

2004 Meeting Minutes Area 3

- July 16, 2004
 - August 20, 2004
 - June 19, 2004
 - June 18, 2004
 - May 21, 2004
 - April 16, 2004
 - March 19, 2004
 - February 20, 2004
 - January 16, 2004
-

Area 3 Committee Meeting Minutes July 16, 2004

Members in Attendance:

- Helen Curol
- Gwen Handelman
- Edward Hanna
- Sharon Lassar
- Owen Oatley
- Buck Paolone
- George Sullivan
- Agnes Tillerson
- Nancy Ferree – Acting DFO

Staff:

- Sallie Chavez – TAP Program Analyst

Guests:

- Jerry Parshall, Office of Advocacy at SBA

Welcome

Committee Chair George Sullivan welcomed everyone to the July call. He also welcomed the guest.

Roll call

Roll was taken. Quorum was met.

Review of New Orleans Meeting Minutes

Committee Chair George Sullivan asked if there was any discussion about the meeting minutes. Several committee members stated they were unable to open the email with the meeting minutes. These minutes will be reviewed at the next meeting in August.

REVIEW OF ASSIGNMENTS



TAP Program Analyst

1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) – TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue.

This is still pending.

2. Contact #822 (Processing of Form 2553 Election by a Small Business Corporation) – TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.

This is still pending.

3. TAP Program Analyst Sallie Chavez will contact SME on trust extensions for Committee Member Owen Oatley.

This is still pending.

4. Contact #2866 (Individual states that he was not able to get information on his refund using either the 1040 toll-free number or the refund line about his 1040X refund) – TAP Program Analyst Sallie Chavez will obtain more information on the refund telephone numbers.

This is still pending.

5. Contact #2975 (Individual receives income and is required to pay FICA and Medicare taxes on it – no specific line on 1040 for this information) – TAP Program Analyst will get a SME for this issue.

This is still pending.

6. Contact #3036 (Individual states that a prior year overpayment that a taxpayer elects to have applied to the following year is not considered as tax already paid for the calculation of the ES penalty) – TAP Program Analyst Sallie Chavez will send letter to taxpayer with the instruction on how to prepare the Form 2210 and drop the issue.

This is still pending.

7. TAP Program Analyst Sallie Chavez will provide copies of the Speaker Request Form to all committee members.

This was sent on June 24, 2004.

8. TAP Program Analyst Sallie Chavez will provide copies of the "Summary of TAP Recommendations" to all committee members.

This was emailed on July 12 however it was too large for most email boxes. It will be mailed hardcopy today.

9. TAP Program Analyst Sallie Chavez will check on the status of the Checkbox Issue and change it to "Active".

This issue was changed to "Active".

10. TAP Program Analyst Sallie Chavez will change status of TAP Signs in TAC Office from Parking Lot to Active.

This issue was changed to "Active".

11. TAP Program Analyst Sallie Chavez will follow up with specialists to see what changes are being made to the extensions to file for next filing season.

This is still pending.

12. TAP Program Analyst Sallie Chavez will add Committee Member Sharon Lassar's comments into the June meeting minutes.

This was done June 24, 2004.



Chairperson

1. Committee Chair George Sullivan will request a copy of the suggestions for improving TAP from either TAP Chair Tom Seuntjens or TAP Program Analyst Barbara Toy.

Committee Chair Sullivan talked to TAP Program Analyst Toy and she said this document is not completed yet. This document will be available in September.

2. Committee Chair George Sullivan will request information on implementation of follow-ups.

Committee Chair Sullivan talked to TAP Program Analyst Toy. TAP Director Bernie Coston was keeping track but she has taken it over. She will provide copies. This is still pending.

3. Committee Chair George Sullivan will request minority report on the Outsourcing issue from Committee Member Sharon Lassar.

This was done.

Committee Members

1. All committee members are to prepare suggestions to be included in the annual report.

This is ongoing.

2. Committee Member Owen Oatley will provide a short description of the OIC issue to be input into the TAP database.

Committee Member Oatley provided this information this AM.

3. Committee Member Ed Hanna will complete proposal on Expand Checkbox Authority to Succeeding Years for Estimated Payments.

Committee Member Hanna stated he lost the copy of the proposal. He asked TAP Program Analyst Sallie Chavez to email him a copy. This is still pending.

4. Committee Member Owen Oatley will complete proposal on the Schedule K-1 issue.

Committee Member Owen Oatley faxed this proposal to Committee Member Ed Hanna today. Committee Member Hanna will take over this proposal. This is still pending.

Sub-Committee Reports

Outreach

Committee Chair George Sullivan stated he received an email from Committee Member Gwen Handelman with Outreach Suggestions. As everyone remembers from the New Orleans Meeting, this will be an open item on the agenda each month. The committee will come up with a program that everyone can use by the end of the year.

Committee Member Gwen Handelman reported that Committee Members Charlotte Cassady, Buck Paolone and she are on this sub-committee. She sent out her thoughts on setting up a schedule of outreach activities. TAP Program Manager Nancy Ferree provided information from Area 2 which listed various outreach opportunities and a list of their FY 04 outreach activities. The subcommittee has not had an opportunity to get together and make any decisions about what the next steps. TAP Program Manager Nancy Ferree stated she would like to be part of the subcommittee. She said she will always copy her, DFO Carolyn Lewis, TAP Chairperson George Sullivan and TAP Program Analyst Sallie Chavez. They haven't agreed on a sub-committee chair yet so they are working as a committee of equals.



Committee Member Buck Paolone said his computer has been down this week. He has some items he would like to suggest. He will forward them to Committee Member Gwen Handelman.

TAP Program Manager Nancy Ferree said she needs a volunteer for the New Orleans NationalWide Tax Forum on August 16 – 18, 2004. If anyone is available, please get back to her or TAP Program Analyst Sallie Chavez.

Outsourcing Draft Proposal

Committee Chair George Sullivan stated this was not really a DRAFT Proposal as much as a final proposal that is up for review by the entire committee before it is submitted. He asked if there are any comments. Committee Member Helen Curol stated she had questions but she thinks they have all been cleared up.

Committee Chair George Sullivan asked if everyone had received Committee Member Charlotte Cassady's email regarding the proposal. He read her email.

"I realize there are many complex pieces to this puzzle but I would like to make one simple statement. I have been in the tax business for more than 20 years and in all of those years, I do not recall any of my clients reading anything that I asked them to sign. It is somewhat like to going to a doctor and taking the medicine he tells you to take. They trust me to do what is best for them. I somehow think it is the same nationwide."

Committee Member Ed Hanna said he wanted to get back with Committee Member Charlotte Cassady to see what she meant. Committee Member Gwen Handelman stated that the AICPA suggests some language in the engagement letter that say that they might outsource material. She understood that Committee Member Cassady was just reinforcing the proposal that most people would not read the document.

Committee Member Owen Oatley asked if there is no change is there a problem sending off the proposal to the joint committee after the meeting. Committee Chair George said he would ask TAP Program Analyst Sallie Chavez to electronically send this proposal out to Barbara Toy. Acting DFO Nancy Ferree suggested waiting and sending it together with Committee Member Sharon Lassar's Minority Report. Committee Member Gwen Handelman said she does not agree. She said if the Joint Committee does not get this information in time for the meeting it will not be considered. She suggests the proposal be sent today with a note that the Minority Report will follow. It will be Committee Member Sharon Lassar's responsibility to get the Minority Report in. Committee Chair George Sullivan said that he gave her the timeframe in which to get the Minority Report in.

Committee Member Buck Paolone said that he agrees that the proposal should be sent with a note that there is a Minority Report from one member.

TAP Program Manager Nancy Ferree asked if there were any changes to who will be remaining with the committee for another year. Committee Member Agnes Tillerson stated she will be moving to Pennsylvania. She will be unable to continue with Area 3. She will be sending a letter. She will request to be put into the applicant pool for Pennsylvania. Reviewed the entire committee as follows:

- Phil Bryant is not on the call. Believe he is retiring.
- Charlotte Cassady is not on the call. Believe she is remaining.
- Helen Curol is remaining.
- Gwen Handelman is remaining
- Edward Hanna is remaining.
- Sharon Lassar is not on the call. Believe she is retiring.
- Owen Oatley is remaining.



- Buck Paolone is remaining.
- George Sullivan is retiring.

New Issues

There are no new issues.

TAP Program Manager Nancy Ferree stated that she, Committee Member Gwen Handelman and TAP Program Analysts Sallie Chavez and Inez De Jesus conducted three days of interviewing. Most of the candidates were from Florida. One was from Puerto Rico. We had some excellent candidates.

Committee Chair George Sullivan advised the committee that the Abatement of Small Dollar Notices has been elevated.

Committee Chair George Sullivan asked if everyone got the article "TAP Making a Difference". He determined it was sent by TAP Program Analyst Barbara Toy. He stated this was published in an internal IRS Newsletter.

Citizen Input

There was one citizen on the call. He had no comments. He commended the work the committee is doing and appreciated having citizen advising the IRS.

DFO Nancy Ferree gave Jerry Parshall the TAP website so he can check it out.

TAP Manager Nancy Ferree advised Committee Member Owen Oatley that she has confirmed a Taxpayer Assistance Center in Holly Hill visit for July 21 after 1:00pm.

TAP Program Analyst Sallie Chavez stated the face-to-face meeting in Nashville (September) is approaching. She will be out of the office next week but she will be sending out the Travel Request Forms. Please get them back as soon as possible. The deadline for the hotel is August 19, 2004. Meeting dates are travel on September 16 and meeting on September 17 and 18.

TAP Manager Nancy Ferree stated that the IRS Commissioner came out with his Five Year Strategic Plan. TAP is mentioned on page 11. She stated she won't be able to send this electronically as it is very lengthy. If everyone would like one she will have TAP Secretary Jenny Reyes order them for the group. They would like copies. Committee Member Gwen Handelman asked if the report indicates any new issues that are part of the strategic plan that might be new issue topics. It doesn't give us any clues of which issues would be connected to the TAP.

Owen Oatley asked what the status of the TAP Annual Report was. Committee Member Gwen Handelman stated they were making final revisions. She thinks it will be discussed at the Joint Committee Meeting next Tuesday. TAP Program Manager Nancy Ferree stated she thought it was being bound and printed for distribution. She will look for an electronic copy and see if it can be distributed.

Meeting Close

Committee Chair George Sullivan thanked everyone for their time.

Meeting was adjourned.

ASSIGNMENTS

TAP Program Analyst



1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) – TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue.
2. Contact #822 (Processing of Form 2553 Election by a Small Business Corporation) – TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.
3. TAP Program Analyst Sallie Chavez will contact SME on trust extensions for Committee Member Owen Oatley.
4. Contact #2866 (Individual states that he was not able to get information on his refund using either the 1040 toll-free number or the refund line about his 1040X refund) – TAP Program Analyst Sallie Chavez will obtain more information on the refund telephone numbers.
5. Contact #2975 (Individual receives income and is required to pay FICA and Medicare taxes on it – no specific line on 1040 for this information) – TAP Program Analyst will get a SME for this issue.
6. Contact #3036 (Individual states that a prior year overpayment that a taxpayer elects to have applied to the following year is not considered as tax already paid for the calculation of the ES penalty) – TAP Program Analyst Sallie Chavez will send letter to taxpayer with the instructions on how to prepare the Form 2210 and drop the issue.
7. TAP Program Analyst Sallie Chavez will follow up with specialists to see what changes are being made to the extensions to file for next filing season.

Chairperson

1. Committee Chair George Sullivan will obtain a copy of the suggestions for improving TAP from TAP Program Analyst Barbara Toy (available in September).
2. Committee Chair George Sullivan will request information on implementation of follow-ups.

Committee Members

1. All committee members are to prepare suggestions to be included in the annual report.
2. Committee Member Ed Hanna will complete the proposal on Expand Checkbox Authority to Succeeding Years for Estimated Payments.
3. . Committee Member Ed Hanna will complete the proposal on the Schedule K-1 issue.

TAP Program Manager

1. Check on the status of the TAP Annual Report. Make sure all committee members receive a copy.

CERTIFIED BY DFO CAROLYN LEWIS ON 10/7/2004



Area 3 Committee Meeting Minutes August 20, 2004

Members in Attendance:

- Phil Bryant
- Charlotte Cassady
- Gwen Handelman
- Buck Paolone
- George Sullivan
- Carolyn Lewis – DFO

Staff:

- Sallie Chavez – TAP Program Analyst
- Nancy Ferree – TAP Program Manager

Welcome

Committee Chair George Sullivan welcomed everyone to the August call.

Roll call

Roll was taken. Quorum was not met.

Review of Prior Minutes

Since quorum was not met, the approval of the minutes will be moved to next month's meeting.

Face-to-Face Meeting Agenda

Committee Chair George Sullivan asked for any comments on the DRAFT Agenda for the Face-to-Face Meeting in Nashville. TAP Program Manager Nancy Ferree asked about the conflicting meetings. This causes problems such as today with no quorum. Committee Member Gwen Handelman suggested that in future years committee meetings should not be scheduled during the months that Committee members and staff are involved with TAP interviewing and Tax Forums because everyone is stretched too thin.

Committee Member Buck Paolone said that the Ad Hoc Committee was discussing the organization of TAP. They were suggesting not having two (2) committees, having a chair elect (this would allow for a smooth exchange at the end of the year) and an outgoing chair emeritus.

Set-up Subcommittee for Drafting of Annual Report

Committee Chair George Sullivan said he would like to appoint a sub-committee to work on a DRAFT for the Annual Report. He would like TAP Program Manager Nancy Ferree and TAP Program Analyst Sallie Chavez to work on the sub-committee. He asked Committee Member Buck Paolone if he would participate in the sub-committee and make the presentation at the Annual Meeting. Committee Chair Sullivan would like Committee Member Owen Oatley to also participate in the sub-committee. He will contact him as soon as possible to confirm his agreement to participate in the sub-committee.

Area 3 TAP Issues

Checkbox

Committee Member George Sullivan stated this did not get on the agenda for the Joint Committee Meeting last month. It will be on the agenda for the Joint Committee Meeting in Denver next month.



K-1

Committee Member George Sullivan said he was not able to be on the Joint Committee Call last week. He asked what happened. TAP Program Manager Nancy Ferree stated the issue was tabled for the meeting in Denver. Committee Member Gwen Handelman said they took an informal vote and it was 6-5 in favor. Some Joint Committee members asked Area 3 to add privacy concerns as a barrier to approval.

Committee Members discussed the fact that Committee Member Ed Hanna had written the proposal and he should be available to answer any questions the Joint Committee has on the issue. TAP Program Manager Nancy Ferree will check and see if there is conference call capability for the Face-to-Face meeting in Denver.

Outsourcing of Tax Return Preparation

Committee Member Gwen Handelman reported that at the Joint Committee Meeting TAP Director Bernie Coston did not have an answer as to whether this issue was within the scope of the panel. He is going to discuss this with National Taxpayer Advocate Nina Olson.

Response to Refund Envelopes

Committee Chair George Sullivan stated a response was received. There is no longer going to be using the refund information on the outside of refund check envelopes. TAP Program Manager Nancy Ferree stated she spoke with the person who handles this area. He stated they use customer service messages. They vary during the year.

Committee Member Gwen Handelman said she advised the Joint Committee that the Area 3 Committee was satisfied with the response, so the issue can be closed.

TAP Communication Strategy

Committee Member Buck Paolone said he received the information from Area 2. He also received information sent by Committee Member Gwen Handelman. He has also sent some information. He thinks that the sub-committee (Members Gwen Handelman, Charlotte Cassady and himself) could get together for a conference call to discuss and report back at the September Face-to-Face meeting in Nashville. Committee Member Gwen Handelman agreed. She suggests taking all the emails and putting them together to come up with a DRAFT plan.

TAP Program Manager Nancy Ferree spoke about opportunities such as practitioner seminars. DFO Carolyn Lewis said she is preparing a presentation for a TAS manager's meeting next week. She will be telling the LTAs that they should be letting committee members know about outreach opportunities. She is going to tell them to make contact with committee members about once a month.

New Issues

Committee Member Gwen Handelman said she does not feel the committee will be able to write up any more proposals before the end of the year so she thinks these new issues should be put off until next year. This will be discussed at the next meeting in Nashville.

Review of Assignments

Committee Chair George Sullivan said most of the assignments have been completed. This will be reviewed in detail at the face-to-face meeting in Nashville.

Other Issues

Committee Member Gwen Handelman said that the second part of the Annual Report was an internal grade of the committee, staff and IRS. Committee Chair George Sullivan said there will be an opportunity for comments to be provided at the face-to-face meeting in Nashville.



It was suggested that the bottom portion of the Annual Report be sent to everyone to prepare and submit at the face-to-face meeting in Nashville. The information will be collected at the meeting and put together there.

Committee Member Gwen Handelman stated that there was a NATP representative on the Joint Committee call last week. He spoke in support of the outsourcing proposal.

There was a brief discussion about the response from Commissioner Mark Everson on Congressman Markey letter about outsourcing. These two letters were a part of the meeting minutes from the face-to-face meeting in New Orleans in June.

TAP Program Analyst Sallie Chavez asked if everyone had their travel arrangements. She advised the group that she has heard from everyone except two (2) individuals. She will get in touch with them and have the meeting finalized by next Wednesday.

Meeting Close

Committee Chair George Sullivan thanked everyone for their time. The next meeting is the face-to-face meeting in Nashville scheduled for September 17 & 18, 2004.

Meeting was adjourned.

ASSIGNMENTS

TAP Program Analyst

1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) – TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue.
2. Contact #822 (Processing of Form 2553 Election by a Small Business Corporation) – TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.
3. TAP Program Analyst Sallie Chavez will contact SME on trust extensions for Committee Member Owen Oatley.
4. Contact #2866 (Individual states that he was not able to get information on his refund using either the 1040 toll-free number or the refund line about his 1040X refund) – TAP Program Analyst Sallie Chavez will obtain more information on the refund telephone numbers.
5. Contact #2975 (Individual receives income and is required to pay FICA and Medicare taxes on it – no specific line on 1040 for this information) – TAP Program Analyst will get a SME for this issue.
6. TAP Program Analyst Sallie Chavez will follow up with specialists to see what changes are being made to the extensions to file for next filing season.
7. TAP Program Analyst Sallie Chavez will set up conference call for Annual Meeting Subcommittee.
8. TAP Program Analyst Sallie Chavez will send out the bottom portion of the Annual Meeting Report (which is the Self-Assessment) for committee members to complete and submit at the face-to-face meeting in Nashville.

Chairperson

Committee Chair George Sullivan will obtain a copy of the suggestions for improving TAP from TAP Program Analyst Barbara Toy (available in September).

Committee Members

All committee members are to prepare suggestions to be included in the annual report.



CERTIFIED BY DFO CAROLYN LEWIS ON 10/7/2004



**Area 3 Committee Meeting Minutes
June 18 and 19, 2004
New Orleans, LA**

Members in Attendance:

- Charlotte Cassady
- Gwen Handelman
- Edward Hanna
- Owen Oatley
- Buck Paolone
- George Sullivan
- Carolyn Lewis, DFO

Staff:

- Sallie Chavez, TAP Program Analyst, Plantation, FL
- Nancy Ferree, TAP Program Manager, Plantation, FL
- Martha Curry, TAP Senior Program Analyst, Washington, DC

Guests:

- Philip Harmelink, University of New Orleans
- Leslye Baronich, IRS, Area Director, Wage & Investment, SPEC, Area 3
- Nesbit Parker, IRS, Disclosure Officer
- Kimberly Edwards, IRS, Program Director, Large & Midsize Business, Territory 2
- Steve St. Cyr, IRS, Governmental Liaison for Louisiana
- Mark Moreau, New Orleans Legal Assistance
- Will Smith, IRS, Territory Manager, Field Assistance, New Orleans
- Phyllis Distefano, IRS, Territory Manager, Small Business/ Self Employed, TEC
- Jan Pretus, IRS, SPEC Territory Manager

WELCOME

Panel Chair George Sullivan welcomed everyone to New Orleans. He thanked Designated Federal Official (DFO) Carolyn Lewis, TAP Program Analyst Sallie Chavez, TAP Program Manager Nancy Ferree and DFO Carolyn Lewis' staff for all the work they have done to prepare for this meeting in New Orleans.

INTRODUCTION OF PANEL

Each panel member introduced themselves to the visitors.

INTRODUCTION OF GUESTS

The guests introduced themselves.

NATIONAL OFFICE REPORT

TAP Director Bernie Coston could not attend the meeting. TAP Senior Program Analyst Martha Curry represented him. She advised the committee that they were in the middle of the recruitment process. The interviews should start within the next 3 week. They were originally to start next week but because of new travel regulations they will not be starting until mid July. There will be less travel involved during the interview process than was originally planned because more applicants want



telephone interviews. The process should not take as long as originally planned to complete these interviews.

There was some discussion about whether the term for a TAP Member was 2 or 3 years. Some members were asked to remain for a 3rd term but the charter states the term is 2 years.

REVIEW OF May 21, 2004 MEETING MINUTES

Committee Member Gwen Handelman submitted changes to the minutes. These changes were discussed. The meeting minutes (with corrections) were accepted by consensus.

ASSIGNMENTS

TAP Program Analyst

1. 1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) – TAP Program Analyst Sallie Chavez will get a subject matter expert (SME) to discuss this issue.

TAP Program Analyst Sallie Chavez attempted to get a SME to attend the meeting in New Orleans but could not locate anyone who had enough knowledge about the subject to speak to the group. Leslye Baronich, Area Director, Wage & Investment, SPEC, Area 3 said she may be able to help in the area. TAP Program Analyst Chavez will contact her for additional information and to fill her in on the details of the issue. This will remain as an open assignment.

2. 2. Contact #822 (processing of Form 2553 Election by a Small Business Corporation) – TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.

