



2004 Meeting Minutes Ad Hoc Committee Meetings

- September 13, 2004
 - July 6, 2004
 - May 24, 2004
 - May 3, 2004
 - April 5, 2004
 - March 1, 2004
-

Ad Hoc Issue Committee Minutes

*Taxpayer Advocacy Panel
Ad Hoc Teleconference
September 13, 2004*

Attendance

- Gerry Gensiejewski
- James Grimaldi
- Larry Lexow
- Greg Maciulla
- Bob Meldman, Chair
- Judi Nicholas, Designated Federal Official
- Buck Paolone
- Sherry Whah
- Lillian Woo

Staff

- Marla Ofilas, Note taker

Welcome/Announcements/Review Agenda

Judi took roll call. Initially, the committee did not have a quorum but was later met.

Review of action items from the FTF meeting

The committee reviewed the action items from the previous meetings. The action items included recommendations that would be elevated to Nina Olson, Taxpayer Advocate/Ad Hoc Program Owner.

Examining Regulatory/Legislative matters.

The committee would like to work and examine legislative matters. It was suggested that a recommendation be made to have all area committees send legislative or regulatory issues to the Ad Hoc committee. The committee would look at the issue, the impact of the current law/regulation and the impact of the proposed change. A report of the assessment would be forwarded to the NTA for possible inclusion in the Annual Report to Congress. The recommendation would be sent through the TAP Director to the NTA. The recommendation will include a response date and after which date the committee would implement the change.



Decision: Bob will write up the recommendation. Bob felt that in addition to the Joint Committee receiving a report of any legislative or regulatory issues that the Local Taxpayer Advocates should also receive reports. The Ad Hoc committee unanimously agreed to elevate this issue.

TAP Chair for 2004/2005

The Ad Hoc Committee recommends that the TAP chair for 2004/2005 be elected from the current members for a term of one year. In addition, a new member will be elected chair-elect for one year, following which the chair-elect will automatically become the TAP chair. The chair-elect will be mentored by the chair in preparation for the assumption of chair position the following year.

For the year 2005/2006, the 2004/2005 chair-elect becomes the chair, and there will be an election for a new chair-elect.

Decision: The Ad Hoc Committee unanimously agreed that the term of the TAP chair shall be for one year. The Ad Hoc Committee unanimously agreed that the TAP chair shall be a current member and not a new member. The Ad Hoc Committee unanimously agreed that the chair-elect shall be a new member and will have been mentored by the TAP chair during that year's term.

Who was writing this up to be elevated?

Communication Strategy

The committee compiled a list of issues that TAP is allowed to pursue and issues they are not allowed to pursue.

Allowable Issues	Not in TAP Charter
<ul style="list-style-type: none"> • Individually refer problems to our senator/congressman – Legislative Issues • Improving IRS service • Improving IRS customer satisfaction • Comment on TAP Issues under consideration 	<ul style="list-style-type: none"> • Intervene in individual tax situation • Critique IRS employees • Review or make recommendations on IRS Budget • Review state taxes • Assist return preparers with taxpayer accounts • Address tax shelter issues • look into Tax Exempt/Governmental Entity issues • Address regulatory issues • Act as spokes person for the IRS

During the committees face-to-face meeting it was suggested that the list be added to the TAP Communication Strategy.

Decisions: The committee unanimously agreed to include this in the communication strategy. In addition, each member will solicit from their area and issue committees, any additional items that could be included to the list.

Establish additional duties

The Ad Hoc committee recommended that a position be establish within TAP to inform taxpayers with individual problems, the status of their issue or concerns.

Decisions: The committee was informed that this is already in place. Each time a taxpayer contacts TAP, a letter is sent to the individual notifying them of the outcome of their suggestions, concerns or when their individual issue has been forwarded to TAS.



