



2004 Meeting Minutes Area 5

- September 13, 2004
- August 24, 2004
- August 23, 2004
- August 9, 2004
- July 12, 2004
- June 14, 2004
- May 10, 2004
- April 12, 2004
- March 8, 2004
- February 6-7, 2004
- January 12, 2004

Area 5 Committee Meeting Minutes September 13, 2004

Present:

- Linda Bader
- Lydia Brasch
- Patrick Castleberry
- Laura DeMarais
- Maria Hermann-Pariente
- John Hollingsworth
- Nan Wilson
- Lillian Woo, Chair

Absent:

- Steve Landauer
- Tom Seuntjens
- R. Jeana Warren

Staff:

- Sandy McQuin, TAP Manager
- Dianne Glass, Designated Federal Official (DFO)
- Mary Ann Delzer, Program Analyst
- Audrey Jenkins, Program Analyst
- Patti Robb, Note Taker

Guests:

- Bill Sonnack, Houston LTA



Welcome/Announcements/Review Agenda

Woo called the meeting to order. She reminded everyone that this is the last meeting until the November Annual Meeting.

Roll Call

8 members present. Quorum Met.

Review/Approve Minutes

The minutes from the face-to-face meeting in Minneapolis were not completed yet so could not be approved.

Agenda Items

- **Mike McDermitt's Response – Sonnack**

Bill Sonnack spoke to Mike McDermitt regarding his email response to TAP 04-036, Revisions to Offer in Compromise (OIC) Form 656, sent forward in March 2004. McDermitt viewed the input as a duplicate of the information Sonnack submitted to him. A number of the recommendations were similar to other's recommendations. He felt some of the TAP recommendations included (but not implemented) were very good but will be held for the next revision later in the year.

Woo – one of the members thought McDermitt might have confused TAP with TAS, so we wanted to send a letter to explain the difference.

Sonnack – he knows the difference. He just took the information to be a duplicate of what I had sent him earlier.

Woo – review our response to McDermitt's email. Would our response appropriate or was it redundant?

Sonnack – it is not necessary. The information is cataloged for the next go around. He did not view your information as separate input. We will look for more input in the future on Form 656. We will get our requests out earlier in the process next time. I really don't think clarification is necessary now. An article in the TAS Newsletter acknowledges that TAP Area 5 contributed to this project.

ACTION: Glass will forward the TAS Newsletter article.

Woo – made a motion that the issue has been clarified and that no further response is needed. Seconded. Motion passed – no objections.

- **E-File Committee Report – Hollingsworth**

Hollingsworth - received a response from Bert Dumars but wants the sub committee review it before sharing it with the whole committee.

DeMarais – got the response too and he seemed to answer all but one of the questions.

Hollingsworth – could suggest a different marketing strategy. If they are trying to achieve numbers, they need a marketing push. Not everyone is eligible for free-file.

Woo – you may want to meet as a sub committee before we contact Dumars or one of his staff again.

- **Parking Lot Clean-up – Woo**

Woo – said that Warren's elevated issue, Copies of Returns/Transcripts, was approved as elevated by the Joint Committee.



The issue on Personnel/Training failed. The general thought was that this is not a TAP issue. It is more of a union issue. But if he feels strongly about it, we can always resubmit it in the future.

The issue on Address Change Procedures was approved as elevated to the Joint Committee.

Outreach Report

Bader – am discontinuing as a member but plan several outreaches. I will be speaking to a college on Wednesday, September 15. Will also be speaking to about 200 women the second week in October.

Wilson – attended the New Orleans Tax Forum.

Castleberry – this is officially my last TAP call but please call me if you need me.

Woo – asked Castleberry if the first “Fraud” fest was well attended.

Castleberry – reasonably. The IRS sponsored it and got a lot of bank and other community organizations involved.

Hermann-Pariente – attended the San Antonio Tax Forum.

Brasch – got a call and spoke at length to a taxpayer this summer.

Office Report – McQuin

One more time, thanks to all of you, especially those who won’t be with us in November. I am in awe of your time commitment, zest, passion and recommendations.

Public Input

Ken Eichner – I’m still not getting the meeting information before the call. I would like to see TAS give taxpayers a directory for IRS employees so you can contact them when you need to.

ACTION: Jenkins will send meeting information to Eichner and Bankler before each meeting.

Closing/Assessment

Woo – please forward any information you have that is to be added to the Area 5 report for the TAP Annual Report. I have to submit the report to the Joint Committee. I will send a draft out to you all when it is done.

Action Items

- **Glass will forward the TAS Newsletter article.**
- **Jenkins will send meeting information to Eichner and Bankler before each meeting.**



**Area 5 Committee Meeting Minutes
August 23-24, 2004
Minneapolis, MN**

Present:

- Linda Bader
- Lydia Brasch
- Patrick Castleberry
- Laura DeMarais
- Maria Hermann-Pariente
- John Hollingsworth
- Steve Landauer
- Tom Seuntjens
- R. Jeana Warren
- Nan Wilson
- Lillian Woo

Absent:

- Frank Woods, Jr.

Staff:

- Bernie Coston, TAP Director
- Sandy McQuin, TAP Manager
- Dianne Glass, Designated Federal Official
- Mary Ann Delzer, Program Analyst
- Audrey Jenkins, Program Analyst
- Patti Robb, Note Taker

Visitors:

- Olga Rhodes, Director, TAS Area 5
- Barry Bjornson, TAS, LTA St. Paul
- Mary Finnesand, TAS, LTA Aberdeen
- Billy Hubbard, SPEC, Austin
- Pat Hammond, TEC, St. Paul

Public Input:

- Andi Bishman Egbert
- Bob Post
- David Stuart
- Janine Thompson
- Yia Xiang
- Ruth Ann Michnay

Welcome/Announcements/Review Agenda

Woo welcomed everyone. Have a very full agenda these next two days.



Roll Call

11 members present. Quorum Met.

Taxpayer Advocate Service Area 5 Report – Olga Rhodes, Director, TAS Area 5

There are approximately 350 employees in TAS Area 5. The average age is 49.35, with 28 years of service on average. Receipts of cases have significantly declined since 1998. There are about 40% fewer cases today. Since October, 26,000 cases have been closed; about 16,000 were granted full relief; partial relief to a couple thousand; and about 17,000 were done in tandem with other divisions of the IRS. Overall, 23 Taxpayer Assistance Orders (TAO) were issued nation-wide so far this year. Area Dallas has issued 10 of the 23. Some were issued to Appeals to try to get work expedited. Several were issued to SB/SE to get a partial release of a lien or levy. One was issued concerning Offer in Compromise. We ask these divisions to expedite TAOs because of hardships. Currently, 27 percent of our receipts are because of economic hardships – not systemic problems. We are able to close the cases in an average 64 days. The top ten reasons for closed cases:

1. Processing amended returns
2. EITC
3. Processing original returns
4. Criminal Investigation cases
5. EITC recertification
6. Levies
7. Injured Spouse claims
8. Expedite Refunds
9. Reconsiderations
10. Open Audit Issues

Our quality goal is 90 percent; we are currently at 92 percent and rising.

The biggest problem with processing amended returns is there is no one to work them. Taxpayer gets a letter that their amended return is under consideration, but no one to work the case.

McQuin – Chris Wagner, Deputy National Taxpayer Advocate, discussed portfolios when he visited Milwaukee. We asked him to tie TAP into the portfolio issues. There will be written guidance for LTAs and TAP will be indicated as a source.

Rhodes – the LTAs know what their portfolios will be but the written guidance is still forthcoming.

Landauer – is there any way to raise TAS awareness? Most people don't know you exist.

Rhodes – we are doing outreaches to reach several different markets. We don't have the budget to advertise so we look for public service announcements. We are working to educate internally as well as externally. The majority is external.

Brasch – the states work with local municipalities. Do you?

Hubbard – SPEC does.

Local Taxpayer Advocate, St. Paul – Barry Bjornson

Has been in his position for 20 years. (Used to be Problem Resolution.) Have received 788 cases since October 1. Case load is down 13 percent. There are eight case advocates working for him. 60 percent of the cases are from direct contact – not referrals. The number one problem is expediting refunds; second comes levies, and; third is amended returns. 63 percent of the returns filed in Minnesota are electronically filed – number one in the country. We are concerned about the drop in receipt of cases



and compliance in general. English as a second language (ESL) is also a big problem. His portfolio is Non-Filers. There is a growing problem of preparer abuse due to the language barrier. Many returns are prepared fraudulently.

Brasch – is there any sponsoring of immigrants coming into the US?

Bjornson - there are problems with language barriers.

Bader – the immigration influx is too great to keep up with. The MLI Committee hasn't been able to get the IRS or other organizations interested in education. We have worked on this issue for two years and cannot get anywhere. Fraudulent preparers do take advantage of these people.

SPEC Coalition Building – Billy Hubbard

Has been with the IRS for 30 years. Am very strong on compliance. Believes the way to improve compliance is to engage the stakeholders at the grass-roots level. The IRS will never have the budget it wants.

He provided two handouts. 1) A Report on the 2004 Tax Filing Season for the San Antonio Area, and 2) San Antonio VITA Production.

The coalition is a group of like minded organizations who want to educate and provide quality state of the art service. Mostly working with a Spanish speaking population in Texas, but also a large elderly population, and large veteran population. Many organizations are available for partnerships. Three years ago the coalition prepared 3,000 returns, last year 10,000; goal is 60,000 returns or 30% of the EITC returns. EITC is terribly underused. These are underserved populations. Key to success is the cooperation among managing partners. Statistics show they are getting to many first time filers, although no statistics yet on repeat filings once they are in the system. Texas stands to collect \$900,000,000 of EITC money if program implemented statewide. Have 38 total tax assistance sites in San Antonio. The return on investment now is \$1.53 for each \$1 spent and the return on investment is improving each year. Five Super-sites also address nutrition, utility subsidy services, and other subjects. Also introduces people to banking system through debit card programs with local banks that fund expected EITC refunds. The people utilizing the coalition services were introduced to financial literacy and may have gotten a debit card for direct deposit, credit repair assistance, free checking, and home ownership assistance.

Castleberry – how do you propose to expand this program so other communities can duplicate?

Hubbard – hopefully its success will speak for itself. Networking with other communities with success stories. Community initiative – one group walked around and handed out flyers regarding their services and talked about disreputable preparers. We do presentations and outreaches. Communities are sending representatives to visit participants and there are downloadable models available on-line. The basic model must be adapted to fit other communities.

DeMarais – do you have a way around the system if a volunteer cannot pass the test but is able to do returns?

Hubbard – No. If they don't pass the test, they cannot do returns. The IRS brings tax expertise – the other sponsors bring the social skills.

Landauer – how do we get the message out about going to the people and not making the people come to you? An organization like the YMCA is nationwide and would be a good candidate.



Hubbard – success is based on local community commitment. Have to identify a safe place and have to do a quality job. Need to build confidence. Local leadership is essential to success. IRS is beginning to close VITA sites that are not producing well. They should not set up a VITA site unless it is electronic.

Woo – how long did it take to set up this coalition?

Hubbard – about 18 months and it was difficult. Identifying one community leader of the effort was essential; someone who really wants this to succeed. The important thing is to leverage the tax refund into a better quality of life. Not just to get a return done. It is to help improve life. Community leaders have an obligation to get this information out to the taxpayers to give them an opportunity to improve their quality of life. The business community has a vested interest in this. Usually, if we can keep a volunteer for two years, they generally commit for life.

IRS SBSE Minnesota Presentation – Pat Hammond

Thanked the Panel for their hard work and accomplishments over the past few years. She is with SBSE in Taxpayer Education and Communication (TEC). Has been with the IRS for 24 years – 10 of those as a revenue officer. Then went to quality and has spent the last three years in SBSE. We try to educate small business about filing before problems are encountered. We rely on a lot of partnerships to get the word out. We have lead relationships in the field with practitioners and partner with professional organizations. We provide information to the partners to go out and do instructions. We have strategies in six different programs rather than overall:

1. Employment Tax Reporting
2. TRAC Program (Tip reporting)
3. Abusive Tax Avoidance (ATA) Schemes
4. Cross Functional support – 100 percent of time during filing season – answer telephones, counter assistance, answer email questions
5. General Outreach
6. Burden Reduction – for example a taxpayer complained, too much work to keep track of each child's cost for meals. Now there is a standard set amount. It reduced recordkeeping by about 20 million hours a year

Also annualizing Form 940 tax reporting in 2006 for eligible taxpayers - taxpayers who have eight quarters of proper compliance and are within certain dollar limitations can file yearly instead of quarterly. We are working on form changes and thresholds are being raised (this is being done in conjunction with compliance). Are rolling out education about burden reduction to all SBSE employees. It's hard to work issues that need law changes, Information Technology (IT) help, or issues that affect just a few taxpayers. We are also working on streamlining Schedule D.

Castleberry – encouraged SBSE to run some of these initiatives through TAP. TAP is currently looking at some of these issues.

McQuin – re-emphasized – TAP would be a wonderful focus group for SBSE to use on some of these issues. We have an issue matrix of issues TAP is working on.

Coston – told Hammond to go to the web site at www.improveirs.org to look at the matrix.

Taxpayer Advocacy Panel National Office Report – Bernie Coston

The interviews for new panel members are complete. We have not chosen people yet. We have a list of selected names and they will be forwarded to Nina Olson, National Taxpayer Advocate, on Thursday, August 26. She will take the names to Treasury. They will make the final selections. We are working on tax/background checks so everyone will be at the annual meeting November 3-6, 2004. The afternoon of Wednesday, November 3 will be Orientation for the new members. The staff has



been working diligently on planning the Annual Meeting; having weekly calls. Judi Nicholas is heading the effort again this year. We want to make this an educational process for everyone. The meeting will be held at the Hamilton Crowne Plaza which is downtown. I will be meeting with Mike Chesman, Director, Office of Taxpayer Burden Reduction, and Sue Sottile, Director, Strategic Planning and Development, next week. We notified the interviewees that the time commitment is 300 to 500 hours and of potential travel issues (potential of five face-to-face meetings). Told them of the cross-section we were looking for. Completed over 180 interviews. Will work the alternate pool better than in the past years. All interviewees will be processed and ready to bring on board if someone drops out.

McQuin – Judi Nicholas asked for ideas for workshops at the annual meeting. To date she has received four responses.

Hollingsworth – those being considered as alternates should be encouraged to sit in on conference calls as a member of the public to get a flavor of the Panel.