TAP Program Analyst Sallie Chavez and DFO Carolyn Lewis have not had time to complete this. This will remain an open assignment.

3. 3. TAP Program Analyst Sallie Chavez will send out the referrals from taxpayer received from April, May and the first part of June.

The referrals will be discussed at this meeting.

4. 4. TAP Program Analyst Sallie Chavez will contact Subject Matter Expert (SME) on trust extensions for Committee Member Owen Oatley.

TAP Program Analyst Sallie Chavez has obtained the name of the SME for this but has not made contact. This will remain an open assignment.

WALK-IN OFFICE REVIEW

Committee Member Buck Paolone visited the Birmingham Taxpayer Assistance Center (TAC) on April 20, 2004. He gave a brief report. The report is attached to the minutes as Exhibit "A".

There was a short discussion about Communication Strategy. This will be discussed in more detail later in this meeting.

ANNUAL REPORT

Committee Chair George Sullivan stated he will be retiring from the TAP after this year. He will be unable to attend the Annual Meeting to present the committee's report. Vice-Chair Charlotte Cassidy will present the report for him.



The Joint Committee has suggested that entire committee help the writing of the report. Committee Chair George Sullivan will assign a subcommittee to write this report from information received from the entire committee.

NASHVILLE FACE-TO-FACE MEETING

TAP Program Analyst Sallie Chavez reported that plans have been made for the face-to-face meeting September 16 – 18, 2004 in Nashville, TN. The meeting will be held at the Courtyard by Marriott – Downtown. There was some trouble trying to find space as there is a Home Show in Nashville during that time. Additional information will be sent out by the beginning of August as the hotel reservations must be made by August 26th.

COMMENTS FROM CITIZEN

Philip Harmelink from the University of New Orleans asked question about recruitment and what's required to be a panel member. TAP Senior Program Analyst Martha Curry addressed these questions.

OTHER COMMENTS

Committee Member Buck Paolone wants a list of suggestions for improving TAP. Committee Members were asked to submit and he would like the entire list from all members not just Area 3. Committee Chair George Sullivan stated he would request it from Panel Chair Tom Seuntjens. Committee Member Gwen Handelman stated that the Joint Committee has a subcommittee working on a document for chairs to use. There are two (2) documents being created – Standard Operating Procedures for Staff and How to Run an Effective Committee. She suggested getting the information Committee Member Buck Paolone wants from TAP Joint Committee Analyst Barbara Toy.

SUBCOMMITTEE REPORT

Outsourcing

Committee Member Gwen Handelman suggested that since the Disclosure Officer was at the meeting and could not attend the meeting tomorrow that discussion of the Outsourcing be moved to today. There was no opposition to discussing the issue here.

Committee Member Gwen Handelman explained the issue to the visitors.

The Joint Committee decided that consensus was the goal and everything from this committee has gone up by consensus. However the Joint Committee will allow non-consensus as long as a minority and majority report is submitted.

Committee Member Owen Oatley Outsourcing within the United States is regulated. Foreign doesn't have to follow the same regulations. He discussed a letter from Congressman Edward J. Markey to the IRS Commissioner and the Commissioners reply (see Exhibit "B" and "C").

It was discussed that the basis of proposal is that tax return preparers disclose tax information if return preparation is outsourced out of the United States.

IRS Disclosure Officer Nesbit Parker discussed unauthorized disclosure.

Committee Member Charlotte Cassady discussed identity theft. DFO Carolyn Lewis gave an example of H & R Block sending information to Wyoming or sending it to India. They are responsible for that return preparation through the entire process.

IRS Disclosure Officer Nesbit Parker states there is a contract. Committee Member Gwen Handelman states the contract was not the problem. The taxpayer has not agreed to have the return prepared by anyone except the company where he took his information.



DFO Carolyn Lewis wanted to clarify the issue. The committee wants tax preparers to disclose outsourcing to taxpayer no matter where it is outsourced (within the United States or outside the United States).

Disclosure Officer Nesbit Parker said the IRS is aware of this issue. The Chief Counsel could provide assistance on this issue.

Committee Member Ed Hanna stated that a tax society in California has agreed to take up this issue as well as a tax group in Texas.

Committee Member Gwen Handelman wants to address both internal and external outsourcing and have outsourcing included in Circular 230.

Committee Member Owen Oatley wants to take smaller portions. He would like to address the largest potential problem and submit a narrow proposition rather than a broad proposition.

Committee Member Ed Hanna said outsourcing within the United States has been done for more than 30 years. There are laws. Foreign countries are not under the same control.

Committee Member Buck Paolone said a client should be aware that the return will be outsourced no matter where and client must give consent. He states outsourcing is outsourcing. The client should be made aware if it is outsourced within the United States or to a foreign country.

Committee Member Ed Hanna said he is not in agreement with putting the name and address of the company where the information is being sent in the contract. He said the client might then just go to the outsourcing company to have the returns prepared the next year. Preparers will lose clients.

Committee Chair George Sullivan asked for a vote on Committee Members Owen Oatley and Ed Hanna's issue of outsourcing to foreign countries. He added that there will be a minority report issued on this proposal. This issue was accepted by consensus of those at the meeting.

Committee Chair George Sullivan asked for a vote on Committee Members Gwen Handelman and Agnes Tillerson's issue of all outsourcing. There was one person who does not agree with this issue. There will be a minority report issued on this proposal as well.

TAXPAYER ASSISTANCE CENTER

DFO Carolyn Lewis introduced Will Smith, IRS, Territory Manager, Field Assistance from New Orleans. He made a presentation to the committee with a PowerPoint presentation on the duties of the Taxpayer Assistance Centers. Copies of this PowerPoint were provided to all committee members.

TAXPAYER EDUCATION AND COMMUNICATION

Phyllis Distefano, IRS, Territory Manager, Small Business/ Self Employed requested to speak to the committee. She wanted to thank and commend the group for taking the time to help improve the IRS.

She told the committee what her organization does. They work with small business organizations. About 88% use tax preparers so they work very closely with practitioners. At the present they are working with the construction industry, restaurant industry and cosmetics industry. They are involved with the general education of these businesses. They do that through Small Business Workshops and Seminars. At the present, this has been taken over by practitioners to teach these workshops and seminars. They teach on specific topics.



They are now promoting electronic filing. They are promoting a program of EFTPS (Electronic Federal Tax Payment System) where if a business signs up for EFTPS and maintains the EFTPS for at least four (4) quarters, the IRS will abated a prior penalty and refund the payment.

Committee Member Gwen Handelman asked Phyllis if she was familiar with the Area 3 Committee's proposal for tax treatment of health benefits. She said she had not heard about it. Committee Member Handelman asked if TEC was familiar with any TAP issues. Phyllis has been working with Mike Chesman on some other issues. Committee Member Handelman requested to have a National initiative to get TAP into stakeholder groups within the IRS.

VITA

Jan Pretus, IRS, SPEC Territory Manager spoke about SPEC (Stakeholder Partnerships, Education & Communication) programs (see attached Exhibit "D"). The statistics for the VITA (Volunteer in Taxpayer Assistance)/TCE (Tax Counseling for the Elderly) has grown. This year they prepared 270,020 returns in comparison to 240,897 last year. She provided several publications to the committee members (Publication 4256, "Will you qualify for the EITC this year?", Publication 4237, "E-file your Tax Return Using Free Online Filing!", and Publication 4225, "Coming Together for Stronger Communities").

REFERRALS FROM TAXPAYERS

Contact #2866

This individual states that he was not able to get information on his refund using either the 1040 toll-free number or the refund line about his 1040X refund. TAP Program Analyst Sallie Chavez states she called the two (2) refund numbers and they do not identify that they are only for current year refunds. The issue was discussed and the committee asked TAP Program Analyst Chavez to obtain more information on the refund telephone numbers.

Contact #2975

This individual receives income and is required to pay FICA and Medicare taxes on it. There is no line on the return to do this except under TIP Income (line 56). When he does that he gets notices asking for Form 4137 which he does not have to file. Committee Member Owen Oatley states that he thinks the instructions cover this issue. He said you just put the tax on line 60 and explain why you are putting the tax there. Committee Member Gwen Handelman states it would be better to just change the form and remove "tip income" from line 56. There was some discussion about this. It was decided to try and get a Subject Matter Expert to talk about this. DFO Carolyn Lewis states she may have someone to address this issue. Committee Chair George Sullivan asked to have the W-2 requested from the taxpayer.

Contact #3036

This individual states that a prior year overpayment that a taxpayer elects to have applied to the following year is not considered as tax already paid for the calculation of the ES penalty. This issue was discussed. It was pointed out that the over payment should be included with the April 15th payment. It is on page 3, top left hand side, item #2. TAP Program Analyst Sallie Chavez will send letter to taxpayer with this information and drop the issue.

NEW ISSUES

Committee Member Charlotte Cassady brought up a new issue concerning custodial parents. She would like to see some type of "flag" on anyone who owes any type of Federal or State debt such as child support. She knows there is misuse of EITC. There is a child support database that indicates proof that a child is living with the individual. This would indicate if an individual is eligible for EITC.

There was much discussion about this. Maybe this should be worked by EITC. Committee Member Charlotte Cassady will present this to the EITC Issue Committee at their next meeting on July 20th.



Another new issue Committee Member Charlotte Cassady brought up last month concerned Social Security Administration having a new option of filing W-2s electronically and it automatically calculates W-3s. Form 1099 goes to the IRS. She would like to propose that business owners be able to input and print out copies and e-file to IRS. She would like this to be made operational at the point where the IRS confirms the taxpayer's social security number. She feels it will save time and money for business owners. TAP Program Manager Nancy Ferree stated that maybe this would fit into one of the issue committees. Committee Member Cassady stated she agreed and will present it to her Payroll Issue Committee.

JOINT COMMITTEE SUGGESTIONS FOR OPERATIONAL PROCEDURES FOR TAP PANELS

Committee Chair George Sullivan discussed procedures that the Joint Committee is preparing to be used to help the committee operate better. Committee Member Gwen Handelman said that the Joint Committee has a subcommittee to prepare a final document to be used by the chairs.

OUTREACH

Committee Chair George Sullivan stated committee does not do enough outreach to promote TAP. The outreach that is done by the committee is found by the staff. The Joint Committee is setting up several things such as the TAP Communication Strategy. There is going to be training during the Annual Meeting. He would like to create a sub-committee to develop a strategy for the next fiscal year.

TAP Program Manager Nancy Ferree and TAP Program Analyst Sallie Chavez made some comments about possible outreach activities.

Committee Chair George Sullivan asked TAP Program Analyst Sallie Chavez to distribute the Speaker Request Form to all committee members.

Committee Member Gwen Handelman raised the issue of chairs not having access to budget. She agrees that there should be a subcommittee.

Committee discussed the issue and all agree that outreach is important. Committee Chair George Sullivan stated the subcommittee will work on the following:

1. Come up with suggestions on outreach opportunities.
2. Keep outreach on the agenda as an open item. Put it before committee monthly so it won't be forgotten.

Committee Chair George Sullivan asked for volunteers to be on the committee. Committee Members Charlotte Cassady, Gwen Handelman and Buck Paolone volunteered for this subcommittee.

Committee Chair George Sullivan asked them to work up ideas, put them on paper, provide them to TAP Program Analyst Sallie Chavez and they will be discussed at each meeting.

Committee Member Charlotte Cassady suggested newspaper articles. TAP Program Analyst Sallie Chavez stated there are press releases prepared that can be specially designed to each individual. These press releases can be sent to media relations for release or can be done by the individual if they want to take to the local newspaper.

ANNUAL REPORT COMMITTEE

Committee Chair George Sullivan said this subcommittee will receive information from all committee members for the annual report. He asked the following committee members to be on the subcommittee:



- Committee Member Owen Oatley (he will think about it)
- Committee Member Helen Curol (Committee Chair George Sullivan will call her and ask if she will accept)
- Committee Member Charlotte Cassady (because she will have to deliver the report at the annual meeting)

Committee Chair George Sullivan asked that suggestions be sent to himself or TAP Program Analyst Sallie Chavez for the meeting in July. Committee Member Gwen Handelman said that the Joint Committee is preparing an outline so it shouldn't be too difficult to put together.

Meeting was adjourned for the day.

June 19, 2004

WELCOME

Committee Chair George Sullivan welcomed everyone to day two of the meeting. He stated some of the issues for today have already been covered. He thanked DFO Carolyn Lewis for the dinner arrangements at Copeland last night.

INTRODUCTION OF GUESTS

There were no guests present.

MATRIX/ISSUE REPORT

Committee Chair George Sullivan explained the purpose of the matrix. The committee discussed the elevated issues.

TAP Program Manager Nancy Ferree discussed the Refund Check Envelope issue. A response was received on this issue. The IRS does not prepare envelopes. The committee needs to make a decision about this issue.

TAP Program Manager explained timeframe on responses on elevated issues.

Committee Chair George Sullivan asked TAP Program Analyst Sallie Chavez to send out "Summary of TAP Recommendations" to all committee members.

Committee Member Buck Paolone asked about what happens to recommendations after they are forwarded to the Joint Committee. Committee Chair George Sullivan advised that they were sent to Sue Sottile for Wage and Investment recommendations and Mike Chesman for Small Business/Self Employed recommendations. They get the information and field it out to the responsible area. The Joint Committee keeps control of the elevated issues.

Committee Member Buck Paolone would like information on how follow-ups are done on issues that are submitted. Committee Chair George Sullivan will get this information.

The committee discussed the "Area 3 Issues" list and the Matrix. It was decided to rename the "Area 3 Issues" list "Subcommittee List". Compared Area list and Matrix. There were several items that were not on the Matrix. TAP Program Analyst Sallie Chavez will assure that all items are on the Matrix. The checkbox issue is not on the Matrix. TAP Program Analyst Sallie Chavez stated it maybe that it was not changed from elevated to active when the Joint Committee asked for it to be rewritten. Also we will add the new Form 1099 issue to the issue list.

SUBCOMMITTEE REPORTS



Offer In Compromise/Installment Agreements/Penalty-interest Assessments

Committee Member Owen Oatley stated that many issues overlap with his Schedule C non-filer issue committee. Committee Member Gwen Handelman said that's Small Business/Self-Employed. Wage and Investment should still be involved.

Committee Member Owen Oatley said that living expenses is not being dealt with properly. Committee Member Ed Hanna asked who determined these standards. The committee discussed the standards. This information was provided to the old CAP. It was decided that this information need to be provide to this committee. TAP Program Analyst Sallie Chavez will provide this information to the subcommittee.

Committee Member Owen Oatley discussed several issues on OIC. Committee Chair George Sullivan asked Committee Member Oatley to prepare a short description for TAP Program Analyst Sallie Chavez so it can be put in the database for inclusion on the Matrix.

Expand Checkbox Authority to Succeeding Years for Estimated Payments

Committee Member Ed Hanna stated he is working on it and will have it in about another week.

Telephone Listing/Answering Quality

Committee Member Buck Paolone said that they had already proposed one recommendation with Area 6 which will be re-elevated. He stated he has contacted the California tax office about wait time and found they have an announcement on their line telling callers how much time until they are helped. He doesn't understand why IRS can't do this.

Committee Chair George Sullivan asked him if there is going to be additional issues. Committee Member Buck Paolone discussed the problems he had in getting answers to his questions about telephone listing. TAP Program Analyst Sallie Chavez stated that the previous Subject Matter Expert (SME) the subcommittee spoke to was not in that position any more. We have a new SME and she will try and get answers to these questions for the subcommittee.

Committee Member Gwen Handelman stated this issue is not on the Matrix. It needs to be added to the database.

Also, there are three (3) issues on the Matrix for Telephone Quality that are not being worked. Committee Member Buck Paolone says quality is being addressed by IRS. He is not really actively pursuing this issue.

Committee Chair George Sullivan said that the subcommittee needs to have a conference call to discuss this issue.

TAP Program Analyst Sallie Chavez asked if this issue should be separated into several different issues. Committee Member Charlotte Cassady suggested that Contact #1989 may be able to be closed because he could contact the Practitioner Hotline. There was some discussion about duplicate issues. TAP Program Manager Nancy Ferree and TAP Program Analyst Sallie Chavez will work on this.

Walk-in Office Review (Taxpayer Assistance Centers)

Committee Chair George Sullivan said Committee Member Buck Paolone has given his report. He has visited the Ft. Myers Office but not on a formal basis. He had difficulty getting information from the office. This is one very good reason for going through the TAP staff to make an appointment to visit.

Committee Member Ed Hanna said he would like to make a deadline of July to have these visits completed. Committee Member Gwen Handelman said she cannot make visit until the fall. Committee Member Owen Oatley said he is working on making visit in July.



The issue of TAP Signs was brought up. The committee needs to decide if and how they want to elevate this issue based on Will Smith's presentation yesterday. Committee Member Ed Hanna handle this issue.

Committee Member Charlotte Cassady asked about putting signs up in post offices.

Committee requested TAP Program Analyst Sallie Chavez to change the status on the TAP Sign to issue "Active".

Schedule K-1

Committee Member Owen Oatley is still re-writing this proposal with Committee Member Ed Hanna and Area 1 Committee Member Paul Nagel.

Military Special Information

Committee Member Owen Oatley stated that with the information received yesterday about the military VITA this can be dropped.

Suggestions for Extension for filing return

Committee Member Owen Oatley said several of the suggestions are common sense. We may want to see what changes IRS has made since the filing season. TAP Program Analyst Sallie Chavez will check on this and report back at the next meeting.

Outsourcing (revisited from yesterday)

Committee Chair George Sullivan said Committee Member Sharon Lassar had faxed a report to TAP Program Analyst Sallie Chavez. He read the report (see attached Exhibit "E"). This is her position. Her report should be in the same format as the proposition. He will contact her to submit at the July meeting.

TAP Program Manager Nancy Ferree stated she agrees with Committee Member Sharon Lassar. She feels this is not in the scope of this panel and would like her position to be reflected in the minutes. The Ad Hoc Issue Committee is working on licensing of preparers.

There was a discussion on the licensing of preparers.

Committee Chair George Sullivan said that if there were no objections TAP Program Analyst Sallie Chavez will add Committee Member Sharon Lassar's comments into the minutes. He will ask Committee Member Sharon Lassar to prepare a minority report to be presented to the Joint Committee at the July 20th meeting.

DFO Carolyn Lewis questions the final written proposal because there was no proposal presented at the meeting. Committee Chair George Sullivan stated he will send out the final proposals and will ask committee members for any corrections before it goes to the Joint Committee. He will ask Committee Member Sharon Lassar for her minority report by July 6th.

Form 1099

Committee Member Charlotte Cassady has decided to take this issue to the SBSE Payroll Issue Committee.

CITIZEN INPUT

There were no citizens in attendance today.

CLOSING REMARKS/SURVEY/ADJOURNMENT

Committee Chair George Sullivan asked that everyone please complete the meeting survey that is in



the folder. He thanked everyone for attending the meeting. He said he thinks the committee accomplished a lot. He was very pleased about the attendance at yesterday's meeting by IRS representatives. He also wanted to again thank DFO Carolyn Lewis, TAP Program Manager Nancy Ferree and TAP Program Analyst Sallie Chavez for all the work done to make the meeting a success.

He reminded everyone the next meeting was July 16, 2004.

Meeting was adjourned.

ASSIGNMENTS

TAP Program Analyst

1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) – TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue.
2. Contact #822 (Processing of Form 2553 Election by a Small Business Corporation) – TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.
3. TAP Program Analyst Sallie Chavez will contact SME on trust extensions for Committee Member Owen Oatley.
4. Contact #2866 (Individual states that he was not able to get information on his refund using either the 1040 toll-free number or the refund line about his 1040X refund) – TAP Program Analyst Sallie Chavez will obtain more information on the refund telephone numbers.
5. Contact #2975 (Individual receives income and is required to pay FICA and Medicare taxes on it – no specific line on 1040 for this information) – TAP Program Analyst will get a SME for this issue.
6. Contact #3036 (Individual states that a prior year overpayment that a taxpayer elects to have applied to the following year is not considered as tax already paid for the calculation of the ES penalty) – TAP Program Analyst Sallie Chavez will send letter to taxpayer with the instruction on how to prepare the Form 2210 and drop the issue.
7. TAP Program Analyst Sallie Chavez will provide copies of the Speaker Request Form to all committee members.
8. TAP Program Analyst Sallie Chavez will provide copies of the "Summary of TAP Recommendations" to all committee members.
9. TAP Program Analyst Sallie Chavez will check on the status of the Checkbox Issue and change it to "Active".
10. TAP Program Analyst Sallie Chavez will change status of TAP Signs in TAC Office from Parking Lot to Active.
11. TAP Program Analyst Sallie Chavez will follow up with specialists to see what changes are being made to the extensions to file for next filing season.
12. TAP Program Analyst Sallie Chavez will add Committee Member Sharon Lassar's comments into the meeting minutes.

Chairperson

1. Committee Chair George Sullivan will request a copy of the suggestions for improving TAP from either TAP Chair Tom Seuntjens or TAP Program Analyst Barbara Toy.
2. Committee Chair George Sullivan will request information on implementation of follow-ups.
3. Committee Chair George Sullivan will request minority report on the Outsourcing issue from Committee Member Sharon Lassar.

Committee Members

1. All committee members are to prepare suggestions to be included in the annual report.



2. Committee Member Owen Oatley will provide a short description of the OIC issue to be input into the TAP database.
3. Committee Member Ed Hanna will complete proposal on Expand Checkbox Authority to Succeeding Years for Estimated Payments.
4. Owen Oatley will complete proposal on the Schedule K-1 issue.

