businesses/Small-Businesses-&amp;Self-Employed/Combined-Annual-Wage-Reporting-Employment-Tax-Problem-Inquiries</a> for issues with forms filed with IRS.</li> <li>f. See link: <a href="https://www.irs.gov/Businesses/Small-Businesses-&amp;Self-Employed/Small-Business-and-Self-Employed-Tax-Center-1">https://www.irs.gov/Businesses/Small-Businesses-&amp;Self-Employed/Small-Business-and-Self-Employed-Tax-Center-1</a>. Useful titles at this site are: <ol style="list-style-type: none"> <li>i. Employer’s Tax Guide, Pub 15, Circular E</li> <li>ii. Employment Taxes</li> <li>iii. IRS Video Portal</li> </ol> </li> </ol> </li> </ol>
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<b>TAP Issue ID: 32317 Elevated Date: 01/21/2016</b>	<b>Committee Name: Notice Improvement</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Letter 5043, Income Reporting Verification Notice</b>	
Issue or Project Statement	The Notices and Correspondence Committee is tasked with reviewing IRS material ensuring they are clear and informative to taxpayers. The Program Analyst (OTC Writer) requested that these Notices be reviewed. No specific issues from taxpayers or formal referral to TAP Committee have been received.
Project Goal Statement	The goal of this project referral is to provide feedback to the OTC Writer as requested
Proposed Solution or Task	The Committee proposes that letter 5043, letter 5044, and letter 5045 include the following language: "Please note that interest and fees may be accruing while this issue is being resolved."
IRS Initial Response	<p>Letter 5043 This letter was made obsolete on January 19, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5044 This letter was made obsolete on February 3, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5045 This letter is in the process of being made obsolete and will not be replaced. The IRS is no longer working 1099-K cases in this manner.</p>

<b>TAP Issue ID: 32318 Elevated Date: 01/21/2016</b>	<b>Committee Name: Notice Improvement</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Letter 5044, Income Reporting Verification Second</b>	
Issue or Project Statement	The Notices and Correspondence Committee is tasked with reviewing IRS material ensuring they are clear and informative to taxpayers. The Program Analyst (OTC Writer) requested that these Notices be reviewed. No specific issues from taxpayers or formal referral to TAP Committee have been received.
Project Goal Statement	The goal of this project referral is to provide feedback to the OTC Writer as requested
Proposed Solution or Task	The Committee proposes that letter 5043, letter 5044, and letter 5045 include the following language: "Please note that interest and fees may be accruing while this issue is being resolved."
IRS Initial Response	<p>Letter 5043 This letter was made obsolete on January 19, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5044 This letter was made obsolete on February 3, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5045 This letter is in the process of being made obsolete and will not be replaced. The IRS is no longer working 1099-K cases in this manner.</p>

<b>TAP Issue ID: 32319</b> <b>Elevated Date: 01/21/2016</b>	<b>Committee Name: Notice Improvement</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Letter 5045, Income Reporting Verification Follow</b>	
Issue Statement	The Notices and Correspondence Committee is tasked with reviewing IRS material ensuring they are clear and informative to taxpayers. The Program Analyst (OTC Writer) requested that these Notices be reviewed. No specific issues from taxpayers or formal referral to TAP Committee have been received.
Goal Statement	The goal of this project referral is to provide feedback to the OTC Writer as requested.
Proposed Solution	The Committee proposes that letter 5043, letter 5044, and letter 5045 include the following language: "Please note that interest and fees may be accruing while this issue is being resolved."
IRS Initial Response	<p>Letter 5043 This letter was made obsolete on January 19, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5044 This letter was made obsolete on February 3, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5045 This letter is in the process of being made obsolete and will not be replaced. The IRS is no longer working 1099-K cases in this manner.</p>

<b>TAP Issue ID: 31300</b> <b>Elevated Date: 10/05/2016</b>	<b>Committee Name: Special Projects</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Getting e-Services Transcripts for ID Theft Accts</b>	
Issue or Project Statement	Practitioners are experiencing difficulties obtaining information via e-Services when there is an ID theft indicator on the account. When transcripts are requested, the practitioner will not receive the transcripts and the taxpayer will get a letter from the IRS stating that they are unable to get the transcripts - which prompts the taxpayer to call the IRS or the practitioner, as they are unaware that the practitioner is requesting information in the first place.
Project Goal Statement	Improve e-Services to allow practitioners to obtain transcripts when there is a Form 2848 on file.
Proposed Solution or Task	Update e-Services to grant practitioners access to account information when an identity theft indicator has been placed on the accounts.  If the Service is not able to make these changes to e-Services, the Committee recommends changing the automated letter generated by the IRS to better explain why the taxpayer is receiving the letter.

IRS Initial Response

Thank you for your recommendation regarding transcripts for victims of identity theft. We know that identity theft is a frustrating process for victims and we are taking aggressive steps to stop fraudulent returns before they are processed. We also understand victims want to know more about the information used on the fraudulent returns using their Social Security Number (SSN), and request transcripts of those returns.

The taxpayer or their power of attorney (POA) may request a transcript of the fraudulent return. Due to the possibility of Personally Identifiable information (PII) on the fraudulent transcript, we must review the information and redact PII not belonging to the identity theft victim. Since this redaction process is not automated, we are unable to provide the transcript via e-Services to the POA.

However, a copy of the transcript for the fraudulent tax return may be requested by submitting Form 4506-F either by the taxpayer or POA. The POA will receive the transcript as long as they are authorized by the taxpayer to receive the information.

We have submitted programming changes to discontinue sending the automated letter to the taxpayer when a transcript for a fraudulent return is requested through e-Services by the POA. The programming change is expected to be implemented in January 2017. We will send a letter to the practitioner advising them to call the Practitioner Priority Service (PPS) number for assistance in obtaining a transcript for years affected by identity theft.

For any tax year not affected by identity theft, the POA will be able to obtain a transcript as normal.

<b>TAP Issue ID: 33415</b> <b>Elevated Date: 11/16/2016</b>	<b>Committee Name: TAC</b>
<b>Status: Monitoring IRS Action</b>	<b>Outcome:</b>
<b>Title: Sustainability of VITA/TCE Sites</b>	
Issue or Project Statement	Reduction in the Stakeholder Partnerships, Education and Communication (SPEC) involvement in volunteer training and support coupled with the elimination of services at the Taxpayers Assistance Centers (TAC) have had a significant impact on Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites. The demand for tax preparation at VITA/TCE sites continues to grow. Additional IRS support is needed to enable the VITA/TCE programs to continue meeting essential free income tax preparation services for underserved taxpayers.
Project Goal Statement	Increase IRS support to enable the VITA/TCE programs to continue meeting essential free income tax preparation services for underserved taxpayers.
	<p><b>Recommendations</b></p> <p>Preliminary research last year led the Taxpayer Advocacy Panel's TAC Committee (the Committee) to informally offer the IRS feedback on prospective changes to VITA/TCE programs that the Committee felt would assist the grant partners. SPEC's response was unenthusiastic, with a number of reasons expressed, notably:</p> <ul style="list-style-type: none"> <li>a) Limited volunteer availability;</li> <li>b) Difficulty in securing space for additional program activities;</li> <li>c) Unobtainable technology;</li> <li>d) Increases in operational costs;</li> <li>e) Inability to coordinate with the grant partners; and</li> <li>f) Lack of additional grant funds.</li> </ul> <p>While the Committee is cognizant of the obstacles the SPEC cited, it continues to believe that the following recommendations to improve documentation, training, and support for grant partners would be a more cost effective way to operate. Some of the recommendations the Committee present involve changes which may require a long term approach or that may involve additional study to ascertain how best to implement. However, given that the VITA/TCE partnership is one of the most popular and successful programs the IRS can highlight, addressing some of the problems wrought by budget shortfalls are important factors to consider for future viability.</p> <p>Accordingly, the Committee recommends that the IRS consider the following revisions and improvements to strengthen VITA/TCE programs.</p> <p><b>Revision to Internal Revenue Manual</b></p> <p>Part 22 of the Internal Revenue Manual (IRM) outlines the responsibilities that SPEC management has for providing support to VITA/TCE grant partners. One of the criticisms of this section of the IRM is that the text</p>

Proposed Solution or Task

contains generic language. The text is replete with terms such as "assistance as needed", "assess needs", "serve as first point of contact" and the like.

The Committee believes that this nonspecific direction contributes to the inconsistent treatment experienced across the country, resulting in some grant partners experiencing adequate support while others only receive limited assistance. Thus, the Committee's first recommendation is that more specific direction be offered in the IRM to help ensure that the current level of disparate treatment among grant partners is reduced.

Training

1. Return to live, face-to-face, hands-on training for first and second year tax preparers on both tax software and law.
2. Experienced tax preparers should have additional face-to-face or webinar training on new or revised tax law and quality review requirements.
3. Make prior year certification tests available as practice tests and allow downloads of individual 'Link and Learn' modules for offline training. The SPEC Relationship Manager can provide the answer key.
4. All VITA/TCE volunteer tax preparers should be certified at the advanced level, with the applicable test administered at the conclusion of the training cycle. Certification only at basic levels limits tax preparer usefulness.

Support

1. Embark on an overall review of applicable IRS program activity and business unit budgets for the purpose of adopting a more effective strategy regarding the allocation of resources to VITA/TCE programs.
2. Create a webinar-based tool for training the VITA/TCE trainers. Consider using 'Link and Learn' as the medium.
3. Modify the current Volunteer Hotline to increase its response time to the volunteer preparers' questions.
4. Offer Volunteer Hotline support at the levels delivered in prior 7-8 years. The hotline should be staffed to answer any reasonable tax question, regardless of scope.
5. Operate the hotline from January 15 to October 15 so that VITA/TCE volunteers are able to find answers to frequently asked tax questions for all filing deadlines.
6. Increase, through incentivizing, the number of VITA/TCE sites that remain open year round, even if by appointment only.
7. Schedule VITA/TCE sites to be open at least from Jan 31st through the last day extended filing season, on or about October 15th.
8. Make mandatory an annual meeting in late November or early December between local TAC (or an IRS employee selected by SPEC) and local VITA/TCE managers to coordinate efforts relative to tax preparation and training.
9. Establish a Volunteer Blog so that the TAC and VITA/TCE managers can share information and experiences with TaxWise. Such a website currently exists for IRS VITA/TCE Site Coordinators.
10. Open the VITA/TCE Coordinator website (blog) to all the VITA/TCE volunteer certified tax preparers. Any issues identified should be elevated to the IRM staff for

issues identified should be elevated to the HRM staff for resolution.

<b>TAP Issue ID: 33632</b> <b>Elevated Date: 01/29/2016</b>	<b>Committee Name: TAC</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Excess Demand, Wait Time</b>	
Issue or Project Statement	<p>IRS metrics do not fully measure the extent of unmet demand for service at its Taxpayer Assistance Centers (TACs). TAC Managers report that a significant number of taxpayers seeking face-to-face service at TACs are unmeasured because they have been turned away as a result of closed queues or early TAC location closings. This situation is due to the current level of staffing and resources simply being inadequate to assist all taxpayers wishing assistance on a given day. As a result, the IRS does not have a complete understanding of the total extent of its unmet demand for service at TACs.</p>
Project Goal Statement	<p>The purpose of this referral is to inform and to make suggestions to the IRS so that it can address the above referenced topics, proactively, before these become unsurmountable; create major service obstacles for taxpayers; and intensify dis-satisfaction during the IRS transition to the Appointment Service Model (ASM). The TAP Committee believes that the IRS may not realize how serious the problem of unmet demand is at TAC locations, despite the herculean efforts of the TAC managers and staff.</p>
	<p>One outcome of the transition to an ASM is that TACs may be handling fewer people on a daily basis than under the current drop-in model. In addition, undoubtedly, there will continue to be walk-in traffic to TACs for such requests as making payments, obtaining transcripts, and checking on refunds. Finally, taxpayers presently experience very long wait times in line at TAC locations; the planned ASM will incorporate two chances for waiting – phone time to make appointment and elapsed time before date of appointment. Therefore, the TAP TAC Improvement Committee (the committee) is concerned that moving to appointment-only TAC offices may exacerbate the problems stated above, resulting in even longer lead-times than presently for taxpayers to obtain service and a resolution.</p> <p>The ASM is a major change in the TAC service approach. The committee understands that the ASM is new and that the process is still evolving. However, taxpayers and TAC employees have concerns and confusion about the planned expansion of this model. Consideration of those concerns and the committee's recommendations below as part of the ASM development process will:</p> <ul style="list-style-type: none"> <li>• Ensure that the appointment service functionality is implemented successfully,</li> <li>• Reduce the number of unserved taxpayers on a daily basis, and</li> <li>• Improve the ability of TACs to provide exemplary taxpayer service, satisfaction, and compliance.</li> </ul>

Proposed Solution or Task

Recommendations

1. The IRS must recognize that excess demand is a widespread issue.
  - a. Ideally, the IRS will quantify the demand with a pilot study at several busy TACs to count taxpayers who do not receive a Q-matic ticket or who leave before their issue is resolved. The process for the study will depend on the physical layout of the TACs selected for the study.
  - b. Appointment service implementation and staffing plans must incorporate the possibility that TACs will serve fewer taxpayers daily, as compared to the current service model in place. The manner in which TAC managers administer the current queue system affords efficiencies in the use of staff resources. Thus, every possible moment of daily service time is used; this would likely not be the case with an appointment service process.
2. The IRS needs to commit to evaluating and resolving the following issues to improve the success of the ASM:
  - a. The IRS should conduct a critical review of service levels in the 2015 appointment pilots to ensure that adequate phone lines and staffing are probable. The success of the ASM depends on prompt telephone service to complete the scheduling. Long waits as currently experienced for other telephone services will derail this system
  - b. The ASM must integrate a priority-scheduling component. TACs need to accommodate taxpayers who have immediate needs in a similar manner as a medical services appointment system operates.
  - c. The IRS must provide sufficient resources to meet walk-in needs at TACs. Thus, it is crucial that the IRS quantify types and amounts of non-appointment services required at each TAC as well as the time and staffing for their handling.
  - d. During the appointment scheduling call, the scheduler should provide taxpayers with information about the visit such as security process, late policies, and cancellation/reschedule procedures. The TAC appointment services segment of the IRS.gov website should also include these facts.
3. Improvements in the information maintained at the IRS.gov website that communicates clearly the availability of delivery methods for TAC services is crucial for success of the ASM.
4. All TACs should begin to inform taxpayers that installation of an appointment system is in progress and that they need to check IRS.gov before they revisit.
5. The IRS should use Volunteer Income Tax Assistance (VITA) and Tax Counseling for Elderly (TCE) sites wherever possible to reduce the burden on the IRS and increase the level of taxpayer services. The TAC committee has submitted referrals with specific recommendations to help accomplish this.

856. Thank you for identifying uncounted demand at Taxpayer Assistance Centers (TACs) as a widespread issue and submitting recommendations on how the IRS can quantify the excess demand. The IRS appreciates your research and recommendations to benefit both the

IRS Initial Response

IRS and the taxpayer.

IRS recognized the need to quantify the excess demand and captures this information via Q-Matic and the appointment telephone line. Currently, through the Q-Matic system, the IRS counts the taxpayers who take a ticket, then leave the TAC before the calling of their number. This data along with other data, such as wait times, provide a partial picture of excess demand. Additionally, IRS monitors excess demand via the new appointment model service (ASM). The ASM was piloted in February 2015 and is currently in place in approximately half of our TACs. The IRS is scheduled to have all TAC on ASM by the end of 2016.