Public Input

David Stuart:

Father-in-law has been a missionary in Argentina for 54 years; he recently made a mistake on tax return; his first "error" notice was a 30 day letter to make reply to found error; and it was addressed to an unrelated South Minneapolis address; he was in Argentina at the time, but a second letter arrived in Argentine with tax and penalty and interest assessed, he wrote back and requested patience. IRS levied \$9,000 on a bank account, which fully paid the amount, but IRS also tied up his pension, at the rate of \$800 per month, creating income problems in Argentina; Mr. Stuart was trying to handle for his father-in-law, but, because he was listed "second" on the POA (his wife was first on the POA), he was not able to meet with IRS alone, so his wife had to go to meeting and take off work. The IRS did find a computer mistake, and pension plan should not have been hit, and IRS over-collected \$9,000. How can we get such problems avoided for others? Why did an important first notice go to an address with which the taxpayer had no contact? The computer should have sent a letter out once the amount was fully paid. If the process is automated, then make sure the automation completes the cycle.

Bob Post:

An AARP tax assistance volunteer; in charge of southern Minnesota, supervises 700 volunteers, and do 70,000 returns per year; got a big e-file response; are expected to put in 40 hours per year, but he puts in 7 months per year; one of the chronic problems is the IRS failure to issue instruction books earlier in the year. Suggestion: (1) Get rid of the form 1040A; no one uses it. The form 1040A is used 5%, and the 1040 EZ maybe 5%, the form 1040 is 90%; could save some money in training; (2) would like to see the trainees prepared to receive electronic, computer preparation training; (3) need to return their computers; IRS should allow people who have computers to be able to keep those computers during the off season for practice, and to assist late filers; (4) modify notice letters on unreported income to warn the taxpayer, in bold print, "Please respond to IRS, TAP, to someone – do not disregard this notice"; perhaps back up the notice by some PSAs periodically. Audrey Jenkins: IRS is now placing such notices in the EITC error letter. Coston: IRS is giving out sticky notes to put on returns for 1040 EITC recipients that if you have questions or receive letters, call you preparer.

ACTION: Jenkins to send catalog number of IRS sticky notes to Mr. Post so he can order them.

Outreach

- **Oversight Board Meeting, Kansas City** – Linda Bader, Steve Landauer
Nine people are appointed to the Oversight Board. The meeting was basically for preparers. The main issue discussed was licensing unenrolled preparers.



McQuin – the Oversight Board contacted Coston and asked if panel members could attend. Also asked TAP members to attend their presentation at the tax forums. It was good to know that the Board knows TAP is out there and values your input.

Coston – this is a great opportunity. We may not be asked to speak, but they know TAP is making a difference.

Landauer – because I was with TAP for a year, I felt I had a greater knowledge of what they were talking about.

- **Tax Forums** – Tom Seuntjens, Laura DeMarais
Seuntjens – disappointed because questions were directed to licensing unenrolled agents. Felt the focus was too narrow.

McQuin – they did have a pre-determined agenda, I sent it to you. Look at this as a tiny step that you even got to the table. Maybe the next meeting will be an issue we are working on.

DeMarais – the attendance was good; over 1,700. Met a lot of practitioners. People are getting more acquainted with TAP. There is still some confusion between TAS and TAP though. There were good sessions. With the Form 990 session so well attended, they should do more like that. The NTA focus was on licensing practitioners.

- **Interviewing**
Warren (Dallas) – was amazed at the outstanding candidates and the diversity of interviewees. There were two no-shows.

Seuntjens (Washington, D.C.) – was impressed with the quality of applicants. I think the knowledge would improve as TAP gets older and more people hear about TAP.

DeMarais (Minneapolis) – great applicants. Speaks well for the short existence of TAP. There are lots of good alternates if anyone steps down.

Hermann-Pariente – last year I suggested setting up tax forums for non practitioners.

McQuin – there wouldn't be many people who attend. The only ones who come would be taxpayers with problems. SPEC goes to state fairs, construction shows, and other conventions. We have more success having a presence at existing gatherings. You can tie into a VITA sit or another site and that can draw too.

Brasch – it is hard for a regular person to understand when everyone else is a practitioner.

Responses to Elevated Issues

- 04-002, Revisions to Form 6251, Alternative Minimum Tax – Individuals
Where is the IRS response to our response on this issue?
- 04-036, Form 656, Offer In Compromise Revision
Received a response from Michael McDermott via email. Will look over TAP recommendations even though they arrived after the deadline. Many recommendations were already adopted independently by IRS review committees. Would not respond point by point.

Castleberry – this is a group of record. Everything we do is a public record so we must receive a formal, written response to our recommendations so the record is complete.

Coston – TAP recommendations may be circulated among several IRS groups, so a formal response is sometimes problematic. The DFO might take into account helping supervise the recommendation/response process between TAP and IRS.

Seuntjens – need to respond to this. We were asked for our input and should get a formal response.

Wilson – we provided our responses directly to Bill Sonnack, Local Taxpayer Advocate, Houston. He should be the person to do a formal response. This needs to be communicated to him.

ACTION: Woo will request a formal written response for the OIC suggested changes.

McQuin – this may be considered something different than an elevated issue. You were asked to provide input as a focus group – this was not a grass roots issue. Maybe the procedure for responses to this type of suggestion vs. a regular elevated issue is different.

Delzer – IRS has revised the OIC forms. Brought a couple copies of the new OIC instructions and forms if anyone wants to look at them.

Discussion of Issues

- **Address Change Procedures – DeMarais**

DeMarais queried people at a local library to see if they notify the IRS of address changes. Not one person did. They all waited until filing season. She wrote a report – discussion followed. Minor changes were suggested.

ACTION: DeMarais will elevate report to Joint Committee with suggested changes. It should go to Woo, McQuin, Delzer, and Jenkins by Sept 1.

- **E-File for VITA/AARP – DeMarais**

DeMarais would like to delay this report because the issue is so large. It was moved to put it in the parking lot for the new members to consider.

ACTION: Delzer remove E-File for VITA/AARP from Matrix.

- **Individual E-File – Hollingsworth**

Handout – State Electronic Filing Mandate information. Need to determine if committee is going to proceed with this issue. There was a call with Bert Dumars on July 30. Jenkins took notes and they should be out soon. Dumars assigned Ginger King as point-of-contact. He works with only non operational questions. When minutes come out, will discuss this issue in more depth. Dumars suggested: 1) Free-file focus on underserved and LITC, 2) Increase number of vendors and software, and 3) A guide to select software. There are no plans to categorize vendors. Will provide written response within one month of conference call. Hollingsworth said he didn't deal with specifics – just generalities.

DeMarais – would feel better if there could be a follow-up call. May be able to get more concrete answers.

Seuntjens – need a more solid recommendation.

Hollingsworth – one of our recommendations is to file free with the state when you file your federal return.

Coston – we are looking at establishing new issue committees as current issues come to completion. This may well be one to consider.



Hollingsworth – in future calls we will solicit and invite concerned citizens to listen in and to participate.

Woo – when we get a response, we can reassess this issue.

ACTION: Dumars said Ginger King will be the contact for TAP. Jenkins will follow-up on written response on the Lutes response requested.

Tuesday, August 24, 2004

Day two

Discussion of Issues (continued)

- **Copies of Returns/Transcripts – Warren**

Warren thanked Delzer for all her hard work on this report. This service is a small thing but also a much needed service. There is generally a dire need when a transcript is requested.

Seuntjens – do they need special equipment to generate a transcript?

McQuin – no, it only takes a few moments to print a transcript. It is a resource issue.

Bjornson – when our TAC gets a request, they walk down to our office (TAS) and ask us to do it. We will print one if it is needed immediately. Otherwise we will order one for them.

Motion to elevate report – approved.

- **Personnel/Training – Landauer**

Landauer viewed a tape that was released in January '04. IRS is relying heavily on CENTRA – a form of self study. IRS SBSE has eliminated all CPE for 2004. No decision about 2005 has been made yet.

Seuntjens – why the elimination? What are the barriers?

Glass – travel costs are the major barrier.

Landauer – if you could have the trainer visit different offices and train employees rather than have all the employees travel that would cut costs.

Coston – IRS has invested a lot of money in CENTRA and other systems because of the travel costs. Employees can work alone or can study in groups.

Bjornson – there are usually two instructors on a CENTRA call; one on-line, and one off-line incase you need to contact someone. They usually try to limit the class to no more than 25.

Seuntjens – Landauer has been working on this issue a long time. We need to acknowledge CENTRA and the barriers and send forward. Or take out CENTR and limit self study to 25 percent.

Landauer – self-study can let someone check the box and not get much out of it. When you have a live speaker, there is more interaction. You can network. Class interaction is better

Woo – Landauer should add barriers things discussed this morning and send to the Joint Committee for elevation

Seuntjens made a motion that Landauer expand the study and expand on the barriers and bring back to the committee again. One dissenting vote.

Landauer – what should be expanded?

Wilson – expand analysis.

Seuntjens – add your answer to McQuin’s question above.

Landauer – will rewrite and submit at the conference call in September

- **Identity Theft – Bader**

Report by Bader in previous minutes. Nothing new to add.

- **Congressional Issue – Wilson**

Improper Treatment of Construction Worker as Independent Contractors – lot of building and construction in Kansas City. Lots of out of state business coming in and building and not withholding taxes. My congressman wants to know if we can do anything about this issue.

Landauer – are they issuing 1099s as independent contractors?

Wilson – yes.

Castleberry – IRS has authority to determine if they are independent contractors or employees.

Seuntjens – this definitely is a big problem. Small businesses are not paying their share of taxes.

Castleberry – Schedule C Non-filers is addressing this issue. They already elevated a couple of recommendations on this issue.

Seuntjens – can we provide this information to Wilson so she can respond to her congressman herself?

Castleberry – will provide the information along with a copy to Steinberg, Chair of Schedule C Non-filers.

ACTION: Wilson will respond directly to her congressman regarding improper treatment of construction workers and refer them to local SBSE to follow up with.

Glass – IRS governmental liaison may assist Wilson in reporting back to Missouri congressional delegation.

Seuntjens – this is a TAP issue, so let’s have Wilson respond to the delegation on behalf of TAP.

Approved that Wilson respond to the Missouri congressional delegation with the opinion and work of TAP.

TAP Communication Strategy - McQuin

How to best communicate internally / externally about TAP. The managers have been charged to do the communication strategy for each area. Outreach my have not been done as successfully as they could have been. Panel members felt they hadn’t received clearly defined expectations. Look at your mission statement. It is recommended you take a copy of the mission statement to each of your meetings. TAP area issues come from taxpayers, the website, the toll-free line, and most importantly, from you talking to taxpayers. We have done a lot of internal outreach. TAP has had information in the



weekly TAS Talk newsletter. We have also been picked up in TAS Bulldog – it included meeting information and TAP activities. Most IRS employees get so much information everyday. Continue to partner with your LTA. The LTAs will be getting guidance from Communications (Steve Berkey) to let them know how to contact TAP members. The LTAs should share their Outreach Plan with TAP to help coordinate TAP members with LTA outreaches. This plan may or may not work for all. And not all LTAs are aware of what TAP does. As more LTAs get involved, they will become more involved with TAP members.

We are also in the process of creating standard operating procedures (SOP) for all members. This will include material to use during outreach. There will also be a media guide pocket tool. It will have key strategies when dealing with media or outreach. The SOP will also include the final version of the PowerPoint presentation. It's also possible that we may have the PowerPoint presentation on a CD Rom for you to individualize. We will offer media relations workshops at the annual meeting in November. The reason for outreach – there is a TAP and to let them know you are out there to listen.

Sometimes we can finesse a free booth at an outreach. Or if we know early enough and there are costs involved, we can plan for them in the budget. You do not need a staff person to accompany you when you do an outreach. You can do an outreach about TAP, what we are, what we do, etc. But we do need to know before an outreach is done if costs are going to be incurred. Expenses must be approved ahead of time.

Speaker reports are very important. You need to send a report or just a quick blurb via email to the office. We will enter it on the database so you can get credit for the outreach done. You don't have to send one immediately after each outreach is done. You can do it once a month or even on a quarterly basis if you wish. But it is important to let us know. What we really need is for you to come up with an action plan. Each individual should do their own.

ACTION PLAN

Action Item	Responsible Party	Due Date
Individual Plan	TAP Member	10/15
LTA Outreach Plan	LTAs	10/15
Consolidate Plan	Staff	10/15
Outreach Inventory Plan	TAP Member	10/15
Persona Inventory – skills / influence	TAP Member	10/15

TAP is a work in progress. I commend you for the work you have done

ACTION: LTAs will send their Outreach Plans to the staff by 10/15/04.

Public Input

Ruth Ann Michnay, CPA; on Minnesota AICPA IRS Practices and Procedures Committee; emails she has received are from colleagues. First Issue: When the taxpayers and tax practitioners call IRS, they get a response later, and when they call for clarification, they get a different person and often the recommendations or suggestion action changes: "Each time I call the IRS, I get a completely different response. I can't wait until the IRS outsources the duty to India." There should be a time limit within which a caller can contact the same person (e.g., 8 days). Needed for continuity. Second Issue: POAs being bypassed on EITC audits. This is a team effort between IRS and practitioners.



Discussion: (DeMarais: She is on EITC Issue Committee; if four complaints arrived on bypassing POAs in EITC audits, we should, through that committee, present this issue to IRS. (Landauer: The POA forms probably did not particularly identify the EITC as the tax issue to which the POA applied, or the tax period involved; (Bjornson: It is not likely that IRS will give you the same person, but the new proposals should solve the problem, will have an internal tracking system to coordinate contacts and message.

Adrian Swanson: (Via Email): The following issues were communicated to Nina Olson at the Tax Forum last week:

- The IRS, with the advent of SPEC, has abandoned its commitment to VITA and gives nothing of its own time, resources and money to it. (All SPEC is interested in its promoting e-filing no matter what the effect on our clients, training and volunteers.)
- The Federal appropriation for the TCE appropriation, excluding e-filing, has remained flat (i.e., been decreasing) for a least 5 years. These issues in Nina's eyes are congressional issues, which TAP evidently refuses to contemplate. AARP (Inc.) along with TAS, warns repeatedly against lobbying by AARP volunteers, implying (falsely) that we could lose our financial support. My concerns will therefore likely be met with polite silence which I can get just as well by staying home.

Question: Castleberry: We should give Nina Olson a chance to respond before acting. (Coston: He will ask Nina's response and report back.