Possible future Ad Hoc issues

During the face-to-face meeting, the committee discussed a national TAP newsletter patterned after Area 4's (What's on TAP) be developed. It would be necessary to write a number of articles ahead of time to ensure publication deadlines are met. Larry Lexow and Jerry G agreed to serve in a consulting role. The committee agreed it would be necessary to identify potential candidates for publishing the news articles.

Decisions: It was agreed by the Joint Committee that the Ad Hoc will be responsible for the "What's on TAP" publication. Ad Hoc will find a list of potential publications (regional, local and national associations) and develop a structure and process to make this happen nationally. They will also solicit the help of new members that begin their tenure in November.

Draft of National Licensing

Lillian suggested that this issue should carry over to the November face-to-face meeting. A discussion followed about the possibility of reviewing and deciding this issue over e-mail.

Decision/Action: Sherry agreed to have a draft completed by the end of September. The committee also agreed to review the draft and submit comments or approve the recommendation via email. If approved, the committee will elevate the recommendation to Nina Olson by October 15 with a copy to the Joint Committee.

Review Recommendation from Buck Paolone

Buck proposed changes to the TAP organization and how the chairs are elected. The committee reviewed three proposed recommendations. Each committee member provided input on the recommendations. Some members felt that Buck provided excellent points. Others felt that the IRS set up the TAP structure for a reason and see no need to make any changes

Decision: The issue was tabled for a future meeting.

Closing

Lillian concluded the call by thanking the panel members that were not returning, for participating and their hard work. Lillian adjourned the call.



Ad Hoc Issue Committee Minutes

Taxpayer Advocacy Panel
Ad Hoc Teleconference
July 6, 2004

Attendance

- Gerald Gensiejewski
- Larry Lexow
- Bob Meldman, Chair
- Judi Nicholas, Designated Federal Official
- Buck Paolone
- Lillian Woo

Staff

- Marla Ofilas, Note taker

Welcome/Announcements/Review Agenda

Bob welcomed the committee members and Marla took roll call. A quorum was not met.

Practitioner Licensing Recommendation

Sherry Whah and Jim Grimaldi were not available to provide a report on their recommendations for the licensing of tax return preparers. Their report will be added to the agenda for the August face-to-face meeting.

August Face-to-Face Meeting in Seattle

Bob wanted to ensure that all members will be at the meeting to assure a quorum.

Action: Judi will contact all panel members to reconfirm their attendance.

The committee discussed the email that was sent by Sherry Whah.

"Does the complete TIN have to be on the 1099G or can we use the last 4 digits? We are looking at a double postcard mailing but the post office no longer allows glue on the side edges and there are obvious concerns regarding access to the name and SS# on the inside"

This could be an issue for the state of Oregon and not something TAP would be able to address.

Action: At the committee's request, Judi will discuss the issue Bernie to determine if it is within TAP's scope.

Decision: A discussion about the TAP Chair and Vice-Chair selection process was added to the August meeting agenda. The balance of the agenda was approved by the committee.

No one from the public was on the call. Bob adjourned the call.

Ad Hoc Issue Committee Minutes

Taxpayer Advocacy Panel
Ad Hoc Teleconference
Monday May 24, 2004



Attendance

- Jim Grimaldi
- Jim Griffin
- Chris Lowe (in part)
- Greg Macuilla
- Buck Poalone
- Sherry Whah
- Judi Nicholas, Designated Federal Official

Staff

- Marla Ofilas, Note taker

Welcome

Judi welcomed the committee and started with a review of TAP administrative issues. Judi indicated the Ad Hoc committee would be having a second face-to-face meeting and the location would change to Seattle on August 2 and 3.

Because of the cancellation of the May face-to-face meeting, Judi and Bob felt it would be good to have at least one teleconference meeting before August to discuss possible Ad Hoc issues. **Decision:** The committee discussed possible dates and decided on **Tuesday July 6, 2004** to have their next teleconference.

Judi informed the committee Chris Lowe will be resigning from the TAP as of Wednesday May 2004 because of personal commitments that conflict with his ability to fully participate on the TAP. Chris expressed that he enjoyed participating and getting to know everyone. He apologized for leaving the group and felt that everyone should be proud because TAP is doing a good work.