Through ASM, the IRS monitors the appointment line's level of service, services offered, calls answered, transfers, and abandons. This data provides IRS with an accurate projection of excess demand, as well as, data on taxpayer ability to resolve issues through telephone or web assistance channels. Also, we are designing a taxpayer expectations survey to be conducted this fiscal year to provide us with current information on taxpayer expectations and service channel choices.

857-860

Thank you for identifying aspects of the Appointment Service Model (ASM) at Taxpayer Assistance Centers (TACs) that IRS needs to commit to evaluating and resolving as we transition to the ASM. The IRS appreciates your research and recommendations to benefit both the IRS and the taxpayer.

A. IRS is committed to reviewing the levels of service (LOS) to ensure adequate phone lines and staffing. We conducted a LOS review during the Pilot of the Appointment Service Model, and continue reviewing LOS as we transition additional TACs to the process. Taxpayers wishing an appointment are asked to call a dedicated line. Assistors are trained to resolve common issues immediately, then provide appointments for those taxpayers who need face to face assistance. The level of service is at 74.3% for the week ending 1/30/2016, with a cumulative level of service for Fiscal Year 2016 of 74.9%. The IRS recognizes that adequate levels of service are necessary to the continued success of this process and reviews them on a weekly basis.

B. The Appointment Service Model includes provision for management to provide immediate, same-day appointments by exception when there is a hardship or other immediate need.

C. The Appointment Service Model includes provision for taxpayers to drop off returns, obtain forms, and make payments without an appointment. TAC managers block time available for assistors to be available for these walk in services, as well as, to have adequate staffing on demand in those cases where taxpayer appointments extend beyond their projected time periods and communicated on IRS.gov. Managers rely on Business Objects reports to review historical data to determine when to expect greater numbers of

data to determine when to expect greater numbers of payments and return drop-offs and schedule accordingly. Large TACs will always have one or two employees available to take care of appointments that run longer than expected time.

D. Accounts management assistants are instructed to provide information to taxpayers when they schedule appointments, including required forms and identification, building security issues, the 15 minute late policy. Rescheduling procedures are discussed with taxpayers at the TAC as needed. IRS agrees the TAC appointment services segment of the IRS.gov website should include the above facts and will update accordingly.

A communications plan has been designed, to include continued improvements to our website as well as signage, external media and internal information dissemination. The communications plan includes initial outreach before each location begins appointment services, as well as, continued media outreach as need indicates and continued signage. We welcome any recommendations to improve these plans.

<b>TAP Issue ID: 33689</b> <b>Elevated Date: 01/26/2016</b>	<b>Committee Name: TAC</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Limitations on Volunteer Tax Assistance Programs H</b>	
Issue or Project Statement	<p>The IRS eliminated tax preparation services at Taxpayer Assistance Centers (TAC) in FY 2014 and now redirects taxpayers needing tax preparation services to external partners. At the same time, it has established limits on these services, including placing “out of scope” constraints that prevent external partners from maximizing benefits provided to the targeted group; a population comprised of the low income taxpayers, disabled, elderly, and other underserved individuals with limited resources to meet their reporting obligations and comply with the tax laws.</p>
Project Goal Statement	<p>To improve voluntary compliance, there is a vital need to expand the scope of free tax preparation assistance to unburden taxpayers currently unable to use these programs and who must now seek costly, paid assistance and run the risk of encountering unqualified or unscrupulous preparers. Expanding the program’s reach will help support the IRS’ Taxpayer Bill of Rights, which promises the right to be informed, the right to quality service and the right to pay no more than the correct amount of tax.</p>
	<p>Although two-thirds of current VITA/TCE eligible taxpayers are Form 1040 wage earners, many sites could assist more taxpayers by adding services for the other third. These services would include help for taxpayers needing to file prior year returns and amended returns, self employed individuals, taxpayers needing to apply for an Individual Taxpayer Identification Number (Form W-7), and a small number of low to moderate income independent truck operators needing to file annual tax returns to continue to operate their vehicles.</p> <p>In proposals submitted to the IRS earlier in the year, this TAP Committee recommended ways the IRS could increase opportunities for volunteerism, training, support, and assistance for its VITA and TCE partner sites. In this proposal, the Committee takes the additional step to recommend expanding the litany of tax services offered to this group of taxpayers. Changing its policy in this manner will enable the IRS and its partners to substantially expand the number of underserved taxpayers that can be helped.</p> <p>The following changes are recommended:</p> <ol style="list-style-type: none"> <li>1. Expand the scope of the VITA/TCE program to allow: <ol style="list-style-type: none"> <li>a. Preparation of tax returns with Schedule C deductions for home offices, and increased business expense levels,</li> <li>b. Preparation of tax returns with student loan debt cancellation due to disability,</li> </ol> </li> </ol>

- c. Preparation of tax returns with unreimbursed employee expenses (Form 2106).
2. Allow and support the training of volunteer Acceptance Agents or Certified Acceptance Agents.
3. Modify the software to add the capability to electronically file amended returns (Form 1040X).
4. Permit VITA/TCE sites to prepare Form 2290 – Heavy Highway Vehicle Use.
5. Encourage the expansion of year round partner sites.

#### Discussion

The VITA/TCE grant programs are currently restricted to specific tax forms, schedules and issues as outlined in its “in scope” document for VITA/TCE. This is so even though tax professionals are credentialed and on hand to accommodate taxpayers who are in need of additional recommended services. These volunteers are authorized to practice before the IRS and include attorneys, CPAs, and Enrolled Agents. Training of volunteers who have achieved advanced levels could be further enhanced by these tax professionals serving as instructors or, if necessary, by limiting the expansion of such services to these individuals.

The following comments provide support for the individual recommendations shown above:

#### 1a. Allow preparation of tax returns with Schedule C deductions for home offices and increased business expense levels

Each year, over twenty million taxpayers file a Schedule C. Of those, over half (60%) have adjusted gross incomes under \$50,000 and for nearly one-quarter (23%), that self-employment net profit results in an Earned Income Tax Credit. Even though a significant share of Schedule C filers report incomes that fall within VITA/TCE program scope, most are not eligible to access this important service because many Schedule C forms are out of scope for VITA/TCE.

There is significant demand for this service from low-income, self-employed businesspeople and many free tax assistance partners are capable of providing quality service for more of these taxpayers.

The current scope of the VITA / TCE program does not allow for the preparation of returns with more than \$10,000 in deductions on Schedule C – Business Income. This Committee believes that this level is too low and recommends that it should be raised to \$25,000 .

For example: A self-employed small business owner using a vehicle for delivery or as a taxi cab could

Proposed Solution or Task

using a vehicle for deliveries or as a tax cab could incur deductible expenses of \$10,000 for mileage by recording 17,400 miles per year or 1,450 miles per month at the current vehicle mileage rate of 57.5 cents per mile. In addition to the standard mileage deduction, this small business would also likely incur other expenses which would further increase the amount of business expense. In this scenario, the tax return for this small business would be outside of the current scope of the VITA / TCE program.

The current scope of the VITA / TCE program requires that Schedule C – Business Income deductions follow the criteria of Schedule C-EZ. Deductions for the business use of the taxpayer’s home are not allowed on Schedule C-EZ. The Committee believes that this provision denies the small business owner of a reasonable deduction and, as such, the business owner seeking free tax preparation assistance will not be able to pay no more than the correct amount of tax.

The Committee recommends that limited deductions for the use of the taxpayer’s home be allowed for returns prepared under the VITA / TCE program. The Committee recommends the optional safe harbor method as outlined in Revenue Procedure 2013-13 be allowed for Schedule C returns. In general, the method outlined in Rev. Proc. 2013-13 allows for deductible home office expenses to be calculated by multiplying the allowable square footage used for the business, up to a maximum of 300 square feet, by a prescribed rate (currently \$5.00 per square foot).

1b. Allow preparation of tax returns with student loan debt cancellation due to disability Cancellation of Debt is currently within scope for VITA/TCE partners only to the extent of non-business credit card debt, only if the taxpayer was not insolvent immediately before the cancellation. VITA/TCE partners are already required to assess insolvency using an existing worksheet prior to determining whether or not the matter is in scope.

One of the more difficult circumstances that VITA/TCE partners encounter involves having to turn away, as out of scope, a taxpayer who has received a Form 1099-C involving a forgiven student loan debt and who is totally and permanently disabled. Often, these individuals cannot afford the professional tax assistance needed to establish exclusion of such income and thus run the risk of incurring a large tax liability that, in many cases, they may not owe. TAP believes that under these unique circumstances and with proper training and certification, these situations should be in scope for the VITA/TCE program.

1c. Allow preparation of tax returns with unreimbursed employee expenses (Form 2106)  
A substantial portion of the taxpayers who are eligible for VITA/TCE tax preparation services are wage earners. A portion of these taxpayers incur business expenses which are ordinary and necessary to their job and are not reimbursed by their employer, such as using their personal vehicle to perform their job. Under

current guidelines this very common type of situation is out of scope for VITA/TCE programs.

Publication 463 Travel, Entertainment, Gift, and Car Expenses and Publication 529, Miscellaneous Deductions, are both well-written guides and provide detailed explanations of business related expenses that could form the basis of training material for VITA/TCE tax preparers to become adequately trained and knowledgeable in the preparation of Form 2106-EZ. Curiously, both of these IRS publications, which focus on reporting expenses using Form 2106/Form 2106-EZ, include references on to how to get tax help through VITA and TCE programs.

The TAP Committee believes that allowing VITA/TCE to prepare returns that meet the guidelines of Form 2106-EZ, Unreimbursed Business Expenses, will provide grant partners with greater access to more low income taxpayers. In doing so, the IRS may wish to limit the in-scope application of the Form 2106-EZ to exclude some items includable on line 4, Form 2106-EZ, which are otherwise out of scope for grant partners, such as expenses associated with depreciation, amortization, and casualty loss. Business use of the employee's home must be for the convenience of the employer.

Expanding the scope of VITA/TCE site services to wage earners with certain unreimbursed business expenses will help bridge the gap for many low income workers who are eligible to deduct these expenses paid or incurred during the tax year.

2. Allow and support the training of volunteer Acceptance Agents or Certified Acceptance Agents Acceptance Agents (AAs) and Certified Acceptance Agents (CAAs) play an important role in assisting taxpayers who have a filing requirement but are not eligible to obtain a social security number. Current VITA/TCE guidelines allow taxpayers who do not already have an ITIN to have their returns prepared by creating a temporary ITIN and include the separate Form W-7 application. The taxpayer is then instructed to either mail the completed Form W-7 and original documents or take the application and all necessary documents to a local TAC office. Having an AA or CAA at the tax preparation site to assist in completing the application, reviewing, and verifying the information and, in the case of a CAA, authenticating the documents would assist the taxpayer in meeting his or her filing obligations while relieving the IRS of the potentially protracted face to face interview as part of the authorization process at a designated TAC.

The TAP Committee recognizes that the services of an AA or CAA are not allowed under current VITA/TCE grant guidelines and program parameters would need to be changed. In addition, unless otherwise agreed to under the partner agreement, no fee for such services would be permitted.

3. Modify the software to add the capability to electronically file amended returns (Form 1040X)

The IRS receives approximately five million amended income tax returns each year. Although that figure represents less than 5% of the total of individual income tax returns received, 88% of the original individual income tax returns are e-filed. By contrast, amended tax returns that the IRS receives cannot be e-filed. Although the IRS has plans to enable Forms 1040X to be e-filed, to date that objective has not been achieved. The requirement to file current year amended tax returns via paper presents a particularly vexing problem for VITA/TCE partners as its clients are often confused about the process and the timing of when to file amended returns in relation to the original return filing. Modifying IRS approved software to enable VITA/TCE partners to electronically file Forms 1040X would ameliorate those concerns by ensuring that the electronic return originator (ERO) receives acknowledgement that the original and amended returns have been accepted and processing can proceed with fewer errors.

4. Permit VITA/TCE sites to prepare Form 2290 – Heavy Highway Vehicle Use the VITA/TCE programs. The VITA/TCE programs operate in over 12,000 sites and currently encompass over 50 tax forms. The TAP Committee believes future contracts should include the Form 2290 as part of any software programming contract for the VITA program. Doing so would open VITA locations to truckers for the preparation and electronic filing of Form CCH Small Firm Services (SFS) currently holds the contract as the software provider for volunteer programs to prepare and electronically file tax returns for millions of low-income, elderly, and limited-English proficient taxpayers under 2290. Two-thirds of filers of Form 2290 are single vehicle owners whose low to moderate incomes fit the parameters for the VITA/TCE program.

Though most sites close after April 15, some portion remains open through the height of the Form 2290 filing period which is the July/August period. The IRS continues to promote the need for sites to remain open longer. It should also be noted that the TAP Committee recommends more VITA/TCE sites remain open year round as discussed below.

6. Encourage the expansion of year round partner sites The IRS says it supports and encourages sites to remain open year round. At last count, very few of the 12,319 sites are open after April 15. For example, within a 100-mile radius of New York City, an area comprised of over 30 million residents and with hundreds of VITA/TCE sites available during the filing season, only four sites remain open year round. Increasing the number of sites open year round is critical to enable taxpayers with valid extensions, prior year returns, and amended tax returns to comply with their filing obligations.

	<p>One suggestion is to provide monetary incentives in the form of additional grant funds to programs that are willing to remain open year round. Another option is to award credits (e.g., points) in scoring those grant applications that include year round services.</p>
	<p>861. The IRS partially accepts this recommendation:</p> <ul style="list-style-type: none"> <li>• IRS initiated a Schedule C pilot to determine the effectiveness of allowing tax law issues or topics relating to small business owners into the VITA/TCE program. Under this pilot, participating sites were allowed to prepare Schedule C returns with expenses up to \$25,000. (Josiah wants to know if that the public was notified by advertisement in 2016)</li> <li>• Based on IRS findings, it was determined that the demand for the Schedule C returns falling within the expanded parameters including business use of home expense were very low at the pilot sites.</li> <li>• Pilot data showed that under the traditional Schedule C parameters, about 2.8 million taxpayers qualify for VITA/TCE tax return preparation assistance; however, an additional 1.3 million taxpayers would qualify for free tax preparation at VITA/TCE sites based on the expansion of the total expense limit to \$25,000.</li> <li>• In an effort to expand services and increase voluntary compliance, beginning with the 2016 filing season, IRS increased its scope to allow all volunteer sites to prepare returns with Schedule C expenses up to \$25,000. However, the scope for allowable expense type is limited to Schedule C-EZ criteria.</li> <li>• However, the IRS is not in agreement with the recommendation to allow preparation of tax returns with student loan debt cancellation due to disability. Insolvency is a complex topic that would requires specialized training.</li> <li>• Lastly, the IRS has considered your request to add Form 2106-EZ as an in scope topic for all VITA/TCE sites. However, IRS has determined that Form 2106-EZ will remain an in scope topic for Military certification only. ( Can they prepare the 2106- is they have military certification at the VITA site; Can you fill out the 2106-EZ for military or anyone)</li> <li>• Both of the above tax law topics (student loan debt cancellation and Form 2106-EZ) impact a limited number of VITA/TCE clients. Therefore, due to limited resources, the benefit of serving a minimal number of taxpayers is outweighed by the additional volunteer burden.</li> </ul> <p>862. The IRS resolved this recommendation prior to the TAP evaluation.</p> <p>The IRS encourages its VITA/TCE partners with high Limited English Proficiency populations to become Certifying Acceptance Agents (CAA).</p>

IRS Initial Response

IRS partners interested in becoming CAAs must meet the established requirements. Such as:

- Have a valid Employer Identification Number.
- Be an established VITA/TCE site with two or more years of experience.
- Responsible Officer must be a permanent employee, at least 18 years of age.
- Responsible Officer must be a legal resident of the U.S.
- Organization and designated employee must pass a tax compliance check and be current in filing and paying any tax liability.