CERTIFIED BY DFO CAROLYN LEWIS ON 10/7/2004

Exhibit "A"

Date: 22 April 2004

From: Francis J. "Buck" Paolone, Member, Area 3, Taxpayer Advocacy Panel

To: George Sullivan, Chair, Area 3, Taxpayer Advocacy Panel

Re: Walk-in Office Review, Taxpayer Assistance Campus in Birmingham, Alabama

Upon affirmation of designated date, arranged by Nancy Ferree (Program Manager for Area 3), I visited this Center on Tuesday 20 April at 9:00am and stayed until 9:30am the same day. Although this visit was/seemed to be rather short, it was nonetheless informative and enlightening as well as brief. My host and guide was Regina Slayton, Manager of this TAC.

As she led me through the various compartments, I utilized the outline of questions/concerns (as developed by Ed Hanna, Member and past Chair of Area 3, and approved by the Area 3 Committee) in order to establish my points of reference:

1. Security was very evident and dutifully managed by a uniformed guard who requested my ID and required me to sign in vis-a-vis reason for visit, person to see if appropriate, and who I represented.
2. I noted that the area was clean; that days and hours of operation were posted; and that there was one small poster informing taxpayers about TAP and TAS.
3. Manager Regina Slayton telephone messages are in English; that there is a recorded message requesting the calling taxpayer to leave message which would be answered within 48 hours; and that there is available multilingual service through the toll-free IRS number.
4. There were 10 cubicles for assisting individual taxpayers and a private room is available for any taxpayer to request or be informed of for use.
5. There is also a private room with a special assistant to handle e-filing, although I did not notice any signs indicating availability of such.
6. I was introduced to two IRS agents, who were indeed friendly and helpful ...But I would have gotten a "better feel" or perhaps a more poignant observation if my visit had occurred during the tax season.

Regina and I talked for about five minutes at the conclusion of my visit and she acknowledged that there was insufficient information/posters/signs/materials available for either the taxpayers or for the IRS agents/office to become informed of the Taxpayer Advocacy Panel, its function, or even its reason for existence. I had some materials with me which I gave to her and she said that she would order more from the appropriate source. I ended with comments about what the TAP organization is attempting to do.



Exhibit "B"

Congress of the United States
House of Representatives
Washington, DC 20515-2107

February 23, 2004

The Honorable Mark W. Everson
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

The Honorable William J. McDonough
Chairman
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Dear Commissioner Everson and Chairman Donaldson:

I am writing to express my concern over a recent press report indicating that a grounding number of accountants and professional tax preparers across the nation are outsourcing tax preparation to offshore workers located in foreign countries (see Lynnley Browning, "Outsourcing Abroad Applied to Tax Returns, Too," The New York Times, February 15, 2004, Section 3, page 12).

This report indicates that "this year, at least 100,000 tax returns, both federal and state, will be prepared by Indian citizens in places like Bombay and Bangalore." That number is reportedly four times larger than last year. Employing foreign workers to prepare United States tax returns risks compromising the security and confidentiality of tax returns, creates potential threats to individual privacy, and may result in less accurate returns being filed with the IRS. As you know, a tax return many contain information about an individual or corporation that may be very sensitive. In the case of an individual, the tax return includes essential personal data, such as name, address, Social Security number, and information about the individual's income, finances, and debts. In the case of a corporation, the return may contain important information about the companies' finances and business operations. The phenomenon of such tax return information be processed or analyzed by offshore entities raised a number of important legal and regulatory issues, and in order to better understand how each of your respective agencies is addressing these issues, I respectfully request your assistance and cooperation in responding to the following questions:

1. Is there any requirement in the federal tax laws and regulations, or in the rules governing the business conduct of accountants employed by public companies, which require such accountants or other professional tax preparers to disclose to their clients that the preparation or analysis of their tax return is being outsourced to an offshore person or entity? If not, do you believe that such explicit notice should be required?
2. Is there any requirement in the federal tax laws or regulations, or in the rules governing the business conduct of accountants serving public companies, that would require an accountant or other professional tax preparer to obtain the express written consent of the taxpayer before a tax return or related personal information could be outsourced to an overseas entity or person? Do you believe such explicit notice should be required?
3. The aforementioned press report indicates that some firms have established security procedures to help ensure that any foreign workers employed in the processing or analysis of a tax return. It is also reported that other firms have no such procedures in place and instead

may merely email a taxpayer's information to an offshore entity or person for processing. Have either of your agencies reviewed the security policies and procedures used by accounting firms or other tax preparers to assure their adequacy? Is there any penalty for not having such procedures, or for failing to implement them properly?

4. If a person or company engages, an accounting firm to prepare their taxes or provides them with tax advice, and then that accounting firm outsources this work to an offshore person or entity, isn't there a risk that the person doing the work may not be knowledgeable about the U.S. tax laws and regulations, or may not have the skills and training of a U.S. CPA? Are you concerned that individuals or companies may be misled into believing that their tax returns are being prepared or analyzed by a CPA, when in fact they are not? Is there any penalty for making such a misrepresentation? If no, should there be?
5. [For the PCAOB] It is my understanding that the PCAOB's has oversight and enforcement authority over accounting firms serving as auditors of public companies. I further understand that the Sarbanes-Oxley Act allows such auditors to perform certain tax services for public companies (if approved by the companies' audit committee). If an PCAOB-regulated auditor outsourced the preparation of tax returns for or the provision of tax advice or tax counseling for a public company, what authority would the PCAOB have over the offshore entity? In your response, please address the case of an offshore affiliate of a registered auditor and the case of an unaffiliated third party acting as a subcontractor of an auditing firm.
6. [For the PCAOB] It is my understanding that the PCAOB has authority under Section 201 of the Sarbanes-Oxley Act to declare, by regulation, certain other non-audit services to be impermissible to be conducted by a registered auditor of a public company. Has the PCAOB considered whether offshoring of tax or certain other non-audit services by an auditor should be subject to further regulation or even prohibition in order to ensure privacy, confidentiality, data security, and facilitate effective law enforcement over such auditors? If so, what action have you taken? If not, why not?
7. [For the IRS] It is my understanding that the U.S. tax laws provide for penalties to be imposed against a tax preparer who aids and abets in the submission of a tax return that understates the tax liability of another person or which engages in certain other fraudulent activities. If the tax preparer who engaged in such activities was an outsourced offshore person or entity, how would the IRS enforce the law and impose penalties upon such a person?
8. [For the IRS] It is my understanding that the U.S. tax law (Sec.7216) bars a tax preparer from "knowingly or recklessly" 1) discloses "any information furnished to him for, or in connection with, the preparation of any such return," or 2) "uses any such information for any purpose other than to prepare, or assist in preparing, any such return." How would the IRS enforce this restriction in the case of a tax return which was outsourced to an offshore firm? How would violations of these provisions of the law be enforced against an offshore entity who had subcontracted with a U.S. accounting or tax preparation firm? What recourse would the taxpayer have against the offshore entity that violated their privacy in this fashion?

Thank you for your assistance and cooperation in this matter. Should you have any questions about this request, please have your staff contact Mr. Jeff Duncan or Dr. Michael Bailey of my staff at 202-225-2836.

Sincerely,
Edward J. Markey
Member of Congress

Exhibit "C"



Department of the Treasury
Internal Revenue Service
Washington, DC 20224

April 6, 2004

The Honorable Edward J. Markey
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Markey:

Thank you for your letter dated February 23, 2004, about press reports that some tax return preparers are using people located in other countries to assist in preparing federal and state tax returns. I share your concerns about these practices. At the same time, I believe we must clearly understand these practices before we respond to them, and we are working diligently to gain that understanding. Taxpayers rightfully expect that paid return preparers will keep their private information confidential and prepare accurate and complete returns. I assure you the IRS and the Treasury Department are committed to preserving taxpayer expectations and ensuring return preparers also honor these expectations.

Our voluntary, "self-assessment" tax system depends on taxpayers filing accurate returns. I believe a taxpayer's willingness to do so decreases if the individual does not trust that his private information will remain confidential. The Internal Revenue Code (Code) contains a number of provisions that protect the confidentiality of taxpayer information. Section 6103, for example, prohibits us from disclosing tax returns and tax return information. Civil and criminal penalties apply to violations of section 6103. Similarly, sections 6712 and 7216 impose civil and criminal penalties, respectively, on federal income tax return preparers who disclose information a taxpayer provides for the preparation of a return or who use that information for any purpose other than preparing the return (e.g. to market non-return preparation services to the taxpayer). Section 7216 authorizes the Treasury Department to permit, by regulation, disclosures and non-return preparation uses of tax information; these rules also apply to section 6713. Treasury regulations provide standards for obtaining taxpayer consent to disclose or use return information and rules for when taxpayer consent is not required to disclose return information.

Code provisions and related Treasury regulations that protect the confidentiality of taxpayer information do not distinguish between U.S. and foreign tax preparers. In other words, the law does not prohibit foreign individuals from receiving taxpayer information or assisting return preparers located in the U.S. Nevertheless, I recognize that taxpayers may have legitimate concerns about their ability to hold foreign individuals accountable for violations of privacy and confidentiality protections provided by U.S. law. I also recognize that taxpayers may believe that foreign individuals may not be as familiar with U.S. tax law as return preparers located in the U.S. We will examine these concerns as part of our review of the reported practices. My responses to your questions are below. You addressed Questions 5 and 6 to the Public Company Accounting Oversight Board, so I will not address them here.

Question 1: Is there any requirement in the federal tax laws and regulations, or in the rules governing the business conduct of accountants employed by public companies, which require such accountants or other professional tax preparers to disclose to their clients that the preparation or analysis of their tax return is being outsourced to an offshore person or entity? If not, do you believe that such explicit notice should be required?

Several laws govern the disclosure and use of information taxpayers provide to return preparers. The Gramm-Leach-Bliley Act of 1999 (GLBA) and the Federal Trade Commission regulations under the GLBA apply to people who provide tax planning and tax preparation services. The GLBA is limited to



financial services, including tax planning and tax preparation services, for personal, family, or household purposes and therefore does not apply to financial services offered to businesses. The GLBA requires individuals and businesses offering financial services to provide annual notices to clients detailing their information-sharing policies and practices. The GLBA prohibits, in some situations, the disclosure of nonpublic personal information to nonaffiliated third parties. I believe and agree that the GLBA would require a return preparer to disclose to a client that a foreign person may help prepare a client's return; however, the interpretation and enforcement of those rules (including the form of any required disclosure of returns and return information) lie with the Federal Trade Commission.

Question 2: Is there any requirement in the federal tax laws or regulations, or in the rules governing the business conduct of accountants serving public companies, that would require an accountant or other professional tax preparer to obtain the express written consent of the taxpayer before a tax return or related personal information could be outsourced to an overseas entity or person? Do you believe such explicit notice should be required?

In addition to the law noted in the response to question 1, sections 6713 and 7216 of the Code govern the use and disclosure of taxpayer information by federal income tax return preparers. Under those sections, income tax return preparers may not disclose information their clients furnish them except as provided under the Code, by court order or under Treasury regulations. Likewise, return preparers may not use that information for any purpose other than return preparation except as provided in Treasury regulations. Civil and criminal penalties apply to the improper disclosure or use of taxpayer information.

The regulations under section 7216 permit a tax return preparer to disclose, without a client's consent, information received from the client to a second tax return preparer that provides auxiliary services in preparing the client's return. Although the IRS generally has interpreted these provisions to permit a return preparer to disclose taxpayer information to a third party who assists in the preparation of a return, the Treasury Department and IRS' current Guidance Priority List includes a project to revise the section 7216 regulations.

Question 3: Has the IRS reviewed the security policies and procedures used by accounting firms or other tax preparers to assure their adequacy? Is there any penalty for not having security procedures, or for failing to implement security procedures properly?

The IRS does not routinely review the security policies and procedures return preparers use to protect taxpayers' personal information. If, in the course of performing our tax administration duties, we become aware of an unauthorized disclosure or use of information obtained for the preparation of a return, we will impose the appropriate civil penalties against the return preparer. Further, if we believe criminal penalties for the unauthorized disclosure or use of taxpayer information may apply, we will refer the case to the Office of the Treasury Inspector General for Tax Administration, which has responsibility for enforcing section 7216 under a memorandum of understanding between our offices.

Question 4: Isn't there a risk that the foreign person to whom work is outsourced may not be knowledgeable about the U.S. tax laws and regulations or may not have the skills and training of a U.S. CPA? Are you concerned that individuals or companies may be misled into believing that their tax returns are being prepared or analyzed by a CPA, when in fact they are not? Is there any penalty for making such a misrepresentation? If no, should there be?

As the agency responsible for tax administration, we are always concerned about any practice that may adversely affect the accuracy of tax returns. We have no information suggesting that federal tax returns foreign individuals prepare are less accurate than tax returns prepared by commercial tax return preparers in this country. Further, no law requires a federal income tax return preparer located in the U.S. to be a certified public accountant licensed in the U.S. or to be licensed or certified by the IRS. Based on available information, a significant number of the known tax return preparers



(regardless of where they are located) are not lawyers, certified public accountants, or enrolled agents. Nevertheless, we recognize that taxpayers who seek assistance from a return preparer located in the U.S. may expect that people located in the U.S. will prepare the return.

Anyone who charges a fee to prepare a federal income tax return must comply with certain requirements. (A person who does not sign a return, but who helps prepare it, can be a return preparer under the Code and, therefore, is subject to the penalties that apply to return preparers.) If a return preparer, including a foreign person who assists a U.S. return preparer, fails to meet these requirements, we may impose penalties against the return preparer and possibly file suit to enjoin the preparer from engaging in the misconduct. In addition, a U.S. return preparer who signs an income tax return regardless of whether a foreign person helped prepare that return, is responsible for the content and accuracy of that tax return.

The failure to comply with the requirements of the Code may result in one or more sanctions against the preparer. For example, return preparers are subject to penalties if they willfully understate their client's liability on the return. If the understatement of the liability on the return is due to the return preparer's reckless or intentional disregard of the rules and regulations, or if the understatement is based on a position that could not realistically stand on its own merits. Additionally, if the return preparer also represents taxpayers before the IRS, we may discipline the return preparer under Treasury's rules for willfully or recklessly advising clients to take frivolous positions or failing to exercise due diligence in supervising those who assist the preparer, including individuals located in a foreign country.

Question 7: If the tax preparer who engaged in such activities was an outsourced offshore person or entity, how would the IRS enforce the law and impose penalties upon such a person?

As stated above, return preparer penalties may apply both to a U.S. return preparer who signs a federal income tax return and to a foreign person who helped prepare the return. The IRS, therefore, may access and collect penalties from the return preparer who engaged the foreign person and from the foreign person. If the foreign person does not pay the penalty we imposed, we will try to collect the penalty from any assets that person may have in the United States or through available international legal mechanisms. We recognize that taxpayers may not view these mechanisms as comparable to the actions we can take against return preparers located in the U.S.

Question 8: How would the IRS enforce this restriction in the case of a tax return which was outsourced to an offshore firm? How would violations of these provisions of the law be enforced against an offshore entity who had subcontracted with a U.S. accounting or tax preparation firm? What recourse would the taxpayer have against the offshore entity that violated their privacy in this fashion?

The restrictions against unauthorized disclosure or use of information the return preparer obtains for the purpose of preparing a return under sections 6713 and 7216 would apply both to a U.S. return preparer who engages a foreign person to help prepare a return and to the foreign person. As to those Code provisions, neither the return preparer nor the foreign person is responsible for the unauthorized actions of the other. Thus, if the foreign person violates the provisions of sections 6713 and 7216, the return preparer who engaged the foreign person is not liable under those Code sections for the foreign person's actions. (A taxpayer may have other grounds for holding the U.S. return preparer responsible for the actions of the foreign persons, such as state contract law. However, I have not addressed those issues in this letter.) We would need to assess the penalty under section 6713 against the foreign person. If the foreign person does not pay the penalty voluntarily, we could attempt to collect using the procedures described in the answer to Question 7. The Treasury Inspector General for Tax Administration would decide whether to pursue criminal liability under section 7216 after a review of the appropriate treaties.



Again, we are committed to reviewing the reported practices of the tax preparation community to determine whether we need to take further action. I hope my response has been helpful. If you have further questions, please contact me at (202) 622-9511 or Richard S. Goldstein, Special Counsel to the Associate Chief Counsel (Procedure and Administration), at (202) 622-7025.

Sincerely,

Mark W. Everson

Exhibit "D"

SPEC PROGRAMS

Volunteer Income Tax Assistance (VITA)

The IRS trains volunteers to help people prepare basic tax returns for those with a low to limited income, individuals with disabilities, non-English speaking persons, and elderly taxpayers. The volunteers serve in the community at neighborhood centers, libraries, churches, shopping malls and other convenient locations. Volunteers also provide assistance in determining eligibility for, and claiming the earned income and advanced earned income tax credits. Many VITA sites also offer free electronic filing. Volunteers also serve as instructors, site managers, publicity coordinators, and receptionists.

Tax Counseling for the Elderly (TCE)

TCE is another volunteer program where tax skills and a helping hand are offered. TCE offers free tax help to people who are 60 years or older. Many of the volunteers are retired themselves and are affiliated with non-profit groups that have received grants to run a local TCE program. Grant funds are used to reimburse volunteers for travel and other program related expenses so they can go wherever they are needed - retirement homes, neighborhood sites or private houses of the homebound. Some TCE sites offer electronic filing at no charge to the taxpayer. There are many volunteer opportunities available as instructors, tax assistants, site coordinators, receptionists, and other important positions.

Community Outreach Tax Education

In the Community Outreach Tax Education program, individuals conduct lectures or seminars on some aspect of tax law. The presentations are targeted at groups of taxpayers who have a common occupation or tax concern. Outreach is offered year-round at convenient community locations and at convenient hours, including evenings and weekends. Tax education seminars are tailored to the interest of each group attending. Tax return preparation sessions cover federal tax forms line-by-line so that taxpayers can prepare their returns correctly.

Understanding Taxes Program

Since nearly everyone will have to pay taxes eventually, what better time to learn the basics than while in school? Besides, many students already have part-time jobs or other sources of income requiring them to file a tax return. That's why the IRS has three Understanding Taxes Programs; for eighth grade, high school and post-secondary learners, which provide basic tax education to students.

Visit Tax Interactive "TAXI" at www.irs.gov/taxi. This entertaining and educational website is a great way to teach today's youth about their tax rights and responsibilities.



Student Tax Clinics

Students in the field of taxation get some "hands-on" experience providing counsel to taxpayers whose returns are being examined. Law and graduate accounting school students are given special permission to practice before the IRS on behalf of taxpayers who can't afford professional help. Volunteers help with clinic operations or even serve as a Student Tax Clinic Director.

Bank, Post Office and Library (BPOL) Program

This program offers a chance to give back a little to the community. The IRS supplies over 47,000 libraries, banks, post offices, technical schools, state and local governments, and similar facilities with free tax forms and instructions. Tax Forms on CD-ROM and reference materials are available at many participating locations. Once the tax materials are placed at these facilities, volunteers direct patrons to the proper form, or booklet to suit their needs.

IRS e-file

Individual Marketing Services (IMS) supports SPEC field offices by recruiting, certifying, supporting, and monitoring participants in the IRS e-file Program. IMS publishes the electronic filing handbooks, which are the primary source of guidance for individual electronic filers, and produces the ERO Marketing Took Kit, which contains promotional products designed to help e-filers provide better service and build client loyalty. The IMS staff also encourages new partnerships with the practitioner business community to expand electronic filing through a variety of electronic filing services.

Exhibit "D"

Please deliver this single page to your guest, Sallie Chavez of the IRS Taxpayer Advocacy Panel

To: Sallie Chavez
From: Sharon Lassar
Date: June 18, 2004
Re: Position on Outsourcing

I regret that I cannot deliver these comments in person. Please relay my apologies. Thank you for submitting my comments in my absence.

I wish to address the issue of Outsourcing by tax preparers. Some members of the Area 3 Taxpayer Advocacy Panel believe that the TAP should make a recommendation to the IRS on this issue. I do not, for the following reasons.

1) The issue is outside the scope of our responsibility. The mission of the TAP is to improve taxpayer service at the IRS, not to oversee the practice of preparers. A proposal to recommend changes to Circular 230 that would require preparers to inform their clients if they use outsourcing services in the preparation of tax returns would not change one interaction of a taxpayer with the IRS. Not one form, instruction, phone tree, or script at the IRS would be changed as a result of such a proposal.

2) Even if such a proposal were within our scope, it would not have the outcome desired by its supporters. It would simply add a meaningless regulatory requirement because tax preparers already disclose the use of outsourced services to their clients. The sample "new client welcome letter" distributed by the AICPA and adopted by many of its members includes a paragraph titled "Parties to whom we disclose information" which reads:

For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for



instance, providing information to our employees and, in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared.” [emphasis added]

Tax preparation engagement letters contain similar wording. Clients have been either signing or accepting by default such engagement letters for decades. The "accept by default" practice is one that many service providers have adopted in response to clients not reading, signing & returning engagement letters. Many practitioners now include the engagement letter on the inside cover of the "organizer" they supply to clients for the submission of tax preparation documents like W-2s and 1099s. The organizer states that by return of the organizer the client accepts the terms of the engagement as printed therein. A requirement for disclosure by Circular 230 would simply result in the mandatory inclusion of a phrase or sentence to the few engagement letters that do not already contain an Outsourcing disclosure. And, such disclosures are already generally ignored by clients.