Confidentiality Sub-Committee Report Out

Judi asked Jim Griffin to provide a report on the Confidentiality Issue that his subcommittee was working on.

Jim reviewed the confidentiality referral form that was sent out to the committee. He asked if there were any comments.

Greg offered that when this issue was first discussed, he read an article about the National Science Foundation which is an independent agency of the government. It was started after World War II and their budget for the upcoming fiscal year is 5.7 billion dollars. Greg provided their website, www.nsf.gov.

Greg explained that there is a section on their site called "Computer Information Services". In the search engine under Identification ID, you will find their main areas of interest. Greg asked if someone in the IRS could speak with this agency and explain that this is a problem the IRS is having. Greg continued that the NSF is offering grants of 30 million dollars to study this.

Judi explained that in the conversations with the Office of Professional Responsibility the committee was told that there have been no referrals or complaints about this issue. It does not mean there is no problem; just that OPR has not heard anything yet.

Judi offered to look through the website and asked the members if they had any comments or suggestions about the sub-committee's proposal.



The committee continued to discuss the referral report. **Action:** Buck provided a correction under the "Barriers" #3, it should be "lack of wide spread publicity and information." **Action:** Judi will send an email to members not in attendance, to seek support for the proposal and then forward the recommendation to Nina Olson. This was later amended because another committee member joined the call to make quorum. **Action:** Jim proposed the referral form should be changed. Currently it states "Joint Committee Referral Form." Judi agreed to have it changed since the referral will be sent directly to Nina Olson from the Ad Hoc committee. **Action:** The recommendation will be forwarded to the National Taxpayer Advocate for consideration.

National Licensing of Retuned Prepares Report Out

Jim Grimaldi explained that he completed his draft report and will be sending it to the sub-committee for their comments.

Greg asked if the committee looked at tax returns for people with an income under \$35,000 or less, what percentage of these tax returns filed are 1040ez? **Action:** Judi was not sure but indicated that could be researched and she will email the information to him. Greg felt that it would be interesting to know what percentage of taxpayers with 1040ez would pay some else to complete it. Sherry agreed that many people do and suggested that H&R Block would be out of business.

Judi stated that the two reports should be combined because they are related to licensing and return prepares. The issue was broken up into two sub-committees to address education and testing verses licensing and enforcement. It was agreed that Sherry and Jim would work together to produce a single report. **Action:** Sherry and Jim will have the report ready for the July conference call.

Sherry asked the committee for their thoughts on a new issue she received. Sherry received a call from Christy Darien with the National Association of Self-Employed. She would like to challenge Nina Olson, National Taxpayer Advocate, on her proposal to withhold money from people who are self-employed, 1099 recipient. Christy feels that it unfairly discriminates against the self-employed person because corporations would be exempted for any withholding requirement since the law exempts them from having to receive a 1099 for services rendered. Sherry explained that in the NTA's proposal anyone receiving a 1099 would be subject to a mandatory withholding of taxes from the income received. Sherry explained that Nina believes the tax gap is due in large part to the lack of withholding on the self-employed. Nina also feels that self-employed individuals deliberately under report or don't report that income. Therefore, she would like the source or person paying the self-employed to withhold 5% and send it to the IRS.

Judi asked Sherry how this situation would discriminate. Sherry explained that if she had contract labor, she would be required to issue 1099 on any payment over \$600. If this payment is to a corporation she would not have to issue a 1099.

Greg asked why you would not have to generate a 1099 if the person is a corporation. Sherry replied that it's just the law and doesn't understand why they are the ones that are exempt. Sherry stated that there is a proposal to require 1099s is issued to corporations but there are questions about what would be reported, the gross or the net income on settlement.

Judi asked Sherry if this is an issue she would like the committee to review. The committee continued to discuss the issue. **Decision/Action:** Judi explained that she would do additional research on this issue and provided the additional research during the face-to-face meeting in August.