In addition, the IRS is currently conducting a CAA Referral Pilot in Northern California, New York and Chicago. The pilot provides eligible taxpayers with a mechanism to have primary and secondary identification documents authenticated within the community by re-directing traffic from local Taxpayer Assistance Centers to VITA/TCE sites.

Lastly, points are awarded to VITA Grant applicants that participate in the CAA program.  
We want clarification??

863. The IRS is not in agreement with this recommendation for the following reasons:

- The IRS has not programmed its system to allow electronic filing of Form 1040X, Amended Return.
- The electronic software provided to VITA/TCE sites is programmed to meet system specifications established by the IRS.

Lastly, in October 2014, the IRS updated its policy to allow VITA/TCE sites to prepare amended returns for all taxpayers as long as the taxpayer has the original filed tax return or an IRS transcript for the original return. In prior years, amended returns could only be prepared if the site prepared and filed the taxpayer's original return.

- SME Requests for Form 1040X, Amended R Form 1040X, Amended Return. Overall

864. IRS Response Detail:

The IRS is not in agreement with this recommendation for the following reasons:

- Form 2290 is not in scope for the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs.
- Form 2290 is a business return and there are no IRS provisions that allow free filing of Business Master File (BMF) returns.
- Form 2290 often requires a payment at the time of filing. For security purposes, VITA/TCE sites do not accept payments on site.

- Due to the complexity of incorporating Form 2290

Due to the complexities of incorporating Form 2290 into the free tax return preparation programs, it is not in the best interest of the IRS to make Form 2290 as "in scope" for tax preparation or to incorporate software programming of Form 2290 into the VITA/TCE program.

Lastly, regarding year round services, partners determine the availability of services based on demand and resources

865. The IRS partially accepts this recommendation.

Beginning in 2016, the IRS will award points during technical ranking of grant applications for organizations that propose sites that are open year-round.

However, it is not reasonable to expect the number of year-round sites to equal those open earlier in the year. Demand for the services and availability of resources to meet this demand varies greatly across the country and among our partners.

Additionally, it is important to note that taxpayers not served by VITA and TCE have an option to utilize free self-preparation software available through our public-private partnership with the Free File Alliance. Approximately 70% of all taxpayers qualify to use brand-name software to prepare and file their tax returns for free.

861. The IRS partially accepts this recommendation:

- IRS initiated a Schedule C pilot to determine the effectiveness of allowing tax law issues or topics relating to small business owners into the VITA/TCE program. Under this pilot, participating sites were allowed to prepare Schedule C returns with expenses up to \$25,000. (Josiah wants to know if that the public was notified by advertisement in 2016)
- Based on IRS findings, it was determined that the demand for the Schedule C returns falling within the expanded parameters including business use of home expense were very low at the pilot sites.
- Pilot data showed that under the traditional Schedule C parameters, about 2.8 million taxpayers qualify for VITA/TCE tax return preparation assistance; however, an additional 1.3 million taxpayers would qualify for free tax preparation at VITA/TCE sites based on the expansion of the total expense limit to \$25,000.
- In an effort to expand services and increase voluntary compliance, beginning with the 2016 filing season, IRS increased its scope to allow all volunteer sites to prepare returns with Schedule C expenses up to \$25,000. However, the scope for allowable expense type is limited to Schedule C-EZ criteria.
- However, the IRS is not in agreement with the recommendation to allow preparation of tax returns with student loan debt cancellation due to disability. Insolvency is a complex topic that would require

IRS Final Response

862. The IRS resolved this recommendation prior to the TAP evaluation.

The IRS encourages its VITA/TCE partners with high Limited English Proficiency populations to become Certifying Acceptance Agents (CAA).

IRS partners interested in becoming CAAs must meet the established requirements. Such as:

- Have a valid Employer Identification Number.
- Be an established VITA/TCE site with two or more years of experience.
- Responsible Officer must be a permanent employee, at least 18 years of age.
- Responsible Officer must be a legal resident of the U.S.
- Organization and designated employee must pass a tax compliance check and be current in filing and paying any tax liability.

In addition, the IRS is currently conducting a CAA Referral Pilot in Northern California, New York and Chicago. The pilot provides eligible taxpayers with a mechanism to have primary and secondary identification documents authenticated within the community by re-directing traffic from local Taxpayer Assistance Centers to VITA/TCE sites.

Lastly, points are awarded to VITA Grant applicants that participate in the CAA program.  
We want clarification??

863. The IRS is not in agreement with this recommendation for the following reasons:

- The IRS has not programmed its system to allow electronic filing of Form 1040X, Amended Return.
- The electronic software provided to VITA/TCE sites is programmed to meet system specifications established by the IRS.

Lastly, in October 2014, the IRS updated its policy to allow VITA/TCE sites to prepare amended returns for all taxpayers as long as the taxpayer has the original

filed tax return or an IRS transcript for the original return. In prior years, amended returns could only be prepared if the site prepared and filed the taxpayer's original return.

- SME Requests for Form 1040X, Amended R Form 1040X, Amended Return. Overall

#### 864. IRS Response Detail:

The IRS is not in agreement with this recommendation for the following reasons:

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- Form 2290 is a business return and there are no IRS provisions that allow free filing of Business Master File (BMF) returns.
- Form 2290 often requires a payment at the time of filing. For security purposes, VITA/TCE sites do not accept payments on site.
- Due to the complexities of incorporating Form 2290 into the free tax return preparation programs, it is not in the best interest of the IRS to make Form 2290 as "in scope" for tax preparation or to incorporate software programming of Form 2290 into the VITA/TCE program.

Lastly, regarding year round services, partners determine the availability of services based on demand and resources

#### 865. The IRS partially accepts this recommendation.

Beginning in 2016, the IRS will award points during technical ranking of grant applications for organizations that propose sites that are open year-round.

However, it is not reasonable to expect the number of year-round sites to equal those open earlier in the year. Demand for the services and availability of resources to meet this demand varies greatly across the country and among our partners.

Additionally, it is important to note that taxpayers not served by VITA and TCE have an option to utilize free self-preparation software available through our public-private partnership with the Free File Alliance. Approximately 70% of all taxpayers qualify to use brand-name software to prepare and file their tax returns for free.

<b>TAP Issue ID: 31082</b> <b>Elevated Date: 02/01/2016</b>	<b>Committee Name:Taxpayer Communications</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: IRS Lost Documents</b>	
Issue or Project Statement	Information is often lost within the IRS, even when documents are sent via certified/registered mail. A receipt of delivery to the Submission Processing (SP) location does not ensure the document or information will be processed, or even located when an inquiry is made. Review mail handling procedures at SP locations that could improve the tracking of all incoming mail, assignment to a taxpayer's social security number, and complete processing of the document.
Project Goal Statement	Identify potential improvements for tracking the receipt, routing and processing of incoming taxpayer correspondence so that a current status could be identified when an inquiry is made.
Proposed Solution or Task	<ol style="list-style-type: none"> <li>1. Initiate an organizational change project to incorporate a scanning mechanism within the Submission Processing (SP) locations to make processing times for correspondence and other documents more equivalent to that for returns processing. Every incoming document should be scanned, assigned to the taxpayer social security number, and then sorted according to the type of information and action necessary. A notation should be made within the file as to when and which department the information was further assigned. Documents would be available to be viewed by any IRS employee who is processing the information or reviewing the account due to an inquiry made by the taxpayer.</li> <li>2. Give consideration to modifying the language in tax instruction manuals to clarify that the use of certified mail or public delivery services provides only prima facie evidence that a return was timely filed. It does not provide any assurance that the IRS has physically taken possession of the document and assigned it for further processing.</li> </ol>
	<p>Thank you for your recommendation regarding the handling of incoming correspondence/mail at our campuses, and our messaging on taxpayers using certified mail and public delivery for items sent to IRS.</p> <p>Response #1  We already have a scanning process in place for a portion of incoming correspondence at our campuses. The Image Control Team (ICT) scans forms, correspondence, and other documents meeting specific criteria. After ICT completes the scanning process, a case is controlled to the Accounts Management function within the Correspondence Imaging System (CIS), and can be viewed by any IRS employee with access to the Account Management System (AMS).</p> <p>Our employees carefully prepare all documents for</p>

IRS Initial Response

scanning which involves significant amount of effort. Upon receipt in the ICT, documents are screened, sorted, and batched according to category and priority. Documents are then prepped for scanning, which includes removing staples and repairing damaged documents to prevent problems with the high-speed scanner. Receipts and other non-standard sized documents must be photocopied to facilitate scanning. The scanning process consists of multiple stages to ensure images are legible and associated with the correct Taxpayer Identification Number.

Most documents are scanned within 20 days of IRS receipt. Timeframes are shorter for high priority categories.

The ICT at the five SP centers scanned approximately 5 million documents during Calendar Year 2015.

#### Response #2

We will consider publishing information to clarify that certified mail and public delivery services do not provide proof of filing.

Thank you for your recommendation regarding the handling of incoming correspondence/mail at our campuses.

We already have a scanning process in place for a portion of incoming correspondence at our campuses. The Image Control Team (ICT) scans forms, correspondence, and other documents meeting specific criteria. After ICT completes the scanning process, a case is controlled to the Accounts Management function within the Correspondence Imaging System (CIS), and can be viewed by any IRS employee with access to the Account Management System (AMS).

Our employees carefully prepare all documents for scanning which involves significant amount of effort. Upon receipt in the ICT, documents are screened, sorted, and batched according to category and priority. Documents are then prepped for scanning, which includes removing staples and repairing damaged documents to prevent problems with the high-speed scanner. Receipts and other non-standard sized documents must be photocopied to facilitate scanning. The scanning process consists of multiple stages to ensure images are legible and associated with the correct Taxpayer Identification Number.

Most documents are scanned within 20 days of IRS receipt. Timeframes are shorter for high priority categories.

The ICT at the five SP centers scanned approximately 5 million documents during Calendar Year 2015.

After careful consideration, a decision was made not to pursue the publishing of information regarding certified mail and public delivery services not providing proof of filing, as recommended by the TAP. We reviewed §

301.7502-1 and determined that doing so may be misleading since in most cases, the postmark or registration date from the United States Postal Service (USPS) is sufficient evidence of timely mailing/timely filing.

Note: The attached file contains the text from § 301.7502-1 - Timely mailing of documents and payments treated as timely filing and paying.

<b>TAP Issue ID: 32775</b> <b>Elevated Date: 02/01/2016</b>	<b>Committee Name:Taxpayer Communications</b>
<b>Status: Closed</b>	<b>Outcome: Issue Fully Implemented</b>
<b>Title: Form 433-F, Collection Information Statement</b>	
Issue or Project Statement	Project Statement: The Collection Information Statement, Form 433-F, is mailed to taxpayers for completion by either the Automated Collection Systems (ACS), Compliance Services Collections Operations (CSCO) or Account Management Service (AMS). Taxpayer Assistance Centers (TAC) offices also provide Form 433-F to walk-in taxpayers for completion. This form allows the IRS to make a collectability determination. The IRS program owner, Collection Policy, asked the TAP to evaluate Form 433-F from the taxpayer and practitioner perspective and make suggestions that will make the form easier to complete and reduce taxpayer burden.
Project Goal Statement	Goal Statement: Provide constructive feedback and offer recommendations to Form 433-F to make it easier to complete and reduce taxpayer burden.
Proposed Solution or Task	Proposed Solutions: 1. Include the bold form number in the top left hand corner, along with its revision date, for easier identification. This is the only collection information form that does not have a standard form number included at the top of the page. It is currently located in the bottom left-hand corner.  2. Change the name of Form 433-F from its current name of "Collection Information Statement" to "Taxpayer Financial Statement".  3. Add a brief statement as to the use or purpose of the form, rather than simply "Who should use Form 433-F?" at the beginning of the instructions. Suggested wording: "What is the purpose of Form 433-F? Form 433-F is used to obtain current financial information necessary for determining how an outstanding individual tax liability may be satisfied.  Who should use Form 433-F? Individuals who are wage earners, self-employed, retired or unemployed should complete Form 433-F. All sections must be completed. Enter N/A (not applicable) for any section or item that does not apply to you."  4. In the instructions, page 3 of 4, under Section G – Non-Wage Household Income: the instructions state the types of income to be included as "Other:" Several of the listed items have a dedicated box for input, such as Unemployment Compensation, Social Security, and Interest/Dividends and do not need to be included in "Other:"

5. In Section H – Monthly Necessary Living Expenses: Allow input for actual expenses in addition to the allowed national standard rather than allowing only one amount to be entered. A side by side comparison of the expense provides transparency and a clearer understanding of the expense consideration.

6. Include a copy of the current IRS allowable standards along with the Form 433-F and its printed instructions when mailed to a taxpayer, rather than advising the taxpayer to search the IRS website for information. Because many taxpayers do not have Internet access, it would greatly benefit the process to have the allowable standards printed and included with the 433-F form and instructions when mailed to the taxpayer for completion.

7. For those able to complete the form online, a direct link to the standards should be provided for easier access.

8. In the PDF fillable form fields, more use of input validation and formatting is needed. For example, phone numbers are checked and formatted, while social security numbers are not. Date formats are non-standard. Include automatic calculation for “Total” and “Equity” fields.

9. Reconsider the creation of a simpler version of Form 433 to be entitled 433-EZ for individuals without additional assets or self-employment income.