Janine Thompson: Mother has non-taxable distributions from investment accounts. On 3 different occasions has received IRS letters questioning distribution, and requesting a return (that is not in fact required). The CPA handles the matter by letter each time. Problems repeat. Mother is quite old and the letters are scary; and daughter cannot handle the matter directly with IRS because of POA requirements; the CPA has helped each time. (DeMarais: File information returns only.)

Looking Forward FY 2005

We should take a few minutes to look at our mission statement and make a list of things we can and cannot do. However, Woo decided to postpone this until the newest members are on board.

What issues in the parking lot would we like to work on in the coming year?

Coston – do you really want to look at new issues since you will be getting seven new committee members?

McQuin – the staff cannot support other research between now and the annual meeting. All efforts are focused on annual meeting planning and the selection of new members.

Woo – we can look at the issues following this meeting and discuss them more fully at the annual meeting with the new members.

DeMarais – recommended that if you are interested in a particular issue, write up a paragraph explaining it and bring it to the annual meeting with you. Give an indication of which direction you would like to pursue.

ACTION: Submit the paragraph to Delzer and Jenkins to be added to the database for consideration next fiscal year.



Parking Lot Cleanup

The parking lot issues (Contact History for Area 5) were handed out. It was decided that Case 1567, Offer in Compromise, would be dropped. Case 2380, Audit Process – Pre-Determined Audit Results, would be dropped.

Castleberry – this is a frustrating experience, but the system worked and the Code now provides taxpayers a means to complain and recover attorney fees. In this case, the group manager corrected the problem.

Woo – suggested discussing the rest of the issues at the September teleconference meeting. Please review the report prior to the meeting.

Committee Continuity

Woo – look to leadership. What you want your sub committee structure to be. The first year we faltered; the second year was much more productive.

Bader – suggested consider choosing a Chair from current members due to their experience.

Castleberry – suggested doing a Big Brother / Big Sister buddy system for the new members.

Woo – it has been a privilege for me to be the Chair of this committee.

Hollingsworth – will a TAP member be appointed as a facilitator?

Coston – TAS is handling this administratively and will be addressed at the annual meeting.

Meeting Adjourned



Area 5 Committee Meeting Minutes August 9, 2004

Present:

- Linda Bader
- Patrick Castleberry
- Laura DeMarais
- Maria Herman
- Steve Landauer
- Jeana Warren
- Nan Wilson
- Lillian Woo

Absent:

- Lydia Brasch
- John Hollingsworth
- Tom Seuntjens
- Frank Woods

Staff:

- Dianne Glass, DFO
- Mary Ann Delzer, Program Analyst
- Audrey Jenkins, Program Analyst

Guests:

- Steve Bankler
- Ken Eichner

Welcome/Announcements/Review Agenda

Lillian welcomed everyone to the call.

Roll Call

Quorum met.

Review/Approve Minutes

The July 12, 2004, minutes were reviewed for accuracy. Two errors were found and the corrected minutes were approved.

Offer in Compromise Follow-up-- Castleberry

Castleberry reviewed The National Taxpayer Advocate's Report to Congress, Fiscal Year 2005 Objectives, in regard to the potential emphasis on the Offer in Compromise program. NTA has given this sufficient attention. Has looked critically at all the important points and it is covered. NTA has a handle on the processing problems, as well as the institutional bias. She feels that the program is not in line with the congressional intent for IRS to be more flexible in collection activities. IRS processing is actually rigid and makes it difficult for people to qualify. More than 1/3 of the OIC applications are



returned for not being able to be processed. Castleberry recommended that Area 5 not take on the OIC issue as the NTA has it as a priority.

Woo asked if Area 5 would have anything to add to the OIC discussion. Castleberry stated that Area 5 input would only be anecdotal. The NTA has the resources to get the information that she needs.

The committee agreed that the OIC issue should not be worked by Area 5.

Minneapolis Meeting

Woo led the discussion about the planning of the face to face meeting in Minneapolis.

Items to be added to the agenda include:

- Speaker on the SPEC coalition building for VITA
- Report-out on the interview process and the Tax Forums. Suggestion to combine with the Oversight Board meeting report-out under one title.
- TAS Area 5 report by Rhodes
- Next year planning
- Public Input on Monday (before lunch and 2:30-3:00 pm) and Tuesday (before morning break)
- Identity Theft

Woo reiterated that Area 5 needs to complete as many open issues as possible during this meeting. This will lead to work on the Area 5 annual assessment. Some of the assessment will be done by sub-committees in regard to their own work.

Communication Strategy will be moved from the first morning. Woo explained that the Ad Hoc is looking forward to the Areas developing a local strategy. Want the committees to develop time lines, tools and examine their local spheres of influence in regard to getting the word out about TAP.

ACTION: Glass to request from TAS Area 5 a report of the issues worked since the generation of the last report shared with TAP.

New Issues

To be discussed at the face-to-face meeting.

Outreach Report

To be discussed at the face-to-face meeting.

Public Comment

Ken Eichner –Is concerned that he did not receive the call-in number. Also expressed his concerns that Area 5 follow-up on the NTA’s work on the OIC issue.

Castleberry stated that Area 5 would keep on top of the OIC issues. McQuin shared that two LTAs, Lois Burns and Bill Sonnack, had the OIC portfolio for TAS. Glass stated that OIC will certainly be in the NTA’s report to Congress due in December.

Eichner—(continued) Asked whether members of the public could have a part in sub committees meetings. Is the public allowed to participate?

McQuin explained that FACA does not require the posting of meeting information for sub-committee meetings as no decisions are made at that level. It is up to the subcommittee members as to whether



they would like public participation. Woo stated that this could be a subject of discussion in looking forward to next year.

Steve Bankler –Would like to see the draft agenda for the Minneapolis meeting in the next few days.

Closing

Woo wished everyone a safe trip to Minneapolis. Meeting adjourned.

Next meeting August 23, 2004 and August 24, 2004.



Area 5 Committee Meeting Minutes July 12, 2004

Present:

- Linda Bader
- Lydia Brasch
- Patrick Castleberry
- Laura DeMarais
- Maria Herman
- Steve Landauer
- Tom Seuntjens
- Jeana Warren
- Nan Wilson
- Frank Woods, Jr.

Absent:

- John Hollingsworth
- Lillian Woo

Staff:

- Mary Ann Delzer, Program Analyst/DFO
- Audrey Jenkins, Program Analyst
- Patti Robb, Note Taker

Guests:

- Steve Bankler
- Ken Eichner

Welcome/Announcements/Review Agenda

Lillian will not be on the call today so Pat Castleberry is acting as Chair. Castleberry opened the meeting and welcomed everyone.

Roll Call

Quorum met.

Review/Approve Minutes

June 14, 2004, minutes were approved as submitted.

Discussion of Issues

- Address Change — DeMarais
Nothing new this month.
- E-File for VITA/TCE — DeMarais
Nothing new this month.



- Individual E-Filing — Hollingsworth
Seuntjens said they were working on setting up the next subcommittee meeting for the end of July.
- ID Theft Impact on IRS — Bader - See Attachment One
Bader presented a referral for the Joint Committee. The IRS has formed a committee to address this issue. Nothing was done system-wide before and this IRS committee will ensure it is system-wide. They will be determining what will be valid proof of identification. TAP members will be represented by TAS as far as input to the committee when formatting their proposals. There was a motion that the Area 5 report be issued to the Joint Committee — it was seconded and approved by all. Seuntjens asked what divisions are included in the new IRS committee. Bader responded that every division is represented. Delzer said the report will be elevated to Nina Olson, National Taxpayer Advocate. TAS (Christopher Lee and Pamara Blount) will include TAP's input with TAS input when working with the IRS committee.
- Copies of Return/Transcript — Warren
Nothing new this month.
- Personnel/Training — Landauer
DFO Glass and TAP Manager McQuin are getting more information. Jenkins will contact Landauer after this meeting to discuss. Castleberry suggested Landauer ask for an informal copy of the IRS survey.
- Special Report — Seuntjens
Observation of Testing Forms and Pubs — Seuntjens observed two groups testing the proposed 1040S for seniors. The form testing process is very beneficial. The IRS has an outside firm to the testing. TAP should participate as much as possible.

New Issues

See Attachment Two

Castleberry said OIC was near and dear to him. The IRS is getting so rigid — “one size fits all.” Would like to take this on as an Area 5 issue. Delzer stated that this is the number one issue in the NTA FY 2005 objectives report. The report is not available in hard copy yet so she will send out the link. You will probably want to look at the report before you decide to work this issue.

ACTION: Delzer will send link to for the NTA FY 2005 Objectives Report.

ACTION: Castleberry will review the report and will report back in August. If the NTA is hitting all areas, Area 5 may not want to work.

Landauer noted that there is written guidance to the new OIC form. Are they considering testing the new form?

ACTION: Jenkins will check to see if the new OIC form is going to be tested.

Outreach Report

Bader — met with Senator James Talent of Missouri. They talked about AMT. She told him about TAP and he was very receptive. They also discussed a LITC for the St. Louis area.

Castleberry — received calls from practitioners in Oklahoma City. They feel the OIC system has completely broken down.

Hermann-Pariente — will be meeting with SBSE marketing people in El Paso on August 18.

Landauer — met with a local congressman about EIC issues.

Seuntjens — DeMarais and I are attending the Tax Forum in Minneapolis. McQuin will be there too. I will be interviewing perspective panel members in Washington, D.C., for two days.

Warren — will be interviewing perspective panel members in Dallas this week.

Castleberry, Bader and Landauer will be attending the Oversight Board meeting on July 26 in Kansas City. They will forward comments to the committee.

Next Meeting: Face-to-Face Meeting in Minneapolis, August 23-24, 2004

Working on the agenda right now. Topics identified are communications strategy, annual assessment, possible speakers. Jenkins did a press release.



Remember that the staff is very busy supporting recruitment and interviews, so please be patient.

The meeting is set for August 23-24, 2004, at the Country Inn & Suites Mall of America, 2221 Killebrew Drive, Bloomington, MN 55425. Travel day August 22, and return home the afternoon of August 24.

Public Comment

Ken Eichner – is happy to hear about OIC being the number one issue in the NTA Report . Feels the new Form 656 is obsolete already. Please forward the Minneapolis hotel information to him. Asked Castleberry to request a vote to work the OIC issue.

ACTION: Delzer will send a copy of the press release out to all the committee members.

Steve Bankler – spoke to Quentin Smith, with TEC. They are starting a matching program of 1099's with Schedule C and F. And for your information, the IRS has hired a contractor to survey taxpayers who have gone through Appeals. Would also like the hotel information for the Minneapolis meeting.

Closing

Meeting adjourned.

Joint Committee Issue Referral Form

TAP Committee: Area 5

TAP Database Number:

Short Description: Identity Theft: a growing problem for the Internal Revenue Service and individual taxpayers

Date Approved by Committee:

Members of Subcommittee/Author(s): Linda Bader and Lillian Woo

Statement of Issue: Identity theft as a national problem has proliferated exponentially as it affects individuals, private industries, and governments at all levels. Identity theft is growing into a service wide problem for the Internal Revenue Service and taxpayers. The cost in dollars and time is monumental.

Background: Identity theft has been referred to as a growing industry. The Federal Trade Commission found that the 7 million new victims in 2003 will spend an average of 175 hours and approximately \$1,000 to fix their credit. Much of this time and money is spent in rectifying problems with the Internal Revenue Service. FTC reported businesses lost \$47.6 billion due to identity theft in 2002 and this loss has an effect on their taxes.

Analysis of Issue: At the present time IRS does not have a service wide Identity theft policy. 1. There are no uniform guidelines for acceptable documentation to prove identity theft. 2. There is no uniform procedure to categorize information about identity theft or to establish a master file of statistics by demographic data. The IRS has established a task force to address direct and tangential problems caused by identity theft. All operating divisions are represented on this task force. The task force is headed by Jack Holstein. The National Taxpayer Advocate's office is represented by Pamara Blount , Local Taxpayer Advocate-Michigan, and Christopher Lee, Attorney Advisor to TAS.

Methodology/Supporting Data: A teleconference with Pamara Blount, Local Taxpayer Advocate — Michigan, Christopher Lee, Attorney Advisor to TAS, Sandy McQuin, Area 5 TAP manager, Audrey Jenkins, Area 5 program analyst and Linda Bader, Area 5 TAP member, established that a task force



had been formed to study identity theft within IRS. Examination of material supplied by Federal Trade Commission, U.S. Postal Inspection, Federal Reserve Bank, National Association of Credit Unions, Social Security Administration, U.S. Department of Treasury, Internal Revenue Service and many Area 5 staff members, provided much helpful information.

Barriers to Approval: Without working with local law enforcement agencies for some kind of valid proof, the IRS might have a hard time identifying if a taxpayer is a victim of identity theft. The issue of identity theft is very complex, involving different government agencies, such as Social Security Administration and Internal Revenue Service. A high percentage of the identity theft cases involve theft of social security numbers. While there are federal laws that govern confidentiality, there is at present no uniform federal government policy to deal with identity theft per se. Federal agencies have responded to identity theft individually, resulting in regulations and attempts at policies that address a specific agency's concerns rather than general government concerns. Lack of cooperation between government agencies could be a barrier to establish an effective identity theft policy.

Proposed Solution: Pamara Blount and Christopher Lee, the NTA's representatives on the IRS task force on identity theft, feel that TAP members input would be beneficial to the development of an IRS identity theft policy. It is, therefore, recommended that the NTA representatives on this task force request input from TAP members in the development of the identity theft policies to be recommended to IRS.

Contact History Report for Area 5 Tuesday, July 06, 2004

Contact ID: 1525

Case # 1567

Title: OIC Procedures

Date of Contact: 4/7/2003

Source: Web Comment

State: TX

Area: 5

Status: Parking Lot

Status Date:

Primary Category: Offers in Compromise

Secondary Category: Process

Brief Description of

I represent tax clients before the IRS. I have stopped using the Offer in Compromise program. The national standards for food, housing, etc. are too stringent and provide little relief. The Internal Revenue Code provides that IRS employees are not bound by the standards in determining the validity of the offer and can take into account special circumstances. I have yet to have one IRS employee consider anything a special circumstance. In my opinion, the offer program is a one size fits all. That is not the way taxpayers are in real life. In addition, the appeals function is now using appeals officers with revenue officer backgrounds and work experience. I have found that these individuals have a very difficult time adjusting their thinking to the Appeals Mission.

Issue

Taxpayer thinks that the OIC Program is a one size fits all system. Taxpayer believes that each case should be looked at on an individual basis instead of holding everyone to the same standards.

