



# **2005 Annual Report**

## Mission Statement

The Taxpayer Advocacy Panel listens to taxpayers, identifies taxpayers' issues, and makes recommendations for improving IRS service and customer satisfaction.

## Message from the Taxpayer Advocacy Panel

The 2004-05 year was a transition year for the Taxpayer Advocacy Panel (TAP). More than half the members in attendance at the TAP Annual Meeting held in November of 2004 were newly appointed. TAP members also elected a new Chair and Vice Chair at the Annual Meeting and, over the course of the year, new chairs took the reins of the majority of TAP's area committees (which represent specific geographic areas) and issue committees (which address specific issues identified by the IRS). In addition, three issue committees were consolidated into one, a new issue committee was established, and five area committees were realigned. Integrating new members into committees and managing the larger numbers were initial priorities.

Despite increasingly strained IRS staff and budget resources to support a large and spirited group of volunteers, the combination of experience, fresh perspectives, and new energy enabled TAP to respond to these challenges creatively. This year saw the creation of a new Communication Committee, which was assigned primarily to address the issue that TAP is relatively unknown to taxpayers, practitioners, and IRS employees. The Communication Committee contributed to expanding outreach and marketing activities to generate grassroots ideas about how to improve taxpayer services for TAP to research and recommend to IRS program managers. The TAP leadership also pursued an ambitious agenda of administrative action, drawing on lessons learned from experience to improve member orientation and training, recruitment and appointment of new members, outreach and marketing to the public, internal communications, research and documentation of recommendations, and follow-up on recommendations submitted to the IRS.

This year, TAP's area and issue committees generated 73 sets of recommendations for improved taxpayer service to IRS program managers. TAP also advocated for taxpayers in some new ways this year:

First, TAP representatives communicated directly with the Commissioner of Internal Revenue: wrote him, met with him, and arranged for regular meetings with him in the future. Another new advocacy activity for TAP this year was for TAP representatives to give grassroots input to an audit conducted by the Treasury Inspector General for Tax Administration assessing the methodology used by the IRS to target walk-in centers for closure. Another opportunity for advocacy that emerged this year was TAP participation in IRS development of a 5-year service strategy, called the Taxpayer Assistance Blueprint, under the auspices of Director of Customer Assistance, Relationships, and Education Mark Pursley. The Blueprint will establish an operational roadmap for customer

## Message from the Panel

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service for presentation to Congress. TAP was at the top of the list of stakeholder groups from which the IRS formally solicited input to assess current taxpayer needs, preferences, and priorities for the 5-year strategic plan. By providing extensive written comments, TAP members took advantage of what was perhaps our best opportunity yet to advocate for long-term improvements in taxpayer service and customer satisfaction.

Change at the IRS does not come easy or fast, and there have been frustrations. It is disappointing to TAP members that IRS responses to TAP recommendations are often long delayed and sometimes cursory and that the IRS has so rarely publicly acknowledged TAP's efforts and contributions. However, communication between TAP and the IRS is improving. Although the IRS has not made all the changes we have suggested, TAP has made a real difference, as the descriptions of TAP's recommendations and the IRS responses presented in this report show.

Gwen Thayer Handelman  
TAP Chair

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## Preface

The Internal Revenue Service (IRS) provides a range of services to help people understand their tax obligations and make it easier to participate in the tax system. The Taxpayer Advocacy Panel (TAP) was established to improve IRS responsiveness to taxpayer needs and to provide pre-decisional input on key program changes that impact customer service. TAP is an independent advisory group, established in conformance with the Federal Advisory Committee Act (FACA), with volunteer members from all over the country appointed by the Secretary of the Treasury to represent their states, the District of Columbia, and Puerto Rico.

TAP was created in 2002, replacing four Citizen Advocacy Panels that had represented a total of only ten states. In response to a review of IRS advisory committees, Treasury recommended nationwide expansion of the Citizen Advocacy Panels and the new name. Although TAP is constituted as an independent advisory committee, the Department of the Treasury, IRS, and National Taxpayer Advocate oversee TAP, and the Taxpayer Advocate Service (TAS) provides the funds and technological, administrative, and clerical support essential to accomplish TAP's objectives. It has been necessary to amend the original TAP charter to reflect new realities such as the changing number and size of TAP's committees and extension of the terms from two to three years. Nevertheless, the basic structure and operating policies remain much the same as originally designed.

TAP's primary functions are to solicit grassroots issues and formulate recommendations for improving IRS service to taxpayers. TAP both channels grassroots issues to the IRS employees charged with directing particular programs (program owners) and also responds to requests from program owners for pre-decisional grassroots input on IRS strategic initiatives. To fulfill TAP's dual roles, each TAP member serves on one of seven geographically-based "area committees" and also on an "issue committee." Area committees are listening posts to capture grassroots issues from taxpayers and forward them to IRS program owners. Issue committees allow TAP members to provide feedback directly to program owners on issues identified as strategic initiatives by the Wage and Investment (W&I) Operating Division, which has responsibility for individual taxpayers, or the Small Business/Self-Employed (SB/SE) Operating Division. Each area and issue committee selects a chair, who, along with the TAP Chair and Vice Chair who are elected by the entire TAP membership, make up the Joint Committee. The Joint Committee was established to act as a management and administrative body.

The TAP charter requires that TAP annually provide to the Secretary of the Treasury, the Commissioner of Internal Revenue, and the National Taxpayer Advocate a written description of TAP's objectives and a self-assessment of TAP work relative to its objectives. This report assesses TAP's activities and accomplishments relative to the following objectives:

- Provide the opportunity for citizens to participate in the improvement of both the United States tax administration system and the organization of the IRS
- Serve as a conduit for grassroots input to help the IRS improve responsiveness to taxpayer needs
- Act as a sounding board for the IRS to help monitor the quality of taxpayer service
- Be a valuable partner to the IRS
- Provide an effective forum for direct citizen input into IRS programs and procedures

This report continues the record of TAP activities and accomplishments provided in the TAP Annual Reports for the 2003 and 2004 fiscal years. TAP's fiscal year runs from October 1 to September 30. However, as a practical matter, TAP's operational year runs from Annual Meeting to Annual Meeting. TAP member work for each year does not begin in earnest until after the TAP Annual Meeting when the most recently appointed members are provided orientation, the TAP leadership – TAP Chair and Vice Chair and committee chairs – are elected, and the committee structure for the year is established. TAP members generally devote the weeks between the end of the prior fiscal year and the Annual Meeting for the new year to closing out activities for the prior year and very little substantive work is attempted. Thus, this report extends the record beyond the end of the 2005 fiscal year to December 31, 2005, because the TAP Annual Meeting was postponed from November 2005 to January 2006.

### I. Executive Summary

In the 2004-05 year, TAP area and issue committees generated 73 new recommendations to the IRS. Area Committees produced more recommendations than last year, and they were better researched and reasoned and more clearly and persuasively articulated, at least in part due to increased Joint Committee scrutiny and guidance. With fewer issue committees working on IRS issues, issue committee recommendations to the IRS declined. However, a new issue committee worked very productively with the TAP Director and Joint Committee on TAP communication issues. In addition, the Joint Committee was very active this year speaking on behalf of the TAP membership.

TAP's record of accomplishments in 2004-05 year is remarkable as numerous challenges reduced TAP's productive capacity. First, TAP operated at full strength for only nine months. The functioning of many TAP committees also was disrupted when a number of TAP members were required to transfer from one area committee to another due to realignment of the TAS regions and three issue committees were consolidated into one committee, swelling the size of issue committees. The situation was ameliorated in February after the TAP Director proposed creation of a new Communication Committee and volunteers from other issue committees were reassigned to the new committee.

In addition, after being advised at the Annual Meeting in November 2004 to plan for two face-to-face meetings, committees were informed in January 2005 that TAP's travel budget could accommodate only one face-to-face meeting per committee. In the 2003-04 year, requests by half of the committees for a second face-to-face meeting were funded. In 2005, with the exception of the Communication Committee, which was provided with funds to conduct two face-to-face meetings, every area and issue committee reported that insufficient face-to-face time limited committee productivity. Budget constraints also precluded hiring additional field office staff, and this year TAP staff was spread very thin. Because members are dependent upon TAP staff for technological, administrative and clerical support, staff shortages translated into delays. Further, one committee reported that the Joint Committee's revision of the recommendation format mid-year and increased scrutiny of area committee recommendations lessened productivity.

Despite the short operating year and other disruptions, TAP outreach and marketing kept pace with or outpaced prior years. TAP members spoke and distributed TAP materials to almost 45,000 people and thousands more likely learned about TAP through media coverage of TAP members. In addition, the National Taxpayer Advocate and the TAP Director offered area committees

## Executive Summary

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future outreach opportunities when National Taxpayer Advocate Nina Olson volunteered to appear at “Town Hall Meetings” to be sponsored by TAP area committees. Most of the Town Hall Meetings will be scheduled for 2006, but the first was conducted by Area 2 in Philadelphia on December 7, 2005, in conjunction with the Low Income Taxpayer Clinic (LITC) conference that TAS conducts annually.

In addition to serving on an area committee, each TAP member also served on one of six issue committees. The Reducing Taxpayer Burden Issue Committee provided direct taxpayer input to IRS strategic initiatives for the SB/SE Operating Division and the Ad Hoc, Earned Income Tax Credit (EITC), Multilingual Initiative (MLI), and Notices Committees provided direct taxpayer input to the W&I Operating Division. The Communication Committee was created this year to address TAP’s external and internal communications.

The Joint Committee was very active this year. The TAP Chair addressed the IRS Oversight Board and wrote Commissioner Everson to urge him to offer TAP the opportunity for input on proposed budget reductions. A delegation of Joint Committee members met with the Commissioner a few weeks later. Joint Committee members also responded to a request to give grassroots input to an audit conducted by the Treasury Inspector General for Tax Administration (TIGTA) assessing the methodology used by the IRS to target walk-in centers for closure. The Joint Committee also coordinated TAP participation in the IRS Taxpayer Assistance Blueprint project. Forty current and recently-retired TAP members completed an “IRS Customer Service Questionnaire” which the TAP Chair forwarded to the IRS along with an overview summarizing the results in the context of previous and ongoing TAP work on service issues. As indicated in the overview, the responses to the questionnaire mirrored the taxpayer assistance issues that TAP members have been considering in area and issue committees and TAP recommendations already submitted to IRS program owners.

The Joint Committee also worked effectively with TAP staff on many administrative issues, including improving TAP Annual Meetings, the recruitment and application process, external and internal communication, and follow-up on recommendations submitted to the IRS. One recurring issue with the appointment process is significant delay in notification of candidates of their selection for interviews and of the ultimate disposition of their applications. This year, appointments were not approved by the Treasury Department until mid-November, which resulted in an extended period of inactivity or low productivity for TAP committees. The TAP National Office has announced its intention to begin accepting applications earlier in the year in an effort to assure timely appointment of new members.

TAP also significantly advanced the communication strategy developed in prior years. The principle goals of the TAP communication strategy are to increase

## **Executive Summary**

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grassroots input from taxpayers and improve IRS responsiveness and receptivity to TAP recommendations. This year, TAP added as a priority improving communication among TAP members and between TAP members and TAP staff.

Summaries of this year's elevated recommendations and the IRS responses are presented in Chapter IV.



## II. Committee Work

The substantive work of TAP is accomplished principally by the area and issue committees, which research issues and formulate recommendations to the IRS about how to improve customer service and satisfaction. The Joint Committee decides whether to elevate area committee recommendations, approves TAP policy and procedural changes, and communicates consensus views on behalf of TAP as a whole. TAP committees are supported by IRS managers, analysts and secretaries specifically assigned to TAP by TAS. Although the content of TAP's recommendations and correspondence is determined by TAP members, staff members have an opportunity for input, and the actual transmission/delivery of all TAP recommendations and external correspondence generally is handled by staff.

TAP committees conduct monthly meetings via teleconference and meet face-to-face at least once a year. Full committee meetings are supplemented by subcommittee teleconferences. Committees generally assign issues to subcommittees for initial consideration, and the subcommittee presents a recommendation for full committee review, revision, and approval. Committee decisions are made by consensus. Committee members are responsible for preparing the substance of TAP recommendations and other work product and assume much of the responsibility for word processing and communicating with each other. A significant amount of communication among members and between members and staff is accomplished via email.

In the 2004-05 year, TAP area and issue committees generated 73 new recommendations to the IRS. Area Committees produced more recommendations than last year, but, with fewer issue committees working on IRS issues, issue committee recommendations to the IRS declined. However, a new issue committee worked very productively with the TAP Director and Joint Committee on TAP communication issues. In addition, the Joint Committee was very active this year speaking on behalf of the TAP membership.

TAP's record of accomplishment in the 2004-05 year is remarkable as numerous challenges reduced TAP's productive capacity. First, TAP operated at full strength for only nine months. Most committees effectively had only from January through September 2005 to accomplish their work for the year. Area and issue committees convened for nonsubstantive meetings of only three hours at the Annual Meeting in November 2004 and, due to IRS "use-it-or-lose-it" annual leave policies, were advised to defer meeting again until January 2005 because of the limited availability of staff to provide administrative support during November and December. After the fiscal year ended, some committees met at

least once between October 1 and December 31, 2005. However, the committees were at approximately half strength because the terms of all the original TAP members had expired at the end of September and new members were not appointed until mid-November 2005 and not oriented until mid-January 2006. Due to postponement of the Annual Meeting for the 2005-06 fiscal year to January 2006, the coming year will be another “short year.” However, the TAP Director and Joint Committee have endorsed administrative policies that will allow TAP to return to a full twelve months of operation in future years.

The functioning of many TAP committees also was disrupted during the first few months of 2005 by other events. Five of the seven area committees were affected by realignment of Taxpayer Advocate Service regions which resulted in the transfer in February 2005 of a number of TAP members from one area committee to another. The functioning of issue committees was adversely affected by the decision of the SB/SE Operating Division, announced at the 2004 Annual Meeting in November 2004, to consolidate three issue committees addressing SB/SE issues into one committee. This resulted in the need to allocate the TAP membership among five, rather than seven, issue committees, creating committees with membership well above the optimum number. The situation was ameliorated in February after the TAP Director proposed creation of a new Communication Committee, and volunteers from other issue committees were reassigned to the new committee. Still, the composition of TAP’s issue committees was not settled until February of 2005 and at least one program owner continued to find the size of the issue committees unwieldy.

Committee productivity this year also was affected by budget constraints. TAP began the year with budget uncertainties that ultimately ripened into disappointments. Although the National Taxpayer Advocate protected the 2005 TAP travel budget from budget cuts, due to the increase in membership the travel allowance per person was reduced. After being advised at the Annual Meeting to plan for two face-to-face meetings (in addition to the nonsubstantive meetings held at the Annual Meeting), committees were informed that TAP’s travel budget could accommodate only one face-to-face meeting per committee. This further disrupted committee planning and productivity. In the 2003-04 year, requests by half of the committees for a second face-to-face meeting were funded. In 2005, with the exception of the Communication Committee, which was provided with funds to conduct two face-to-face meetings, every area and issue committee reported that insufficient face-to-face time limited committee productivity. It is challenging to discuss, research, and formulate recommendations with such infrequent opportunities to meet face-to-face, and some members did not fully participate in committee discussions and activities. Budget constraints also precluded hiring additional field office staff as the Joint Committee had recommended and the TAP Director had anticipated in 2003-04. This year, TAP staff was spread very thin. Because members are dependent

upon TAP staff for technological, administrative and clerical support, staff shortages translated into delays.

Finally, one committee reported that the Joint Committee's revision of the recommendation format mid-year and increased scrutiny of area committee recommendations, described in Chapter III, also reduced productivity.

### **A. Area Committees**

Each TAP member serves on an area committee that represents a designated geographic area corresponding to a TAS region. To assure compliance with FACA, one Local Taxpayer Advocate is assigned to each area committee to serve as the Designated Federal Official (DFO). Area committees act as "listening posts" to identify grassroots issues to consider in committee meetings. At each area committee meeting, individual taxpayers are afforded the opportunity to bring grassroots issues forward and discuss them with members, and outreach is a primary mission of area committees. Members are charged to perform outreach activities to inform taxpayers of the existence of TAP, notify them that they can contact TAP at 888-912-1227 and [www.improveirs.org](http://www.improveirs.org), and encourage them to express their concerns on administrative and procedural issues. Local taxpayer advocates also have participated in area teleconferences and face-to-face meetings and informed TAP members about grassroots issues in their area.

Area committees consider every suggestion that comes in on the phone line, the website, at a meeting, or to a TAP member individually. Area committees research, analyze and advocate for issues in written submissions that are forwarded to the Joint Committee and, after approval by the Joint Committee, submitted to the appropriate operating division liaisons or directly to program owners. This year, the Joint Committee forwarded 43 new area committee recommendations to the IRS and followed up on eight recommendations submitted in prior years. This year's recommendations overall are better researched and reasoned and more clearly and persuasively articulated, at least in part due to increased Joint Committee scrutiny and guidance, as discussed in Chapter III. Summaries of this year's recommendations and the IRS responses are presented in Chapter IV.

Although identifying and elevating grass-roots issues is the majority of the work done by area committees, occasionally an area committee may be asked to provide direct citizen input to program owners. For example, this year members of the Area 4 Committee, with input from members of Areas 1, 2 and 3, participated in reviewing and revising training materials for Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) program volunteers. Also, Area 2 members participated in "Electronic Installment Agreement User Testing," and an Area 7 member provided feedback on an IRS e-File brochure.

Despite the short operating year, area committee outreach kept pace with or outpaced prior years. TAP members participated in a variety of outreach activities, both formal and informal, ranging from one-on-one discussions to mass media communications with audiences of thousands. Area committees began the year by using the release of the 2004 TAP Annual Report as an opportunity for outreach to stakeholders in their areas, such as Low Income Taxpayer Clinics, the American Institute of Certified Public Accountants, American Woman's Society of Certified Public Accountants, American Bar Association, National Governors Association, and National Conference of State Legislators. As in prior years, TAP members distributed TAP materials urging taxpayers to "Speak Up" and talked with practitioners at the IRS National Tax Forums over the summer. Some committees have had success coordinating outreach with Local Taxpayer Advocates and Stakeholder Partnerships, Education, and Communication (SPEC).

In addition, the National Taxpayer Advocate and the TAP Director offered area committees a new outreach opportunity in 2005 when National Taxpayer Advocate Nina Olson volunteered to appear at "Town Hall Meetings" to be sponsored by TAP area committees. After some lapses in communication between the area committee representatives and the TAP Director, initial ambitions had to be scaled back and some of the Town Hall Meetings postponed. Most of the Town Hall Meetings will be scheduled for 2006, but the first was conducted by Area 2 in Philadelphia on December 7, 2005, in conjunction with the Low Income Taxpayer Clinic (LITC) conference TAS conducts annually. About 30 LITC directors as well as a few local taxpayers attended the Town Hall Meeting. Issues that came up included (1) taxpayers not wanting to call the IRS – or even open mail – out of fear; (2) the need for LITC staff to act as intermediaries; (3) interest in mobile vans and the idea of the IRS going to different locations, like shopping malls, to help taxpayers; (4) taxpayers' desire for a single point of contact to call to address their IRS account issues; and (5) unclear correspondence.

Area committee outreach took TAP members to many other forums this past year, including organizational meetings, schools, fairs and festivals. TAP members spoke and distributed TAP materials to almost 45,000 people at TCE and VITA sites nationwide; Rotary, Lions, Kiwanis, Ruritan and other service clubs; the League of Women Voters; Toastmasters; the Caddo Tribal Council; the International Women's Forum; Low Income Tax Coalitions; homeowner's associations; and a wide variety of other organizations. Thousands more taxpayers likely learned about TAP through the media. A number of members were the subject of newspaper articles and radio and television broadcasts about their involvement in TAP, from Alaska to Puerto Rico, North Carolina to Nevada. Other members pursued outreach in the normal course of their lives: discussing TAP while working out at a fitness center, at family reunions, and a chili cookout, to name a few instances. Many used the Internet to inform taxpayers about TAP

and solicit input: one member emailed multiple Chambers of Commerce; another member sent an email to 35 of her friends and relatives informing them of her selection as a TAP member and soliciting their input on how to improve customer service.

In addition, the TAP website had 124,242 hits, and about 200 taxpayers called into the TAP toll-free line with suggestions or concerns. Despite improved record keeping this year, complete data does not exist to compare this year's outreach with prior years. However, area committee outreach in 2005 likely significantly surpassed outreach in prior years.

### **B. Issue Committees**

This year, each TAP member also served on one of six issue committees. The Reducing Taxpayer Burden Issue Committee provided direct taxpayer input to IRS strategic initiatives for the SB/SE Operating Division; the Earned Income Tax Credit (EITC), Multilingual Initiative (MLI), and Notices Committees provided direct input to the W&I Operating Division; and the Ad Hoc Committee provided direct input to the Forms and Publications Division and TAS. The Communication Committee was created this year to address TAP's external and internal communications.

Issue committees work directly with IRS employees charged with the responsibility for directing particular programs (program owners). Issue committees consider issues referred to them from program owners; provide oral and/or written responses directly back to them; address the status and progress of the issue; and identify concerns in design, implementation and linkages of the issue. Each of the issue committees includes representatives from each of the geographically-based area committees to offer the IRS a diversity of perspectives, and a TAP Program Manager acts as the DFO.

Among the issue committee activities this year were the Ad Hoc Committee's thorough review of the print and online versions of Publication 17, Your Federal Income Tax for Individuals, and recommendations to improve both visibility and access to Publication 17; the EITC Committee's extensive work recommending improvements to the EITC website and input on preparer compliance initiatives; and the MLI Committee's development of an outline of the content and structure of a proposed basic tax course for taxpayers with limited English proficiency.

In addition to providing their own feedback to program owners, some issue committees solicited input from stakeholders. The MLI Committee surveyed Asian immigrants and LITC's that serve taxpayers with limited English proficiency to assess needs and identify best practices. Additionally, the National Taxpayer Advocate and the TAP Director arranged to send two members each from both the MLI Committee and the EITC Committee to the annual LITC Conference held

in December 2004 in Philadelphia to network with and spread the word about TAP to the 240 LITC representatives there. TAP's representatives brought back to TAP taxpayer issues identified at the conference that were then assigned to area committees working on related issues.

Although the new recommendation form and guidance prepared by the Joint Committee, as discussed in Chapter III, was primarily intended for use by area committees, the Joint Committee suggested that issue committees refer to them also to improve recommendations they provide directly to program owners. This year, 30 recommendations were elevated to the IRS by issue committees and many were or are in the process of being partially or fully implemented. Summaries of this year's recommendations and the IRS responses are presented in Chapter IV. The substantial work of the Communication Committee is reported in Section C of Chapter III.

### **C. Joint Committee**

The Joint Committee is comprised of the TAP Chair and Vice Chair, who are elected by the entire membership, and the area and issue committee chairs. The DFO for the Joint Committee is the TAP Director. The Analyst assigned to the Joint Committee maintains the database, reviews and distributes all Joint Committee reports and correspondence, and otherwise assists the TAP Chair and other Joint Committee members with the considerable volume of paperwork involved. This year the Joint Committee adopted a purpose statement explaining that the Joint Committee's purpose is to act on behalf of the TAP membership to advance the TAP mission, most importantly: (1) review and elevate recommendations from TAP committees, (2) adopt and recommend policy and procedural changes; (3) coordinate area and issue committee activities, (4) represent the consensus views of TAP in public statements, (5) timely communicate decisions to TAP members, and (6) prepare and distribute the Annual Report.

As a means to keep all committees abreast of what other committees are doing, each committee chair submits a monthly report describing the issues under consideration by the committee and the committee's activities for the month. Area committee chairs attach proposed recommendations to their monthly reports for Joint Committee review and issue committee chairs attach to their monthly reports recommendations they have elevated directly to program owners and submit to the Joint Committee for information purposes only and not for review. After reviewing, advising of appropriate revisions to, and approving area committee recommendations, the Joint Committee forwards them with a transmittal letter to the appropriate operating division if they are within the scope of TAP's mission and adequately documented. The Joint Committee returns to the area committee those that do not conform with guidance as to what changes are required. The Joint Committee also monitors IRS responses to area committee recommendations.

This year, the Joint Committee met monthly via teleconference except in May and September when the committee met face-to-face, and had two teleconferences in October. The Joint Committee reviewed and approved 43 new and eight redirected or follow-up area committee recommendations and also notified area committees of IRS responses to recommendations. The Joint Committee asked the TAP Director to follow up on a number of recommendations to which the IRS had not responded.

The Joint Committee was very active this year speaking on behalf of the TAP membership. Early in the year, the national Taxpayer Advocate and the TAP Director arranged for the TAP Chair to meet with members of other IRS advisory committees and address the IRS Oversight Board in Washington, D.C., to increase TAP's profile and credibility with stakeholder organizations and the IRS. One stakeholder organization provided several pages of recommendations for TAP consideration, and they were assigned to area committees working on related issues.

Later in the year, when TAP members learned about IRS plans to reduce budgets for taxpayer services, including closing dozens of IRS walk-in centers, the Joint Committee directed the TAP Chair to write Commissioner Everson and urge him to offer TAP the opportunity for input on the proposed budget reductions. The letter was reprinted in the tax press, and a delegation of Joint Committee members met with the Commissioner in May.

In July, Joint Committee members responded to a request to give grassroots input to an audit conducted by the Treasury Inspector General for Tax Administration (TIGTA) assessing the methodology used by the IRS to target walk-in centers for closure. Unfortunately, when the TIGTA report was released in February 2006, no mention was made about stakeholder input, including TAP's.

Finally, the Joint Committee coordinated TAP participation in development of a five-year service strategy, called the Taxpayer Assistance Blueprint. Under the auspices of Director of Customer Assistance, Relationships, and Education Mark Pursley, the Blueprint will establish an operational roadmap for customer service for presentation to Congress. In November, the TAP Chair solicited responses to an "IRS Customer Service Questionnaire" from TAP's 49 returning members and 41 recently-retired members and received 40 responses (26 from returning members and 14 from former members). The Chair forwarded to the IRS the completed questionnaires along with an overview summarizing the results in the context of previous and ongoing TAP work on service issues.

As indicated in the overview, the responses to the questionnaire mirrored the taxpayer assistance issues that TAP members have been considering in area

## **Committee Work**

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and issue committees and TAP recommendations already submitted to IRS program owners. Among the results: telephone is the preferred form of contact with the IRS (by an overwhelming majority) and the principal challenges/barriers taxpayers face receiving services they need are: (1) access and/or accuracy issues with telephone service; (2) inaccessibility or limited hours of service of Taxpayer Assistance Centers (TACs); (3) lack of taxpayer Internet access or computer literacy; (4) taxpayer lack of understanding of tax law and terminology; (5) taxpayer fear of the IRS; and (6) IRS website limitations.

The Joint Committee's substantial work on administrative matters this year is covered in Chapter III, below.

### III. Administration

The administrative foundation for TAP was laid by the Department of the Treasury's National Citizen Advocacy Panel Design Team in 2002, and since then TAP members and staff have worked to build an organization that would effectively capture and communicate to IRS decision makers grassroots issues about taxpayer services. TAS staff and TAP members work in partnership to improve TAP's administrative structures, policies and procedures to achieve these ends.

The six National Office staff, headed by TAP Director Bernie Coston, are located in Atlanta, Georgia; Plantation, Florida; and Washington, D.C. Four TAP Program Managers, eight Analysts and four Secretaries are located in four field offices in Brooklyn, New York; Milwaukee, Wisconsin; Plantation, Florida; and Seattle, Washington. The TAP Director appraises the Joint Committee about the progress of administrative matters such as recruitment, annual meeting planning, the travel budget, etc. This year, to improve the flow of information, the TAP Chair and Vice Chair participated in almost weekly teleconferences with the TAP Director, National Office staff and TAP Program Managers. Despite some breakdowns in communication and administrative missteps, the Joint Committee worked effectively with TAP staff on many issues, including improving TAP Annual Meetings, the recruitment and application process, external and internal communication, and follow-up on recommendations submitted to the IRS.