<b>TAP Issue ID: 32780</b> <b>Elevated Date: 03/19/2016</b>	<b>Committee Name:Taxpayer Communications</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Interactive Tax Assistant on IRS.Gov</b>	
Issue or Project Statement	The Interactive Tax Assistant (ITA) has been available on IRS.gov since 2010. Topics are updated annually to coincide with the latest tax law changes as well as new topics being added.
Project Goal Statement	Review ITA functionality and provide recommendations for improvement/feedback to improve the taxpayer experience.
Proposed Solution or Task	<p>Two general suggestions are proposed:</p> <ul style="list-style-type: none"> <li>• During the tax filing season, place “Find Answers to Your Tax Questions” as the first item under Tools. This might encourage more use, and possibly reduce the number of calls to the IRS during the busy season;</li> <li>• Increase the font size in this tool. It would be helpful to older users, or those with vision impairments.</li> </ul> <p>At least two additional questions should be added in the Income category:</p> <ul style="list-style-type: none"> <li>• Do I have to report cash I receive for work as taxable income?</li> <li>• When is a Schedule C for Self-Employed Persons required to be included in my tax return? Or, in the alternative, Am I Self-Employed?</li> </ul> <p>Two additional questions should be added in the Credits category:</p> <ul style="list-style-type: none"> <li>• Am I eligible to claim a credit for child and dependent care expenses?</li> <li>• Am I eligible to claim the Earned Income Tax Credit? (While this question might be adequately covered elsewhere, inclusion under this category or under the Income category with a link might be useful for taxpayers.)</li> </ul> <p>Finally, a category should be added for some of the more significant “adjustments for AGI”, such as IRA/ SEP/SIMPLE contributions, the self-employed health insurance deduction or the deductible portion of self-employment tax. Some of the less common adjustments for AGI, such as moving expenses and student loan interest, are covered in other categories.</p>

<b>TAP Issue ID: 34106</b> <b>Elevated Date: 10/20/2016</b>	<b>Committee Name:Taxpayer Communications</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: ITINS-Refundable Credits</b>	
Issue or Project Statement	Project Statement:  Small Business/Self Employed (SB/SE) requested a review of the requirements and need for various publications currently sent out by Exam with Field and Campus letters, and to determine if the Service has an opportunity to reduce mailing and printing costs. The documents of most interest include Publication 1, Your Rights as a Taxpayer (sometimes referred to as TBOR or Taxpayer Bill of Rights), Publication 3498, The Examination Process, and Publication 3498-A, The Examination Process (Audits by Mail).
Project Goal Statement	Goal Statement:  Communicate concerns and provide feedback about the potential impact on taxpayers if the Service eliminates printed attachments; and explore alternative means (i.e. IRS.gov or revised letters) of communicating information if Exam no longer prints/ provides all publications in hard copy.
	Proposed Solutions:  1. Reformat the primary publications sent to taxpayers when an audit is initiated with the objective of putting the most critical information early in the publications. For example, use the first page of Publications 3498 and 3498-A to stress the importance of responding to IRS correspondence to avoid other statutory action being taken. This information is currently on page eight of Publication 3498.  2. Consider if it is possible to shorten the audit-related publications from the current eight pages so that taxpayers might be more likely to take the time to read them. For example, a table of contents seems unnecessary in an eight-page document. Also, because Publication 1 is required to be sent at the start of an audit, perhaps the duplication of information about a taxpayer's rights could be removed from the audit-related publications. These two changes would free an entire page for additional audit related information.  3. When a properly completed and submitted Form 2848, Power of Attorney and Declaration of Representative (POA) is on file, eliminate the administrative requirement to send both the taxpayer and the practitioner the same attachments with correspondence. Presumably practitioners have access to, or are aware of, the various publications included with these duplicate mailings. A modification to the letter or form indicating that actual copies of publications sent to taxpayers are not also sent to

Proposed Solution or Task

practitioners should minimize the required inventory of included publications.

4. Consider whether Section 4.10.8.1.2 (09-12-2014) of the Internal Revenue Manual can be modified to eliminate the requirement that Publications 1, 3498, and 3498-A be provided more than once during the audit process. Consider modifying subsequent correspondence to include a reference or link to the attachments or publications that were sent initially at the beginning of the audit process, or provide information on how to access those attachments or publications on IRS.gov.

5. The reverse side of Publication 1, Your Rights as a Taxpayer, provides information about "Examinations, Appeals, Collections, and Refunds". Some of the information on the reverse side is included in Publication 3498 and Publication 3498-A, but there is also some information on the reverse side that does not appear to be included in either publication. If proposed recommendation 2 above were to be implemented, there would be space to include this additional information from Publication 1 in both audit-based publications without increasing the size of either.

6. Modify or change the landing page for the audit process from <https://www.irs.gov/Businesses/Small-Businesses-%26-Self-Employed/IRS-Audits> to a more user-friendly format.

7. Consider the Committee comments regarding possible changes or modifications to Publication 3498 (Rev 11-2004) which is currently being revised. Those Committee comments are included as Attachment 1 to this referral. In the alternative, at some date prior to final publication, provide the TCC the opportunity to review and comment on the final draft of the revised and updated Publication 3498.

<p><b>TAP Issue ID: 33490</b>  <b>Elevated Date: 11/14/2016</b></p>	<p><b>Committee Name: Toll-Free</b></p>
<p><b>Status: TAP Reviewing IRS Response</b></p>	<p><b>Outcome:</b></p>
<p><b>Title: Toll Free Authentication Retention (AR) Technology</b></p>	
<p>Issue or Project Statement</p>	<p>The Internal Revenue Service (IRS) should adopt Authentication Retention (AR) technology. This technology will allow taxpayers to provide identifying information to the IRS only once per call to authenticate (or verify) personally identifiable information, thus protecting taxpayer privacy.</p>
<p>Project Goal Statement</p>	<p>AR technology would allow the IRS to actively address the Treasury Inspector General Tax Administration (TIGTA) finding that telephone authentication practices need improvement to prevent unauthorized disclosures. Decreasing the number of times a Customer Service Representative (CSR) has to authenticate callers will reduce taxpayer burden, risk of identity theft/fraud and the overall time a taxpayer spends on the phone with the IRS. Additionally, the CSR would benefit through increased efficiency and reduced error introduction. AR technology would create a seamless taxpayer experience during interactions with assistors and is estimated to benefit more than 31 million callers annually.</p>
<p>Proposed Solution or Task</p>	<p>Based upon approved funding and in support of the IRS request to implement AR, the proposed solution is to :</p> <ol style="list-style-type: none"> <li>1) Improve standards to protect taxpayer identity (Authentication) and</li> <li>2) Use technology to securely transfer callers between CSRs (Authentication Retention). This will replace the current practice of restating, often multiple times, PII.</li> </ol> <p>The IRS toll-free telephone lines continue to be the primary means by which taxpayers interact directly with the IRS. AR technology is essential to reinforcing trust. At the same time, where technological challenges interfere with the taxpayer's authentication retention during a telephone call, the caller shall retain the option of speaking directly with the CSR.</p>

TAP Counter Response

IRS Response:

Thank you for your concern and recommendation regarding taxpayer authentication.

The IRS is always looking for ways to improve our disclosure process. We continue to focus on ways to protect taxpayer data, and make the authentication process as convenient to the customer as possible.

Several actions have been taken to implement a standard means for Customer Service Representatives (CSRs) in Accounts Management (AM) to authenticate callers on our toll-free telephone lines.

1. In October 2009, AM mandated the use of the Integrated Automation Technologies (IAT) Disclosure Tool. The IAT Disclosure tool assists the user in verifying the identity of a caller and determining if the caller is authorized to receive confidential tax information or represent the taxpayer. The IAT tool walks the user through the basic authentication steps per the requirements in IRM 21.1.3.2.3.
  2. In fiscal year 2011, the IAT Disclosure tool was updated to add a transfer PIN feature that creates a PIN when callers are transferred to another AM CSR to resolve an issue. The caller provides the PIN to the next CSR in lieu of completing the disclosure process after validating their name and Taxpayer Identification Number.
  3. In 2016, significant updates were made to the IAT tool to include functionality that guides the CSR through additional or high risk authentication (HRA) requirements in IRM 21.1.3.2.4.
- Other updates to authentication procedures and to the disclosure tool functionality were made to
- Eliminate easily guessable questions,
  - Use questions from more than one data source,
  - Limit the number of incorrect responses,
  - Standardize the pass/fail decision by generating the HRA Questions,
  - Track the response and
  - Provide the CSR an automated adjudication.

IRS Final Response

Thank you for your recommendation regarding authentication retention technology.

We agree that securely transferring a caller's authentication information/personally identifiable information (PII) between assistors may reduce taxpayer burden and call duration.

The IRS is continually exploring opportunities to improve services to our taxpayers. Authentication Retention (AR) technology has been proposed several times as a budget initiative, but has not received funding due to competing priorities.

However, in fiscal year 2011, the Integrated Automation Technologies (IAT) disclosure tool was updated to add a transfer Personal Identification Number (PIN) feature that creates a PIN when callers are transferred to another Accounts Management CSR to resolve an issue. The caller provides the PIN to the next CSR in lieu of completing the disclosure process after validating their name and Taxpayer Identification Number.

<b>TAP Issue ID: 33524</b> <b>Elevated Date: 06/30/2016</b>	<b>Committee Name: Toll-Free</b>
<b>Status: TAP Reviewing IRS Response</b>	<b>Outcome:</b>
<b>Title: Toll Free Phone Line Customer Callback (CC) tech</b>	
Issue or Project Statement	Support the Internal Revenue Service (IRS) Mission to install and implement Customer Callback (CC) technology, which will allow taxpayers to choose how to interact with the IRS' toll-free services while waiting to speak with a Customer Service Representative (CSR).
Project Goal Statement	Provide taxpayers with top-quality service, improve technology to accommodate taxpayers and expand services available to taxpayers.
Proposed Solution or Task	<p>Based upon approved funding, and in support of the IRS request to implement CC technology, develop and implement an option for taxpayers to be called back by a CSR in lieu of the current practice of waiting on hold.</p> <p>Customer Callback technology addresses the long wait-time issues and provides a solution to critical taxpayer needs. It coordinates with the future state of changing and expanding services to assist more taxpayers.</p> <p>Use CC technology to:</p> <ol style="list-style-type: none"> <li>1) Evaluate wait-time histories to address staffing needs. This includes: <ol style="list-style-type: none"> <li>a. Incorporating detail about the variation in wait-times associated with different days of the week and times.</li> <li>b. Variation driven by location of assistors, time of year, and volume of calls.</li> </ol> </li> <li>2) Announce to the taxpayer the expected wait-time, using more accurate wait-time estimates.</li> <li>3) Announce the caller's position in the queue.</li> <li>4) Announce to the caller the new position in the queue when that position in the queue changes.</li> <li>5) Announce to the caller the updated wait-time estimate when the position in the queue changes.</li> </ol> <ol style="list-style-type: none"> <li>6) Permit the caller to choose to either: <ol style="list-style-type: none"> <li>a. Continue to hold for a CSR, or</li> <li>b. Establish an appointment for a return call, after authentication, to the caller-specified number by selecting a timeframe and business day convenient to the taxpayer.</li> </ol> </li> <li>7) Permit the caller reaching the toll-free line outside of normal business hours to establish an appointment for a return call, after authentication, to the caller-specified number by selecting a timeframe and business day of convenience to the taxpayer caller.</li> </ol>

<p><b>TAP Issue ID: 35056</b>  <b>Elevated Date: 12/03/2016</b></p>	<p><b>Committee Name: Toll-Free</b></p>
<p><b>Status: TAP Reviewing IRS Response</b></p>	<p><b>Outcome:</b></p>
<p><b>Title: Toll Free Lines PSA Project</b></p>	
<p>Issue Statement</p>	<p>Many taxpayers are not informed of the latest IRS news or new initiatives when calling into the IRS. Considering the time taxpayers spend on hold, this could be a valuable opportunity to educate taxpayers on available IRS services.</p> <p>Feedback from the general public points to the benefit of Public Service Announcements (PSA) when being put on hold while calling in to various business enterprises. Feedback from the National Taxpayer Advocate public forums has been positive in regards to the addition of PSAs.</p>
<p>Goal Statement</p>	<p>Taxpayers hear the same music selection when calling in on IRS Toll Free lines and being placed on hold. This could be an opportunity for taxpayers to choose to learn about different services available to them while they are on hold, making better, and more productive, use of their time. The PSAs will provide information to the taxpayer and may help reduce their need to reach an assistor. The PSA also presents the opportunity for the IRS to better leverage limited assets and human resources.</p>
<p>Proposed Solution</p>	<p>1. Give taxpayers the option to listen to a PSA instead of listening to music while they are on hold, such as:</p> <ul style="list-style-type: none"> <li>• Listen to information on latest identity theft scams.</li> <li>• Listen to information about appeals process.</li> <li>• Learn how to apply for penalty abatements.</li> <li>• Learn more about how the Taxpayer Advocate Service assists taxpayers in resolving problems with the IRS.</li> <li>• Learn how to set up an appointment at the Taxpayer Assistance Center (TAC).</li> <li>• Learn about the Earned Income Tax Credit (EITC) eligibility, requirements and benefits.</li> <li>• Get information on IRS Free File, VITA, and other methods of free tax preparation.</li> <li>• Learn about Low Income Tax Clinics (LITC).</li> <li>• Getting information on irs.gov about; tax refunds, amended returns, changing your address with IRS, online payment options, tuition credits, IRS publications.</li> <li>• What is the Taxpayer Advocacy Panel (TAP) and how can you become involved?</li> </ul> <p>We are presenting these above PSA topics as an example. TAP is available to assist with developing, writing, and reviewing the recommended PSAs, if adopted.</p>

<b>TAP Issue ID: 17399</b> <b>Elevated Date: 12/03/2016</b>	<b>Committee Name: Notice &amp; Correspondence</b>
<b>Status: Elevated to IRS</b> <b>Awaiting Response</b>	<b>Outcome:</b>
<b>Title: Payment due dates need to be altered</b>	
Issue Statement	The Taxpayer Advocacy Panel (TAP) requested re-establishment of the Notices & Correspondence Committee because taxpayers continue to submit items for this area. The Committee has determined that the payment due dates on collection notices are ambiguous. This referral falls within TAP's core mission, which is to resolve unnecessary conflicts between taxpayers and the IRS.
Goal Statement	Our aim is to clarify what the IRS is seeking in basic collection procedures. It would also help prevent or minimize the imposition of penalties and interest, and the raising of frivolous challenges to the sound and reasonable administration of tax laws
Proposed Solution	<ol style="list-style-type: none"> <li>1. The IRS is required by law to send collection notices to advise taxpayers of when payments or responses are "due by". However, payments that are timely postmarked but received after the "due by" date are deemed untimely by the IRS. IRS notices fail to inform taxpayers of the distinction between when responses are sent versus received. We believe this is especially unfair when taxpayers believe in good faith that they have been timely and have taken steps to that end. Further, this policy is inconsistent with the filing and payment of a tax return, as the IRS considers a tax return or extension to have been filed timely if postmarked by the filing deadline.</li> <li>2. It is important that a collection notice sent to a taxpayer state clearly that the "payment must be received by" a certain date, that that is the "due by" date, and that the taxpayer is solely responsible for ensuring the IRS's timely receipt. It should further state that the taxpayer should consider mailing or sending his/her payment sufficiently in advance of this "due date" since it is his or her sole responsibility to ensure timely receipt by the IRS and thus avoid the possible imposition of penalties and interest.</li> <li>3. In making this recommendation, we are keenly aware that in the past there has been an exercise of discretion by the IRS in the use of "grace periods". At this time we regard the subject of "grace periods" beyond the scope of this recommendation and make no further comment on that subject.</li> </ol>



<b>TAP Issue ID: 31082</b> <b>Elevated Date: 02/01/2016</b>	<b>Committee Name: Taxpayer Communications</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>

**Title: IRS Lost Documents**

Issue or Project Statement	Information is often lost within the IRS, even when documents are sent via certified/registered mail. A receipt of delivery to the Submission Processing (SP) location does not ensure the document or information will be processed, or even located when an inquiry is made. Review mail handling procedures at SP locations that could improve the tracking of all incoming mail, assignment to a taxpayer's social security number, and complete processing of the document.
Project Goal Statement	Identify potential improvements for tracking the receipt, routing and processing of incoming taxpayer correspondence so that a current status could be identified when an inquiry is made.
Proposed Solution or Task	<p>1. Initiate an organizational change project to incorporate a scanning mechanism within the Submission Processing (SP) locations to make processing times for correspondence and other documents more equivalent to that for returns processing. Every incoming document should be scanned, assigned to the taxpayer social security number, and then sorted according to the type of information and action necessary. A notation should be made within the file as to when and which department the information was further assigned. Documents would be available to be viewed by any IRS employee who is processing the information or reviewing the account due to an inquiry made by the taxpayer.</p> <p>2. Give consideration to modifying the language in tax instruction manuals to clarify that the use of certified mail or public delivery services provides only prima facie evidence that a return was timely filed. It does not provide any assurance that the IRS has physically taken possession of the document and assigned it for further processing.</p>
	<p>Thank you for your recommendation regarding the handling of incoming correspondence/mail at our campuses, and our messaging on taxpayers using certified mail and public delivery for items sent to IRS.</p> <p>Response #1 We already have a scanning process in place for a portion of incoming correspondence at our campuses. The Image Control Team (ICT) scans forms, correspondence, and other documents meeting specific criteria. After ICT completes the scanning process, a case is controlled to the Accounts Management function within the Correspondence Imaging System (CIS), and can be viewed by any IRS employee with access to the Account Management System (AMS).</p> <p>Our employees carefully prepare all documents for scanning which involves significant amount of effort. Upon receipt in the ICT, documents are screened, sorted, and batched according to category and priority. Documents are then prepped for scanning, which includes removing staples and repairing damaged documents to prevent problems with the high-speed scanner. Receipts and other non-standard sized documents must be</p>

photocopied to facilitate scanning. The scanning process consists of multiple stages to ensure images are legible and associated with the correct Taxpayer Identification Number.