Judi asked if there were any additional comments before the meeting closed. No comments were offered and Judi adjourned the meeting.



Ad Hoc Issue Committee Minutes

*Taxpayer Advocacy Panel
Ad Hoc Teleconference
Monday May 24, 2004*

Attendance

- Jim Grimaldi
- Jim Griffin
- Chris Lowe (in part)
- Greg Macuilla
- Buck Poalone
- Sherry Whah
- Judi Nicholas, Designated Federal Official

Staff

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Ad Hoc Issue Committee Minutes

*Taxpayer Advocacy Panel
Ad Hoc Teleconference
May 3, 2004
11 am Eastern, 8 am Pacific*

Attendance

- Jim Griffin
- James Grimaldi
- Larry Lexow
- Greg Macuilla
- Robert (Bob) Meldman
- Diane Mignano
- Buck Paolone
- Sherry Whah
- Lillian Woo

Staff

- Judi Nicholas, Designated Federal Official
- Marla Ofilas, Note Taker

Roll Call

- Marla Ofilas took roll and a quorum was met.

Welcome/Announcements/Review Seattle Face-to-Face Agenda

Bob welcomed everyone and began by reviewing the agenda for the Ad Hoc Face-to-Face meeting that will be held in Seattle, Washington on May 24th and 25th.

TAP Director, Bernie Coston will attend the meeting. Bob expressed a desire for a question and answer session with Bernie. Bernie will also give the committee an update on pertinent TAP issues.

Action: Judi will be meeting with Bernie in Chicago and will confirm the Q&A session with him at that time.

Action: Ccommittee members will forward questions for the TAP director to Judi.

Bob asked if anyone had any comments or ideas. Lillian agreed it's a great idea to be able to have a give and take with Bernie. Bob asked Lillian, if she had any questions to please submit it. Since Lillian would not be attending the face-to-face meeting in Seattle, the committee would pass on her comments to Bernie.

Bob continued, Jim and Calvin are going to talk about the Confidentiality Sub-Committee Report during the Seattle meeting. Bob asked Judi if she knew what stage the report is in. Judi explained that the report has been drafted. The form will be shown to the entire committee but at this time the committee is in the process of putting the report on the referral template.



Bob added that the Taxpayer Assistance Centers is on the agenda and they will discuss what Nina Olson's concerns are. Bob felt that this is something the committee could discuss; to see what kind approach the committee would like to use; and to see where the committee is going. An additional item Bob put on the agenda for the face-to-face meeting, is a Critique of the Ad Hoc Committee. Bob explained that the critique is not a self-critique of the committee but what function or role should the ad hoc committee play in the second term of TAP; where the issues should be coming from; and what can the committee work on for the rest of the year.

New Ad Hoc Issues

Jim Griffin offered that recently in California there was an interesting tax amnesty program. California generated over a billion dollars because of it. It was targeted toward a specific aspect of tax shelters; generic letters were sent to about 30 thousand people; and they have about 1000 people and companies responded in the tax amnesty time frame generating over a billion dollars in taxes collected. Jim felt that it was a win win situation. The offer of amnesty for a limited amount of time has proven to be good on the state level. Jim asked if it would be within the jurisdiction of the ad hoc to consider something like this.

Judi explained there wasn't an amnesty program but what did happen for a period of time last year, people that participated in tax shelters had the opportunity to come forward and avoid any legal action. Jim suggested that since the state program was promoted and received publicity and the federal program receive similar affect, maybe the ad hoc committee may only need to suggest advertising as the outcome.

Judi explained that there has been multiple press coverage regarding this topic. Bob explained the program was initiated by the Chief Council Office in Appeals for Large and Midsize Companies.

Judi offered the IRS does not want to have an amnesty program on a regular basis. This could make the taxpayers not settle their accounts and wait until the IRS has an amnesty program to avoid paying additional fees. Bob agreed with Judi that the IRS just won't agree to an amnesty program. The volunteer disclosure policy won't hold up because their afraid someone maybe under criminal investigation and if they make it look like they are putting someone under criminal investigation when all they want is money then it's blackmail. Bob felt that he could go on for hours regarding this. However, he did feel it was a great idea.