Contact ID: 2381

Case # 2380



Title: Audit Process
Date of Contact: 10/10/2003
Source: Toll Free
State: TX
Area: 5
Status: New
Status Date:
Primary Category: Audits
Secondary Category: Process
Brief Description of

I know a number of CPAs that are upset with IRS audit for their procedures and taxpayers who feel lost and defeated at the beginning of the situation. IRS claims to have audited the client before it has even asked for data and the taxpayers are presented with an agreement letter and bill. These actions would not be necessary if the taxpayer would be asked for info first. My client filed electronically so we were not able to attach items to return. He tries to tithe and had the church contribution letter. This was all that IRS audit needed. The "audit" letter in effect said that IRS believed him a liar and did not apologize when his return was put back as filed. Another taxpayer was audited on tip income. IRS used erroneous info against this honest, low income citizen who kept detailed records. She was so confused by the procedure, that she left her records at IRS. But the auditor chose to ignore the records in favor of statistical amounts. The manager, when confronted agreed that taxpayer's records were sufficient to close the file as no change. Common citizens do not understand how to protect themselves without help from this abuse. Time savings in light of budget is no excuse.

Contact ID: 2559
Case # 2564
Title: OIC Procedures
Date of Contact: 1/5/2004
Source: Toll Free
State: MN
Area: 5
Status: Parking Lot
Status Date:
Primary Category: Offers in Compromise
Secondary Category: Process
Brief Description of

Offer in Compromise (OIC) Program service "still needs improvement" according to this citizen. Citizen suggests that the IRS employees "look at the information that is submitted to them in the original package before requesting additional information." In this citizen's experience, time was wasted in her having to re-submit the data that was already submitted in the first place and as a result her offer was rejected and now she has to start all over again.

Issue

Taxpayer feels that correspondence procedures should improve. Taxpayers are constantly having to resubmit items previously submitted because items in the original packages are not acknowledged.

Contact ID: 2634
Case #
Title: Telefile Improvements
Date of Contact: 1/27/2004
Source: Toll Free
State: NE
Area: 5



Status: Parking Lot
Status Date: 6 /14/2004
Primary Category: Return Processing
Secondary Category: Other
Brief Description of

Caller was doing taxes using Telefile. He apparently missed one of the questions. He tried to back up to read the question when prompted for the answer but the system would not let him. He said he had hoped to get a direct deposit refund, but since he couldn't go back, will now be waiting for an old fashioned paper refund. There should be some way to back up in the system.

Issue

Telefile improvements should be made to enhance the system. For example; taxpayer needs option to back-up to make corrections.

Contact ID: 2712

Case #

Title: TAC Wait time

Date of Contact: 2/13/2004

Source: Toll Free

State: TX

Area: 5

Status: Parking Lot

Status Date: 6 /14/2004

Primary Category: Taxpayer Assistance Centers

Secondary Category: Service

Brief Description of

Caller called from cell phone while in Taxpayer Assistance Center in Downtown Dallas. There was only one window open and one employee was both preparing tax returns and providing tax assistance. Caller had been waiting 2 and a half hours and was concerned that she would have to leave without having received assistance since she another appointment. Caller assumed other employees were at lunch but when she asked the one employee when her coworkers would be back from lunch, the reply was she had no control over that.

Issue

Caller had been waiting 2 and a half hours and was concerned that she would have to leave without having received assistance since she another appointment.

Contact ID: 2800

Case #

Title: Improve: Timeframe Related to Contact Numbers

Date of Contact: 3/3/2004

Source: Toll Free

State: MO

Area: 5

Status: Parking Lot

Status Date: 6 /14/2004

Primary Category: Return Processing

Secondary Category: Quality

Brief Description of

Caller prepared paper return claiming the child tax credit (CTC) and EITC. She did not do the worksheet and subtract the \$400.00 refund she received from the CTC. She called the refund tax line to find out why she hadn't received her refund. Was told problem processing return call this number 1-800-829-0582 EXT 462. So she called the number/ waited on hold for over a half hour. This return is



delayed because of the backlog in processing math errors for the thousands of persons who did not compute credit correctly. Since the return is still in processing, IRS employee answering the 0582 number had no additional information and wasted his time plus taxpayer's time in answering the phone. Caller's suggestion don't bother giving out a phone number to call and set up false expectations when no additional information is available, give a time frame of when to call back.

Issue

The IRS should not give taxpayers a phone number to call when at the time there is no information available. Taxpayer should be informed of the time frame of when to call back and account information will be available.

Contact ID: 3079

Case #

Title: Form W-9 Improvements

Date of Contact: 6/16/2004

Source: Web Comment

State: ND

Area: 5

Status: New

Status Date: 6 /16/2004

Primary Category: Forms, Instructions, and Publications

Secondary Category: Business Tax

Brief Description of

I am very displeased with the fact that the IRS allows the W-9 to be used as a method of collecting a taxpayer's name and TIN. My concern relates to the \$50 penalty the IRS charges when a 1099 is issued and the name and TIN don't match. My belief is that the majority of individuals who fill out the W-9 don't know how important it is for the name to match the TIN, or worse they probably don't even know the correct name of the company because the company is using a DBA and the secretary who fills out the form has never seen the CP 575 form which contains the entities proper name and TIN.

My solution to this problem is so simple it angers me to even have to take the time to write it down.

When a company requests a TIN, the IRS issues a confirmation form back telling them what their TIN is. In my case it was CP 575. Instead of allowing the use of the W-9, to collect the name and TIN, Why not REQUIRE all business's to obtain a copy of the entities CP 575. This would guarantee that the name and the number the IRS has is the exact same name and number companies would use when issuing 1099's.

If I screw up and enter the wrong data in my system, you would be justified in charging the \$50 fine. As it is, every year I send out hundreds of letters notifying companies and individuals that the name and TIN they gave me does not match the IRS. I request updated information and include a copy of the W-9 form. If I do get one back it often times has the same name and number I had on the previous W-9.

I would venture to guess that most business don't even know where their CP 575 form is. This is because no one has ever asked them for it. If every time they did business with another firm they were asked for a copy they would make sure to have it available.

The W-9 form itself and the fact that you allow for the use of a substitute W-9 form is a terrible idea. Has anyone from the IRS ever read the instructions on the W-9. Are you aware that the instructions specifically identify that in most cases the form is not required to be signed by anyone. The instructions also include this absurd language: "Enter your Business name as shown on required Federal tax documents on the "Name" Line. This name SHOULD match the name shown on the charter or other legal document creating the company." NO NONO. SHOULD, who put SHOULD in here. It should say "MUST". Further more why be so vague about what the name should match. Tell them it



must match the CP 575 or what ever form the IRS used to confirm their TIN.

If you can identify a reason why this simple solution would not work I would be very interested in hearing about it.

Issue

Taxpayer believes that the majority of individuals who fill out the W-9 don't know how important it is for the name to match the TIN. Instead of allowing the use of the W-9, to collect the name and TIN, Why not REQUIRE all business's to obtain a copy of the entities CP 575. This would guarantee that the name and the number the IRS has is the exact same name and number companies would use when issuing 1099's.

Contact ID: 3116

Case #

Title: E-File-Taxpayer Burden Reduction

Date of Contact: 6/24/2004

Source: Other

State: TX

Area: 5

Status: New

Status Date: 6 /24/2004

Primary Category: E-File

Secondary Category: Individuals

Brief Description of

A great move for taxpayer burden reduction — Form 1040S. However, because of the mandate to e-file, what good does a simpler form do? By making a simpler form, the IRS will be discouraging e-filing. Somebody needs to rethink the e-filing mandate. I still think that the taxpayer's tax return filing burden reduction still needs to be measured against the cost of a stamp.

Issue

Taxpayer thinks the taxpayer's tax return filing burden reduction should be revisited.



Area 5 Committee Meeting Minutes June 14, 2004

Present:

- Linda Bader
- Patrick Castleberry
- Laura DeMarais
- Maria Herman-Pariente
- John Hollingsworth
- Steve Landauer
- Nan Wilson
- Lillian Woo

Absent:

- Lydia Brasch
- Tom Seuntjens
- Jeana Warren
- Frank Woods, Jr.

Staff:

- Mary Ann Delzer, Program Analyst
- Dianne Glass, DFO
- Audrey Jenkins, Program Analyst
- Patti Robb, Note Taker

Guests:

- Steve Bankler
- Ken Eichner
- Teresa Douglass, H&R Block

Welcome/Announcements/Review Agenda

Woo welcomed the committee members to the conference call.

Review/Approve Minutes

Minutes were approved as written.

Discussion of Issues

- Address Change — DeMarais
No report
ACTION: DeMarais will report on address change for July meeting.
- E-File for VITA/TCE — DeMarais
No report
ACTION: DeMarais will report on VITA/TCE for July meeting.
- Individual E-Filing - Hollingsworth
Sub committee has been unable to schedule a meeting with Mr. Dumars. He has been sent 15-

20 questions and hopes to have the answers by the face-to-face meeting. Are interested in knowing if Terry Lutes has gotten any reactions from the public about the filing season. Woo stated that she had attended a Congressional forum in Texas and was told the Austin Campus had an overload of returns e-filed. They had to forward the returns to the Tennessee campus for processing. They experienced an approximate twenty percent overload. They had less returns e-filed in Tennessee so they were able to take the spill-over. DeMarais expressed disappointment that this issue has gone nowhere. She would like to see a legitimate vehicle for input. Would like to see another meeting with Mr. Dumars before the next committee meeting.

ACTION: Jenkins to pursue conference call for sub committee with Mr. Dumars.

ACTION: Jenkins to follow up on written response to previous recommendations.

ACTION: Jenkins to check on availability of public comment on the Free File program for last filing season.

ACTION: Jenkins to add the question about e-file capacity to the list of questions/discussion topics to Dumars.

- ID Theft Impact on IRS — Bader
Bader thanked everyone for their information. This is a huge problem in nine areas of government. The credit bureaus and banks are also working on this. Bader has been working with funeral directors - Scott Gilligan (National Funeral Directors Association) feels their voluntary system is working. To make reporting to SSA mandatory would not be practical. Woo thanked her for all her hard work and attention to the details, but would like to get a handle of the impact on the IRS. Delzer shared that there will be a conference call on Friday with Pamara Blount, LTA in Detroit, who is working on this issue for TAS. McQuin will ensure information from the call is forwarded to all interested parties.
- Copies of Return/Transcript — Warren
Warren forwarded a draft of her report. DeMarais feels draft needs to be more detailed.
ACTION: Warren to continue working on transcript recommendation and expand the proposal.
- Itemizing 1099s on Schedule C — Seuntjens
Seuntjens sent an email to the committee members that he was withdrawing this issue.
- Personnel/Training - Landauer
Landauer is waiting for information regarding the results from an internal IRS survey regarding CPE requirements.
ACTION: Jenkins and Glass will follow-up on getting survey results on IRS CPE.
- Testing on Forms and Publications — Wilson
Wilson reported a note was added to the elevated recommendation commending the Forms and Publications staff for taking action on the suggestions included in the GAO report and developing forms testing criteria in a timely manner.
- OIC Form 656
Woo shared that the OIC Form 656 recommendation would be discussed at the June Joint Committee.

New Issues

- #2318 — Suggestion not to list on the outside of the envelope the fact that the SSN must be on the check.

Will combine this issue with identify theft issue already on the database.

- #2956 — TP is concerned about Form 1099-MISC, which burdens the taxpayer to pay the adequate amount of tax. Her suggestion is that tax should be withheld from 1099-MISC in a

similar way to the withholding on IRS distributions.

Legislative

- #2634 — Caller was doing taxes using telefile. He apparently missed on the questions. He tried to back up to read the question when prompted for the answer but the system would not let him. He said he had hoped to get a direct deposit refund, but since he couldn't go back, will now be waiting for an old fashioned paper refund. There should be some way to backup in the system — Delzer reported that Area 4 had a similar telefile issue that would have required an upgrade to the system. Currently IRS is not looking to improve telefile as they are hoping taxpayers will start using e-file.

Parking Lot

- #2712 — Caller complained that when he visited the Taxpayer Assistance Center in Downtown Dallas there was only one window open and one employee was both preparing tax returns and providing tax assistance. Caller had been waiting 2 hours and was concerned that she would have to leave without having received assistance since she had another appointment. Caller assumed other employees were at lunch but when she asked the one employee when her coworkers would be back from lunch, but the reply was she had no control over that.

Parking Lot

- #2800 — Caller prepared paper return claiming the child tax credit (CTC) and EITC. She did not do the worksheet and subtract the \$400 refund she received from the CTC. She called the refund line to find out why she hadn't received her refund. Was told there was a problem processing the return and to call 1-800-829-0582 Ext 462. So she called and waited on hold for over a half hour. This return is delayed because of the backlog in processing math errors for the thousands of persons who didn't compute the credit correctly. Since the return is still in processing, IRS employees answering the above number had no additional information and wasted his time plus taxpayer's time in answering the phone. Caller's suggestion don't bother giving out a phone number to call and set up false expectations when no additional information is available — give a timeframe of when to call back

Parking Lot

- #1640 — TP is concerned about identity theft. She just received her refund check and she is horrified that the SSN is on the check. Her SSN is her security code at the bank and she is worried about cashing it. Her suggestion is not to put the SSN on the refund checks.

Will combine this issue with identify theft issue already on the database.

Outreach Report

Bader — has a speaking engagement in October.

Castleberry — attended the first annual Tax Fraud Festival in Oklahoma City on June 29.

DeMarais — attended a coalition meeting on financial literacy. Working on an annotated bibliography of resources that are available.

Landauer — spoke to the Association of Governmental Accountants.

Wilson — spoke at SRMLC meeting.

Woo — attended a congressional forum attended by congressional staff and gave a presentation.

Office Report

Delzer mentioned that the interview schedule has been changed to the weeks of July 12, July 19, and July 26. The cities are still to be determined. DFO Glass mentioned that TAS Areas 5, 6, and 7 will be attending CPE the week of July 12. The Tax Forums schedule has been set now and those participating notified. McQuin registered all attendees the week of June 11, so the information should be mailed out soon.

Next meeting will be July 12, 2004 and Woo will be in transit so Castleberry will chair. The Face-to-Face meeting is set for August 23-24, 2004, at the Country Inn & Suites Mall of America, 2221 Killebrew Drive, Bloomington, MN 55425. Travel day will be August 22, and return home the afternoon of August 24. DeMarais would like to notify some people to come to the meeting and would like the press release to go out early.



ACTION: DeMarais to send a list to Jenkins of whom she would like notified of the meeting time and place.

ACTION: Jenkins to prepare a press release to send out for notification of the August meeting.