Most documents are scanned within 20 days of IRS receipt. Timeframes are shorter for high priority categories.

The ICT at the five SP centers scanned approximately 5 million documents during Calendar Year 2015.

#### Response #2

We will consider publishing information to clarify that certified mail and public delivery services do not provide proof of filing.

Thank you for your recommendation regarding the handling of incoming correspondence/mail at our campuses.

We already have a scanning process in place for a portion of incoming correspondence at our campuses. The Image Control Team (ICT) scans forms, correspondence, and other documents meeting specific criteria. After ICT completes the scanning process, a case is controlled to the Accounts Management function within the Correspondence Imaging System (CIS), and can be viewed by any IRS employee with access to the Account Management System (AMS).

Our employees carefully prepare all documents for scanning which involves significant amount of effort. Upon receipt in the ICT, documents are screened, sorted, and batched according to category and priority. Documents are then prepped for scanning, which includes removing staples and repairing damaged documents to prevent problems with the high-speed scanner. Receipts and other non-standard sized documents must be photocopied to facilitate scanning. The scanning process consists of multiple stages to ensure images are legible and associated with the correct Taxpayer Identification Number.

Most documents are scanned within 20 days of IRS receipt. Timeframes are shorter for high priority categories.

The ICT at the five SP centers scanned approximately 5 million documents during Calendar Year 2015.

After careful consideration, a decision was made not to pursue the publishing of information regarding certified mail and public delivery services not providing proof of filing, as recommended by the TAP. We reviewed § 301.7502-1 and determined that doing so may be misleading since in most cases, the postmark or registration date from the United States Postal Service (USPS) is sufficient evidence of timely mailing/timely filing.

Note: The attached file contains the text from § 301.7502-1 - Timely mailing of documents and payments treated as timely filing and paying.

<b>TAP Issue ID: 31300</b> <b>Elevated Date: 10/05/2016</b>	<b>Committee Name: Special Projects</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Getting e-Services Transcripts for ID Theft Accts</b>	
Issue or Project Statement	Practitioners are experiencing difficulties obtaining information via e-Services when there is an ID theft indicator on the account. When transcripts are requested, the practitioner will not receive the transcripts and the taxpayer will get a letter from the IRS stating that they are unable to get the transcripts - which prompts the taxpayer to call the IRS or the practitioner, as they are unaware that the practitioner is requesting information in the first place.
Project Goal Statement	Improve e-Services to allow practitioners to obtain transcripts when there is a Form 2848 on file.
Proposed Solution or Task	Update e-Services to grant practitioners access to account information when an identity theft indicator has been placed on the accounts.  If the Service is not able to make these changes to e-Services, the Committee recommends changing the automated letter generated by the IRS to better explain why the taxpayer is receiving the letter.
IRS Initial Response	Thank you for your recommendation regarding transcripts for victims of identity theft. We know that identity theft is a frustrating process for victims and we are taking aggressive steps to stop fraudulent returns before they are processed. We also understand victims want to know more about the information used on the fraudulent returns using their Social Security Number (SSN), and request transcripts of those returns.  The taxpayer or their power of attorney (POA) may request a transcript of the fraudulent return. Due to the possibility of Personally Identifiable information (PII) on the fraudulent transcript, we must review the information and redact PII not belonging to the identity theft victim. Since this redaction process is not automated, we are unable to provide the transcript via e-Services to the POA.  However, a copy of the transcript for the fraudulent tax return may be requested by submitting Form 4506-F either by the taxpayer or POA. The POA will receive the transcript as long as they are authorized by the taxpayer to receive the information.  We have submitted programming changes to discontinue sending the automated letter to the taxpayer when a transcript for a fraudulent return is requested through e-Services by the POA. The programming change is expected to be implemented in January 2017. We will send a letter to the practitioner advising them to call the Practitioner Priority Service (PPS) number for assistance in obtaining a transcript for years affected by identity theft.  For any tax year not affected by identity theft, the POA will be able to obtain a transcript as normal.



<b>TAP Issue ID: 32317</b> <b>Elevated Date: 01/21/2016</b>	<b>Committee Name: Notice Improvement</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Letter 5043, Income Reporting Verification Notice</b>	
Issue or Project Statement	The Notices and Correspondence Committee is tasked with reviewing IRS material ensuring they are clear and informative to taxpayers. The Program Analyst (OTC Writer) requested that these Notices be reviewed. No specific issues from taxpayers or formal referral to TAP Committee have been received.
Project Goal Statement	The goal of this project referral is to provide feedback to the OTC Writer as requested
Proposed Solution or Task	The Committee proposes that letter 5043, letter 5044, and letter 5045 include the following language: "Please note that interest and fees may be accruing while this issue is being resolved."
IRS Initial Response	<p>Letter 5043 This letter was made obsolete on January 19, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5044 This letter was made obsolete on February 3, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5045 This letter is in the process of being made obsolete and will not be replaced. The IRS is no longer working 1099-K cases in this manner.</p>

<b>TAP Issue ID: 32318</b> <b>Elevated Date: 01/21/2016</b>	<b>Committee Name: Notice Improvement</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Letter 5044, Income Reporting Verification Second</b>	
Issue or Project Statement	The Notices and Correspondence Committee is tasked with reviewing IRS material ensuring they are clear and informative to taxpayers. The Program Analyst (OTC Writer) requested that these Notices be reviewed. No specific issues from taxpayers or formal referral to TAP Committee have been received.
Project Goal Statement	The goal of this project referral is to provide feedback to the OTC Writer as requested
Proposed Solution or Task	The Committee proposes that letter 5043, letter 5044, and letter 5045 include the following language: "Please note that interest and fees may be accruing while this issue is being resolved."
IRS Response	<p>Letter 5043 This letter was made obsolete on January 19, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5044 This letter was made obsolete on February 3, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5045 This letter is in the process of being made obsolete and will not be replaced. The IRS is no longer working 1099-K cases in this manner.</p>

<b>TAP Issue ID: 32319</b> <b>Elevated Date: 01/21/2016</b>	<b>Committee Name: Notice Improvement</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Letter 5045, Income Reporting Verification Follow</b>	

Issue Statement	The Notices and Correspondence Committee is tasked with reviewing IRS material ensuring they are clear and informative to taxpayers. The Program Analyst (OTC Writer) requested that these Notices be reviewed. No specific issues from taxpayers or formal referral to TAP Committee have been received.
Goal Statement	The goal of this project referral is to provide feedback to the OTC Writer as requested.
Proposed Solution	The Committee proposes that letter 5043, letter 5044, and letter 5045 include the following language: "Please note that interest and fees may be accruing while this issue is being resolved."
IRS Response	<p>Letter 5043 This letter was made obsolete on January 19, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5044 This letter was made obsolete on February 3, 2016 and has not been replaced. The IRS is no longer working 1099-K cases in this manner.</p> <p>Letter 5045 This letter is in the process of being made obsolete and will not be replaced. The IRS is no longer working 1099-K cases in this manner.</p>

<b>TAP Issue ID: 32775</b> <b>Elevated Date: 02/01/2016</b>	<b>Committee Name:Taxpayer Communications</b>
<b>Status: Closed</b>	<b>Outcome: Issue Fully Implemented</b>
<b>Title: Form 433-F, Collection Information Statement</b>	
Issue or Project Statement	Project Statement: The Collection Information Statement, Form 433-F, is mailed to taxpayers for completion by either the Automated Collection Systems (ACS), Compliance Services Collections Operations (CSCO) or Account Management Service (AMS). Taxpayer Assistance Centers (TAC) offices also provide Form 433-F to walk-in taxpayers for completion. This form allows the IRS to make a collectability determination. The IRS program owner, Collection Policy, asked the TAP to evaluate Form 433-F from the taxpayer and practitioner perspective and make suggestions that will make the form easier to complete and reduce taxpayer burden.
Project Goal Statement	Goal Statement: Provide constructive feedback and offer recommendations to Form 433-F to make it easier to complete and reduce taxpayer burden.

Proposed Solutions:

1. Include the bold form number in the top left hand corner, along with its revision date, for easier identification. This is the only collection information form that does not have a standard form number included at the top of the page. It is currently located in the bottom left-hand corner.

2. Change the name of Form 433-F from its current name of "Collection Information Statement" to "Taxpayer Financial Statement".

3. Add a brief statement as to the use or purpose of the form, rather than simply "Who should use Form 433-F?" at the beginning of the instructions. Suggested wording:

"What is the purpose of Form 433-F?

Form 433-F is used to obtain current financial information necessary for determining how an outstanding individual tax liability may be satisfied.

Who should use Form 433-F?

Individuals who are wage earners, self-employed, retired or unemployed should complete Form 433-F. All sections must be completed. Enter N/A (not applicable) for any section or item that does not apply to you."

4. In the instructions, page 3 of 4, under Section G – Non-Wage Household Income: the instructions state the types of income to be included as "Other:" Several of the listed items have a dedicated box for input, such as Unemployment Compensation, Social Security, and Interest/Dividends and do not need to be included in "Other:"

5. In Section H – Monthly Necessary Living Expenses: Allow input for actual expenses in addition to the allowed national standard rather than allowing only one amount to be entered. A side by side comparison of the expense provides transparency and a clearer understanding of the expense consideration.

6. Include a copy of the current IRS allowable standards along with the Form 433-F and its printed instructions when mailed to a taxpayer, rather than advising the taxpayer to search the IRS website for information. Because many taxpayers do not have Internet access, it would greatly benefit the process to have the allowable standards printed and included with the 433-F form and instructions when mailed to the taxpayer for completion.

7. For those able to complete the form online, a direct link to the standards should be provided for easier access.

8. In the PDF fillable form fields, more use of input validation and formatting is needed. For example, phone numbers are checked and formatted, while social security numbers are not. Date formats are non-standard. Include automatic calculation for "Total" and "Equity" fields.

9. Reconsider the creation of a simpler version of Form 433 to be entitled 433-EZ for individuals without additional assets or self-employment income.

Proposed Solution or Task



<b>TAP Issue ID: 32780</b> <b>Elevated Date: 03/19/2016</b>	<b>Committee Name: Taxpayer Communications</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Interactive Tax Assistant on IRS.Gov</b>	
Issue or Project Statement	The Interactive Tax Assistant (ITA) has been available on IRS.gov since 2010. Topics are updated annually to coincide with the latest tax law changes as well as new topics being added.
Project Goal Statement	Review ITA functionality and provide recommendations for improvement/feedback to improve the taxpayer experience.
Proposed Solution or Task	<p>Two general suggestions are proposed:</p> <ul style="list-style-type: none"> <li>• During the tax filing season, place “Find Answers to Your Tax Questions” as the first item under Tools. This might encourage more use, and possibly reduce the number of calls to the IRS during the busy season;</li> <li>• Increase the font size in this tool. It would be helpful to older users, or those with vision impairments.</li> </ul> <p>At least two additional questions should be added in the Income category:</p> <ul style="list-style-type: none"> <li>• Do I have to report cash I receive for work as taxable income?</li> <li>• When is a Schedule C for Self-Employed Persons required to be included in my tax return? Or, in the alternative, Am I Self-Employed?</li> </ul> <p>Two additional questions should be added in the Credits category:</p> <ul style="list-style-type: none"> <li>• Am I eligible to claim a credit for child and dependent care expenses?</li> <li>• Am I eligible to claim the Earned Income Tax Credit? (While this question might be adequately covered elsewhere, inclusion under this category or under the Income category with a link might be useful for taxpayers.)</li> </ul> <p>Finally, a category should be added for some of the more significant “adjustments for AGI”, such as IRA/SEP/SIMPLE contributions, the self-employed health insurance deduction or the deductible portion of self-employment tax. Some of the less common adjustments for AGI, such as moving expenses and student loan interest, are covered in other categories.</p>

<b>TAP Issue ID: 33415</b> <b>Elevated Date: 11/16/2016</b>	<b>Committee Name: TAC</b>
<b>Status: Monitoring IRS Action</b>	<b>Outcome:</b>
<b>Title: Sustainability of VITA/TCE Sites</b>	
Issue or Project Statement	Reduction in the Stakeholder Partnerships, Education and Communication (SPEC) involvement in volunteer training and support coupled with the elimination of services at the Taxpayers Assistance Centers (TAC) have had a significant impact on Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites. The demand for tax preparation at VITA/TCE sites continues to grow. Additional IRS support is needed to enable the VITA/TCE programs to continue meeting essential free income tax preparation services for underserved taxpayers.
Project Goal Statement	Increase IRS support to enable the VITA/TCE programs to continue meeting essential free income tax preparation services for underserved taxpayers.
	<p><b>Recommendations</b></p> <p>Preliminary research last year led the Taxpayer Advocacy Panel's TAC Committee (the Committee) to informally offer the IRS feedback on prospective changes to VITA/TCE programs that the Committee felt would assist the grant partners. SPEC's response was unenthusiastic, with a number of reasons expressed, notably:</p> <ul style="list-style-type: none"> <li>a) Limited volunteer availability;</li> <li>b) Difficulty in securing space for additional program activities;</li> <li>c) Unobtainable technology;</li> <li>d) Increases in operational costs;</li> <li>e) Inability to coordinate with the grant partners; and</li> <li>f) Lack of additional grant funds.</li> </ul> <p>While the Committee is cognizant of the obstacles the SPEC cited, it continues to believe that the following recommendations to improve documentation, training, and support for grant partners would be a more cost effective way to operate. Some of the recommendations the Committee present involve changes which may require a long term approach or that may involve additional study to ascertain how best to implement. However, given that the VITA/TCE partnership is one of the most popular and successful programs the IRS can highlight, addressing some of the problems wrought by budget shortfalls are important factors to consider for future viability.</p> <p>Accordingly, the Committee recommends that the IRS consider the following revisions and improvements to strengthen VITA/TCE programs.</p> <p><b>Revision to Internal Revenue Manual</b></p> <p>Part 22 of the Internal Revenue Manual (IRM) outlines the responsibilities that SPEC management has for providing support to VITA/TCE grant partners. One of the criticisms of this section of the IRM is that the text contains generic language. The text is replete with terms such as "assistance as needed", "assess needs", "serve as first point of contact" and the like. The Committee believes that this nonspecific direction contributes to the inconsistent treatment experienced across the country, resulting in some grant partners experiencing adequate support while others only receive limited assistance. Thus, the Committee's first recommendation is that more specific direction be</p>

Committee's first recommendation is that more specific direction be offered in the IRM to help ensure that the current level of disparate treatment among grant partners is reduced.