#### A. TAP Annual Meetings

TAP Annual Meetings are organized and directed by the National Taxpayer Advocate and the TAP Director to provide a yearly opportunity for all members to meet as one organization, for new members to receive necessary orientation, and for all members to receive training regarding the IRS and TAP operating policies and procedures.

##### 1. 2004 Annual Meeting

The 2004 TAP Annual meeting was held in Washington, D.C., November 3-6, 2004. To provide the Panel with guidance, plenary sessions included presentations by Jesus Delgado-Jenkins, Acting Assistant Secretary of the Treasury for Management; Michael Chesman, Director of SB/SE Office of Burden Reduction; Frank Spiegelberg, Senior Advisor to the Commissioner of W&I; Sue Sottile, Director of Strategic Planning and Development (W&I); National Taxpayer Advocate Nina Olson; and Commissioner of Internal Revenue Mark Everson. Speakers acknowledged the contributions of TAP members and discussed the vision of the SB/SE and W&I operating divisions and the IRS as a whole, the TAP-IRS partnership, and the challenges of continuing to improve IRS services in an era of limited resources.

Other topics were addressed through breakout sessions directed at training and assisting TAP members to become effective advocates for the taxpayers: “Roadmap to a Tax Controversy,” “Getting to Grassroots,” “NTA Report to Congress and Systemic Advocacy,” “IRS 101,” “Raising the ‘Grassroots’ or Fulfilling TAP’s Mission,” and “Media.” These sessions detailed the roles and responsibilities of TAP members, including how to establish methods to gather issues, identify issues for further development, gather background information, and develop communication strategies and effective means for outreach in members’ own communities.

Area and Issue Committee chairs and the TAP Chair presented their annual reports, highlighting past accomplishments and challenges for the future. Election of a new TAP Chair and Vice Chair also was on the Annual Meeting agenda. When no new members signed up as a candidate for TAP Chair, it was decided to have the Vice Chair elected separately rather than have the runner-up for TAP Chair serve as Vice Chair. This succeeded in eliciting interest in the Vice Chair position among new members.

Each area and issue committee convened for three hours for members to meet and get to know each other, elect a chair and vice chair for the year, set the year’s meeting schedule, and agree on meeting procedures. The final agenda item of the 2004 Annual Meeting was announcement of the election of Gwen Handelman of Fort Lauderdale, Florida, as the new TAP chair for the year and Larry Combs of Yuba City, California, as the new TAP Vice Chair. The new Chair and Vice Chair met with all committee chairs as the Joint Committee after the close of the Annual Meeting to introduce themselves and set the year’s Joint Committee meeting schedule.

## 2. 2005 Annual Meeting Planning

Recognizing the need for more substantive committee meeting time, the TAP Director approved extending the 2005 TAP Annual meeting by one-half day and increasing the time allotted to committee meetings. The Joint Committee made additional specific recommendations about (1) preparing new members for the Annual Meeting; (2) coordinating socializing opportunities, including a reception for the full membership and committee dinners, to build “esprit de corps”; (3) clarifying the election process; (4) making better use of plenary sessions and workshops to communicate useful information; (5) using returning members to conduct workshops; (6) having committee meetings conducted by members instead of staff and including training on how to work an issue, how to write up an issue, and the issue referral process; and (7) conducting a chair training workshop.

Most of the Joint Committee’s recommendations were scheduled for implementation at the 2005 Annual Meeting.

## B. Recruitment

Recruitment is a critical ongoing activity to ensure that TAP is continually supplied with representatives from all 50 states, the District of Columbia, and Puerto Rico who have diverse backgrounds and the needed talent and experience to be effective advocates for

taxpayer issues. TAP members must be US citizens, current on their tax filings and payments, and willing to volunteer 300 to 500 hours a year for a term of three years. Applicants are expected to be experienced in resolving problems, formulating and presenting proposals, and representing the interests of others. In addition, they must demonstrate the ability to work as team members and have good oral and written communication skills. Originally, TAP members were appointed for two-year terms. However, upon the recommendation of the Joint Committee, the terms of approximately half of the original members were extended to three years and the TAP Charter was amended to prescribe three-year terms to accommodate the goal of achieving staggered terms, with approximately one-third of TAP members' terms expiring annually.

Recruitment of new TAP members is directed by the TAP National Office, which is responsible for publicity, making applications available, screening applicants, and steering applications through the various levels of the appointment process (approval by the National Taxpayer Advocate, Commissioner of Internal Revenue, and Treasury Department).

In 2003-04, TAP confronted the challenge of a shrinking membership as a number of members resigned before their terms expired. This issue was addressed in the 2004 recruiting process, not only by selecting new members to replace those who retired at the end of their terms, but also by identifying alternate members to step in to fill vacancies created by early resignations. As a result, TAP began the 2004-05 year at full strength and stayed close to full strength most of the year.

The National Office began publicity efforts for 2005 recruiting in February and involved TAP members in publicizing the application process. Members and staff used release of the 2004 TAP Annual Report as a vehicle to circulate information to recruit new members. Applications were accepted during the month of April, and the application period was extended a few days when technological difficulties plagued the online application process. TAP members as well as staff participated in interviewing applicants by phone and contributed to the recommendations made to the IRS and Treasury on desirable candidates. For the coming year, TAP looks forward to an influx of new members recruited in 2005, although they will not quite replace those whose terms expired in 2005. This coming year will begin with 95 members, down from 104 members at the beginning of the 2004-05 year. As in the past, it was not possible to identify new members and alternates for every state, but only Vermont and Missouri were without representation on TAP as of the end of 2005.

In an effort to obtain useful information for improving communications with prospective members, modifying TAP's recruitment practices, and helping in the selection of TAP members in 2005, in 2004, the Joint Committee and National Office designed and circulated exit surveys to all members who left TAP in 2004. However, only eight responded. Consequently, the Joint Committee recommended that in 2005 exit surveys should be circulated well before member terms expired and also recommended that a survey about the recruitment process be circulated to new members appointed in 2005. The TAP national office staff circulated exit surveys to retiring members in August, and 22 responses

were received by the end of 2005. The TAP National Office also agreed to circulate a survey about the recruitment process to new members in the coming year.

A recurring issue with the appointment process is significant delay in notification of candidates of their selection as members or alternates. This year, appointments were not finalized, that is, approved by the Treasury Department, until mid-November, which resulted in an extended period of inactivity or low productivity for TAP committees and uncertainty for applicants. The TAP National Office has announced its intention to begin accepting applications earlier in the year in an effort to assure new members are appointed well in advance of the Annual Meeting.

### C. Communication

TAP's principle communication issues are: (1) increasing grassroots feedback from taxpayers; (2) improving IRS responsiveness and receptivity to TAP recommendations; and (3) improving communication among TAP members and between TAP members and TAP staff. In 2003-04, the Ad Hoc Committee worked with IRS media experts to develop, and the Joint Committee adopted, a communication strategy to raise TAP's profile both within the IRS and with the taxpaying public, thereby strengthening TAP's identity as taxpayers' pipeline for ideas to improve IRS service to taxpayers. To achieve this, TAP's communication strategy was to educate existing members on identifying and accessing national and local media outlets, working with local government officials, and creating written materials describing TAP for distribution to the public and the media. In 2004-05, TAP established a new Communication Committee to advance the communication strategy and also to address issues of internal communication. The Joint Committee also addressed some communication issues independently.

#### 1. Communications with the Public: Outreach and Marketing

**Poster.** The Communication Committee created, and the Joint Committee approved, a new and attractive poster with TAP contact information to be displayed at all Taxpayer Assistance Centers, VITA and other sites to bring TAP "brand recognition."

**Outreach Workshop, Outreach Toolkit and "Success Stories."** The Communication Committee also helped develop an outreach workshop for the 2005 TAP Annual Meeting and designed an Outreach Toolkit to be used in the workshops to provide each member a kit with all the information and materials needed to conduct successful outreach, including a PowerPoint presentation; talking points; lists of media specialists and Local Taxpayer Advocates; a generic letter to the editor, newsletter article, and press releases; TAP marketing materials; an electronic version of the TAP letterhead; a summary of recent TAP "success stories" compiled by the Communication Committee; a telephone script for soliciting speaking appearances; and a TAP "Pocket Guide," prepared in 2004, including tips for successful media interviews and presentations, key facts about TAP, the background of TAP and TAP contact information.

**Outreach Survey.** The Communication committee developed a short survey for members to determine some of the issues members may have encountered in conducting or trying to conduct outreach activities. The survey results will help to develop additional materials and/or training to enhance this critical function.

**Contact Survey.** An external survey was also developed to be issued when taxpayers contact TAP's toll-free number or web site to better understand how they learned about TAP and what they think of TAP.

**Review of TAP Materials.** The Marketing Subcommittee reviewed the usage and needs of TAP members regarding the outreach materials and reordered the following materials:

- TAP Post-it Note Pads
- Speak Up Outreach Flyer
- Speak UP Brochure
- Tri-fold Brochure
- TAP Pens

**Media Strategy.** The Communication Committee initiated a process to contact reporters who have written tax articles to request they also write about TAP and its mission. This process did not work well outside of the tax season and the project was discontinued pending more leads. The committee has now shifted focus to working with the IRS to incorporate TAP, where appropriate, in IRS media releases.

**“What’s On TAP.”** The 2004 TAP Annual Report described an outreach plan called “What’s On TAP” as the “cornerstone” of TAP’s renewed marketing efforts. “What’s On TAP” required assembling a list of local, regional, and national publications and organizations to which articles on TAP and issues under consideration by TAP could be distributed and committing to producing a reliable stream of articles. Several articles had been completed by the members of Area 4 and were ready for distribution when the decision was made to make this a TAP-wide project rather than an effort limited to Area 4. However, this year the Communication Committee concluded that TAP lacked the personnel to sustain such an effort and recommended to the Joint Committee that “What’s On TAP” be returned to Area 4.

**Request that IRS Publicize TAP Contributions.** The Joint Committee decided to include in all transmittal letters accompanying recommendations to IRS program owners a request that the IRS publicly acknowledge TAP’s contributions if/when recommendations are fully or partially implemented.

## 2. Communications with the IRS

TAP recommendations are TAP’s most important form of communication with the IRS, and the principle challenge is that IRS responses to TAP’s recommendations are frequently long delayed and sometimes cursory and unreceptive. In TAP’s first year, the SB/SE and W&I operating division liaisons agreed to a schedule for acknowledging and reporting the status of elevated recommendations. However, responses frequently either do not come to TAP

on schedule or are superficial. The TAP Director or staff must then follow-up to elicit a response and, if the response is incomplete, the area committee must prepare another communication requesting further consideration.

**Recommendation Transmittal Letters.** To reiterate the importance of timely and substantive responses, this year the Joint Committee authorized the following language to be added to the transmittal letters accompanying area committee recommendations:

We request that your response specifically address the goal we have recommended and the merits and defects of each proposed solution. . . . TAP members have worked energetically on this recommendation and would welcome the opportunity to engage in productive dialogue with you. . . . Please keep the TAP Joint Committee apprised of the status of your consideration of the recommendation. We look forward to your response. We understand that final decisions about our recommendations may not be made for some time. By then, many of the TAP members who worked on the recommendations will have completed our terms. Therefore, we would appreciate at least informal interim feedback at each step in your decision process to let members know that our efforts are meaningful to the IRS.

**IRS Intranet.** Another approach to improving IRS responsiveness and receptivity to TAP recommendations, reflected in the TAP communication strategy, is to raise TAP's profile within the IRS to increase TAP's credibility. As part of this effort, the National Office Analyst with responsibility for working with TAP members on implementing the communication strategy worked with the Communication Committee and TAP Chair to place articles about TAP on the IRS electronic employee newsletter including an article in July titled "TAP Making a Difference," an article in August about TAP's embrace of technology as one way TAP members and IRS employees partner to make things happen, and a short article on TAP in the December 2005 issue of IRS Today titled "It takes more than IRS employees to get the job done."

**Issue Referral Forms.** This year, the Joint Committee concluded that one of the best ways to increase TAP's credibility within the IRS, and thus, hopefully, IRS responsiveness and receptivity to TAP recommendations, was to improve the recommendations. In the 2003-04 year, TAP staff had incorporated feedback from program owners into a proposed revision of the "Issue Referral Form" used by area committees to document their recommendations. A Joint Committee subcommittee worked with staff to draft both a revised Issue Referral Form and guidance, which they believed to be the key to improved recommendations, and the Joint Committee adopted the proposed form and guidance. Although the new issue referral form and guidance resulted in better area committee recommendations coming to the Joint Committee, some were still inadequately researched, unfocused, unclear, or inaccurate. Therefore, careful review and some revision of all recommendations were necessary to assure that TAP generated quality recommendations. Each member of the Joint Committee shares this responsibility, and the Joint Committee is fortunate that the Joint Committee Analyst has the knowledge and skill to contribute to improving the clarity and persuasiveness of recommendations and to identify inaccuracies and gaps in research.

Whether this approach to improving IRS responsiveness and receptivity to TAP recommendations will bear fruit will be seen in the coming year.

**Guidance for Recommendations to Forms and Publications.** The TAP manager and analyst who support the Ad Hoc Committee worked with the Forms and Publications Director to implement guidance regarding the time required to implement different types of changes to forms and publications.

### 3. Internal Communications

**TAP Member Handbook.** A TAP Member Handbook was first prepared for distribution to all members at the 2004 Annual Meeting for use as an educational tool during the new members' orientation session and for all members to use as a resource throughout the year.

In April, the Joint Committee asked the Communication Committee to review and significantly revise and update the handbook. After several months of effort by Communication Committee members, the TAP Chair, and TAP staff, a revised handbook was submitted to the Joint Committee, which approved it for distribution at the 2005 Annual Meeting. The revisions reflect a true collaboration between the volunteer members of TAP and the IRS staff who provide TAP administrative and clerical support.

The handbook outlines FACA requirements, member responsibilities, TAP policies and procedures, guidance and information to assist TAP members in the performance of their responsibilities, and guidance for committee and subcommittee chairs and vice chairs, as well as samples of various forms and other documents TAP members need to complete in the course of their TAP duties.

**Monthly Committee Report Forms.** The monthly committee report form is a means to keep all committees abreast of what other committees are doing. This year the Joint Committee approved changes to the monthly committee report form to improve the accuracy and completeness of TAP data collection on issues under consideration and outreach activities.

**First Year Member Survey.** The Communication Committee designed a survey that, beginning in 2006, will be issued to new TAP members after six months of service to identify if they are adequately trained and understand TAP's expectations of them in performing its mission.

**Outreach Data Collection and Review of Process for Reporting Outreach Activity.** The Joint Committee revised the monthly committee report forms and strategized to improve data collection on outreach. However, TAP has not yet perfected a mechanism to accurately capture all member outreach and so cannot yet accurately measure increases in outreach. The Joint Committee asked the Communication Committee to revise the Speaker Request Form used by members to report their outreach activity. However, the Communication Committee considered the form adequate for members that desire to report outreach in writing. In practice, many members report their outreach activities to their area

committee analyst at monthly meetings and the analyst records the outreach activity directly in the outreach database. The Communication Committee found no need for an improved form or uniform process. However, the outreach database is incomplete, both because of members' failure to report all outreach activity and failure to provide all needed information about reported activity.

**TAPSpeak Recommendations.** TAPSpeak is a web-based collaborative workspace that allows TAP members to post and review documents, perform threaded discussions, and post events to a calendar within a secure environment. The Communication Committee undertook to identify ways to improve TAPSpeak, either by staff or by vendor modifications, assess the value of the system, and recommend future actions. The Joint Committee approved the Communication Committee recommendation that the staff maintain the system on a current basis so members can depend on the system for information and begin to use TAPSpeak as the principal communication tool for distributing information to TAP members. The Communication Committee intends to continue to explore how to improve the system and consider whether TAP should continue to support the system.

**Review of Alternative Meeting Modes.** The Communication Committee reviewed all alternatives available for TAP members to conduct efficient and effective meetings and determined that the current mode of teleconferencing is the only cost-effective alternative to face-to-face meetings currently available to TAP members. The Communication Committee will continue to monitor technology to consider other methods, such as video conferencing.

**Standards of Ethical Conduct.** The Joint Committee approved revisions to the TAP Standards of Ethical Conduct principally to prescribe appropriate disclosure when members have a personal interest in a TAP issue.

**List of TAP Issues.** The List of TAP Issues report is a tool for ensuring that TAP committees coordinate and do not duplicate related efforts. It is also a compilation of issues TAP committees have before them that may be made available to the public. This year the Joint Committee Analyst conducted training of field staff and the TAP Chair provided guidance to committee chairs about appropriate classification and description of issues so that the List of TAP Issues will effectively serve its purpose.

**Communication Between Joint Committee and TAP Membership.** Communication between the Joint Committee and the TAP membership improved somewhat this year as committee chairs solicited members' views to communicate to Commissioner Everson and notified their committees about administrative initiatives, such as the new issue referral form and tracking process. In addition, the TAP Chair circulated to the TAP membership the Joint Committee's letter to the Commissioner, a report of the meeting with the Commissioner, and a summary of the comments submitted to the Taxpayer Assistance Blueprint Task Force. However, concern was expressed that TAP members had insufficient pre-decisional information to offer input into Joint Committee decisions. To address this concern, the TAP Member Handbook chapter on committee chair responsibilities explains that chairs are to solicit the views of committee members on matters to be addressed by the

Joint Committee. This chapter will be used as the basis of a Chair training workshop planned for 2006. In addition, the Joint Committee approved the Communication Committee's recommendation that, beginning in 2006, the TAP Chair circulate quarterly reports to the full membership.

**Communication between TAP National Office and TAP Members.** Communication between the TAP National Office and TAP members improved significantly this year. The TAP Director communicated with the full TAP membership and circulated written reports on administrative issues to Joint Committee members periodically. The TAP Director also gave an oral update on administrative issues at each Joint Committee meeting and conferred almost weekly with the TAP Chair and Vice Chair. Nevertheless, some administrative actions with significant consequences for TAP members were taken without notice to or consultation with the Joint Committee or the TAP Chair and Vice Chair, and there were lapses in communication in the planning of Town Hall meetings. These sorts of breakdowns in communication might be averted in the future by following a collaborative, rather than hierarchical, model of decision-making and fostering a culture of openness in which the TAP-TAS partnership can flourish.

### D. Recommendation Follow-Up

This year, the Joint Committee redesigned the processes for recording and tracking recommendations elevated to the IRS to assist TAP members in determining if follow-up is appropriate. There are somewhat different processes for area and issue committees. The Joint Committee analyst follows up on area committee recommendations and provides feedback to the originating committee until the IRS either decides to accept a recommendation in full or in part, or rejects it. Issue committee program owners provide feedback directly to the committee. Issue committee members work with committee analysts to request substantive responses from the program owner.

Both area and issue committees evaluate the IRS responses. If a recommendation was rejected, the committee either decides to prepare a follow-up response or assigns the recommendation to the appropriate closed status. If the IRS response indicates that a recommendation was fully or partially accepted, the committee then decides either to close the issue or monitor the recommendation till implementation. If a committee decides to monitor an accepted recommendation, the committee assigns a member or subcommittee to follow up on the recommendation and report on the progress toward its implementation at the time the committee provides input to the TAP Annual Report.

Based on monthly reports and correspondence from the IRS, the Joint Committee analyst enters and updates information on the status of committee recommendations in the Recommendation Tracking Database, which stores information on the status of recommendations for both area and issue committees, and generates a monthly report that categorizes recommendations as follows:

- **Pending Submission**—used for area committee issues approved for elevation by the Joint Committee but not yet elevated

- **Elevated, Awaiting Acknowledgement**—used for area committee issues elevated through the Joint Committee before acknowledgement is received. Follow-up date set for 30 days from the date of elevation. Date of elevation and to whom addressed entered into the Issue Tracking Database
- **Elevated, Awaiting Preliminary Response**—IRS has acknowledged receiving area committee proposal elevated through the Joint Committee and information provided as to whom the recommendation was forwarded for response and/or reaction to proposal is entered into the database. Follow-up date set for 60 days
- **Elevated, Awaiting Response**—used for issues elevated through the Joint Committee before IRS provides substantive response. Follow-up date set for 200 days (180 days for IRS to prepare response and 20 days for IRS liaison to forward to TAP). Any information provided with the preliminary response is entered into the database
- **Elevated, Awaiting Second Response**—TAP received IRS response to committee proposal. Either IRS responded that recommendation being considered or committee responded to rejection with additional or clarifying information to support the proposal, and TAP is awaiting IRS response to TAP's response. Follow-up date not agreed to by W&I or SB/SE but set for 60 days
- **Elevated Directly by Committee**—area or issue committee gave comments and/or recommendations directly to program owner. This is considered a pending status and is used because Joint Committee does not “track” the proposals for responses. Responses are tracked by the originating committee. Proposal remains in this status until the program owner responds. If the response indicates that the committee's comments/ recommendations were fully or partially accepted, the committee may assign the proposal to “Monitoring IRS Action” until implementation. Otherwise, the proposal is assigned to the appropriate “Closed” status
- **Monitoring IRS Action**—IRS has fully or partially accepted TAP's proposal and originating committee is monitoring IRS action until implementation or until committee decides to discontinue monitoring. For example, if IRS agrees to change instructions in a publication for the next tax year as committee proposed, committee will review the revised instructions when issued and then assign proposal to the appropriate “Closed” status. The originating committee should work with staff to check whether elevated recommendations have been implemented at least once annually at the end of the fiscal year for inclusion in the committee's self-assessment. This ensures the most current information is available for the TAP Annual Report
- **Pending Review by TAP**—TAP has received response from IRS and originating committee is determining whether to accept or counter IRS's response. Committee chair should place discussion of response on agenda for the next committee meeting. After the response is discussed in the originating committee, the chair should place a brief description of the result of that discussion and whether the committee decided to place the recommendation into one of the closed statuses or decided to monitor the recommendation for further IRS Action (Monitoring IRS Action) on the Monthly Committee Report. If the proposal was elevated through the Joint Committee, the recommendation will be put as a discussion item on the agenda for the next Joint Committee meeting. If the recommendation was elevated directly by the committee,

the information will be placed on the database and reported on the next TAP Recommendation Status Report

- **Closed, Proposal Accepted**—IRS indicates proposal fully accepted. Proposal may or may not be implemented but IRS has agreed to the recommendation and the originating committee chooses not to monitor the recommendation until implementation
- **Closed, Proposal Partially Accepted**—IRS Indicates proposal is partially accepted. Proposal may or may not be implemented but IRS has agreed to the recommendation and the originating committee chooses not to monitor the recommendation until implementation. Explain partial acceptance in response notes
- **Closed, Proposal Rejected**
- **Closed, Proposal Implemented**—IRS has fully or partially implemented proposal. Explain partial implementation in response notes
- **Closed.** This status is used rarely when no further action or monitoring of the proposal is required and none of the other closed statuses are appropriate. Examples include
  - Committee participated in activity to assist IRS or TAS that does not involve making a proposal
  - Committee decides to substantially change the recommendation based on change in legislation or IRS policy. The reconfigured recommendation receives its own tracking number
  - IRS cannot effect the change. The change requires legislation or it is the jurisdiction of another government agency
  - The issue is resolved prior to elevation

The Joint Committee and area and issue committees use the monthly Recommendation Tracking Report to identify recommendations with respect to which follow-up is appropriate because an IRS response is overdue, committee evaluation of an IRS response is required, a committee has decided to prepare a follow-up response, or a committee has decided to monitor implementation of a recommendation.



## IV. Elevated Recommendations

Status Definitions are found in Section D of Chapter III.

### A. Recommendations Elevated in 2005

Section A of this chapter sets forth summaries of all TAP Recommendations forwarded to the IRS in 2005, including recommendations originally submitted in prior years and re-directed to another program owner in 2005 on the advice of the original recipient. Where applicable, the IRS response also is summarized. Section A also summarizes TAP communications forwarded to the IRS in 2005 to follow up on IRS responses to recommendations originally submitted in prior years.

<b>TAP 04-001</b>	<b>Self-Employment Tax for Newspaper Carriers</b>			<b>Status:</b>	Elevated, Awaiting Second Response
<b>Date Elevated:</b>	11/20/2003 7/20/2005	<b>Follow-up Date</b>	9/29/2005	<b>Date Response Received:</b>	3/1/2005
<b>Originating Committee(s):</b>	Area 1				
<b>Issue Statement:</b>	The information the Internal Revenue Service provides regarding the self-employment tax liability on the earnings of a newspaper carrier under the age of 18 cannot be easily found or understood.				
<b>Proposal:</b>	TAP recommended adding a sentence or "Note" to the section titled "Newspaper Carrier or Distributor" in IRS Publication 533 that reads "Earnings of carriers and vendors under age 18 are not subject to self-employment tax." Recommendation redirected to Forms and Publications 07/20/2005.				
<b>Response from:</b>	Helene Bayder, Senior Operations Advisor, Office of Taxpayer Burden Reduction				
<b>Response Notes:</b>	Helene Bayder, Senior Operations Advisor, Office of Taxpayer Burden Reduction, responded: "The issue regarding revision of publications describing Newspaper Carriers Tax Responsibility should be directed to Forms and Pubs (W & I)."				

## Elevated Recommendations

<b>TAP 04-003</b>	<b>Electronic Deposit of Form 1040X Refund</b>		<b>Status:</b>	Elevated, Awaiting Second Response	
<b>Date Elevated:</b>	12/2/2003 8/19/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	1/12/2004
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	Form 1040, U.S. Individual Income Tax Return, allows taxpayers to direct their refund directly into a bank account that the taxpayer identifies on the form by routing and account numbers. Currently, Form 1040X, Amended U.S. Individual Income Tax Return, does not allow direct deposit of a refund.				
<b>Proposal:</b>	Form 1040X should be changed to allow direct deposit of any refund to the taxpayer's account identified by routing and account number. After receiving the response from W&I Submission Processing, TAP redirected the recommendation to the Director of Electronic Tax Administration with the request that he undertake it as a Modernization project.				
<b>Response from:</b>	Ruth Jeansonne, Management Analyst, Business System Modernization				
<b>Response Notes:</b>	W&I Submission Processing endorsed the proposal but noted that implementation will require a coordinated effort within several different IRS organizations and consideration of the risks associated when IRS employees have access to direct deposit account information and suggested "it may be more cost effective to provide business requirements for direct deposit on Form 1040X as part of a Modernization project rather than make substantial changes to the current environment."				

## Elevated Recommendations

<b>TAP 04-021</b>	<b>Tax Treatment of Health Benefits Education</b>			<b>Status:</b>	Elevated, Awaiting Second Response
<b>Date Elevated:</b>	4/20/2004 7/29/2005	<b>Follow-up Date</b>	9/29/2005	<b>Date Response Received:</b>	3/1/2005
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	Many small businesses are making decisions about whether to offer health benefits to their workers without being fully aware of the tax advantages that can make offering health benefits more affordable.				
<b>Proposal:</b>	<p>TAP proposed that the IRS partner with educational and professional organizations to provide clear, accurate, and balanced explanations of the tax treatment of health benefits to provide technical advice and encouragement to small businesses considering providing health benefits to employees, and specifically recommended that the IRS:</p> <ol style="list-style-type: none"> <li>1) Combine in a new publication explanations about all the tax provisions governing payments for medical expenses to provide information comparable to that provided in various IRS publications about retirement plans for small business.</li> <li>2) Add to the small business web site information about providing health benefits comparable to the information provided about retirement plans.</li> <li>3) Expand the explanation of the tax treatment of health benefits and provide a cross-reference to the new publication explaining health benefits in existing publications directed at employers and small businesses. After receiving Helene Bayder's response, TAP 04-021 was split into two sets of recommendations: the original recommendation was forwarded to Forms and Publications (See TAP 04-021B), and TAP also responded to SB/SE urging that small business taxpayer education materials that are produced by or under the direction of SB/SE Taxpayer Education and Communication (TEC) include comprehensive explanations of the tax treatment of health benefits.</li> </ol>				
<b>Response from:</b>	Helene Bayder, Senior Operations Advisor, Office of Taxpayer Burden Reduction				
<b>Response Notes:</b>	After the TAP recommendations were originally submitted, Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, which formerly covered only Medical Savings Accounts, was expanded to include information also on Health Savings Accounts, flexible spending arrangements, and health reimbursement accounts. Helene Bayder advised that the recommendation about the Tax Treatment of Health Benefits Education be directed to Forms and Publications (W & I).				