Bob asked if the committee has any ideas for issues the ad hoc could work on, they should bring it up in the meeting. The committee was instructed by Judi to try to find other issue to take on. One of the questions Bob will pose to Bernie is "Whether or not he could, more clearly define the role that Nina in visions for the Ad Hoc committee, and whether she will continue to give the Ad Hoc committee specific issues?" Bob explained to the committee, how the ad hoc committee receives their issues. Judi added that if there are issues any of the members are interested in and a member has an issue to bring up in the face-to-face meeting, to notify her so the staff could investigate and have it prepared prior to the meeting.

Jim Griffin provided an informational piece to the committee that he received for United Way in the San Francisco area. It's a power point presentation that United Way provides to show what they do in supporting VITA and the EITC program. Jim just wanted to inform the committee about the program and will bring the materials to the meeting. **Action:** Jim will provide a CD-ROM of the presentation and show the presentation during the face-to-face meeting.

Sherry asked Bob if he had seen the information on Power of Attorneys (POA) that had just come available. Bob replied no. Sherry offered that as of March 27th the POA form 2848 is used only for representation, unless you are a CPA or Enrolled Agent, you cannot use that form. The tax authorization information form needs to be used for all others. It further states POA form is not filled out correctly, it will be returned to the taxpayer not the representative. Bob asked who else could



have used the 2848. Sherry replied that in the past unenrolled preparers could use the form. In addition, on the back of the form was a list of authority one had. Sherry continued that this was a new directive that just came out. Jim asked if they would be revising the form. Sherry replied that the article did not state that. But Sherry felt that they must be in preparation for licensing or something. One of Sherry's concerns was that they were going to send the POA back to the taxpayer not the representative because it wasn't filled out correctly. Bob reviewed form 2848. Bob asked if they were taking away the privileges of the family member and unenrolled preparer. Sherry said that it did confirm the unenrolled preparer but not sure about the family member. Sherry continued that the article just reported for representation only. **Action:** Bob asked Sherry if she could email it to him. He would be interested in seeing it. Sherry agreed. **Action:** Bob will send Judi information from Circular 230 to provide the committee members during the face-to-face meeting. The information is regarding who is covered and who isn't.

Closing

Bob asked if anyone had any comments to make. Judi explained that Monday night the committee will get together for dinner at McCormick's and Schmidt's restaurant. Judi asked the committee to R.S.V.P via email with the number of people attending. In addition, Marla is looking into a restaurant at Pike Place Market that the committee could attend for lunch on Monday as well.

Judi added that she received a voice mail message, from the Territory Manager of the Taxpayer Assistance Center, that a tour of the TAC will not be a problem. He has also agreed to meet with the committee prior to the tour to discuss any questions the committee may have. In addition, Judi has an issue related to the TAC offices and receiving ITINs from the assistants in the TAC offices. Judi is working that issue and will have that available to review during the face-to-face meeting.

Decision: The committee agreed to cancel the June teleconference and also agreed to cancel the July teleconference so the group could work on receiving issues and have issue available during the August face-to-face meeting in Oklahoma City on August 2 and 3, 2004.

Bob thanked the committee members and adjourned the meeting.

The next meeting will be on August 2nd and 3rd, 2004 in Oklahoma City, Oklahoma



Ad Hoc Issue Committee Minutes

April 5, 2004

- Jim Grimaldi
- Larry Lexow
- Chris Lowe
- Greg Maciulla
- Bob Meldman, Chair
- Judi Nicholas, Designated Federal Official
- Buck Paolone
- Sherry Whah
- Lillian Woo

Welcome/Announcements/Review

Bob Meldman welcomed all participants to the meeting and reviewed the agenda. Judi took roll and a quorum was met.

