



2004 Meeting Minutes Area 1

- September 21, 2004
 - August 24, 2004
 - July 27, 2004
 - June 29, 2004
 - June 8, 2004
 - June 7, 2004
 - May 25, 2004
 - March 23, 2004
 - February 24, 2004
 - January 20, 2004
-

Area 1 Committee Meeting Minutes September 21, 2004

Opening of the Meeting

Knispel explained that Ghoniem would be leading the meeting in Grimaldi's absence. Knispel announced Mignano's resignation and the passing of chair Grimaldi's father. All the Committee members expressed their condolences to Jim Grimaldi

Roll Call

Panel Members Attending

- Elizabeth Brodbine-Ghoniem, MA, Acting Chair
- Walt Fish, NY
- William Gedge, CT
- Paul Nagel, NY
- Eileen Shuman, VT
- Charles Silva, MA

Panel Members Absent

- Aimee Brace
- James Grimaldi, NY, Chair
- Shamsey Oloko, NY

Quorum was met.

TAP and IRS Staff Attending

- Peter Gorga, Jr., NY, DFO
- Marisa Knispel, TAP Program Analyst



Meeting Minutes

Ghoniem requested and all members agreed that a statement on page three of the August 24th minutes be revised to indicate that after an initial contact, the LTAs did not keep constant communication with the members in their respective states. Shuman did maintain constant communication with Vermont's LTA Vincent Thibault, however.

Pending this revision, Silva moved to accept the minutes as written and all other members agreed.

Report on Joint Committee Meeting

Grimaldi was unable to attend the Joint Committee meeting in Denver. Ghoniem, who attended in his place, reported the events of the meeting to the Committee. This is a summary:

The Area 1 Committee submitted three proposals. The proposal to "Eliminate Form 2688" was accepted by the Joint Committee and will be referred to the IRS. The proposal to "Add a TAP Statement to Publication 1546" was also accepted with a few changes in the language to conform to the proposal submitted by Area 7 which proposes marketing of the TAP. Finally, the proposal to add lines to the Schedule D was not accepted. The Joint Committee was concerned in adding requirements to the taxpayer to send additional information to the IRS. This issue was subject of another committee's proposal which the Joint Committee rejected. Some of this Committee's members who are not tax practitioners suggested that a mock up of the recommendation should be submitted when a proposal is on a form or publication. Ghoniem promised to bring back the proposal and the suggestions made at this meeting to the proposal's author and requested that Silva reconsider the proposal. Fish volunteered to assist Silva on a possible revision.

The issue of tax preparers outsourcing tax returns was discussed. The National Taxpayer Advocate (NTA) Nina Olson requested that the TAP refrain from considering this issue.

A TAP handbook with guidelines to current and new members will be distributed at the TAP's Annual Meeting in November. This handbook will also be available online. A pocket media guide will also be distributed that will provide guidance for outreach presentation and media interviews.

TAP Director Coston will be conducting exit interviews via email. It was unclear how these interviews could be anonymous if they are done by email.

The issue of addressing legislative issues was discussed and the idea of addressing them to the Ad Hoc Committee which would in turn address them to the NTA. Ghoniem did not agree with this idea because it would add another layer of bureaucracy whereas the committee could directly address them to the NTA as done in the past by Area 1. All the members agreed. The issue will be decided by NTA Olson.

Another issue was that of committee chairs. The maximum term for a committee chair is two years. When discussing the elective process of the Joint Committee Chair, the members discussed electing this Chair from the current members and electing a chair elect (or vice chair) from the new members. At the end of the first year, this chair elect would become the Joint Committee Chair. A question raised was why restrict the chair elect to a new member since when the current Joint Committee Chair Seuntjens was elected the members did not know one another. This issue created great discussion at the Joint Committee meeting as well as this meeting. The issue will be raised to NTA Olson and the Joint Committee will make a decision thereafter.

Area 1 FTF Meeting in Brattleboro, VT

The members discussed the agenda for this meeting. Ghoniem suggested that the committee be flexible in following the agenda and adapt to the circumstances of the meeting since we expect a large public attendance. Two changes were made: 1) limit the Joint Committee Report by Ghoniem to five minutes to allow the TAP Director more time to discuss the issues covered at that meeting, and 2) to



extend the lunch period on the second day of the meeting to one and a half hour since all participants will have to leave the premises for lunch.

Shuman discussed available restaurants and sightseeing in the area. She also stated that a local newspaper will publish an announcement of the TAP meeting.

Public Participation

None

Closing Assessment

Ghoniem thanked everyone for attending.

Action Items

- Silva and Fish will review and revise the proposal on the Schedule D Loss Carry-forward.

Next meeting will be Monday, September 27th and Tuesday, September 28th, 2004 in Brattleboro, Vermont.



Area 1 Committee Meeting Minutes August 24, 2004

Opening of the Meeting

Grimaldi welcomed all participants and asked if they read the letter written to NTA Nina Olson on the issue of the 9/11 Grants. The members said they liked the letter and hope for a response from the NTA. Grimaldi stated that the Joint Committee is currently discussing the issue of addressing the TAP's legislative issues to the Ad Hoc Issue Committee that will in turn refer to the NTA. Fish added that issues of legislative nature seem to be of most concern not only to TAP members but to the public. The Schedule C Issue Committee, he added, found many of these issues, compiled them and passed them on to the Program Owner. Grimaldi agreed that what is needed is an avenue for these issues. We cannot ignore them simply because they are not within our scope, he said.

Roll Call

Panel Members Attending

- Elizabeth Brodbine-Ghoniem, MA, Vice-Chair
- Walt Fish, NY
- James Grimaldi, NY, Chair
- Diane Mignano, RI
- Paul Nagel, NY
- Shamsey Oloko, NY
- Eileen Shuman, VT
- Charles Silva, MA

Panel Members Absent

- Aimee Brace
- William Gedge, CT

Quorum was met.

TAP and IRS Staff Attending

- Peter Gorga, Jr., NY, DFO
- Marisa Knispel, TAP Program Analyst

Meeting Minutes

The minutes of June 29, 2004 and July 27, 2004 were approved by consensus.

Subcommittee Reports:

Taxpayer Education Subcommittee – Grimaldi, Silva, Fish and Oloko

Grimaldi said that he has not written the proposal on "Adding the Tap Statement to Publication 1546" yet. He has, however, written the proposal on "Eliminating the Form 2688" and will share it with all the members. Nagel suggested that Grimaldi add to this proposal the recent tax relief given to the victims of hurricane Charley and storm Bonnie. Taxpayers in the disaster area were given until October 15th to file their tax returns and submit tax payments. The IRS will also abate interest and any late filing or payment penalties to those affected. All the members agreed with Nagel's suggestion. Shuman also recommended that Grimaldi add a statement on how eliminating the Form 2688 would save time to the taxpayer – time it takes to complete the Form - and time to the IRS – time it takes to process and



maintain the Form. Grimaldi agreed. He believes the proposal would involve mostly administrative changes rather than legislative. The only change that may have legislative implications, Grimaldi said, is that of changing the first automatic extension, Form 4868, to a six month extension. He explained that his proposal compares The Committee's recommendations on the individual extensions (F4868 and F2688) to the changes made to the corporate extension over the years. This comparison, he believes, will support our proposal.

Silva said that he has not written a proposal on Schedule D yet but will before the Committee's face-to-face meeting in Brattleboro, VT. Nagel said that all Area proposals are to be sent to TAP Analyst Barbara Toy no later than September 1st. Knispel volunteered to assist Silva in writing this proposal and will also request an extension from Toy.

Procedures and Processes Subcommittee – Gedge, Shuman, Nagel and Mignano

Shuman indicated that the Subcommittee has not been active since the face-to-face meeting in New Hampshire. Since Gedge, Subcommittee chair, was absent at the last teleconference, no Subcommittee member followed up on setting up a teleconference. She will, however, submit a proposal on "Adding a Penalty and Interest Statement" to all IRS notices.

Ghoneim indicated that she will share the response from the IRS to the Committee's proposal on the understanding and issuance of ITINs with the lawyer who referred this issue to her. She also mentioned that Knispel referred to her the case of a Florida tax practitioner who seems to find many problems with the ITIN application process and the common rejection of the applications (Form W-7). Knispel briefed the members on her conversation with this tax practitioner with whom she expressed the Committee's interest on this issue. Knispel also requested he sent her copies of any rejection letter(s) in order for the Committee to analyze the problem. She has not received any yet, but will call this practitioner again and invite him to join us at the next teleconference.

Other Issues

Grimaldi said that although the members were encouraged to work in subcommittees, not all committees work this way. He feels that last year, in the absence of subcommittees, the Area 1 Committee worked better and accomplished more. When a member raised an issue last year, he said, other members interested in that issue joined in to work on the proposal. This is not happening this year, he noticed, perhaps because some of the subcommittee issues may not be of interest to some subcommittee members. Shuman said that the idea of breaking into subcommittees is good when the subcommittee members are willing to meet and work on their issues in the time between the Committee meetings. This is not happening. Fish agreed and said that at their recent face-to-face meeting, the Schedule C Issue Committee accomplished many things. The best way to concentrate on an issue is working together in the same location. Gorga agreed and added that although undoubtedly the face-to-face meetings are most productive our budget limits the number of these meetings.

Nagel remarked that the Area 1 Committee is not the only committee running out of issues to discuss. He heard from many TAP members that this is happening in their respective committees. Grimaldi added that outreach events are imperative in order to bring in new issues to these Area Committees. Gorga took this opportunity to invite the members in the New York area to join the Taxpayer Advocate Service (TAS) in a presentation to the NY State Society of CPAs (NYSSCPA) on September 8th and 9th. Sixty practitioners are expected to participate each day in this conference. Knispel asked Gorga to send her a list of any upcoming or future TAS outreach opportunities to share with the members. Grimaldi commended Gorga for his support and encouragement to the Area 1 Committee to participate in these events, mainly to those in the NY area where his TAS office is located. He asked members from other states if their Local Taxpayer Advocate (LTA) inform them of these local outreach opportunities. While Shuman and Ghoniem said their LTAs did, the others said no. This is an issue, Gorga said, for the TAP Director to discuss with the TAS Area Directors.



IRS Response to the ITIN Proposal and EFTPS Proposal

The members discussed the letters received from the IRS in response to these proposals.

Again, Ghoniem said that she will share the response from the IRS with the person who referred the ITIN issues to her. She would value this person's opinion and feedback on the IRS's response. Afterwards, she will share this person's comments with the Committee to decide if the response merits additional follow up.

Since he was the originator of the issue, Grimaldi discussed the response from the IRS on extending the EFTPS information access period. The response is that the IRS will accommodate a 24-month payment history but the 36-month is not possible due to system capacity issues. Grimaldi is disappointed that the extension could not be the 36 months as recommended by the Area 1 Committee and added that if the reason impeding the proposed extension is due to system capacity issues the Committee will have to accept this response.

Area 1 FTF Meeting in Brattleboro, VT

Gorga reminded the members that the upcoming face-to-face meeting will be two-full days long. These days are September 27th & 28th and September 26th and 29th will be travel days. Knispel reminded the members not to contact the hotel individually to reserve their lodging since the IRS will take care of these arrangements. If the situation changes, she will let everyone know. Shuman asked the members if they would be interested in ordering lunch from a local deli on the 27th the first day of the meeting. On this day, the meeting will take place at Shuman's employer's training building. She suggested to everyone the idea of contacting the local accounting firms to join us in a brown bag lunch so that they could share their issues with the Committee during this time. DFO Gorga disagreed by explaining that the issues have to be discussed in a public forum where everyone follows the same rules. The accountants, as any other public participant, would have five minutes to present their issues. They can present them at length in writing. We do not want to give the impression that other public participants do not have the same rights to participate in this luncheon. Also, we must record all the minutes and this would be difficult in such a setting. After some discussion, all members agreed not to pursue this idea.