ACTION: Committee to forward agenda items for the August meeting to Woo/Jenkins.

Public Comment

Ken Eichner — Still not getting all the TAP emails. And as far as the IRS Webpage, IRS should advertise the new Systemic Advocacy feature. Should also improve the search features. Would also like to see the committee work on Offer-In-Compromise issues more.

ACTION: Glass will call Eichner regarding his previous comments about OIC case.

Steve Bankler — Didn't get advance email of the transcript report. Would also like more information about the Minneapolis Hotel for the August meeting. Thinks the public portion should stay at the end of the meeting. Then they can comment on what was discussed during the meeting. Woo said if the rest of the committee had no objections, will move the public comment to the end of the agenda as before. She also stated that if the materials are available, they will be sent out. Castleberry stated that Eichner and Bankler may contact him for information. He would be happy to give it to them.

Theresa Douglass — Would also like information before the meetings. Castleberry will share with her too.

Closing / Assessment

Woo stated that the agenda for the face-to-face meeting in August, will be finalized on the conference call in July.

Action Items

- DeMarais
 - Will report on address change for July meeting.
 - Will report on VITA/TCE for July meeting.
 - Send a list to Jenkins of whom she would like notified of the meeting time and place.
- Glass
 - Will call Eichner regarding his previous comments about OIC case.
 - Will follow-up on getting survey results on IRS CPE .
- Jenkins
 - Prepare a press release to send out for notification of the August meeting.
 - Pursue conference call for sub committee with Mr. Dumars.
 - Follow up on written response to previous recommendations.
 - Check on availability of public comment on the Free File program for last filing season.
 - Add the question about e-file capacity to the list of questions/discussion topics to Dumars.
 - Will follow-up on getting survey results on IRS CPE.
- Committee
 - Forward agenda items for the August meeting to Woo/Jenkins.
- Warren
 - Continue working on transcript recommendation and expand the proposal.



Area 5 Committee Meeting Minutes May 10, 2004

Present:

- Linda Bader
- Lydia Brasch
- Patrick Castleberry
- Laura DeMarais
- John Hollingsworth
- Steve Landauer
- Tom Seuntjens
- Jeana Warren
- Nan Wilson
- Lillian Woo
- Frank Woods, Jr.

Absent:

- Maria Herman-Pariente

Staff:

- Sandy McQuin, TAP Manager
- Mary Ann Delzer, Program Analyst
- Audrey Jenkins, Program Analyst
- Patti Robb, Note Taker
- Meredith Odom, Secretary

Guests:

- Steve Bankler
- Ken Eichner
- Teresa Douglas, H&R Block

Welcome/Announcements/Review Agenda

Woo welcomed everyone. She talked a little about the Joint Committee meeting the week before. Is anyone interested in interviewing the TAP applicants? If so, let her know. She will pass the interest along to the staff. The interviews will take place June 21 through July 23 in various locations. A few of the tentative locations are Milwaukee, Seattle, Brooklyn, Florida, Washington, D.C., and a few others not yet determined. The open recruitment season closed April 30. Over 1,000 applications have been received.

As we move toward the annual meeting, Woo requested members begin to think about the Area 5 annual self-assessment. How do you feel about the Area 5 elevated issues? Successes? Disappointments? What do you think?

Roll Call

Quorum met.



Review/Approve Minutes

The April minutes were approved by consensus.

Public Input

- Steve Bankler
Stated he didn't get a copy of the minutes or the agenda. Had a problem with an e-filed partnership return (1065). Return was accepted, but when filed a POA for the same entity, it was rejected as an invalid ID Number.
- Ken Eichner
Stated he didn't get a copy of the minutes or the agenda either. Having a problem with the \$150.00 fee for the OIC program. Receiving notices that fee not paid. One check was cashed and one was not. Also has had a problem with a Department of Justice case. Went to the Houston Advocate's office and they were not aware the taxpayer's house was being seized. Concerned that the Advocate's office not aware of what was really going on.
ACTION: Glass will talk to Houston Advocate's office regarding Eichner's comments and discuss with Eichner.

Discussion of Issues

- Address Change — DeMarais
ACTION: DeMarais will report on address change for June meeting.
- E-File for VITA/TCE — DeMarais
This issue needs more work. DeMarais will meet with Hermann when she returns from her travels. Woo mentioned that Area 4 has a VITA/TCE committee working as well.
- Individual E-Filing — Hollingsworth
All is quiet on e-file. Got information from Delzer regarding privacy concerns. Woo asked if a final figure was available from E-file? Hollingsworth noted it was up substantially, though he doesn't have a final figure. Free File is up 20 percent from last year. The subcommittee needs to schedule a subcommittee meeting.
- Identity Theft — Bader
Has been studying the Social Security Administration publication of a death index. Talking with the National Funeral Directors and is a death "deactivation" of the SSN a logical way to go?
- Transcripts — Warren
ACTION: Warren will write up Transcripts recommendation for June meeting.
- Itemizing 1099s on Schedule C — Seuntjens
Did not rewrite issues as of yet. Would like subcommittee to reevaluate issue to see if TAP should proceed with this issue. Does it help reduce or support the tax gap?
ACTION: Seuntjens to write up 1099 recommendation for June meeting.
- Personnel/Training — Landauer
Viewed a video tape about training. IRS is trying to build a platform for Continuing Professional Education(CPE). Why is the Service eliminating mandatory CPE?
There will be a conference call with McQuin, Jenkins, and Landauer to discuss.

New Issues

Jenkins said there were no new issues on the database. Woo mentioned that she had seen a sample matrix with several new issues assigned to Area 5. McQuin pointed out that it was a sample. The database report will be available next month.

Outreach Report

McQuin encouraged everyone to complete Speaker Reports to capture all the Outreach done by TAP members.



Bader — Spoke with Larry Lexow (Area 4). At the encouragement of LTA Joe Zelle, they are trying to generate interest in a LITC clinic for the St. Louis area.

Castleberry — Attended tax professional lunches in Oklahoma City and Tulsa. Seems to be an increase in collection activities and audits. Professionals expressed their concerns about Revenue Officers keeping to procedures and ensuring taxpayer rights. Problems seen in Innocent Spouse cases under the “equity” statute.

DeMarais — Week of April 15, still doing her library work in her area. She also went to a local coalition meeting in April and some tax preparers were there.

Landauer — Met with a local congressional representative who was unaware of TAP. Landauer will continue to promote TAP.

Seuntjens — To attend a tax roundtable sponsored by Senator Coleman and an upcoming SRLMC. He met with Nina Olson, NTA, and Bernie Coston, TAP Director, today. Olson said she was available for TAP and interested in TAP’s contributions. They looked at the focus of the issue committees and also talked about recruitment. Seuntjens said TAP needs feedback from the business owners. He also said he was going to proceed with the finalization of the Annual Report.

Warren — Was interviewed by the Dallas Morning News.

Wilson — Will be speaking at a practitioner liaison meeting. She has been handing out TAP brochures.

Woo — Met with TX Congressman. They voted for the extension of the AMT threshold. The bill goes to the Senate now. Woo also was interviewed by the Dallas morning news.

McQuin asked TAP members to please send a copy to the office of any publicity in newspapers or publications.

Office Report

Per Woo’s request, spoke to a representative of the National Taxpayers Union about being on one of Area 5’s conference calls. They agreed to join the June 14 conference call.

McQuin shared who from Area 5 would be attending the tax forums on behalf of TAP:

- San Antonio Tax Forum – John Hollingsworth and Maria Hermann-Pariente
- Minneapolis Tax Forum – Laura DeMarais and Tom Seuntjens

Closing/Assessment

The next meeting is scheduled for Monday, June 14, 2004, at 3 pm Central Time.

ACTION ITEMS:

DeMarais will report on address change for June meeting.

Glass will talk to Houston Advocate’s office regarding Eichner’s comments and discuss with Eichner.

Seuntjens to write up 1099 recommendation for June meeting.

Warren will write up Transcripts recommendation for June meeting.



Area 5 Committee Meeting Minutes April 12, 2004

Present:

- Linda Bader
- Lydia Brasch
- Laura DeMarais
- Steve Landauer
- Tom Seuntjens
- Jeana Warren
- Nan Wilson
- Lillian Woo

Absent:

- Patrick Castleberry
- Maria Herman-Pariente
- Frank Woods, Jr.

Staff:

- Dianne Glass, DFO
- Sandy McQuin, TAP Manager
- Mary Ann Delzer, Program Analyst
- Patti Robb, Note Taker

Guests:

- Sandy Raynard, Deloitte and Touche

Welcome/Announcements/Review Agenda

Woo welcomed everyone. She reiterated the directive from the Joint Committee that each committee try to elevate two issues by the May face-to-face meeting.

Roll Call

Quorum met.

Review/Approve Minutes

The February and March minutes were approved by consensus.

Sub Committee Reports

- Identity Theft
Bader — felt the key was Social Security. Spoke to funeral directors and they said when someone dies, they must notify the Coroner, the City/County, then the State. The funeral directors thought there should be a seventy-two hour window to notify. The only time a second social security number is issued is due to domestic violence, or the government witness program. Bader will continue working this issue. Seuntjens asked Bader to provide a background statement on this issue. Woo stated that Ad Hoc is looking at confidentiality.



There is a bill in Congress now regarding sharing information with other federal agencies. There is a concern that outsourcing tax preparation and tax collection could cause a danger of confidential information falling into other hands.

- Address Change
DeMarais needs to request more data. She will have a report ready for the next meeting.
- E-File for VITA/TCE
Hermann-Pariente did a survey in South Texas. Good time to complete is now at the end of the filing season. DeMarais will mirror that.
- Forms Testing
Issue was elevated to the Joint Committee.
- Transcripts
Warren received research from Program Analyst Jenkins. There is no charge for transcripts. Requested and got six months of statistics spanning October through March. TAS received 1,826 inquiries about not being able to get transcripts. This issue is in the TAS top ten list for this month. What can TAP do? Landauer asked why people want transcripts instead of a copy of their return.

A copy of the return costs money and the transcript is usually needed immediately for a loan or financial aid. It takes six to eight weeks to get a copy of a return. This change caused a huge burden to the taxpayer and none to the IRS. McQuin stated this could be an education issue on how important it is for a taxpayer to keep copies of their returns. There is no burden to the IRS to print a transcript when a taxpayer requests one. Warren said when a taxpayer requests a transcript, there is a dire need. Warren will write up recommendation for elevation to the Joint Committee.

- Itemizing 1099s on Schedule C
Seuntjens sent an email with his proposed recommendation. (See Attachment One) This issue is number two in the 2003 NTA Report to Congress. This is a burden on employers. Recommend not to withhold but require 1099 be detailed on Schedule C. We are advocating that we maintain the detail. Warren asked if the burden could be placed on the issuer versus the recipient. Delzer said the IRS does match income on Schedule C with the 1099 MISCs as an aggregate. If a problem exists, taxpayer will get a notice looking for the missing income. In regard to credit for Social Security, the credit is based on the net income on Schedule C, not the gross. Delzer stated that itemizing the 1099s on Schedule C would not increase compliance. Itemizing also does nothing to collect the tax due on the income. DeMarais stated the recommendation reflects prior conversations. Can we elevate? DeMarais — elevate; Landauer — hold; Seuntjens — the intent is to make suggestions regardless if NTA proposal goes through or not; Warren — elevate; Wilson — needs to be discussed further in the sub-committee and has doubts now, so hold; Bader — agrees with Wilson; Woo — the premise of the issue is correct and agrees with the analysis of the issue. TAP should voice concerns. Seuntjens stated recommendation needs to be rewritten. Some comments are beyond the scope of the issue. Will get comments from the sub-committee and rewrite and send out to the Area committee to be voted on to elevate to the Joint Committee or not.
- Personnel/Training
Landauer will report next month.
- OIC Form 656
This recommendation was sent to the program owner Mike McDermott, through Bill Sonnack. McDermott had a timeline to meet, so issue never went to the Joint Committee. Decision made to elevate recommendation to the Joint Committee for



New Issues

1. Suggestion: There should not be any criteria in order to file as "Head of Household"; the caller who is Single and whose kids are grown, has no one to claim in order to file HOH and believes it is not fair to taxpayers like herself throughout the Nation. This issue is legislative. (2564)
2. I would love to take advantage of e-filing. However, I detest the idea of paying some company \$20 or more just for e-filing. There is one company I could use for free e-filing, but I am uncomfortable trusting my personal information with a company I have never heard of. My suggestion: Make PDF forms or web forms available for e-filing. Either form should be a match of the printed form. Taxpayers who have already done their taxes on paper would simply have to transfer their numbers to the online forms...and submit!

I would even be willing to pay \$5 or \$10 for such a service--if provided directly by the government or a well-known company. (2955)

Outreach Report

Tax Forums — McQuin has sent an email requesting members let her know of their interest/availability in attending the Tax Forums. The office will let members know of their assignments.

Bader asked if she should contact the local media to promote recruitment. McQuin responded that National Office is taking the lead on recruitment, but you can certainly do that with the press release that has been provided.

Bader — SPEC has contacted her about attending their meetings. Will be meeting with Senator Taft's office. LTA Zelle challenged her to work on getting a LITC program started in her area.

DeMarais — Still working in the libraries in her area answering questions and handing out forms. She also went to a local coalition meeting in March. Will be attending SRLMC with Seuntjens.

Landauer — Made a speech to a Rotary group which he attended with Betsy Fallacaro. Also going to an Illinois House luncheon.

Wilson — Attended a SB/SE stakeholder relationship meeting. She said they are planning a mini tax forum in Wichita, KS. She was also called by H & R Block for comments on TAP for their national publication.

Woo — is scheduled to meet with a Texas Congressman to talk about TAP.

Glass was asked to report the LTA's outreach activities with the TAP for the quarter. Nothing added to the previously reported items except the LTA in Aberdeen had updated TAP member on LTA transition.

McQuin reminded the members that when they receive any publicity, to please secure a copy for the office.

Public Input-None

Closing/Assessment—The next meeting, a conference call, is scheduled for Monday, May 10, 2004.

ACTION ITEMS:

DeMarais — report on Address Change at May meeting.

Warren — will write up a report on the Transcripts issue for elevation.

Seuntjens — will write up issue on Itemizing 1099s on Schedule C.

Landauer — will report on Personnel/Training issues at next meeting.