**Area 3 Committee Meeting Minutes
June 18 and 19, 2004
New Orleans, LA**

Members in Attendance:

- Charlotte Cassady
- Gwen Handelman
- Edward Hanna
- Owen Oatley
- Buck Paolone
- George Sullivan
- Carolyn Lewis, DFO

Staff:

- Sallie Chavez, TAP Program Analyst, Plantation, FL
- Nancy Ferree, TAP Program Manager, Plantation, FL
- Martha Curry, TAP Senior Program Analyst, Washington, DC

Guests:

- Philip Harmelink, University of New Orleans
- Leslye Baronich, IRS, Area Director, Wage & Investment, SPEC, Area 3
- Nesbit Parker, IRS, Disclosure Officer
- Kimberly Edwards, IRS, Program Director, Large & Midsize Business, Territory 2
- Steve St. Cyr, IRS, Governmental Liaison for Louisiana
- Mark Moreau, New Orleans Legal Assistance
- Will Smith, IRS, Territory Manager, Field Assistance, New Orleans
- Phyllis Distefano, IRS, Territory Manager, Small Business/ Self Employed, TEC
- Jan Pretus, IRS, SPEC Territory Manager

WELCOME

Panel Chair George Sullivan welcomed everyone to New Orleans. He thanked Designated Federal Official (DFO) Carolyn Lewis, TAP Program Analyst Sallie Chavez, TAP Program Manager Nancy Ferree and DFO Carolyn Lewis' staff for all the work they have done to prepare for this meeting in New Orleans.

INTRODUCTION OF PANEL

Each panel member introduced themselves to the visitors.

INTRODUCTION OF GUESTS

The guests introduced themselves.

NATIONAL OFFICE REPORT

TAP Director Bernie Coston could not attend the meeting. TAP Senior Program Analyst Martha Curry represented him. She advised the committee that they were in the middle of the recruitment process. The interviews should start within the next 3 week. They were originally to start next week but because of new travel regulations they will not be starting until mid July. There will be less travel involved during the interview process than was originally planned because more applicants want



telephone interviews. The process should not take as long as originally planned to complete these interviews.

There was some discussion about whether the term for a TAP Member was 2 or 3 years. Some members were asked to remain for a 3rd term but the charter states the term is 2 years.

REVIEW OF May 21, 2004 MEETING MINUTES

Committee Member Gwen Handelman submitted changes to the minutes. These changes were discussed. The meeting minutes (with corrections) were accepted by consensus.

ASSIGNMENTS

TAP Program Analyst

1. 1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) – TAP Program Analyst Sallie Chavez will get a subject matter expert (SME) to discuss this issue.

TAP Program Analyst Sallie Chavez attempted to get a SME to attend the meeting in New Orleans but could not locate anyone who had enough knowledge about the subject to speak to the group. Leslye Baronich, Area Director, Wage & Investment, SPEC, Area 3 said she may be able to help in the area. TAP Program Analyst Chavez will contact her for additional information and to fill her in on the details of the issue. This will remain as an open assignment.

2. 2. Contact #822 (processing of Form 2553 Election by a Small Business Corporation) – TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.

TAP Program Analyst Sallie Chavez and DFO Carolyn Lewis have not had time to complete this. This will remain an open assignment.

3. 3. TAP Program Analyst Sallie Chavez will send out the referrals from taxpayer received from April, May and the first part of June.

The referrals will be discussed at this meeting.

4. 4. TAP Program Analyst Sallie Chavez will contact Subject Matter Expert (SME) on trust extensions for Committee Member Owen Oatley.

TAP Program Analyst Sallie Chavez has obtained the name of the SME for this but has not made contact. This will remain an open assignment.

WALK-IN OFFICE REVIEW

Committee Member Buck Paolone visited the Birmingham Taxpayer Assistance Center (TAC) on April 20, 2004. He gave a brief report. The report is attached to the minutes as Exhibit "A".

There was a short discussion about Communication Strategy. This will be discussed in more detail later in this meeting.

ANNUAL REPORT

Committee Chair George Sullivan stated he will be retiring from the TAP after this year. He will be unable to attend the Annual Meeting to present the committee's report. Vice-Chair Charlotte Cassidy will present the report for him.



The Joint Committee has suggested that entire committee help the writing of the report. Committee Chair George Sullivan will assign a subcommittee to write this report from information received from the entire committee.

NASHVILLE FACE-TO-FACE MEETING

TAP Program Analyst Sallie Chavez reported that plans have been made for the face-to-face meeting September 16 – 18, 2004 in Nashville, TN. The meeting will be held at the Courtyard by Marriott – Downtown. There was some trouble trying to find space as there is a Home Show in Nashville during that time. Additional information will be sent out by the beginning of August as the hotel reservations must be made by August 26th.

COMMENTS FROM CITIZEN

Philip Harmelink from the University of New Orleans asked question about recruitment and what's required to be a panel member. TAP Senior Program Analyst Martha Curry addressed these questions.

OTHER COMMENTS

Committee Member Buck Paolone wants a list of suggestions for improving TAP. Committee Members were asked to submit and he would like the entire list from all members not just Area 3. Committee Chair George Sullivan stated he would request it from Panel Chair Tom Seuntjens. Committee Member Gwen Handelman stated that the Joint Committee has a subcommittee working on a document for chairs to use. There are two (2) documents being created – Standard Operating Procedures for Staff and How to Run an Effective Committee. She suggested getting the information Committee Member Buck Paolone wants from TAP Joint Committee Analyst Barbara Toy.

SUBCOMMITTEE REPORT

Outsourcing

Committee Member Gwen Handelman suggested that since the Disclosure Officer was at the meeting and could not attend the meeting tomorrow that discussion of the Outsourcing be moved to today. There was no opposition to discussing the issue here.

Committee Member Gwen Handelman explained the issue to the visitors.

The Joint Committee decided that consensus was the goal and everything from this committee has gone up by consensus. However the Joint Committee will allow non-consensus as long as a minority and majority report is submitted.

Committee Member Owen Oatley Outsourcing within the United States is regulated. Foreign doesn't have to follow the same regulations. He discussed a letter from Congressman Edward J. Markey to the IRS Commissioner and the Commissioners reply (see Exhibit "B" and "C").

It was discussed that the basis of proposal is that tax return preparers disclose tax information if return preparation is outsourced out of the United States.

IRS Disclosure Officer Nesbit Parker discussed unauthorized disclosure.

Committee Member Charlotte Cassady discussed identity theft. DFO Carolyn Lewis gave an example of H & R Block sending information to Wyoming or sending it to India. They are responsible for that return preparation through the entire process.

IRS Disclosure Officer Nesbit Parker states there is a contract. Committee Member Gwen Handelman states the contract was not the problem. The taxpayer has not agreed to have the return prepared by anyone except the company where he took his information.



DFO Carolyn Lewis wanted to clarify the issue. The committee wants tax preparers to disclose outsourcing to taxpayer no matter where it is outsourced (within the United States or outside the United States).

Disclosure Officer Nesbit Parker said the IRS is aware of this issue. The Chief Counsel could provide assistance on this issue.

Committee Member Ed Hanna stated that a tax society in California has agreed to take up this issue as well as a tax group in Texas.

Committee Member Gwen Handelman wants to address both internal and external outsourcing and have outsourcing included in Circular 230.

Committee Member Owen Oatley wants to take smaller portions. He would like to address the largest potential problem and submit a narrow proposition rather than a broad proposition.

Committee Member Ed Hanna said outsourcing within the United States has been done for more than 30 years. There are laws. Foreign countries are not under the same control.

Committee Member Buck Paolone said a client should be aware that the return will be outsourced no matter where and client must give consent. He states outsourcing is outsourcing. The client should be made aware if it is outsourced within the United States or to a foreign country.

Committee Member Ed Hanna said he is not in agreement with putting the name and address of the company where the information is being sent in the contract. He said the client might then just go to the outsourcing company to have the returns prepared the next year. Preparers will lose clients.

Committee Chair George Sullivan asked for a vote on Committee Members Owen Oatley and Ed Hanna's issue of outsourcing to foreign countries. He added that there will be a minority report issued on this proposal. This issue was accepted by consensus of those at the meeting.

Committee Chair George Sullivan asked for a vote on Committee Members Gwen Handelman and Agnes Tillerson's issue of all outsourcing. There was one person who does not agree with this issue. There will be a minority report issued on this proposal as well.

TAXPAYER ASSISTANCE CENTER

DFO Carolyn Lewis introduced Will Smith, IRS, Territory Manager, Field Assistance from New Orleans. He made a presentation to the committee with a PowerPoint presentation on the duties of the Taxpayer Assistance Centers. Copies of this PowerPoint were provided to all committee members.

TAXPAYER EDUCATION AND COMMUNICATION

Phyllis Distefano, IRS, Territory Manager, Small Business/ Self Employed requested to speak to the committee. She wanted to thank and commend the group for taking the time to help improve the IRS.

She told the committee what her organization does. They work with small business organizations. About 88% use tax preparers so they work very closely with practitioners. At the present they are working with the construction industry, restaurant industry and cosmetics industry. They are involved with the general education of these businesses. They do that through Small Business Workshops and Seminars. At the present, this has been taken over by practitioners to teach these workshops and seminars. They teach on specific topics.



They are now promoting electronic filing. They are promoting a program of EFTPS (Electronic Federal Tax Payment System) where if a business signs up for EFTPS and maintains the EFTPS for at least four (4) quarters, the IRS will abated a prior penalty and refund the payment.

Committee Member Gwen Handelman asked Phyllis if she was familiar with the Area 3 Committee's proposal for tax treatment of health benefits. She said she had not heard about it. Committee Member Handelman asked if TEC was familiar with any TAP issues. Phyllis has been working with Mike Chesman on some other issues. Committee Member Handelman requested to have a National initiative to get TAP into stakeholder groups within the IRS.

VITA

Jan Pretus, IRS, SPEC Territory Manager spoke about SPEC (Stakeholder Partnerships, Education & Communication) programs (see attached Exhibit "D"). The statistics for the VITA (Volunteer in Taxpayer Assistance)/TCE (Tax Counseling for the Elderly) has grown. This year they prepared 270,020 returns in comparison to 240,897 last year. She provided several publications to the committee members (Publication 4256, "Will you qualify for the EITC this year?", Publication 4237, "E-file your Tax Return Using Free Online Filing!", and Publication 4225, "Coming Together for Stronger Communities").

REFERRALS FROM TAXPAYERS

Contact #2866

This individual states that he was not able to get information on his refund using either the 1040 toll-free number or the refund line about his 1040X refund. TAP Program Analyst Sallie Chavez states she called the two (2) refund numbers and they do not identify that they are only for current year refunds. The issue was discussed and the committee asked TAP Program Analyst Chavez to obtain more information on the refund telephone numbers.

Contact #2975

This individual receives income and is required to pay FICA and Medicare taxes on it. There is no line on the return to do this except under TIP Income (line 56). When he does that he gets notices asking for Form 4137 which he does not have to file. Committee Member Owen Oatley states that he thinks the instructions cover this issue. He said you just put the tax on line 60 and explain why you are putting the tax there. Committee Member Gwen Handelman states it would be better to just change the form and remove "tip income" from line 56. There was some discussion about this. It was decided to try and get a Subject Matter Expert to talk about this. DFO Carolyn Lewis states she may have someone to address this issue. Committee Chair George Sullivan asked to have the W-2 requested from the taxpayer.

Contact #3036

This individual states that a prior year overpayment that a taxpayer elects to have applied to the following year is not considered as tax already paid for the calculation of the ES penalty. This issue was discussed. It was pointed out that the over payment should be included with the April 15th payment. It is on page 3, top left hand side, item #2. TAP Program Analyst Sallie Chavez will send letter to taxpayer with this information and drop the issue.

NEW ISSUES

Committee Member Charlotte Cassady brought up a new issue concerning custodial parents. She would like to see some type of "flag" on anyone who owes any type of Federal or State debt such as child support. She knows there is misuse of EITC. There is a child support database that indicates proof that a child is living with the individual. This would indicate if an individual is eligible for EITC.

There was much discussion about this. Maybe this should be worked by EITC. Committee Member Charlotte Cassady will present this to the EITC Issue Committee at their next meeting on July 20th.



Another new issue Committee Member Charlotte Cassady brought up last month concerned Social Security Administration having a new option of filing W-2s electronically and it automatically calculates W-3s. Form 1099 goes to the IRS. She would like to propose that business owners be able to input and print out copies and e-file to IRS. She would like this to be made operational at the point where the IRS confirms the taxpayer's social security number. She feels it will save time and money for business owners. TAP Program Manager Nancy Ferree stated that maybe this would fit into one of the issue committees. Committee Member Cassady stated she agreed and will present it to her Payroll Issue Committee.

JOINT COMMITTEE SUGGESTIONS FOR OPERATIONAL PROCEDURES FOR TAP PANELS

Committee Chair George Sullivan discussed procedures that the Joint Committee is preparing to be used to help the committee operate better. Committee Member Gwen Handelman said that the Joint Committee has a subcommittee to prepare a final document to be used by the chairs.

OUTREACH

Committee Chair George Sullivan stated committee does not do enough outreach to promote TAP. The outreach that is done by the committee is found by the staff. The Joint Committee is setting up several things such as the TAP Communication Strategy. There is going to be training during the Annual Meeting. He would like to create a sub-committee to develop a strategy for the next fiscal year.

TAP Program Manager Nancy Ferree and TAP Program Analyst Sallie Chavez made some comments about possible outreach activities.

Committee Chair George Sullivan asked TAP Program Analyst Sallie Chavez to distribute the Speaker Request Form to all committee members.

Committee Member Gwen Handelman raised the issue of chairs not having access to budget. She agrees that there should be a subcommittee.

Committee discussed the issue and all agree that outreach is important. Committee Chair George Sullivan stated the subcommittee will work on the following:

1. Come up with suggestions on outreach opportunities.
2. Keep outreach on the agenda as an open item. Put it before committee monthly so it won't be forgotten.

Committee Chair George Sullivan asked for volunteers to be on the committee. Committee Members Charlotte Cassady, Gwen Handelman and Buck Paolone volunteered for this subcommittee.

Committee Chair George Sullivan asked them to work up ideas, put them on paper, provide them to TAP Program Analyst Sallie Chavez and they will be discussed at each meeting.

Committee Member Charlotte Cassady suggested newspaper articles. TAP Program Analyst Sallie Chavez stated there are press releases prepared that can be specially designed to each individual. These press releases can be sent to media relations for release or can be done by the individual if they want to take to the local newspaper.

ANNUAL REPORT COMMITTEE

Committee Chair George Sullivan said this subcommittee will receive information from all committee members for the annual report. He asked the following committee members to be on the subcommittee:



- Committee Member Owen Oatley (he will think about it)
- Committee Member Helen Curol (Committee Chair George Sullivan will call her and ask if she will accept)
- Committee Member Charlotte Cassady (because she will have to deliver the report at the annual meeting)

Committee Chair George Sullivan asked that suggestions be sent to himself or TAP Program Analyst Sallie Chavez for the meeting in July. Committee Member Gwen Handelman said that the Joint Committee is preparing an outline so it shouldn't be too difficult to put together.

Meeting was adjourned for the day.

June 19, 2004

WELCOME

Committee Chair George Sullivan welcomed everyone to day two of the meeting. He stated some of the issues for today have already been covered. He thanked DFO Carolyn Lewis for the dinner arrangements at Copeland last night.

INTRODUCTION OF GUESTS

There were no guests present.

MATRIX/ISSUE REPORT

Committee Chair George Sullivan explained the purpose of the matrix. The committee discussed the elevated issues.

TAP Program Manager Nancy Ferree discussed the Refund Check Envelope issue. A response was received on this issue. The IRS does not prepare envelopes. The committee needs to make a decision about this issue.

TAP Program Manager explained timeframe on responses on elevated issues.

Committee Chair George Sullivan asked TAP Program Analyst Sallie Chavez to send out "Summary of TAP Recommendations" to all committee members.

Committee Member Buck Paolone asked about what happens to recommendations after they are forwarded to the Joint Committee. Committee Chair George Sullivan advised that they were sent to Sue Sottile for Wage and Investment recommendations and Mike Chesman for Small Business/Self Employed recommendations. They get the information and field it out to the responsible area. The Joint Committee keeps control of the elevated issues.

Committee Member Buck Paolone would like information on how follow-ups are done on issues that are submitted. Committee Chair George Sullivan will get this information.

The committee discussed the "Area 3 Issues" list and the Matrix. It was decided to rename the "Area 3 Issues" list "Subcommittee List". Compared Area list and Matrix. There were several items that were not on the Matrix. TAP Program Analyst Sallie Chavez will assure that all items are on the Matrix. The checkbox issue is not on the Matrix. TAP Program Analyst Sallie Chavez stated it maybe that it was not changed from elevated to active when the Joint Committee asked for it to be rewritten. Also we will add the new Form 1099 issue to the issue list.

SUBCOMMITTEE REPORTS



Offer In Compromise/Installment Agreements/Penalty-interest Assessments

Committee Member Owen Oatley stated that many issues overlap with his Schedule C non-filer issue committee. Committee Member Gwen Handelman said that's Small Business/Self-Employed. Wage and Investment should still be involved.

Committee Member Owen Oatley said that living expenses is not being dealt with properly. Committee Member Ed Hanna asked who determined these standards. The committee discussed the standards. This information was provided to the old CAP. It was decided that this information need to be provide to this committee. TAP Program Analyst Sallie Chavez will provide this information to the subcommittee.

Committee Member Owen Oatley discussed several issues on OIC. Committee Chair George Sullivan asked Committee Member Oatley to prepare a short description for TAP Program Analyst Sallie Chavez so it can be put in the database for inclusion on the Matrix.

Expand Checkbox Authority to Succeeding Years for Estimated Payments

Committee Member Ed Hanna stated he is working on it and will have it in about another week.

Telephone Listing/Answering Quality

Committee Member Buck Paolone said that they had already proposed one recommendation with Area 6 which will be re-elevated. He stated he has contacted the California tax office about wait time and found they have an announcement on their line telling callers how much time until they are helped. He doesn't understand why IRS can't do this.

Committee Chair George Sullivan asked him if there is going to be additional issues. Committee Member Buck Paolone discussed the problems he had in getting answers to his questions about telephone listing. TAP Program Analyst Sallie Chavez stated that the previous Subject Matter Expert (SME) the subcommittee spoke to was not in that position any more. We have a new SME and she will try and get answers to these questions for the subcommittee.

Committee Member Gwen Handelman stated this issue is not on the Matrix. It needs to be added to the database.

Also, there are three (3) issues on the Matrix for Telephone Quality that are not being worked. Committee Member Buck Paolone says quality is being addressed by IRS. He is not really actively pursuing this issue.

Committee Chair George Sullivan said that the subcommittee needs to have a conference call to discuss this issue.

TAP Program Analyst Sallie Chavez asked if this issue should be separated into several different issues. Committee Member Charlotte Cassady suggested that Contact #1989 may be able to be closed because he could contact the Practitioner Hotline. There was some discussion about duplicate issues. TAP Program Manager Nancy Ferree and TAP Program Analyst Sallie Chavez will work on this.

Walk-in Office Review (Taxpayer Assistance Centers)

Committee Chair George Sullivan said Committee Member Buck Paolone has given his report. He has visited the Ft. Myers Office but not on a formal basis. He had difficulty getting information from the office. This is one very good reason for going through the TAP staff to make an appointment to visit.

Committee Member Ed Hanna said he would like to make a deadline of July to have these visits completed. Committee Member Gwen Handelman said she cannot make visit until the fall. Committee Member Owen Oatley said he is working on making visit in July.



The issue of TAP Signs was brought up. The committee needs to decide if and how they want to elevate this issue based on Will Smith's presentation yesterday. Committee Member Ed Hanna handle this issue.

Committee Member Charlotte Cassady asked about putting signs up in post offices.

Committee requested TAP Program Analyst Sallie Chavez to change the status on the TAP Sign to issue "Active".

Schedule K-1

Committee Member Owen Oatley is still re-writing this proposal with Committee Member Ed Hanna and Area 1 Committee Member Paul Nagel.

Military Special Information

Committee Member Owen Oatley stated that with the information received yesterday about the military VITA this can be dropped.

Suggestions for Extension for filing return

Committee Member Owen Oatley said several of the suggestions are common sense. We may want to see what changes IRS has made since the filing season. TAP Program Analyst Sallie Chavez will check on this and report back at the next meeting.

Outsourcing (revisited from yesterday)

Committee Chair George Sullivan said Committee Member Sharon Lassar had faxed a report to TAP Program Analyst Sallie Chavez. He read the report (see attached Exhibit "E"). This is her position. Her report should be in the same format as the proposition. He will contact her to submit at the July meeting.

TAP Program Manager Nancy Ferree stated she agrees with Committee Member Sharon Lassar. She feels this is not in the scope of this panel and would like her position to be reflected in the minutes. The Ad Hoc Issue Committee is working on licensing of preparers.

There was a discussion on the licensing of preparers.

Committee Chair George Sullivan said that if there were no objections TAP Program Analyst Sallie Chavez will add Committee Member Sharon Lassar's comments into the minutes. He will ask Committee Member Sharon Lassar to prepare a minority report to be presented to the Joint Committee at the July 20th meeting.

DFO Carolyn Lewis questions the final written proposal because there was no proposal presented at the meeting. Committee Chair George Sullivan stated he will send out the final proposals and will ask committee members for any corrections before it goes to the Joint Committee. He will ask Committee Member Sharon Lassar for her minority report by July 6th.

Form 1099

Committee Member Charlotte Cassady has decided to take this issue to the SBSE Payroll Issue Committee.

CITIZEN INPUT

There were no citizens in attendance today.

CLOSING REMARKS/SURVEY/ADJOURNMENT

Committee Chair George Sullivan asked that everyone please complete the meeting survey that is in



the folder. He thanked everyone for attending the meeting. He said he thinks the committee accomplished a lot. He was very pleased about the attendance at yesterday's meeting by IRS representatives. He also wanted to again thank DFO Carolyn Lewis, TAP Program Manager Nancy Ferree and TAP Program Analyst Sallie Chavez for all the work done to make the meeting a success.

He reminded everyone the next meeting was July 16, 2004.

Meeting was adjourned.