Shuman volunteered to create a 3' X 5' chart of the Area 1 accomplishments as a visual aid to the public participants. This will allow participants to visualize the Committee's accomplishments and invite them to share their own issue. At the same time, it may help avoid duplication of issues.

Joint Committee (JC) FTF Meeting in Denver, CO

Ghoniem will represent the Area 1 Committee at this meeting since Grimaldi is unable to attend.

Grimaldi briefed the members on the last JC meeting's issues:

1. The TAP Director and his staff will conduct exiting interviews. They are currently working on the questions to be asked.
2. The Joint Committee is looking at the issue of accounting firms and tax practitioners "outsourcing tax returns" and whether or not the IRS should require that these practitioners disclose their outsourcing to their clients. Currently, the TAP Director is researching whether or not this is an issue within the TAP's scope.
3. The JC is also working on tips for volunteers to make outreach and other public presentations.

Closing Assessment

Grimaldi thanked everyone for their participation and announced that the next teleconference on September 21st will be a very brief, administrative one to discuss the meeting in Vermont.



Action Items

- Gorga will send Knispel the list of upcoming outreach opportunities in the NY area.
- Grimaldi will write proposals on "Eliminating the Form 2688" and "Adding a TAP Statement to Publication 1546" and share them with all members for review before deciding to forward to the JC.
- Silva will write the proposal on the Schedule D Loss Carry-forward with Knispel's help.

Next teleconference will be Tuesday, September 21, 2004 at 11:00 A.M. ET.



Area 1 Committee Meeting Minutes July 27, 2004

Opening of the Meeting

While waiting for members to join the conference call, Silva recommended that the entire Area 1 Committee participate in formulating the Annual Assessment instead of having a subcommittee dedicated to this task. Grimaldi explained that the Joint Committee instructed all committee chairs to organize subcommittees for the purpose of writing the Assessment in order to avoid past experience of these committee chairs assuming sole responsibility. All the members will have input on the content of the Assessment, he added, but the subcommittee will write it.

Roll Call

Panel Members Attending

- Walt Fish, NY
- Peter Gorga, Jr., NY, DFO
- James Grimaldi, NY, Chair
- Eileen Shuman, VT
- Charles Silva, MA

Panel Members Absent

- Aimee Brace
- Elizabeth Brodbine-Ghoniem, MA, NY
- William Gedge, CT
- Diane Mignano, RI
- Paul Nagel,
- Shamsey Oloko, NY

Quorum was not met.

TAP Staff Attending

- Marisa Knispel, TAP Program Analyst

Meeting Minutes

Since the quorum was not met, the minutes of the meetings of June 7&8, 2004 and June 29th could not be approved. Silva noted that page 6 of the former contained a spelling error. Knispel will correct the error.

Silva said that while attending the National Tax Forum in Atlantic City he met an IRS employee named Tamara Ward who works on the IRS website. She could be a valuable contact should the Committee decide to continue its work on the website issue.

Shuman also noted that last year the Committee had no quorum for its July teleconference and that maybe we should keep this in mind before scheduling a meeting for this month next year. Grimaldi and Fish both agreed that having a meeting without a quorum is better than having no meeting.

Taxpayer Education Subcommittee – Grimaldi, Silva, Fish and Oloko
Adding a TAP Statement to TAS Publication 1546, “How to Get Help with Unresolved Tax Problems” – Grimaldi volunteered to write this proposal.



Elimination of Form 2688 — Knispel’s additional research provides support to the subcommittee’s recommendation on this issue. Fish added that this issue was also a concern of many attending the Tax Forum. Grimaldi will also write this proposal as he was the one who originated the issue.

Schedule D Loss Carry-forward — Knispel provided sufficient research to support the Subcommittee’s recommendation on this issue. In spite of the IRS’s negative outlook on our recommendation, the Subcommittee agrees to go forward with the proposal. Silva volunteered to write it.

DFO Gorga encouraged the members to finalize these proposals before the face-to-face meeting in Vermont.

Procedures and Processes Subcommittee – Gedge, Shuman, Nagel and Mignano

Shuman was the only Subcommittee member present at this meeting.

Thus, discussion of the issues was postponed until chair Gedge and other members were present.

Other Issues

Silva spoke about the issues collected from tax practitioners at the Atlantic City Tax Forum:

1. A practitioner said that when an error occurs in e-filing a tax return, the IRS contacts the practitioner only. He suggested that both practitioner and taxpayer should get notified to ensure the error is corrected.
2. One of the participants indicated that there should be only one PIN to contact government agencies instead of a different PIN per agency. Gorga explained that IRS systems do not communicate with those of other agencies and thus each agency requires its own PIN. He added that the individual can change the PINs provided to one of his/her choice; just like in banking.
3. Practitioners complained that when they call the IRS, the IRS assistants answering the calls don’t have the knowledge or expertise to deal with the issue. Gorga explained that when the assistant does not know the answer to an inquiry, he/she will write the inquiry for research. Afterwards, the IRS will respond to the caller by phone or in writing within a certain timeframe. Grimaldi added that practitioners should be referring their inquiries to the Practitioners’ Hotline, not the toll-free. Gorga said that the Hotline’s procedures are the same as those of the IRS’s toll-free number.
4. One practitioner complained that the IRS always audits her on her e-filing service during the filing season thus consuming her time. Fish shared this practitioner’s problem with the IRS E-filing exhibitors at the Forum and he was told that the reason for this is that the practitioner may be making the same e-filing errors repeatedly. The IRS is trying to instruct her on avoiding these errors.
5. - Silva explained that some practitioners complained about e-filing’s lengthy process. The practitioner must send a copy of the prepared tax return along with the e-filing form to the taxpayer in order to obtain the taxpayer’s signature authorizing him/her to e-file the return as prepared. This back-and-forth process is time-consuming for practitioners. Fish also spoke to the E-file IRS representatives about this subject and they concurred that the situation is a problem but they have no solution.
6. The time limit to amend the Form 1099 and Schedule K-1 was a popular subject, Silva said. Gorga suggested that the Committee write a proposal on this issue and refer it to the Systemic Advocacy Unit. Silva and Fish agreed collaborate on writing a proposal.
7. Another participant suggested that the IRS allow practitioners access to research clients’ payments such as estimated tax payments the way that some state revenue departments like Massachusetts and New York currently do. The problem with this, Gorga explained, is that the IRS would have to provide the same PIN to the taxpayer and the tax preparer. Facing the problem of the existing flight-by-night preparer schemes, this would create more fraud and identity theft cases. Grimaldi said that this issue is similar to the referral that Knispel recently shared with the Committee where the preparer could not obtain information from the IRS on



the advanced child tax credit that his client received due to the fact there was no Power of Attorney (POA) on record but he could, however, obtain the necessary information from the IRS website. It is an issue that could be viewed by some as a breach of confidentiality, Grimaldi said. Fish disagreed and said that giving the practitioners access to clients' information would be a great convenience for the tax preparers.

8. A few complaints were about the fact that for a practitioner to provide e-filing services, he/she must have filed 100 tax returns electronically. This requirement makes it impossible for a sole practitioner who has recently started his own business to provide the e-filing services. Gorga stated that the IRS E-file representatives are committed to review this problem.
9. The expiration date of a tax return's POA was also an issue. Tax preparers complained that the IRS sends notices of math errors and adjustments after the POA has expired. Grimaldi clarified that this "checkbox" issue is already been considered by the Area 3 Committee. Knispel suggested that Area 1 write their recommendations and refer them to this Committee. Silva volunteered. Silva requested that Knispel send him the new format for writing Committee proposals.
10. Preparers complained that the notices the IRS sends to taxpayers do not clearly explain adjustments made to the taxpayer's account. All members present disagreed with this statement.

Grimaldi thanked Silva for his report on the Tax Forum. He also indicated that all members should have received a copy of the IRS's response to Ghoniem's ITIN proposal and briefly described the response as one that addresses all of Ghoniem's recommendations as already implemented by the IRS.

Grimaldi also said that the letter the Committee addressed to National Taxpayer Advocate Olson would be sent to her after Ramirez edits the letter according to Shuman's suggested changes.

Closing Assessment

Gorga suggested that the face-to-face meeting in Brattleboro, VT be extended to two-full days instead of one-and-a-half days since we expect a large amount of public attendance. All present members agreed. Knispel will let Ramirez know of this decision to accommodate budget requests.

Action Items

- Knispel will send proposal format to Silva.
- Ramirez will edit letter to NTA Olson and send letter.
- Grimaldi will write proposals on Eliminating the Form 2688 and Adding a TAP Statement to Publication 1546.
- Silva will write the proposal on the Schedule D Loss Carry-forward and the proposal to change the Time Limit to Amend the Form 1099 and Schedule K-1.

Next teleconference will be Tuesday, August 24, 2004 at 11:00 A.M. ET.



Area 1 Committee Meeting Minutes June 29, 2004

Opening of the Meeting

Fish explained that he would chair today's meeting, in the absence of the chair and vice-chair, as requested. He indicated that the meeting would be brief and its purpose is to review the minutes from our Portsmouth meeting and Grimaldi's letter to NTA Olson on the issue of 9/11 Grants.

Roll Call

Panel Members Attending

- Walt Fish, NY
- Diane Mignano, RI
- Paul Nagel, NY
- Shamsey Oloko, NY
- Eileen Shuman, VT
- Charles Silva, MA

Panel Members Absent

- Aimee Brace, NY
- Elizabeth Brodbine-Ghoniem, MA, Vice-Chair
- William Gedge, CT
- James Grimaldi, NY, Chair

TAP Staff Attending

- Marisa Knispel, TAP Program Analyst
- Sandra Ramirez, TAP Program Manager (Acting DFO)

June FTF Meeting Minutes - Review of Current Issues

Acting DFO Ramirez emphasized that the primary purpose of today's meeting was to review the issues and what decisions and progress had been made at the Portsmouth FTF meeting earlier in June, especially since four members had not attended that meeting and also, for members who were absent from the Portsmouth meeting to select a subcommittee to participate in.

Thus, Ramirez explained that the minutes of the June 7-8 Portsmouth meeting were not in final form for approval as extensive editing was still needed but that the purpose of sharing them was so that members could see what progress had been made and what next actions were. The minutes will be considered for approval at the next Committee meeting.

The committee went over the section of the minutes entitled Subcommittee Reports. Following are those issues and the discussion by the committee members on how to proceed on each issue. For the benefit of those members who were not present at the Portsmouth meeting, Fish and Ramirez summarized and commented on each issue.

Taxpayer Education Subcommittee – Grimaldi, Silva, Fish and Oloko

Adding a TAP Statement to IRS Forms and Publications – At the Portsmouth meeting, subcommittee members Grimaldi, Silva, and Fish considered the feedback given by the Joint Committee and the Director of Forms and Publications, Denise Fayne and decided to write a proposal to recommend that a statement about the TAP be included in Publications 1, 5, 17, 594 and 1660. The



statement will include TAP's mission statement and provide TAP's website address, but not TAP's toll-free number. Ramirez stated that the subcommittee needs to re-draft the proposal (write the statement to be used). Fish and Silva concurred that at the meeting Grimaldi had agreed to re-write the proposal on this issue.