#### Training

1. Return to live, face-to-face, hands-on training for first and second year tax preparers on both tax software and law.
2. Experienced tax preparers should have additional face-to-face or webinar training on new or revised tax law and quality review requirements.
3. Make prior year certification tests available as practice tests and allow downloads of individual 'Link and Learn' modules for offline training. The SPEC Relationship Manager can provide the answer key.
4. All VITA/TCE volunteer tax preparers should be certified at the advanced level, with the applicable test administered at the conclusion of the training cycle. Certification only at basic levels limits tax preparer usefulness.

#### Support

1. Embark on an overall review of applicable IRS program activity and business unit budgets for the purpose of adopting a more effective strategy regarding the allocation of resources to VITA/TCE programs.
2. Create a webinar-based tool for training the VITA/TCE trainers. Consider using 'Link and Learn' as the medium.
3. Modify the current Volunteer Hotline to increase its response time to the volunteer preparers' questions.
4. Offer Volunteer Hotline support at the levels delivered in prior 7-8 years. The hotline should be staffed to answer any reasonable tax question, regardless of scope.
5. Operate the hotline from January 15 to October 15 so that VITA/TCE volunteers are able to find answers to frequently asked tax questions for all filing deadlines.
6. Increase, through incentivizing, the number of VITA/TCE sites that remain open year round, even if by appointment only.
7. Schedule VITA/TCE sites to be open at least from Jan 31st through the last day extended filing season, on or about October 15th.
8. Make mandatory an annual meeting in late November or early December between local TAC (or an IRS employee selected by SPEC) and local VITA/TCE managers to coordinate efforts relative to tax preparation and training.
9. Establish a Volunteer Blog so that the TAC and VITA/TCE managers can share information and experiences with TaxWise. Such a website currently exists for IRS VITA/TCE Site Coordinators.
10. Open the VITA/TCE Coordinator website (blog) to all the VITA/TCE volunteer certified tax preparers. Any issues identified should be elevated to the IRM staff for resolution.

Proposed Solution or Task

<b>TAP Issue ID: 33490</b> <b>Elevated Date: 11/14/2016</b>	<b>Committee Name: Toll-Free</b>
<b>Status: TAP Reviewing IRS Response</b>	<b>Outcome:</b>
<b>Title: Toll Free Authentication Retention (AR) Technology</b>	
Issue or Project Statement	The Internal Revenue Service (IRS) should adopt Authentication Retention (AR) technology. This technology will allow taxpayers to provide identifying information to the IRS only once per call to authenticate (or verify) personally identifiable information, thus protecting taxpayer privacy.
Project Goal Statement	AR technology would allow the IRS to actively address the Treasury Inspector General Tax Administration (TIGTA) finding that telephone authentication practices need improvement to prevent unauthorized disclosures. Decreasing the number of times a Customer Service Representative (CSR) has to authenticate callers will reduce taxpayer burden, risk of identity theft/fraud and the overall time a taxpayer spends on the phone with the IRS. Additionally, the CSR would benefit through increased efficiency and reduced error introduction. AR technology would create a seamless taxpayer experience during interactions with assistors and is estimated to benefit more than 31 million callers annually.
Proposed Solution or Task	Based upon approved funding and in support of the IRS request to implement AR, the proposed solution is to : 1) Improve standards to protect taxpayer identity (Authentication) and 2) Use technology to securely transfer callers between CSRs (Authentication Retention). This will replace the current practice of restating, often multiple times, PII. The IRS toll-free telephone lines continue to be the primary means by which taxpayers interact directly with the IRS. AR technology is essential to reinforcing trust. At the same time, where technological challenges interfere with the taxpayer's authentication retention during a telephone call, the caller shall retain the option of speaking directly with the CSR.

TAP Counter Response	<p>IRS Response:</p> <p>Thank you for your concern and recommendation regarding taxpayer authentication.</p> <p>The IRS is always looking for ways to improve our disclosure process. We continue to focus on ways to protect taxpayer data, and make the authentication process as convenient to the customer as possible.</p> <p>Several actions have been taken to implement a standard means for Customer Service Representatives (CSRs) in Accounts Management (AM) to authenticate callers on our toll-free telephone lines.</p> <ol style="list-style-type: none"> <li>1. In October 2009, AM mandated the use of the Integrated Automation Technologies (IAT) Disclosure Tool. The IAT Disclosure tool assists the user in verifying the identity of a caller and determining if the caller is authorized to receive confidential tax information or represent the taxpayer. The IAT tool walks the user through the basic authentication steps per the requirements in IRM 21.1.3.2.3.</li> <li>2. In fiscal year 2011, the IAT Disclosure tool was updated to add a transfer PIN feature that creates a PIN when callers are transferred to another AM CSR to resolve an issue. The caller provides the PIN to the next CSR in lieu of completing the disclosure process after validating their name and Taxpayer Identification Number.</li> <li>3. In 2016, significant updates were made to the IAT tool to include functionality that guides the CSR through additional or high risk authentication (HRA) requirements in IRM 21.1.3.2.4.</li> </ol> <p>Other updates to authentication procedures and to the disclosure tool functionality were made to</p> <ul style="list-style-type: none"> <li>• Eliminate easily guessable questions,</li> <li>• Use questions from more than one data source,</li> <li>• Limit the number of incorrect responses,</li> <li>• Standardize the pass/fail decision by generating the HRA Questions,</li> <li>• Track the response and</li> <li>• Provide the CSR an automated adjudication.</li> </ul>
IRS Final Response	<p>Thank you for your recommendation regarding authentication retention technology.</p> <p>We agree that securely transferring a caller's authentication information/personally identifiable information (PII) between assistors may reduce taxpayer burden and call duration.</p> <p>The IRS is continually exploring opportunities to improve services to our taxpayers. Authentication Retention (AR) technology has been proposed several times as a budget initiative, but has not received funding due to competing priorities.</p> <p>However, in fiscal year 2011, the Integrated Automation Technologies (IAT) disclosure tool was updated to add a transfer Personal Identification Number (PIN) feature that creates a PIN when callers are transferred to another Accounts Management CSR to resolve an issue. The caller provides the PIN to the next CSR in lieu of completing the disclosure process after validating their name and Taxpayer Identification Number.</p>

<b>TAP Issue ID: 33524</b> <b>Elevated Date: 06/30/2016</b>	<b>Committee Name: Toll-Free</b>
<b>Status: TAP Reviewing IRS Response</b>	<b>Outcome:</b>
<b>Title: Toll Free Phone Line Customer Callback (CC) tech</b>	
Issue or Project Statement	Support the Internal Revenue Service (IRS) Mission to install and implement Customer Callback (CC) technology, which will allow taxpayers to choose how to interact with the IRS' toll-free services while waiting to speak with a Customer Service Representative (CSR).
Project Goal Statement	Provide taxpayers with top-quality service, improve technology to accommodate taxpayers and expand services available to taxpayers.
Proposed Solution or Task	<p>Based upon approved funding, and in support of the IRS request to implement CC technology, develop and implement an option for taxpayers to be called back by a CSR in lieu of the current practice of waiting on hold.</p> <p>Customer Callback technology addresses the long wait-time issues and provides a solution to critical taxpayer needs. It coordinates with the future state of changing and expanding services to assist more taxpayers.</p> <p>Use CC technology to:</p> <ol style="list-style-type: none"> <li>1) Evaluate wait-time histories to address staffing needs. This includes: <ol style="list-style-type: none"> <li>a. Incorporating detail about the variation in wait-times associated with different days of the week and times.</li> <li>b. Variation driven by location of assistors, time of year, and volume of calls.</li> </ol> </li> <li>2) Announce to the taxpayer the expected wait-time, using more accurate wait-time estimates.</li> <li>3) Announce the caller's position in the queue.</li> <li>4) Announce to the caller the new position in the queue when that position in the queue changes.</li> <li>5) Announce to the caller the updated wait-time estimate when the position in the queue changes.</li> </ol> <ol style="list-style-type: none"> <li>6) Permit the caller to choose to either: <ol style="list-style-type: none"> <li>a. Continue to hold for a CSR, or</li> <li>b. Establish an appointment for a return call, after authentication, to the caller-specified number by selecting a timeframe and business day convenient to the taxpayer.</li> </ol> </li> <li>7) Permit the caller reaching the toll-free line outside of normal business hours to establish an appointment for a return call, after authentication, to the caller-specified number by selecting a timeframe and business day of convenience to the taxpayer caller.</li> </ol>

<b>TAP Issue ID: 33632</b> <b>Elevated Date: 01/29/2016</b>	<b>Committee Name: TAC</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Excess Demand, Wait Time</b>	

Issue or Project Statement	<p>IRS metrics do not fully measure the extent of unmet demand for service at its Taxpayer Assistance Centers (TACs). TAC Managers report that a significant number of taxpayers seeking face-to-face service at TACs are unmeasured because they have been turned away as a result of closed queues or early TAC location closings. This situation is due to the current level of staffing and resources simply being inadequate to assist all taxpayers wishing assistance on a given day. As a result, the IRS does not have a complete understanding of the total extent of its unmet demand for service at TACs.</p>
Project Goal Statement	<p>The purpose of this referral is to inform and to make suggestions to the IRS so that it can address the above referenced topics, proactively, before these become unsurmountable; create major service obstacles for taxpayers; and intensify dis-satisfaction during the IRS transition to the Appointment Service Model (ASM). The TAP Committee believes that the IRS may not realize how serious the problem of unmet demand is at TAC locations, despite the herculean efforts of the TAC managers and staff.</p>
	<p>One outcome of the transition to an ASM is that TACs may be handling fewer people on a daily basis than under the current drop-in model. In addition, undoubtedly, there will continue to be walk-in traffic to TACs for such requests as making payments, obtaining transcripts, and checking on refunds. Finally, taxpayers presently experience very long wait times in line at TAC locations; the planned ASM will incorporate two chances for waiting – phone time to make appointment and elapsed time before date of appointment. Therefore, the TAP TAC Improvement Committee (the committee) is concerned that moving to appointment-only TAC offices may exacerbate the problems stated above, resulting in even longer lead-times than presently for taxpayers to obtain service and a resolution.</p> <p>The ASM is a major change in the TAC service approach. The committee understands that the ASM is new and that the process is still evolving. However, taxpayers and TAC employees have concerns and confusion about the planned expansion of this model. Consideration of those concerns and the committee's recommendations below as part of the ASM development process will:</p> <ul style="list-style-type: none"> <li>• Ensure that the appointment service functionality is implemented successfully,</li> <li>• Reduce the number of unserved taxpayers on a daily basis, and</li> <li>• Improve the ability of TACs to provide exemplary taxpayer service, satisfaction, and compliance.</li> </ul> <p>Recommendations</p> <ol style="list-style-type: none"> <li>1. The IRS must recognize that excess demand is a widespread issue.</li> </ol> <p>a. Ideally, the IRS will quantify the demand with a pilot study at</p>

<p>Proposed Solution or Task</p>	<p>a. Currently, the IRS will quantify the demand with a pilot study at several busy TACs to count taxpayers who do not receive a Q-matic ticket or who leave before their issue is resolved. The process for the study will depend on the physical layout of the TACs selected for the study.</p> <p>b. Appointment service implementation and staffing plans must incorporate the possibility that TACs will serve fewer taxpayers daily, as compared to the current service model in place. The manner in which TAC managers administer the current queue system affords efficiencies in the use of staff resources. Thus, every possible moment of daily service time is used; this would likely not be the case with an appointment service process.</p> <p>2. The IRS needs to commit to evaluating and resolving the following issues to improve the success of the ASM:</p> <p>a. The IRS should conduct a critical review of service levels in the 2015 appointment pilots to ensure that adequate phone lines and staffing are probable. The success of the ASM depends on prompt telephone service to complete the scheduling. Long waits as currently experienced for other telephone services will derail this system</p> <p>b. The ASM must integrate a priority-scheduling component. TACs need to accommodate taxpayers who have immediate needs in a similar manner as a medical services appointment system operates.</p> <p>c. The IRS must provide sufficient resources to meet walk-in needs at TACs. Thus, it is crucial that the IRS quantify types and amounts of non-appointment services required at each TAC as well as the time and staffing for their handling.</p> <p>d. During the appointment scheduling call, the scheduler should provide taxpayers with information about the visit such as security process, late policies, and cancellation/reschedule procedures. The TAC appointment services segment of the IRS.gov website should also include these facts.</p> <p>3. Improvements in the information maintained at the IRS.gov website that communicates clearly the availability of delivery methods for TAC services is crucial for success of the ASM.</p> <p>4. All TACs should begin to inform taxpayers that installation of an appointment system is in progress and that they need to check IRS.gov before they revisit.</p> <p>5. The IRS should use Volunteer Income Tax Assistance (VITA) and Tax Counseling for Elderly (TCE) sites wherever possible to reduce the burden on the IRS and increase the level of taxpayer services. The TAC committee has submitted referrals with specific recommendations to help accomplish this.</p>
	<p>856. Thank you for identifying uncounted demand at Taxpayer Assistance Centers (TACs) as a widespread issue and submitting recommendations on how the IRS can quantify the excess demand. The IRS appreciates your research and recommendations to benefit both the IRS and the taxpayer.</p> <p>IRS recognized the need to quantify the excess demand and captures this information via Q-Matic and the appointment telephone line. Currently, through the Q-Matic system, the IRS counts the taxpayers who take a ticket, then leave the TAC before the calling of their number. This data along with other data, such as wait times, provide a partial picture of excess demand. Additionally, IRS monitors excess demand via the new appointment model service (ASM). The ASM was piloted in February 2015 and is currently in place in approximately half of our TACs. The IRS is scheduled to have all TAC on ASM by the end of 2016.</p> <p>Through ASM, the IRS monitors the appointment line's level of service. services offered. calls answered. transfers. and abandons.</p>

This data provides IRS with an accurate projection of excess demand, as well as, data on taxpayer ability to resolve issues through telephone or web assistance channels. Also, we are designing a taxpayer expectations survey to be conducted this fiscal year to provide us with current information on taxpayer expectations and service channel choices.

857-860

Thank you for identifying aspects of the Appointment Service Model (ASM) at Taxpayer Assistance Centers (TACs) that IRS needs to commit to evaluating and resolving as we transition to the ASM. The IRS appreciates your research and recommendations to benefit both the IRS and the taxpayer.

A. IRS is committed to reviewing the levels of service (LOS) to ensure adequate phone lines and staffing. We conducted a LOS review during the Pilot of the Appointment Service Model, and continue reviewing LOS as we transition additional TACs to the process. Taxpayers wishing an appointment are asked to call a dedicated line. Assistors are trained to resolve common issues immediately, then provide appointments for those taxpayers who need face to face assistance. The level of service is at 74.3% for the week ending 1/30/2016, with a cumulative level of service for Fiscal Year 2016 of 74.9%. The IRS recognizes that adequate levels of service are necessary to the continued success of this process and reviews them on a weekly basis.