ASSIGNMENTS

TAP Program Analyst

1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) – TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue.
2. Contact #822 (Processing of Form 2553 Election by a Small Business Corporation) – TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.
3. TAP Program Analyst Sallie Chavez will contact SME on trust extensions for Committee Member Owen Oatley.
4. Contact #2866 (Individual states that he was not able to get information on his refund using either the 1040 toll-free number or the refund line about his 1040X refund) – TAP Program Analyst Sallie Chavez will obtain more information on the refund telephone numbers.
5. Contact #2975 (Individual receives income and is required to pay FICA and Medicare taxes on it – no specific line on 1040 for this information) – TAP Program Analyst will get a SME for this issue.
6. Contact #3036 (Individual states that a prior year overpayment that a taxpayer elects to have applied to the following year is not considered as tax already paid for the calculation of the ES penalty) – TAP Program Analyst Sallie Chavez will send letter to taxpayer with the instruction on how to prepare the Form 2210 and drop the issue.
7. TAP Program Analyst Sallie Chavez will provide copies of the Speaker Request Form to all committee members.
8. TAP Program Analyst Sallie Chavez will provide copies of the "Summary of TAP Recommendations" to all committee members.
9. TAP Program Analyst Sallie Chavez will check on the status of the Checkbox Issue and change it to "Active".
10. TAP Program Analyst Sallie Chavez will change status of TAP Signs in TAC Office from Parking Lot to Active.
11. TAP Program Analyst Sallie Chavez will follow up with specialists to see what changes are being made to the extensions to file for next filing season.
12. TAP Program Analyst Sallie Chavez will add Committee Member Sharon Lassar's comments into the meeting minutes.

Chairperson

1. Committee Chair George Sullivan will request a copy of the suggestions for improving TAP from either TAP Chair Tom Seuntjens or TAP Program Analyst Barbara Toy.
2. Committee Chair George Sullivan will request information on implementation of follow-ups.
3. Committee Chair George Sullivan will request minority report on the Outsourcing issue from Committee Member Sharon Lassar.

Committee Members

1. All committee members are to prepare suggestions to be included in the annual report.



2. Committee Member Owen Oatley will provide a short description of the OIC issue to be input into the TAP database.
3. Committee Member Ed Hanna will complete proposal on Expand Checkbox Authority to Succeeding Years for Estimated Payments.
4. Owen Oatley will complete proposal on the Schedule K-1 issue.

CERTIFIED BY DFO CAROLYN LEWIS ON 10/7/2004

Exhibit "A"

Date: 22 April 2004

From: Francis J. "Buck" Paolone, Member, Area 3, Taxpayer Advocacy Panel

To: George Sullivan, Chair, Area 3, Taxpayer Advocacy Panel

Re: Walk-in Office Review, Taxpayer Assistance Campus in Birmingham, Alabama

Upon affirmation of designated date, arranged by Nancy Ferree (Program Manager for Area 3), I visited this Center on Tuesday 20 April at 9:00am and stayed until 9:30am the same day. Although this visit was/seemed to be rather short, it was nonetheless informative and enlightening as well as brief. My host and guide was Regina Slayton, Manager of this TAC.

As she led me through the various compartments, I utilized the outline of questions/concerns (as developed by Ed Hanna, Member and past Chair of Area 3, and approved by the Area 3 Committee) in order to establish my points of reference:

1. Security was very evident and dutifully managed by a uniformed guard who requested my ID and required me to sign in vis-a-vis reason for visit, person to see if appropriate, and who I represented.
2. I noted that the area was clean; that days and hours of operation were posted; and that there was one small poster informing taxpayers about TAP and TAS.
3. Manager Regina Slayton telephone messages are in English; that there is a recorded message requesting the calling taxpayer to leave message which would be answered within 48 hours; and that there is available multilingual service through the toll-free IRS number.
4. There were 10 cubicles for assisting individual taxpayers and a private room is available for any taxpayer to request or be informed of for use.
5. There is also a private room with a special assistant to handle e-filing, although I did not notice any signs indicating availability of such.
6. I was introduced to two IRS agents, who were indeed friendly and helpful ...But I would have gotten a "better feel" or perhaps a more poignant observation if my visit had occurred during the tax season.

Regina and I talked for about five minutes at the conclusion of my visit and she acknowledged that there was insufficient information/posters/signs/materials available for either the taxpayers or for the IRS agents/office to become informed of the Taxpayer Advocacy Panel, its function, or even its reason for existence. I had some materials with me which I gave to her and she said that she would order more from the appropriate source. I ended with comments about what the TAP organization is attempting to do.



Exhibit "B"

Congress of the United States
House of Representatives
Washington, DC 20515-2107

February 23, 2004

The Honorable Mark W. Everson
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

The Honorable William J. McDonough
Chairman
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Dear Commissioner Everson and Chairman Donaldson:

I am writing to express my concern over a recent press report indicating that a grounding number of accountants and professional tax preparers across the nation are outsourcing tax preparation to offshore workers located in foreign countries (see Lynnley Browning, "Outsourcing Abroad Applied to Tax Returns, Too," The New York Times, February 15, 2004, Section 3, page 12).

This report indicates that "this year, at least 100,000 tax returns, both federal and state, will be prepared by Indian citizens in places like Bombay and Bangalore." That number is reportedly four times larger than last year. Employing foreign workers to prepare United States tax returns risks compromising the security and confidentiality of tax returns, creates potential threats to individual privacy, and may result in less accurate returns being filed with the IRS. As you know, a tax return many contain information about an individual or corporation that may be very sensitive. In the case of an individual, the tax return includes essential personal data, such as name, address, Social Security number, and information about the individual's income, finances, and debts. In the case of a corporation, the return may contain important information about the companies' finances and business operations. The phenomenon of such tax return information be processed or analyzed by offshore entities raised a number of important legal and regulatory issues, and in order to better understand how each of your respective agencies is addressing these issues, I respectfully request your assistance and cooperation in responding to the following questions:

1. Is there any requirement in the federal tax laws and regulations, or in the rules governing the business conduct of accountants employed by public companies, which require such accountants or other professional tax preparers to disclose to their clients that the preparation or analysis of their tax return is being outsourced to an offshore person or entity? If not, do you believe that such explicit notice should be required?
2. Is there any requirement in the federal tax laws or regulations, or in the rules governing the business conduct of accountants serving public companies, that would require an accountant or other professional tax preparer to obtain the express written consent of the taxpayer before a tax return or related personal information could be outsourced to an overseas entity or person? Do you believe such explicit notice should be required?
3. The aforementioned press report indicates that some firms have established security procedures to help ensure that any foreign workers employed in the processing or analysis of a tax return. It is also reported that other firms have no such procedures in place and instead

may merely email a taxpayer's information to an offshore entity or person for processing. Have either of your agencies reviewed the security policies and procedures used by accounting firms or other tax preparers to assure their adequacy? Is there any penalty for not having such procedures, or for failing to implement them properly?

4. If a person or company engages, an accounting firm to prepare their taxes or provides them with tax advice, and then that accounting firm outsources this work to an offshore person or entity, isn't there a risk that the person doing the work may not be knowledgeable about the U.S. tax laws and regulations, or may not have the skills and training of a U.S. CPA? Are you concerned that individuals or companies may be misled into believing that their tax returns are being prepared or analyzed by a CPA, when in fact they are not? Is there any penalty for making such a misrepresentation? If no, should there be?
5. [For the PCAOB] It is my understanding that the PCAOB's has oversight and enforcement authority over accounting firms serving as auditors of public companies. I further understand that the Sarbanes-Oxley Act allows such auditors to perform certain tax services for public companies (if approved by the companies' audit committee). If an PCAOB-regulated auditor outsourced the preparation of tax returns for or the provision of tax advice or tax counseling for a public company, what authority would the PCAOB have over the offshore entity? In your response, please address the case of an offshore affiliate of a registered auditor and the case of an unaffiliated third party acting as a subcontractor of an auditing firm.
6. [For the PCAOB] It is my understanding that the PCAOB has authority under Section 201 of the Sarbanes-Oxley Act to declare, by regulation, certain other non-audit services to be impermissible to be conducted by a registered auditor of a public company. Has the PCAOB considered whether offshoring of tax or certain other non-audit services by an auditor should be subject to further regulation or even prohibition in order to ensure privacy, confidentiality, data security, and facilitate effective law enforcement over such auditors? If so, what action have you taken? If not, why not?
7. [For the IRS] It is my understanding that the U.S. tax laws provide for penalties to be imposed against a tax preparer who aids and abets in the submission of a tax return that understates the tax liability of another person or which engages in certain other fraudulent activities. If the tax preparer who engaged in such activities was an outsourced offshore person or entity, how would the IRS enforce the law and impose penalties upon such a person?
8. [For the IRS] It is my understanding that the U.S. tax law (Sec.7216) bars a tax preparer from "knowingly or recklessly" 1) discloses "any information furnished to him for, or in connection with, the preparation of any such return," or 2) "uses any such information for any purpose other than to prepare, or assist in preparing, any such return." How would the IRS enforce this restriction in the case of a tax return which was outsourced to an offshore firm? How would violations of these provisions of the law be enforced against an offshore entity who had subcontracted with a U.S. accounting or tax preparation firm? What recourse would the taxpayer have against the offshore entity that violated their privacy in this fashion?

Thank you for your assistance and cooperation in this matter. Should you have any questions about this request, please have your staff contact Mr. Jeff Duncan or Dr. Michael Bailey of my staff at 202-225-2836.

Sincerely,
Edward J. Markey
Member of Congress

Exhibit "C"



Department of the Treasury
Internal Revenue Service
Washington, DC 20224

April 6, 2004

The Honorable Edward J. Markey
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Markey:

Thank you for your letter dated February 23, 2004, about press reports that some tax return preparers are using people located in other countries to assist in preparing federal and state tax returns. I share your concerns about these practices. At the same time, I believe we must clearly understand these practices before we respond to them, and we are working diligently to gain that understanding. Taxpayers rightfully expect that paid return preparers will keep their private information confidential and prepare accurate and complete returns. I assure you the IRS and the Treasury Department are committed to preserving taxpayer expectations and ensuring return preparers also honor these expectations.

Our voluntary, "self-assessment" tax system depends on taxpayers filing accurate returns. I believe a taxpayer's willingness to do so decreases if the individual does not trust that his private information will remain confidential. The Internal Revenue Code (Code) contains a number of provisions that protect the confidentiality of taxpayer information. Section 6103, for example, prohibits us from disclosing tax returns and tax return information. Civil and criminal penalties apply to violations of section 6103. Similarly, sections 6712 and 7216 impose civil and criminal penalties, respectively, on federal income tax return preparers who disclose information a taxpayer provides for the preparation of a return or who use that information for any purpose other than preparing the return (e.g. to market non-return preparation services to the taxpayer). Section 7216 authorizes the Treasury Department to permit, by regulation, disclosures and non-return preparation uses of tax information; these rules also apply to section 6713. Treasury regulations provide standards for obtaining taxpayer consent to disclose or use return information and rules for when taxpayer consent is not required to disclose return information.

Code provisions and related Treasury regulations that protect the confidentiality of taxpayer information do not distinguish between U.S. and foreign tax preparers. In other words, the law does not prohibit foreign individuals from receiving taxpayer information or assisting return preparers located in the U.S. Nevertheless, I recognize that taxpayers may have legitimate concerns about their ability to hold foreign individuals accountable for violations of privacy and confidentiality protections provided by U.S. law. I also recognize that taxpayers may believe that foreign individuals may not be as familiar with U.S. tax law as return preparers located in the U.S. We will examine these concerns as part of our review of the reported practices. My responses to your questions are below. You addressed Questions 5 and 6 to the Public Company Accounting Oversight Board, so I will not address them here.

Question 1: Is there any requirement in the federal tax laws and regulations, or in the rules governing the business conduct of accountants employed by public companies, which require such accountants or other professional tax preparers to disclose to their clients that the preparation or analysis of their tax return is being outsourced to an offshore person or entity? If not, do you believe that such explicit notice should be required?

Several laws govern the disclosure and use of information taxpayers provide to return preparers. The Gramm-Leach-Bliley Act of 1999 (GLBA) and the Federal Trade Commission regulations under the GLBA apply to people who provide tax planning and tax preparation services. The GLBA is limited to



financial services, including tax planning and tax preparation services, for personal, family, or household purposes and therefore does not apply to financial services offered to businesses. The GLBA requires individuals and businesses offering financial services to provide annual notices to clients detailing their information-sharing policies and practices. The GLBA prohibits, in some situations, the disclosure of nonpublic personal information to nonaffiliated third parties. I believe and agree that the GLBA would require a return preparer to disclose to a client that a foreign person may help prepare a client's return; however, the interpretation and enforcement of those rules (including the form of any required disclosure of returns and return information) lie with the Federal Trade Commission.

Question 2: Is there any requirement in the federal tax laws or regulations, or in the rules governing the business conduct of accountants serving public companies, that would require an accountant or other professional tax preparer to obtain the express written consent of the taxpayer before a tax return or related personal information could be outsourced to an overseas entity or person? Do you believe such explicit notice should be required?

In addition to the law noted in the response to question 1, sections 6713 and 7216 of the Code govern the use and disclosure of taxpayer information by federal income tax return preparers. Under those sections, income tax return preparers may not disclose information their clients furnish them except as provided under the Code, by court order or under Treasury regulations. Likewise, return preparers may not use that information for any purpose other than return preparation except as provided in Treasury regulations. Civil and criminal penalties apply to the improper disclosure or use of taxpayer information.

The regulations under section 7216 permit a tax return preparer to disclose, without a client's consent, information received from the client to a second tax return preparer that provides auxiliary services in preparing the client's return. Although the IRS generally has interpreted these provisions to permit a return preparer to disclose taxpayer information to a third party who assists in the preparation of a return, the Treasury Department and IRS' current Guidance Priority List includes a project to revise the section 7216 regulations.

Question 3: Has the IRS reviewed the security policies and procedures used by accounting firms or other tax preparers to assure their adequacy? Is there any penalty for not having security procedures, or for failing to implement security procedures properly?

The IRS does not routinely review the security policies and procedures return preparers use to protect taxpayers' personal information. If, in the course of performing our tax administration duties, we become aware of an unauthorized disclosure or use of information obtained for the preparation of a return, we will impose the appropriate civil penalties against the return preparer. Further, if we believe criminal penalties for the unauthorized disclosure or use of taxpayer information may apply, we will refer the case to the Office of the Treasury Inspector General for Tax Administration, which has responsibility for enforcing section 7216 under a memorandum of understanding between our offices.

Question 4: Isn't there a risk that the foreign person to whom work is outsourced may not be knowledgeable about the U.S. tax laws and regulations or may not have the skills and training of a U.S. CPA? Are you concerned that individuals or companies may be misled into believing that their tax returns are being prepared or analyzed by a CPA, when in fact they are not? Is there any penalty for making such a misrepresentation? If no, should there be?

As the agency responsible for tax administration, we are always concerned about any practice that may adversely affect the accuracy of tax returns. We have no information suggesting that federal tax returns foreign individuals prepare are less accurate than tax returns prepared by commercial tax return preparers in this country. Further, no law requires a federal income tax return preparer located in the U.S. to be a certified public accountant licensed in the U.S. or to be licensed or certified by the IRS. Based on available information, a significant number of the known tax return preparers



(regardless of where they are located) are not lawyers, certified public accountants, or enrolled agents. Nevertheless, we recognize that taxpayers who seek assistance from a return preparer located in the U.S. may expect that people located in the U.S. will prepare the return.

Anyone who charges a fee to prepare a federal income tax return must comply with certain requirements. (A person who does not sign a return, but who helps prepare it, can be a return preparer under the Code and, therefore, is subject to the penalties that apply to return preparers.) If a return preparer, including a foreign person who assists a U.S. return preparer, fails to meet these requirements, we may impose penalties against the return preparer and possibly file suit to enjoin the preparer from engaging in the misconduct. In addition, a U.S. return preparer who signs an income tax return regardless of whether a foreign person helped prepare that return, is responsible for the content and accuracy of that tax return.

The failure to comply with the requirements of the Code may result in one or more sanctions against the preparer. For example, return preparers are subject to penalties if they willfully understate their client's liability on the return. If the understatement of the liability on the return is due to the return preparer's reckless or intentional disregard of the rules and regulations, or if the understatement is based on a position that could not realistically stand on its own merits. Additionally, if the return preparer also represents taxpayers before the IRS, we may discipline the return preparer under Treasury's rules for willfully or recklessly advising clients to take frivolous positions or failing to exercise due diligence in supervising those who assist the preparer, including individuals located in a foreign country.

Question 7: If the tax preparer who engaged in such activities was an outsourced offshore person or entity, how would the IRS enforce the law and impose penalties upon such a person?

As stated above, return preparer penalties may apply both to a U.S. return preparer who signs a federal income tax return and to a foreign person who helped prepare the return. The IRS, therefore, may access and collect penalties from the return preparer who engaged the foreign person and from the foreign person. If the foreign person does not pay the penalty we imposed, we will try to collect the penalty from any assets that person may have in the United States or through available international legal mechanisms. We recognize that taxpayers may not view these mechanisms as comparable to the actions we can take against return preparers located in the U.S.

Question 8: How would the IRS enforce this restriction in the case of a tax return which was outsourced to an offshore firm? How would violations of these provisions of the law be enforced against an offshore entity who had subcontracted with a U.S. accounting or tax preparation firm? What recourse would the taxpayer have against the offshore entity that violated their privacy in this fashion?

The restrictions against unauthorized disclosure or use of information the return preparer obtains for the purpose of preparing a return under sections 6713 and 7216 would apply both to a U.S. return preparer who engages a foreign person to help prepare a return and to the foreign person. As to those Code provisions, neither the return preparer nor the foreign person is responsible for the unauthorized actions of the other. Thus, if the foreign person violates the provisions of sections 6713 and 7216, the return preparer who engaged the foreign person is not liable under those Code sections for the foreign person's actions. (A taxpayer may have other grounds for holding the U.S. return preparer responsible for the actions of the foreign persons, such as state contract law. However, I have not addressed those issues in this letter.) We would need to assess the penalty under section 6713 against the foreign person. If the foreign person does not pay the penalty voluntarily, we could attempt to collect using the procedures described in the answer to Question 7. The Treasury Inspector General for Tax Administration would decide whether to pursue criminal liability under section 7216 after a review of the appropriate treaties.



Again, we are committed to reviewing the reported practices of the tax preparation community to determine whether we need to take further action. I hope my response has been helpful. If you have further questions, please contact me at (202) 622-9511 or Richard S. Goldstein, Special Counsel to the Associate Chief Counsel (Procedure and Administration), at (202) 622-7025.

Sincerely,

Mark W. Everson

Exhibit "D"

SPEC PROGRAMS

Volunteer Income Tax Assistance (VITA)

The IRS trains volunteers to help people prepare basic tax returns for those with a low to limited income, individuals with disabilities, non-English speaking persons, and elderly taxpayers. The volunteers serve in the community at neighborhood centers, libraries, churches, shopping malls and other convenient locations. Volunteers also provide assistance in determining eligibility for, and claiming the earned income and advanced earned income tax credits. Many VITA sites also offer free electronic filing. Volunteers also serve as instructors, site managers, publicity coordinators, and receptionists.

Tax Counseling for the Elderly (TCE)

TCE is another volunteer program where tax skills and a helping hand are offered. TCE offers free tax help to people who are 60 years or older. Many of the volunteers are retired themselves and are affiliated with non-profit groups that have received grants to run a local TCE program. Grant funds are used to reimburse volunteers for travel and other program related expenses so they can go wherever they are needed - retirement homes, neighborhood sites or private houses of the homebound. Some TCE sites offer electronic filing at no charge to the taxpayer. There are many volunteer opportunities available as instructors, tax assistants, site coordinators, receptionists, and other important positions.

Community Outreach Tax Education

In the Community Outreach Tax Education program, individuals conduct lectures or seminars on some aspect of tax law. The presentations are targeted at groups of taxpayers who have a common occupation or tax concern. Outreach is offered year-round at convenient community locations and at convenient hours, including evenings and weekends. Tax education seminars are tailored to the interest of each group attending. Tax return preparation sessions cover federal tax forms line-by-line so that taxpayers can prepare their returns correctly.

Understanding Taxes Program

Since nearly everyone will have to pay taxes eventually, what better time to learn the basics than while in school? Besides, many students already have part-time jobs or other sources of income requiring them to file a tax return. That's why the IRS has three Understanding Taxes Programs; for eighth grade, high school and post-secondary learners, which provide basic tax education to students.

Visit Tax Interactive "TAXI" at www.irs.gov/taxi. This entertaining and educational website is a great way to teach today's youth about their tax rights and responsibilities.



Student Tax Clinics

Students in the field of taxation get some "hands-on" experience providing counsel to taxpayers whose returns are being examined. Law and graduate accounting school students are given special permission to practice before the IRS on behalf of taxpayers who can't afford professional help. Volunteers help with clinic operations or even serve as a Student Tax Clinic Director.

Bank, Post Office and Library (BPOL) Program

This program offers a chance to give back a little to the community. The IRS supplies over 47,000 libraries, banks, post offices, technical schools, state and local governments, and similar facilities with free tax forms and instructions. Tax Forms on CD-ROM and reference materials are available at many participating locations. Once the tax materials are placed at these facilities, volunteers direct patrons to the proper form, or booklet to suit their needs.

IRS e-file

Individual Marketing Services (IMS) supports SPEC field offices by recruiting, certifying, supporting, and monitoring participants in the IRS e-file Program. IMS publishes the electronic filing handbooks, which are the primary source of guidance for individual electronic filers, and produces the ERO Marketing Took Kit, which contains promotional products designed to help e-filers provide better service and build client loyalty. The IMS staff also encourages new partnerships with the practitioner business community to expand electronic filing through a variety of electronic filing services.