Adding a TAP Statement to TAS Publication 1546, "How to Get Help with Unresolved Tax Problems" – The statement will be the same as the one for the above proposal. Ramirez stated that the subcommittee needs to draft the proposal. Fish and Silva stated that Grimaldi will draft this proposal.

Elimination of Form 2688 – Knispel researched the history of the extension to file a corporate tax return, Form 7004, and forwarded her findings to subcommittee members, Fish, Grimaldi and Silva. She also forwarded the response received from the analyst or tax specialist assigned the extensions to file an individual tax return, Forms 4868 and 2688. Marisa still needs to get the following stats: 1) the number of Forms 4868 that are timely filed annually? How many are denied and the reasons for the denial 2) the number of Forms 2688 that are timely filed annually? How many are denied and the reasons why. The Subcommittee agreed to write the proposal after Marisa provides this information.

Schedule D Loss Carry-forward – After discussing the research performed on this issue and the feedback received from the Schedule D analyst, the members still agreed that the issue merits our recommendation. Knispel still needs to provide the members with information on how many Schedule Ds are filed showing capital gain carryovers or, if that information does not exist tell the subcommittee so. Subcommittee can begin to draft the proposal and Marisa will provide the needed response promptly,

Improving the IRS Website for Practitioners – Nagel noted that the mission of the TAP is to advise taxpayers not practitioners, and thus the issue should be that of improving the IRS website and its navigation. The issue will be renamed "Improving the IRS Website." Ramirez explained that although the members had viewed and tried navigating the site in Portsmouth no decision had been reached as to what the issue or proposal would be. Shuman stated that the Subcommittee members had discussed in Portsmouth that this issue could be a major undertaking for the Subcommittee at this time. Ramirez noted that no formal decision had been taken at that time. Acting Chair asked for consensus and consequently the committee agreed to "parking lot it" for future consideration.

Procedures and Processes Subcommittee – Gedge, Shuman, Nagel and Mignano

New ITIN Requirements – The subcommittee members present at this meeting felt it was premature to discuss this issue without Ghoniem's presence as she is the issue's originator.

Quality Control of Correspondence – Ramirez explained that Knispel is researching the guidelines used by IRS employees who write Correspondence Letters to determine how employees decide which paragraphs for the letters are selected. Knispel explained that she was able to find some of these guidelines but since they involve IRS jargon, she'd like to read them first in order to summarize them. Other questions on this issue remain which must be researched such as: 1) Is the taxpayer's letter actually read by the employee 'writing' the interim letter before they send the Interim Letter? 2) Is the status of the taxpayer's account taken into consideration when the paragraphs are selected? The subcommittee will formulate a proposal once the research is provided in order to rebut IRS's response to the Committee's original proposal.

Adding a Penalty and Interest Statement to Letters – The research applicable to the former issue is applicable to this issue as both issues are related. The members need to know the algorithms/procedures used to define the paragraphs chosen to create a specific IRS letter. Knispel will continue research and address the collected information to the subcommittee members to formulate a proposal.



After the issues were discussed, Oloko and Mignano selected the Subcommittee they will participate in. Oloko selected the Taxpayer Education Subcommittee and Mignano the Procedures and Processes Subcommittee. Their names have been included in their respective Subcommittees for the purpose of these minutes.

New Issues

Shuman talked about a recent outreach at which she met with Vermont's Governor Jim Douglas. Governor Douglas seemed very interested in the accomplishments of the Area 1 Committee and TAP's mission. He promised Shuman that a staff member of the state's tax department will contact her to establish a future relationship. The Governor will also request that a staff member from his office be present at our next face-to-face meeting in Brattleboro.

Also, Shuman informed everyone that she had a pre-interview with the local newspaper - The Brattleboro Reformer - that will run an article on the interview in the beginning of September. The paper will also cover the meeting and do a story on our meeting. Shuman has also contacted other community newspapers for coverage on the Area 1 Committee meeting in Brattleboro, Vermont.

Shuman added that she expects to receive a letter of appreciation from the Governor's Office. Knispel requested she forward a copy of this letter to her so that she may include it in the "Members in the News" section of TAPSpeak under the Area 1 Committee. Ramirez said she could write a brief piece or Eileen can provide a piece to send for publishing in the TAS communication weekly/bimonthly (internal) publications.

Discussion ensued on the logistics of the upcoming Vermont meeting since it appears that a larger than usual number of public attendees may be there due to Shuman's publicity efforts. Knispel and Ramirez explained that the Federal Register Notice announces the meeting, Knispel's phone number and address as well as the TAP toll-free number and web address plus the address/location of the meeting for the interested public to register for/attend the meeting, a sign-in attendance list is used at the meeting to ensure participants are acknowledged at the meeting. Fish noted that the members may want to make themselves available to talk to public attendees after the meeting and they may be asked to give interviews to the media. Ramirez replied that this is a possibility and that the media training received from Media Specialist Peggy Riley at the Portsmouth meeting would definitely be useful in such situation.

Fish commended Shuman for her publicity efforts and suggested she write the steps she took to plan this to share with the rest of TAP to serve as a best practice for members to follow in the future.

Fish thanked all members from participating in the meeting. Meeting closed at 12:02 PM EDT.

The next meeting is a teleconference on July 27, 2004 at 11:00 AM EDT

Action Items

- Shuman/Ramirez to provide article for publishing in TAS publications. (cannot exceed 250 words)

Taxpayer Education Subcommittee

- Members to agree on a TAP statement and draft proposals for both recommendations: 1) adding TAP statement to pubs 1, 5, 17, 594, 1660 2) and 1546.
- Members to begin to draft proposal on Schedule D loss carryovers. Knispel will shortly provide statistic of how many schedule Ds show capital loss carryovers, or confirm the data does not exist.



Procedures and Processes Subcommittee

- Members should discuss how to proceed with the ITIN proposal based on the feedback given.

Knispel to research the following information and provide to the **Taxpayer Education Subcommittee:**

- How many automatic extensions to file or, forms 4868 are timely filed? And, how many of those are denied? What are the reasons for denial?
- How many requests for additional extension to file or forms 2688 are timely filed? How many of those are denied? What are the reasons for denial?
- How many Schedule Ds are filed annually showing capital gains loss carryovers?

Knispel to research the following information and provide to the **Procedures and Processes Subcommittee:**

- What are the guidelines given to/used by IRS employees who issue Correspondex letters that tells them what paragraphs to select and which not to select?
- Has the taxpayer's letter actually been read by the employee 'writing' the interim letter before they send the Interim letter?
- Is the status of the taxpayer's account taken into consideration when the paragraphs are selected?
- What are the algorithms/procedures used to define the paragraphs chosen to create a specific IRS letter? (e.g. Letter 2645C)



**Area 1 Committee Meeting Minutes
June 7 & 8, 2004
Portsmouth, NH**

June 7, 2004

Opening of the Meeting

The meeting opened with the members introducing themselves to TAP Director Bernie Coston.

Roll Call

Panel Members Attending

- Walter Fish, NY
- William Gedge, CT
- Peter Gorga, Jr., NY, DFO
- James Grimaldi, NY, Chair
- Paul Nagel, NY
- Eileen Shuman, VT
- Charles Silva, MA

Panel Members Absent

- Aimee Brace, NY
- Elizabeth Brodbine-Ghoniem, MA
- Diane Mignano, RI
- Shamsey Oloko, NY

TAP Staff Attending

- Bernie Coston, TAP Director
- Marisa Knispel, TAP Program Analyst
- Sandra Ramirez, TAP Program Manager

IRS Guests

- Barry Levine, W&I Program Analyst, Hartford, CT
- Janet Rumford, TAS Associate Advocate, Portsmouth, NH

Public Guest

- Wayne Croteau, Director Legal Advice and Referral Service, Concord, NH

Meeting Minutes

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Joint Committee Report

Grimaldi said that it was announced at the Joint Committee's face-to-face meeting that New York State's TAP representation will officially increase from four members to five.

He also announced that this year's TAP Annual Meeting will be held at The Hamilton Crowne Plaza Hotel in Washington, D.C. on November 4th, 5th and 6th. The hotel is a short walk from the White House.

National Office Report

Coston spoke about the current stage of the TAP's recruitment. He explained that involvement of the current members in the interview process will allow the future members to meet their peers and become better acquainted with the TAP. Grimaldi added that Ghoniem and Shuman volunteered to participate in the interview process. Shuman specified that she had only volunteered to participate in interviews in Burlington, VT

Coston continued saying that there are currently fifty-four membership openings. The number of openings has increased due to recent resignations. The interview process will include a background investigation and fingerprinting process for primary candidates and alternates so that non-selected interviewees will be able to step into vacancies quickly as they occur.

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Coston also addressed the problem of the overlapping of issues experienced among the committees which Shuman raised. Silva recommended creating a national issue committee to act as liaison for all existing committees to avoid redundancy. Fish added that a common problem in the Issue Committees is that of non-related issues surfacing that deserve a committee's attention. Thus, creating more issue committees may alleviate the problem, Fish said. Coston explained the purpose of the Ad Hoc Issue Committee, to act as a catch-all for issues and address those not related to an established committee.

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Top 3 Issues in the New Hampshire TAS Office

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Area 1 Field Assistance Issues

Levine spoke of attrition as being a major concern of the Taxpayer (Field) Assistance Centers (TACs) formerly known as Walk-In offices. Currently, there are 116 employees working in TAC offices for Area 1. Two TAC offices in the northeast were closed. Part of the reason is that after the filing season ends, the number of taxpayers visiting these offices and the amount of work produced by these offices reduces considerably. For the most part, taxpayers who use these offices and services off season are EITC claimants and retirees. In Plattsburgh a Congressman complained because his constituents had no IRS office nearby. In that particular situation, the office had closed due to lack of staff, but a VITA site was relocated there. The VITA site only filed 14 returns.

Shuman inquired whether having employees float between offices was considered. Levine replied that in Massachusetts this is done.

Although the law requires the TACs to provide a phone number in the local phone directories, taxpayers complain because the number only provides a recording and the opportunity to make an appointment by leaving a message. There is no staff available to answer these calls.

There was an almost 40% drop in tax preparation in Area 1 this past filing season. The requirements for free tax return preparation have been streamlined (e.g. all returns are e-filed) and most of the offices no longer offer filing of the state return. Another change in the TAC offices is that tax returns that involve an ITIN are no longer prepared. TAC employees screen visiting taxpayers and give them an appointment in order to prepare their tax returns.

The drop in TAC work has motivated the creation of additional work for TAC employees to perform outside of filing season. Employees will handle collection issues of taxpayers currently not handled by Revenue Officers. These employees will review cases of unpaid debts and fairly high-income non-filers



since Revenue Officers do not handle these cases. The TAC employees in New York have been chosen for this pilot program.

Public Participation

Wayne Croteau, Director of the Legal Advice and Referral Service, an ESL LITC serving the community of Concord, NH, explained that the clinic is relatively new and it offers legal and tax services to the ESL community. The clinic also provides a phone hotline and refers some cases directly to the Bar Association. Croteau works pro-bono cases and indicated that he finds his current New Hampshire legal cases to be different than those of his previous Ohio legal practice.

Croteau said that from his observations of our meeting, he was impressed with the level of commitment from the panel members.

June 8, 2004

Opening and Recap

Grimaldi opened the meeting and announced that Media Specialist Peggy Riley would be joining at a later time to provide advice and guidance in dealing with the media. This portion of the meeting will be closed to the public.

Panel Members Attending

- Walter Fish, NY
- William Gedge, CT
- Peter Gorga, Jr., NY, DFO
- James Grimaldi, NY, Chair
- Paul Nagel, NY
- Eileen Shuman, VT
- Charles Silva, MA

Note: Gedge and Shuman left the meeting at approximately 9:30 am. Silva left at approximately 10:30 am.