Bob mentioned Senate bill S882 which contains a provision for national registration of income tax return preparers as well as a provision pertaining to confidentiality of information provided to income tax return preparers.

Action: Judi will research the original text of the bill and send the pertinent portions to the appropriate committee members

There was some discussion about how much direct input TAP might provide to a congressional member regarding legislation. **Judi informed Bob Meldman via e-mail that no direct contact may be made with congressional offices.**

Sub-Committee Reports

National Licensing ♦ Registration and Enforcement Sub-Committee: Bob stated that the subcommittee had a number of meetings and arrived at a number of viable ideas. One possibility considered was to have all tax return preparers governed by Circular 230. Chief Council's office is preparing input for the committee on expanding the coverage of Circular 230 and it should be available to the committee within a few weeks.

After a brief discussion it was agreed that the sub-committee had completed its work and the document they prepared represented their final recommendations to the full committee.

Bob asked the sub-committee to monitor the movement of Senate Bill S882 and look for opportunities to provide input along the way.

Action: Judi will contact Ken Drexler to find out how or if the NTA's office is involved in moving this bill forward and obtain any additional information he might have for the committee.

Action: Sherry will compare the sub-committee recommendations with the provisions of Senate Bill S882 to see where they might be different. Based upon the review the sub-committee might alter their recommendations.

Confidentiality - Lillian stated that her sub-committee has completed their work. What they found was existing laws and regulations are sufficient. There are two enforcement offices available. The Office of Professional Responsibility, which enforces provisions in Circular 230 and the IRS Return



Prepare Program, which enforces the standards of conduct for those preparers not covered by Circular 230.

What the committee uncovered was that both offices rely on referrals rather than actively seeking out cases. The committee has come up with, what they feel, are the key issues; how can they encourage increase enforcement of violations of confidentiality; how can TAP promote information about confidentiality so that the public is aware of what their rights are; and how can TAP bring about a toll free hotline for the taxpaying public to register complaints about confidentiality.

Lillian has drafted a recommendation to be considered by the sub-committee. The final recommendation will be shared with the full committee.

Bob suggested that Lillian also review Senate Bill S882 and look at the language discussing confidentiality.

Action: Lillian will review the confidentiality portions of Senate Bill S882.

National Licensing - Education & /Testing: - Jim Grimaldi stated that the sub-committee has decided to use the VITA test and education process as a model for education and testing as part of national licensing. The target taxpayer group for both VITA and national licensing are those taxpayers who have low to moderate income and need help with understanding taxes and tax preparation. Using the VITA partnership with AARP as a guide the sub-committee will recommend the IRS establish partnerships with tax return preparer professional organizations.

Action: Jim will compare the sub-committee recommendations with the provisions of Senate Bill S882 to see where they might be different. Based upon the review the sub-committee might alter their recommendations.

ONG-Office of Notice Gatekeeper

Judi and Diane created and administered an initial survey to determine which panel members had access Tax trails, FAQ or Tax topics on the IRS web site. A more comprehensive set of follow up questions were sent to the members who had accessed one or more of the topics. The survey responses are due April 13. Once the final responses are in they will be provided to the Office of the Notice Gatekeeper.

Buck asked Judi the survey was sent to individuals outside of TAP, it was not.

TAC-Taxpayer Assistance Center

Larry Barnard who is the point person for this issue was not on the call. A brief discussion about what Ad Hoc's role in looking at the TACs is. Bob believes that the NTA wants the TAP through the Ad Hoc committee to monitor the TACs.

The TAP already had an opportunity to provide input to the proposal to discontinue providing help to taxpayers whose question(s) are outside the scope of the TAC employee's training. Based upon the input from the Joint Committee the proposal was abandoned.

Action: Judi will contact Bernie Coston, TAP Director, to get more information on what the NTA's expectation is regarding the Ad Hoc committee and service provided by the TACs.