Exhibit "D"

Please deliver this single page to your guest, Sallie Chavez of the IRS Taxpayer Advocacy Panel

To: Sallie Chavez
From: Sharon Lassar
Date: June 18, 2004
Re: Position on Outsourcing

I regret that I cannot deliver these comments in person. Please relay my apologies. Thank you for submitting my comments in my absence.

I wish to address the issue of Outsourcing by tax preparers. Some members of the Area 3 Taxpayer Advocacy Panel believe that the TAP should make a recommendation to the IRS on this issue. I do not, for the following reasons.

1) The issue is outside the scope of our responsibility. The mission of the TAP is to improve taxpayer service at the IRS, not to oversee the practice of preparers. A proposal to recommend changes to Circular 230 that would require preparers to inform their clients if they use outsourcing services in the preparation of tax returns would not change one interaction of a taxpayer with the IRS. Not one form, instruction, phone tree, or script at the IRS would be changed as a result of such a proposal.

2) Even if such a proposal were within our scope, it would not have the outcome desired by its supporters. It would simply add a meaningless regulatory requirement because tax preparers already disclose the use of outsourced services to their clients. The sample "new client welcome letter" distributed by the AICPA and adopted by many of its members includes a paragraph titled "Parties to whom we disclose information" which reads:

For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for



instance, providing information to our employees and, in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared.” [emphasis added]

Tax preparation engagement letters contain similar wording. Clients have been either signing or accepting by default such engagement letters for decades. The "accept by default" practice is one that many service providers have adopted in response to clients not reading, signing & returning engagement letters. Many practitioners now include the engagement letter on the inside cover of the "organizer" they supply to clients for the submission of tax preparation documents like W-2s and 1099s. The organizer states that by return of the organizer the client accepts the terms of the engagement as printed therein. A requirement for disclosure by Circular 230 would simply result in the mandatory inclusion of a phrase or sentence to the few engagement letters that do not already contain an Outsourcing disclosure. And, such disclosures are already generally ignored by clients.



Area 3 Committee Meeting Minutes May 21, 2004

Members in Attendance:

- Charlotte Cassady
- Helen Curol
- Gwen Handelman
- Edward Hanna
- Sharon Lassar
- Owen Oatley
- Buck Paolone
- George Sullivan
- Agnes Tillerson
- Carolyn Lewis DFO

Staff:

- Sallie Chavez TAP Program Analyst
- Nancy Ferree TAP Program Manager

Guests:

- Glenn Pelishek, Printing Services Specialist
- Tony DiMartino, Area 2 Committee Member

Welcome

Committee Chair George Sullivan welcomed everyone to the May call. Plans for the face-to-face meeting are coming along. Everyone is working very hard to make it a good meeting.

Roll call

Roll was taken. Quorum was met.

Review of April 16, 2004 Minutes

Committee Chair George Sullivan asked if there was any discussion about the meeting minutes of April 16, 2004. There were a couple of corrections. The committee approved the April 16, 2004 meeting minutes, as revised, by consensus.

Subject Matter Expert Mailing of 1040 Tax Packages

Glenn Pelishek from Wage and Investment Publishing gave a brief background on tax packages mailed to taxpayers. He said that in 1994 the IRS sent out 87 million tax packages. In 2003 they sent out 3 million tax packages. The drop in mailing is due to the use of E-Filing and practitioners.

There are 14 different tax packages mailed out. Of these 10 are 1040 booklets.

Forms are usually available the end of October. The IRS works with the printer/contractor to print and mail out the packages. Tax packages are not mailed to PO Boxes and can't be forwarded.

Approximately 61% of taxpayers either file electronically or use a preparer. These individuals do not receive a tax package. Taxpayers can order a tax package through forms request, either on the



internet or by telephone. These individual taxpayers who do not receive a tax package used to receive a postcard with information on how to get the tax package, if needed. Last year less than 12,000 taxpayers requested the tax package.

Committee Member Ed Hanna asked if the Package X with all the forms in it was still being printed. Glen Pelishek confirmed that it is. Last year, there was a problem with Volume 2 as forms changed late.

This past year the packages were mailed the end of January so some didn't received them until mid-February.

Committee Member Owen Oatley wanted to know if libraries got copies of the CD rom. Glen Pelishek stated he was not sure. Area 2 Committee Member Tony DiMartino stated that libraries have the forms available on computers but might charge to have them printed.

Committee Member Gwen Handelman asked who made the decision not to send tax packages to taxpayers. Glen Pelishek said it was a 1996/97 budget issue. As a follow-up Committee Member Handelman asked what were the savings where they substantial. Glen Pelishek stated that it cost 53¢ each for printing plus postage.

Committee Chair George Sullivan thanked Glen Pelishek for the information he gave to the committee.

Joint Committee Report

Vice-Chair Charlotte Cassady represented Chair George Sullivan and the Area 3 committee at the Joint Committee Meeting in Chicago on May 7th and 8th. She said she was impressed with the intensity of the meeting and the participants. The TAP Director asked questions and provided information. It was discussed as to whether area committee members received the Joint Committee Meeting Minutes. It was decided that all committee members should receive the Joint Committee Meeting Minutes.

The 3rd Party Authorization proposal was not approved. The Joint Committee requested it be re-written. They recommended that proposals be written from the taxpayer's point of view and to improve IRS services. Committee Members Ed Hanna, Charlotte Cassady and Gwen Handelman will work on rewriting the proposal.

On the issue of consensus, if the committee can't come to consensus, the issue can be elevated even if all members do not agree. The committee can present a majority and minority report . The Joint Committee will make the final decision.

Each committee provided a brief report to the Joint Committee.

Committee Chair George Sullivan asked about the Toll-free Issue with Area 6. Committee Vice-Chair Charlotte Cassady said that Sherry Whah was not at the Joint Committee Meeting.

Committee Chair George Sullivan thanked Charlotte Cassady for attending in his place. He appreciated her taking the time to go.

Face-to-Face Agenda

Committee Chair George Sullivan said all was going well with the face-to-face meeting at the Homewood Suites in New Orleans for the June meeting. At the present, the DRAFT Agenda is not ready to be distributed. It should be ready by next week and will be shared with the committee at that point. Designated Federal Official (DFO) Carolyn Lewis stated that meeting flyers have been sent all over Louisiana . There were a couple of other suggestions on where flyers could be sent. DFO Lewis stated she will make sure they get out.



Area 3 TAP Issues

Abatement of Low-Dollar Balance Dues

Committee Member Phil Bryant was not on the call. Since he will not be present at the face-to-face meeting in June, TAP Program Analyst Sallie Chavez went over the proposal with the committee since she assisted Committee Member Bryant in preparing the proposal. There was a discussion about one point on the proposal. This will be changed after the information is provided. It was agreed by consensus to elevate this issue.

New Issues

W2, 1099, W3

Committee Vice-Chair Charlotte Cassady stated that the Social Security Department has a new option of filing W-2s electronically and it automatically calculates W-3s. Form 1099 goes to the IRS. She would like to propose that business owners be able to input and print out copies and e-file to IRS. She would also like it to confirm the taxpayer's social security number. She feels it will save time and money for business owners. Committee Member Ed Hanna volunteered to work with Committee Vice-Chair Charlotte Cassady to write up this proposal.

Review of Assignments from Previous Meeting

TAP Program Analyst

1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue.

TAP Program Analyst Sallie Chavez is trying to get a subject matter expert for the face-to-face meeting in New Orleans. If that doesn't occur, she will get one for a future conference call.

2. Contact #822 (processing of Form 2553 Election by a Small Business Corporation) TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.

This is still being worked.

3. Contact #2607 (Taxpayer did not receive his 1040 package) TAP Program Analyst Sallie Chavez will research this issue and report back at the next meeting.

Glen Pelishek discussed this earlier in meeting.

4. TAP Program Analyst Sallie Chavez will send out referrals from taxpayers received from April along with any additional referrals received in May and the first of June.

TAP Program Analyst Sallie Chavez said there have only been two (2) referrals in the last two (2) months so she will bring them to the face-to-face meeting in New Orleans.

5. TAP Program Analyst Sallie Chavez will contact Committee Member Owen Oatley about the trust extensions.

TAP Program Analyst Sallie Chavez has received the name of a subject matter expert but has not had time to contact them. This will be done before the face-to-face meeting in New Orleans.

6. TAP Program Analyst Sallie Chavez will send out travel request forms for committee members to submit for travel arrangements.

This was done and all committee members who are planning to attend the face-to-face meeting in New Orleans have made their travel arrangements.



Designated Federal Official

Designated Federal Official Carolyn Lewis will provide TAP Program Analyst Sallie Chavez with a list of IRS officials to invite to the New Orleans face-to-face meeting.

This has been done. More than a dozen IRS officials have been invited to the meeting. Several have already confirmed they will attend.

TAP Program Manager

Check on bound book to be sent to all committee members on marketing material.

TAP Program Manager Nancy Ferree provided this book to all committee members.

Other Issues

Area 2 Committee Member Tony DiMartino thanked Area 3 for allowing him to participate in the call.

Citizen Input

There were no citizens on the call at this point.

Meeting Close

Committee Chair George Sullivan thanked everyone for their time.

The next meeting is the face-to-face meeting in New Orleans scheduled for June 18 & 19, 2004.

Meeting was adjourned.

ASSIGNMENTS

TAP Program Analyst

1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue.
2. Contact #822 (processing of Form 2553 Election by a Small Business Corporation) TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.
3. TAP Program Analyst Sallie Chavez will send out referral from taxpayer received from April, May and first part of June.
4. TAP Program Analyst Sallie Chavez will contact SME on trust extensions for Committee Member Owen Oatley.



Area 3 Committee Meeting Minutes April 16, 2004

Members in Attendance:

- Phil Bryant
- Charlotte Cassady
- Helen Curol
- Edward Hanna
- Sharon Lassar
- Owen Oatley
- Buck Paolone
- George Sullivan
- Agnes Tillerson
- Carolyn Lewis DFO

Staff:

- Sallie Chavez TAP Program Analyst
- Nancy Ferree TAP Program Manager

Welcome

Committee Chair George Sullivan welcomed everyone to the April call. He stated there are a couple of members missing but we should get started.

Roll call

Roll was taken. Quorum was met.

Review of March 19, 2004 Minutes

Committee Chair George Sullivan asked if there was any discussion about the meeting minutes of March 19, 2004. There was none. The committee approved the March 19, 2004 meeting minutes by consensus.

New Issues/Referrals from Taxpayers

TAP Program Analyst stated that there was work being done on the Database that contains the referrals from taxpayers. She only found one (1) new issue and it was too late to get it out to everyone. It will be sent out to everyone for the May meeting.

Committee Member Owen Oatley stated he had a question about a trust extension and he had to leave a message. He received a call back yesterday. There was no live person to talk to. Their policy is to call back within 24 - 36 hours but this may not be enough time if the call comes in on April 15. He stated the software company thought the deadline for filing individual extensions was 10:00am on 4/15 but it has now been confirmed that is was 10:00am on 4/16. Committee Chair George Sullivan asked him to follow-up on this. Committee Member Ed Hanna asked was he only calling in and not sending a paper extension. Committee Member Oatley stated he doesn't file electronically. Committee Member Charlotte Cassady thinks it's a misunderstanding. TAP Program Analyst Sallie Chavez will contact Committee Member Oatley and confirm this.

Review of Assignments from Previous Meeting

TAP Program Analyst



1. TAP Program Analyst Sallie Chavez will e mail outline from Raymona Stickell to entire committee. TAP Program Analyst Chavez did this shortly after March conference call.
2. TAP Program Analyst Sallie Chavez Email Area 6 proposal on the hold music to entire committee. Everyone confirmed that they had received this information.
3. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) TAP Program Analyst Sallie Chavez will get a Subject Matter Expert (SME) to discuss this issue. TAP Program Analyst Chavez is attempting to contact a SME to address committee in New Orleans. Committee Member Ed Hanna stated he faxed some information to TAP Program Analyst Sallie Chavez about a tax case that may help on this issue. TAP Program Analyst Chavez has just received it and has not had time to read it through. Committee still wanted to have SME.
4. Contact #2704 (No tax prep on Monday and Friday in Ft. Myers TAC Office and there is no sign for the Taxpayer Advocacy Panel) TAP Program Analyst Sallie Chavez will send a letter to individual thanking them for the information. TAP Program Analyst Chavez sent a letter to taxpayer on 4/13. Additionally, there should be signs up in the TAC offices since we are currently in the middle of recruiting so when committee members make their office visits they should see TAP signs. Committee Chair George Sullivan stated he also has this on the agenda for the May Joint Committee Meeting in Chicago.
5. Contact #2794 (wants to stop repeat examinations) TAP Program Analyst Sallie Chavez will close referral, as there is no taxpayer contact information. TAP Program Analyst Chavez has closed this referral.
6. Contact #2802 (want to change IRS online search engine) TAP Program Analyst Sallie Chavez will send letter to individual advising them to go on the IRS website and make suggestion directly on the website. TAP Program Analyst Chavez has sent an email to this taxpayer and closed the referral.
7. Contact #822 (processing of Form 2553 Election by a Small Business Corporation) TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue. TAP Program Analyst Chavez and DFO Lewis have not been able to work on this. Will try to get it done this month.
8. Contact #2607 (Taxpayer did not receive his 1040 package) TAP Program Analyst Sallie Chavez will research this issue and report back at the next meeting. TAP Program Analyst Chavez has the name of a Subject Matter Expert but has not been able to discuss the issue with him. Will try and get him on the May call.

Committee Members

1. Committee Member Owen Oatley will work with Area 1 Committee Member Paul Nagel to rewrite the Schedule K-1 proposal. Because of filing season, Committee Member Oatley has not been able to get together with Area 1 Committee Member Nagel to rewrite this proposal. He said they will do it next week and have it ready for the next meeting.
2. All Committee Members to send suggestions on how TAP can better assist taxpayer to Committee Chair George Sullivan. Committee Chair Sullivan stated he has received this information and has forwarded it on to the Joint Committee. Committee Member Buck Paolone wanted to know if the entire committee would be able to review all the suggestions. Committee Chair Sullivan said he didn't know but would ask.
3. Committee Chair George Sullivan will fax a copy of the Area 6 Telephone proposal to TAP Program Analyst Sallie Chavez. This was done.

TAP Program Manager

TAP Program Manager Nancy Ferree will forward email to all committee members about the Tax Forums. TAP Program Manager Ferree stated she sent out the email and thanked everyone for their responses. The following will participate in the forums:



Atlantic City

Marisa Knispel and Inez De Jesus from the TAP staff will attend with TAP Committee Members E. Ghoniem, C. Silva, C. Johnson and F. Vinikoor and J. Grimaldi, W. Fish, T. DiMartino and R. Maziarz as backups.

Orlando

Nancy Ferree and Sallie Chavez from the TAP staff will attend with TAP Committee Members E. Hanna and Gwen Handelman with G. Sullivan as backup.

Minneapolis

Sandy McQuinn and one of her staff will attend with TAP Committee Members L. DeMarais and T. Seuntjens with B. Meldman and D. Drummel as backups.

New Orleans

Sallie Chavez or Nancy Ferree and Audrey Jenkins from the TAP staff will attend with TAP Committee Members A. Tillerson, D. Drummel and L. Malcomson and G. Handelman as backup.

San Antonio

Mary O'Brien and a Milwaukee staff member will attend with TAP Committee Members M. Hermann, J. Hollingsworth and D. Robinson and E. Hanna as backup.

Las Vegas

Judi Nicholas and Marla Ofilias from the TAP staff will attend with TAP Committee Members G. Marcuila, S. Stetz and H. Perkins and J. Reder as backup.

Face-to-Face Meetings

Committee Chair George Sullivan stated the face-to-face meeting scheduled for New Orleans June 18th and 19th is coming along. It should be a good meeting. There is lots for the agenda with good speakers and hopefully we will have good attendance. TAP Program Analyst Sallie Chavez said she will be sending out the travel request next week. She asked everyone to please get it back to TAP Management Assistant Jenny Reyes as soon as possible so all travel can be made. Also please contact either TAP Management Assistant Reyes or herself with credit card numbers for the hotel. The deadline for the hotel is May 27. If you plan to go early or stay later, please let her know as soon as possible so she can contact the hotel and tell them additional rooms will be required.

Flyers will be going out to business groups, chambers of commerce, accounting groups, libraries and newspaper on May 3. Designated Federal Official Carolyn Lewis will provide a list of IRS officials in the New Orleans office that can be invited to the meeting. She will encourage many of them to attend.

Committee Chair George Sullivan stated that there may be a problem with the September face-to-face meeting as it is scheduled for Saturday and Sunday and IRS employees may not be able or willing or attend meeting on the weekend so there may not be any Subject Matter Experts to address the committee. He made a suggestion to change it to the last weekend in August (August 27 & 28). Committee Member Owen Oatley stated he has an issue committee face-to-face the weekend before and doesn't think he can do two in the same month. Committee Chair Sullivan then suggested having the meeting early in the week (September 13 & 14) with September 12 as a travel day. Committee Member Owen Oatley stated that may not work as this is the filing deadline for the business extensions. The meeting can't be moved to the next weekend because that is Yom Kippur. The committee should not schedule meeting on the Jewish Holidays.

It was decided since only one member was affected by Rosh Hashanah, Committee Chair George Sullivan will contact Committee Member Gwen Handelman and see if she can travel on Friday (September 17) and just come to the meeting late.



Area 3 TAP Issues

Toll Free Option Joint Proposal with Area 6

Committee Chair George Sullivan stated the proposal was sent to everyone. He wanted to know what everyone thought about the proposal and whether Area 3 wanted to join in on it. Committee Member Agnes Tillerson had a few questions about the proposal. She wanted to know who Tim Nolen was. TAP Program Manager Nancy Ferree stated he was the director of the Joint Operations Center. The committee met with him when they were on the tour of the Atlanta Campus last year. Committee Member Tillerson said she feels that is a barrier. Committee Chair Sullivan said that the IRS is planning to upgrade and Area 6 wants to make sure this will be part of the upgrade. Committee Chair Sullivan asked if everyone agreed to this proposal. It was approved by consensus. Committee Member Tillerson said it should be rewritten. Committee Chair Sullivan will contact Area 6 Committee Chair Sherry Whah.

Third Party Authorization

Committee Chair George Sullivan stated he has elevated this proposal. It is on the agenda for the May face-to-face Joint Committee Meeting.

Schedule K-1s

Committee Member Owen Oatley stated he is planning to get together with Area 1 Committee Member Paul Nagel next week to rewrite this proposal.

Review of Area 3 Issues

Offer in Compromise/Installment Agreements/Penalty-Interest Assessments

Committee Members Owen Oatley and Sharon Lassar have been busy in the past couple of months with filing season. They will meet next week and decide what they want to do with this issue.

Identifying & Processing of Questionable W-4s

Committee Member Sharon Lassar stated that this issue is being worked by the Payroll Issue Committee. She will join in on their calls if possible. Committee Member Charlotte Cassady is on that committee and will advise Committee Member Lassar when the meeting will be held.

Telephone Listing/Answering Quality

Committee Chair George Sullivan stated the committee had discussed many items. The subcommittee could break it down into smaller bits and submit something. It's too big to do all at once. It needs to be broken down into segments. He suggests the four (4) subcommittee members get on a conference call and discuss this. Committee Member Buck Paolone said he would like to see how this telephone testing has worked. The more feasible issue is the telephone listing. He thinks the subcommittee should wait until the information on the testing comes back.

Walk-in Office Review (Taxpayer Assistance Centers)

Committee Chair George Sullivan asked everyone to make arrangements for office visits through TAP Staff. Committee Member Agnes Tillerson asked if there were going to be any other office closures. TAP Program Analyst Sallie Chavez stated she was planning on inviting the TAC Director to the face-to-face meeting in June. Designated Federal Official Carolyn Lewis stated that if the Director could not attend she will make sure someone from that office attends so that any questions the committee has about TAC offices can be addressed.

Schedule K-1s

Committee Member Owen Oatley will handle this next week.



Military Special Information

Committee Member Owen Oatley said he and Committee Member Steve Wood would like to see what happens after this filing season to see if there are any problems. Would like to keep this in the parking lot.

Materiality

Committee Member Phil Bryant stated that research has now found that the tolerance for abatement is \$5.00. He would like to see this raised. Committee Chair George Sullivan asked him to write it up as a formal proposal. Committee Member Bryant asked for the format. TAP Program Analyst Sallie Chavez will provide him with the format and any other additional assistance.

Suggestions for Extension for filing return

Committee Member Owen Oatley did not remember this issue. TAP Program Analyst Sallie Chavez reminded him it came through him from a member of NATP. He will look for it and report at the next meeting.

Outsourcing of Tax Return Preparation

Committee Chair George Sullivan stated this was on hold until after the Joint Committee face-to-face meeting in May.

Other Issues

TAP Manager Nancy Ferree stated she has received information from the Florida Governmental Liaison about Congressional Seminars in Ft. Myers and Orlando this June. The Ft. Myers seminar will be held on June 2 and the Orlando seminar will be held on June 9. If any of the Florida committee members would like to attend, please contact her as soon as possible. Either she or TAP Program Analyst Sallie Chavez will attend with them. It will only consist of a 5 - 10 minute presentation. Staff will provide handouts to attendees. Committee Member Owen Oatley may be able to attend Orlando seminar. Committee Chair George Sullivan will not be able to attend because he will be in Buffalo.

Committee Member Buck Paolone asked if everyone received the bound book on marketing materials. Some has receive it and some have not. TAP Program Manager Nancy Ferree will check on this.

Citizen Input

There were no citizens on the call at this point.

Meeting Close

Committee Chair George Sullivan thanked everyone for their time.

The next meeting is scheduled for May 21, 2004 at 11:00am EST.

Meeting was adjourned.