Panel Members Absent

- Aimee Brace, NY
- Elizabeth Brodbine-Ghoniem, MA
- Diane Mignano, RI
- Shamsey Oloko, NY

TAP Staff Attending

- Bernie Coston, TAP Director
- Marisa Knispel, TAP Program Analyst
- Sandra Ramirez, TAP Program Manager

Guests

- Donald Boucher, Local Taxpayer Advocate, Augusta, ME
- Wayne Croteau, Director Legal Advice and Referral Service, Concord, NH

Subcommittee Reports

Taxpayer Education Subcommittee – Acting subcommittee chair Grimaldi reported on the issues listed below and the respective decisions made concerning the issues by the subcommittee during their breakout session yesterday. Since four of ten members were absent, for purposes of this meeting, the members of this subcommittee were Grimaldi, Silva and Fish.

- **Adding a TAP Statement to Common Publications/ Forms/ Instructions** – The subcommittee considered and discussed the feedback given by the Joint Committee and Denise Fayne, Director of Forms and Publications. The subcommittee decided to; drop the TAP phone number from the statement and use the website address only, to use language in the statement based on TAP’s actual mission statement, and to drop the recommendation to include the statement on forms and instructions. The subcommittee will attach to the recommendation a mock-up of how the statement will appear in each publication. The subcommittee will recommend the statement go into publications 1, 5, 17, 594 and 1660. **The subcommittee will revise the recommendation accordingly and e-mail it to Knispel, who will send it to the full committee before the next meeting so that the members can vote on the proposal /provide their input at the next meeting .**
- **Adding a TAP Statement to TAS Publication 1546, "How to Get Help with Unresolved Tax Problems"** – Denise Fayne noted that the TAS publication 1546 did not make mention of TAP. The subcommittee decided to treat this as a separate recommendation from the issue noted above, based on Gorga’s statement that it should be feasible for TAS to adopt the recommendation. **The subcommittee will draft the recommendation and forward to Knispel, who will provide it to the members for consideration and discussion at the next meeting.**

Coston added that he noticed that the Intranet – used by IRS employees – does not advertise the TAP and he is currently working on plans to create a TAP website within the intranet. He noted that several IRS employees submitted applications to become TAP members but regulations do not permit them to be members.

- **Elimination of Form 2688** – The proposal, which was brought forth by Grimaldi, is to eliminate the second extension form (form 2688) or the request for additional time to file an individual tax return **and** to change the first or automatic extension to file form (form 4868) to allow an automatic six months to file rather than the current four months. The premise is that it appears that the IRS hardly ever denies a form 2688. If this is true then it is a waste of IRS and taxpayer time, effort, money and resources to require the filing of the form 2688 when the form 4868 can be changed to allow the full six month extension. The subcommittee reviewed the package of materials that included a study on the feasibility of eliminating the form 4868 and concluded that Grimaldi’s proposal is a good one and that certain challenges or statements made in that study can be addressed in the recommendation after certain research is completed/data obtained. Grimaldi noted that years ago the IRS changed corporate extensions to file from a two step process or from two extension forms to only one extension form. So, why couldn’t the same be done for the extensions to file for individuals?

Further research/data to be completed/gathered by Knispel and to be provided to subcommittee includes:

- History of when and why the corporate extension to file changed.
- How many automatic extensions to file or, forms 4868 are **timely** filed? And, how many of those are denied? What are the reasons for denial?
- How many requests for additional extension to file or forms 2688 are **timely** filed? How many of those are denied? What are the reasons for denial?
- **Schedule D Loss Carry-forward** – Issue: the 2003 1040 instructions for this schedule did not contain, as in previous years, the Capital Loss Carryover Worksheet where taxpayers calculate how much of their capital gains losses for 2003 have to be carried forward to the next tax year (2004) because of the limit or cap on capital gains loss deduction. Instead, the instructions tell the reader to wait till next year when they can use the Worksheet in the 2004 instructions. It does tell them that if they wish to figure their carryover amount, now, they can



use the Capital Loss Carryover Worksheet in publication 550, *Investment Income and Expenses*.

The subcommittee would like to make it easier for taxpayers and preparers alike to know what the carryover amount is from the prior year when a current year tax return is being prepared.

The suggestions are:

1. add a line to the Schedule D 2004 where the taxpayer shows their 2005 "short-term capital gains loss carryover" and, a line for the 2005 "long-term capital gains loss carryover" and, by;
2. overlaying the Worksheet onto the Schedule D itself, on page 2.

The subcommittee wondered whether there would be any computer programming barriers to adding lines. Thus, some research is needed so, Knispel will complete/gather data and provide it to the subcommittee that includes:

- o How many Schedule Ds are filed annually showing capital gains loss carryovers? Hopefully the statistics will help support the recommendation. The subcommittee believes that the recommendation would create savings in paper costs to the IRS, and improved accuracy in reporting when the information is available on the tax return itself.
- o Talk to analyst assigned the draft 2004 Schedule D to get stats above and to; 1) ascertain deadline for submitting recommendations to be considered for the 2004 version and; 2) about any programming or other barriers to adding 2 lines and a worksheet to the Schedule D.

Because comments/changes to the draft 2004 Schedule D are currently being accepted this recommendation needs to be drafted very soon, **so Knispel will provide the information to the subcommittee before the next meeting so that they may begin to draft the proposal.**

Improving the IRS Website for Practitioners - The subcommittee viewed and searched items at the IRS site during their breakout. Some items could be found but took several clicks and searching on various pages to locate. Information on yet other topics could not be easily found. The search feature returns too many options in most instances. The intent is to ease the finding of information and reduce the time it takes to navigate the site for information. Examples of information commonly used are IRS' toll-free phone numbers and IRS' addresses. The full committee also searched the site for office locations or telephone information - it could only be found quickly by clicking on the "contact us" tab from the home page, yet the page did not let the reader know this. **Members of this subcommittee need to narrow down what it is they want improved at the site and the reasons why.**

Procedures and Processes Subcommittee - Acting subcommittee chair Gedge reported on the issues listed below and the respective decisions made concerning the issues by the subcommittee during their breakout session yesterday. Since four of ten members were absent, for purposes of this meeting, the members of this subcommittee were Gedge, Shuman and Nagel.

- **New ITIN Requirements** - Gedge explained that the issue needs refining as indicated by emails from the TAP staff to Ghoniem. Since Ghoniem was unable to attend this meeting, the subcommittee agreed to postpone discussion and decisions on this issue
- **Quality Control of Correspondence** - This issue stemmed from a contact Schuman received from a Vermont taxpayer who had received an IRS interim letter in response to a written request he made to IRS to have an installment agreement amount changed due to financial difficulties. The interim letter - letter 2645C - did not correctly address the taxpayer's letter or account situation as it told the taxpayer "to disregard any notices received" while they worked on his request. Also, it did not remind him that he should continue making his payments AND that penalty and interest always accrues on unpaid balances. As a result, the



taxpayer disregarded his monthly installment reminder notices and his agreement defaulted. The Committee submitted a proposal to the IRS that a quality control process be implemented to review the letters and correspondence sent to taxpayers. The IRS replied that a 100% review would not be possible but that statistically valid quality sampling is done on letters.

The committee felt the IRS response did not really address the issue the proposal attempted to make. The committee wishes to better define and re-submit this proposal. Therefore, Knispel found out that there are two types of IRS systems that create letter/notices and that each system works differently. *CP or (computer paragraph) notices* are computer generated notices triggered by computer indicators. *Correspondex letters* are response letters with manually selectable paragraphs. The taxpayer from Vermont received one of the latter.

After further discussion, the subcommittee determined some further research is needed so, Knispel will complete research and provide it to the subcommittee that includes:

- What are the guidelines given to/used by IRS employees who issue Correspondex letters that tells them what paragraphs to select and which not to select?
 - Is the taxpayer's letter actually been read by the employee 'writing' the interim letter before they send the Interim letter?
 - Is the status of the taxpayer's account taken into consideration when the paragraphs are selected?
- **Adding a Penalty and Interest Statement to Letters** - The subcommittee wishes to include a Penalty & Interest statement to letters sent to taxpayers to alert them of the continued accrual of penalty and interest on any unpaid balances, even while their problem or request is being worked or looked at. Knispel confirmed that all CP notices sent on accounts with a balance due already alert the taxpayer to this very clearly. Since this issue is related to the one above, the same research applies:
 - What are the algorithms used to define the paragraphs chosen to create a specific IRS letter? In the example of the taxpayer from Vermont, the IRS letter 2645C should have explained that the taxpayer was subject to accrual of penalty and interest because he had an unpaid balance on his account.

Media Training

Media Specialist Riley presented members with hints on establishing media contacts and behavior practices during media interviews. She also spoke about IRS press releases and ways to advertise the TAP. She offered to help the members and staff in any way that she could with regards to media in her geographic areas of responsibility which are all the Area 1 states, except for Connecticut and New York. Dianne Besunder is the Connecticut contact and Kevin McKeon is the NY contact.

Guest Comments

Fish indicated that a major problem with the IRS is that of communication via the toll-free phone line. LTA Boucher agreed saying that this problem causes many taxpayers to refer their individual tax concerns to the TAS. The most common problems related to individual taxpayers' accounts, Boucher said, are those involving EIC, OIC and amended tax returns (1040X) issues. When Boucher described the problems concerning the amended tax returns, he explained that the most common is that of the long time it takes the IRS to process this type of return. Another common problem seems to be that amended returns frequently get lost at the campuses. Boucher said the IRS' timeframe for providing an initial response is 45 days. The deadline is rarely met due to staffing shortages, processing delays or lost Forms 1040X.

Another problem is delays in the Appeals Office. The IRS sends taxpayers Letter 105C indicating that he/she has two years to appeal his/her case in the Federal Tax Court. However, if the taxpayer has decided to appeal via the IRS, a delay in the processing of his case could cause him/her to miss the deadline for the Tax Court appeal.



Finally, Boucher explained to the members the power of the Taxpayer Assistance Order (TAO) used in TAS as a tool to direct other IRS organizations to carry out an action.

Closing Assessment

Grimaldi thanked all the members and guests for their participation in the meeting.

The meeting closed at 11:10 AM ET.

The next meeting will be a teleconference on June 29, 2004 at 11:00 AM ET.



**Area 1 Committee Meeting Minutes
June 7 & 8, 2004
Portsmouth, NH**

June 7, 2004

Opening of the Meeting

The meeting opened with the members introducing themselves to TAP Director Bernie Coston.

Roll Call

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- Peter Gorga, Jr., NY, DFO
- James Grimaldi, NY, Chair
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IRS Guests

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Levine spoke of attrition as being a major concern of the Taxpayer (Field) Assistance Centers (TACs) formerly known as Walk-In offices. Currently, there are 116 employees working in TAC offices for Area 1. Two TAC offices in the northeast were closed. Part of the reason is that after the filing season ends, the number of taxpayers visiting these offices and the amount of work produced by these offices reduces considerably. For the most part, taxpayers who use these offices and services off season are EITC claimants and retirees. In Plattsburgh a Congressman complained because his constituents had no IRS office nearby. In that particular situation, the office had closed due to lack of staff, but a VITA site was relocated there. The VITA site only filed 14 returns.

Shuman inquired whether having employees float between offices was considered. Levine replied that in Massachusetts this is done.

Although the law requires the TACs to provide a phone number in the local phone directories, taxpayers complain because the number only provides a recording and the opportunity to make an appointment by leaving a message. There is no staff available to answer these calls.