Closing

There was a discussion about the booklet, mailed to each panel member, containing all of the outreach and marketing materials. Buck Paolone thought some materials were missing. Judi explained that the materials in question would be distributed by the TAP staff and the booklet was intended to



provide panel members with a list of what was available to them and how to obtain the materials. Additionally, some materials are not yet available. Buck requested all TAP members receive the booklet.

Bob also asked if the TAP members were going to receive a copy of the communication strategy plan. Judi explained that was something the joint committee needed to decide.

Action: Bob agreed to ask email Tom Suenjens, TAP chair and follow up on the Joint committee decision to disseminate the plan.

Bob mentioned that the committee has a conference call May 3rd and a Face-to-Face the end of May. The June 7 conference call is tentative if the committee concludes the call is needed after the face-to-face meeting it will be held.

The only agenda items for the May 3 call would be to discuss and finalize the agenda for the face-to-face meeting later in the month.

Bob adjourned the call.



Ad Hoc Issue Committee Minutes

March 1, 2004

Members in Attendance

- Larry Barnard, Riggins, ID
- James Grimaldi, Brooklyn, NY
- Lawrence Lexow, Edwardsville, IL
- Chris Lowe, Placentia, CA
- Gregory Maciulla, Tucson, AZ
- Robert Meldman, Milwaukee, WI - Ad Hoc Chair
- Diane Mignano, North Kingstown, RI
- Judi Nicholas, Designated Federal Official
- Francis Paolone, Hoover, AL
- Sherry Whah, Anchorage, AK
- Lillian Woo, Bryan, TX

Members Absent

- Gerald Gensiejewski Jr, Newtown, PA
- James Griffin, Walnut Creek, CA
- Calvin Johnson, Virginia Beach, VI
- Paul Smathers, Edgeley, ND

Staff/Note Taker

- Bernie Coston, TAP Director
- Mary O'Brien, TAP Analyst

Welcome/Announcements/Review Agenda

Bob welcomed everyone and asked for a roll call. It was determined that a quorum was met. Bob moved on to the next agenda item.

Face-to-Face Meetings

Bob stated that the Ad Hoc committee has been granted a second face-to-face meeting. The panel discussed the locations of both the face-to-face meetings. By consensus, it was decided to keep the location of the first meeting in Seattle. Again, by consensus, Oklahoma City, OK was chosen for the second meeting location on August 1, 2, and 3rd.

Confidentiality Issue

Lillian Woo gave a report on the progress of the subcommittee. The committee met with David Finz (Office of Professional Responsibility). Following are the notes from their meeting.

David Finz - OPR is responsible for enforcement of the standards of practice. Standards are located in the Code of Federal Regulations and restated in Circular 230. David's is the liaison to Office of Chief Council for cases that are forwarded for litigation. OPR does not litigate cases.

The issue of confidentiality of return information retained by preparers is of growing concern despite the fact that OPR has not referred any cases for criminal prosecution. One recent news article



discussed a case in Alabama where a practitioner used a client's social security number to obtain an American Express card. OPR will be looking into whether the practitioner is governed by Circular 230.

OPR cases arise out of referrals from IRS employees, the taxpayer community or practitioners. To date there have been no cases forwarded for disciplinary action. Although there could have been cases referred that were settled in some other manner. The severity of the misconduct would determine whether criminal prosecution was pursued over other sanctions. Other sanctions could include a ban from practicing before the IRS or return preparation.

OPR staffing has been increased and new staff is being hired. The new director, Cono Nomarato, expects OPR to seek out cases rather than simply waiting for referrals. He indicated that he expects OPR to begin collaborating with the ninety-four Department of Justice offices regarding cases that may not meet the DOJ threshold for prosecution but OPR would pursue. The goal is to establish the relationships to encourage DOJ to look as OPR as a place to refer cases not meeting DOJ thresholds.

In the recent twelve-month period, forty-three percent of OPR cases that resulted of some sanction were related to practitioner's failure to timely file and pay their own taxes. This statistic raises the question as to whether these cases should be OPRs primary focus or whether OPR should pursue issued that impact taxpayers and tax administration. When a case is referred to OPR it is opened and investigated beginning with research into whether the practitioner is licensed. OPR does not have dollar threshold limiting the cases they open.