B. The Appointment Service Model includes provision for management to provide immediate, same-day appointments by exception when there is a hardship or other immediate need.

C. The Appointment Service Model includes provision for taxpayers to drop off returns, obtain forms, and make payments without an appointment. TAC managers block time available for assistors to be available for these walk in services, as well as, to have adequate staffing on demand in those cases where taxpayer appointments extend beyond their projected time periods and communicated on IRS.gov. Managers rely on Business Objects reports to review historical data to determine when to expect greater numbers of payments and return drop-offs and schedule accordingly. Large TACs will always have one or two employees available to take care of appointments that run longer than expected time.

D. Accounts management assistors are instructed to provide information to taxpayers when they schedule appointments, including required forms and identification, building security issues, the 15 minute late policy. Rescheduling procedures are discussed with taxpayers at the TAC as needed. IRS agrees the TAC appointment services segment of the IRS.gov website should include the above facts and will update accordingly.

A communications plan has been designed, to include continued improvements to our website as well as signage, external media and internal information dissemination. The communications plan includes initial outreach before each location begins appointment services, as well as, continued media outreach as need indicates and continued signage. We welcome any recommendations to improve these plans.

<b>TAP Issue ID: 33689</b> <b>Elevated Date: 01/26/2016</b>	<b>Committee Name: TAC</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: Limitations on Volunteer Tax Assistance Programs H</b>	

Issue or Project Statement	<p>The IRS eliminated tax preparation services at Taxpayer Assistance Centers (TAC) in FY 2014 and now redirects taxpayers needing tax preparation services to external partners. At the same time, it has established limits on these services, including placing “out of scope” constraints that prevent external partners from maximizing benefits provided to the targeted group; a population comprised of the low income taxpayers, disabled, elderly, and other underserved individuals with limited resources to meet their reporting obligations and comply with the tax laws.</p>
Project Goal Statement	<p>To improve voluntary compliance, there is a vital need to expand the scope of free tax preparation assistance to unburden taxpayers currently unable to use these programs and who must now seek costly, paid assistance and run the risk of encountering unqualified or unscrupulous preparers. Expanding the program’s reach will help support the IRS’ Taxpayer Bill of Rights, which promises the right to be informed, the right to quality service and the right to pay no more than the correct amount of tax.</p>
	<p>Although two-thirds of current VITA/TCE eligible taxpayers are Form 1040 wage earners, many sites could assist more taxpayers by adding services for the other third. These services would include help for taxpayers needing to file prior year returns and amended returns, self employed individuals, taxpayers needing to apply for an Individual Taxpayer Identification Number (Form W-7), and a small number of low to moderate income independent truck operators needing to file annual tax returns to continue to operate their vehicles.</p> <p>In proposals submitted to the IRS earlier in the year, this TAP Committee recommended ways the IRS could increase opportunities for volunteerism, training, support, and assistance for its VITA and TCE partner sites. In this proposal, the Committee takes the additional step to recommend expanding the litany of tax services offered to this group of taxpayers. Changing its policy in this manner will enable the IRS and its partners to substantially expand the number of underserved taxpayers that can be helped.</p> <p>The following changes are recommended:</p> <ol style="list-style-type: none"> <li>1. Expand the scope of the VITA/TCE program to allow: <ol style="list-style-type: none"> <li>a. Preparation of tax returns with Schedule C deductions for home offices, and increased business expense levels,</li> <li>b. Preparation of tax returns with student loan debt cancellation due to disability,</li> <li>c. Preparation of tax returns with unreimbursed employee expenses (Form 2106).</li> </ol> </li> <li>2. Allow and support the training of volunteer Acceptance Agents or Certified Acceptance Agents.</li> <li>3. Modify the software to add the capability to electronically file amended returns (Form 1040X).</li> <li>4. Permit VITA/TCE sites to prepare Form 2290 – Heavy Highway</li> </ol>

Vehicle Use.

5. Encourage the expansion of year round partner sites.

Discussion

The VITA/TCE grant programs are currently restricted to specific tax forms, schedules and issues as outlined in its "in scope" document for VITA/TCE. This is so even though tax professionals are credentialed and on hand to accommodate taxpayers who are in need of additional recommended services. These volunteers are authorized to practice before the IRS and include attorneys, CPAs, and Enrolled Agents. Training of volunteers who have achieved advanced levels could be further enhanced by these tax professionals serving as instructors or, if necessary, by limiting the expansion of such services to these individuals.

The following comments provide support for the individual recommendations shown above:

1a. Allow preparation of tax returns with Schedule C deductions for home offices and increased business expense levels  
Each year, over twenty million taxpayers file a Schedule C. Of those, over half (60%) have adjusted gross incomes under \$50,000 and for nearly one-quarter (23%), that self-employment net profit results in an Earned Income Tax Credit. Even though a significant share of Schedule C filers report incomes that fall within VITA/TCE program scope, most are not eligible to access this important service because many Schedule C forms are out of scope for VITA/TCE. There is significant demand for this service from low-income, self-employed businesspeople and many free tax assistance partners are capable of providing quality service for more of these taxpayers.

The current scope of the VITA / TCE program does not allow for the preparation of returns with more than \$10,000 in deductions on Schedule C – Business Income. This Committee believes that this level is too low and recommends that it should be raised to \$25,000 .

For example: A self-employed small business owner using a vehicle for deliveries or as a taxi cab could incur deductible expenses of \$10,000 for mileage by recording 17,400 miles per year or 1,450 miles per month at the current vehicle mileage rate of 57.5 cents per mile. In addition to the standard mileage deduction, this small business would also likely incur other expenses which would further increase the amount of business expense. In this scenario, the tax return for this small business would be outside of the current scope of the VITA / TCE program.

The current scope of the VITA / TCE program requires that Schedule C – Business Income deductions follow the criteria of Schedule C-EZ. Deductions for the business use of the taxpayer's home are not allowed on Schedule C-EZ. The Committee believes that this provision denies the small business owner of a reasonable

that this provision denies the small business owner of a reasonable deduction and, as such, the business owner seeking free tax preparation assistance will not be able to pay no more than the correct amount of tax.

The Committee recommends that limited deductions for the use of the taxpayer's home be allowed for returns prepared under the VITA / TCE program. The Committee recommends the optional safe harbor method as outlined in Revenue Procedure 2013-13 be allowed for Schedule C returns. In general, the method outlined in Rev. Proc. 2013-13 allows for deductible home office expenses to be calculated by multiplying the allowable square footage used for the business, up to a maximum of 300 square feet, by a prescribed rate (currently \$5.00 per square foot).

1b. Allow preparation of tax returns with student loan debt cancellation due to disability Cancellation of Debt is currently within scope for VITA/TCE partners only to the extent of non-business credit card debt, only if the taxpayer was not insolvent immediately before the cancellation. VITA/TCE partners are already required to assess insolvency using an existing worksheet prior to determining whether or not the matter is in scope.

One of the more difficult circumstances that VITA/TCE partners encounter involves having to turn away, as out of scope, a taxpayer who has received a Form 1099-C involving a forgiven student loan debt and who is totally and permanently disabled. Often, these individuals cannot afford the professional tax assistance needed to establish exclusion of such income and thus run the risk of incurring a large tax liability that, in many cases, they may not owe. TAP believes that under these unique circumstances and with proper training and certification, these situations should be in scope for the VITA/TCE program.

1c. Allow preparation of tax returns with unreimbursed employee expenses (Form 2106)

A substantial portion of the taxpayers who are eligible for VITA/TCE tax preparation services are wage earners. A portion of these taxpayers incur business expenses which are ordinary and necessary to their job and are not reimbursed by their employer, such as using their personal vehicle to perform their job. Under current guidelines this very common type of situation is out of scope for VITA/TCE programs.

Publication 463 Travel, Entertainment, Gift, and Car Expenses and Publication 529, Miscellaneous Deductions, are both well-written guides and provide detailed explanations of business related expenses that could form the basis of training material for VITA/ TCE tax preparers to become adequately trained and knowledgeable in the preparation of Form 2106-EZ. Curiously, both of these IRS publications, which focus on reporting expenses using Form 2106/Form 2106-EZ, include references on to how to get tax help through VITA and TCE programs.

The TAP Committee believes that allowing VITA/TCE to prepare returns that meet the guidelines of Form 2106-EZ, Unreimbursed Business Expenses, will provide grant partners with greater access to more low income taxpayers. In doing so, the IRS may wish to limit the in-scope application of the Form 2106-EZ to exclude some items includable on line 4, Form 2106-EZ, which are otherwise out of scope for grant partners, such as expenses associated with depreciation, amortization, and casualty loss. Business use of the employee's home must be for the convenience of the employer.

Expanding the scope of VITA/TCE site services to wage earners with certain unreimbursed business expenses will help bridge the gap for many low income workers who are eligible to deduct these expenses paid or incurred during the tax year.

2. Allow and support the training of volunteer Acceptance Agents or Certified Acceptance Agents

Acceptance Agents (AAs) and Certified Acceptance Agents (CAAs) play an important role in assisting taxpayers who have a filing requirement but are not eligible to obtain a social security number. Current VITA/TCE guidelines allow taxpayers who do not already have an ITIN to have their returns prepared by creating a temporary ITIN and include the separate Form W-7 application. The taxpayer is then instructed to either mail the completed Form W-7 and original documents or take the application and all necessary documents to a local TAC office. Having an AA or CAA at the tax preparation site to assist in completing the application, reviewing, and verifying the information and, in the case of a CAA, authenticating the documents would assist the taxpayer in meeting his or her filing obligations while relieving the IRS of the potentially protracted face to face interview as part of the authorization process at a designated TAC.

The TAP Committee recognizes that the services of an AA or CAA are not allowed under current VITA/TCE grant guidelines and program parameters would need to be changed. In addition, unless otherwise agreed to under the partner agreement, no fee for such services would be permitted.

3. Modify the software to add the capability to electronically file amended returns (Form 1040X)

The IRS receives approximately five million amended income tax returns each year. Although that figure represents less than 5% of the total of individual income tax returns received, 88% of the original individual income tax returns are e-filed. By contrast, amended tax returns that the IRS receives cannot be e-filed. Although the IRS has plans to enable Forms 1040X to be e-filed, to date that objective has not been achieved. The requirement to file current year amended tax returns via paper presents a particularly vexing problem for VITA/TCE partners as its clients are often confused about the process and the timing of when to file amended returns in relation to the original return filing. Modifying IRS approved software to enable VITA/TCE partners to electronically file Forms 1040X would ameliorate those concerns by ensuring that the electronic return originator (ERO) receives acknowledgement that the original and amended returns have been accepted and processing can proceed with fewer errors.

4. Permit VITA/TCE sites to prepare Form 2290 – Heavy Highway Vehicle Use

the VITA/TCE programs. The VITA/TCE programs operate in over 12,000 sites and currently encompass over 50 tax forms. The TAP Committee believes future contracts should include the Form 2290 as part of any software programming contract for the VITA program. Doing so would open VITA locations to truckers for the preparation and electronic filing of Form CCH Small Firm Services (SFS) currently holds the contract as the software provider for volunteer programs to prepare and electronically file tax returns for millions of low-income, elderly, and limited-English proficient

	<p>taxpayers under 2290. Two-thirds of filers of Form 2290 are single vehicle owners whose low to moderate incomes fit the parameters for the VITA/TCE program.</p> <p>Though most sites close after April 15, some portion remains open through the height of the Form 2290 filing period which is the July/August period. The IRS continues to promote the need for sites to remain open longer. It should also be noted that the TAP Committee recommends more VITA/TCE sites remain open year round as discussed below.</p> <p>6. Encourage the expansion of year round partner sites The IRS says it supports and encourages sites to remain open year round. At last count, very few of the 12,319 sites are open after April 15. For example, within a 100-mile radius of New York City, an area comprised of over 30 million residents and with hundreds of VITA/TCE sites available during the filing season, only four sites remain open year round. Increasing the number of sites open year round is critical to enable taxpayers with valid extensions, prior year returns, and amended tax returns to comply with their filing obligations.</p> <p>One suggestion is to provide monetary incentives in the form of additional grant funds to programs that are willing to remain open year round. Another option is to award credits (e.g., points) in scoring those grant applications that include year round services.</p>
Proposed Solution or Task	<p>861. The IRS partially accepts this recommendation:</p> <ul style="list-style-type: none"> <li>• IRS initiated a Schedule C pilot to determine the effectiveness of allowing tax law issues or topics relating to small business owners into the VITA/TCE program. Under this pilot, participating sites were allowed to prepare Schedule C returns with expenses up to \$25,000. (Josiah wants to know if that the public was notified by advertisement in 2016)</li> <li>• Based on IRS findings, it was determined that the demand for the Schedule C returns falling within the expanded parameters including business use of home expense were very low at the pilot sites.</li> <li>• Pilot data showed that under the traditional Schedule C parameters, about 2.8 million taxpayers qualify for VITA/TCE tax return preparation assistance; however, an additional 1.3 million taxpayers would qualify for free tax preparation at VITA/TCE sites based on the expansion of the total expense limit to \$25,000.</li> <li>• In an effort to expand services and increase voluntary compliance, beginning with the 2016 filing season, IRS increased its scope to allow all volunteer sites to prepare returns with Schedule C expenses up to \$25,000. However, the scope for allowable expense type is limited to Schedule C-EZ criteria.</li> <li>• However, the IRS is not in agreement with the recommendation to allow preparation of tax returns with student loan debt cancellation due to disability. Insolvency is a complex topic that would requires specialized training.</li> <li>• Lastly, the IRS has considered your request to add Form 2106-EZ as an in scope topic for all VITA/TCE sites. However, IRS has determined that Form 2106-EZ will remain an in scope topic for Military certification only. ( Can they prepare the 2106- is they have military certification at the VITA site; Can you fill out the 2106-EZ for military or anyone)</li> </ul>

or primary of anyone)

- Both of the above tax law topics (student loan debt cancellation and Form 2106-EZ) impact a limited number of VITA/TCE clients. Therefore, due to limited resources, the benefit of serving a minimal number of taxpayers is outweighed by the additional volunteer burden.

862. The IRS resolved this recommendation prior to the TAP evaluation.

The IRS encourages its VITA/TCE partners with high Limited English Proficiency populations to become Certifying Acceptance Agents (CAA).

IRS partners interested in becoming CAAs must meet the established requirements. Such as:

- Have a valid Employer Identification Number.
- Be an established VITA/TCE site with two or more years of experience.
- Responsible Officer must be a permanent employee, at least 18 years of age.
- Responsible Officer must be a legal resident of the U.S.
- Organization and designated employee must pass a tax compliance check and be current in filing and paying any tax liability.

In addition, the IRS is currently conducting a CAA Referral Pilot in Northern California, New York and Chicago. The pilot provides eligible taxpayers with a mechanism to have primary and secondary identification documents authenticated within the community by re-directing traffic from local Taxpayer Assistance Centers to VITA/TCE sites.

Lastly, points are awarded to VITA Grant applicants that participate in the CAA program.

We want clarification??

863. The IRS is not in agreement with this recommendation for the following reasons:

- The IRS has not programmed its system to allow electronic filing of Form 1040X, Amended Return.
- The electronic software provided to VITA/TCE sites is programmed to meet system specifications established by the IRS.