## Elevated Recommendations

<b>TAP 04-021B</b>	<b>Tax Treatment of Health Benefits Education</b>			<b>Status:</b>	Elevated, Awaiting Second Response
<b>Date Elevated:</b>	7/29/2005	<b>Follow-up Date</b>	10/28/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	Many small businesses are making decisions about whether to offer health benefits to their workers without being fully aware of the tax advantages that can make offering health benefits more affordable.				
<b>Proposal:</b>	<p>TAP redirected to Forms and Publications the proposal originally directed to SB/SE in TAP 04-021 that the IRS partner with educational and professional organizations to provide clear, accurate, and balanced explanations of the tax treatment of health benefits to provide technical advice and encouragement to small businesses considering providing health benefits to employees, and specifically recommended that the IRS:</p> <ol style="list-style-type: none"> <li>1. Combine in a new publication explanation about all the tax provisions governing payments for medical expenses to provide information comparable to that provided in various IRS publications about retirement plans for small business.</li> <li>2. Expand the explanation of the tax treatment of health benefits and provide a cross-reference to the new publication explaining health benefits in existing publications directed at employers and small businesses.</li> </ol> <p>TAP noted that since these recommendations were originally submitted, Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, which formerly covered only Medical Savings accounts, had been expanded to include information also on Health Savings accounts, flexible spending arrangements, and health reimbursement accounts. The TAP Joint Committee applauded this effort as significantly advancing taxpayer education on the tax treatment of health benefits. Nevertheless, TAP advocated further expansion of the publication.</p>				

## Elevated Recommendations

<b>TAP 04-027</b>	<b>Fax Numbers on Notices</b>		<b>Status:</b>	Elevated, Awaiting Second Response	
<b>Date Elevated:</b>	7/7/2004 10/20/2005	<b>Follow-up Date</b>	12/20/2005	<b>Date Response Received:</b>	7/8/2004 3/8/2005 10/26/2005
<b>Originating Committee(s):</b>	Area 6				
<b>Issue Statement:</b>	Notices that allow for written communication between the IRS and a taxpayer or tax professional generally do not include a fax number in addition to the phone number and mailing address currently provided.				
<b>Proposal:</b>	TAP recommended that the IRS begin including fax numbers on all correspondence that currently includes a telephone number and mailing address. The IRS should eliminate the use of stand-alone fax machines and migrate to the use of fax server technology to increase productivity, achieve cost-savings, and reduce taxpayer burden. After receipt of the response from the Notice Support Group, TAP forwarded the recommendation to Modernization and Information technology to consider implementing the necessary technology and processes.				
<b>Response from:</b>	Ann Gelineau, W & I Notices, Single Point of Contact Debra G. Lopez, Acting Chief, Notice Support Group				
<b>Response Notes:</b>	<p>Notice Support Group Acting Chief, Debra Lopez responded as follows: Including a fax number in addition to a phone number and a mailing address for taxpayers responding to IRS notices has merit. The Standardization Notice Process Improvement Initiative Team has just (3/1/05) finished developing a standard layout for IRS notices. The standard layout contains an option to include an IRS fax number. Current notices do not print a fax number because the supporting processes and technology are not in place. When it becomes feasible to process fax responses, the fax number may be included in the "contact us" section of the notice. This addresses the simple part of your recommendation.</p> <p>The more complicated part of the suggestion involves, of course, implementing the technology and processes to support it. You identified many of the issues involved in changing equipment and procedures. In addition to those you mentioned, we would be required to analyze and quantify both the cost/benefit and the burden reduction that would result before we could consider moving forward with this idea. Unfortunately, we do not have the funds or the resources to pursue this recommendation at this time.</p>				

## Elevated Recommendations

<b>TAP 04-037</b>	<b>Low Dollar Balance Due Abatement</b>			<b>Status:</b>	Elevated, Awaiting Second Response
<b>Date Elevated:</b>	7/13/2004 4/28/2005	<b>Follow-up Date</b>	5/28/2005	<b>Date Response Received:</b>	8/20/2004 11/19/2004
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	In July 2001, the Internal Revenue Service computer program was updated to permanently abate the portion of the tax, penalty, and interest that remains unpaid when the amount is less than \$5. Since that time, costs of processing notices to taxpayers on balance due accounts has increased				
<b>Proposal:</b>	Increase the tolerance level to \$25. and update the notices informing taxpayers of changes to their account using a statement similar to the current notice for balance dues of less than \$5. After receipt of the IRS response, TAP requested to be kept informed of the results of any further research and advised of when the research is expected to be completed and a recommended date for TAP to follow up.				
<b>Response from:</b>	Pamela G. Watson, Director, Filing & Payment Compliance Jeffrey C. Stetina, Director, Filing & Payment Compliance				
<b>Response Notes:</b>	<p>Compliance functions in both W&amp;I and SB/SE reviewed the proposal but do not plan to implement the recommendation. A cost analysis of IRS Balance Due Notices showed the cost of a single notice ranges from \$ 0.45 to \$4.79, depending on the type of notice and whether it is reviewed by the notice Review function prior to issuance. Although the cost of administering a tax module through a cycle of several notices is significantly higher.</p> <p>In addition, IRS analyzed the number of accounts with a balance due less than \$25. Based on the volume of accounts and the costs of processing, IRS would lose revenue by raising the abatement amount to \$25. Further research will be conducted to determine if the abatement amount should be raised higher than \$5. but less than \$25.</p>				

<b>TAP 04-047</b>	<b>Interactive Installment Agreement Website</b>			<b>Status:</b>	Monitoring IRS Action
<b>Date Elevated:</b>	1/27/2005	<b>Follow-up Date</b>	9/1/2005	<b>Date Response Received:</b>	04/12/2005
<b>Originating Committee(s):</b>	Area 7				
<b>Issue Statement:</b>	There are problems with the usability of the current interactive Installment Agreement Website.				
<b>Proposal:</b>	The Area 7 Committee participated in a focus group on a new Interactive Installment Agreement Website and made additional recommendations for improvement.				
<b>Response from:</b>	Kristen Baily SB/SE, SB/SE Program Analyst; and Harry Clemson, SB/SE Program Analyst Lenny Cutler, SB/SE Program Analyst.				
<b>Response Notes:</b>	IRS is no longer funding improvements to the Installment Agreement Website and has committed to contact TAP as a focus group if funding is reinstated.				

## Elevated Recommendations

<b>TAP 04-050</b>	<b>Simplify Form 1041 Instructions</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/22/2004 7/29/2005	<b>Follow-up Date</b>	11/11/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 2				
<b>Issue Statement:</b>	The Instructions for Form 1041, U.S. Income Tax Return for Estates and Trusts, are confusing.				
<b>Proposal:</b>	<p>TAP redirected to Forms and Publications the following recommendations for revision of Form 1041, U.S. Income Tax Return for Estates and Trusts, originally elevated 9/22/2004 to W&amp;I Liaison, Sue Sottile.</p> <ol style="list-style-type: none"> <li>1. Clarify the concept of Distributable Net Income (DNI). A flowchart illustrating the concept of DNI and the flow of information in conjunction with an improved explanation should be included in the instructions.</li> <li>2. Include a section at the beginning of the instructions of the "Most Commonly Asked Questions." This section should reference the appropriate page(s) in the instructions where the answer can be found. Some of the questions, and references, to include would be: <ol style="list-style-type: none"> <li>a. Does the beneficiary or the estate/trust pay any taxes due? (income taxation of trusts and decedents estates, page 2: line 18- income distribution deduction, Page 17)</li> <li>b. When is a return due? (when to file, Page 6; extension of time, Page 6)</li> <li>c. What income is reported? (line 1 thru 8 Income, Page 8)</li> <li>d. What deductions are available? (deductions, Page 14; lines 10 thru 15b, Pages 15 and 16)</li> </ol> </li> <li>3. Include a section at the beginning of the instructions for the List of Important Documents. This list should include typical documents the taxpayer will need to complete Form 1041. This should include forms, such as K-1; publications, such as 559, and documentation, such as beneficiary information.</li> <li>4. Segment the instruction book by the type of entity. Since the form is used for significantly different entities, the instructions and examples specific to an entity should be grouped together. There should be a section on a decedent's estate, a section on a simple trust, complex trust, small business trust, grantor trust, and qualified disability trust.</li> <li>5. Include a Glossary of Terms. Terms to include would be beneficiary, distribution, grantor, estate, and trust.</li> </ol>				

<b>TAP X05-001</b>	<b>Form 433 A/B Comments</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	4/30/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	4/30/2005
<b>Originating Committee(s):</b>	Area 5				
<b>Issue Statement:</b>	Carla Long from the National Taxpayer Advocate office requested comments on the Collection Information Statement, Form 433 A and B.				
<b>Proposal:</b>	Suggestions on the collection information statements in general and specific comments on the individual forms were submitted. General Comments included a suggestion for three separate forms (one each for wage earner) self-employed individuals and businesses, the spacing, and usability of the forms.				
<b>Response from:</b>	Carla Young, Taxpayer Advocate Service Program Analyst				
<b>Response Notes:</b>	Team re-writing Forms 433 A&B received the suggestions of TAP and considered them in their work.				

## Elevated Recommendations

<b>TAP E05-002</b>	<b>Form 8867 Paid Preparer's EITC Checklist</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	4/12/2005	<b>Follow-up Date</b>	3/15/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	W&I EITC				
<b>Issue Statement:</b>	EITC Program Analyst Alisa Blum requested at the Committee's teleconference March 17, 2005, feedback from the EITC Committee on Form 8867, Paid Preparer's Earned Income Credit Checklist.				
<b>Proposal:</b>	The Committee re-submitted Proposals for improvement of Form 8867, Paid Preparer's Earned Income Credit Checklist (TAP A03-018) that the Committee submitted on July 14, 2003, and also submitted a compilation of supplemental individual comments about the form.				

<b>TAP E05-003</b>	<b>Dear EITC Preparer Letter</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	5/24/2005	<b>Follow-up Date</b>	3/15/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	W&I EITC				
<b>Issue Statement:</b>	The EITC Committee was asked to comment on a letter to tax professionals who prepare tax returns claiming the Earned Income Tax Credit (EITC) and have a history of errors on their returns.				
<b>Proposal:</b>	<p>The Committee recommended tailoring the letter to an individual and perhaps a version tailored to corporate preparers. The Committee suggested changes to strengthen the letter, including stating that Form 8867 or its equivalent should be used and that records should be kept for at least three years.</p> <p>The Committee suggested the numbered list of "common errors" be changed to a check box type list so the boxes could then be check-marked to indicate which of the "common errors" are being committed by the addressee along with a fifth check box marked "Other". The "Other" would be reserved for errors not listed as "common errors" but errors that are specific to the addressee.</p>				

<b>TAP E05-004</b>	<b>Tips for Choosing Tax Preparer Letter</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	5/24/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	W&I EITC				
<b>Issue Statement:</b>	The EITC Committee was asked to comment on "Tips for Choosing a Tax Preparer" which provides information on how to check the credentials of professional tax preparers, contains tips for the taxpayer to consider when choosing a tax preparer, and what tax professionals are required to provide.				
<b>Proposal:</b>	The Committee recommended changing the title from "Tax Preparer" to "Paid Tax Preparer" and reformatted and edited the wording of the letter.				

## Elevated Recommendations

<b>TAP E05-006</b>	<b>EITC Performance Measurement</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	5/6/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	7/10/2005
<b>Originating Committee(s):</b>	W&I EITC				
<b>Issue Statement:</b>	The EITC Committee was asked to serve as a focus group to discuss the concept and task of assessing EITC Program performance as well as provide the TAP perspective of EITC program performance and performance measures.				
<b>Proposal:</b>	<p>The Committee provided feedback to assist the IRS in answering the following questions regarding performance measurement:</p> <ul style="list-style-type: none"> <li>• What is defined as good performance from the EITC Program?</li> <li>• How does the average taxpayer know when the EITC Program is successful?</li> <li>• Should the EITC Program share performance measurements and performance results with taxpayers? What would the performance measurements from the EITC Program consist of – compliance measures, outreach measures, etc.? How would those measures of performance be helpful to the average taxpayer? What would be the best way –frequency, communication vehicle, etc. - to deliver those performance measures to the average taxpayer?</li> <li>• What expected benefits should the EITC Program anticipate from sharing performance information?</li> <li>• What taxpayer behavioral changes should be anticipated from providing additional performance information?</li> </ul>				
<b>Response from:</b>	Lauren Komar and Alexandria Wise from Booz Allen Hamilton				
<b>Response Notes:</b>	The consulting firm that conducted the research of EITC Performance Measures provided their results to the Committee.				

<b>TAP 05-007</b>	<b>Refund Misleads Taxpayer</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	7/11/2005	<b>Follow-up Date</b>	9/11/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 6				
<b>Issue Statement:</b>	When multiple-year tax returns are filed or in cases when the same tax year is adjusted, taxpayers may receive a refund check prior to a notice of a balance due. Taxpayers who receive a refund check might reasonably believe that the refund check fully settles their tax obligations since taxpayers typically do not receive an explanation notice with the check.				
<b>Proposal:</b>	<p>TAP proposed:</p> <ol style="list-style-type: none"> <li>1. Provide instructions to taxpayers filing multiple year returns on how to signal the IRS that more than one return needs to be processed promptly.</li> <li>2. Have multiple year returns processed by the same employees, in the same area, at the same time.</li> <li>3. Place an indicator on the system for each tax return in processing and hold all refunds until all returns have completed processing.</li> <li>4. Provide an explanation with refund checks warning the taxpayers when there could be outstanding tax liabilities.</li> <li>5. Provide taxpayers the option to elect to have a refund held until all their tax obligations are determined.</li> </ol>				

## Elevated Recommendations

<b>TAP M05-008</b>	<b>Tax Rights and Responsibilities Education</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	7/8/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	W&I Multilingual Initiative				
<b>Issue Statement:</b>	There are large numbers of new immigrants and many more American citizens with limited English proficiency (LEP) who have no understanding of the tax system of the United States and in many case no experience with such a tax system. In order to comply with Executive Order 13166 which mandates federal agencies to provide meaningful access to products and services to persons with LEP, there must be a plan for educating such persons with their rights and responsibilities under our tax system.				
<b>Proposal:</b>	The Committee prepared a suggested outline for a proposed basic course with suggested audience and implementation sites. The Committee recommended that the Internal Revenue Service partner with a local public school system that teaches English as a Second Language (ESL) classes or basic education classes, or a college or junior college system that does the same, or a Low Income Tax Clinic (LITC) to produce, implement, evaluate and disseminate to organizations across the country such a curriculum which can be used and modified to meet local needs.				

<b>TAP X05-009</b>	<b>VITA/TCE Training Materials</b>			<b>Status:</b>	Closed, Proposal Partially Accepted
<b>Date Elevated:</b>	6/15/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	9/16/2005
<b>Originating Committee(s):</b>	Area 4, Area 1, Area 2, and Area 3,				
<b>Issue Statement:</b>	TAP members were asked to review and reformat Publication 3189, Volunteer E-File Administrator Guide, and review and rewrite the comprehensive and integrated problems in Publication 678, Volunteer Assistor's Guide for use in Volunteer Programs.				
<b>Proposal:</b>	The TAP members worked with six IRS tax analysts from various IRS offices and two people representing AARP to address the assigned tasks. It was the recommendation of the team that problems CW and CP be rewritten as integrated problems that could be used when teaching the TaxWise software. Problem A is already in this format. It was further recommended that these three problems be removed from Pub 678 and be placed in the front of the existing test booklet. Two Groups of TAP Panel Members participated in this activity.				
<b>Response from:</b>	Cynthia McKinney, Senior Tax Analyst, SPEC				
<b>Response Notes:</b>	The result was a multiplicity of changes to each publication and a thorough test of all problems contained therein. The problems were run both manually and by using "Taxwise" software. Corrections were forwarded to a central group within SPEC for inclusion in the publications prior to print.				

## Elevated Recommendations

<b>TAP N05-010</b>	<b>Exam Soft Notices</b>			<b>Status:</b>	Closed, Proposal Partially Accepted
<b>Date Elevated:</b>	5/17/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	6/20/2005
<b>Originating Committee(s):</b>	W&I Notices				
<b>Issue Statement:</b>	Beverly Mobley and Lois Bailey, EITC Redesign Team, brought two notices titled "Please Help us Confirm your Qualifying Child," and "Please Help use Confirm your Filing Status" to the May 20, 2005, Notice Committee for feedback on improving the notices.				
<b>Proposal:</b>	The Committee provided suggestions on improving the "Please Help us Confirm your Qualifying Child," "Please Help us Confirm Your Schedule C or C-EZ Business Income," and "Please Help us Confirm your Filing Status" exam notices.				
<b>Response from:</b>	Beverly Mobley and Lois Bailey, EITC Redesign Team				
<b>Response Notes:</b>	The EITC Redesign team thanked the Committee for their feedback and candid comments and forwarded a draft of the revised notices which include many of the Committee's suggestions.				

<b>TAP N05-011</b>	<b>DAT Spreadsheet</b>			<b>Status:</b>	Closed, Proposal Accepted
<b>Date Elevated:</b>	6/15/2005	<b>Follow-up Date</b>	No Agreed Date	<b>Date Response Received:</b>	7/6/2005
<b>Originating Committee(s):</b>	W&I Notices				
<b>Issue Statement:</b>	The Committee was given an Adobe document to score notices using the Document Assessment Tool (DAT) Spreadsheet.				
<b>Proposal:</b>	The Committee developed a spreadsheet to help score notices. The Committee recommended IRS adopt the TAP spreadsheet as the official document to be used when scoring notices using the DAT.				
<b>Response from:</b>	Bonnie Babcock, Tax Law Analyst, Notice Support Group				
<b>Response Notes:</b>	<p>The IRS agreed to use TAP's format as the notice scoring standard recognizing "The Excel format proposed is very easy to use, and it incorporates a nice summary sheet on the first page."</p> <p>The Notice Support Group was simultaneously working on a similar project and will incorporate a few additional features as minor enhancements to the TAP spreadsheet:</p> <ul style="list-style-type: none"> <li>A summary score on the scoring page for each section</li> <li>A bar graph on the summary page</li> <li>Drop-down boxes to allow mouse selection of grades</li> </ul>				

## Elevated Recommendations

<b>TAP 05-013</b>	<b>AMT Education</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/30/2005	<b>Follow-up Date</b>	10/30/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 5				
<b>Issue Statement:</b>	At present, millions of middle income taxpayers likely are unaware of the Alternative Minimum Tax (AMT) or the possibility that they may have to pay AMT within the next few years.				
<b>Proposal:</b>	TAP recommended that the IRS educate taxpayers about the AMT, just as the IRS has made an effort to educate the public about the Earned Income Tax Credit, Taxpayer Advocate Service, and Efiling. For example, the IRS could distribute printed material explaining the AMT and conduct a public awareness campaign through media releases. TAP attached two prototype models as examples of what the average taxpayer might find helpful.				

<b>TAP 05-014</b>	<b>Form 1065 Schedule D Change</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	8/19/2005	<b>Follow-up Date</b>	11/22/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 2				
<b>Issue Statement:</b>	Form 1065, Schedule D, Capital Gains and Losses for Partnerships, Part 1 provides only four (4) lines to record Capital Gains and Losses - Assets held 1 year or less. Taxpayers with more than four transactions must attach a supplemental sheet. Only four lines also are available for Part 2 Long-Term Capital Gains and Losses -Assets held more than 1 year. Any more than four (4) transactions require a supplemental sheet.				
<b>Proposal:</b>	TAP recommended that two additional lines be added to record both short term and long term transactions so that partnerships with more than four (4) transactions in either category will not be required to attach an additional supplemental sheet to complete the return.				

<b>TAP 05-015</b>	<b>VITA/TCE Uniform Taxpayer Identification Requirements</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	8/22/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	There are discrepancies among official IRS publications, Volunteer Income Tax Assistance (VITA) training materials, and instructions from IRS employees to VITA site coordinators regarding what identifying documents taxpayers must present at VITA and other volunteer tax preparation sites.				
<b>Proposal:</b>	TAP recommended that the IRS develop and distribute consistent guidelines for identification needed for taxpayers to obtain help from volunteer tax sites. The same taxpayer identification requirements should apply to all volunteer tax preparation assistance sites. The requirements should be clearly communicated to taxpayers and volunteer preparers in written materials and oral instructions provided by IRS representatives.				

## Elevated Recommendations

<b>TAP 05-016</b>	<b>TAS Authority to Release ACS Levies</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	8/26/2005	<b>Follow-up Date</b>	9/26/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 7				
<b>Issue Statement:</b>	The IRS currently does not include computer-generated Automated Collection System (ACS) levies upon wages in the category of systemic or automated levies under Internal Revenue Manual (IRM) Section 13.1.4.2.3.19(1) (April 1, 2003). This interpretation deprives the Taxpayer Advocate Service (TAS) of delegated authority to release an ACS levy, and, thereby, creates a risk of delay that could cause irreparable harm to a taxpayer in a case where the taxpayer has shown the levy would cause significant hardship, as defined by statute.				
<b>Proposal:</b>	TAP recommended that the IRS classify ACS automated levies as systemic levies that TAS has delegated authority to directly release, as described in IRM Section 13.1.4.2.3.19(1).				

<b>TAP 05-017</b>	<b>Form W-4 Changes/Multi-job Households</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/9/2005	<b>Follow-up Date</b>	11/9/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 1				
<b>Issue Statement:</b>	Underwithholding by multiple-job households is likely because of the difficulty of correctly completing Form W-4, Employee's Withholding Allowance Certificate, and/or because taxpayers are unaware of the need to complete additional Forms W-4 with their other employer(s) when a second or third job is acquired.				
<b>Proposal:</b>	<p>TAP recommended that Forms and Publications make changes to Form W-4, as follows:</p> <ol style="list-style-type: none"> <li>1. Delete the current IRS warning titled "Form W-4 Warning: Two earners/Two Jobs" because it is inaccurate in many situations and substitute more accurate language such as suggested.</li> <li>2. Prominently display on the top of Form W-4 a statement along the lines of the following:</li> </ol> <p>CAUTION: Two Earners/Two Jobs            If you have two or more jobs, or if your spouse is also working, you may be subject to owing tax at the end of the year. To claim the correct number of allowances, either:</p> <ol style="list-style-type: none"> <li>1. Fill out the worksheet on page 2;</li> <li>2. Consult with your tax advisor;</li> <li>3. Call the IRS at 1-800-829-1040 for assistance; or</li> <li>4. Go to (use an alias for the IRS withholding calculator, such as <a href="http://www.irs.withholdingcalculator.gov">www.irs.withholdingcalculator.gov</a>).</li> </ol> <p>Revise the last sentence under the heading "Purpose" on Form W-4 to a statement along the lines of the following: "because your tax situation may change, you may want to refigure your withholding with any employer at any time during the year."</p>				

## Elevated Recommendations

<b>TAP 05-018</b>	<b>W-4 Calculator Access</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/9/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 1				
<b>Issue Statement:</b>	The IRS has a Withholding Calculator on <a href="http://www.irs.gov">www.irs.gov</a> which is a good tool for simplifying the process of calculating the correct amount of withholding but is not highly publicized and is difficult to locate on the IRS website.				
<b>Proposal:</b>	TAP recommended that the IRS create a direct link or alias, such as <a href="http://www.irs.withholdingcalculator.gov">www.irs.withholdingcalculator.gov</a> , that will allow taxpayers to access the withholding calculator without having to navigate through the rest of the IRS website and that can be easily referenced in forms, instructions, and publications addressing withholding.				

<b>TAP 05-019</b>	<b>Federal Lien Release on Credit Records</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	8/22/2005	<b>Follow-up Date</b>	9/22/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 1				
<b>Issue Statement:</b>	When a lien is released, taxpayers are not informed that the IRS is not responsible for informing credit bureaus. It is the responsibility of the taxpayer to ensure that the lien is expunged from credit bureau and public records after the IRS is paid. Otherwise, the lien will reappear in a future credit search.				
<b>Proposal:</b>	<p>TAP recommended that Notice 48, Release of Federal Tax Lien, be revised to notify taxpayers that, in order to minimize the effect of the federal tax lien on their credit history, a copy of the Certificate of Release of Federal Tax Lien should be sent to each credit reporting agency, and the Notice should be included with the taxpayer's copy of the Certificate.</p> <p>Revision and inclusion of Notice 48 with the certificate of lien release that is mailed to the taxpayer would alleviate the number of complaints received by local Taxpayer Advocate Service offices and Taxpayer Assistance Centers, as well as, provide better customer service to the client community. It would also mitigate the negative financial impact of a tax lien on a taxpayer's credit score that might adversely affect the interest rates charged the taxpayer.</p>				

<b>TAP 05-020</b>	<b>Current Tax Forms and Instructions Availability</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	8/26/2005	<b>Follow-up Date</b>	9/26/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 4				
<b>Issue Statement:</b>	Not all current tax forms and instructions are available at IRS Taxpayer Assistance Centers (TACs).				
<b>Proposal:</b>	TAP recommended that, upon a customer's request, every IRS walk-in taxpayer assistance site should provide a paper copy of any IRS form, other than scannable forms, together with instructions needed to prepare the current year's tax return.				

## Elevated Recommendations

<b>TAP A05-021</b>	<b>IRS CPE Standards</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	8/9/2005	<b>Follow-up Date</b>	No Agreed Date	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Ad Hoc				
<b>Issue Statement:</b>	Inconsistent and weak emphasis is placed on the Internal Revenue Service's Continuing Professional Education (CPE) requirements.				
<b>Proposal:</b>	TAP recommended that the IRS reconsider curtailing the amount of face-to-face training due to budgetary constraints.				

<b>TAP 05-022</b>	<b>IRS Partnering</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/12/2005	<b>Follow-up Date</b>	12/15/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 5				
<b>Issue Statement:</b>	Studies of taxpayer use demonstrate a strong need for personalized service as provided by Taxpayer Assistance Centers (TACs). However, the IRS plans to close numerous TACs, resulting in the reduction of a significant number of staff positions across the nation, in order to reduce expenditures.				
<b>Proposal:</b>	TAP recommended that the IRS review and expand the option of partnering to share space with other government service agencies to provide TAC services at reduced cost.				

<b>TAP 05-023</b>	<b>New and Revised Tax Forms &amp; Publications</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/23/2005	<b>Follow-up Date</b>	10/23/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 2				
<b>Issue Statement:</b>	Over the past three years, TAP has received more than one hundred suggestions for improving IRS forms, instructions and publications.				
<b>Proposal:</b>	TAP recommended that Tax Forms and Publications seek TAP pre-decisional input whenever new forms and publications are to be developed or current forms and publications revised. TAP has elevated numerous grassroots recommendations concerning forms and publications to the IRS and has worked directly with IRS program owners to improve many of the IRS's forms and publications.				