To respond to the sub-committee's suggestions that informing the public should be a priority and perhaps the OPR should establish a hotline within their office. While not speaking on behalf of OPR or the director, David indicated that resources might be a problem and the question is, what is the best way to get referrals. One idea discussed was to have one the IRS hotlines take the calls and refer the case to OPR who would research licensing. If Circular 230 does not govern the individual the case could be referred to Area Directors to pursue sanctions.

David also stated that IRS employees need to feel that making these referrals is important to the work they do and that management support them.

David left the group with a final thought: OPR enforcement is never going to be able to catch everyone and what is most important is to protect the public and integrity of the tax system. OPR needs a full spectrum of referrals. Expanding the universe of where leads come from will benefit everyone.

New Issues

Bob discussed the two new issues that Bernie Coston, TAP Director has presented to the Ad Hoc committee to work on.

- Office of Notice Gatekeeper (ONG) The primary responsibility is assessing the impact of notices and responses sent to taxpayers have on the toll-free environment.
- Taxpayer Assistance Centers (TAC)

Judi gave a background of the ONG issue. ONG originally approached Area 3 for a focus group to work on how useful is three of their web-based programs that they are responsible for. The programs are: the Frequently Asked Question Program, the Tax Trails Program (tax law questions), and the Tax Topics Program. What might drive taxpayers to the telephones in lieu of using these programs? They want people who use these sources.

Bob asked for a volunteer to look into this subject. Diane will work with Judi to determine then best approach to meeting the ONG's request.



Bernie discussed the conference call he had with Nina about what she would like the Ad Hoc committee to focus on concerning the TAC. As a result of the JOC meeting, TAC has decided to reconsider pulling the telephone lines out of the TAC offices. Bernie would like this committee to be aware of any type of information about shutting down any tax services and what burden it would pose to taxpayers. Bring it back to the committee to work on. Be the eyes and ears of the taxpayers. Bernie also asked the group to consider resource implications as well as the burden to taxpayers when making recommendations.

Larry Barnard will chair the TAC subcommittee. Bob suggested that an email be sent to each of the chairs to tell them that we are monitoring this and that they should inform their members to be eyes and ears also and report to the Ad Hoc committee any burden.

Education

Jim gave a report on the Education/Testing Subcommittee. The first meeting was last Friday. They went through the document by the Licensing/Enforcement Subcommittee concerning testing. The three Government testing programs they are looking at are:

- Oregon Licensing (state)
- Enrolled Agent (federal)
- VITA (federal)

Of the three program discussed, it appears that the best fit is the VITA testing program. New volunteers and returning volunteers must pass a test before they can prepare tax returns. In response to an e-mail Judi sent on behalf of the committee, the Office of Chief Counsel will provide a written paper sharing their thoughts concerning subjecting all paid return preparers to Circular 230 requirements.

Lillian stated that she would like to send to the Education/Testing Subcommittee, comments from another TAP about the VITA test. Sherry's concern with the VITA test is that it measures more about math errors than it does knowledge. She also asked the question about continuing education.

Next steps for the subcommittee are to obtain the VITA tests (Publication 1155), and get clarification of AARP's responsibility concerning the administration of the VITA program.

Ad Hoc Administrative Issues

Conference calls for subcommittees were discussed and scheduled.

- Confidentiality will meet on March 10th at 10:30am PST
- Education and Testing will meet on March 16th at 7:30am PST

Licensing and Enforcement will share notes from Education and Testing, review them and then schedule an appointment.

Next Ad Hoc Issue Committee call is scheduled for April 5th at 8am.

Conclusion/Comments

Bernie commented that the meeting was a productive meeting and that he thought this group was doing a good job. Bob asked if there were any other issues to discuss. No other issues to discuss.

Bob adjourned the meeting.