There was an almost 40% drop in tax preparation in Area 1 this past filing season. The requirements for free tax return preparation have been streamlined (e.g. all returns are e-filed) and most of the offices no longer offer filing of the state return. Another change in the TAC offices is that tax returns that involve an ITIN are no longer prepared. TAC employees screen visiting taxpayers and give them an appointment in order to prepare their tax returns.

The drop in TAC work has motivated the creation of additional work for TAC employees to perform outside of filing season. Employees will handle collection issues of taxpayers currently not handled by Revenue Officers. These employees will review cases of unpaid debts and fairly high-income non-filers



since Revenue Officers do not handle these cases. The TAC employees in New York have been chosen for this pilot program.

Public Participation

Wayne Croteau, Director of the Legal Advice and Referral Service, an ESL LITC serving the community of Concord, NH, explained that the clinic is relatively new and it offers legal and tax services to the ESL community. The clinic also provides a phone hotline and refers some cases directly to the Bar Association. Croteau works pro-bono cases and indicated that he finds his current New Hampshire legal cases to be different than those of his previous Ohio legal practice.

Croteau said that from his observations of our meeting, he was impressed with the level of commitment from the panel members.

June 8, 2004

Opening and Recap

Grimaldi opened the meeting and announced that Media Specialist Peggy Riley would be joining at a later time to provide advice and guidance in dealing with the media. This portion of the meeting will be closed to the public.

Panel Members Attending

- Walter Fish, NY
- William Gedge, CT
- Peter Gorga, Jr., NY, DFO
- James Grimaldi, NY, Chair
- Paul Nagel, NY
- Eileen Shuman, VT
- Charles Silva, MA

Note: Gedge and Shuman left the meeting at approximately 9:30 am. Silva left at approximately 10:30 am.

Panel Members Absent

- Aimee Brace, NY
- Elizabeth Brodbine-Ghoniem, MA
- Diane Mignano, RI
- Shamsey Oloko, NY

TAP Staff Attending

- Bernie Coston, TAP Director
- Marisa Knispel, TAP Program Analyst
- Sandra Ramirez, TAP Program Manager

Guests

- Donald Boucher, Local Taxpayer Advocate, Augusta, ME
- Wayne Croteau, Director Legal Advice and Referral Service, Concord, NH

Subcommittee Reports

Taxpayer Education Subcommittee – Acting subcommittee chair Grimaldi reported on the issues listed below and the respective decisions made concerning the issues by the subcommittee during their breakout session yesterday. Since four of ten members were absent, for purposes of this meeting, the members of this subcommittee were Grimaldi, Silva and Fish.

- **Adding a TAP Statement to Common Publications/ Forms/ Instructions** – The subcommittee considered and discussed the feedback given by the Joint Committee and Denise Fayne, Director of Forms and Publications. The subcommittee decided to; drop the TAP phone number from the statement and use the website address only, to use language in the statement based on TAP’s actual mission statement, and to drop the recommendation to include the statement on forms and instructions. The subcommittee will attach to the recommendation a mock-up of how the statement will appear in each publication. The subcommittee will recommend the statement go into publications 1, 5, 17, 594 and 1660. **The subcommittee will revise the recommendation accordingly and e-mail it to Knispel, who will send it to the full committee before the next meeting so that the members can vote on the proposal /provide their input at the next meeting .**
- **Adding a TAP Statement to TAS Publication 1546, "How to Get Help with Unresolved Tax Problems"** – Denise Fayne noted that the TAS publication 1546 did not make mention of TAP. The subcommittee decided to treat this as a separate recommendation from the issue noted above, based on Gorga’s statement that it should be feasible for TAS to adopt the recommendation. **The subcommittee will draft the recommendation and forward to Knispel, who will provide it to the members for consideration and discussion at the next meeting.**

Coston added that he noticed that the Intranet – used by IRS employees – does not advertise the TAP and he is currently working on plans to create a TAP website within the intranet. He noted that several IRS employees submitted applications to become TAP members but regulations do not permit them to be members.

- **Elimination of Form 2688** – The proposal, which was brought forth by Grimaldi, is to eliminate the second extension form (form 2688) or the request for additional time to file an individual tax return **and** to change the first or automatic extension to file form (form 4868) to allow an automatic six months to file rather than the current four months. The premise is that it appears that the IRS hardly ever denies a form 2688. If this is true then it is a waste of IRS and taxpayer time, effort, money and resources to require the filing of the form 2688 when the form 4868 can be changed to allow the full six month extension. The subcommittee reviewed the package of materials that included a study on the feasibility of eliminating the form 4868 and concluded that Grimaldi’s proposal is a good one and that certain challenges or statements made in that study can be addressed in the recommendation after certain research is completed/data obtained. Grimaldi noted that years ago the IRS changed corporate extensions to file from a two step process or from two extension forms to only one extension form. So, why couldn’t the same be done for the extensions to file for individuals?

Further research/data to be completed/gathered by Knispel and to be provided to subcommittee includes:

- History of when and why the corporate extension to file changed.
- How many automatic extensions to file or, forms 4868 are **timely** filed? And, how many of those are denied? What are the reasons for denial?
- How many requests for additional extension to file or forms 2688 are **timely** filed? How many of those are denied? What are the reasons for denial?
- **Schedule D Loss Carry-forward** – Issue: the 2003 1040 instructions for this schedule did not contain, as in previous years, the Capital Loss Carryover Worksheet where taxpayers calculate how much of their capital gains losses for 2003 have to be carried forward to the next tax year (2004) because of the limit or cap on capital gains loss deduction. Instead, the instructions tell the reader to wait till next year when they can use the Worksheet in the 2004 instructions. It does tell them that if they wish to figure their carryover amount, now, they can



use the Capital Loss Carryover Worksheet in publication 550, *Investment Income and Expenses*.

The subcommittee would like to make it easier for taxpayers and preparers alike to know what the carryover amount is from the prior year when a current year tax return is being prepared.

The suggestions are:

1. add a line to the Schedule D 2004 where the taxpayer shows their 2005 "short-term capital gains loss carryover" and, a line for the 2005 "long-term capital gains loss carryover" and, by;
2. overlaying the Worksheet onto the Schedule D itself, on page 2.

The subcommittee wondered whether there would be any computer programming barriers to adding lines. Thus, some research is needed so, Knispel will complete/gather data and provide it to the subcommittee that includes:

- How many Schedule Ds are filed annually showing capital gains loss carryovers? Hopefully the statistics will help support the recommendation. The subcommittee believes that the recommendation would create savings in paper costs to the IRS, and improved accuracy in reporting when the information is available on the tax return itself.
- Talk to analyst assigned the draft 2004 Schedule D to get stats above and to; 1) ascertain deadline for submitting recommendations to be considered for the 2004 version and; 2) about any programming or other barriers to adding 2 lines and a worksheet to the Schedule D.

Because comments/changes to the draft 2004 Schedule D are currently being accepted this recommendation needs to be drafted very soon, **so Knispel will provide the information to the subcommittee before the next meeting so that they may begin to draft the proposal.**

Improving the IRS Website for Practitioners - The subcommittee viewed and searched items at the IRS site during their breakout. Some items could be found but took several clicks and searching on various pages to locate. Information on yet other topics could not be easily found. The search feature returns too many options in most instances. The intent is to ease the finding of information and reduce the time it takes to navigate the site for information. Examples of information commonly used are IRS' toll-free phone numbers and IRS' addresses. The full committee also searched the site for office locations or telephone information - it could only be found quickly by clicking on the "contact us" tab from the home page, yet the page did not let the reader know this. **Members of this subcommittee need to narrow down what it is they want improved at the site and the reasons why.**

Procedures and Processes Subcommittee - Acting subcommittee chair Gedge reported on the issues listed below and the respective decisions made concerning the issues by the subcommittee during their breakout session yesterday. Since four of ten members were absent, for purposes of this meeting, the members of this subcommittee were Gedge, Shuman and Nagel.

- **New ITIN Requirements** - Gedge explained that the issue needs refining as indicated by emails from the TAP staff to Ghoniem. Since Ghoniem was unable to attend this meeting, the subcommittee agreed to postpone discussion and decisions on this issue
- **Quality Control of Correspondence** - This issue stemmed from a contact Schuman received from a Vermont taxpayer who had received an IRS interim letter in response to a written request he made to IRS to have an installment agreement amount changed due to financial difficulties. The interim letter - letter 2645C - did not correctly address the taxpayer's letter or account situation as it told the taxpayer "to disregard any notices received" while they worked on his request. Also, it did not remind him that he should continue making his payments AND that penalty and interest always accrues on unpaid balances. As a result, the



taxpayer disregarded his monthly installment reminder notices and his agreement defaulted. The Committee submitted a proposal to the IRS that a quality control process be implemented to review the letters and correspondence sent to taxpayers. The IRS replied that a 100% review would not be possible but that statistically valid quality sampling is done on letters.

The committee felt the IRS response did not really address the issue the proposal attempted to make. The committee wishes to better define and re-submit this proposal. Therefore, Knispel found out that there are two types of IRS systems that create letter/notices and that each system works differently. *CP or (computer paragraph) notices* are computer generated notices triggered by computer indicators. *Correspondex letters* are response letters with manually selectable paragraphs. The taxpayer from Vermont received one of the latter.

After further discussion, the subcommittee determined some further research is needed so, Knispel will complete research and provide it to the subcommittee that includes:

- What are the guidelines given to/used by IRS employees who issue Correspondex letters that tells them what paragraphs to select and which not to select?
 - Is the taxpayer's letter actually been read by the employee 'writing' the interim letter before they send the Interim letter?
 - Is the status of the taxpayer's account taken into consideration when the paragraphs are selected?
- **Adding a Penalty and Interest Statement to Letters** - The subcommittee wishes to include a Penalty & Interest statement to letters sent to taxpayers to alert them of the continued accrual of penalty and interest on any unpaid balances, even while their problem or request is being worked or looked at. Knispel confirmed that all CP notices sent on accounts with a balance due already alert the taxpayer to this very clearly. Since this issue is related to the one above, the same research applies:
 - What are the algorithms used to define the paragraphs chosen to create a specific IRS letter? In the example of the taxpayer from Vermont, the IRS letter 2645C should have explained that the taxpayer was subject to accrual of penalty and interest because he had an unpaid balance on his account.

Media Training

Media Specialist Riley presented members with hints on establishing media contacts and behavior practices during media interviews. She also spoke about IRS press releases and ways to advertise the TAP. She offered to help the members and staff in any way that she could with regards to media in her geographic areas of responsibility which are all the Area 1 states, except for Connecticut and New York. Dianne Besunder is the Connecticut contact and Kevin McKeon is the NY contact.

Guest Comments

Fish indicated that a major problem with the IRS is that of communication via the toll-free phone line. LTA Boucher agreed saying that this problem causes many taxpayers to refer their individual tax concerns to the TAS. The most common problems related to individual taxpayers' accounts, Boucher said, are those involving EIC, OIC and amended tax returns (1040X) issues. When Boucher described the problems concerning the amended tax returns, he explained that the most common is that of the long time it takes the IRS to process this type of return. Another common problem seems to be that amended returns frequently get lost at the campuses. Boucher said the IRS' timeframe for providing an initial response is 45 days. The deadline is rarely met due to staffing shortages, processing delays or lost Forms 1040X.

Another problem is delays in the Appeals Office. The IRS sends taxpayers Letter 105C indicating that he/she has two years to appeal his/her case in the Federal Tax Court. However, if the taxpayer has decided to appeal via the IRS, a delay in the processing of his case could cause him/her to miss the deadline for the Tax Court appeal.