Lastly, in October 2014, the IRS updated its policy to allow VITA/TCE sites to prepare amended returns for all taxpayers as long as the taxpayer has the original filed tax return or an IRS transcript for the original return. In prior years, amended returns could only be prepared if the site prepared and filed the taxpayer's original return.

- SME Requests for Form 1040X, Amended R Form 1040X, Amended Return. Overall

864. IRS Response Detail:

The IRS is not in agreement with this recommendation for the following reasons:

- Form 2290 is not in scope for the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs.

<p>IRS Initial Response</p>	<ul style="list-style-type: none"> <li>• Form 2290 is a business return and there are no IRS provisions that allow free filing of Business Master File (BMF) returns.</li> <li>• Form 2290 often requires a payment at the time of filing. For security purposes, VITA/TCE sites do not accept payments on site.</li> <li>• Due to the complexities of incorporating Form 2290 into the free tax return preparation programs, it is not in the best interest of the IRS to make Form 2290 as “in scope” for tax preparation or to incorporate software programming of Form 2290 into the VITA/TCE program.</li> </ul> <p>Lastly, regarding year round services, partners determine the availability of services based on demand and resources</p> <p>865. The IRS partially accepts this recommendation.</p> <p>Beginning in 2016, the IRS will award points during technical ranking of grant applications for organizations that propose sites that are open year-round.</p> <p>However, it is not reasonable to expect the number of year-round sites to equal those open earlier in the year. Demand for the services and availability of resources to meet this demand varies greatly across the country and among our partners.</p> <p>Additionally, it is important to note that taxpayers not served by VITA and TCE have an option to utilize free self-preparation software available through our public-private partnership with the Free File Alliance. Approximately 70% of all taxpayers qualify to use brand-name software to prepare and file their tax returns for free.</p>
	<p>861. The IRS partially accepts this recommendation:</p> <ul style="list-style-type: none"> <li>• IRS initiated a Schedule C pilot to determine the effectiveness of allowing tax law issues or topics relating to small business owners into the VITA/TCE program. Under this pilot, participating sites were allowed to prepare Schedule C returns with expenses up to \$25,000. (Josiah wants to know if that the public was notified by advertisement in 2016)</li> <li>• Based on IRS findings, it was determined that the demand for the Schedule C returns falling within the expanded parameters including business use of home expense were very low at the pilot sites.</li> <li>• Pilot data showed that under the traditional Schedule C parameters, about 2.8 million taxpayers qualify for VITA/TCE tax return preparation assistance; however, an additional 1.3 million taxpayers would qualify for free tax preparation at VITA/TCE sites based on the expansion of the total expense limit to \$25,000.</li> <li>• In an effort to expand services and increase voluntary compliance, beginning with the 2016 filing season, IRS increased its scope to allow all volunteer sites to prepare returns with Schedule C expenses up to \$25,000. However, the scope for allowable expense type is limited to Schedule C-EZ criteria.</li> <li>• However, the IRS is not in agreement with the recommendation to allow preparation of tax returns with student loan debt cancellation due to disability. Insolvency is a complex topic that would requires</li> </ul>

specialized training.

- Lastly, the IRS has considered your request to add Form 2106-EZ as an in scope topic for all VITA/TCE sites. However, IRS has determined that Form 2106-EZ will remain an in scope topic for Military certification only. ( Can they prepare the 2106- is they have military certification at the VITA site; Can you fill out the 2106-EZ for military or anyone)

- Both of the above tax law topics (student loan debt cancellation and Form 2106-EZ) impact a limited number of VITA/TCE clients. Therefore, due to limited resources, the benefit of serving a minimal number of taxpayers is outweighed by the additional volunteer burden.

862. The IRS resolved this recommendation prior to the TAP evaluation.

The IRS encourages its VITA/TCE partners with high Limited English Proficiency populations to become Certifying Acceptance Agents (CAA).

IRS partners interested in becoming CAAs must meet the established requirements. Such as:

- Have a valid Employer Identification Number.
- Be an established VITA/TCE site with two or more years of experience.
- Responsible Officer must be a permanent employee, at least 18 years of age.
- Responsible Officer must be a legal resident of the U.S.
- Organization and designated employee must pass a tax compliance check and be current in filing and paying any tax liability.

In addition, the IRS is currently conducting a CAA Referral Pilot in Northern California, New York and Chicago. The pilot provides eligible taxpayers with a mechanism to have primary and secondary identification documents authenticated within the community by re-directing traffic from local Taxpayer Assistance Centers to VITA/TCE sites.

Lastly, points are awarded to VITA Grant applicants that participate in the CAA program.

We want clarification??

863. The IRS is not in agreement with this recommendation for the following reasons:

- The IRS has not programmed its system to allow electronic filing of Form 1040X, Amended Return.
- The electronic software provided to VITA/TCE sites is programmed to meet system specifications established by the IRS.

Lastly, in October 2014, the IRS updated its policy to allow VITA/TCE sites to prepare amended returns for all taxpayers as long as the taxpayer has the original filed tax return or an IRS transcript for the original return. In prior years, amended returns could only be prepared if the site prepared and filed the taxpayer's original return.

- SME Requests for Form 1040X, Amended R Form 1040X, Amended Return. Overall

864. IRS Response Detail:

865. The IRS Response Detail:

The IRS is not in agreement with this recommendation for the following reasons:

- Form 2290 is not in scope for the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs.
- Form 2290 is a business return and there are no IRS provisions that allow free filing of Business Master File (BMF) returns.
- Form 2290 often requires a payment at the time of filing. For security purposes, VITA/TCE sites do not accept payments on site.
- Due to the complexities of incorporating Form 2290 into the free tax return preparation programs, it is not in the best interest of the IRS to make Form 2290 as “in scope” for tax preparation or to incorporate software programming of Form 2290 into the VITA/TCE program.

Lastly, regarding year round services, partners determine the availability of services based on demand and resources

865. The IRS partially accepts this recommendation.

Beginning in 2016, the IRS will award points during technical ranking of grant applications for organizations that propose sites that are open year-round.

However, it is not reasonable to expect the number of year-round sites to equal those open earlier in the year. Demand for the services and availability of resources to meet this demand varies greatly across the country and among our partners.

Additionally, it is important to note that taxpayers not served by VITA and TCE have an option to utilize free self-preparation software available through our public-private partnership with the Free File Alliance. Approximately 70% of all taxpayers qualify to use brand-name software to prepare and file their tax returns for free.

IRS Final Response

<b>TAP Issue ID: 34106</b> <b>Elevated Date: 10/20/2016</b>	<b>Committee Name: Taxpayer Communications</b>
<b>Status: Closed</b>	<b>Outcome: Project/Assignment Completed</b>
<b>Title: ITINS-Refundable Credits</b>	
Issue or Project Statement	Project Statement:  Small Business/Self Employed (SB/SE) requested a review of the requirements and need for various publications currently sent out by Exam with Field and Campus letters, and to determine if the Service has an opportunity to reduce mailing and printing costs. The documents of most interest include Publication 1, Your Rights as a Taxpayer (sometimes referred to as TBOR or Taxpayer Bill of Rights), Publication 3498, The Examination Process, and Publication 3498-A, The Examination Process (Audits by Mail).
Project Goal Statement	Goal Statement:  Communicate concerns and provide feedback about the potential impact on taxpayers if the Service eliminates printed attachments; and explore alternative means (i.e. IRS.gov or revised letters) of communicating information if Exam no longer prints/provides all publications in hard copy.

Proposed Solutions:

1. Reformat the primary publications sent to taxpayers when an audit is initiated with the objective of putting the most critical information early in the publications. For example, use the first page of Publications 3498 and 3498-A to stress the importance of responding to IRS correspondence to avoid other statutory action being taken. This information is currently on page eight of Publication 3498.
2. Consider if it is possible to shorten the audit-related publications from the current eight pages so that taxpayers might be more likely to take the time to read them. For example, a table of contents seems unnecessary in an eight-page document. Also, because Publication 1 is required to be sent at the start of an audit, perhaps the duplication of information about a taxpayer's rights could be removed from the audit-related publications. These two changes would free an entire page for additional audit related information.
3. When a properly completed and submitted Form 2848, Power of Attorney and Declaration of Representative (POA) is on file, eliminate the administrative requirement to send both the taxpayer and the practitioner the same attachments with correspondence. Presumably practitioners have access to, or are aware of, the various publications included with these duplicate mailings. A modification to the letter or form indicating that actual copies of publications sent to taxpayers are not also sent to practitioners should minimize the required inventory of included publications.
4. Consider whether Section 4.10.8.1.2 (09-12-2014) of the Internal Revenue Manual can be modified to eliminate the requirement that Publications 1, 3498, and 3498-A be provided more than once during the audit process. Consider modifying subsequent correspondence to include a reference or link to the attachments or publications that were sent initially at the beginning of the audit process, or provide information on how to access those attachments or publications on IRS.gov.
5. The reverse side of Publication 1, Your Rights as a Taxpayer, provides information about "Examinations, Appeals, Collections, and Refunds". Some of the information on the reverse side is included in Publication 3498 and Publication 3498-A, but there is also some information on the reverse side that does not appear to be included in either publication. If proposed recommendation 2 above were to be implemented, there would be space to include this additional information from Publication 1 in both audit-based publications without increasing the size of either.
6. Modify or change the landing page for the audit process from <https://www.irs.gov/Businesses/Small-Businesses-%26-Self-Employed/IRS-Audits> to a more user-friendly format.
7. Consider the Committee comments regarding possible changes or modifications to Publication 3498 (Rev 11-2004) which is currently being revised. Those Committee comments are included as Attachment 1 to this referral. In the alternative, at some date prior to final publication, provide the TCC the opportunity to review and comment on the final draft of the revised and updated Publication 3498.

Proposed Solution or Task



<b>TAP Issue ID: 34179</b> <b>Elevated Date: 10/14/2016</b>	<b>Committee Name: Notice &amp; Correspondence</b>
<b>Status: Elevated to IRS</b> <b>Awaiting Response</b>	<b>Outcome:</b>
<b>Title: Combined Annual Wage Report (CAWR) Letters Review</b>	
Issue or Project Statement	<p>The IRS Small Business/Self-Employed (SB/SE) Division asked TAP Notices &amp; Correspondence Committee, "Be Informed" Subcommittee, ("the Committee") to review the following correspondence letters:</p> <ul style="list-style-type: none"> <li>• 0098c, Wage Discrepancy per SSA; Information/Verification Requested;</li> <li>• 0099c, Letter of Employment Tax Problem (CAWR); and</li> <li>• 2057c, Wage Discrepancy; Information/Verification Requested from a self-employed or business taxpayer's point of view.</li> </ul> <p>The committee has accepted the following tasks:</p> <ol style="list-style-type: none"> <li>(1) Assess whether the letters clearly convey the intended message.</li> <li>(2) Make recommendations to increase their effectiveness.</li> </ol>
Project Goal Statement	<p>Improve taxpayer customer service for Combined Annual Wage Report (CAWR) program for the Memphis and Philadelphia Service Centers.</p> <ol style="list-style-type: none"> <li>1. Review the 98C, 99C, and 2057C IRS Letters and suggest changes to improve clarity for taxpayers.</li> <li>2. Educate employers and payroll agents regarding preparing quarterly payroll tax forms and filing annual Forms W-2, Wage and Income Statement timely.</li> </ol>

Please see Exhibits A, B, and C (for letters 009C, 0099C, and 2057C respectively), regarding recommendations regarding language, format, and paragraph order.

The committee has the following general suggestions:

1. Recommended changes begin after the “Dear Taxpayer” Salutation line, as no changes are allowed by the IRS to the header sections.

2. The comments are ordered to match the sections of the letter templates.

3. All suggested wording is italicized in order to distinguish it from the committee’s instructions regarding content or format.

4. Any headings should be left-justified and in bold font.

5. If possible, rather than referencing letter dates, which may be confusing to the taxpayer, the IRS should consider assigning a Reference # to be used for all correspondence on the same matter in the same tax year.

6. Refer taxpayer to various SB/SE business resources at IRS.gov below the closing section of the letter.

a. Introduce this section with a heading such as Additional References and Resources.

b. Reference links only to the Publication 3498-A and the Taxpayer Bill of Rights document, so as not to deluge the TP with any more paper than necessary, due to the complexity of the matter being addressed by this letter.

c. Social Security Administration, Employer Reconciliation Process, <https://www.ssa.gov/employer/recon/recon.htm>

d. IRS, Combined Annual Wage Reporting Missing Form W-2 Inquiries, <https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Combined-Annual-Wage-Reporting-Missing-Form-W-2-Inquiries> for issues with forms filed with SSA.

e. See link <https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Combined-Annual-Wage-Reporting-Employment-Tax-Problem-Inquiries> for issues with forms filed with IRS.

f. See link: <https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Small-Business-and-Self-Employed-Tax-Center-1>. Useful titles at this site are:

i. Employer’s Tax Guide, Pub 15, Circular E

ii. Employment Taxes

iii. IRS Video Portal

Proposed Solution or Task

<b>TAP Issue ID: 35056</b> <b>Elevated Date: 12/03/2016</b>	<b>Committee Name: Toll-Free</b>
<b>Status: TAP Reviewing IRS Response</b>	<b>Outcome:</b>
<b>Title: Toll Free Lines PSA Project</b>	
Issue Statement	<p>Many taxpayers are not informed of the latest IRS news or new initiatives when calling into the IRS. Considering the time taxpayers spend on hold, this could be a valuable opportunity to educate taxpayers on available IRS services.</p> <p>Feedback from the general public points to the benefit of Public Service Announcements (PSA) when being put on hold while calling in to various business enterprises. Feedback from the National Taxpayer Advocate public forums has been positive in regards to the addition of PSAs.</p>
Goal Statement	<p>Taxpayers hear the same music selection when calling in on IRS Toll Free lines and being placed on hold. This could be an opportunity for taxpayers to choose to learn about different services available to them while they are on hold, making better, and more productive, use of their time. The PSAs will provide information to the taxpayer and may help reduce their need to reach an assistor. The PSA also presents the opportunity for the IRS to better leverage limited assets and human resources.</p>
Proposed Solution	<p>1. Give taxpayers the option to listen to a PSA instead of listening to music while they are on hold, such as:</p> <ul style="list-style-type: none"> <li>• Listen to information on latest identity theft scams.</li> <li>• Listen to information about appeals process.</li> <li>• Learn how to apply for penalty abatements.</li> <li>• Learn more about how the Taxpayer Advocate Service assists taxpayers in resolving problems with the IRS.</li> <li>• Learn how to set up an appointment at the Taxpayer Assistance Center (TAC).</li> <li>• Learn about the Earned Income Tax Credit (EITC) eligibility, requirements and benefits.</li> <li>• Get information on IRS Free File, VITA, and other methods of free tax preparation.</li> <li>• Learn about Low Income Tax Clinics (LITC).</li> <li>• Getting information on irs.gov about; tax refunds, amended returns, changing your address with IRS, online payment options, tuition credits, IRS publications.</li> <li>• What is the Taxpayer Advocacy Panel (TAP) and how can you become involved?</li> </ul> <p>We are presenting these above PSA topics as an example. TAP is available to assist with developing, writing, and reviewing the recommended PSAs, if adopted.</p>