ASSIGNMENTS

TAP Program Analyst

1. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue.
2. Contact #822 (processing of Form 2553 Election by a Small Business Corporation) TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.
3. Contact #2607 (Taxpayer did not receive his 1040 package) TAP Program Analyst Sallie Chavez will research this issue and report back at the next meeting.



4. TAP Program Analyst Sallie Chavez will send out referral from taxpayer received from April along with any additional referrals received the end of April and the first of May.
5. TAP Program Analyst Sallie Chavez will contact Committee Member Owen Oatley about the trust extensions.
6. TAP Program Analyst Sallie Chavez will send out travel request forms for committee members to submit for travel arrangements.

Designated Federal Official

Designated Federal Official Carolyn Lewis will provide TAP Program Analyst Sallie Chavez with a list of IRS officials to invite to the New Orleans face-to-face meeting.

TAP Program Manager

Check on bound book to be sent to all committee members on marketing material.



Area 3 Committee Meeting Minutes March 19, 2004

Members in Attendance:

- Phil Bryant
- Helen Curol
- Gwen Handelman
- Edward Hanna
- Sharon Lassar
- Owen Oatley
- Buck Paolone
- George Sullivan
- Agnes Tillerson
- Nancy Ferree Acting DFO

Staff:

- Sallie Chavez TAP Program Analyst

Guests:

- Raymona Stickell, Director, Competitive Sourcing
- Cindy Hawkenberry, NATP

Welcome

Committee Chair George Sullivan welcomed everyone to the March call. He stated there was a very full agenda. He welcomed the guests.

Roll call

Roll was taken. Quorum was met.

Subject Matter Expert Competitive Outsourcing of Toll-Free Telephone Line

Raymona Stickell is the Director of Competitive Sourcing with the Internal Revenue Service. She stated that this outsourcing is one of many within the Internal Revenue Service. She gave a brief background on Competitive Sourcing. In the case of the toll-free telephones, the only outsourcing is the delivery of tax law only. The account was awarded to Spherix.

This outsourcing started on February 16. At the present they are receiving 10% of the volume of calls. They are not taking any refund or account questions. If any account or refund questions are delivered, they are immediately transferred back to the Joint Operations Center so they can be answered by the Internal Revenue Service. The project ends on April 16.

The IRS is monitoring this project in real-time. They can listen to calls to measure the quality. The caller has the ability to provide feedback immediately after the call.

Committee Member Gwen Handelman asked if the customer knows it's not the Internal Revenue Service. Raymona Stickell stated that they do. There is a required lead-in message to advise that the caller is not speaking with the Internal Revenue Service.



At the present, Spherix is taking 6,000 calls per day. There were early start-up problems but they have been corrected. Most of the problems were with the probe and response guide.

Committee Member Ed Hanna asked if they gave callers ID information. Raymona Stickell stated she was not sure about this. She will check and get the information back to the group.

Committee Member Agnes Tillerson asked about the quality rate. Raymona Stickell stated that it was in the high 80s. She said at first the quality was low but that was because of the problem with the probe and response guide.

Committee Member Buck Paolone asked if this would lower the cost for the Internal Revenue Service or would it free up additional manpower or eliminate employees. Raymona Stickell said that they always look at return on investment. They would not go forward without it. There has not been a decision as to whether this will be permanent. If it is permanent then a decision will be made as to what happens to the current employees who work in this area. They could be re-assigned.

Committee Member Helen Curol asked if there were any groups that would be off-limits such as prisons to do this type of outsourcing. Raymona Stickell said that the requirements for outsourcing were set by the Federal Acquisition Regulations as to who could bid on these jobs.

Committee Chair George Sullivan asked if there were any plans to go outside the United States for this service. Raymona Stickell said there were limitations on government contracting.

Committee Member Sharon Lassar asked could Spherix be off-shore. Raymona Stickell said that the Internal Revenue Service checked on this and they were not. There are limitations.

Committee Member Buck Paolone asked what the actual cost was. Raymona Stickell said she does not have that information.

Committee Member Helen Curol asked how is the company selected. Raymona Stickell stated that low cost is not the final determining factor. Past performance is critical. References are needed. The Internal Revenue Service also makes bids to streamline the process. The government has won about 60% of the bids government wide.

Committee Member Helen Curol asked if the employees of Spherix have to go through background checks. Raymona Stickell said they have the same requirements as Internal Revenue Service employees even though they will not be answering account questions. They have to be finger printed and take the same training as the Internal Revenue Service employees. Anything that is required internally is required for Spherix.

Committee Member Buck Paolone asked how the calls are routed. Raymona Stickell said they are routed by the Joint Operations Center (JOC). Once JOC identifies the call as a tax law questions, 10% go to Spherix.

Committee Member Gwen Handelman said that if it is outsourced, the Internal Revenue Service system technology will be outdated if the service does not work. Raymona Stickell said that a contract is for one (1) year with an option for four (4) years of renewals. The contract is reviewed after three (3) years. It would be very difficult to take back in-house after that time. She said there was a Quality Assurance Plan that has evaluators on site. Once they identify a problem it is resolved within a day or less. There is also a feasibility study looking at processes to assure good outcomes.

Committee Agnes Tillerson asked if there was other outsourcing. Raymona Stickell said that there are five (5) or six (6) other. The internet has the Internal Revenue Service procurement site has a list of



the plans. Some of them are Form Distribution, Mailrooms, and Campus Operations (printing equipment).

TAP Program Analyst Sallie Chavez stated that Raymona Stickell had sent an outline of what she has just spoken about. TAP Program Analyst Chavez will forward this to all committee members.

Review of February 20, 2004 Minutes

Committee Chair George Sullivan asked if there was any discussion about the February 20, 2004 meeting minutes. Committee Member Gwen Handelman suggested that on the list of contact # to add a brief description of the contact. This will be done in the future. The committee approved the February 20, 2004 meeting minutes by consensus.

Other Issues

Committee Chair George Sullivan stated that Area 6 has an issue that Area 3 got tagged onto. It has to do with toll-free. The proposal has to do with the option of music or information on IRS services and hold time. Sherry Whah is the Chairperson of that committee. Committee Member Ed Hanna asked, Wasn't this brought up before? Committee Member Gwen Handelman said it was but that they wanted it sent up again because there may be funds available to do it in the future. She said that market research showed that the customer did not want information. Committee Chair George Sullivan stated that the customer would get a choice of either music or the information and hold time. Committee Member Agnes Tillerson asked for a copy of the proposal. Committee Chair said he would fax a copy of the proposal to TAP Program Analyst Sallie Chavez to forward to the entire Committee.

Committee Member Ed Hanna stated that this was the first Joint Recommendation elevated to the Joint Committee. Committee Member Gwen Handelman suggested that the proposal be sent to everyone and be put on the agenda for the next meeting.

New Issue Referrals from Taxpayers

CASE 2672

This individual is complaining about a dependency issue where a parent that is the non-custodian is claiming the deduction for the child. This caller thinks the IRS should have to change this.

In this particular situation, the caller is not the child's parent. The caller is quite right that the other person is spending the refund while the person that should be allowed the deduction might have to wait many months for the refund.

Committee discussed this issue. Committee Member Gwen Handelman stated that her EITC Issue Committee had a similar situation. Committee Member Helen Curol stated there has to be a better way. Committee Member Sharon Lassar suggested a subject matter expert.

TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue with committee.

CASE 2704

The caller states there is a sign at the Ft. Myers TAC office stating there is no tax preparation on Monday and Friday. Caller states this is 40% of the time available to have taxes prepared and it is unreasonable. She also states there is no sign for the Taxpayer Advocacy Panel in the TAC office to advise taxpayer's to contact TAP with suggestions.

The TAC Territory Manager has been contacted about this. The TAC Territory Manager states that the TAC is operating at full capacity for return preparation based on staffing availability. Currently they are understaffed by two employees in that office. They must manage the resources in order to have staff



available for other issues such as tax law questions and account work. The TAC Territory Manager also told me that the budget for next year would be no better than this year. Services at the TAC will remain the same as long as they have personnel. As of this time they are not expecting to hire.

Committee discussed the lack of signs for the TAP at the TAC office. Committee Member Gwen Handelman asked if signs were likely to be made available. Acting Designated Federal Official Nancy Ferree stated they could happen now. Committee Member Handelman said this should be put on the Joint Committee agenda. Acting Designated Federal Official Ferree stated she was aware of a communications strategy. Committee Member Buck Paolone stated that there were requests for such items as posters. Committee Member Ed Hanna stated there have been no posters since the CAP. Committee Member Buck Paolone stated there was a plan. He will send it to Acting Designated Federal Official Nancy Ferree. Committee Member Handelman requested that Chair George Sullivan request this to be put on the May face-to-face Joint Committee Meeting. Acting Designated Federal Official Ferree stated TAP needs to work with the TAC Director to have any posters posted in the TAC offices.

Acting Designated Federal Official Nancy Ferree stated that a letter should be sent to this individual thanking them for bringing up this information. Committee Member Gwen Handelman stated that they should also be told there is a lack of funds. TAP Program Analyst stated that she also advised individuals who call asking for tax preparation about VITA and those sites sponsored by the Internal Revenue Service that prepare returns for free. Committee Member Helen Curol said that should be put in the letter as well.

CASE 2785

This individual is complaining about tax returns being processed outside the United States.

The Outsourcing of Tax Preparation issue subcommittee is covering this.

This will be discussed later in the meeting.

CASE 2794

This individual states that there should be a better method of having tax returns examined. Wants to stop repeat examinations, especially if it is for the same issue that was examined before.

This is a web comment and the individual did not leave any contact information so no additional information can be obtained to clarify what issues are being audited yearly.

Committee discussed this. Since there is no way to discuss this in more detail, the committee decided to drop it.

CASE 2802

Caller would like to see a change to the IRS online search engine used by the IRS.

I contacted the Ad Hoc Committee and this is not something that they are working with Steve Bader on.

Committee Member Gwen Handelman said she had just responded to a survey on this issue. Committee discussed and decided that the individual could go the IRS website and input a suggestion directly to the website. Committee Member Handelman said that it should be emphasized that directly on the website would be most effective.



Communications

1040X Direct Deposit

Committee Chair George Sullivan asked if everyone had received the response from the recommendation. He wants to know if the committee is satisfied with the response. No one had any problem with the response. He will respond back to the Joint Committee that the committee is satisfied with the response.

Area 3 TAP Issues

Outsourcing of Tax Return Preparation

Committee Chair George Sullivan stated that the subcommittee met last week and they wrote up two (2) proposals. He requested Committee Member Owen Oatley to explain his proposal and Committee Member Agnes Tillerson to explain Committee Member Gwen Handelman's and her proposal.

Committee Member Owen Oatley stated the overseas issue was different than domestic. He wants to know how we punish someone from another country. There are many issues involved. He mentioned the Congressional letter that he requested to be sent to all committee members that was sent to the IRS Commissioner.

Committee Member Agnes Tillerson stated that the subcommittee parted ways when Committee Member Owen Oatley wanted only to address the foreign issue. She thinks it should be broader. It should cover other than the original preparer.

Committee Member Ed Hanna stated this has been done for 30 years. The relationship is acceptable. Committee Member Agnes Tillerson said she has a problem with outsourcing out of state. Committee Member Hanna stated it doesn't make any difference. There is no control overseas.

Committee Member Sharon Lassar asked how this concerns IRS. She feels it is beyond the scope of the TAP. Committee Member Owen Oatley said IRS can change regulations. Committee Member Lassar stated we cannot regulate tax preparers. Committee Member Agnes Tillerson said there were disclosure and privacy issues. Committee Member Lassar said there were procedures and processes at the IRS. Committee Member Tillerson said IRS should be involved. Committee Member Lassar said that if the proposal was to regulate preparers she will not support it.

Committee Member Gwen Handelman wants this tabled until the Joint Committee can discuss whether committees can recommend issues without the full support of the committee.

Committee Member Sharon Lassar said she has researched identity theft and only found one at H & R Block. There was no research to indicate any identity theft overseas. Committee Member Gwen Handelman said that the H & R Block employee could be identified. There may be no way to identify an employee overseas. It may be harder to enforce and there are no regulations.

Committee Chair George Sullivan said this issue will be tabled until after the May Joint Committee Meeting.

Committee Member Buck Paolone said that the Ad Hoc Issue Committee is working on confidentiality and privacy issues along with licensing of practitioners. Committee Member Gwen Handelman suggested our issue be shared with them. Committee Member Paolone said he has.

Schedule K-1

Committee Chair George Sullivan stated that Committee Member Owen Oatley was working with Area 1 Committee Member Paul Nagel to rewrite this proposal. Committee Member Oatley states he and



Area 1 Committee Member Paul Nagel have been busy with filing season. They will work on it after 4/15.

Third Party Authorization

Committee Chair George Sullivan asked if everyone had received Committee Member Ed Hanna's proposal. It will need to be rewritten in the proper format. Committee Member Gwen Handelman found a couple of typing errors. These will be corrected in the final proposal. TAP Program Analyst checked to make sure there was still quorum. There was. By consensus it was agreed to elevate the issue after it was put in the correct format. Committee Member Ed Hanna agreed to rewrite his proposal in Joint Issue Referral Format and submit it to TAP Chair George Sullivan and TAP Program Analyst Sallie Chavez by April 5th so that the chair could include it in his April report to the Joint Committee.

Face-to-Face Meeting in New Orleans

TAP Program Analyst reviewed the information on the face-to-face meeting. If anyone is traveling with a spouse and wants to make travel arrangements now, they can contact TAP Secretary Jenny Reyes and she will make their reservations.

Committee Member Gwen Handelman stated there is a problem with the 2nd face-to-face meeting scheduled for September. The travel day is on the first day of Rosh Hashanah. She suggested moving the meeting to earlier in the week. That could cause a problem with the Joint Committee meeting the week-end before. After much discussion it was decided to move the meeting by one day making the travel day on September 17th and having the meeting on September 18th and half a day on September 19th and travel back home on September 19th.

Review of Assignments from Previous Meeting

TAP Program Analyst

1. Send thank you letter to Keith Johnson and other Committee Members who have resigned. This was done on February 24, 2004
2. Contact #822 (processing of Form 2553 Election by a Small Business Corporation) TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue. This has not been completed. Carryover.
3. Contact #2523 (Publication 505 being available on time) TAP Program Analyst Sallie Chavez will close referral, as there is no taxpayer contact information. This referral has been closed.
4. Contact #2486 (Processing Form 990) TAP Program Analyst Sallie Chavez will close the referral. This referral has been closed.
5. Contact #2512 (Faxing Form 2553 to IRS) TAP Program Analyst Sallie Chavez will close referral, as there is no taxpayer contact information. This referral has been closed.
6. Contact #2586 (individual paying estimated taxes) TAP Program Analyst Sallie Chavez will input this issue into the Taxpayer Advocate Service system called SAMS and close referral. This referral has been input into the SAMS system and is showing as transferred to program owner.
7. Contact #2607 (Taxpayer did not receive his 1040 package) TAP Program Analyst Sallie Chavez will research this issue and report back at the next meeting. This has not been done. Carryover.
8. Contact #2617 (Putting individual telephone numbers on tax forms) TAP Program Analyst Sallie Chavez will prepare letter for chair's signature and close referral. Letter was prepared and sent March 8, 2004. Referral was closed.



9. TAP Program Analyst Sallie Chavez will send 1040X Direct Deposit response received from IRS.
This has been done.
10. TAP Program Analyst Sallie Chavez will send Committee Member Ed Hanna's email about 3rd Party Authorization to all committee members.
This has been done.
11. TAP Program Analyst Sallie Chavez will transfer the website referral to the Ad Hoc Committee.
This has been done.

Committee Members

1. Committee Members Owen Oatley, Agnes Tillerson and Gwen along with DFO Carolyn Lewis will look into rewriting the outsourcing proposal.
This has been done.
2. Committee Member Owen Oatley will work with Area 1 Committee Member Paul Nagel to rewrite the Schedule K-1 proposal.
Hold over.
3. All Committee Members to send suggestions on how TAP can better assist taxpayer to Committee Chair George Sullivan.
Hold over.
4. Committee Members to send comments to Committee Member Ed Hanna by March 10, 2004 on the 3rd Party Authorization proposal.
This has been done.

Committee Member Ed Hanna will write up proposal on the 3rd Party Authorization.

This has been done.

New Issues

Nationwide Tax Forums

TAP Program Manager Nancy Ferree stated the TAP was going to participate in the Nationwide Tax Forums this year as they did last year. This committee will be asked to participate in the Orlando forum (July 20 - 22) and the New Orleans forum (Aug 17 - 19). She will be sending out an email and will request a response by March 30th.

Committee Members Ed Hanna and George Sullivan volunteered for the Orlando forum. Committee Member Gwen Handelman stated that her EITC Issue Committee is planning a face-to-face meeting in New Orleans around that forum. She and Committee Member Agnes Tillerson volunteered for that forum.

Role of the DFO

Committee Chair George Sullivan said that during the Joint Committee call the chairs were advised that the Designated Federal Official (DFO) was not a member of the committee and, as well, are not part of the quorum.

Citizen Input

There were no citizens on the call at this point.

Meeting Close

Committee Chair George Sullivan thanked everyone for their time.

The next meeting is scheduled for April 16, 2004 at 11:00am EST.



Meeting was adjourned.

ASSIGNMENTS

TAP Program Analyst

1. TAP Program Analyst Sallie Chavez will e mail outline from Raymona Stickell to entire committee.
2. TAP Program Analyst Sallie Chavez Email Area 6 proposal on the hold music to entire committee.
3. Contact #2672 (Dependency issue where a parent that is the non-custodian is claiming the deduction for the child) TAP Program Analyst Sallie Chavez will get a subject matter expert to discuss this issue.
4. Contact #2704 (No tax prep on Monday and Friday in Ft. Myers TAC Office and there is no sign for the Taxpayer Advocacy Panel) TAP Program Analyst Sallie Chavez will send a letter to individual thanking them for the information.
5. Contact #2794 (wants to stop repeat examinations) TAP Program Analyst Sallie Chavez will close referral, as there is no taxpayer contact information.
6. Contact #2802 (want to change IRS online search engine) TAP Program Analyst Sallie Chavez will send letter to individual advising them to go on the IRS website and make suggestion directly on the website.
7. Contact #822 (processing of Form 2553 Election by a Small Business Corporation) TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.
8. Contact #2607 (Taxpayer did not receive his 1040 package) TAP Program Analyst Sallie Chavez will research this issue and report back at the next meeting.

Committee Members

1. Committee Member Owen Oatley will work with Area 1 Committee Member Paul Nagel to rewrite the Schedule K-1 proposal.
2. All Committee Members to send suggestions on how TAP can better assist taxpayer to Committee Chair George Sullivan.
3. Committee Chair George Sullivan will fax a copy of the Area 6 Telephone proposal to TAP Program Analyst Sallie Chavez.

TAP Program Manager

1. TAP Program Manager Nancy Ferree will forward email to all committee member about the Tax Forums.



Area 3 Committee Meeting Minutes February 20, 2004

Members in Attendance:

- Phil Bryant
- Charlotte Cassady
- Helen Curol
- Edward Hanna
- Sharon Lassar
- Owen Oatley
- Buck Paolone
- George Sullivan
- Steven Wood
- Carolyn Lewis DFO

Staff:

- Sallie Chavez TAP Program Analyst

Welcome

Committee Chair George Sullivan welcomed everyone to the February call. He stated was going to be a lively agenda.

Roll call

Roll was taken. Quorum was met.

Review of December 19, 2003 and January 16, 2004 Minutes

Committee Chair George Sullivan stated that revised December meeting minutes had been forwarded to everyone. He asked if there were any problems with them. Committee Member Owen Oatley stated he had made some changes but did not know if they were made. TAP Program Analyst Sallie Chavez stated she had faxed him a copy of the most recent draft of the minutes on Tuesday, February 17, 2004. He said he did not get them but assumed the changes were made. The committee approved the December 19, 2003 meeting minutes by consensus.

Committee Chair George Sullivan asked if there was any discussion about the January 16, 2004 meeting minutes. There were none. The committee approved the January 16, 2004 meeting minutes by consensus.

Review of Assignments from Previous Meeting

TAP Program Analyst

1. Forward Information concerning the Face-to-Face meeting in New Orleans to Committee Members.

TAP Program Analyst stated that she would cover this later in the meeting.

2. Make changes to the DRAFT Meeting Minutes and forward them to Committee Members.

This was done and forwarded to committee members.



3. Send thank you letter to Keith Johnson and other Committee Members who have resigned.

This item is on hold. TAP Program Analyst is attempting to get a template of what the letter should look like.

4. Contact #822 TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.

This item is still being worked.

5. Contact #2379 send contact letter to taxpayer and close issue.

Letter was sent to taxpayer and referral closed on February 6, 2004.

6. Contact #2387 need volunteer to write up recommendation. TAP Program Manager and TAP Program Analyst Sallie Chavez will work on this.

TAP Program Analyst Sallie Chavez stated that since this was part of the web site proposal from Steve Bader, it was suggested to forward this to the Ad Hoc Committee since they were going to be working with Steve Bader on his issue.

7. Forward information on the toll-free pilot program to all Committee Members.

TAP Program Analyst Sallie Chavez stated that there was nothing she could share with the committee at this time. TAP Program Manager Nancy Ferree is working on getting a subject matter expert to attend the meeting. It could not be arranged for this meeting. Will attempt to have one for the next meeting.

8. Forward New Issues/Referrals to Committee Members Agnes Tillerson and Gwen Handelman.

This was done shortly after the last meeting.

Committee Chair George Sullivan

1. Contact TAP Program Analyst Barbara Toy about the 3rd Party Authorization.

This was done and will be addressed later in the meeting

Committee Members

1. Committee Member Ed Hanna to forward to Committee Chair George Sullivan information about the 3rd Party Authorization.