**Woo – will send OIC Form 656 to the Joint Committee for their information.
Delzer – will forward Free File comment to Hollingsworth.**

Joint Committee Issue Referral Form

TAP Committee: Area 5 Committee
TAP Database Number: Unassigned
Short Description: Itemizing 1099s on Schedule C
Date Approved by Area 5 Committee: 04/12/04 (Pending)

Members of Subcommittee/Author:
Steve Landauer, Jeana Warren, Laura DeMarais and Tom Seuntjens

Statement of Issue:
Non-filing and Underreporting of Taxes by Self-employed Taxpayers

Background:
The Taxpayer Advocate Service (TAS) indicated in the 2003 Annual Report to Congress that one of the most serious problems encountered by taxpayers is the non-filing and underreporting of taxes by self-employed taxpayers. The report indicates that this issue contributes to a \$310 billion “tax gap” involving approximately 130 million taxpayers. In the section titled “Tax Withholding on Non-wage Workers” TAS notes “While taxes are generally withheld over the course of the year from wages paid to workers classified as employees, no tax generally is withheld from payments to workers who are not classified as employees, i.e., independent contractors. The absence of a income withholding mechanism for independent contractors leads some taxpayers to underreport their income in order to avoid a balance due, which in turn imposes a burden on compliant taxpayers. As a result, the average taxpayer pays approximately \$2,400 in additional tax each year to make up for this shortfall. The TAS recommends extending a modified withholding system on certain payments made to independent contractors.”

Analysis of Issue:
TAS recommends a withholding system on independent contractors to increase compliance on the reporting of income of either 5% or 3.5% depending if the contractor maintains an inventory or receives payments for parts and materials. A withholding tax system on non-wage workers would help resolve the issue; however, it also considerably increases the administrative efforts of the employer/payer and it may also cause over-withholding for the independent contractor. The employer would be required to withhold taxes, record and track the taxes, remit the taxes on a regular basis and report the taxes on the year-end 1099 Misc. Many employers have contractors come and go by the day, and a large number of short term contractors would cause tax withholding to be very difficult, time consuming and costly. Many independent contractors need to carry a large inventory of parts and materials to perform the contracts and they do not receive a profit or gain until the contract is complete and final payment made by the employer. If taxes were withheld throughout the project contractors would need to cover these taxes from their own funds until final payment is received, which is often months later.

To increase compliance of filing and reporting of taxes by self-employed taxpayers, the sub-committee suggests the IRS instead implement a system to better track and match Form 1099 Misc and require the taxpayers to itemize each 1099 Misc on Schedule C. Currently, many of the employers electronically report 1099 Misc information and the IRS would need to construct a master file of these electronic records with the manually keyed records to match the 1099 Misc reported on Schedule C. If independent contractors file a manual tax return they would be required to list each 1099 Misc and attach the 1099 Misc to Schedule C as is currently done with W-2 forms listed on Form 1040. With the



increased volume of electronic filing the matching of 1099 Misc is materially easier because all software packages already require the taxpayer to input the details of each 1099 Misc and the IRS can then electronically match 1099 Misc forms.

Methodology/Supporting Data:

The objective to solve the issue of nonfiling and underreporting by self-employed taxpayers is accomplished by requiring the self-employed taxpayer/independent contractor to detail each 1099 Misc on Schedule C and attach a copy with the minimum of burden. The IRS would be required to match the 1099 Misc received from employers with the 1099 Misc reported on Schedule C to ensure compliance and to eliminate the \$310 billion "tax gap". The payer or employer would not be unnecessarily burdened with the withholding, remittance and reporting of withholding tax on 1099 Misc earnings, and the self-employed taxpayer/independent contractor would not have the additional burden of paying taxes before income was received.

Barriers to Approval:

Currently there is a different data flow for the W-2 earnings and taxes than for the Form 1099 Misc earnings. In order to record earnings for social security purposes, the W-2 data is first routed to the Social Security system and then it is transmitted to the IRS for tax reporting purposes. The Form 1099 Misc is sent only to the IRS. The data flow of the two earnings forms is different; however, we do not believe this should be difficult for the IRS to accomplish the objective of matching 1099 Misc earnings.

Proposed Solution:

The TAP Area 5 sub-committee recommends the IRS implement a requirement for self-employed/independent contractors to list all 1099 Misc on Schedule C and attach a copy of all 1099 Misc forms to Schedule C. The IRS should be required to match all reported 1099 Misc forms to the detail reported on the taxpayer's Schedule C to enhance the filing and reporting of income by self-employed taxpayers and thereby reduce the \$310 million "tax gap".

Page 88 of 131 in the 2003 Form 1040 on instructions for Schedule C indicates that the taxpayer "Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Form 1099 Misc." The sub-committee recommends that the instruction read "Enter individually each gross receipt from your trade or business. Include each amount you received in your trade or business that was properly shown on Form 1099 Misc. Attach a copy of Form 1099 Misc to your Schedule C." The Form 1099 Misc should be modified for the employer to provide the taxpayer with at least two copies with one noted to be filed with the federal tax return and the other for the taxpayer's records.



Area 5 Committee Meeting Minutes March 8, 2004

Present:

- Patrick Castleberry
- Laura DeMarais
- Maria Herman-Pariente
- Steve Landauer
- Tom Seuntjens
- Jeana Warren
- Nan Wilson
- Lillian Woo
- Frank Woods, Jr.

Absent:

- Linda Bader
- Lydia Brasch
- John Hollingsworth

Staff:

- Dianne Glass, DFO
- Bernie Coston, TAP Director
- Sandy McQuin, TAP Manager
- Audrey Jenkins, TAP Analyst
- Mary Ann Delzer, TAP Analyst

Guests:

- Steve Bankler
- Ken Eichner
- Sandy Raynard, Deloitte and Touche, Kansas City, MO

Welcome/Review Agenda

Woo welcomed all to the conference call. Woo announced that Sandy McQuin would be the manger assigned to Area 5. Mary Ann Delzer will work with Area 5 as a mentor to Jenkins.

Sandy Raynard, from Deloitte and Touche, Kansas City, MO, introduced herself to the committee. She thanked the committee for the opportunity for members of the public to join the calls.

Roll Call

Quorum met.

Review/Approve Minutes January and February

The committee reviewed the January meeting minutes, revised on March 1, 2004. Castleberry moved, and Hermann-Pariente seconded, the acceptance of the revised minutes. The January minutes were approved as amended.



DeMarais led the discussion of the review of the February minutes, revised March 5, 2004. To expedite discussion, the committee only reviewed the action items for clarity and accuracy. Seuntjens requested that the action items be dated as many are carried over from month to month.

ACTION: Jenkins will incorporate the changes/corrections into the draft February minutes. The approval of the revised February minutes will be on the April meeting agenda.

National Office Report

Coston, TAP Director, introduced himself and gave his regrets for missing the February meeting. He assured the committee that he would continue to be accessible and available and offer all support needed. Coston was happy to report that additional funding was obtained to allow Area 5 to have another face-to-face meeting. His office is working on several projects including the Annual TAP meeting and recruitment, which will kick off in the next couple of weeks. He will be meeting with Olson on Monday, March 15, 2004, to finalize recruitment plans.

Action Items

- **All committee members**
Review draft of OIC 656 and send comments to Smathers. Completed
- **Bader**
Provide Committee with FTC Identity Theft booklet in February. Completed
- **Glass**
Request LTAs to reach out to Panel Members for TAP outreach. Completed
Communicate with Area-Dallas LTAs about TAP member outreach. Completed
- **Hollingsworth**
Replace Hermann as author of reply to Free File recommendations; will send reply to Woo for presentation to Joint Committee meeting on Feb 17, 2004. Completed
- **Jenkins**
Locate the responsible individual for downloading the shared information from the postal service. Owner identified, Steve Sanquist, and call to be scheduled.
Set up conference call for forms testing subcommittee with IRS forms testing specialist. Completed 1/27/04
Set up conference call for personnel/training subcommittee with IRS personnel specialist.
Glass to set conference call with Maureen Cain week of April 19, 2004.
Check to see if any other committee is working on OIC issues to ensure we are not duplicating issues. JC reports checked and no duplication seen.
Correct January minutes and issue along with Feb minutes. January completed and February still in process
E-mail and mail copies of the current and the draft of OIC Form 656 to members on February 9th. Completed
Locate the IRS staffer at Forms & Publications who manages OIC Form 656, inform him/her that Area 5 is reviewing the proposed changes, and find out the deadline for submitting comments. Completed
Secure from Sonnack and email to committee:
1) the amount compromised in 2003 OPEN
2) the number of OICs submitted and the number of OICs closed. Completed
Send out a template for action items to members. OPEN
Find out what aspect of forms testing Peterson's committee is examining. SBSE Payroll Committee looking at the possibility of an annual Form 941
Set up meeting with VITA/TCE site e-file specialist to meet with subcommittee. OPEN



- **Smathers**
Consolidate comments and analysis of draft for OIC 656. Draft a report and cover letter to be circulated to the committee. If possible, the draft will be sent to Sonnack via the staff by February 18, 2004. Completed by Wilson/DeMarais.
- **Sonnack**
Will send Woo information about the number of OIC cases submitted and the number of OICs closed in 2002. Completed
Will send Woo the total dollar volume of OIC in 2002. OPEN
- **Woo**
Check TAP issues matrix to determine which committees are working on OIC. Completed
Invite members of other TAP committees, which are researching OIC, to review proposed OIC Form 656. Completed
Ask Woods and Brasch to select a subcommittee. Woods selected Free-File and Brasch, forms testing

Additional action items from corrected February minutes:

- **McQuin**
To prepare a written policy statement to be shared with the committee based on IRS Counsel Advice regarding FACA and public participation at meetings. OPEN
- **Jenkins**
Will send out database reports prior to each meeting. OPEN
Check SAMS database for undelivered mail issues. OPEN
To distribute TAP Annual report when available. OPEN
- **Rhodes**
Will contact LTAs reminding them to involve TAP members in LTA and IRS-sponsored events, when appropriate. Completed

Coston reported that the final TAP Annual Report is not yet available, as Nina Olson is reviewing.

Seuntjens requested that all action items carried over from month to month is dated for better record keeping.

Review of February Meeting

Woo shared the results of evaluations completed by the members, along with suggestions for improvement. Many of the productive ideas dealt with mechanics problems.

- Meeting pace-- 3.7
- Participation of all members-- 4
- Clear purpose of meeting--3.555
- We followed our ground rules-- 3.4
- We stayed focused on the topic of discussion-- 3.1
- We were courteous/civil in our deliberations ♦ 4
- Additional comments:
- Staff support graded 1 by two members
- Linda Bader graded 5 by two members
- More staff support
- More focus



- Hotel was praised
- Agenda needed before the meeting
- Better upfront meeting preparation needed
- Need better staff support--6

Woo asked if members had any other ideas or comments now that a month had passed. DeMarais requested that more media work be done upfront so that more members of the public could participate and provide feedback.

Subcommittee Reports

Address Change--DeMarais

Nothing to report at this time. Additional work needs to be completed.

E-File for VITA/TCE--DeMarais

Nothing to report at this time. Additional work needs to be completed.

Individual E-Filing♦Seuntjens

Response sent to Lutes last month through the Joint Committee.

Identity Theft--Bader

Not present

Forms Testing-- Wilson

Wilson, Castleberry and Landauer had a teleconference on February 26, 2004, with Bob Erickson of Forms and Pubs. Committee also received a written response from Denise Fayne to the committee's questions. Recommendation is being made that more forms and instructions should be tested. TAP should endorse the GAO report.

Seuntjens requested comments from the committee. He stated it was a good recommendation, but had questions on the background information, i.e., were five forms tested with six focus groups or four items tested as noted later.

Wilson stated 5 forms were tested. Landauer stated some items tested in the focus groups were the same, but were a paper and also an electronic version.

ACTION: Wilson will clarify the wording concerning number of forms tested and number of focus groups.

Seuntjens questioned why no barriers were listed. What was IRS analysis of the issues?

Wilson stated that testing is not a high priority. Seuntjens requested that the Services' comments be added. Landauer stated the IRS did not indicate that lack of personnel or resources was a barrier to increase number of forms tested. Seuntjens questioned the additional comments section and cautioned that there appears to be no objective reason to make that statement. He stated negative comments do not serve a purpose and would be better to say in general terms that IRS doesn't see this as a priority. Castleberry reiterated that it is accurate to state that resistance and that IRS has no appreciation for additional testing. Committee voted to forward the recommendations with the changes discussed.

ACTION: Jenkins will check to make sure no duplication or conflicts with any other committees in regard to the forms testing issue.



ACTION: Wilson will make changes to the forms testing recommendation as discussed and will forward to Woo.

Transcripts ♦ Warren

Nothing new to report at this time. Still looking to verify there is no charge for the transcript.

Itemizing 1099s on Schedule C--Seuntjens

Reported that the subcommittee is no further along. Members are Landauer, Warren and DeMarais. Looking at the Schedule C/Form 1099 instructions.

ACTION: Seuntjens will write up document for the next month conference call, to forward to Joint Committee meeting in Chicago.

Personnel/training--Landauer

Looking to do the work in April.

OIC Form 656 Wilson and DeMarais

Wilson reported that feedback on the revised Form 656 had to be done quickly, the response needed by February 25, 2004 . The consolidated comments were sent to Bill Sonnack, who forwarded them to OIC program manager Mike McDermitt. Seuntjens requested that Area 5 put together a recommendation paper to be sent through the Joint Committee to put some formality around the issue and get recognition from the Service. Wilson questioned whether the whole committee agreed with the suggestions made thus far. Landauer stated that the Form 656 would be a form that may be a good candidate for actual form testing. Woo indicated that the TAP had received the research requested from Sonnack, except for the dollar volume information. Woo also stated that she had contacted all the TAP chairs, prior to sending the comments forward, to get any input that other Areas may have had. Full committee approved the recommendations sent directly to SB/SE.

ACTION: Woo and Wilson to put together a paper which reflects the Form 656 recommendations already sent directly SB/SE. Written recommendation to be ready for the April meeting.

Outreach Report

- DeMarais Nice article appeared concerning TCE site and the filing season.
- Landauer Also had a nice article appear in the local newspaper. Also speaking to the Rotary Club.
- Wilson ♦ Attending the next SRMLC meeting
- Woo - Doing Congressional visits this week
- Woods - For SB/SE payroll committee, conducting interviews with small business owners concerning electronic deposits.

Office Report/ August-Minneapolis Meeting

Jenkins reported that rooms have reserved at the County Inn and Suites at the Mall of America. Sunday, August 22, 2004 will be a travel day. The meeting will be held all day on Monday, August 23, 2004 and the morning of Tuesday, August 24, 2004 . Members will travel home on the afternoon of August 24, 2004 . Woo reminded the staff to be sure to work with the local media to publicize the meeting to increase public input. Seuntjens and DeMarais agreed that parking is readily available and hopefully public will participate.