Finally, Boucher explained to the members the power of the Taxpayer Assistance Order (TAO) used in TAS as a tool to direct other IRS organizations to carry out an action.

Closing Assessment

Grimaldi thanked all the members and guests for their participation in the meeting.

The meeting closed at 11:10 AM ET.

The next meeting will be a teleconference on June 29, 2004 at 11:00 AM ET.



Area 1 Committee Meeting Minutes May 25, 2004

Opening of the Meeting

DFO Gorga opened the meeting and explained that the purpose of this meeting is to prepare for the face-to-face (FTF) meeting in Portsmouth, NH. We will review the current issues under consideration and decide which issues merit a recommendation.

Chair joined the call a few minutes later and reiterated the above.

Roll Call

Panel Members Attending

- Elizabeth Brodbine-Ghoniem, MA
- Walter Fish, NY
- William Gedge, CT
- Peter Gorga, Jr., NY, DFO
- James Grimaldi, NY, Chair
- Paul Nagel, NY
- Shamsey Oloko, NY
- Eileen Shuman, VT
- Charles Silva, MA

Panel Members Absent

- Aimee Brace, NY
- Diane Mignano, RI

TAP Staff Attending

- Marisa Knispel, TAP Program Analyst

Joint Committee Report

Grimaldi announced that the TAP is looking for members to volunteer their participation in the interview process of membership applicants. The interviews will be conducted mid- to late July and they will take place in the course of a week per location. When asked about locations, he said he did not know where the interviewing will take place. Knispel indicated that the National Office staff is currently considering locations. Most likely, she said, these will be IRS offices with fingerprinting equipment. Grimaldi asked members to e-mail him their availability for this.

Meeting Minutes

Nagel moved to postpone the approval of the minutes since he recently received a revised copy and had not time to review them. Silva explained that he came to the meeting late but was present, so a correction to attendance must be made. Shuman wishes to change the ending of the line Shuman volunteered to read this proposal and compare it to the Area 3 proposal to - and compare it to the checkbox proposal.

Review of Current Issues

Grimaldi suggested the Committee be divided into three subcommittees that would work on the issues currently under consideration. The subcommittees would be: 1) Taxpayer Education, 2) Processes and



Procedures and 3) Ad Hoc (that would include miscellaneous issues). The issues and the members involved with these Subcommittees are:

New ITIN Requirements (Processes and Procedures) - Ghoniem, Nagel and Gedge. Ghoniem would like to review this issue at the FTF meeting and announced that she would be unable to attend the meeting on June 7th due to a previous commitment.

Financial Literacy (Taxpayer Education) Grimaldi, Oloko and Silva.

Outsourcing of the IRS Toll-Free Number Fish and Silva. This issue was placed in the **Parking Lot** pending results of the pilot in mid-July.

Health Insurance Deduction for Employees With No Insurance (Ad Hoc) - Shuman and Grimaldi. Shuman recently sent a written recommendation on this issue to Grimaldi who will review it and when finalized will refer it to the TAS Systemic Advocacy due to its legislative nature. Legislative issues, the Committee agreed, would fall under the Ad Hoc Subcommittee.

9/11 Grants (Ad Hoc) Grimaldi and Shuman. Grimaldi explained that the Joint Committee agreed that this issue should be recognized and addressed to the National Taxpayer Advocate (NTA). It is a legislative issue affecting many individuals in NYC. Again, Grimaldi and Shuman will work together to compose a letter addressing this problem to Nina Olson.

Adding a TAP Statement to IRS Forms and Publications Nagel, Brace, Shuman and Grimaldi. This particular issue will not be included in a Subcommittee but the members will treat it separately. Grimaldi explained that the issue was referred to the Joint Committee during their May FTF meeting and they recommended further research be done.

Grimaldi stated that any research done on an issue, such as who we spoke to and any barriers found, must be included in the proposal. This practice would lend support to our recommendation and avoid the appearance that the recommendation is just the Committee's opinion. Shuman added that maybe our format should also include questions from the Joint Committee and the response to these questions.

Grimaldi explained that in spite of receiving a negative response from Denise Fayne, Director of the Forms and Publications Unit, outlining her concerns about adding the TAP to publications, this issue has merit and it's worth pursuing.

Quality Control of Correspondence (Processes and Procedures) Ghoniem, Gedge, Nagel and Shuman. Ghoniem recently revised this proposal and forwarded a copy to Knispel today. She wishes to discuss the revised proposal at the FTF meeting. She feels that her recommendation may involve extensive programming changes. She indicated that due to the fact that a 100% review of the correspondence is prohibitive, she suggests that a sampling be reviewed.

Adding a Penalty and Interest Statement (Processes and Procedures)- Ghoniem, Nagel, Gedge and Shuman. Although, this issue may reflect that of Quality Control of Correspondence, it will be treated as a separate issue.

Eliminating Form 2688- Grimaldi, Fish and Silva will be working this issue as a separate subcommittee with the purpose of extending the Automatic Extension to File the individual federal tax return to six months.

Document to Remind Taxpayers of the Advance Child Tax Credit- Ghoniem had previously suggested this issue. However, it was decided to place it in the **Parking Lot**.



OIC Fee- Ghoneim A proposal was forwarded to the IRS recommending that the \$150 fee be waived for taxpayers whose income slightly surpasses the poverty level or those facing financial hardship. The response received was that the IRS has considered all these issues in the implementation of this fee. Gorga believes that nothing more could be done with this issue and thus it does not merit reconsideration. Grimaldi requested the issue be placed in the **Parking Lot** for further consideration at a later time.

New Issues

Advertising the TAP in Publication 1546 (Taxpayer Education) - Nagel, Brace, Grimaldi and Shuman. Shuman suggested this be part of the Adding a TAP Statement issue. However, most members agreed with Gorga's suggestion that it would be more effective to keep it as a separate recommendation since he foresees no obstacles would be encountered in addressing this recommendation.

Improving IRS Web Site (Ad Hoc) Shuman and Oloko will be working on improving the sections of the web site addressed to tax practitioners with the intent to facilitate its navigation. Gorga suggested that practitioners should easily and readily be able to access IRS addresses and information without the need to do much research. Shuman suggested that this issue might also be of interest to the TAP's Ad Hoc Issue Committee. Most members agreed. The Subcommittee will analyze the problems with the web site at the upcoming FTF meeting in Portsmouth . Shuman will bring her laptop and a small projector that would allow them to review the web site at the meeting location.

Gilmore Case- Oloko recently shared this case with the Committee and feels that the recent decision on this case deems consideration as an issue for the Committee.

Oloko said that it appears that the IRS's practice is to constructively disqualify the taxpayer's child-based credits in situations where the HOH filing status or dependency exemptions are denied. The denial comes without an independent examination of the case, he said. Oloko also explained that he suggested this issue to the EITC Issue Committee but they felt it would be best considered by an Area Committee.

Gorga did not feel this issue merits a recommendation and added that the challenge would be to obtain statistical data to support it. Oloko will continue research and will formulate a written proposal.

Residency Requirement To Qualify for the EIC Oloko has encountered many situations in his legal practice when the taxpayers, who may otherwise qualify for the EIC, are not eligible because their child/children do not live in the same household or live outside the United States . Oloko feels that it is unfair that these taxpayers who bear full financial responsibility for their children are precluded from claiming the EIC due to this requirement.

Gorga said that this is a legislative requirement as well as an issue of parental rights. Nagel added that this requirement issue also revolves around the necessity of the qualifying child needing a Social Security Number or an Individual Taxpayer Identification Number. Oloko said that if the issue of the Number could be overcome, the residency requirement should not be an issue.

Grimaldi asked Oloko if this issue originates from one particular case or many, for we must keep in mind that legislative issues that ought to be addressed to the NTA should be systemic affecting many. Oloko responded that he has encountered this problem on many occasions.

Oloko will be working to formulate a proposal on this issue. Knispel reminded him to forward any request for research.

**DFO Report**

Gorga said that the Taxpayer Advocate Service (TAS) would be participating in the Black Exposition which would take place at Madison Square Garden in June and invited NY members to attend.

Closing Assessment

Grimaldi explained that he would like the subcommittee members to gather and work the issues during the first day of the FTF meeting. He would like the members to report out on the second day.

The members decided to meet for dinner on the evening of June 6th.

Finally, Grimaldi reminded all participants to send him an email if they wish to participate in the TAP's interview process.

The meeting closed at 12:46 PM ET.

The next meeting is a face-to-face meeting in Portsmouth, NH on June 7th and 8th.



Area 1 Committee Meeting Minutes March 23, 2004

Opening of the Meeting

Chair Grimaldi opened the meeting and welcomed the members.

Roll Call

Panel Members Attending

- Aimee Brace, NY
- Walter Fish, NY
- William Gedge, CT
- Peter Gorga, Jr., NY, DFO
- James Grimaldi, NY, Chair
- Diane Mignano, RI
- Paul Nagel, NY
- Eileen Shuman, VT
- Charles Silva, MA

Panel Members Absent

- Elizabeth Brodbine-Ghoniem, MA
- Catherine Kelly, ME
- Shamsey Oloko, NY

TAP Staff Attending

- Marisa Knispel, TAP Program Analyst
- Sandra Ramirez, NY, TAP Program Manager

Meeting Minutes

Grimaldi motioned to accept the minutes of February 24, 2004 and Brace seconded the motion.

Subcommittee Reports

The Chair proposed that each Committee member select a subcommittee and participate in the gathering of information, discussion of issues and formulating of proposals on the specific issues considered by the subcommittee.

Financial Literacy

In February, Grimaldi met with the counsel to the Borough President and representatives of the Taxpayer Advocate Service (TAS) and the Taxpayer Education and Communication (TEC) to plan a Tax Day for individuals and business owners who are members of the Metro Tech BID and CAMBA organizations. The intent was to formulate a financial and tax education program to be shared with the participants on that Day. However, the members of these organizations were not responsive to the plan and prefer that the IRS and other presenters approach the organizations separately. The educational program, Grimaldi said, would afterwards be distributed to the local high schools and business schools to disseminate and improve financial and tax literacy in the community.

EITC Examination

This subcommittee is looking at the problems of the lack of communication and continuity in the examination process as introduced by Fred Arriaga of the South Brooklyn Legal Services. Grimaldi has



referred the issue to the EITC Issue Committee. Knispel mentioned that Arriaga's issue also involves the lack of communication on the correspondence the IRS sends to the taxpayer and thus might be an issue for the Notices Issue Committee. Shuman, who is a member of this Issue Committee, agreed and stated that the Notices Committee is considering the issues of 1) the taxpayer's frustration on the lack of communication with the IRS, 2) the lack of continuity with the IRS personnel handling a taxpayer's issue and 3) frustration on the part of the IRS employee.

Outsourcing

During the last meeting, the Committee decided to drop the issue of the IRS outsourcing collection efforts and continue to work on the outsourcing of the IRS toll-free hotline following the advice of the National Taxpayer Advocate. Also, it was determined that the issue of outsourcing tax return preparation to foreign countries is one concerning private accounting and tax preparation firms, not the IRS. The latter is an issue that according to Fish, the New York State Society of CPAs considers to be in violation of conduct. DFO Gorga agreed that this is not an issue for the TAP to consider but for the accounting profession and the public's concern.

The IRS is, however, currently outsourcing 10% of the calls received by their toll-free line to an outside vendor for the period of February 16 to April 16, 2004 as a pilot study. Fish considers it is premature to formulate a proposal on this issue until results of the study are available. All members conceded to place this issue in the parking lot pending these results.