This was done and will be addressed later in the meeting.

2. Committee Members Owen Oatley, Agnes Tillerson and Gwen along with DFO Carolyn Lewis will look into rewriting the outsourcing proposal.

This subcommittee is working on the issue. They are planning to have a subcommittee meeting early next month.

3. Committee Member Gwen Handelman to rewrite recommendation for Educating Business on Tax Treatment of Health Benefits for Committee to approve at the next meeting.

This will be covered later in the meeting.

Area 3 TAP Issues

One committee member advised the committee that she would be unable to remain on the call for the entire time. It was suggested to move any action items that needed to be approved to the beginning of the meeting.



Educating Business on Tax Treatment of Health Benefits

Everyone commented on how well written this proposal was. By consensus it was agreed to raise this issue to the Joint Committee. Committee Chair George Sullivan will present this at the next Joint Committee meeting.

New Issue Referrals from Taxpayers

CASE #2523

Caller concerned at delay in having publication 505 (Tax Withholding and Estimated Tax) available on time to determine proper estimate due April 15.

TAP Program Analyst Sallie Chavez received information that this publication will be sent to print by Feb 13 and the electronic version should be on the IRS website with a few days after it goes to print. As of February 18, 2004, the 2004 version is now available.

The committee reviewed this and determined that there were several instances of late publications this year. They do not want to pursue this issue. TAP Program Analyst Sallie Chavez will close the referral (there is no contact information).

CASE #2486

Caller feels errors are being made in processing form 990.

TAP Program Analyst Sallie Chavez said there was no information to be able to clarify this problem. This may be a one-time occurrence. There is no way to tell.

Committee discussed this. It would be an interesting topic but since there is no way to tell where the processing problem has occurred or if it occurred more than once, this issue will also be dropped. TAP Program Analyst Sallie Chavez will close the referral.

CASE #2512

Form 2553 (Election by Small Business for S-Corp) can now be faxed to IRS for processing. IRS does not confirm receipt of the fax.

TAP Program Analyst Sallie Chavez stated that the IRS manual states acknowledgement of faxes (by a return fax) that are received in the course of tax administration activities will not normally be done. In addition the manual states, the campus notifies the corporation if its election is accepted and when it takes effect. The corporation is also notified if its election is not accepted. Generally the corporation should receive notification within 60 days if mailed or faxed. If a taxpayer does not receive this notification, he then qualifies for the case to be worked by Taxpayer Advocate Service (TAS).

The committee discussed this issue. They do not feel that there is anything wrong with this process as long as the IRS is following the procedures. TAP Program Analyst Sallie Chavez will advise the taxpayer by letter of the above and close the referral.

CASE #2586

Caller suggests that the IRS should have a method of paying estimated taxes automatically similar to the way taxpayers can use a third party to pay the amount of tax owed.

Caller was advised that there was EFTPS. Caller stated that he talked to three different people on the IRS toll free number (one being the specialist on the Estimated Tax Line) and none mentioned this service was available. His preparer was also unaware of this service. This may be a need to educate toll-free to make this suggestion to callers.



The committee discussed this issue. Committee Member Ed Hanna who is a preparer stated that he was not aware of this either. He feels that there is a need for education especially in the practitioner community. No one on the committee felt strong enough to take the issue. TAP Program Analyst Sallie Chavez advised the committee that this issue could be input into the Systemic Advocacy Management System (SAMS), which is worked by Taxpayer Advocate Service Analysts. The committee liked this idea. TAP Program Analyst Sallie Chavez will input into SAMS and keep the committee advised of the status of the suggestion.

CASE #2607

Caller stated he did not receive his Form 1040 package as he has every other year.

Analyst did call him to confirm he did not receive his package as analyst had personal knowledge that some were delivered late. He stated he never received it. This may not be an IRS problem but a mail problem. He did call the toll-free forms number and has received his needed forms.

The committee discussed this issue. They feel that the IRS should be mailing out the tax packages. TAP Program Analyst Sallie Chavez stated that in some instances the tax package is not mailed out. If a taxpayer filed with a practitioner or files electronically, then no tax package is mail out the next year. Taxpayer's have several ways of getting tax forms: via the internet at www.irs.gov, by calling the forms toll-free number at 800-829-3676, by going to a local office or at various public offices such as the library or the post office. The committee would like to see a little more about this. They requested the TAP Analyst research the procedure for mailing out tax packages at the end of the year. One member stated it might not be an IRS problem but a mail problem. TAP Program Analyst Sallie Chavez will research this in more detail and report back at the next meeting.

CASE #2617

This caller had contacted TAP before and his issue was dropped. He was not happy that the TAP dropped his issue. He would like to have a telephone number (of an individual not the toll-free number) printed on the bottom of every form.

Analyst tried to tell him that it would not be cost effective to do this. He stated that he did not believe that and he has been working for 5 or 6 years to get this done. Analyst told him she would again present to committee and would get back to him by the end of the month.

Committee discussed this issue. They agree that it would not be cost effective to have an individual employees telephone number at the bottom of tax forms. Committee Chair George Sullivan requested that TAP Program Analyst Sallie Chavez write a letter to the taxpayer and sign his name to the letter. TAP Program Analyst Sallie Chavez will prepare letter with Chair signature.

Communications

1040X Direct Deposit

Committee Chair George Sullivan asked if everyone had received the response. No one remembered getting the response on this proposal. Committee Chair Sullivan stated that the response was positive. He would like everyone to have a copy of it. He asked TAP Program Analyst Sallie Chavez to send it to everyone. This will be discussed at the next meeting.

Refund Check Envelope

Committee Chair George Sullivan advised the committee that he presented the Refund Check Envelope Proposal to the Joint Committee and they agreed to raise the issue.

Barbara Toy's Email on Third Party Authorization

Committee Chair George Sullivan stated that Barbara Toy's email stated that she didn't think that this



needed to go to counsel. Committee Member Ed Hanna states he wants to do more on this issue. Committee Member Hanna asked Committee Chair Sullivan to read his email to the entire committee.

I have been trying to extend the "Check The Box" to encompass more provisions than the three years you noted in the e-mail to Barbara Toy. I went back to my original correspondence and these are the items that ideally should be changed in addition to the three years as was allowed with the filing of form 8821.

1. The designee should be allowed to obtain dates and amounts of the taxpayer's estimated tax payments for the succeeding year.
2. The Service needs to enforce the rule that the designee be the primary contact regarding inquiries for math errors or other notices generated by processing the tax return.
3. The provisions enumerated in the notice Barbara Toy sent me require that the Power of Attorney, form 2848, be filed for:
 - a. underreported issues;
 - b. examination issues;
 - c. appeals processing; or
 - d. correction notices.
4. The Designee should be the primary contact for Underreported Issues and Correction Notices. The Power of Attorney should be required only if these items cannot be resolved expeditiously. The Power of Attorney is appropriate for items 3 (b) and (c), Examination Issues, and Appeals Processing.

Let's pursue all of these changes just as CAP persevered in getting "Check The Box" instituted. I will be glad to write this up as an Issue if the members so approve.

Committee Chair George Sullivan asked that TAP Program Analyst Sallie Chavez send this email out to all committee members. He asked that the committee review the email and get any comments back to Committee Member Ed Hanna by March 10. He will then write up a proposal for the March meeting.

Outsourcing of Collection

Committee Chair asked everyone if they received the email from National Taxpayer Advocate (NTA) Nina Olson concerning the Outsourcing of Collection. The NTA advised the committee that this was a legislative item and that if they wanted to pursue it they could do it as an individual but not as the TAP.

Area 3 TAP Issues

Schedule K-1

Committee Chair George Sullivan stated that Committee Member Owen Oatley was working with Area 1 Committee Member Paul Nagel to rewrite this proposal. Committee Member Oatley states he is going to work on it this weekend and should have something by the next meeting.

Outsourcing of Tax Preparation

Committee Chair George Sullivan stated that there has been work done in this subcommittee but that the subcommittee is planning a conference call early next month to write up a proposal to be presented to the committee at the next meeting.

Website Suggestions

Committee Chair George Sullivan stated that since this issue is part of the proposal brought to us by Steve Bader, this issue should be transferred to the Ad Hoc Committee. TAP Program Analyst Sallie Chavez will transfer this referral.



Face-to-Face Meeting

Committee Chair George Sullivan advised the committee that TAP Director Bernie Coston would be allowing the committees to have seven (7) additional meetings. He has agreed to allow Area 3 to have another face-to-face meeting

Committee Chair Sullivan suggested in either August or September. There was some discussion. It was decided to have the second meeting September 17 & 18 with travel on the 16. Since the committee had previously wanted to have a meeting in Tennessee they decided to have this one in Tennessee with Nashville being the first choice.

TAP Program Analyst advised the committee that the plans for the face-to-face meeting in New Orleans have been finalized. The meeting will take place on June 18 & 19, 2004 at the Homewood Suites, 901 Poydras Street. TAP Program Analyst Chavez will work with DFO Carolyn Lewis to get flyers out and attempt to have a good attendance from the public at the meeting. Committee Member Helen Curol suggested send flyers to all Louisiana TAC offices. This can be done.

TAP Program Analyst Sallie Chavez stated that if committee members were interested in taking spouses they could contact TAP Manager Assistant Jenny Reyes any time to make travel arrangements so that committee member can then make travel arrangements for their spouse.

Citizen Input

There were no citizens on the call.

Additional Comments

Committee Chair George Sullivan stated that during the last Joint Committee call the Chair asked for the members to make suggestions on how TAP can better assist taxpayers. He asked that member send any comments or suggestions to him as soon as possible. The TAP Chair has also asked for each committee to submit by May at least two (2) new issues. Committee Chair Sullivan acknowledged that there were a couple out there. He asked the members to see if they can think of an issue of two in the next month.

Committee Member Buck Paolone discussed a television show that he saw on TV the night before about tax shelters. He stated that tax shelters were costing the government millions of dollars.

Meeting Close

Committee Chair George Sullivan thanked everyone for their time.

The next meeting is scheduled for March 19, 2004 at 11:00am EST.

Meeting was adjourned.

ASSIGNMENTS

TAP Program Analyst

1. Send thank you letter to Keith Johnson and other Committee Members who have resigned.
2. Contact #822 TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.
3. Contact #2523 TAP Program Analyst Sallie Chavez will close referral, as there is no taxpayer contact information.
4. Contact #2486 - TAP Program Analyst Sallie Chavez will close the referral.
5. Contact #2512 - TAP Program Analyst Sallie Chavez will close referral, as there is no taxpayer contact information.



6. Contact #2586 - TAP Program Analyst Sallie Chavez will input this issue into the Taxpayer Advocate Service system called SAMS and close referral.
7. Contact #2607 - TAP Program Analyst Sallie Chavez will research this issue and report back at the next meeting.
8. Contact #2617 - TAP Program Analyst Sallie Chavez will prepare letter for chair's signature and close referral.
9. TAP Program Analyst Sallie Chavez will send 1040X Direct Deposit response received from IRS.
10. TAP Program Analyst Sallie Chavez will send Committee Member Ed Hanna's email about 3rd Party Authorization to all committee members.
11. TAP Program Analyst Sallie Chavez will transfer the website referral to the Ad Hoc Committee.

Committee Members

1. Committee Members Owen Oatley, Agnes Tillerson and Gwen along with DFO Carolyn Lewis will look into rewriting the outsourcing proposal.
2. Committee Member Owen Oatley will work with Area 1 Committee Member Paul Nagel to rewrite the Schedule K-1 proposal.
3. All Committee Members to send suggestions on how TAP can better assist taxpayer to Committee Chair George Sullivan.
4. Committee Members to send comments to Committee Member Ed Hanna by March 10, 2004 on the 3rd Party Authorization proposal.
5. Committee Member Ed Hanna will write up proposal on the 3rd Party Authorization.



Area 3 Committee Meeting Minutes January 16, 2004

Members in Attendance:

- Helen Curol
- Gwen Handelman
- Edward Hanna
- Owen Oatley
- Buck Paolone
- George Sullivan
- Agnes Tillerson
- Carolyn Lewis DFO

Staff:

- Sallie Chavez TAP Program Analyst
- Nancy Ferree TAP Program Manager

Welcome

Committee Chair George Sullivan welcomed everyone.

Roll call

Roll was taken. Quorum was met.

Face-to-Face Meeting

Committee Chair George Sullivan stated there is a problem with the date of the Face-to-Face Meeting scheduled for June 11 & 12, 2004. The TAP Staff cannot attend during this time. Committee Chair Sullivan stated that he does not want to have a meeting without the staff. There was much discussion about the dates and place. It was finally decided that the meeting would be June 18 & 19, 2004 in New Orleans. TAP Program Analyst Sallie Chavez will get hotel information out to all Committee Members as soon as possible.

Review of December 19, 2003 Minutes

Committee Member Owen Oatley submitted several changes to the minutes in a fax sent to Committee Chair George Sullivan. These changes were discussed. Several of these changes will be added to the minutes. Committee Members Ed Hanna and Gwen Handelman also had changes. TAP Program Analyst Sallie Chavez will make these changes to the minutes and forward them to committee members for their approval. The revised DRAFT meeting minutes will be sent out to committee members next week and they will be reviewed again at the February meeting.

Review of Assignments

TAP Program Analyst

1. Send copy of October meeting minutes to Committee Member Gwen Handelman. TAP Program Analyst Sallie Chavez did this. Committee Member Handelman confirmed that she did receive them.
2. Send thank you letter to Keith Johnson. There was discussion about this. TAP Program Manager Nancy Ferree stated she checked with other TAP Managers and they do not send thank you letters to committee members who

resign. Committee still wants this done. TAP Program Manager Ferree states that this was not done for the other committee members who resigned. Committee Chair Sullivan states he would like thank you letters to go to all committee members who have resigned. He would like TAP Analyst Sallie Chavez to sign his name to the letters. This will be held over another month.

3. Send letter to Steve Bayder thanking him for the information and telling him it will be referred to the Ad Hoc Committee.
TAP Program Analyst Sallie Chavez sent out a thank you letter to Steve Bayder on January 7, 2003.
4. Forward Area 7 OIC recommendation to entire committee.
This recommendation was forwarded to the entire committee. Committee Members confirmed that they received it.
5. Make corrections on the K-1 recommendation and send it out to all committee members.
TAP Program Analyst Sallie Chavez made the corrections to the K-1 recommendation and sent it to all committee members. Committee members confirmed they received the revised recommendation.
6. Forward email from Committee Member Ed Hanna concerning the TAC Office Visitations to all committee members.
TAP Program Analyst Sallie Chavez forwarded the email from Committee Member Ed Hanna to all committee members. Committee members confirmed they received the email.
7. Contact #822 DFO Carolyn Lewis and TAP Program Analyst Sallie Chavez will work on this issue.
DFO Carolyn Lewis stated she is working on this issue. She has contacted two Service Center Taxpayer Advocates to request information on the processing of mail in the Service Centers. She has not received the information yet. This will be held over another month.
8. Contact #990 send contact letter to taxpayer and close issue.
TAP Program Analyst Sallie Chavez sent a closing letter to this taxpayer on January 5, 2004 and closed the referral.
9. Contact #2379 research more on issue.
TAP Program Analyst Sallie Chavez researched this issue. The issue referred to holding funds after the sale of stock on an IRA. Research indicated that the holding of the funds is an SEC regulation not an IRS regulation. With the permission of the committee this issue will be closed with a letter to the taxpayer. Committee agreed.
10. Contact #2387 forward this information to Steve Bayder.
This concerned a suggestion from former Committee Member Keith Johnson concerning a central location on the IRS website for addresses to send information as well as phone numbers. It was discussed whether this should be a formal recommendation instead of just forwarding the information to Steve Bayder. Committee Chair asked for a volunteer to write up a recommendation. TAP Program Manager Nance Ferree stated she would check with other committees to see if they have anything on this issue. Several Committee Members stated they did not have this referral. TAP Program Analyst Sallie Chavez will resend this referral to everyone.

Committee Chair George Sullivan

1. Contact TAP Program Analyst Barbara Toy about the 3rd Party Authorization.
Committee Chair George Sullivan stated he did not receive the information from Committee Member Ed Hanna so he has not done this. He has this on the Joint Committee Agenda for this month. This will be held over another month.

Committee Members

1. Committee Members Ed Hanna will forward to Committee Chair George Sullivan information about the 3rd Party Authorization.



Committee Member Ed Hanna has not sent this information. This will be held over another month.

2. Committee Members Owen Oatley, Agnes Tillerson and Gwen along with DFO Carolyn Lewis will look into rewriting the outsourcing proposal.

Committee Members Agnes Tillerson and Owen Oatley did rewrite the proposal but they did not forward to the entire committee. They will send their proposals to TAP Program Analyst Sallie Chavez and she will distribute them to the entire committee. This subcommittee will meet and create a revised recommendation for the next meeting. This will be held over another month.

Communications

Offer In Compromise TAP-004-04

This recommendation was sent to the committee for their information.

Third Party Authorization

This email was sent to committee members for their information. Committee still wants to follow-up on this issue and recommend expanding the authorization.

Toll-free Recommendation/Response

Committee Member Buck Paolone wants to know if this is a final response to the proposal. He thinks it is an insult to our intelligence. He received information from TAP Program Analyst Sallie Chavez concerning the outsourcing pilot program of the toll-free number from February to April. He said if they have the resources for the outsourcing why don't they have the resources for this item? TAP Program Manager stated that they outsource to save money. TAP Program Analyst Sallie Chavez explained a little about the outsourcing. This issue is going to be worked by Area 1, as they are concerned about confidentiality. Committee Owen Oatley stated he is concerned about penalty abatements if wrong information is given. He stated that if you have the name and employee number of the IRS employee who gives you incorrect information it is a basis for penalty abatement.

Committee Member Buck Paolone stated he would like to suggest making test calls. The same information/question that we already know the answer would be used. He would like to test both the individual and business numbers. This would be time consuming but the information would be useful. Committee Member Gwen Handelman stated she doesn't have time to do this but agrees with the proposal. There was some discussion about the proposal. Someone asked if the new organization could do the things that were suggested? TAP Program Analyst will forward the information on the pilot program to all committee members. This issue will be put on the agenda for the next meeting.

Committee Member Buck Paolone stated that the Ad Hoc Committee is looking into confidentiality. He asked them to add outsourcing as well.

Area 6 Recommendation on W-2 Clarification

This recommendation was sent to the committee for their information.

Area 3 TAP Issues

Educating Businesses on Tax Treatment of Health Benefits

Committee Member Gwen Handelman discussed her proposal. Committee Member Owen Oatley stated that health savings accounts should be added under proposed solutions (under the 1st bullet). She will add this to the proposal. Committee Member Buck Paolone questioned the barriers associated with the cost of implementing the solution. Will that be a problem? She and Committee Member Paolone agreed that volunteering would be a solution on the revision rather than outsourcing of the education portion of the statement. She did not feel it would. She will make the revision and re-submit to committee.



Committee Chair called for a vote on accepting the proposal. There was a question on quorum. A committee member left the meeting. Quorum was no longer met. The staff will check on quorum. The members at this meeting approved the proposal. It will be accepted if the staff determines it can be done without quorum.

Walk-in Office Visitation Procedures

Committee Member Ed Hanna stated he sent out the email containing the information requesting the approval of DFO Carolyn Lewis and TAP Program Manager Nancy Ferree. He never heard anything from either one so he assumes the questions are acceptable. Committee Member Buck Paolone stated that TAP Program Manager Judi Nicholas sent him information that NTA Nina Olson wants to look at the Taxpayer Assistance Centers (TAC) and has assigned this to the Ad Hoc Committee. Committee Chair George Sullivan stated that it started in our committee and we will continue. He asked if there were any objections to the email that Committee Member Hanna has issued. There were no objections. DFO Carolyn Lewis and TAP Program Manager Nancy Ferree had no objections.

Committee Member Gwen Handelman asked that under **Id VITA & LITC** (if there is an LITC in the area) be added. She also questioned what Q-matic was? It was explained that it was the numbering system in the TAC offices. She would like that spelled out in the format.

New Issues/Referrals from Taxpayers

Committee Chair George Sullivan stated that since it was late, these issues will be discussed at the February meeting with any other new issues received. Committee Members Agnes Tillerson and Gwen Handelman stated that they never received the memo. TAP Program Analyst Sallie Chavez will resend to them.

Citizen Input

There were no citizens on the call.

Meeting Close

Committee Chair George Sullivan thanked everyone for their time.

The next meeting is scheduled for February 20, 2004 at 11:00am EST.

Meeting was adjourned.

ASSIGNMENTS

TAP Program Analyst

1. Forward Information concerning the Face-to-Face meeting in New Orleans to Committee Members.
2. Make changes to the DRAFT Meeting Minutes and forward them to Committee Members.
3. Send thank you letter to Keith Johnson and other Committee Members who have resigned.
4. Contact #822 TAP Program Analyst Sallie Chavez along with DFO Carolyn Lewis will work on this issue.
5. Contact #2379 send contact letter to taxpayer and close issue.
6. Contact #2387 need volunteer to write up recommendation. TAP Program Manager and TAP Program Analyst Sallie Chavez will work on this.
7. Forward information on the toll-free pilot program to all Committee Members.
8. Forward New Issues/Referrals to Committee Members Agnes Tillerson and Gwen Handelman.

Committee Chair George Sullivan



1. Contact TAP Program Analyst Barbara Toy about the 3rd Party Authorization.

Committee Members

1. Committee Member Ed Hanna to forward to Committee Chair George Sullivan information about the 3rd Party Authorization.
2. Committee Members Owen Oatley, Agnes Tillerson and Gwen along with DFO Carolyn Lewis will look into rewriting the outsourcing proposal.
3. Committee Member Gwen Handelman to rewrite recommendation for Educating Business on Tax Treatment of Health Benefits for Committee to approve at the next meeting.