Glass mentioned that Minneapolis will host the Nationwide Tax Forum August 3-5, 2004 . Woo stated that it would have been to tie the Area 5 meeting to the forum, but several members are not available



at that time. McQuin stated that Tom and Laura would be tapped to attend the Minneapolis Forum to represent TAP.

Public Comments

Steve Bankler

Concerning the forms testing recommendations, document should be reviewed before legal. Why wait until legal approves it? In regard to the Form 656 comments, staff needs to send background on items to be discussed prior to the meeting, with the agenda. Advised the committee looking at Itemizing 1099s on Schedule C, that additional instructions for the Schedule C are in Publication 17.

Action: Jenkins to send all discussion documents, along with the agenda, to participating members of the public, prior to the meetings.

Ken Eichner

Agreed with Bankler that people need the meeting information ahead of time. Committee needs to know that differences do exist in the Installment Agreement (IA) and Offer In Compromise (OIC) programs. For instance when IRS looks at OIC, taxpayer not allowed to have allowance for charity, education, or voluntary retirement contributions. When looking at IAs, these are OK. Practitioners can spend 40-50 hours working, depending on what other issues are going on at the same time. If there are levy issues at the same time, that time seems low. TAP should talk about the standards and that has not been addressed. Also need look at Estimated Taxes, as that not addressed. TAP needs to look into that.

Sandy Raynard

Found the meeting informative and was able to see what the format was like. Would like to hear more about the transcript questions. Have had problems with the Practitioner Priority Service. The Form 4506-T is new that you have to submit and may have problems getting transcripts.

Closing Assessment

Next meeting is Monday, April 12, 2004. Meeting adjourned.



**Area 5 Committee Meeting Minutes
Taxpayer Advocacy Panel
Area 5 Face to Face Meeting
Sheraton Lakeside Chalet
St. Louis, Missouri
February 6-7, 2004**

Opening of Meeting February 6, 2004

Meeting was opened at 9:05 AM CT.

Present

- Linda Bader
- Laura DeMarais
- Dianne Glass, DFO
- Maria Hermann-Pariente
- John Hollingsworth
- Steve Landauer
- Tom Seuntjens
- Paul Smathers
- Jeana Warren
- Nan Wilson
- Lillian Woo, Chair

Absent

- Lydia Brasch
- Patrick Castleberry
- Frank Woods

Guests

- Steve Bankler, CPA
- Pam Pessin, Revenue Officer Technical Advisor, St. Louis
- Olga Rhodes, Area 5 TAS Director, Dallas
- Melanie Sturgis, Area 5 Analyst, Dallas
- Ramona Wooten, Revenue Agent Technical Adviser, St. Louis
- Joe Zelle, Local Taxpayer Advocate, St. Louis

Guest Speakers

- Bill Sonnack, Local Taxpayer Advocate, Houston
- Michelle Eldridge, Area 3 Group Manager, Field Media Relations Branch
- Kris Moore, Field Media Relations Specialist, Springfield, IL

Staff

- Sandra Ramirez, Area 5 Program Manager
- Audrey Y. Jenkins, Area 5 Program Analyst



Welcome/Announcements/Review of Minutes

Seuntjens recommended checking a draft of [the January minutes](#) to verify attendance. He also suggested minutes should be sent to Ramirez, Glass and Woo prior to sending them out to the entire committee. Woo suggested that the minutes should be drafted more quickly after each meeting. DeMarais made a motion to have minutes corrected and approved in a timely manner.

ACTION: Jenkins to correct January minutes for consideration/approval at March meeting.

FACA & Sub-Committees

Ramirez apologized for TAP Director Bernie Coston's absence, and conveyed his regrets. Ramirez read IRS legal counsel's response to the inquiry submitted by Sandy McQuin regarding how FACA rules apply to: 1) public availability of documents and other materials to be discussed or used at TAP meetings; 2) public availability of information and materials discussed in the TAP subcommittees.

The legal counsel responses were:

- 1) When practical, TAP is obligated to provide to the public, documents and other materials to be discussed during open meetings (unless the documents are exempted under FOIA) either before or at the meeting. (Source: IRS, Office of Chief Counsel, General Legal Services Opinion 155355-03.)
- 2) If the subcommittee is engaged in information gathering and will not report directly to the IRS, TAP is not required to open the meeting or provide the materials to the public. (Source: IRS, Office of Chief Counsel, General Legal Services Opinion 155355-03.)

DeMarais asked whether members of the public who attend meetings regularly can make one blanket request for materials and minutes or need to make a new request for each meeting. Ramirez questioned this practice as the public would have to contact the support office each time they intend to attend a meeting, and the analyst will provide meeting information along with materials at the time of the request. Woo stated that the normal procedure has been that materials are automatically mailed to members of the public who attend meetings on a regular basis. Woo asked Jenkins to check with Delzer about our past practice.

Rhodes suggested that it might be helpful to send handouts to the local (LTA) office or hotel prior to face-to-face meetings. Woo stated that the Committee needs to inform regular public attendees there has been a change in staff and ask them to contact Jenkins for the information and materials for the meeting. DeMarais requested that Jenkins ask members of the public if they would like appropriate minutes and other reading materials related to the meeting as they request to be put on the call. Jenkins responded that she was willing to do so.

Minutes were not available for members at the meeting as they were sent out by e-mail.

DeMarais requested that in the future, minutes be included in meeting packets. Smathers requested that an agenda sent to members in advance of the meeting would be much appreciated. Seuntjens suggested bringing extra copies of the minutes to the meeting in the future for the committee members who do not bring their own. Woo asked Ramirez if the FACA information she was sharing was the official opinion and could it be distributed. Ramirez informed her that it was an official legal counsel opinion, and the attorney has requested that it not be disseminated. Ramirez offered to provide a written memo expressing the opinion. Woo responded that the minutes should capture the essence of the opinion. Ramirez agreed. Woo stated that she wanted the source quoted as well.



ACTION: Ramirez to prepare a written policy statement to be shared with the committee, based on IRS Counsel Advice regarding FACA and public participation at meetings.

Hermann-Pariente asked why we haven't been receiving the monthly research data reports from the website prior to our meetings. Ramirez said Jenkins will be sending them out, it was an oversight if Delzer used to do it.

ACTION: Jenkins will send out database reports prior to each meeting.

OIC Presentation- Bill Sonnack

Revision to OIC Form 656: Sonnack stated that the revisions to OIC Form 656 are designed to make it easier to understand and to file. A new first page includes a series of questions and explanations that screen the eligibility of taxpayers to file an offer in compromise. This simple process lets taxpayers know immediately if they are eligible to file an offer. In addition, the revised form includes a summary checklist to assist the taxpayer in providing the OIC office with all the required information.

Testing of OIC Form 656

Sonnack indicated that, as far as he knew, there had been no testing on the revised form. Seuntjens asked whether there was any public testing done. He wanted to see the form to see why there was there was no testing or public feedback. Sonnack stated he asked his office assistant to look at the form to get input from someone with no knowledge of the form and no background that would help make the form more understandable. He received good feedback from this informal test. Hermann - Pariente asked whether or not the form was going to be implemented without being field tested. Sonnack stated yes. Sonnack said the goal was to finish revisions by April. Sonnack said he and Woo had spoken about the committee looking at the new, draft form and suggesting ways to improve it, but that there would be a short turnaround time for getting suggestions to him. Sonnack will send the draft electronically to staff and they will get it to the members. Woo noted that Area 5's assessment could also be considered for the next tax cycle.

OIC cases and processing

Sonnack said that in 2003, there were 65,325 OICs, a 13% reduction from the previous year. The average OIC settlement was \$0.09 on the dollar. Asked about the total dollar volume of OIC, Sonnack indicated that he would email Woo the amount compromised in 2003.

ACTION: Sonnack will email Woo the total dollar volume of OIC in 2002.

Sonnack noted that the AICPA recommendations were considered, particularly with regard to hardship circumstances. IRM 5.8 of OIC is also being revised with a tentative delivery date of spring 2004. Sonnack explained there would be a pre-rejection letter, which will give the taxpayer an opportunity to work with the agent.

ACTION: Sonnack asked Committee members to send him anecdotal examples regarding OIC submissions and the kind of problems seen.

Application fees

Sonnack addressed the possible change in OIC application fees: waiving a second application fee for a resubmitted OIC that had originally been returned.

Financial information

SB/SE recently relaxed requirements for updated financial information. Landauer stated that since, in his limited experience, the OIC processing time is very long, taxpayers are usually asked to resubmit updated financial information. Hermann -Pariente asked Landauer what professionals charge taxpayers for OICs. He stated that offers take approximately takes 40 to 50 hours to work and take at least a year to process.



Length of time to settle OIC

Sonnack said that an IRC 7122 provision addresses improvements to OIC processing. For example, one issue was the number of OICs taking 6 months to be added to the tracking database. Hermann-Pariente asked what the fundamentals in considering offers are. Sonnack explained that the life of the statute is considered, which can be from 10 to 15 years. Retired debt is also considered, since a retired debt can increase the taxpayers' income potential. Sonnack pointed out that there seems to be no uniform treatment among field and central OIC offices of OIC cases. Some offers are sent to centralized sites, and the more complex ones are handled in local field offices.

Volume of OIC cases

Landauer asked for the number of OICs submitted and the number of OICs closed. Sonnack will get this information. Woo asked how TAP could help specific issues within OIC. Sonnack identified the two main areas of concern: 1) the process and 2) the technical.

ACTION: Sonnack will send Woo information about the number of OICs submitted and the number of OICs closed in 2002.

OIC Form 656 current and draft: Seuntjens asked if Sonnack could send out the current form and the draft. DeMarais requested hard copies. DeMarais stated that the master list of TAP issues list should be checked, since other committees might be working on OIC. Seuntjens requested a copy of the open issues list.

ACTION: Jenkins will e-mail all the members the current and proposed revision of Form 656 and send copies via regular mail by February 9, 2004.

ACTION: Jenkins will locate the staffer at Forms and Publications who is responsible for OIC Form 656, relate to him/her that Area 5 is reviewing the proposed changes, and find out what the deadline is for comments.

ACTION: Woo will check the TAP issues matrix and determine what committees are researching OIC.

ACTION: Woo will invite other TAP committee members, who are examining OIC, to review the proposed changes to OIC Form 656.

ACTION: All committee members may review the draft for OIC 656 and send their comments to Smathers and Woo by Wednesday, February 18, 2004.

Collection

Sonnack noted that OICs, although around for a while, did not become popular until 1989, when then IRS commissioner Fred Goldberg attempted to address non-compliance issues. Bader asked what happens if a taxpayer submits an offer which is not accepted and has no resources to pay the bill. Sonnack stated that the taxpayer can file an appeal. In other cases, the account proceeds through the normal outstanding account process. If there are no assets, the case is declared uncollectible. Rhodes cited a current case in a local TAS office. In this case, the taxpayer has a 401K and property, but claims he is unable to pay the debt. IRM 5.8.5 explains how the category of non expenses is determined for an offer. This procedure is different those used in installment agreements.

Public Input

Steve Bankler indicated that he emailed Castleberry, Glass and Jenkins a copy of the new draft Form 656 on January 13, 2004 assuming it would be distributed to Area 5 members. He agreed with the changes to the form. Bankler also mentioned that some changes had been made to Schedule M (large income businesses). Bankler characterized as ridiculous the NTA's suggestion that one would have to back-up withholding on painters and contractors. He said that the National Taxpayer Advocate should bounce her ideas off of the public before she submits them to Congress.



Taxpayer Advocate

Rhodes asked the committee whether they have been included in LTAs' outreach efforts. Seuntjens stated that the LTAs should be contacting the panel to see if there is anything they need them to do. Ramirez offered to ask LTAs to include TAP members in their outreach. Wilson said she has been invited to a teleconference by her LTA. Zelle also encouraged the group to speak with TEC which is responsible for outreach. Seuntjens stated that he wants to go along to listen to the presentation and the questions that are asked and does not necessarily have to make presentations. Glass stated that last year Hermann-Pariente, Bader, and Warren staffed the booth at the Tax Forum. Some Area 5 members stated that they had never been contacted by their LTAs. Hollingsworth stated that TAS should do better in notifying the committee. Rhodes acknowledged this. Smathers said it could something simple as an email.

ACTION: Rhodes will contact LTAs reminding them to involve TAP members in LTA and IRS-sponsored events, when appropriate.

National Office Report Highlights

Glass stated that the top 20 issues noted in the NTA's Annual Report to Congress were delivered to the staffers on 1/26/04. The number of taxpayers effected determined the top issues. The number one issue is AMT. There are 2.4 million taxpayers currently effected but this number will increase to 30 million by 2010.

Another top issue involves the level of service at TACs. Seuntjens stated that the Ad Hoc Committee is currently examining this issue. The Joint Committee hosted a public meeting on TACs recently.

Landauer asked whether the IRS matched 1099s to Schedule Cs. Zelle stated yes. Seuntjens suggested that Landauer write up a proposal on itemizing 1099s on Schedule C. Ramirez noted that this is an issue more appropriate for the Schedule C Nonfiler Committee. Page four of the Report states that the service is proposing changing the filing extension from April 15th to March 15th. Taxpayers who file extensions know by March 15th whether they will need an extension or not. Wilson stated that many years ago it was March 15th.

Progress of Elevated Issue Update

6251 suggestions

Woo stated that although it was submitted too late for inclusion in the 2003 form, the recommendations on Form 6251 have been received by Forms and Publications. These suggested changes will be considered by Forms and Pubs, and a response will be sent to the committee by April 2004.

AMT proposal

To date, Area 5 has not received any official confirmation on the AMT proposal sent to NTA in May, 2003. However, this proposal, which recommended that AMT become a top priority of the NTA, is the #1 priority in the NTA's 2003 Annual Report to Congress.

Free File

Members of the individual e-file subcommittee felt that the program owner's response reflected either a misunderstanding or a miscommunication of the six proposals from the subcommittee. Seuntjens recommended a parallel review of the six recommendations and Lutes' response. Hermann-Pariente volunteered to draft a written response to Lutes stating there is a misunderstanding since the recommendations proposed were not directly addressed. Ramirez asked members to please send the response via the staff and not directly to Lutes.

ACTION: Hermann will draft reply to Lutes' response regarding recommendation 03-003.