## Elevated Recommendations

<b>TAP 05-026</b>	<b>Form 5500 and 5500EZ, Downloadable</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/23/2005	<b>Follow-up Date</b>	No Agreed Date	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 1				
<b>Issue Statement:</b>	For small businesses, the current IRS procedures for obtaining and filing Form 5500, Annual Return/Report of Employee Benefit Plan, or 5500EZ, are overly burdensome because of the difficulty of acquiring a version of the form that can be filed with the IRS while the alternative of filing the form electronically can be very expensive. The forms on the website are not machine-readable, so taxpayers must call and have paper forms mailed or pay for electronic filing.				
<b>Proposal:</b>	TAP recommended that, as part of the IRS technology upgrade, the IRS develop software to obtain necessary data from printed versions of Forms 5500 and 5500EZ downloaded from the IRS website and that taxpayers be allowed to submit these printed versions of forms downloaded from the web.  In the interim, until downloaded forms can be submitted, TAP recommended that the IRS send two copies of these forms each year to each taxpayer that submitted a paper copy in the preceding reporting year.				

<b>TAP 05-027</b>	<b>IRC on the IRS Website</b>			<b>Status:</b>	Pending Review by TAP
<b>Date Elevated:</b>	9/23/2005	<b>Follow-up Date</b>	3/31/2006	<b>Date Response Received:</b>	5/27/2005 10/21/2005
<b>Originating Committee(s):</b>	Area 1				
<b>Issue Statement:</b>	The IRS web page, IRS.gov, contains two links to the Internal Revenue Code (the "Code"), neither of which contains the most recent changes to the Code, potentially misleading those who seek to access the Code from the IRS web page and resulting in serious errors.				
<b>Proposal:</b>	Ideally, the information to which these links take the user should be current. If this is not possible, the IRS should consider placing a current version of the Code on IRS.gov.				
<b>Response from:</b>	Bert W. Dumars, Director, Electronic Tax Administration				
<b>Response Notes:</b>	<p>DuMars thanked TAP for the suggestion and said the goal of assisting taxpayers and tax professionals in identifying current IRC requirements was very admirable and worthy of careful consideration. He agreed that it would be ideal if the external IRC resource sites the IRS website links to provided current information. Unfortunately, there is no public domain copy available of a completely current codified IRC. Instead, all such copies are provided by private vendors for a fee per user. Therefore, IRS is not able to implement the first proposed solution. The sites currently referenced are the best non-fee sources of the IRC available at this time.</p> <p>In addition, Congress has traditionally disfavored the IRS acting in competition with services provided by the private business sector. This is a major barrier that prevents the IRS from implementing TAP's recommendation to place the current IRC on IRS.gov. Even if that barrier could be overcome, the IRS does not internally maintain the current codified IRC, so does not have the information available to post. Keeping a codified copy of the IRC up-to-date is a major undertaking, which explains the current success of the fee-based services.</p>				

## Elevated Recommendations

<b>TAP 05-028</b>	<b>EFTPS Correcting Erroneous Payments</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	10/20/2005	<b>Follow-up Date</b>	11/20/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	Taxpayers and professionals are not adequately advised by the IRS how to timely cancel or obtain a refund for an erroneous quarterly estimated tax deposit payment (Form 1040ES) made via Electronic Funds Transfer Payment System (EFTPS) within 48 hours of the due dates.				
<b>Proposal:</b>	TAP recommended that IRS add instructions to EFTPS brochures outlining remedies for taxpayers who make erroneous EFTPS payments within 48 hours of the due date.				

<b>TAP 05-029</b>	<b>SS-4 Correction Notice</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	10/20/2005	<b>Follow-up Date</b>	11/20/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	IRS instructions to taxpayers regarding how to correct an incorrect social security number on a Form SS-4, Application for Employer Identification Number, creates an unnecessary burden by directing the taxpayer to obtain official documentation from the Social Security Administration to verify the number.				
<b>Proposal:</b>	TAP recommended that the IRS add a sentence to the Request for Missing Information to Validate Internet EIN directing the taxpayer to either correct the social security number on line 7 and return the SS-4 by fax or mail or contact the Social Security Administration for verification if the taxpayer believes the social security number submitted is correct.				

<b>TAP 05-031</b>	<b>Interest and Penalty Calculator on IRS Website</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	12/12/2005	<b>Follow-up Date</b>	1/12/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 1				
<b>Issue Statement:</b>	Many taxpayers who file or contemplate filing returns after the due date are unaware of the magnitude of the late filing and late payment penalties and interest assessed on past due tax obligations.				
<b>Proposal:</b>	<ol style="list-style-type: none"> <li>1. Provide a late filing/late payment penalty and interest calculator on the IRS website similar to that provided by the New York State Department of Taxation and Finance on its website at <a href="http://www7.nystax.gov/PAIC/paicHome">http://www7.nystax.gov/PAIC/paicHome</a>.</li> <li>2. Make clear that the calculation is only an estimate and is based on payment as of a specified date.</li> <li>3. Reference the interest and penalty calculator in the Form 1040 Instructions and other appropriate IRS publications.</li> </ol>				

## Elevated Recommendations

<b>TAP 05-032</b>	<b>554, Older Americans' Tax Guide</b>			<b>Status:</b>	Elevated, Awaiting Preliminary Response
<b>Date Elevated:</b>	12/29/2005	<b>Follow-up Date</b>	2/28/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 2				
<b>Issue Statement:</b>	Publication 554, Older Americans' Tax Guide, which states its purpose is "to provide a general overview of selected topics that are of interest to older Americans," does not adequately address the concerns of the targeted audience.				
<b>Proposal:</b>	TAP recommended that Publication 554 be revised to include specified changes and improve readability.				

<b>TAP 05-033</b>	<b>Form SS-4 &amp; LLCs</b>			<b>Status:</b>	Elevated, Awaiting Preliminary Response
<b>Date Elevated:</b>	12/22/2005	<b>Follow-up Date</b>	2/22/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 2				
<b>Issue Statement:</b>	The instructions for Form SS-4, Application for Employer Identification Number (EIN), that are available for applications to be submitted online provide different directions for taxpayers seeking an EIN for a Limited Liability Company (LLC) than the instructions for applications to be submitted in hard copy.				
<b>Proposal:</b>	TAP recommends that the IRS consolidate the two separate sets of instructions available for Form SS-4. Instructions pertaining only to the mechanics of paper filing or online filing would differ, but the line-by-line instructions on how to complete the form should be the same. A search for the Form SS-4 on the IRS website should bring up the consolidated instructions applicable to both paper and on-line filing and then link to both the paper application and the electronic application site. For a short-term solution to the problem, the IRS should incorporate the instructions for LLCs from page 4 of the Form SS-4 instructions for paper filers into the Form SS-4 instructions for online filers.				

<b>TAP 05-034</b>	<b>TAS Toll-Free Number</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	12/28/2005	<b>Follow-up Date</b>	1/28/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 6				
<b>Issue Statement:</b>	Some important TAS criteria are missing from the message script for the Taxpayer Advocate Service (TAS) toll-free telephone number (1-877-777-4778), and it does not give the caller a readily available option to speak directly with an Internal Revenue Service (IRS) representative.				
<b>Proposal:</b>	The TAS toll-free number greeting should provide more detailed menu options, including, in appropriate cases, the option to speak directly with an IRS representative. TAP suggested specific wording for the TAS opening message.				

## Elevated Recommendations

<b>TAP 05-035</b>	<b>Change in Refund Notification</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	01/05/2006	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 6				
<b>Issue Statement:</b>	The Internal Revenue Service (IRS) does not provide a taxpayer an explanation of why a refund is less than expected at the time the refund is direct-deposited into the taxpayer's bank accounts. Existing IRS computer systems generate a refund discrepancy notice one or two weeks after the directly-deposited refund becomes available to the taxpayer.				
<b>Proposal:</b>	As IRS computer technology advances, the IRS should create programming and processes that allow for the simultaneous distribution of a refund and a notice explaining why the refund amount varies from the amount shown on the return.				

<b>TAP 05-036</b>	<b>Refund Website</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	12/28/2005	<b>Follow-up Date</b>	1/28/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 7				
<b>Issue Statement:</b>	Taxpayers are not able to use the Internal Revenue Service (IRS) website to find out if they have an undeliverable tax refund from prior years although this information is available on other non-IRS web pages.				
<b>Proposal:</b>	The IRS should recognize that IRC §6103 authorizes allowing taxpayers access to prior years' refund information via the Internet and provide a link on the "Where's My Refund" web page to a new web page called "Am I Due a Refund?" where taxpayers may search by name, city, state, and zip code for prior year refunds that were not delivered (undeliverable). TAP provided a detailed description of the proposed web page.				

<b>TAP 05-037</b>	<b>Form 211 Reward Availability</b>			<b>Status:</b>	Pending Submission
<b>Date Elevated:</b>		<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 5				
<b>Issue Statement:</b>	It is difficult for a taxpayer who reports fraudulent tax activity to determine whether a reward for this information is available.				
<b>Proposal:</b>	Provide a direct link on irs.gov to Form 211, Application for Reward for Original Information, for claiming a reward for reporting suspected fraud. As well, irs.gov should provide a direct link to Policy Statement 4-27 (formerly P-4-86) for an explanation of when IRS will pay claims for rewards and the grounds for rejecting claims.				

## Elevated Recommendations

<b>TAP 05-038</b>	<b>Requiring Display of RAL Information</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/30/2005	<b>Follow-up Date</b>	10/30/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 4				
<b>Issue Statement:</b>	Many taxpayers, especially low-income and taxpayers with limited English proficiency, who are applying for the Earned Income Tax Credit (EITC), are not aware that refund anticipation loans (RALs) are not actually a refund but loans that carry substantial risks for taxpayers if they do not receive the refund they had anticipated and against which they have borrowed.				
<b>Proposal:</b>	<p>TAP made the following recommendations:</p> <ol style="list-style-type: none"> <li>1. Develop a large-size poster displaying basic information about RALs for taxpayers, stating: "A RAL or 'Refund Anticipation Loan' is a loan that carries an interest charge. It is not the taxpayer's actual refund, but is less than the actual refund. Furthermore, taxpayers who fail to receive their full anticipated refund must still pay back the entire RAL with interest."</li> <li>2. Require that Electronic Return Originators (EROs) prominently display this RAL information poster in a prominent location at their business site, and add this to the list of requirements in Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns.</li> </ol>				

<b>TAP 05-039</b>	<b>Advertising RAL Alternatives</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/30/2005	<b>Follow-up Date</b>	10/30/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 4				
<b>Issue Statement:</b>	Many taxpayers, especially low-income and taxpayers with limited English proficiency ("LEP taxpayers"), request refund anticipation loans (RALs) because they are unaware of other methods of speeding up their tax refund through the use of early filing, e-filing, and direct deposit.				
<b>Proposal:</b>	TAP recommended that the IRS direct its current advertising campaign toward educating taxpayers on how to speed up their tax refunds through the use of early filing, e-filing, and direct deposit. IRS could also inform low-income and LEP taxpayers about these alternatives to RALs through Low Income Taxpayer Clinics (LITCs).				

<b>TAP 05-040</b>	<b>Debt Indicator Elimination</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/30/2005	<b>Follow-up Date</b>	10/30/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 4				
<b>Issue Statement:</b>	By providing the debt indicator to third parties who file returns electronically, the IRS encourages refund anticipation loans (RALs) and makes it appear the IRS endorses RALs. Providing the indicator also raises major privacy issues.				
<b>Proposal:</b>	TAP recommended that the IRS stop providing the debt indicator to third-party Electronic Return Originators who arrange RALs for their taxpayer clients.				

## Elevated Recommendations

<b>TAP 05-041</b>	<b>Enforcement of RAL Requirements</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/30/2005	<b>Follow-up Date</b>	10/30/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 4				
<b>Issue Statement:</b>	Providers of refund anticipation loans (RALs) do not always provide other than cursory information to taxpayers regarding the nature and risks of RALs, so many taxpayers, especially low-income and taxpayers with limited English proficiency who are claiming the Earned Income Tax Credit, are not aware that a RAL is a loan that carries substantial risks for taxpayers if they do not receive the refund they had anticipated and against which they have borrowed.				
<b>Proposal:</b>	TAP recommended that the IRS increase the number of site visits and impose penalties on electronic return originators (EROs) that are not in compliance with RAL disclosure requirements. TAP recommended increasing the site visits, at minimum, to 3% for 2006 and 5% for 2007. Additionally, penalties should be imposed on identified EROs not in compliance, increasing the severity if there are multiple noncompliance issues identified in one site visit or repetitive instances of noncompliance over several site visits to the same location.				

<b>TAP 05-042</b>	<b>Return Processing and RAL Appeal</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	9/30/2005	<b>Follow-up Date</b>	10/30/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 4				
<b>Issue Statement:</b>	Refund anticipation loans (RALs) appeal to taxpayers because the Internal Revenue Service (IRS) cannot process returns as promptly as taxpayers need funds.				
<b>Proposal:</b>	The IRS should implement procedures to speed up the processing of e-filed returns and direct deposit of refunds into taxpayer bank accounts. Initially, the IRS should strive to process returns and direct deposit refunds within 48 hours of submission. Ultimately, the IRS's goal should be to process returns and direct deposit refunds within 24 hours of submission.				

<b>TAP S05-043</b>	<b>Prioritizing SBSE Notices</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	9/21/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	SB/SE				
<b>Issue Statement:</b>	Some notices sent to taxpayers on business issues are unclear and/or inaccurate.				
<b>Proposal:</b>	The Office of Taxpayer Burden Reduction (OTBR) and TAP worked on prioritizing which notices sent to business taxpayers should be considered for revision based on factors such as volume, IRS satisfaction, taxpayer satisfaction, taxpayer burden, impact on IRS operating divisions, etc. Once prioritized, these notices will be revised for accuracy and clarity.				

## Elevated Recommendations

<b>TAP S05-044</b>	<b>Revising Examination Notices/Documents</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	9/21/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	SB/SE				
<b>Issue Statement:</b>	Notices, letters and other documents sent to taxpayers prior to an examination do not adequately inform taxpayers what documents to present to the examiner nor explain the examination process.				
<b>Proposal:</b>	The Office of Taxpayer Burden Reduction (OTBR) and TAP reviewed various documents sent to taxpayers prior to examination and recommended improvements.				

<b>TAP S05-045</b>	<b>Revising Form 940, Unemployment Tax Form</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	9/21/2005	<b>Follow-up Date</b>	No Agreed Date	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	SB/SE				
<b>Issue Statement:</b>	Form 940, Employer's Annual Federal Unemployment Tax Form, is unclear and difficult to complete.				
<b>Proposal:</b>	The Office of Taxpayer Burden (OBTR) and TAP worked to revise Form 940, Employer's Annual Federal Unemployment Tax Form, to make it clear and easy to complete. This follows the redesign of Form 941, Employer's Quarterly Federal Tax Return. TAP recommended that the instructions for Form 940 be included with the Form, not separately, to be more accessible. TAP also recommended revising the worksheet on the Form and combining Form 940 and Form 940EZ.				
<b>Proposal:</b>	The Notices Committee submitted their scoring of the CP 23, 24, and 25 Notices.				

## Elevated Recommendations

<b>TAP S05-046</b>	<b>The Extension Project</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	9/21/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	SB/SE				
<b>Issue Statement:</b>	It is a burden on taxpayers to submit multiple applications for extension to file income tax returns. In 2004, Area 1 proposed a single form to file for a six-month extension.				
<b>Proposal:</b>	<p>The SB/SE Committee recommended revising Form 4868, Application for Automatic Extension to File U.S. Individual Income Tax Return, and Form 7004, Application for Automatic Extension of Time to file Corporation Income Tax return</p> <p>1) to create a uniform automatic six-month extension for all non-corporate taxpayers;</p> <p>2) to remove the signature requirement and request for explanation on the extension forms; and</p> <p>3) to decrease the number of forms by consolidating the two extension forms for individuals (Form 4863 and Form 2688) to one and combine four of the business extension forms into one, resulting in the consolidation of six of the current extension forms.</p>				
<b>Response Notes:</b>	The IRS has announced that, beginning in 2006, Forms 4868 and 7004 will be simpler and take less time to prepare and provide an automatic six-month extension.				

<b>TAP S05-047</b>	<b>Employers Annual Federal Tax Program</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	9/21/2005	<b>Follow-up Date</b>	No Agreed Date	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	SB/SE				
<b>Issue Statement:</b>	Filing employment tax returns quarterly creates a burden on employers with less than \$1,000 employment tax liability in a year.				
<b>Proposal:</b>	TAP made recommendations on improving the annualized employment tax return for employers with less than \$1,000 employment tax liability.				

<b>TAP S05-048</b>	<b>Simplifying Collection Statements (433-A and 433-B)</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	9/21/2005	<b>Follow-up Date</b>	No Agreed Date	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	SB/SE				
<b>Issue Statement:</b>	The complexity of Collection Information Statements, Form 433-A for individual taxpayers and Form 433-B for businesses, burdens taxpayers applying for either an installment agreement or an offer-in-compromise.				
<b>Proposal:</b>	Simplify Collection Information Statements by revising Form 433-A and 433-B to reduce the burden on taxpayers applying for an installment agreement or an offer-in-compromise.				

## Elevated Recommendations

<b>TAP 05-049</b>	<b>Publication 4221 in Determination Letters</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	12/28/2005	<b>Follow-up Date</b>	1/28/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 4				
<b>Issue Statement:</b>	Many newly-created non-profit organizations have inadequate information about the filing and record-keeping requirements under Internal Revenue Code section 501(c)(3) that must be satisfied for an organization to be tax-exempt and eligible to receive tax-deductible contributions				
<b>Proposal:</b>	Include Publication 4221, Compliance Guide for 501(c)(3) Tax Exempt Organizations, with both the initial and final determination letters sent to all newly-formed 501(c)(3) organizations, and, whenever appropriate, with other correspondence, in order to educate charities regarding their responsibilities as exempt entities.				

<b>TAP 05-050</b>	<b>Endorsement of the ACT Report</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	12/29/2005	<b>Follow-up Date</b>	1/29/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 4				
<b>Issue Statement:</b>	New charities have difficulty complying with the tax law requirements applicable to charitable organizations.				
<b>Proposal:</b>	TAP supported the eight recommendations made by the Advisory Committee on Tax Exempt and Government Entities (ACT) to improve the compliance of newly-created charities dated June 8, 2005.				

<b>TAP 05-051</b>	<b>Form 656, Offer in Compromise Criteria</b>			<b>Status:</b>	Elevated, Awaiting Preliminary Response
<b>Date Elevated:</b>	12/29/2005	<b>Follow-up Date</b>	2/28/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	The current instructions for Form 656, Offer in Compromise (OIC), do not clearly explain the criteria considered by the Internal Revenue Service (IRS) in determining whether an Offer in Compromise is acceptable.				
<b>Proposal:</b>	The instructions for Form 656 should be clarified. We recommend that the instructions (1) explicitly inform taxpayers that an OIC based on Doubt as to Collectibility will not be considered if the IRS determines that the taxpayer could pay the full tax liability under an installment agreement over the remaining period of the collection statute of limitations, (2) explain how a taxpayer can estimate that capability, (3) more clearly state that an OIC will also be rejected if the IRS determines that the taxpayer has sufficient assets to pay the tax in full immediately or within a short period of time, and (4) exclude distracting information that is not germane to completing the form.				

## Elevated Recommendations

<b>TAP 05-052</b>	<b>Consolidate Presidentially Declared Disaster Area Information</b>			<b>Status:</b>	Elevated, Awaiting Preliminary Response
<b>Date Elevated:</b>	12/29/2005	<b>Follow-up Date</b>	2/28/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	Information of special relevance to taxpayers in Presidentially declared disaster areas is difficult to locate because it is scattered among several Internal Revenue Service (IRS) publications and also scattered within IRS Publication 547, Casualties, Disasters, and Thefts.				
<b>Proposal:</b>	Information of special relevance to taxpayers in Presidentially declared disaster areas should be consolidated in one place, as much as possible, for easy reference. TAP proposed two alternative solutions: One solution would be to have a new publication targeted at the needs of taxpayers in Presidentially declared disaster areas. A second possible solution would be to greatly expand the "Disaster Area Losses" section of Publication 547 and consolidate in that section all relevant information.				

<b>TAP 05-053</b>	<b>Form 1040 Package Distribution Policy Notification</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	12/29/2005	<b>Follow-up Date</b>	1/29/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	Many taxpayers who received free assistance preparing paper returns from Tax Counseling for the Elderly (TCE) and Volunteer Income Tax Assistance (VITA) programs last year received no tax package this year and no notification of a change in the IRS forms distribution policy.				
<b>Proposal:</b>	The Internal Revenue Service (IRS) should inform taxpayers about policy changes affecting distribution of required forms to taxpayers when and how the IRS announces other changes in tax law and procedures.				

## Elevated Recommendations

<b>TAP 05-054</b>	<b>Additional Tax Waiver Request</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	12/29/2005	<b>Follow-up Date</b>	1/29/2005	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 3				
<b>Issue Statement:</b>	When a taxpayer requests a waiver of the 50% additional tax for failure to receive a required minimum distribution from a qualified retirement plan, including an Individual Retirement Account (IRA), or an eligible 457 deferred compensation plan, the Internal Revenue Service (IRS) does not notify the taxpayer whether the IRS is going to waive the 50% additional tax but instead, without advance notification to the taxpayer, will simply send a refund if the waiver request is approved. In addition, neither the instructions for Form 5329, Additional Taxes on Qualified Plans, nor Publication 575, Pension and Annuity Income, notify taxpayers as to what courses of action are available to them if the IRS does not waive the 50% additional tax.				
<b>Proposal:</b>	When a taxpayer requests waiver of the 50% additional tax for failure to receive a required minimum distribution from a qualified retirement plan, including an IRA or an eligible 457 deferred compensation plan, the IRS should notify the taxpayer in writing whether the IRS is going to waive the 50% additional tax. In addition, the instructions for Form 5329 and Publication 575 should notify taxpayers as to what courses of action are available to them if the IRS does not waive the 50% additional tax.				

<b>TAP 05-055</b>	<b>Training of Volunteers for VITA/TCE E-filing</b>			<b>Status:</b>	Elevated, Awaiting Preliminary Response
<b>Date Elevated:</b>	12/29/2005	<b>Follow-up Date</b>	2/28/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 2				
<b>Issue Statement:</b>	Volunteers working in the AARP Tax Counseling for the Elderly (TCE ) program do not receive adequate training in e-filing.				
<b>Proposal:</b>	The Internal Revenue Service (IRS) Stakeholder Partnerships, Education and Communication (SPEC) organization should work with AARP area coordinators to improve the e-file training provided to the volunteers. SPEC should consider monitoring or selective auditing of the training. A suggested outline for e-file training is attached to this recommendation.				

## Elevated Recommendations

<b>TAP 05-056</b>	<b>Forms W-7 and 1040NR Changes</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	1/4/2006	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 2				
<b>Issue Statement:</b>	Taxpayers who file Form 1040NR, U.S. Nonresident Alien Income Tax Return, either as a taxpayer with Dual Status or a Nonresident Alien, are experiencing problems when they file a Form W-7, Application for an Individual Taxpayer Identification Number for a dependent spouse. The IRS does not associate the spouse's Form W-7 with the taxpayer's Form 1040NR and must communicate with the taxpayers prior to issuing the Individual Taxpayer Identification Numbers (ITIN).				
<b>Proposal:</b>	TAP recommended specific changes to Forms W-7 and 1040NR and their instructions to alleviate the problems the IRS is experiencing associating dependent spouse ITIN applications with their spouse's tax return. TAP also recommended that the IRS involve the TAP Area 2 Committee in the process of implementing these changes.				

<b>TAP 05-057</b>	<b>LITC Information on EITC Notices</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	12/29/2005	<b>Follow-up Date</b>	1/29/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 1				
<b>Issue Statement:</b>	Currently, there is low public awareness of Low Income Taxpayer Clinics (LITCs) to which the Internal Revenue Service (IRS) provides funds to assist low-income taxpayers with tax controversies.				
<b>Proposal:</b>	TAP recommended increasing awareness of LITCs among taxpayers most likely to qualify for their assistance by adding a small paragraph to notices relating to audits or denial of Earned Income Tax Credit (EITC) claims. The paragraph should reference Publication 4134, Low Income Taxpayer Clinic List, which generally is enclosed with such notices; offer succinct explanatory information on LITCs; and provide the IRS 1-800-829-1040 number and web address for the LITC Information page on irs.gov as possible sources of assistance in resolving the issues that are the subject of the correspondence				

## Elevated Recommendations

<b>TAP 05-058</b>	<b>Increasing Awareness of TAP in Publications</b>			<b>Status:</b>	Elevated, Awaiting Acknowledgement
<b>Date Elevated:</b>	12/29/2005	<b>Follow-up Date</b>	1/29/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 1				
<b>Issue Statement:</b>	The Taxpayer Advocacy Panel (TAP) remains largely unknown to the taxpaying public.				
<b>Proposal:</b>	<p>TAP recommended that a brief statement identifying TAP's mission and web address (<a href="http://www.improveirs.org">www.improveirs.org</a>) appear in some of the IRS publications most commonly used by taxpayers to learn about their rights, the individual federal income tax return, and collection and examination processes:</p> <ul style="list-style-type: none"> <li>• Publication 1, Your Rights as a Taxpayer</li> <li>• Publication 17, Your Federal Income Tax (For Individuals)</li> <li>• Publication 594, What You Should Know About The IRS Collection Process</li> <li>• Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund</li> </ul>				

<b>TAP A05-060</b>	<b>Educating Taxpayers About Publication 17</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	09/30/2005	<b>Follow-up Date</b>	No Agreed Date	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Ad Hoc				
<b>Issue Statement:</b>	IRS Publication 17, Your Federal Income Tax For Individuals, is not very well known or frequently used by most taxpayers even though it is widely regarded as an encyclopedia of tax information and help. The Ad Hoc committee was asked by the IRS Forms and Publication Division to develop a plan to educate the public about Publication 17.				
<b>Proposal:</b>	TAP recommended that public awareness and use of Publication 17 be promoted by creating a logo with a catchy phrase that is easily identifiable and producing and distributing information about Publication 17. Suggested distribution included: place poster in all IRS locations as well as locations where tax materials or information and advice are available, distribute to volunteer groups and training centers, all IRS helplines should reference Publication 17, ask tax preparation software companies to include the short description of Publication 17 in their packages, and work with Internet search sites to configure tax information question responses to show Publication 17 as a resource.				

## Elevated Recommendations

<b>TAP A05-061</b>	<b>Publication 17 Searchability</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	09/30/2005	<b>Follow-up Date</b>	No Agreed Date	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Ad Hoc				
<b>Issue Statement:</b>	Taxpayers have a difficult time finding information when researching using the on-line version of Publication 17, Your Federal Income Tax For Individuals. This leads to a high level of frustration and difficulty in completing tax forms.				
<b>Proposal:</b>	TAP recommended changing how the taxpayer finds tax information on www.irs.gov. TAP proposed using an advanced search engine and various options for looking up answers to questions about individual tax situations, focused on Publication 17. This would be accomplished by creating an icon on the IRS homepage. The recommendation included using typical search options: Table of Contents, Index, Keyword Search, but also a fuzzy logic search capability.				

<b>TAP A05-062</b>	<b>EITC Assistant</b>			<b>Status:</b>	Monitoring IRS Action
<b>Date Elevated:</b>	8/11/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	9/22/2005
<b>Originating Committee(s):</b>	W&I EITC				
<b>Issue Statement:</b>	EITC Senior Policy Analyst Robert Mattingly asked the EITC Committee to review and suggest changes to the "EITC Assistant," which is a web-based tool accessible via a link on the EITC home page of the IRS website used to determine whether a taxpayer is eligible for the EITC and the possible credit amount.				
<b>Proposal:</b>	The Committee recommended simplifying and clarifying the tool to ease navigation and encouraging its use through advertising and information on the web site that will motivate use. In addition, the Committee provided detailed specific recommendations on improving the usability of the "EITC Assistant."				
<b>Response from:</b>	David R. Williams, Director, Earned Income Tax Credit				
<b>Response Notes:</b>	IRS has already begun to incorporate messages promoting the EITC Assistant into all EITC communications products and marketing materials and to incorporate committee recommendations into the updated version of the EITC Assistant for release in December 2005. Some text modifications and clarifications were accepted, and changes that require programming are under review.				