Health Insurance Deduction for Employees With No Insurance

Shuman observed that members had no interest in making a proposal on this issue due to its legislative nature. Members discussed how to best approach the issue and possibly make a recommendation to be addressed to the Systemic Advocacy area of the TAS. Grimaldi agreed to write a proposal.

Form W-4

Shuman explained that she has been following up with the person who referred this issue in order to get further details. The issue, as Shuman understood it, is that an employer is responsible for verifying the identification of a new employee- specifically when submitting a Form W-4 by checking the information provided on the Form against the employee's Social Security Card. It is an issue that involves two federal agencies, Shuman said. It is unclear which agency, the Internal Revenue Service or the Social Security Administration, should be responsible to establish the guidelines on this policy.

Gorga said that it should be the employer's responsibility to insure that the new employee has an updated Social Security Card, especially during these days of terrorism. For women, for example, a marriage certificate could attest to the fact that their last name has recently changed. Fish added that the IRS's Publication 17 states that the employer should check the Card if it is available. Members then discussed the possibility of recommending that the IRS change the wording in the Publication from employers should to employers must check Social Security Cards. Grimaldi was concerned whether or not establishing this policy would be onerous to employers. Discussion led to Grimaldi and Shuman deciding to discuss the issue further at a later time.

Joint Committee Report

Per the Joint Committee's advice, the Chair discussed the following issues for further development and clarification.

OIC Filing Fee

The Committee's proposal reflected the concerns that 1) the \$150 fee required with the submission of an offer might be burdensome to taxpayers whose income exceed the poverty levels or to those with financial hardship, 2) the fee is a disincentive to taxpayers to become tax compliant since it places an additional hardship, and 3) for each offer submitted another \$150 is required. The IRS refuted each of these concerns and explained that the intent of the fee is to deter taxpayers from using the OIC as a



delay to the collection process. The IRS also researched and examined the poverty guidelines and determined that the amount of the fee is reasonable for low income taxpayers.

The Chair asked the members whether or not Committee might want to respond to the IRS. Shuman stated that she would like to withhold the decision until Ghoniem was present since she was responsible for the recommendations.

Gorga stated that he has not heard complaints from taxpayers or IRS Service Centers since the implementation of this fee in the OIC program.

Knispel will research statistics to find 1) the number of OICs filed since the implementation of the user fee, 2) the number of applicants under the poverty level, 3) number of applicants who were exempt from the user fee.

Extending the EFTPS Archive Period

The Joint Committee advised the Area 1 Committee to research any drawbacks in extending the EFTPS payment archives from 16 months to 36 months.

Knispel will contact the national analysts responsible for the programming of EFTPS to examine the feasibility of the proposal. We need to know if any physical limitations, such as the storage capacity of the program, may impede the extension proposal.

Adding TAP Information to IRS Printed Materials

DFO Gorga said that the Publication 594, The Collection Process, announces the TAS as an independent entity. He suggested that perhaps adding the word independent to the TAP's statement might resolve our concern of communicating this organization's independence from the IRS.

Grimaldi added that we may want to contact the IRS's Tax Forms and Publications unit to consider the space available for our statement. Gorga suggested that we start by writing the statement first. Nagel requested that further considerations on this issue be held until after April 15th when the end of the filing season will allow him more time to evaluate the issue.

New Business

The Chair reminded everyone that our first Face to Face (FTF) Meeting will take place June 6-8, 2004 in Portsmouth, NH. Knispel will email the hotel's phone number and information to all the members so that each one makes his/her lodging accommodations.

Shuman suggested that the second FTF meeting be held at her town of Brattleboro, Vermont. The company she works for, she said, has offered her space for the meeting and the local newspapers would announce the meeting as well as provide coverage. Furthermore, the local college is also willing to provide us space to hold our meeting and she knows this is an offer that would attract the members of her community to partake in the event.

The Committee members discussed possible dates to hold this second meeting and agreed on October 1 - 2, 2004 with September 30th and October 2nd being travel dates.

Ramirez will send an email to all members soliciting volunteers for the Nationwide Tax Forum in our area which will be held in Atlantic City, NJ on July 6-8, 2004.

Public Input

None



Closing Assessment

Chair thanked all the members for their participation.

Ramirez will send an email to all members soliciting volunteers for the Nationwide Tax Forum in our area which will be held in Atlantic City, NJ on July 6-8, 2004.

Next meeting will be Tuesday, April 27, 2004 at 11:00 am ET.

Action Items

- Grimaldi will write a proposal on the Health Insurance Deduction for Employees With No Insurance Issue.
- Grimaldi and Shuman will discuss the Form W-4 issue to determine whether or not it merits a recommendation.
- Knispel will gather statistics on the number of OICs submitted since the implementation of the user fee, the number of applicants who were under poverty level guidelines and the number of applicants who were exempted from the user fee.
- Knispel will research the feasibility of extending the EFTPS payment archive to 36 months.
- Knispel will email information on Portsmouth hotel for the members to reserve their lodging accommodations.
- Ramirez will email information on the Nationwide Tax Forums and request volunteers to attend the Atlantic City Forum on July 6-8, 2004.



**Area 1 Committee Meeting Minutes
February 24, 2004
Teleconference**

Opening of the Meeting

Chair Grimaldi asked that Vice Chair Ghoniem chair the meeting due to Grimaldi's unavailability for this meeting. The meeting opened at 11:04 A.M.

Roll Call

Panel Members Attending

- Elizabeth Brodbine-Ghoniem, MA, Acting Chair
- William Gedge, CT
- Peter Gorga, Jr., NY, DFO
- Catherine Kelly, ME
- Diane Mignano, RI
- Paul Nagel, NY
- Eileen Shuman, VT

Panel Members Absent

- Aimee Brace, NY
- Walter Fish, NY
- James Grimaldi, NY, Chair
- Shamsey Oloko, NY
- Charles Silva, MA

TAP Staff Attending

- Marisa Knispel, TAP Program Analyst
- Sandra Ramirez, NY, TAP Program Manager

Quorum was not met at the time roll call was taken. Therefore, no decisions were finalized. **Note:** Gedge joined the meeting approximately twenty minutes before it ended.

Meeting Minutes

Shuman's name was misspelled on the previous minutes. Correction was requested. Minutes approved with corrections upon Gedge's arrival.

Subcommittee Reports

Financial Literacy

Ghoniem briefed the members on Grimaldi's activities on this issue. On February 19th, Grimaldi met at the Brooklyn Borough Hall with the Brooklyn Borough President's representatives and with employees of the local Taxpayer Advocate Service and local Taxpayer Education and Communication (TEC) to discuss outreaching to the community and providing financial and tax education. The main purpose of the meeting was to plan for an outreach event in March. Once the agenda of this March meeting is in place, Grimaldi will solicit the participation of other TAP members in the New York area.



EITC Examination

Ghoniem did not have an update but she knows that Grimaldi is working with LITC's attorney Fred Arriaga (a former guest in our meeting) on this issue. Shuman asked Ghoniem if she knew whether or not Grimaldi had obtained copies from Arriaga of the EITC examination notices that she requested from him previously to bring to her upcoming Notices Issue Committee's face-to-face meeting. Ghoniem did not know and advised Shuman to contact Grimaldi directly since Shuman is very shortly leaving to Atlanta for the meeting.

Outsourcing

Shuman indicated that in view of the current news on outsourcing and an email Knispel forwarded to her, the issue of the IRS collection outsourcing should be dropped. Shuman explained that the email was from the National Taxpayer Advocate Nina Olson to another TAP member who mentioned outsourcing of IRS collection of revenue as an issue for her committee. The NTA advised that the TAP members do not consider this legislative issue in their position as TAP members, only as private citizens. Shuman decided to drop this issue, but reminded the committee that Fish may still continue to work on the IRS's toll-free line outsourcing issue.

Health Insurance Deduction for Employees With No Insurance

Shuman, as chair of this subcommittee, indicated that this is also a legislative issue which the Committee may consider dropping. There is a line on the Form 1040, she noted, that makes taking the deduction possible. Ghoniem noted that a legislative recommendation can be suggested to the NTA rather than to the Joint Committee. Ghoniem suggested that Shuman write up a letter to the NTA to be considered at the next meeting.

Form W-4

Shuman explained that an employer she met at a business seminar recommended this issue be considered. The issue is that the IRS holds the employers responsible for the information contained on the Form W-4s. Ghoniem asked whether this issue conflicted with a W-4 issue being considered by another TAP committee. Shuman said no because this issue is from the employer's perspective. Knispel said however, the issue is not clear. If the Form W-4s are not submitted to the IRS, Knispel asked, in what way are these employers held accountable for the information contained in them? Are they penalized in some way? Knispel will research the matter further and report back to Shuman. Shuman requested to withdraw from this subcommittee for lack of business experience. Nagel volunteered to work with Knispel on it, but asked that it be placed in the parking lot until after April 15th. This issue is now in the parking lot until further decision by the entire committee. In the interim, Knispel will verify what impact misreporting on W-4s by employees has on the employer.

New Business

Ghoniem presented the issue of implementation of new ITIN requirements and documentation to the Committee. A tax attorney who specializes in non-resident aliens referred this issue to her. The main problem is that the new regulations to obtain an ITIN require the applicants to submit the application at the time they file the tax return. The IRS Taxpayer Assistance Centers no longer assist people non-resident aliens, so non-residents are directed to the available VITA sites or a toll-free phone number for assistance.

Knispel will also provide the new ITIN procedures to all members so that they can better understand the issue. Ghoniem asked that the TAP staff review and evaluate her recommendations. Nagel expressed his willingness to speak to the attorney to clarify the issue. Discussion of an occurrence where the NTA was involved and which appeared in the news about a TIGTA employee and the investigation of a non-resident alien followed. Shuman asked how NTA Olson heard of the situation and Ramirez indicated that it was through an LITC contact. DFO Gorga gave a brief summary of the occurrence.

TAP Database Referrals



W-4

A taxpayer from Connecticut suggested that the Form W-4 allowed the taxpayers to select their withholding as a percentage of income or as a flat dollar amount (as it currently does). Knispel explained that Area 2 Committee has already developed this suggestion and written a proposal on it. The members recommend this issue be dropped.

Outsourcing in India

There is no veracity to the issue of the IRS outsourcing tax returns to India, Knispel said, as this taxpayer understood it to be from the CBS 60 Minutes program. Knispel sent the taxpayer's referral and the transcript of the television program to the members of the Outsourcing Subcommittee. The transcript indicates that American accounting firms, not the IRS, are outsourcing the preparation of federal tax returns to India to save in wages. The members recommend this issue be dropped.

Ghoniem asked how we are replying to taxpayers who contact the TAP. Knispel explained that it is easy to reply to those contacting us via the TAP website with a canned paragraph; it preserves anonymity. It is not always easy as to reply to those reaching the TAP via the ASPECT toll-free line, she said. Most taxpayers do not give their address or phone number. Ghoniem asked if this is an issue that the Committee should address to the Joint Committee. Ramirez noted that at the CPE staff meeting in Washington, D.C., the staff concurred in requesting the phone number of the caller to acknowledge receipt of the suggestion and inform him/her of the TAP's actions with the suggestion. Ghoniem stated that since there is a procedure in place, there is no issue to address. Ramirez restated that as long as a taxpayer wishes to provide a telephone number or other means of contact, they will receive a reply of the Area Analyst.

Joint Committee Report

Ghoniem could not clearly understand Grimaldi's notes on the news from the Joint Committee. In the best interest to the members, Gorga suggested the topic be postponed until the next meeting.

One issue discussed by the Chair at the last Joint Committee meeting, Ghoniem said, was Nagel's and Brace's recommendation to add a statement about the TAP to the IRS printed material. Nagel would like to discuss this issue further with Brace at a later time and possibly develop it.