## Elevated Recommendations

<b>TAP M05-063</b>	<b>LEP Survey</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>		<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	W&I Multilingual Initiative				
<b>Issue Statement:</b>	Limited English Proficient (LEP) individuals have a need for special services from the Internal Revenue Service (IRS) and IRS needs to obtain grass-roots, "frontline" feedback from LEP taxpayers about IRS Multilingual products and services.				
<b>Proposal:</b>	The Committee assessed the needs of LEP customers who reside in ethnic islands identified by the Multilingual Initiative (MLI) LEP Demographic Assessment and developed a report of their findings, which included recommendations on the best methods of communicating with this customer group.				

<b>TAP E05-064</b>	<b>EITC Web Pages, Architecture or Structure</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	10/4/2005	<b>Follow-up Date</b>	3/15/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	W&I EITC				
<b>Issue Statement:</b>	The Committee was asked to make recommendations about the structure of the Earned Income Tax Credit (EITC) website to make it more accessible to taxpayers and tax preparers.				
<b>Proposal:</b>	The Committee recommended the website limit sharply the number of links on any given page to five and provide a branching navigational plan that allows the user to locate the specific information that he/she needs. Users are better able to work their way through such a hierarchy than to find the information they need from a display of 90 links.				

<b>TAP E05-065</b>	<b>Content of the EITC Web Page(s)</b>			<b>Status:</b>	Elevated Directly by Committee
<b>Date Elevated:</b>	10/4/2005	<b>Follow-up Date</b>	3/15/2006	<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	W&I EITC				
<b>Issue Statement:</b>	The Committee was asked to comment on the content of the EITC website, which may be redundant and/or missing information.				
<b>Proposal:</b>	The Committee observed that redundancy is almost required in the site since so many items are intertwined and provide reference to definitions and statements contained in other locations. The Committee provided specific comments focused on several suggested additions to given areas: Earned Income Tax Credit (EITC) Can Lower Federal Tax Liabilities - Ask How!; 2005 Earned income Tax Credit Certification Test; Frequently Asked Questions and Answers.				

## Elevated Recommendations

<b>TAP N05-066</b>	<b>CP504 Series of Notices Scoring</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	9/26/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	11/21/2005
<b>Originating Committee(s):</b>	W&I Notices				
<b>Issue Statement:</b>	The Committee was asked to score the readability and usability of IRS notice CP 504, Urgent Notice – Balance Due, used for both individuals and businesses, using the IRS Document Assessment Tool.				
<b>Proposal:</b>	The Notices Committee submitted their scoring of the CP 504.				
<b>Response from:</b>	Jay Duffy, Lana Fernandez, Michael Peleg, Linda Lightner, Arlene Flores, and Antonia Keeling, Collection Notices Dynamic Project Leadership Team Members				
<b>Response Notes:</b>	The Team thanked TAP members for participating in scoring the Document Assessment Tool (DAT) for the collection notices and was pleased that the score on CP504 improved from a C- to a B.				

<b>TAP N05-067</b>	<b>CP 23, 24, and 25 Notices Scoring</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	10/18/2005	<b>Follow-up Date</b>	No Agreed Date	<b>Date Response Received:</b>	11/21/2005
<b>Originating Committee(s):</b>	W&I Notices				
<b>Issue Statement:</b>	The Committee was asked to score the readability and usability of IRS notice CP 23, Estimated tax Discrepancy, Balance Due of \$5 or More; CP 24, Overpaid Estimated Tax Discrepancy, Overpayment of \$1 or More; and CP 25, Even Balance, Estimated Tax Discrepancy, Balance Due <\$5, Overpayment <\$1, using the IRS document assessment tool.				
<b>Response from:</b>	Jay Duffy, Lana Fernandez, Michael Peleg, Linda Lightner, Arlene Flores, and Antonia Keeling, Leadership Team Members				
<b>Response Notes:</b>	Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. This activity is completed and this item is closed.				

## Elevated Recommendations

<b>TAP N05-068</b>	<b>CP 501 Notice Series Scoring</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	11/9/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	11/21/2005
<b>Originating Committee(s):</b>	W&I Notices				
<b>Issue Statement:</b>	The Committee was asked to score the readability and usability of the CP 501 notice series, the first notices from the IRS that a balance is due, using the IRS Document Assessment Tool.				
<b>Proposal:</b>	The Notices Committee submitted their scoring of the CP 501 Notice series.				
<b>Response from:</b>	Jay Duffy, Lana Fernandez, Michael Peleg, Linda Lightner, Arlene Flores, and Antonia Keeling, Leadership Team Members				
<b>Response Notes:</b>	Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. This activity is completed and this item is closed..				

<b>TAP N05-069</b>	<b>CP 521 Notice Series Scoring</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	11/9/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	11/21/2005
<b>Originating Committee(s):</b>	W&I Notices				
<b>Issue Statement:</b>	The Committee was asked to score the readability and usability of the CP 521 notices, the Installment agreement reminder notices, using the IRS Document Assessment Tool.				
<b>Proposal:</b>	The Notices Committee submitted their scoring of the CP 521 Notice series.				
<b>Response from:</b>	Jay Duffy, Lana Fernandez, Michael Peleg, Linda Lightner, Arlene Flores, and Antonia Keeling, Leadership Team Members				
<b>Response Notes:</b>	Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. This activity is completed and this item is closed.				

## Elevated Recommendations

<b>TAP N05-070</b>	<b>CP 503 Series of Notices Scoring</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	11/9/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	11/21/2005
<b>Originating Committee(s):</b>	W&I Notices				
<b>Issue Statement:</b>	The Committee was asked to score the readability and usability of CP 503 notices, the second reminder the Internal Revenue Service sends regarding a balance due, using the IRS Document Assessment Tool.				
<b>Proposal:</b>	The Notices Committee submitted their scoring of the CP 503 Notice series.				
<b>Response from:</b>	Jay Duffy, Lana Fernandez, Michael Peleg, Linda Lightner, Arlene Flores, and Antonia Keeling, Leadership Team Members				
<b>Response Notes:</b>	Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. This activity is completed and this item is closed..				

<b>TAP N05-071</b>	<b>CP523 and CP523F Notice Scoring</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	11/16/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	11/21/2005
<b>Originating Committee(s):</b>	W&I Notices				
<b>Issue Statement:</b>	The Committee was asked to score the readability and usability of the CP 523 and CP523F, Installment Agreement Default Notices, using the IRS Document Assessment Tool.				
<b>Proposal:</b>	The Notices Committee submitted their scoring of the CP 523 and CP 523F.				
<b>Response from:</b>	Jay Duffy, Lana Fernandez, Michael Peleg, Linda Lightner, Arlene Flores, and Antonia Keeling, Leadership Team Members				
<b>Response Notes:</b>	Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. This activity is completed and this item is closed..				

## Elevated Recommendations

<b>TAP 05-072</b>	<b>Form 8453/8879 VITA/TCE Mailing Requirements</b>			<b>Status:</b>	Pending Submission
<b>Date Elevated:</b>		<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 2				
<b>Issue Statement:</b>	IRS requires Tax Counseling for the Elderly (TCE) volunteers to collect copies of Form(s) W- 2, Wage and Tax Statement, and other information reporting forms that show an amount of tax withheld. One copy of the information forms and the Form 8453, "U.S. Individual Tax Declaration for e-file Return" or the Form 8879, IRS e-file signature Authorization, must be sent to the IRS service center after the return is accepted and the other is retained by the site or sent to the local IRS Stakeholder Partnership, Education and Communication (SPEC) office. This requirement to send the additional copy to the local SPEC office is unique to volunteer sites that file returns electronically and places an unnecessary burden on the volunteers.				
<b>Proposal:</b>	Exempt volunteer sites from the requirement for retaining copies of W-2s, other information returns, and the Form 8453 or the Form 8879 for returns filed by volunteer sites. The taxpayer would be instructed to retain the copies with their tax return papers.				

<b>TAP 05-073</b>	<b>TCE/VITA E-file Acknowledgements</b>			<b>Status:</b>	Pending Submission
<b>Date Elevated:</b>		<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 2				
<b>Issue Statement:</b>	Taxpayers who e-file through the Tax Counseling for the Elderly (TCE) program do not receive an acknowledgement that their return was received by the Internal Revenue Service (IRS). Most other e-file providers provide this service.				
<b>Proposal:</b>	TAP recommended that TCE require that all taxpayers who file electronically through the TCE program receive Form 9325, Acknowledgment and General Information for Taxpayers Who File Returns Electronically, upon IRS' acceptance of the return.				

## Elevated Recommendations

<b>TAP J05-074</b>	<b>Taxpayer Service Budget Reductions</b>			<b>Status:</b>	Elevated, Awaiting Second Response
<b>Date Elevated:</b>	4/27/2005 05/20/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	05/20/2005
<b>Originating Committee(s):</b>	Joint Committee				
<b>Issue Statement:</b>	The IRS proposed reducing budgets for taxpayer services, including closing dozens of IRS walk-in centers.				
<b>Proposal:</b>	The Joint Committee directed the TAP Chair to write Commissioner Everson and urge him to offer TAP the opportunity for input on the proposed budget reductions, and a delegation of Joint Committee members met with the Commissioner in May. TAP members expressed concern about the effect on compliance of reducing funding for taxpayer services and about the IRS' lack of data on the demographics of walk-in center users, the effect of improved services on compliance among the population using walk-in centers, and the effect of reducing face-to-face interaction opportunities on taxpayers' sense of connection and obligation to the tax system and government. One member noted that walk-in centers serve a valuable function as the source of tax forms that are otherwise unavailable to people without Internet access and reported that kiosks up and down the coast were defective.				
<b>Response From:</b>	Mark W. Everson, Commissioner of Internal Revenue				
<b>Response Notes:</b>	The Commissioner suggested a role for TAP helping walk-in center managers develop plans for providing quality taxpayer service within budget constraints and proposed TAP representatives meet with him periodically. The IRS has suspended plans to close walk-in centers pending further study. The Commissioner and members of the Joint Committee will meet in early 2006 to further discuss taxpayer service.				

<b>TAP J05-075</b>	<b>TIGTA Audit</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	7/29/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Joint Committee				
<b>Issue Statement:</b>	Representatives of the Treasury Inspector General for Tax Administration (TIGTA) requested input from TAP on the impact of closing IRS walk-in centers for an audit assessing the methodology used by the IRS to select walk-in centers to be closed.				
<b>Proposal:</b>	Area Committee Chairs and the TAP Chair participated in a teleconference with TIGTA representatives and communicated concern that compliance will likely suffer if taxpayers cannot get to walk-in centers because the services provided are vital, questioned how much really would be saved by closing walk-in centers when training volunteers to pick up the slack also is costly, and suggested that cost savings could be realized by sharing space with other government services rather than closing walk-in centers.				
<b>Response Notes:</b>	The TIGTA report was released in February 2006 but no mention was made about stakeholder input, including TAP's.				

## Elevated Recommendations

<b>TAP J05-076</b>	<b>Taxpayer Assistance Blueprint</b>			<b>Status:</b>	Elevated, Awaiting Response
<b>Date Elevated:</b>	11/14/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	11/14/2005
<b>Originating Committee(s):</b>	Joint Committee				
<b>Issue Statement:</b>	Under the auspices of Director of Customer Assistance, Relationships, and Education Mark Pursley, the IRS will establish an operational roadmap for customer service for presentation to Congress, and TAP members were asked to respond to a "TAP IRS Customer Service Questionnaire."				
<b>Proposal:</b>	The TAP Chair solicited responses to the questionnaire from TAP's 49 returning members and 41 recently-retired members and received 40 responses (26 from returning members and 14 from former members). The Chair forwarded to the IRS the completed questionnaires along with an overview summarizing the results in the context of previous and ongoing TAP work on service issues. As indicated in the overview, the responses to the questionnaire mirrored the taxpayer assistance issues that TAP members have been considering in area and issue committees and TAP recommendations already submitted to IRS program owners. Among the results: telephone is the preferred form of contact with the IRS (by an overwhelming majority) and the principal challenges/barriers taxpayers face receiving services they need are: (1) access and/or accuracy issues with telephone service; (2) inaccessibility or limited hours of service of Taxpayer Assistance Centers (TACs); (3) lack of taxpayer Internet access or computer literacy; (4) taxpayer lack of understanding of tax law and terminology; (5) taxpayer fear of the IRS; and (6) IRS website limitations.				
<b>Response From:</b>	Cathy Van Horn, TAB Team Member				
<b>Response Notes:</b>	Cathy Van Horn thanked TAP for the input and informed TAP that the TAB team will use the information provided by TAP to formulate their final report and the information will be especially helpful in preparing the briefing for the Commissioner.				

<b>TAP N05-077</b>	<b>Payment Voucher &amp; Stub Usability</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	08/2005 09/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	08/2005 09/2005
<b>Originating Committee(s):</b>	W&I Notices Committee				
<b>Issue Statement:</b>	Usability tests are one tool the IRS uses to obtain taxpayer and practitioner input on IRS materials. Notice Committee members observe usability testing and then provide feedback to the IRS.				
<b>Proposal:</b>	Notice Committee members observed the testing of the Payment Voucher and Notice Stub in Atlanta, Cincinnati and Los Angeles and provided feedback on the vouchers and stubs to the IRS.				
<b>Response From:</b>	Linda Lightner, Dynamic Project Team (DPT) Leader				
<b>Response Notes:</b>	The feedback from TAP at the stakeholder meeting regarding the usability testing is used to prepare the final version.				

## Elevated Recommendations

<b>TAP N05-078</b>	<b>Penalty &amp; Interest Notice Usability Testing</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	08/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	08/2005
<b>Originating Committee(s):</b>	W&I Notices Committee				
<b>Issue Statement:</b>	Notice usability tests are one tool the IRS uses to obtain taxpayer and practitioner input on notices. Notice Committee members observe usability testing and then provide feedback to the IRS.				
<b>Proposal:</b>	Notice Committee members observed the testing of the Penalty and Interest notices and provided feedback on the notice revisions to the IRS.				
<b>Response From:</b>	Linda Lightner, Dynamic Project Team (DPT) Leader				
<b>Response Notes:</b>	The feedback from TAP at the stakeholder meeting regarding the usability testing is used to prepare the final version of the notice.				

<b>TAP N05-079</b>	<b>IRS Website for Penalty and Interest Calculation Usability</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	10/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	10/2005
<b>Originating Committee(s):</b>	W&I Notices Committee				
<b>Issue Statement:</b>	Usability tests are one tool the IRS uses to obtain taxpayer and practitioner input on the IRS website. Notice Committee members observe usability testing and then provide feedback to the IRS.				
<b>Proposal:</b>	Notice Committee members observed the testing of the IRS website for penalty and interest calculation and recommended the IRS make additional improvements before releasing it for public use.				
<b>Response From:</b>	Linda Lightner, Dynamic Project Team (DPT) Leader				
<b>Response Notes:</b>	The feedback from TAP at the stakeholder meeting regarding the usability testing is used to prepare revisions.				

## Elevated Recommendations

<b>TAP X05-080</b>	<b>Comments on E-file Brochure</b>			<b>Status:</b>	Closed, Proposal Implemented
<b>Date Elevated:</b>	09/16/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	01/01/2006
<b>Originating Committee(s):</b>	Area 7				
<b>Issue Statement:</b>	IRS has developed brochures informing taxpayers of the benefits of electronic filing and how to file tax returns and pay taxes electronically.				
<b>Proposal:</b>	Area 7 was asked to provide feedback on updating an IRS publication promoting e-file. A committee member reviewed the draft version of Publication 1357, IRS e-file—consider it done, and proposed changes to the wording and format of the publication.				
<b>Response Notes:</b>	The new Publication 1357 for 2006 incorporated most of TAP's recommendations.				

<b>TAP S05-081</b>	<b>Electronic Installment Agreement User Testing</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	11/16/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	11/16/2005
<b>Originating Committee(s):</b>	SB/SE and Area 2				
<b>Issue Statement:</b>	The SB/SE Committee was asked to participate in the "Electronic Installment Agreement User Testing" held at the IRS new Carrollton Federal building.				
<b>Proposal:</b>	Members from the SB/SE and Area 2 Committees provided feedback on the electronic installment agreement.				
<b>Response From:</b>	Rosalie J. Calhoun, Electronic Installment Agreement Project Manager				
<b>Response Notes:</b>	As a result of feedback from TAP, the IRS has delayed implementation of the electronic installment agreement system and is working on improvements before it is released.				

<b>TAP N05-082</b>	<b>CP 78 Notice Scoring</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	5/21/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	5/21/2005
<b>Originating Committee(s):</b>	W&I Notices Committee				
<b>Issue Statement:</b>	The Committee was asked to score the readability and usability of the CP 78, Balance Due, Reminder Notice, using the IRS Document Assessment Tool.				
<b>Proposal:</b>	The Notices Committee submitted their scoring of the CP 78.				
<b>Response From:</b>	James Cesarno, W&I Program Analyst				
<b>Response Notes:</b>	Notices are scored in three main categories: Message & Task, Logical Structure, and Presentation. The score is used by the IRS to make decisions on revising the notice, and/or when necessary, assessing the benefit(s) of revising the notice. This activity is completed and this item is closed.				

## B. IRS Responses Received in 2005 to which TAP Has Not Responded

Section B of this chapter sets forth summaries of all TAP recommendations forwarded to the IRS in prior years with respect to which TAP received a response from the IRS in 2005 to which TAP has not yet responded.

<b>TAP 04-010</b>	<b>Taxpayer Rights Under RRA98</b>			<b>Status:</b>	Monitoring IRS Action
<b>Date Elevated:</b>	1/5/2004	<b>Follow-up Date</b>	3/31/2006	<b>Date Response Received:</b>	4/20/2005
<b>Originating Committee(s):</b>	Area 7, Area 6				
<b>Statement of Issue:</b>	The delegation order and Internal Revenue Manual (IRM) provision for releasing systemic levies may be a source of confusion to the Taxpayer Advocate Service (TAS) and other IRS employees if understood to restrict issuance of a Taxpayer Assistance Order (TAO) to order release of non-systemic levies.				
<b>Proposal:</b>	Add a note to IRM Section 13.1.2.3.19(1) reminding TAS employees that, while they cannot release a non-systemic levy, they could, under appropriate circumstances, issue a TAO to enforce all of the rights secured to taxpayers by the 1998 Reform Act to avoid significant hardship to the taxpayer.				
<b>Response from:</b>	Bernie Coston, Director, TAP				
<b>Response Notes:</b>	Nina Olson, National Taxpayer Advocate, has agreed to amend the IRM in accordance with TAP's proposal. The language for the change to the IRM has been written and is under final review by Olson.				

## Elevated Recommendations

<b>TAP F04-014 Form W-4EZ</b>				<b>Status:</b>	Closed
<b>Date(s) Elevated:</b>	8/12/2004	<b>Date of Response(s):</b>	12/30/2004	<b>Date Closed:</b>	12/30/2004
<b>Originating Committee(s)</b>		SB/SE Payroll Taxes, Area 3, Area 4			
<b>Statement of Issue:</b>	Some taxpayers have difficulty accurately calculating withholding on Form W-4 due to its complexity.				
<b>Proposal/Follow-up Proposal:</b>	<p>The Committee recommended that a new W-4EZ form be created and designed a "mock" W-4EZ as an example.</p> <p>However, based on research data, the Committee agreed that a single W-4EZ form would not work, because the situations are so different for single and married taxpayers, so recommended one new form for single (W-4EZ-S) and one for married (W-4EZ-M) individuals. The forms would be most accurate using the following criteria for taxpayers using these new forms:</p> <ol style="list-style-type: none"> <li>1. Income of less than \$50,000 per year</li> <li>2. Having less than three children</li> <li>3. Not itemizing deductions</li> </ol> <p>Finally, the Committee encouraged the addition of instructions that explain that a taxpayer should not claim the exemptions on this W-4 if they have more than one job and this W-4 is not for the primary job. One of the situations that will cause taxpayers to be underwithheld is when they work at more than one job (or both the spouse and taxpayer claim the same exemptions). Because the new W-4EZ-S and W-4EZ-M would eliminate many of the complexities of the regular W-4 form, these additions to the instructions should not make the new form too difficult to understand.</p> <p>The Committee encouraged the program owner to include the Committee in implementing this recommendation, if it is accepted.</p>				
<b>Response from:</b>	Michael R. Chesman, Director, Office of Taxpayer Burden Reduction (OTBR)				
<b>Response Notes:</b>	<p>OTBR Director Michael Chesman explained that TAP's recommendations have been forwarded to the Withholding Compliance Task force. The task force is recommending that a separate study be undertaken to focus solely on revising the Form W-4 and its instructions.</p> <p>The Director of Taxpayer Burden Reduction also has added the issue to his office's Burden Reduction Initiative Inventory. Based on the information TAP provided and that of other stakeholders, the form and the withholding process appear to be a clear opportunity for burden reduction. Once resources are available to pursue this initiative, he will afford TAP the opportunity to provide further input and comment.</p>				

## Elevated Recommendations

<b>TAP A04-018</b>	<b>SPEC Partnership Process</b>		<b>Status:</b>	Pending Review by TAP	
<b>Date Elevated:</b>	9/30/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	11/18/2004 4/1/2005
<b>Originating Committee(s):</b>	W&I EITC				
<b>Statement of Issue:</b>	Problems partnering with SPEC experienced by the YMCA in Iowa; lack of outreach materials and support for Volunteer Income Tax Assistance (VITA) groups in some communities; lack of VITA and EITC outreach activities in some locales.				
<b>Proposal:</b>	<p>The Committee recommended that the EITC program work with SPEC to implement the following eight improvements to SPEC partnership processes to achieve the EITC program goals of encouraging eligible taxpayers to claim the EITC and ensure that taxpayers and their advisers understand the eligibility requirements:</p> <ol style="list-style-type: none"> <li>1. Establish a national partnership strategy including both national and local partners.</li> <li>2. Establish a single point of contact for all SPEC partnership activity in a given locale.</li> <li>3. Liberalize the criteria for "national" partners.</li> <li>4. Establish a national marketing strategy.</li> <li>5. Establish an evaluation process for existing partner organizations.</li> <li>6. Re-evaluate the current business model requiring partner organizations to have substantial resources.</li> <li>7. Provide clear guidance for partner organizations, including national and local priorities.</li> <li>8. Provide more outreach support to partner organizations.</li> </ol>				
<b>Response from:</b>	David R. Williams, Director, Earned Income Tax Credit Margaret L. Warren, Director, Product and Partnership Development (P&PD), Stakeholder Partnerships, Education and communication (SPEC)				
<b>Response Notes:</b>	<p>SPEC P&amp;PD Director, Margaret Warren provided a point by point answer to each recommendation raised by the Committee. Following are some of the highlights:</p> <ul style="list-style-type: none"> <li>• P&amp;PD endeavors to create interest, participation and investment of national partners who in turn engage their local affiliates in community-based infrastructure-building across the U.S. SPEC Field Operations works to bring local partners who are not tied to national organizations together with the affiliates of national partners to form community-based coalitions focused on outreach &amp; education, free tax assistance and asset building strategies for W&amp;I taxpayers in the communities in which they reside.</li> <li>• Local SPEC personnel work to navigate this dynamic environment with the support of each other, P&amp;PD, SPEC leadership, and the interests and influence of local and national partners. SPEC has chosen not to apply a rigid formula to such decisions but rather to direct managers to consider multiple variables in allocating resources to achieve business objectives.</li> <li>• There are 72 local SPEC offices. P&amp;PD works in concert with national partners and local SPEC offices to engage the local affiliates of national partners in any given community. No duplication of contact occurs.</li> <li>• Through numerous formal and informal feedback channels, SPEC solicits and assesses partner definition of value to improve and refine SPEC support and services. Changes to training, technology and product offerings reflect this partner driven input. Support of successful existing partnerships should take precedence over aggressive new recruitment.</li> <li>• SPEC uses a management information systems tool called STARS (SPEC Taxpayer Assistance Reporting System), to maintain a database of national partners and assess their potential in SPEC initiatives.</li> <li>• SPEC's focus is not on an absolute objective of minimal resource investment, but rather on determining the proper amount of resources SPEC can and should contribute to each partner's efforts. In evolving to greater partner self-sufficiency over time, SPEC considers a number of variables.</li> <li>• SPEC is continually assessing the business model and acknowledged it is not the best model for all partners. It is not feasible to develop such a model that could effectively incorporate the significant diversity among national and local organizations.</li> </ul>				

## Elevated Recommendations

	<ul style="list-style-type: none"> <li>• By successfully articulating the value of engaging in partnership with the IRS to conduct outreach &amp; education, free tax assistance and to engage in asset building strategies, SPEC persuades organizations to serve a joint constituency.</li> <li>• SPEC does systemically work to understand partner marketing material needs through a formal annual needs assessment process in late spring/early summer each year. The Education &amp; Product Development group within P&amp;PD works through Territory Managers who collect partner needs locally each year.</li> </ul>
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<b>TAP 04-024</b>	<b>Innocent Spouse--Notification of Non-Requesting Spouse</b>			<b>Status:</b>	Elevated, Awaiting Second Response
<b>Date Elevated:</b>	6/14/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	10/1/2004 10/7/2004
<b>Originating Committee(s):</b>	Area 4				
<b>Statement of Issue:</b>	Many taxpayers who seek "innocent spouse" relief from joint and several tax liability based on a joint tax return are unaware that the law requires the IRS to notify the non-requesting spouse of the request for relief.				
<b>Proposal:</b>	<p>Insert in Part 1 of Form 8857, Request for Innocent Spouse Relief, the following sentence in bold lettering under the third line (in lieu of the present bold sentence commencing "If you have been a victim ..... retaliation, check here"):  <b>"THE LAW REQUIRES THE IRS TO INFORM YOUR SPOUSE OR FORMER SPOUSE OF THE REQUEST FOR RELIEF FROM LIABILITY See page 2 of the instructions."</b></p> <p>Re-insert the sentence regarding the "Victim..... and check box as a new Part VI.</p> <p>On page 2 of Publication 971, Innocent Spouse Relief, BOLD the entire paragraph captioned "IRS spousal notification."</p>				
<b>Response from:</b>	Margaret Warren, Director, Product and Partnership Development Sandra L. Kopta, Chief, Individual Forms and Publications Branch				
<b>Response Notes:</b>	The IRS believes this suggestion to mention the spousal notification requirement in Part 1 of Form 8857 has merit and will consider making the change in 2006 when the IRS next plans to revise the form. However, the IRS will not move the domestic violence sentence from Part I to a new Part VI. This is because of a lack of space and because of the interrelationship between the domestic abuse sentence and the spousal notification requirement. IRS will not adopt the suggestion to boldface the entire "IRS spousal notification" paragraph on page 2 of Publication 971. Research has shown that, when too much bold text is used, emphasis loses its impact. For this reason, the IRS is decreasing use of bold text in forms, instructions, and publications. For instance, next year, references to headings within these products will be shown in italics instead of bold.				

## Elevated Recommendations

<b>TAP 04-025</b>	<b>Innocent Spouse/Injured Spouse</b>		<b>Status:</b>	Elevated, Awaiting Response	
<b>Date Elevated:</b>	6/9/2004	<b>Follow-up Date</b>	5/15/2006	<b>Date Response Received:</b>	8/26/2005
<b>Originating Committee(s):</b>	Area 4				
<b>Statement of Issue:</b>	Confusion exists among taxpayers between the terms "injured spouse" and "innocent spouse."				
<b>Proposal:</b>	TAP recommended that the new terminology for "Injured Spouse Relief," become "Relief From Denied Spouse Refund," or such other language as the IRS deems appropriate and effective to reduce confusion.				
<b>Response from:</b>	Lisa McLane, Program Manager, Office of Taxpayer Burden Reduction (OTBR)				
<b>Response Notes:</b>	OTBR Program Manager Lisa McLane responded that the SB/SE OTBR is working on a redesign of Form 8857, Request for Innocent Spouse Relief, and Form 12510, Questionnaire for Requesting Spouse, and conferred with TAP members regarding form changes on August 26, 2005. McLane will arrange teleconference with TAP after the draft version of the new form is available for additional input.				

## Elevated Recommendations

<b>TAP F04-041 Form W-4 Employer Compliance</b>				<b>Status:</b>	Closed, Proposal Partially Accepted
<b>Date(s) Elevated:</b>	8/12/2004	<b>Date of Response(s):</b>	12/30/2004	<b>Date Closed:</b>	
<b>Originating Committee(s)</b>		SB/SE Payroll Taxes, Areas 3 & 4			
<b>Statement of Issue:</b>	On the draft Form 941 for 2005, Line 1 identifies the number of employees in the middle of the third month of each quarter for income tax purposes. Line 4 identifies total exemption from withholding Social Security and Medicare Taxes for qualified state, county, and municipal governments and certain other employers. The form does not provide a place for employers to identify the number of nonresident employees subject to income tax as identified in Line 1 but not subject to Social Security and Medicare Taxes.				
<b>Proposal/Follow-up Proposal:</b>	<p>All Employer Forms should identify the existence of nonresident employees who are generally exempt from contributions to Social Security and Medicare Tax.</p> <p>The Committee recommends (1) changing Form 941 Line 5 so that Line 5a reads, "Number of employees listed in Line 1 who are exempt from Social Security and Medicare Wages and tips." The subsequent information would become lines 5b, 5c, 5d, and 5e; (2) creating a citizenship checkbox on Form W-4 or a new Form W-4 for Nonresidents (i.e. Form NR W4); and (3) including a citizenship checkbox and a checkbox for exempt from taxes withheld on Form W-2.</p>				
<b>Response from:</b>	Michael R. Chesman, Director, Office of Taxpayer Burden Reduction (OTBR)				
<b>Response Notes:</b>	<p>OTBR Director Michael Chesmans responded as follows: The tax treatment of these employees is often different from that of American citizens. While the Service has noted the different treatment in its publications, it has not yet emphasized the differences in its forms. However, a number of changes are pending.</p> <p>Form 940: The form is currently being redesigned. It has been recommended that a box and indicator for exemption from Federal Unemployment Taxes be included.</p> <p>Form 941: The form is expected to go through a second revision due to the creation of a Form 941 X for amending quarterly employment tax reports. By creating a separate form for amendments, a number of line items will no longer be needed on the Form 941. The inclusion of an indicator for the exclusion of certain wages from withholding of income taxes, or for computing social security and Medicare taxes will be considered as part of the new redesign effort.</p> <p>Form W-4: The recommendation for creation of a Form W-4 NR has been made by a number of stakeholders. The recommendation has been included in the Withholding Compliance Task Force Report and in the Burden Reduction Initiative Inventory. The Office of Burden Reduction hopes to identify resources with the appropriate expertise to move this initiative forward in the near future.</p>				

## Elevated Recommendations

<b>TAP 04-043</b>	<b>Lien Processing</b>			<b>Status:</b>	Closed, Proposal Partially Accepted
<b>Date Elevated:</b>	9/17/2004	<b>Follow-up Date</b>	5/15/2005	<b>Date Response Received:</b>	3/1/2005 5/2/2005
<b>Originating Committee(s):</b>	Area 4				
<b>Statement of Issue:</b>	The IRS is currently changing lien processing services from 32 geographically based Area offices, to a centralized model. Operating procedures have not been completed for the new centralized lien process and implementation has not yet occurred.				
<b>Proposal:</b>	To increase the effectiveness of the new centralized lien process, the TAP Area 4 Committee proposed that IRS program owners include TAP members as external stakeholders as operating procedures are completed and the design goes to implementation. TAP members can represent all of the customers of the lien process: taxpayers, taxpayers' representatives and other third parties. TAP involvement in the reorganization process can provide key stakeholder input that is currently missing.				
<b>Response from:</b>	Helene Bayder, Senior Operations Advisor, Office of Taxpayer Burden Reduction Geneva Bagnato Lead Analyst, Campus Collection Service operations & Mary McLeish, Program Manager, AUR Operations				
<b>Response Notes:</b>	Helene Bayder forwarded the suggestion regarding including TAP members on lien centralization issues to the Transition Executive in SB/SE for consideration. The program manager reported they were almost at the point of implementation but wanted to speak to the committee to address their concerns. Area 4 invited her to the next conference call. Geneva Bagnato spoke with the committee and Area 4 members present on the conference call were satisfied that their concerns when this issue was raised are being addressed by the changes IRS is making in the lien processing area.				

<b>TAP 04-048</b>	<b>Improvements to CP521 Notice</b>			<b>Status:</b>	Closed, Proposal Accepted
<b>Date Elevated:</b>	1/27/2005	<b>Follow-up Date</b>		<b>Date Response Received:</b>	1/27/2005
<b>Originating Committee(s):</b>	Area 7				
<b>Statement of Issue:</b>	The current CP521 Notice, Monthly Installment Agreement Notice, contains grammatical errors, lacks a projected payoff date, the language is awkward, and the look of the notice is not reader friendly.				
<b>Proposal:</b>	The Committee proposed changes to the language, grammar, format and content of CP521.				
<b>Response from:</b>	Kirsten Baily, SB/SE program Analyst, Harry Clemson, SB/SE Program Analyst, and Lenny Cutler, SB/SE Program Analyst				
<b>Response Notes:</b>	IRS has revamped the notice and included some of the suggestions.				

## Elevated Recommendations

<b>TAP 04-051</b>	<b>Advertising TAP in Publication 1546</b>			<b>Status:</b>	Monitoring IRS Action
<b>Date Elevated:</b>	9/22/2004	<b>Follow-up Date</b>	3/31/2006	<b>Date Response Received:</b>	4/20/2005
<b>Originating Committee(s):</b>	Area 1				
<b>Statement of Issue:</b>	It is an ongoing concern that the Taxpayer Advocacy Panel is not widely known.				
<b>Proposal:</b>	<p>In an effort to advertise the Taxpayer Advocacy Panel (TAP) as an Independent advisory group to the IRS, TAP proposed that the following statement of TAP's mission and contact information be included in the Taxpayer Advocate Service (TAS) Guide "How to Get Help With Unresolved Tax Problems" (Publication 1546):</p> <p>Taxpayer Advocacy Panel (TAP) – An independent panel of citizen volunteers who make suggestions for improving the way IRS does business. Contact TAP at: 1-888-912-1227 or www.improveirs.org.</p>				
<b>Response from:</b>	Bernie Coston, Director, TAP				
<b>Response Notes:</b>	Nina Olson, the National Taxpayer Advocate, agreed to TAP's proposal. Publication 1546 is being revised and TAP's proposal will be included in the revision.				

<b>TAP 04-052</b>	<b>Elimination of Form 2688</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	9/23/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	
<b>Originating Committee(s):</b>	Area 1				
<b>Statement of Issue:</b>	The Internal Revenue Code states that the Secretary may grant a reasonable extension of time for filing a tax return and that, except in the case of taxpayers who are abroad, no such extension shall be for more than six months. In order to obtain this six month extension taxpayers must complete and timely file two tax forms.				
<b>Proposal:</b>	To simplify taxpayer compliance, a single form should be required to obtain the maximum six-month extension of time to file a tax return as allowed by the Internal Revenue Code. The Form 4868 could be expanded to an automatic six-month extension of time to file, and the Form 2688 can be eliminated. This conforms to the procedures of corporate extension requests.				
<b>Response Notes:</b>	The Office of Taxpayer Burden Reduction has worked with the SB/SE Committee on implementing this proposal for both individuals and business owners. The IRS has announced that beginning in 2006, Form 4868 will provide an automatic six-month extension and Form 2688 will be eliminated.				

## Elevated Recommendations

<b>TAP 04-053</b>	<b>Outsourcing of Tax Return Preparation</b>			<b>Status:</b>	Elevated, Awaiting Response
<b>Date Elevated:</b>	9/23/2004	<b>Follow-up Date</b>	11/20/2005	<b>Date Response Received:</b>	4/20/2005
<b>Originating Committee(s):</b>	Area 3				
<b>Statement of Issue:</b>	IRS rulings and regulations do not specifically address the rapidly growing accounting firm practice of outsourcing, without client knowledge or consent, preparation and processing of tax returns to third parties outside the United States and disclosing to those third parties financial and personal information about taxpayers used in preparing their returns. Taxpayers have expressed concern about who has access to or will be looking at their financial records and where this is being done.				
<b>Proposal:</b>	<p>TAP recommended that IRS rulings and/or regulations under Code sections 6713 and 7216 clarify that providing return information to a third-party preparer outside the United States without the client taxpayer's knowledge and consent constitutes unauthorized disclosure of return information and that client consent is valid only if the preparer prominently, fully, and clearly discloses if all or a significant portion of the preparation or processing of a return will be or could be outsourced to a location outside the United States. The name of the country or countries to which the tax return preparation and/or processing is being or could be outsourced should be disclosed, and such disclosure should be prominently displayed and not "buried" in an engagement letter or some other document.</p> <p>In addition, Circular 230 should provide that outsourcing tax returns without the client's informed consent is "disreputable conduct" or, at the very least, include among "best practices" informing clients if tax return preparation will be outsourced.</p>				
<b>Response from:</b>	Bernie Coston, Director, TAP				
<b>Response Notes:</b>	Nina Olson, National Taxpayer Advocate (NTA), has assigned a member of her staff to prepare a response on this issue. This issue was included in the NTA's 2004 Report to Congress. In December 2005, the IRS issued proposed guidance that would require taxpayer consent before preparers send tax return information offshore.				

## Elevated Recommendations

<b>TAP F04-059 Annualized Form 941</b>				<b>Status:</b>	Closed
<b>Date(s) Elevated:</b>	9/22/2004	<b>Date of Response(s):</b>	12/30/2004	<b>Date Closed:</b>	12/30/2004
<b>Originating Committee(s)</b>		SB/SE Payroll Taxes			
<b>Statement of Issue:</b>	Quarterly filings of Form 941 are an unnecessary burden to the small business owner in the time it takes to complete and file quarterly returns. The IRS processing of quarterly Form 941's are also an unnecessary use of IRS resources.				
<b>Proposal/Follow-up Proposal:</b>	<p>To decrease the burden for small business owners, the Committee recommended that the IRS initiate the pilot study proposed by the IRS Annualized Form 941 Task Force, to be expanded if successful for small business owners who owe less than \$2500 per quarter to file Form 941 annually. The panel recommends the following conditions:</p> <ol style="list-style-type: none"> <li>1. Businesses must show a record of compliance for the previous 8 quarters in both filing timely and current on payments.</li> <li>2. The IRS should structure the final implementation of an annualized Form 941 to include indexing for inflation.</li> <li>3. The IRS should look at other options such as biannual filing for those taxpayers who owe more than \$2500 per quarter.</li> <li>4. To encourage electronic filing and payment, require both for participation in the annual Form 941 program.</li> </ol>				
<b>Response from:</b>	Michael R. Chesman, Director, Office of Taxpayer Burden Reduction (OTBR)				
<b>Response Notes:</b>	<p>OTBR Director Michael Chesman responded that the committee's support for the concept and the recommendations it made have been a helpful part of the ongoing discussions. It is important to note that the committee's surveys and discussions with small business employers provide a recognized additional foundation and credibility to its recommendations.</p> <p>The Office of Burden Reduction and the task force are continuing to pursue an agreement among all of the stakeholders. In order to be successful, the task force must balance tax simplification with the concerns of the Social Security Administration regarding its need to accurately estimate the amount of funds available quarterly to the social security trust fund and the Department of Treasury's concern regarding the impact of the initiative on the flow of tax revenues that fund the Federal government.</p>				

## Elevated Recommendations

<b>TAP F04-060 Forms 941, W-2, W-3 &amp; W-4 Electronic Filing Issues</b>				<b>Status:</b>	Closed, Proposal Accepted
<b>Date(s) Elevated:</b>	9/22/2004	<b>Date of Response(s):</b>	12/30/2004	<b>Date Closed:</b>	12/30/2004
<b>Originating Committee(s)</b>		SB/SE Payroll Taxes			
<b>Statement of Issue:</b>	The Committee was charged with exploring the possible barriers for small businesses in the use of electronic filing of payroll and tax reporting information. Specifically; (1) why they do or do not use electronic filing that is currently available, (2) their attitudes and opinions toward electronic filing, and (3) what might encourage greater use of electronic filing of forms 941, Employer's Quarterly Federal Tax Return ,W-2, Employer's Wage and Tax Statement, and W-3, Employer's Transmittal of Wage and Tax Statement.				
<b>Proposal/Follow-up Proposal:</b>	The Committee surveyed small business owners and practitioners and found three categories of issues: educational, financial, and procedural.				
<b>Response from:</b>	Michael R. Chesman, Director, Office of Taxpayer Burden Reduction (OTBE)				
<b>Response Notes:</b>	<p>OTBR Director Michael Chesman responded that education is a key component of IRS efforts to encourage small businesses to utilize the electronic filing tools that are available to them.</p> <ol style="list-style-type: none"> <li>1. The Marketing Strategies Group is currently reviewing all publications, documents and notices to assure a prominent and consistent message is displayed relative to electronic filing and payment programs.</li> <li>2. E-File and E-Pay posters are currently displayed in IRS service locations and the marketing group is studying opportunities to have them posted in business centers, such as offices of the Small Business Administration, the Social Security Administration, and educational institutions that serve as incubators for new businesses. Post offices and libraries, with their own areas of interest, have historically been less supportive of these messages.</li> <li>3. While the IRS no longer has the resources to host small business workshops, it is leveraging the resources of other organizations and tax practitioners to include e-file and e-pay messages in their workshops and presentations.</li> <li>4. IRS actively markets e-pay to new business owners. The Marketing Strategies Manager is in the process of determining if e-file materials are included among the products sent to those receiving a new employer identification number (EIN).</li> <li>5. IRS has consistently found that mailing pamphlets or other marketing materials directly to taxpayers is not productive. Taxpayers either throw them away once they realize they are not specific to their tax obligations or turn the materials over to their tax return preparers.</li> </ol> <p>Financial incentives to electronically file tax returns have long been given consideration. However, such initiatives face enormous hurdles.</p> <ol style="list-style-type: none"> <li>1. Tax credits to reimburse taxpayers for expenses incurred require legislation and would result in considerable cost to the government.</li> <li>2. Establishment of a "penalty" fee for paper filing would also require legislation, however it is considered unlikely that Congress would create a fee for taxpayers to do what they are legally required to do.</li> <li>3. A more likely opportunity is one that would offer new or the smallest businesses the capability to file on-line at no cost. The success of Free-File for individual taxpayers supports this recommendation. The Marketing Strategies Manager plans to explore this recommendation with IRS' office of Electronic Tax Administration.</li> </ol> <p>Better understanding of IRS plans and procedures can have a positive effect on changing taxpayer and practitioner behavior.</p> <ol style="list-style-type: none"> <li>1. The IRS has developed an E-File Strategy that is currently being put in print for distribution. It outlines the Service's priorities and includes a schedule for delivery of new and improved electronic products and services.</li> <li>2. While no legislation is in place nor requested to require electronic filing, should there be such legislation; the IRS would expect it to include a transition schedule that would allow businesses a reasonable time to meet the new requirements.</li> <li>3. Security has increasingly been raised as a barrier to electronic transactions. As a result, new marketing products and new messages are being developed that will focus more attention on the security measures in place that afford protection to taxpayers and their information.</li> </ol>				

## Elevated Recommendations

<b>TAP F04-061 Payroll Taxes Deposit Penalties</b>				<b>Status:</b>	Elevated, Awaiting Second Response
<b>Date(s) Elevated:</b>	10/28/2004	<b>Date of Response(s):</b>	12/30/2004	<b>Date Closed:</b>	12/30/2004
<b>Originating Committee(s)</b>		SB/SE Payroll Taxes			
<b>Statement of Issue:</b>	How can the IRS improve deposit compliance while making the deposit penalty rules and procedures less complicated for small businesses and the self-employed?				
<b>Proposal/Follow-up Proposal:</b>	<p>The Committee offered the following recommendations:</p> <ol style="list-style-type: none"> <li>1) Publicize more widely the Federal Tax Deposit Penalty Refund Offer. This information should include telephone numbers. Local IRS centers should also train personnel to work with business owners. If the IRS expends resources to educate and promote systems such as the Electronic Federal Tax Payment System (EFTPS) to reduce processing errors, the IRS will benefit because of increased compliance and reduced processing costs due to errors. The benefit to the taxpayer is less time spent and associated costs incurred with dealing with the IRS. Suggestions for increasing exposure and improving EFTPS communication include: <ol style="list-style-type: none"> <li>a. Ensure that the EFTPS website is updated and upgraded periodically.</li> <li>b. Maintain a focus group, such as utilizing TAP members, to make suggestions for improving the website, including content and website instructions for less sophisticated computer users.</li> <li>c. Utilize the IRS Tax Forums as a method for outreach to the practitioner communities who work with small business clients.</li> </ol> </li> <li>2) Provide better materials to small businesses and the self-employed regarding their respective tax deposit responsibilities. Currently, educational materials are not readily available to small business owners. Suggestions include: <ol style="list-style-type: none"> <li>a. When a new small business is formed and the IRS issues an Employer Tax Identification Number (EIN), the IRS should also send tax information with the new EIN. If IRS resources do not allow for direct mailings, information on how to request information on the Internet site should be included.</li> <li>b. When the Small Business Administration holds classes for new business owners, the IRS should actively participate in teaching filing and deposit requirements.</li> <li>c. Local IRS personnel should periodically (perhaps twice a year) offer a workshop for small business owners on reporting and compliance issues.</li> <li>d. The local IRS personnel should also initiate contact with newly established businesses within their respective areas to meet with the new business owners and answer any questions and address any concerns.</li> </ol> </li> </ol>				
<b>Response from:</b>	Michael R. Chesman, Director, Office of Taxpayer Burden Reduction (OTBR)				
<b>Response Notes:</b>	<p>OTBR Director Michael Chesman responded that while a number of the recommendations are directly being implemented, others are welcome for future consideration.</p> <p>Education</p> <ol style="list-style-type: none"> <li>1. The Federal Tax Deposit Penalty Refund Offer is a new program. The Taxpayer Education and Communication organization is making every effort to increase awareness of the program among business owners by working with the tax practitioner community and providing articles for news letters issued by business, trade and professional organizations.</li> <li>2. The IRS is continuing to use every opportunity to market EFTPS. Information on the program, as well as the opportunity to register on the system, are included each year in the IRS Tax Forums. The IRS expects to obtain input from TAP about the EFTPS.</li> <li>3. The IRS is working with all stakeholders to market the learning and assistance tools that are available to small businesses. The IRS Partnership Outreach organization is currently working with the Customer Accounts and Services organization to assure new employers receive the information they need when they are assigned a new EIN. Unfortunately, the IRS no longer has the resources necessary to directly offer small business workshops. It currently works with other Federal agencies, the tax practitioner community and business organizations to include tax issues in their workshops. To assist these organizations, the IRS develops products and</li> </ol>				

## Elevated Recommendations

	<p>training materials that can be used for such presentations or, in the case of some products, can be obtained directly by the business owner.</p> <p>Procedures</p> <ol style="list-style-type: none"><li>1. The redesigned Form 941 afforded the IRS the opportunity to rewrite the instructions for payroll tax reporting. These instructions will be published in conjunction with the new form.</li><li>2. The IRS expects to obtain comments on new products from TAP before the products are finalized.</li></ol> <p>Legislative Proposals</p> <ol style="list-style-type: none"><li>1. Because the Federal government operates on a pay-as-you-go basis, to the extent that adequate funding is not available, the government must pay interest for the use of funds to support its operations. It is considered unlikely that the Congress would alleviate the interest charged for the delayed payment of funds due the government. However, it is within the IRS' discretion to abate penalties for late deposits, and it does so on a regular basis when the taxpayer presents reasonable cause for a delayed deposit.</li><li>2. The multiplicity of deposit penalties is a reflection of the government's desire to accommodate the interests of taxpayers and the need to assure payment compliance.<ol style="list-style-type: none"><li>A. For example, the reason there are different penalty rates based on the number of days the deposit is late, is to recognize the difference between taxpayers who may unintentionally have made a deposit late and quickly addressed the situation (2%), those who may have encountered a problem and those who demonstrate little effort to pay the taxes timely and fail to pay the taxes promptly upon demand (10%).</li><li>B. A higher threshold for making FUTA deposits was implemented. We believe this will substantially reduce the burden on the small business owner.</li></ol></li></ol>
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## Elevated Recommendations

<b>TAP F04-062 Electronic Deposit of Payroll Taxes</b>				<b>Status:</b>	Elevated, Awaiting Second Response
<b>Date(s) Elevated:</b>	10/18/2004	<b>Date of Response(s):</b>	12/30/2004	<b>Date Closed:</b>	12/30/2004
<b>Originating Committee(s)</b>		SB/SE Payroll Taxes			
<b>Statement of Issue:</b>	How can the number of small businesses and self-employed taxpayers who utilize electronic deposits be increased?				
<b>Proposal/Follow-up Proposal:</b>	<p>The Committee recommended the following:</p> <p>Education:</p> <ol style="list-style-type: none"> <li>1. Continue to educate taxpayers in order to dispel the fears taxpayers have about electronic methods.</li> <li>2. Educate and encourage tax professionals to utilize electronic methods.</li> </ol> <p>Procedure:</p> <ol style="list-style-type: none"> <li>1. Continue with innovative programs such as the Penalty Rebate Program and the EFTPS pre-enrollment of new small businesses.</li> <li>2. Encourage the development of payroll software, which not only does payroll computations but also would electronically file and make payroll deposits.</li> </ol>				
<b>Response from:</b>	Michael R. Chesman, Director, Office of Taxpayer Burden Reduction (OTBE)				
<b>Response Notes:</b>	<p>OTBR Director Michael Chesman responded that while a number of the initiatives recommended are already underway, the committee identified new initiatives the Marketing Strategies Group plans to address.</p> <ol style="list-style-type: none"> <li>1. Because older business owners appear the least interested in new processes, the Marketing Strategies group plans to explore opportunities for industry groups, with which Taxpayer Education and Communication partners, to identify industries and organizations that are likely to have older demographics. Once the information has been obtained, special messages for those market segments can be developed.</li> <li>2. Interactive software training modules for the Electronic Federal Tax Payment System (EFTPS) are currently available on the Internet and on CDs available upon request from the IRS Distribution Centers.</li> <li>3. Marketing electronic payments to tax professionals has been the key component of IRS' marketing strategy for a number of years.</li> <li>4. The Penalty Rebate Program was made available nationwide approximately one year ago. The IRS is just at the point when it will be able to measure the impact of the program. If it is as successful as the pilot project, there is every expectation that the program will continue.</li> <li>5. The EFTPS Pre-Enrollment Program appears to have been very successful in promoting the use of EFTPS among new business owners, with approximately 30% of the new businesses completing the registration process and making payments electronically. If that success is validated through further research, it can be expected that the program will continue as a key part of the e-pay strategy.</li> <li>6. Encouraging payroll software developers to include e-file and e-pay in their software products has met with limited success in the past. However, a new effort is in the planning stage, one that will focus on the market for such products and the marketing opportunities available through partnering with the IRS.</li> </ol>				

## Elevated Recommendations

<b>TAP F04-063 Simplified Form 941</b>				<b>Status:</b>	Closed, Proposal Partially Accepted
<b>Date(s) Elevated:</b>	10/28/2004	<b>Date of Response(s):</b>	12/30/2004	<b>Date Closed:</b>	12/30/2004
<b>Originating Committee(s)</b>		SB/SE Payroll Taxes			
<b>Statement of Issue:</b>	The current Form 941 is a burden for small business owners because of the complexity of both the Form and the instructions.				
<b>Proposal/Follow-up Proposal:</b>	The Committee made comments and recommendations concerning the draft redesigned Form 941 and offered support and encouragement for the IRS to continue progress on simplifying Form 941.				
<b>Response from:</b>	Michael R. Chesman, Director, Office of Taxpayer Burden Reduction (OTBR)				
<b>Response Notes:</b>	OTBR Director Michael Chesman responded that, while the recommendations of the committee were part of the discussions that resulted in the simplified Form 941, not all recommendations could be accommodated at this time. The form and the electronic systems that support it are limited as to what can be accommodated. However, the IRS is currently in the process of developing a Form 941X for amended payroll tax returns. It is expected that this new form will result in a number of lines being removed from the Form 941. At that point, space will be open to make additional changes that will further simplify use of Form 941 and add clarity to the information being conveyed to the government.				

<b>TAP F04-064 Form W-4 Employer Compliance</b>				<b>Status:</b>	Closed, Proposal Partially Accepted
<b>Date(s) Elevated:</b>	10/28/2004	<b>Date of Response(s):</b>	12/30/2004	<b>Date Closed:</b>	12/30/2004
<b>Originating Committee(s)</b>		SB/SE Payroll Taxes			
<b>Statement of Issue:</b>	Burden of Form W4 on employers and associated noncompliance with filing requirements.				
<b>Proposal/Follow-up Proposal:</b>	<p>The Committee recommended the following three-part approach to the employer's W-4 responsibilities:</p> <ol style="list-style-type: none"> <li>1. To ensure that the correct W-4 information is collected and proper withholding is made, (a) the employer would be responsible to perform a Form W4 check with the IRS and, in turn, the IRS would provide accuracy identification and whether or not to use the Employee W4; and (b) the IRS would ask for a Form W4 for a new employee, an employee claiming exempt status, and/or employee claiming over 10 allowances or increasing allowances by two or more.</li> <li>2. To correct compliance problems using Form W2 information supplied by the SSA, the IRS would contact the employers of those employees who are underwithheld due to incorrect Form W-4 information, and ask the employer to change withholding.</li> <li>3. To track problem Form W-4 filers, using prior tax information for those employees who have been identified as a problem, track them from one job to the next job using new hire data.</li> </ol>				
<b>Response from:</b>	Michael R. Chesman, Director, Office of Taxpayer Burden Reduction (OTBR)				
<b>Response Notes:</b>	The information gathered and the opinions expressed by TAP members were an important part of the discussions within the Withholding Compliance Task Force and the recommendations are to be included in the task force report. OTBR Director Michael Chesman stated that, while it can be anticipated that changes made to such a program will be debated over a lengthy period of time and the resulting initiatives will be subject to the resource constraints of the Service, the opportunity to receive input from stakeholders at the beginning of the process is of great value.				