Another issue submitted by the Committee that the Joint Committee suggested be looked at further is that of the EFTPS Payment Archive. Does the Committee want to recommend an archive period of 24 months or 36 months? What about payments made by check versus those made electronically?-To be decided at the next Area 1 meeting.

Finally, the Committee received a response from the IRS on the recommendation to waive the \$150 fee to apply for an OIC when the applicant is within the poverty income level. The IRS responded that the issue has been extensively examined and the fee does meet the poverty threshold. Ghoniem, author of this recommendation, suggested postponing discussion of this issue until the next meeting.

Ghoniem continued her report on the Joint Committee meeting by saying that those members who volunteered to continue their TAP membership for a third year will remain as members. TAP's Director Coston has recently addressed a letter to those members to confirm their acceptance of the third year membership. Ramirez asked that if anyone has decided not to continue after volunteering to do so, to please inform the National Office. Shuman asked about recruitment. Ramirez stated that the applications will be online at improvers.gov and the contractor will soon have them available. Recruitment for a New Hampshire member is needed, he/she will probably come on in October. Ramirez noted the press release for the June face-to-face meeting will solicit a member for New Hampshire as well.



Member Gedge joined the meeting at this point (11:44 A.M.). Quorum was met. Members agreed to accept or reject the minutes at this time. The minutes of the January 20, 2004 meeting were accepted by consensus with the correction of Shuman's name.

Ghoniem continued reporting that the National Office has announced that a second face-to-face meeting will be possible for some committees. At the Joint Committee meeting, a decision was made that would allow some Area and/or Issue Committees to hold a second face-to-face. The announcement contained the caveat that the budget did not allow for a second meeting to all the existing Committees. Chair Grimaldi feels that the Area 1 Committee will benefit from a second face-to-face meeting. Discussion on the locations and dates ensued. Shuman recommended holding this second meeting in her town of Brattleboro, Vermont. The members tentatively agreed that September is a good possible meeting month. Ghoniem asked all members to check the calendar for September meeting dates.

Public Input

None

Closing Assessment

Taking advantage of the quorum, Gorga reiterated the members' decision to park the issues of the Form W-4 until after April 15th.

All members thanked Ghoniem for her excellent job in acting as Chair. Meeting closed at 12:04 PM ET.

Next meeting will be Tuesday, March 23, 2004 at 11:00 am ET.

Action Items

- **Knispel will check availability of dates in September.**
- **Knispel will reply to TAP database contacts in order to close them.**
- **Knispel will correct January minutes and issue to members with the February minutes.**
- **Knispel will research impact to employees of misreporting on W-4s.**
- **Knispel will provide all the members the new ITIN procedures and what changes, if any, have been made at the TACs regarding non-resident aliens and assistance with 1040- NRs and ITIN applications.**



**Area 1 Committee Meeting Minutes
January 20, 2004
Teleconference**

Opening of the Meeting

Chair Grimaldi opened the meeting and welcomed the members. Grimaldi inquired about receiving the same toll-free call-in number for all teleconferences. Knispel explained that she applied to receive this feature but the application was never processed. **She will try again.** Grimaldi asked if everyone had received the Conference Call Etiquette handout. Not everyone did. **Grimaldi/Knispel will f/u to ensure everyone receives it.**

Roll Call

Panel Members Attending

- Walter Fish, NY
- James Grimaldi, NY, Chair
- Catherine Kelly, ME
- Diane Mignano, RI
- Paul Nagel, NY
- Sandra Ramirez, NY, DFO
- Eileen Shuman, VT

Panel Members Absent

- Aimee Brace, NY
- Elizabeth Brodbine-Ghoniem, MA, Vice Chair
- William Gedge, CT
- Peter Gorga, Jr., NY, DFO
- Shamsey Oloko, NY
- Charles Silva, MA

Quorum was met.

TAP Staff Attending

- Marisa Knispel, TAP Program Analyst
- Sandra Ramirez, NY, TAP Program Manager

Meeting Minutes

Shuman did not understand that she was to draft two proposals, as noted in the Action Items of the minutes, so those items will carry over to the next meeting. Otherwise, the December 23, 2003 minutes were approved by consensus.

Subcommittee Reports

Financial Literacy: Grimaldi said that on Friday he will meet with the Brooklyn Borough President and his counsel to discuss efforts on improving financial literacy in Kings County, NY. Grimaldi added that he has also discussed this issue with a NY State Senator from Queens with whom he will meet next week. The efforts of improving financial literacy may take a long time, Grimaldi said, but he believes they will eventually come to fruition.



EITC Examination: Grimaldi was to provide information to Kelly and Shuman on this however, LITC Attorney Fred Arriaga had just e-mailed Grimaldi this morning.

Grimaldi clarified Arriaga's issue. Grimaldi explained that the EIC examination is really a correspondence examination, so the taxpayer or representative never gets the opportunity to speak to a person. A telephone number is provided on the notices, but usually voice mail picks up the call and when one does speak to a live person it is not the one handling the examination (it's a call center person). Generally, the employee receiving the call is not acquainted with the examination case in question and therefore unable to assist the caller. The taxpayer or representative ends up frustrated and unable to resolve any questions. When documents need to be submitted to the examiner/IRS, Arriaga would like to be able to explain the documentation before submission since they may not appear to be standard acceptable documentation.

The second complaint is that when the examiner/IRS sends a rejection of the documentation, the reason(s) for the rejection are vague or boiler-plated. An example of documentation that is often rejected is school records used to prove residence.

Shuman stated that she will soon meet face-to-face with her Notices Issue Committee and its IRS Program Owners and this would be an opportunity to clarify the issues with respect to these notices. **She asked Grimaldi to compile samples of the EITC notices to request clarification from the IRS at this time.** Grimaldi asked the members if they thought this issue belonged to the Notices Issue Committee or the EITC Issue Committee. To this, Nagel replied that since it is a problem in communication between the IRS and taxpayers, not a problem with the credit, it should be referred to the Notices Committee. They all agreed.

Fish asked if the name of the person to contact provided in these notices might be a fictitious name. Grimaldi replied that the name is not fictitious; but what adds to this problem is that an IRS employee from another part of the country, not the taxpayer's local area, may answer the phone. Kelly asked if anyone knew whether the taxpayer gets notified when his examination case is assigned to the Office of Appeals. Does the taxpayer receive the name and phone number of the Appeals Officer working his case? Grimaldi said that his experience with Appeals is different; the taxpayer gets notified of the person working his case and that person is usually in a local office.

Outsourcing: Shuman indicated that she has not completed her reading of the material Knispel sent her on this issue, or talked with Silva on this. However, it seems that there is an incentive for federal agencies to outsource federal work. The IRS has several programs slotted for competitive outsourcing. However, the union (NTEU) suggests that this practice will cost more to the IRS than having the already trained employees perform the jobs (i.e., it would cost \$30 to collect \$1 of revenue versus \$3 to collect \$1)). Shuman added that she is opposed to outsourcing; Kelly agreed.

Both have also heard rumors that the IRS is planning to outsource some jobs out of the country. Shuman added that one rumor was the outsourcing of tax revenue collection. The vendor would begin collection efforts on the simplest IRS cases. Although private companies are currently using other companies to collect their debts due to cost issues, collection of tax revenue by outside companies should evoke privacy concerns in taxpayers.

Fish noted that the state of New Jersey has been outsourcing collections for many years. Maybe we could benefit from listening to their experiences. Fish and Nagel asked Shuman if she had read that the government will actually outsource collections. Shuman said that by 2005 the government says they will.

Ramirez asked from where this issue arose. Shuman explained that it arose out of outsourcing the call site work but that the committee wants to look at outsourcing overall.



Grimaldi noted that even the city of New York outsources some of its work. Kelly noted that the state of Maine income tax department outsourced its Amnesty Program and it was a fiasco because even folks who owed no tax got notices..

Fish suggested that the Committee's attempts to discuss outsourcing be made more manageable by dividing the issue into two: outsourcing collections issues and the IRS toll-free line issues. Thus, there should be two separate subcommittees working on outsourcing. They all agreed. **Fish will work on the outsourcing of the toll-free line and Shuman will continue her efforts in the collection issues.** Grimaldi noted that Shuman, Silva and Fish can work the issues. Knispel indicated that the current outsourcing of the IRS's toll-free line is just a pilot program of limited duration, not a permanent plan. **Knispel will supply information on outsourcing the call site work to Fish.**

Health Insurance Deduction for Non-Insured Employee and W-4: Shuman will provide information at next meeting.

Follow-Up Issues

Knispel asked the members if they had read the IRS's response to Shuman's recommendation on adding a table addressing phase-outs to the 1040 instructions. Grimaldi summarized the response received from the Director of Tax Forms and Publications Denise Payne who explains that the IRS will consider the suggestion for the 2004 revision of the 1040 series instruction booklets.

Joint Committee Report

Grimaldi stated that the Committee's proposal on adding a TAP statement to the IRS printed material and the proposal on extending the EFTPS payment archive were forwarded to the Joint Committee. Since the next Joint Committee meeting would be later on today, this Committee's comments on the proposals would be forthcoming.

Face-To-Face Meeting in New York

Knispel said that Portsmouth, NH is the most cost-effective location to hold the Committee's face-to-face meeting and it seems to be a convenient location for all the members.

Public Input

None

Other Issues

Nagel asked if a replacement for New Hampshire's member would be joining the Committee prior to the face-to-face meeting. Ramirez said that the committee would have a New Hampshire member but maybe not in time for the face to face meeting.

Shuman asked Ramirez about the TAP's recruitment efforts and the selection process. Ramirez stated that the Joint Committee will discuss this issue in today's meeting and the information will be shared with all the members thereafter. Shuman added that she knows people interested in joining the TAP. **Ramirez will provide the committee with information on the application and selection processes when more information is available.** She encouraged Shuman and all the members to invite anyone they know who is interested to apply for membership by contacting our office. Ramirez said that the TAP needs to keep its list of alternates ready (possible member replacements) to insure all the states are represented when a member leaves at any time.

Grimaldi asked what are the TAP's marketing efforts on the recruitment process? Ramirez explained that recruitment is beginning in February. The TAP Director Bernie Coston is in meetings with the MLI staff (the company that supports the TAP website) to update the TAP's website for this purpose. The application will be available on-line.



Grimaldi asked if we could encourage recruitment of a member from New Hampshire while holding our face-to-face meeting in this state. **Ramirez believed that would be a great opportunity to issue a press release in New Hampshire at the time to advertise our meeting and to announce the open position.** Grimaldi inquired if this press release could be posted on the TAP's website. Fish suggested that these questions should be referred to the Joint Committee.

Closing Assessment

Grimaldi thanked all the members for their participation and will share with them via email the TAP's suggestions for conference call etiquette.

Meeting closed at 12:55 PM ET.

Next meeting will be Tuesday, February 24, 2004 at 11:00 am ET.

Action Items

Knispel to re-apply for conference call card so members have the same telephone number for each teleconference.

Grimaldi and Knispel will compile samples of IRS's EITC examination notices and send them to Shuman. Shuman will discuss the notices at her upcoming Notices Issue Committee in Atlanta.

Grimaldi/Knispel will email the TAP's suggestions for conference call etiquette to all the members.

Shuman to provide a report on W-4 and health insurance deduction for uninsured employees at next meeting.

Knispel to supply information on outsourcing the call site work to Fish.

Ramirez to provide update on recruitment.

Knispel to plan for new releases issuance one month before Face to face meeting in Portsmouth, NH.