## Elevated Recommendations

<b>TAP C04-065</b>	<b>Language Standardization Guide— Layout Standards</b>			<b>Status:</b>	Closed, Proposal Accepted
<b>Date Elevated:</b>	9/7/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	5/4/2005
<b>Originating Committee(s):</b>	W&I Notices				
<b>Statement of Issue:</b>	The IRS Language Standardization Notice Committee is developing a Language Standardization Guide for IRS notices. This guide helps notice writers understand what they need to do when changing or writing a notice. The W & I Notice Committee was asked to review and provide feedback on the draft Layout Standards of the guide.				
<b>Proposal:</b>	The Committee had positive feedback for the excellence of the document and provided specific recommendations on various parts, including: use of birth date as an identification application, definition and application of TEGE and SBSE, time zone concerns, and future use of taxpayer's email address. The proposal also suggested an example of the notice using the templates as it is very difficult to picture the end result without an example.				
<b>Response from:</b>	Bonnie Babcock, Tax Law Analyst, Notice Support Group				
<b>Response Notes:</b>	<p>The Notice Support Group thanked the committee for its positive comments and constructive feedback. The paper versions of the Language and Layout Standards are now complete. IRS is currently converting them into their final form - on-line tools located on the Notice Support Services intranet Web site. The on-line Web format was chosen for several reasons:</p> <p style="padding-left: 40px;">The Web tools are immediately available to all IRS employees, The Web tools can be updated quickly and without the expense of paper publishing, and The Notice Support Services intranet Web site is the repository for all notice writing and Dynamic Project Team resources and tools.</p> <p>Most of the Committee's feedback and suggestions were incorporated into the final product. The IRS further provided line by line responses to each of the Committee's suggestions.</p>				

<b>TAP A04-072</b>	<b>Consistent Use of "EIC" or "EITC"</b>			<b>Status:</b>	Closed, Proposal Rejected
<b>Date Elevated:</b>	9/24/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	5/6/2005
<b>Originating Committee(s):</b>	W&I EITC				
<b>Statement of Issue:</b>	Many taxpayers and even some experienced practitioners are confused by the reference to the Earned Income Tax Credit in some documents as "Earned Income Tax Credit" ("EITC") and the use in other documents of the term "Earned Income Credit" ("EIC").				
<b>Proposal:</b>	The Committee recommended that the EITC program work with other IRS organizations to agree upon and implement consistent use of either "Earned Income Tax Credit" ("EITC") or "Earned Income Credit" ("EIC").				
<b>Response from:</b>	David R. Williams, Director, Earned Income Tax Credit				
<b>Response Notes:</b>	EITC Director advised Committee that the recommendation was not politically feasible.				

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<b>TAP A04-074</b>	<b>EITC Rural Outreach</b>			<b>Status:</b>	Monitoring IRS Action
<b>Date Elevated:</b>	9/27/2004	<b>Follow-up Date</b>	9/1/2005	<b>Date Response Received:</b>	11/14/2004 4/1/2005 5/6/2005
<b>Originating Committee(s):</b>	W&I EITC				
<b>Statement of Issue:</b>	Stakeholder Partnerships, Education and Communication (SPEC) has no strategy for EITC rural outreach that is nationwide.				
<b>Proposal:</b>	<p>The Committee recommended that the EITC program work with SPEC to implement the following six recommendations to achieve the EITC program goals of encouraging eligible taxpayers to claim the EITC and ensure that taxpayers and their advisers understand the eligibility requirements:</p> <ol style="list-style-type: none"> <li>1. Adopt a centralized national strategy.</li> <li>2. Expand the number and nature of the groups contacted in local rural outreach efforts.</li> <li>3. Arrange for sharing EITC rural outreach best practices among SPEC offices.</li> <li>4. Establish operating guidelines, including national and local priorities.</li> <li>5. Establish processes for measuring the effectiveness of outreach efforts.</li> <li>6. Establish a consistent definition of "rural."</li> </ol>				
<b>Response from:</b>	Sue Sottile, Director, IRS Strategic Planning & David R. Williams, Director, Earned Income Tax Credit Margaret L. Warren, Director, Product and Partnership Development, Stakeholder Partnerships, Education and Communication (SPEC)				
<b>Response Notes:</b>	<p>The Director of Strategic Planning announced at the 2004 TAP Annual Meeting that SPEC was reviewing its EITC rural outreach strategy in response to the Committee's proposal, and the EITC Director reported that the proposal was forwarded to the appropriate staff for consideration. The Director of Strategic Planning announced at the 2004 TAP Annual Meeting that SPEC was reviewing its EITC rural outreach strategy in response to the Committee's proposal, and the EITC Director reported that the proposal was forwarded to the appropriate staff for consideration.</p> <p>At the EITC Committee meeting on May 6, 2005, SPEC representatives reported that SPEC had formulated and implemented a Rural Strategy during FY 05. The FY 05 SPEC Rural Strategy utilizes rural pilots and models to demonstrate SPEC's ability to deliver outreach, free tax return preparation (VITA) and financial literacy training to selected areas of low income rural America. The strategy utilizes identification of, collaboration with and building alliances with groups that have extensive pre-existing rural infrastructures as a means of SPEC reaching the most rural population.</p> <p>There are 15 pilot sites in 11 states targeting specific populations with high poverty levels. The sites participate in five (5) key activities:</p> <p>Activity 1 - Identify and Increase SPEC's inventory of rural partners that have capacity to be self-sufficient rural partners.</p> <p>Activity 2 - Conduct direct and indirect outreach in low-income rural communities via rural groups with established rural locations.</p> <p>Activity 3 - Collaborate with rural partners that will participate in self-sufficient rural VITA/Coalition sites.</p> <p>Activity 4 - Partner with rural organizations that place special emphasis on financial literacy programs.</p> <p>Activity 5 – Develop three (3) information sharing and Collaboration Memorandums of Understanding (MOU) with major government agencies that provide grants to community based organizations.</p> <p>In addition, the FY 05 Rural Strategy contains initiatives for outreach to individuals and businesses. A key component of the FY 05 Rural Strategy is a meeting of partners and SPEC Territory Managers to obtain feedback and best practices to better inform implementation of FY 06 Rural Strategy activities.</p> <p>The FY 05 SPEC Rural Strategy contains extensive measures including:</p>				

## Elevated Recommendations

	<ul style="list-style-type: none"> <li>• Increased EITC Outreach</li> <li>• Increased number of returns prepared</li> <li>• Comparison of the change in the number of returns filed claiming EITC with the estimated unclaimed amount of EITC</li> <li>• Percentage increase in the number of volunteers</li> <li>• Increase/decrease in the percentage of volunteer-prepared returns where another taxpayer has used the dependent to claim EITC, an e-file rejects, or there are EITC math errors</li> <li>• Overall customer satisfaction with services provided at volunteer sites (not segmented by urban, rural, etc.).</li> <li>• Overall partner satisfaction with SPEC products and services provided (not segmented by urban, rural, etc).</li> <li>• Number of people receiving financial literacy training</li> <li>• Number of people opening IDA accounts</li> </ul> <p>Michael McBride presented the Rural Outreach plan to the Committee.</p>
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<b>TAP A04-075</b>	<b>TAP Participation in EITC Grass Roots Forums</b>			<b>Status:</b>	Closed, Proposal Accepted
<b>Date Elevated:</b>	9/27/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	11/18/2004 3/17/2005
<b>Originating Committee(s):</b>	W&I EITC				
<b>Statement of Issue:</b>	TAP members were not involved in EITC Grass Roots Forums conducted in Los Angeles and Miami in 2004.				
<b>Proposal:</b>	<p>The Committee asked the EITC program to:</p> <ol style="list-style-type: none"> <li>1. Provide the TAP Earned Income Tax Credit Issue Committee with information on future Grass Roots Forums.</li> <li>2. Invite TAP to set up a table at future Forums to inform taxpayers about the opportunity to make suggestions as to how to improve the IRS by contacting TAP.</li> <li>3. Notify local TAP members of future Forums and invite them to participate.</li> </ol>				
<b>Response from:</b>	Kay Farrow, Earned Income Tax Credit Policy Analyst				
<b>Response Notes:</b>	EITC Policy Analyst Kay Farrow informed EITC Committee members of the dates of the 2005 forums.				

## Elevated Recommendations

<b>TAP 04-076</b>	<b>Change TAP Name</b>			<b>Status:</b>	Closed, Proposal Rejected
<b>Date Elevated:</b>	10/19/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	3/31/2005
<b>Originating Committee(s):</b>	Area 2				
<b>Statement of Issue:</b>	The current name of the Taxpayer Advocacy Panel (TAP) continues to cause confusion for the taxpaying public. The names and functions of both Taxpayer Advocacy Panel (TAP) and Taxpayer Advocate Service (TAS) are perceived as synonymous by the taxpaying public.				
<b>Proposal:</b>	A name change will be less confusing to the public, the Panel clearly identified as independent from both IRS and TAS, and the taxpaying public better able to associate TAP with its correct mission and goals. Further, TAP staff would be less burdened with the overwhelming number of misrouted telephone calls to TAS by the taxpaying public. Change TAP's name to one that will not be confused with TAS.				
<b>Response from:</b>	Bernard E. Coston, Director, Taxpayer Advocacy Panel				
<b>Response Notes:</b>	The TAP Director responded that the name "Taxpayer Advocacy Panel" was assigned by Treasury, and therefore Treasury was approached about the possibility of changing the name. The response was that the name would not be changed and that TAP, as a new organization, would initially have recognition issues. The Director subsequently met with his staff about getting the TAP name out to the public in a more consistent way. The result of this was the formation of the TAP Communication Issue Committee, which is charged with branding the TAP name, both internal to the IRS and external to citizens and stakeholders.				

<b>TAP B04-086</b>	<b>MLI Bilingual Brochures</b>			<b>Status:</b>	Elevated, Awaiting Second Response
<b>Date Elevated:</b>	8/20/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	1/21/2005
<b>Originating Committee(s):</b>	W&I Multilingual				
<b>Statement of Issue:</b>	The MLI program owner asked the Committee to comment on draft bilingual brochures developed by the MLI office to explain basic tax information to limited English proficient taxpayers.				
<b>Proposal:</b>	Each committee member reviewed Publication 4346, Basics of Tax Processing (English/Spanish), and provided input the to MLI program owners.				
<b>Response from:</b>	Toni M. Cross, Chief, MLI Project Office				
<b>Response Notes:</b>	The bilingual brochures are currently being revised and the MLI Committee's suggestion for adding information on the Taxpayer Advocate Service's power to issue taxpayer assistance orders will be considered. All changes to this brochure must be approved by the TAS office.				

## Elevated Recommendations

### C. Activity on Recommendations Not Previously Reported

Activity (communication to and/or response from the IRS) on some recommendations fell between the cracks and was not reported in previous Annual Reports. Section C of this chapter sets forth summaries of these recommendations.

<b>TAP 03-002</b>	<b>Social Security Worksheet</b>			<b>Status:</b>	Closed, Proposal Rejected
<b>Date Elevated:</b>	6/17/2003	<b>Follow-up Date</b>		<b>Date Response Received:</b>	12/16/2003
<b>Originating Committee(s):</b>	Area 4				
<b>Statement of Issue:</b>	The Social Security Benefits Worksheet included with Forms 1040 and 1040A is visually confusing and complicated for the average taxpayer to complete. Publication 915, Social Security Benefits and Equivalent Railroad Retirement Benefits obtained from the IRS Website contains a very clear and simplified worksheet on page 15 (Worksheet 1, Figuring Your Taxable Benefits).				
<b>Proposal:</b>	The format and wording of the Worksheet 1, Figuring Your Taxable Benefits, available in Publication 915 should be substituted for the worksheets included in the forms 1040 and 1040A instructions.				
<b>Response from:</b>	Denise S. Fayne, Director, Tax Forms and Publications Division				
<b>Response Notes:</b>	The IRS declined to make the recommended change. The IRS conducted a focus group on the same subject, which resulted in the format used in the instructions, and the IRS also decided to format the worksheet used in Publication 915 more along the lines of the one the focus group preferred.				

<b>TAP 03-004</b>	<b>Local Telephone Numbers</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	6/19/2003	<b>Follow-up Date</b>		<b>Date Response Received:</b>	7/16/2004
<b>Originating Committee(s):</b>	Area 1				
<b>Statement of Issue:</b>	In states such as Maine, where there are highly rural, less-populated areas, the telephone numbers listed for the local IRS office are often long distance calls. Calling the listed numbers causes some taxpayers to incur a toll charge just to find out they should have called a toll-free number instead.				
<b>Proposal:</b>	<ul style="list-style-type: none"> <li>• Change description in telephone book to read, "IRS – recorded message service only."</li> <li>• List the IRS toll-free number and its purpose.</li> <li>• Educate all Local Taxpayer Advocate offices about the toll charges in their area so they are aware of the expense for their constituents.</li> </ul>				
<b>Response Notes:</b>	The program owner responded to TAP through discussion at a subcommittee meeting. Due to changes that have occurred to the IRS telephone system, the original proposal needs to be revised to reflect changes.				

## Elevated Recommendations

<b>TAP 03-011</b>	<b>Individual Taxpayer Identification Number</b>			<b>Status:</b>	Closed
<b>Date Elevated:</b>	9/19/2003	<b>Follow-up Date</b>		<b>Date Response Received:</b>	2/25/2004 7/6/2004
<b>Originating Committee(s):</b>	Area 1				
<b>Statement of Issue:</b>	Lack of understanding as to when to apply for and use an Individual Taxpayer Identification Number (ITIN)				
<b>Proposal:</b>	TAP recommended more outreach and education on the ITIN. A standard flyer, easy to read (aimed at a first grade literacy level per the advice of LITC educators) concerning the application for and use of the ITIN would be useful. The flyer could then be translated into multiple languages.				
<b>Response from:</b>	Francine Prince, Program Analyst, Individual Taxpayer Identification Number Jerry Heschel, Director, Individual Taxpayer Identification Number				
<b>Response Notes:</b>	<p>ITIN Director Heschel reported that after the December 17, 2003, ITIN revisions, the IRS supplemented the mass communication effort with direct outreach to communities with a vested interest in ITINs, tailored to audience needs, in the following ways:</p> <ul style="list-style-type: none"> <li>• Sent a direct mail package to Acceptance Agents, transmitting documents and instructions for their immediate use.</li> <li>• The National Public Liaison office contacted national practitioner organizations, and the IRS also reached tax professionals en masse with electronic news items to all IRS e-news for Tax Professionals and the Digital Dispatch subscribers.</li> <li>• Liaisoned with state and federal government officials (i.e., Department of Labor, Social Security Administration, National Governors Association, and state agencies) through the IRS Governmental Liaison office.</li> <li>• Immediately preceding the announcement, IRS provided procedural information, training, and products (i.e., a flyer for use in Taxpayer Assistance Centers) for all IRS customer contact employees to enable them to advise and assist customers. The IRS also established an internal communications loop to handle questions on unique situations.</li> </ul>				

## Elevated Recommendations

<b>TAP 03-012</b>	<b>Just in Time Policy</b>			<b>Status:</b>	Closed, Proposal Partially Accepted
<b>Date Elevated:</b>	9/19/2003	<b>Follow-up Date</b>	9/17/2004	<b>Date Response Received:</b>	9/10/2005
<b>Originating Committee(s):</b>	Area 4				
<b>Statement of Issue:</b>	The IRS frequently sends information and forms out to practitioners and other members of the public so late as to be practically useless for its intended purpose. This issue was passed on to TAP by the former Citizen Advocacy Panel (CAP) members and was considered something that should be looked at for possible change.				
<b>Proposal:</b>	<p>In light of the legislative work delaying the release of forms and thus the late publication of Package X, it may be time for the IRS to change the format of Package X. The tax dollars that go into printing this publication are wasted if they are not of use to those who need them when they come out. Many practitioners/accountants now access forms and instructions they need from the Internet. If the IRS emphasized that all forms are available on the website on the 1045 ordering form, it may discourage offices ordering the Package X when it is not needed. For those who still need paper format, perhaps a loose-leaf binder format would work better. That would allow everything to be sent in December. Forms not yet approved would be sent in "preliminary" format, and as the final approved copies come out, they could be sent and offices would replace the "preliminary" forms with the "final" forms.</p> <p>Since the Stakeholder Partnerships, Education and Communication (SPEC) organization is responsible for the Volunteer Income Tax Assistance program, TAP recommended that SPEC consider working up as much of their own materials as possible. If that is not feasible, TAP recommended using the "early release" versions of the forms for the early training, until the Tax Forms and Publications Division can get final versions out.</p>				
<b>Response Notes:</b>	IRS has decided not to publish the Package X.				

## Elevated Recommendations

<b>TAP 03-015</b>	<b>Provider Identification Number</b>		<b>Status:</b>	Pending Review by TAP	
<b>Date Elevated:</b>	11/17/2003	<b>Follow-up Date</b>	3/31/2006	<b>Date Response Received:</b>	11/24/2003
<b>Originating Committee(s):</b>	Area 6				
<b>Statement of Issue:</b>	The dependent care credit is claimed on Form 2441 if Form 1040 is used or, on Schedule 2 for Form 1040A, and is available to married couples only if they file a joint return. Section 21(e)(9)(A) requires the taxpayer identification number of the dependent care provider, and dependent care providers may not want to provide a Social Security number due to identity theft concerns.				
<b>Proposal:</b>	TAP recommended that dependent care providers be allowed to provide a PTIN instead of their social security numbers as a taxpayer identification number. The Form W-7P could be re-titled, "Application for Preparer or Dependent Care Provider Tax Identification Number." By using a PTIN, the childcare provider will meet the requirement under section 21(e)(9)(A) of furnishing an identifying number on returns where the credit is taken. Although TAP recognizes that dependent care providers can use EINs, TAP advocates a separate dependent care provider TIN because "the SS4 Form is very intimidating and most of the information requested on the form is not relevant to dependent care providers."				
<b>Response from:</b>	Sue Sottile, Director, Strategic Planning Robert A. Erickson, Tax Law Specialist, Forms and Publications				
<b>Response Notes:</b>	Erickson responded that this proposal cannot be adopted unless the Treasury regulations under section 6109 are amended. Section 6109(d) requires that "the social security number issued to an individual... shall, except as otherwise specified under regulations of the Secretary, be used as the identifying number of such individual for purposes of this title." Regulations section 1.6109-2 specifically provides for the P-TIN exception for preparers. There is no exception currently in the regulations to allow for a "dependent care provider TIN." The only exception relevant to a child care provider is under Regulations section 301.6109-1(a)(1)(ii)(D), which allows the use of an employer identification number (EIN) if the provider is in a trade or business.				

## Elevated Recommendations

<b>TAP 03-016</b>	<b>W-4 Clarification</b>		<b>Status:</b>	Elevated, Awaiting Second Response	
<b>Date Elevated:</b>	1/5/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	3/21/2004
<b>Originating Committee(s):</b>	Area 6				
<b>Statement of Issue:</b>	<p>When filling out a Form W-4, Employee's Withholding Allowance Certificate, to determine the proper amount of tax withholding from wages, taxpayers carefully indicate the number of withholding allowances that pertain to their situation. The Treasury Department developed the numbers to accommodate broad ranges of income because more accurate calculations would greatly complicate the form. For policy reasons, there is a small, inherent bias toward under-withholding on the form itself. Consequently, a taxpayer can complete the form accurately and still owe several hundred dollars at the end of the year. Many taxpayers do not like such an inaccurate system.</p>				
<b>Proposal:</b>	<p>Taxpayers should be referred to the Withholding Calculator available on the IRS website as well as to the Publication 919 for accurate withholding.</p> <p>Additional advice needs to be given in the instructions whenever the IRS is discussing the correct amount of withholding. Possible wording could include:</p> <ul style="list-style-type: none"> <li>• "Check the amount that you are having withheld several times during the year."</li> <li>• "If you owed money last year, make sure you change your withholding."</li> <li>• "If you change jobs or start a second job, check your withholding."</li> <li>• "When determining your withholding, please consider ALL of your income from ALL sources."</li> </ul>				
<b>Response from:</b>	Carole Barnette, Acting Chief TEGE and Specialty Forms and Publications				
<b>Response Notes:</b>	<p>The response provided historical background on the W-4 Form and the withholding rate schedules, including the purpose of the form: "The longstanding purpose of the instructions to the Form W-4 has been to provide employees with a simplified way of adjusting their withholding for deviations from the hypothetical situation that underlies the withholding rate schedules, that is, a worker earning all of his or her income ratably over the course of a year from a single job. These deviations include, but are not limited to, the worker's itemized deductions, statutory adjustments, tax credits, and head of household filing status." The response also explained the requirements of the form: "In short, the instructions for Form W-4 represent a careful balancing between accuracy and complexity. While longer and more complicated instructions would undoubtedly lead to more accurate withholding, they would do so only if widely used. Experience - especially the experience with a four-page Form W-4 with more accurate instructions issued in 1987 under a Congressional mandate - strongly suggests that longer, more complex instructions would not be widely used and might even be counterproductive and lead to further increases in the deviations between withholding and tax liability." The response also discussed the space restrictions on the current form and stated consideration would be given to changing the wording as suggested as space permits.</p>				

## Elevated Recommendations

<b>TAP B03-025 Tax Curriculum for LEP Individuals</b>				<b>Status:</b>	Monitoring IRS Action
<b>Date(s) Elevated:</b>	10/23/2003	<b>Date of Response(s):</b>	8/30/2004	<b>Follow-up Date</b>	9/1/2006
<b>Originating Committee(s)</b>		W&I Multilingual			
<b>Statement of Issue:</b>	The IRS and those teaching English as a second language (ESL) should collaborate on the development and promotion of a tax education curriculum that can be implemented in adult ESL programs across the nation.				
<b>Proposal/Follow-up Proposal:</b>	<p>The MLI Committee made the following recommendations regarding development of a tax curriculum for taxpayers with limited English proficiency (LEP):</p> <ol style="list-style-type: none"> <li>1) A variety of cost effective programs to meet the specific needs of those who have recently immigrated can be added to existing government-sponsored programs such as the Low Income Tax Clinics (LITCs) and ESL classes.</li> <li>2) Develop a small booklet on tax compliance and taxpayers' rights in English and another language useful to the local immigrant population. An example was distributed at the MLI Committee October 2003 meeting in Washington, D.C. The example titled, YOUR VOICE, YOUR VOTE, was printed in English and Bosnian for the St. Louis community. It was funded by Verizon Wireless.</li> <li>3) Develop a relationship with the Federal Deposit Insurance Corp (FDIC) and other government agencies to include useful tax information in their publications. FDIC's MONEY SMART series is an adult financial education product. It is printed in English, and Spanish and soon to be printed in Chinese. It does not cover any information on tax compliance or taxpayer's rights. This very useful program is being used by many banks to educate less informed clients about basic financial matters.</li> <li>4) With amendment to the Fair Credit Reporting Act, Congress has adopted the Financial Literacy Education Improvement Act, calling for the establishment Financial Literacy And Education Commission, the Secretary of the Treasury as chair to improve the financial literacy and education of persons in the U.S. through development of a national strategy to promote financial literacy and education. The IRS should take full advantage of this opportunity.</li> </ol>				
<b>Response from:</b>	Mary E. Davis, MLI Program Owner				
<b>Response Notes:</b>	IRS supported the MLI Committee's continuing work of the development and promotion of a tax education curriculum that can be implemented in adult ESL programs across the nation.				

## Elevated Recommendations

<b>TAP E03-026</b>	<b>Schedule C Taxpayer Compliance</b>		<b>Status:</b>	Closed, Proposal Partially Accepted	
<b>Date Elevated:</b>	8/27/2003	<b>Follow-up Date</b>		<b>Date Response Received:</b>	3/23/2004
<b>Originating Committee(s):</b>	SB/SE Sch C Non-Filers				
<b>Statement of Issue:</b>	Complexity of tax laws, lack of knowledge, and confusion over filing requirements contribute to non-filing among Schedule C self-employed taxpayers.				
<b>Proposal:</b>	<p>The Schedule C Non-Filer Committee presented the following four proposals to encourage Schedule C taxpayer compliance:</p> <ol style="list-style-type: none"> <li>1. Recommended including a FYI box on the Form W-9, Application for Individual Taxpayer Identification Number.</li> <li>2. Recommended a "Benefits of Filing" message be an integral component of the Service's Non-filer communication strategy.</li> <li>3. Notice Response Study proposal to be included in the Taxpayer Education and Communication outreach.</li> <li>4. "Awareness of IRS" curriculum.</li> </ol>				
<b>Response from:</b>	Cheryl Gramalia, Director, Filing and Campus Compliance				
<b>Response Notes:</b>	<p>FYI box on Form W-9 recommendation not accepted.            "Benefits of Filing" Message recommendation accepted and news release schedule for April 30, 2004.            Notice Response Study recommendation scheduled for implementation September 2004.            "Awareness of IRS" curriculum recommendation not accepted since similar curricula are already under development.</p>				

## Elevated Recommendations

<b>TAP B03-027 Volunteers, Train in Native Languages</b>				<b>Status:</b>	Monitoring IRS Action
<b>Date(s) Elevated:</b>	/2003	<b>Date of Response(s):</b>	8/30/2004	<b>Follow-up Date</b>	9/1/2006
<b>Originating Committee(s)</b>		W&I Multilingual			
<b>Issue Statement:</b>	The IRS has an initiative to improve services offered to limited English proficiency (LEP) taxpayers and asked TAP for feedback.				
<b>Proposal/Follow-up Proposal:</b>	<p>The MLI Committee researched and prepared written and verbal feedback to the programs owners and recommended that IRS:</p> <ul style="list-style-type: none"> <li>• Train more VITA volunteers in their native languages</li> <li>• Work with the Federal and State agencies charged with oversight of the Temporary Assistance to Needy Families to ensure basic education</li> <li>• Reach out to Miami “notarios” and provide training workshops in their native languages</li> <li>• Facilitate the sharing of “unofficial” documents and pamphlets prepared by Low Income Tax Clinics (LITCs) with communities and organizations that serve LEP taxpayers.</li> </ul>				
<b>Response from:</b>	Mary E. Davis, MLI Program Owner				
<b>Response Notes:</b>	The MLI Program Owner responded that 1. Training more VITA volunteers in their native language is an ongoing part of the VITA business model. 2. Through the SPEC program, IRS has established partnerships with various community and governmental organizations, including the Department of Health and Human Services. 3. IRS declined to reach out to "notarios," preferring to keep their outreach open to all tax preparers and tax practitioners. 4. IRS rejected the proposal of facilitating the sharing of "unofficial" documents and pamphlets prepared by LITCs because IRS does not have resources available to perform a quality review of such documents. The IRS will only provide materials whose information has been validated through official IRS channels.				

## Elevated Recommendations

<b>TAP C04-029</b>	<b>Notice Elimination Review Phase 1</b>		<b>Status:</b>	Closed, Proposal Accepted	
<b>Date Elevated:</b>	6/1/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	8/11/2004
<b>Originating Committee(s):</b>	W&I Notices				
<b>Statement of Issue:</b>	The Notice Committee was asked to review the "Individual Master File Computer Paragraph Notice and Automated Collection System Letter Notice Elimination Review" of January 2004. The report included general notice process improvement recommendations, recommendations on streamlining the notice package, and recommendations on specific notices or letters.				
<b>Proposal:</b>	The Committee commended the Notice Process Improvement Initiative Team (NPIIT) recommendations that, if implemented, would positively impact on customer satisfaction, business results, and employee satisfaction. Multiple related notices, which cause confusion, would not be mailed to customers. Notices would provide enough detail for the taxpayer to prepare for follow-up action. IRS could realize a tremendous cost savings and staffing demands to maintain obsolete programming and procedural guidelines would be reduced. IRS employee resources would also be used more efficiently by reducing the drain on telephone services.				
<b>Response from:</b>	Ann Gelineau, Wage & Investment Single Point of Contact				
<b>Response Notes:</b>	<p>Ann Gelineau thanked the committee for their supportive response to the Phase 1 Notice Elimination report. The response answered some of the notice group's questions regarding IRS management of notices. Gelineau also reported that the IRS has already acted on some of the team's recommendations. The IRS eliminated some of the notice paragraphs and eliminated the insertion of the "stuffer" notices included with most IRS notices. The operation unit responsible for collection issues is reviewing the team's recommendations for collection notices and letters and is working with another subcommittee of the TAP Notice committee to continue this work.</p> <p>The Team's idea of an ongoing notice life cycle review has made the program owner aware of the need to consider how minor changes, over time, can significantly change a notice's message and purpose. The response also indicated how IRS was unable to implement all the committee's recommendations due to the current operational environment.</p>				

## Elevated Recommendations

<b>TAP F04-041</b>	<b>Form W-4 Employer Compliance</b>		<b>Status:</b>	Closed, Proposal Partially Accepted	
<b>Date Elevated:</b>	8/12/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	12/30/2004
<b>Originating Committee(s):</b>	SB/SE Payroll Taxes, Areas 3, & 4				
<b>Statement of Issue:</b>	On the draft Form 941 for 2005, Line 1 identifies the number of employees in the middle of the third month of each quarter for income tax purposes. Line 4 identifies total exemption from withholding Social Security and Medicare Taxes for qualified state, county, and municipal governments and certain other employers. The form does not provide a place for employers to identify the number of nonresident employees subject to income tax as identified in Line 1 but not subject to Social Security and Medicare Taxes.				
<b>Proposal:</b>	<p>All Employer Forms should identify the existence of nonresident employees who are generally exempt from contributions to Social Security and Medicare Tax.</p> <p>The Committee recommends (1) changing Form 941 Line 5 so that Line 5a reads, "Number of employees listed in Line 1 who are exempt from Social Security and Medicare Wages and tips." The subsequent information would become lines 5b, 5c, 5d, and 5e; (2) creating a citizenship checkbox on Form W-4 or a new Form W-4 for Nonresidents (i.e. Form NR W4); and (3) including a citizenship checkbox and a checkbox for exemption from taxes withheld on Form W-2.</p>				
<b>Response from:</b>	Michael R. Chesman, Director, Office of Taxpayer Burden Reduction (OTBR)				
<b>Response Notes:</b>	<p>OTBR Director Michael Chesman responded as follows: The tax treatment of these employees is often different from that of American citizens. While the Service has noted the different treatment in its publications, it has not yet emphasized the differences in its forms. However, a number of changes are pending.</p> <p>Form 940: The form is currently being redesigned. It has been recommended that a box and indicator for exemption from Federal Unemployment Taxes be included.</p> <p>Form 941: The form is expected to go through a second revision due to the creation of a Form 941X for amending quarterly employment tax reports. By creating a separate form for amendments, a number of line items will no longer be needed on the Form 941. The inclusion of an indicator for the exclusion of certain wages from withholding of income taxes, or for computing social security and Medicare taxes will be considered as part of the new redesign effort.</p> <p>Form W-4: The recommendation for creation of a Form W-4 NR has been made by a number of stakeholders. The recommendation has been included in the Withholding Compliance Task Force Report and in the Burden Reduction Initiative Inventory. The Office of Burden Reduction hopes to identify resources with the appropriate expertise to move this initiative forward in the near future</p>				

## Elevated Recommendations

<b>TAP 04-045</b>	<b>IRS Correspondence, Change of Address</b>		<b>Status:</b>	Closed, Proposal Partially Accepted	
<b>Date Elevated:</b>	9/22/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	9/28/2004
<b>Originating Committee(s):</b>	Area 5				
<b>Statement of Issue:</b>	The broad issue is why taxpayers do not get their mail from the IRS and how the IRS can foster more taxpayers getting their correspondence. The responsibility for proper addresses and reporting address changes to the IRS lies with the taxpayer.				
<b>Proposal:</b>	<p>The Area 5 Committee recommended the IRS do the following:</p> <ol style="list-style-type: none"> <li>1. Emphasize the importance of filing a Form 8822, Change of Address, more prominently. In future revisions of the 1040 Instructions and Publication 17, information related to Form 8822 could be emphasized. Its current placement on page 60 of the 1040 Instructions is buried. It could also be moved to the Important Reminders on page 2 in Publication 17.</li> <li>2. Clarify in taxpayer materials what is required for a "match." Taxpayers need to know that name matches are performed when names are exactly identical--like an e-mail address or they will potentially be rejected. "Robert Smith" who sometimes goes by "Bob" or "Robbie" or "Robert Smith, Sr." will not be a match.</li> <li>3. Publicize the address change policy. The National Taxpayer Advocate's 2003 Annual Report recommends advertising through public service announcements the importance to the taxpayer of notifying the IRS of an address change using Form 8822 and inserting a direct link to the form on the home page of the IRS website.</li> </ol>				
<b>Response from:</b>	Sandra L. Kopta, Chief, Individual Forms and Publications Branch				
<b>Response Notes:</b>	In the 2004 Instructions for Form 1040, the IRS has moved the change of address information pertaining to Form 8822 from the General Information in the back of the instructions to page 16 (the first page of the line instructions) and added a reminder on change of address to the Important Reminders section on page 2 of the 2004 Publication 17. However, the IRS prefers not to publicize the address change policy whereby the IRS matches names against the United States Postal Service's national address database. The IRS does not want taxpayers to rely on this match as a method of updating their address with the IRS.				

## Elevated Recommendations

<b>TAP 04-046</b>	<b>Married Filing Separate Income Reporting</b>		<b>Status:</b>	Closed, Proposal Rejected	
<b>Date Elevated:</b>	9/22/2004	<b>Follow-up Date</b>		<b>Date Response Received:</b>	9/28/2004
<b>Originating Committee(s):</b>	Area 4				
<b>Statement of Issue:</b>	A married taxpayer who files separately every year is likely to receive an IRS notice that information is missing from the individual tax returns when income to which both spouses are legally entitled (such as interest from a joint bank account) has been allocated to the return of the other spouse. Even if the allocation is proper, IRS inquiry will be triggered if information reporting attributes the income to the other spouse because that is the primary social security number on the account.				
<b>Proposal:</b>	<p>1. IRS should inform taxpayers that the IRS matches the Social Security number used by the bank or other institution to report the income to the Social Security number on the return. To help taxpayers and avoid correspondence, IRS should print this information in the instructions for the Forms 1040A and 1040. IRS should include a warning that not listing the income under the Social Security number that is used on the reporting forms may trigger an inquiry from IRS.</p> <p>2. There are a number of non-governmental publications used by many taxpayers. IRS informally, through National Communications and Liaison and Stakeholder Partnerships, Education, and Communication should respectfully recommend the publications contain warnings to taxpayers about this potential problem</p>				
<b>Response from:</b>	Sandra L. Kopta, Chief, Individual Forms and Publications Branch				
<b>Response Notes:</b>	<p>The IRS decided against adopting this suggestion for the following reasons.</p> <p>There is currently a section in the Instructions for Forms 1040 and 1040A entitled "Do Both the Name and SSN on Your Tax Forms Agree with Your Social Security Card?" that is listed under General Information, and informs taxpayers that if a Form W-2, Form 1099, or other tax document shows an incorrect SSN or name, to notify the employer or form-issuing agent as soon as possible to make sure that the earnings are credited to the proper social security record. Also, by law, taxpayers are required to properly report their own income on their individual tax return. This is reflected in the line 3 instructions for Forms 1040 and 1040A. Including a warning for married taxpayers who file separate returns that not listing income under the social security number that is used on the reporting forms may result in an inquiry from the IRS and may result in the improper reporting of such income.</p>				

## Elevated Recommendations



## Appendix B: List of 2005 TAP Members

James Abraham	Gahanna, OH
Clayton Agena	Honolulu, HI
Nancy Allen	Roswell, GA
Maureen Amos	Chicago, IL
Margaret Balcom	Concord, CA
Jim Banks	Bozeman, MT
Larry Barnard	Riggins, ID
Larry Behnkendorf	Waterford MI
Aaron Bell	Kenmore, NY
Adrienne Bell-Stampley	Calumet City, IL
Bill Bly	Wayne, PA
Elizabeth Brodbine Ghoniem	Winchester, MA
Robert Broniarczyk	Romeoville, IL
Paul Brubaker	York, PA
Mario Burgos	Cedar Crest, NM
David Cain	Marlinton, WV
Charlotte Cassady	Talbotton, GA
Philip Cimino	Staten Island, NY
Larry Combs	Yuba City, CA
Helen Curol	Lake Charles, LA
Laura DeMarais	Washington, MN
Anthony DiMartino	Toms River, NJ
Paul Duquette	Amherst, WI
C. Morgan Edwards	Charlotte, NC
Harvey Epstein	Lee, NH
Jerald Fireman	Edmonds, WA
Robert Forst	Encino, CA
Harold Gadon	Cranston, RI
Richard Greenberg	Hinsdale, IL
James Griffin	Walnut Creek, CA
James Grimaldi	New York, NY
Michael Guthman	Westport, CT
Donna Hafer	Burlington, KY
Gwen Handelman	Fort Lauderdale, FL
Edward Hanna	Tampa, FL
Dorothy Havey	Lincolnton, ME
Matthew Henry	Pine Bluff, AR
Steven Hoffman	Columbus, OH
John Hollingsworth	Aberdeen, SD

## Appendix B: List of 2005 TAP Members

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Christine Hurley	Lorton, VA
José Irizarry	San Juan, PR
Cheyaña Jaffke	Placentia, CA
Delford Jones	Griffith, IN
Allena Kaplan	Anaheim, CA
Thomas Karwin	Santa Cruz, CA
Sonny Kasturi	West Orange, NJ
Steve Kreisler	Potomac, MD
Steven Landauer	Davenport, IA
Mary Ann Lawler	Dearborn, MI
Gregory Maciulla	Tucson, AZ
Leslie Malcolmson	Detroit, MI
William Matheny	Long Beach, MS
F. Patrick Matthews	Milwaukee, WI
Robert Maziarz	Hainesport, NJ
Patrick McCombie	Wilmington, DE
Paul McElroy	Pfafftown, NC
Clifford McKenzie	Del City, OK
Joseph Meissner	Cleveland, OH
Robert Meyers	Omaha, NE
Donald Miller	Loudon, TN
Stanley Miller	St Louis, MO
Patrick (Neil) Mitchell	Provo, UT
Bradley Moore	Decatur, GA
Jack Morrell	Mandan, ND
Maryann Motza	Aurora, CO
Paul Nagel	Glen Cove, NY
Joyce Natter	Miami, FL
Owen Oatley	Holly Hill, FL
Francis (Buck) Paolone	Hoover, AL
Howard Perkins	Suisun City, CA
Theodore Perros	Washington, DC
Joe Reder	Richland, WA
Lovella Richardson	Knoxville, TN
Sallie Richardson	Salt Lake City, UT
David Robinson	San Francisco, CA
Martin Romeril	Bethlehem, PA
Thomas (Steve) Rue	Mechanicsville, VA
Ferd Schneider	Cincinnati, OH
Sanford Searleman	Glens Falls, NY
Thomas Seuntjens	Wayzata, MN
Eileen Shuman	Brattleboro, VT
Charles Silva	Provincetown, MA
Lynwood Sinnamon	Arlington, VA
Teresa Smedley	Salem, IN

## Appendix B: List of 2005 TAP Members

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Iris Sosa	Fontana, CA
Robert Stokes	Kemp, TX
Mary Suther	Dallas, TX
Virginia Symonds	Portland, OR
David Terrazas	Santa Cruz, CA
Deborah Thomas	Fayetteville, AR
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Bruce Twomley	Juneau, AK
Faith Vinikoor	Baltimore, MD
Alexander Vivona	Sarasota, FL
Elizabeth Warnecki	Ladson, SC
R. Jeana Warren	Dallas, TX
Charles Wendt	Iola, TX
Sherry Whah	Anchorage, AK
William White	St Joseph, MO
Douglas Wilhelm	Carmel-by-the-Sea, CA
Nan Wilson	Overland Park, KS
Warren Wong	Rochester, MN
Lillian (Beadsie) Woo	Durham, NC
Lillian Woo,	Bryan, TX
J.T. Wright	Carrollton, GA
Gilbert Yanuck	Carson City, NV

## Appendix C: Number, Title and Status of All TAP Recommendations

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### Appendix C: Number, Title and Status of All TAP Recommendations

Number	Title	Status
TAP 03-001	Preparer Record Keeping Requirements	Monitoring IRS Action
TAP 03-002	Social Security Worksheet	Closed, Proposal Rejected
TAP 03-003	FreeFile Alliance Partnership	Closed
TAP 03-004	Local Telephone Numbers	Closed
TAP 03-005	Third Party Authorization	Closed
TAP 03-006	Financial Literacy	Closed, Proposal Accepted
TAP 03-007	Table Addressing Phase outs	Pending Review by TAP
TAP 03-008	Informing IRS Employees about TAP	Closed, Proposal Accepted
TAP 03-009	Quality Control for IRS Correspondence	Closed
TAP 03-010	Offer in Compromise Fee	Closed, Proposal Rejected
TAP 03-011	Individual Taxpayer Identification Number	Closed
TAP 03-012	Just in Time Policy	Closed, Proposal Partially Accepted
TAP 03-013	Recommendations for Form 990	Closed, Proposal Partially Accepted
TAP 03-014	EFTPS Short Form Worksheet	Closed, Proposal Accepted
TAP 03-015	Provider Identification Number	Pending Review by TAP
TAP 03-016	W-4 Clarification	Elevated, Awaiting Second Response
TAP 03-017	On Hold for Toll Free	Closed, Proposal Rejected
TAP A03-018	Changes to Form 8867	Closed
TAP A03-019	Improvement of Form 8862	Closed, Proposal Rejected
TAP C03-020	CP-2000 Recommendations	Closed, Proposal Accepted
TAP E03-022	Self-Employment Filing Requirement	Closed
TAP A03-023	EITC Alternative Documentation	Closed, Proposal Partially Accepted
TAP A03-024	Forms 8836, 8856 Improvement	Closed, Proposal Partially Accepted
TAP B03-025	Tax Curriculum for LEP Individuals	Monitoring IRS Action
TAP E03-026	Schedule C Taxpayer Compliance	Closed, Proposal Partially Accepted
TAP B03-027	Volunteers, Train in Native Languages	Monitoring IRS Action

## Appendix C: Number, Title and Status of All TAP Recommendations

<b>Number</b>	<b>Title</b>	<b>Status</b>
TAP 04-001	Self-Employment Tax for Newspaper Carriers	Elevated, Awaiting Second Response
TAP 04-002	Revisions to Form 6251	Closed, Proposal Partially Accepted
TAP 04-003	Electronic Deposit of Form 1040X Refund	Elevated, Awaiting Second Response
TAP 04-004	OIC Processing Problem	Closed, Proposal Partially Accepted
TAP 04-005	Free File Notification of Charges	Closed
TAP 04-006	Free File Record Retention	Closed, Proposal Accepted
TAP 04-007	FreeFile Alliance Member RALs	Closed
TAP 04-008	FreeFile State Returns	Closed, Proposal Accepted
TAP 04-009	Free File—Lack of Feedback	Closed
TAP 04-010	Taxpayer Rights Under RRA98	Monitoring IRS Action
TAP 04-011	Immediate Feedback on Toll Free	Closed, Proposal Rejected
TAP 04-012	EFTPS—Clarification of Tax Year	Closed, Proposal Accepted
TAP F04-014	Form W-4EZ	Closed
TAP A04-015	EITC Contact Letter and Examination Report	Closed, Proposal Partially Accepted
TAP G04-016	TAP Marketing Strategy	Closed, Proposal Accepted
TAP A04-017	Online Toolkit for SPEC And Partners	Closed, Proposal Partially Accepted
TAP A04-018	SPEC Partnership Process	Pending Review by TAP
TAP A04-019	EITC Qualifying Child Residency Certification Web Page	Monitoring IRS Action
TAP 04-020	W-4 Form Percentage Option	Closed
TAP 04-021	Tax Treatment of Health Benefits Education	Elevated, Awaiting Second Response
TAP 04-021B	Tax Treatment of Health Benefits Education	Elevated, Awaiting Second Response
TAP 04-022	Forms Testing	Closed
TAP 04-023	Financial Literacy--Adult Education	Elevated, Awaiting Preliminary Response
TAP 04-024	Innocent Spouse--Notification of Non-Requesting Spouse	Elevated, Awaiting Second Response
TAP 04-025	Innocent Spouse/Injured Spouse	Elevated, Awaiting Preliminary Response
TAP 04-026	Innocent Spouse Outreach	Closed, Proposal Rejected
TAP 04-027	Fax Numbers on Notices	Elevated, Awaiting Second Response
TAP 04-028	EFTPS Information Access Period	Closed, Proposal Accepted

## Appendix C: Number, Title and Status of All TAP Recommendations

<b>Number</b>	<b>Title</b>	<b>Status</b>
TAP C04-029	Notice Elimination Review Phase 1	Closed, Proposal Accepted
TAP C04-030	Notice Standardization Guide	Closed, Proposal Partially Accepted
TAP A04-031	EITC Notices CP-09 and CP-27	Monitoring IRS Action
TAP A04-032	EITC Rule Re Caring for a Child	Closed, Proposal Rejected
TAP A04-033	Improving EITC Audit Notice "Stuffer"	Closed, Proposal Rejected
TAP A04-034	EITC Pre-Certification Notice	Monitoring IRS Action
TAP 04-036	Form 656 OIC Revision	Closed, Proposal Considered
TAP 04-037	Low Dollar Balance Due Abatement	Elevated, Awaiting Second Response
TAP A04-038	EITC Notice 79A Revision	Monitoring IRS Action
TAP G04-039	Confidentiality of Information Provided to Tax Preparers	Elevated Directly by Committee
TAP A04-040	EITC Preparers' Electronic Toolkit	Closed, Proposal Partially Accepted
TAP F04-041	Form W-4 Employer Compliance	Closed, Proposal Partially Accepted
TAP 04-042	Identity Theft, IRS Procedures	Closed
TAP 04-043	Lien Processing	Closed, Proposal Partially Accepted
TAP 04-044	Tax Transcripts for Taxpayers	Closed, Proposal Rejected
TAP 04-045	IRS Correspondence, Change of Address	Closed, Proposal Partially Accepted
TAP 04-046	Married Filing Separate Income Reporting	Closed, Proposal Rejected
TAP 04-047	Interactive Installment Agreement Website	Monitoring IRS Action
TAP 04-048	Improvements to CP521 Notice	Closed, Proposal Accepted
TAP 04-049	Marketing TAP	Closed, Proposal Accepted
TAP 04-050	Simplify Form 1041 Instructions	Elevated, Awaiting Acknowledgement
TAP 04-051	Advertising TAP in Publication 1546	Monitoring IRS Action
TAP 04-052	Elimination of Form 2688	Closed
TAP 04-053	Outsourcing of Tax Return Preparation	Elevated, Awaiting Response
TAP 04-054	Expanding Third Party Authorization Term	Elevated, Awaiting Preliminary Response
TAP 04-055	Provide Third Party Designee Notices Automatically	Elevated, Awaiting Preliminary Response
TAP N04-056	CP5XX Series Usability Testing	Closed, Proposal Accepted
TAP N04-057	Scoring Notices	Closed

## Appendix C: Number, Title and Status of All TAP Recommendations

<b>Number</b>	<b>Title</b>	<b>Status</b>
TAP G04-058	Preparer Licensing	Elevated Directly by Committee
TAP F04-059	Annualized Form 941	Closed
TAP F04-060	Forms 941, W-2, W-3 & W-4 Electronic Filing Issues	Closed, Proposal Accepted
TAP F04-061	Payroll Taxes Deposit Penalties	Elevated, Awaiting Second Response
TAP F04-062	Electronic Deposit of Payroll Taxes	Elevated, Awaiting Second Response
TAP F04-063	Simplified Form 941	Closed, Proposal Partially Accepted
TAP F04-064	Form W-4 Employer Compliance	Closed, Proposal Partially Accepted
TAP C04-065	Language Standardization Guide—Layout Standards	Closed, Proposal Accepted
TAP X04-066	VITA Training Input	Closed
TAP D04-067	E-File Made Easy	Closed, Proposal Accepted
TAP D04-068	E-File Marketing to Tax Professionals	Closed, Proposal Accepted
TAP A04-069	EITC Website	Closed, Proposal Partially Accepted
TAP A04-070	EITC Forms Testing	Elevated Directly by Committee
TAP A04-071	EITC Interactive Internet Programs	Closed, Proposal Partially Accepted
TAP A04-072	Consistent Use of “EIC” or “EITC”	Closed, Proposal Rejected
TAP A04-073	Sharing EITC Outreach Best Practices	Pending Review by TAP
TAP A04-074	EITC Rural Outreach	Monitoring IRS Action
TAP A04-075	TAP Participation in EITC Grass Roots Forums	Closed, Proposal Accepted
TAP 04-076	Change TAP Name	Closed, Proposal Rejected
TAP X04-078	Revised Form 2848- Power of Attorney	Closed, Proposal Accepted
TAP E04-079	Schedule C-EZ from \$2,500 to \$5,000	Closed, Proposal Accepted
TAP E04-080	EZ Pay” safe harbor	Elevated Directly by Committee
TAP E04-081	1099 Matching Program	Elevated Directly by Committee
TAP E04-082	Form SS-4 Changes	Elevated Directly by Committee
TAP E04-083	Expand Eligibility for Schedule C-EZ	Elevated Directly by Committee
TAP E04-084	Form W-9 IC for Independent Contractors	Elevated Directly by Committee
TAP B04-085	Questions About Utility of Kiosks	Elevated Directly by Committee
TAP B04-086	MLI Bilingual Brochures	Elevated, Awaiting Second Response

## Appendix C: Number, Title and Status of All TAP Recommendations

<b>Number</b>	<b>Title</b>	<b>Status</b>
TAP J04-087	Service Changes at Taxpayer Assistance Centers	Closed
TAP X05-001	Form 433 A/B Comments	Closed
TAP E05-002	Form 8867 Paid Preparer's EITC Checklist	Elevated Directly by Committee
TAP E05-003	Dear EITC Preparer Letter	Elevated Directly by Committee
TAP E05-004	Tips for Choosing Tax Preparer Letter	Elevated Directly by Committee
TAP E05-006	EITC Performance Measurement	Closed
TAP 05-007	Refund Misleads Taxpayer	Elevated, Awaiting Acknowledgement
TAP M05-008	Tax Rights and Responsibilities Education	Elevated Directly by Committee
TAP X05-009	VITA/TCE Training Materials	Closed, Proposal Partially Accepted
TAP N05-010	Exam Soft Notices	Closed, Proposal Partially Accepted
TAP N05-011	DAT Spreadsheet	Closed, Proposal Accepted
TAP 05-013	AMT Education	Elevated, Awaiting Acknowledgement
TAP 05-014	Form 1065 Schedule D Change	Elevated, Awaiting Acknowledgement
TAP 05-015	VITA/TCE Uniform Taxpayer Identification Requirements	Elevated, Awaiting Acknowledgement
TAP 05-016	TAS Authority to Release ACS Levies	Elevated, Awaiting Acknowledgement
TAP 05-017	Form W-4 Changes/Multi-job Households	Elevated, Awaiting Acknowledgement
TAP 05-018	W-4 Calculator Access	Elevated, Awaiting Acknowledgement
TAP 05-019	Federal Lien Release on Credit Records	Elevated, Awaiting Acknowledgement
TAP 05-020	Current Tax Forms and Instructions Availability	Elevated, Awaiting Acknowledgement
TAP A05-021	IRS CPE Standards	Elevated Directly by Committee
TAP 05-022	IRS Partnering	Elevated, Awaiting Acknowledgement
TAP 05-023	New and Revised Tax Forms & Publications	Elevated, Awaiting Acknowledgement
TAP 05-026	Form 5500 and 5500EZ, Downloadable	Elevated, Awaiting Acknowledgement
TAP 05-027	IRC on the IRS Website	Pending Review by TAP
TAP 05-028	EFTPS Correcting Erroneous Payments	Elevated, Awaiting Acknowledgement
TAP 05-029	SS-4 Correction Notice	Elevated, Awaiting Acknowledgement
TAP 05-031	Interest and Penalty Calculator on IRS Website	Elevated, Awaiting Acknowledgement
TAP 05-032	554, Older Americans' Tax Guide	Elevated, Awaiting Preliminary Response

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<b>Number</b>	<b>Title</b>	<b>Status</b>
TAP 05-033	Form SS-4 & LLCs	Elevated, Awaiting Preliminary Response
TAP 05-034	TAS Toll-Free Number	Elevated, Awaiting Acknowledgement
TAP 05-035	Change in Refund Notification	Elevated, Awaiting Acknowledgement
TAP 05-036	Refund Website	Elevated, Awaiting Acknowledgement
TAP 05-037	Form 211 Reward Availability	Pending Submission
TAP 05-038	Requiring Display of RAL Information	Elevated, Awaiting Acknowledgement
TAP 05-039	Advertising RAL Alternatives	Elevated, Awaiting Acknowledgement
TAP 05-040	Debt Indicator Elimination	Elevated, Awaiting Acknowledgement
TAP 05-041	Enforcement of RAL Requirements	Elevated, Awaiting Acknowledgement
TAP 05-042	Return Processing and RAL Appeal	Elevated, Awaiting Acknowledgement
TAP S05-043	Prioritizing SBSE Notices	Elevated Directly by Committee
TAP S05-044	Revising Examination Notices/Documents	Elevated Directly by Committee
TAP S05-045	Revising Form 940, Unemployment Tax Form	Elevated Directly by Committee
TAP S05-046	The Extension Project	Elevated Directly by Committee
TAP S05-047	Employers Annual Federal Tax Program	Elevated Directly by Committee
TAP S05-048	Simplifying Collection Statements (433-A and 433-B)	Elevated Directly by Committee
TAP 05-049	Publication 4221 in Determination Letters	Elevated, Awaiting Acknowledgement
TAP 05-050	Endorsement of the ACT Report	Elevated, Awaiting Acknowledgement
TAP 05-051	Form 656, Offer in Compromise Criteria	Elevated, Awaiting Preliminary Response
TAP 05-052	Consolidate Presidentially Declared Disaster Area Information	Elevated, Awaiting Preliminary Response
TAP 05-053	Form 1040 Package Distribution Policy Notification	Elevated, Awaiting Acknowledgement
TAP 05-054	Additional Tax Waiver Request	Elevated, Awaiting Acknowledgement
TAP 05-055	Training of Volunteers for VITA/TCE E-filing	Elevated, Awaiting Preliminary Response
TAP 05-056	Forms W-7 and 1040NR Changes	Elevated, Awaiting Acknowledgement
TAP 05-057	LITC Information on EITC Notices	Elevated, Awaiting Acknowledgement
TAP 05-058	Increasing Awareness of TAP in Publications	Elevated, Awaiting Acknowledgement
TAP A05-060	Educating Taxpayers About Publication 17	Elevated Directly by Committee
TAP A05-061	Publication 17 Searchability	Elevated Directly by Committee

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<b>Number</b>	<b>Title</b>	<b>Status</b>
TAP A05-062	EITC Assistant	Monitoring IRS Action
TAP M05-063	LEP Survey	Elevated Directly by Committee
TAP E05-064	EITC Web Pages, Architecture or Structure	Elevated Directly by Committee
TAP E05-065	Content of the EITC Web Page(s)	Elevated Directly by Committee
TAP N05-066	CP 504 Series of Notices Scoring	Closed
TAP N05-067	CP 23, 24, and 25 Notices Scoring	Closed
TAP N05-068	CP 501 Notice Series Scoring	Closed
TAP N05-069	CP 521 Notice Series Scoring	Closed
TAP N05-070	CP 503 Series of Notices Scoring	Closed
TAP N05-071	CP 523 and CP 523F Notice Scoring	Closed
TAP 05-072	Form 8453/8879 VITA/TCE Mailing Requirements	Pending Submission
TAP 05-073	TCE/VITA E-file Acknowledgements	Pending Submission
TAP J05-074	Taxpayer Service Budget Reductions	Elevated, Awaiting Second Response
TAP J05-075	TIGTA Audit	Closed
TAP J05-076	Taxpayer Assistance Blueprint	Elevated, Awaiting Response
TAP N05-077	Payment Voucher and Stub Usability	Closed
TAP N05-078	Penalty and Interest Notice Usability Testing	Closed
TAP N05-079	IRS Website for Penalty and Interest Calculation Usability	Closed
TAP X05-080	Comments on E-file Brochure	Closed, Proposal Implemented
TAP S05-081	Electronic Installment Agreement User Testing	Closed
TAP N05-082	CP 78 Notice Scoring	Closed



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Publication 4444 (Rev. 4-2006)  
Catalog Number 39587Y

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