Sub-committee Reports/Recommendations

E-Filing

Hollingsworth sent out an article from CBS Market Watch, which is also available in Spanish. North Dakota just worked a deal with the state to E-file state returns. E-file in this state has increased substantially.

E-File for VITA & AARP

DeMarais stated that they are beginning to do this year's returns using the E-File program, but since the filing season is just beginning, she does not have enough data to report much at this time.

Address Change

DeMarais found that there is a partnership between the Postal Service and the Internal Revenue Service in which address changes are shared. DeMarais requested Jenkins to send her any updates from SAMS since September, 2003 when Delzer did a search. From the information DeMarais has obtained so far, it appears that there must be an exact match of first, middle initial and surname before the IRS can receive an update from the Postal Service.

ACTION: Jenkins is in the process of locating the knowledgeable individuals on the National Change of Address program to meet with subcommittee.

ACTION: Jenkins to check SAMS database for undelivered mail issues.

Forms Testing

Wilson and Landauer believe that long term benefits of forms testing outweigh the current costs of testing. Perhaps more resources could be invested in testing a larger number of forms. 450 forms/instructions were revised in 2001. Error rates went down on the forms that had been tested. It was suggested that Jenkins check with Mary Peterson because her issue committee has been looking at forms testing issues. Seuntjens asked Jenkins to send out a template for action items. Ramirez stated that we need an update of the progress of the Forms Testing Committee. EITC forms are the only forms falling in the top 20 problems (per the NTA Annual report to congress) that have been tested.

Landauer spoke with Michael Brostek of GAO about the IRS' forms testing process. Landauer noted that the IRS indicated that written criteria would be created for forms testing. The subcommittee needs to have a conference call with someone from the IRS that can provide an update regarding the forms testing process.

ACTION: Jenkins will find out what aspect of forms testing Peterson's committee is examining.

ACTION: Jenkins will send out template for action items to Area 5 members.

ACTION: Jenkins will set up a Subcommittee conference call with an IRS forms testing specialist.

Personnel/Training of IRS staff

There was a conference call between Landauer, Castleberry, and Adriane Thormahlen from personnel, but Landauer felt that Thormahlen was not very knowledgeable. There was a motion to drop this issue. Hermann and Smathers voted in favor of the motion. Bader suggested the issue be confined to adequate training or needed training; Wilson wanted to table the motion until Castleberry could comment. Warren agreed with Wilson. DeMarais, Hollingsworth, and Seuntjens requested more information before making a decision about this issue. Members agreed that the subcommittee should make a recommendation to the committee at the end of April. In the interim more information will be provided to subcommittee members.

**ID theft**

Bader handed out the FTC's ID Theft booklet printed May 2003. Bader stated that identity theft is not limited to the IRS. She has been in contact with area hospitals. From her research, it appears that the IRS should deactivate the social security number of a deceased person. An alternative to deactivation would be to tag the SSN of a deceased person so that if a tax return is filed with that number, the return will be flagged immediately. In conversations with the IRS, Bader found out that the IRS has certain processes in effect. Seuntjens agreed that all social security numbers should be deactivated. Bader has been speaking with hospitals and is continuing working on this issue.

Audit Methodology

Seuntjens recommended this issue be placed in the parking lot.

Transcripts

Warren stated that taxpayers are no longer able to walk into the assistance centers and obtain a transcript of their account. She will continue exploring this issue.

Opening of Meeting February 7, 2004

Meeting was opened at 9:03 AM CT.

Prioritization of Issues

Woo asked that the members state the amount of time they need to develop their issues, when they think it would be ready to bring to full committee, and, what help, if any, is needed from other members.

ACTION: Woo will ask Woo ds and Brasch to select a subcommittee.

Address Change

DeMarais stated that the main concern is determining why taxpayers don't get their mail from the IRS. The SAMS information provided by Delzer shows that either the taxpayer just isn't responding to correspondence or is not receiving correspondence. Are taxpayers notifying the IRS when they move? How do they know that they have to inform the IRS when they move? There is a need to examine current procedures and the IRS and national postal databases. DeMarais believes that after filing season, this subcommittee can present recommendations to the full committee.

E-Filing for VITA/TCE

DeMarais, chair, and Hermann-Pariente. They feel they can work on this issue during the filing season. Information from VITA site coordinators, whose sites provide e-file, will provide a better perspective about any improvements that should be recommended. DeMarais is not sure what, if any, attention is needed to the volunteer training component, or if there are problems with the certification and testing. Also, since only 2% of filed returns are VITA or TCE prepared, the program may need expanding. Herman-Pariente is interested in VITA along the border areas of the U.S. DeMarais and Woo feel that a discussion with someone knowledgeable about e-filing at VITA/TCE sites would be helpful as well.

ACTION: Jenkins will set up meeting with VITA/TCE site e-file specialist.

ACTION: Glass will e-mail DeMarais and Hermann -Pariente names of their local SPEC coordinators.

Free-File

Hollingsworth, Chair and Hermann-Pariente, DeMarais, Seuntjens and Woo. All agreed that Terry Lutes' written response reflected a miscommunication or misunderstanding of the recommendations. The response will also ask about the level of success with FreeFile last year, about the confidentiality of information, and for a status report on the free printing offer from IRS.



ACTION: Hollingsworth will replace Hermann as author of reply to recommendations and send to Woo for presentation to Joint Committee meeting on February 17.

Identity Theft

Bader, Chair, will continue researching issue.

Forms Testing

Wilson, Chair, Landauer and, Castleberry . Wilson would like information and data about forms testing in the last 2 years, what are the plans for future testing, etc. An update will be provided at the next meeting.

ACTION: Jenkins will get information and data requested by forms testing subcommittee.

Transcripts

Warren, Chair, will report by the next meeting. She also hopes to find out what has happened since the TACs stopped offering transcripts in October 2003.

OIC ♦ Form 656 Testing

Smathers, Chair, Castleberry, and Woo. Woo will find out which other TAP committees are examining OIC.

ACTION: Woo - same as under OIC presentation.

ACTION: Committee- same as under OIC presentation.

ACTION: Smathers - same as under OIC presentation.

Itemizing 1099s on Schedule C

Seuntjens, Chair, Landauer, Warren, and DeMarais. Seuntjens suggested this issue as an antidote to the NTA's proposal to withhold taxes on Schedule C filers to improve compliance and reduce tax gap. He stated instructions for Schedule C need to be reviewed by the subcommittee members.

Personnel/Training (educational requirements) Issues

Landauer, Chair, Smathers, and Castleberry. Zelle and Glass said they would locate contacts for the subcommittee. Smathers indicated the following website for GAO report on training;
www.gao.gov/new.items/d04291.pdf

ACTION: Glass will find IRS personnel specialist and set up conference call.

Parking Lot

VITA Locations
Audit Methodology

Outreach Report

Hollingsworth spoke with students about E-Filing.

DeMarais manned the forms rack in the Public Library. The most frequent questions she was asked included, Who uses a 1040? and Who uses the 1040A? DeMarais stated that she wanted to look into eliminating Form 1040A. She was involved with her local SPEC to help train volunteers at a South Minnesota VITA Site.

Woo attended a stakeholders meeting.

Hermann-Pariente attended meetings of the Chamber of Commerce, SBSE, VITA, and AARP.

Smathers informed teachers at a school about the IRS websites. He attended a SRMLC meeting and offered to speak at a Teachers Business Club meeting.



Bader was featured in an article of the AAUW Newsletter.

Wilson was in contact with her LTA.

Warren attended a Tax Coalition of Texas CPAs meeting.

Landauer had a conference call with stakeholders.

Seuntjens had nothing to report.

Office Report

Jenkins had nothing to report.

Public Input

Steve Bankler stated that before there was the National Taxpayer Advocate Service there was the Problem Resolution Officer. In his recent dealings with the Taxpayer Advocate, he realized the old Problem Resolution Officer was empowered to cut through the red tape of the IRS. If a practitioner or taxpayer had not had success with the IRS in resolving their problem they could get into the Problem Resolution Program. They would do two things; 1) they would find out if you had a problem and then resolve the problem and 2) while they were doing that they would in turn go to the IRS and say here is a systemic problem, fix it.

After the Taxpayer Advocate Service was set up, the understanding among most practitioners was this is just a new name and, instead of reporting to the District Director of the IRS they now have their own division but they are basically the same (as the old Problem Resolution Program). What Mr. Bankler has come to find out is that it is not the same, when you have a problem at the IRS and you can't get someone to fix it and you go to the Taxpayer Advocate they have no authority to fix the problem. He described a recent hardship refund case for a client. He went to Local Taxpayer Advocate Dianne Glass's office for relief. The office determined the taxpayer should receive their refund, but they had no authority to fix the problem to release the refund. The Advocate's office had to request a manual refund from ACS Collection. Bankler said that under the old system, with the Problem Resolution Officer the taxpayer would have had the check in a matter of five days. Four weeks later we were still wondering where the check was! The Taxpayer Advocate Service is independent from the IRS, but they no longer have the authority to fix the problem. They can write up the paper work and forward to systemic. Meanwhile the taxpayer is waiting a lot longer for the problem to be solved. He does not think this is a legislative change but a delegation of authority change. He thinks that the Taxpayer Advocate Service needs to go back to the IRS/Commissioner and request re-delegation of authority to fix these problems on behalf of taxpayers and their representatives, while the IRS recommends the systemic changes to make the overall fix.

Maria Hermann-Pariente asked Bankler whether he had entered that information on the TAP web-site. Bankler stated no, because he was dealing with the Taxpayer Advocate Office, he assumed it would be forwarded. Hermann-Pariente stated that it would help if he put the information in writing at www.improveirs.org and record that. Seuntjens stated it will also be in the minutes.

Closing Comments and Adjournment

Woo closed the meeting at 11:20AM CT, February 7, 2004.

Action Items

Committee

All committee members may review the draft for OIC 656 and send their comments to Smathers and Woo by Wednesday, February 18, 2004.



Sonnack asked Committee members to send him anecdotal examples regarding OIC submissions and the kind of problems seen.

Glass

Glass will e-mail DeMarais and Hermann -Pariante names of their local SPEC coordinators.

Glass will find IRS personnel specialist and set up conference call.

Hollingsworth

Hollingsworth will replace Hermann as author of reply to recommendations and send to Woo for presentation to Joint Committee meeting on February 17.

Jenkins

Jenkins to correct January minutes for consideration/approval at March meeting.

Jenkins will send out database reports prior to each meeting.

Jenkins will e-mail all the members the current and proposed revision of Form 656 and send copies via regular mail by February 9, 2004.

Jenkins will locate the staffer at Forms and Publications who is responsible for OIC Form 656, relate to him/her that Area 5 is reviewing the proposed changes, and find out what the deadline is for comments.

Jenkins is in the process of locating the knowledgeable individuals on the National Change of Address program to meet with subcommittee.

Jenkins to check SAMS database for undelivered mail issues.

Jenkins will find out what aspect of forms testing Peterson's committee is examining.

Jenkins will send out template for action items to Area 5 members.

Jenkins will set up a Subcommittee conference call with an IRS forms testing specialist.

Jenkins will set up meeting with VITA/TCE site e-file specialist.

Jenkins will get information and data requested by forms testing subcommittee.

Jenkins to distribute TAP Annual report when available.

Ramirez

Ramirez to prepare a written policy statement to be shared with the committee, based on IRS Counsel Advice regarding FACA and public participation at meetings.

Rhodes

Rhodes will contact LTAs reminding them to involve TAP members in LTA and IRS-sponsored events, when appropriate.

Sonnack

Sonnack will email Woo the total dollar volume of OIC in 2002.



Sonnack asked Committee members to send him anecdotal examples regarding OIC submissions and the kind of problems seen.

Sonnack will send Woo information about the number of OICs submitted and the number of OICs closed in 2002.

Woo

Woo will check the TAP issues matrix and determine what committees are researching OIC.

Woo will invite other TAP committee members, who are examining OIC, to review the proposed changes to OIC Form 656.

Woo will ask Woods and Brasch to select a subcommittee.



Area 5 Committee Meeting Minutes January 12, 2004

Opening of Meeting

Meeting was opened at 3:07 PM CT.

Present:

- Linda Bader
- Patrick Castleberry
- Laura DeMarais
- John Hollingsworth
- Steven Landauer
- Tom Seuntjens
- Paul Smathers
- Lillian Woo, Chair
- Frank Woods, Jr.
- Dianne Glass, DFO

Absent:

- Lydia Brasch
- Maria Hermann-Pariente
- Nan Wilson

Members of the Public:

- Steve Bankler, CPA Texas
- Ken Eichner

Staff:

- Audrey Y Jenkins, TAP Program Analyst

Welcome/Announcements

Woo welcomed everyone to the meeting.

Approval of Minutes

Tom Seunjens stated that the OIC issue should be activated from the parking lot. Jenkins was contacted by Hermann-Pariente because she was not present in the December meeting and had to be added to the absent list. Smathers moved to approve the minutes as corrected. Castleberry seconded the motion.

December Action Items Update

- Jenkins sent updated roster to the Area 5 members.
- Jenkins is still working on address change procedures for DeMarais.
- Jenkins finalized the arrangements for the February meeting in St. Louis.
- Delzer emailed Bankler the November meeting minutes.



- Landauer, Castleberry, and Wilson will examine the forms testing process. They will report to the full committee in February, after which the committee will decide whether a subcommittee should be formed.

Subcommittee Reports

- **E-Filing** Hollingsworth stated that the E-File subcommittee has not met since December. The individual e-file site is not yet opened on the IRS website. Once it is activated, the subcommittee will meet and look at its design. Referring to an email that he sent to the committee, Hollingsworth stated that there are now a of total 37 states and the District of Columbia that offer taxpayers filing of both their federal and state returns.
- **E-File for VITA/AARP** DeMarais stated she has been looking at the Tax Wise programs and the potential bugs in the programs. Reports from last filing season indicate that people were experiencing problems with the compatibility of the computer programs.
- **Correspondence issue** Woods followed-up the case of Ms. Seward who had a problem with the Memphis IRS office. Her correspondence was date stamped and returned to her with no explanation. In addition, she made a number of unsuccessful attempts to find out why her letters were being returned. Finally, an IRS staffer, a Ms. Williams, contacted Ms. Seward but did not give her a reason for the return of her letters. Williams explained that the IRS has guidelines that must be followed. Woods wrote a letter to Ms Williams asking her for an explanation of Ms. Seward's case and for a copy of the written guidelines used to handle correspondence. To date, there has been no reply. Woods recommended the issue be closed.
- **Address change procedures** DeMarais is still waiting for the staff to locate the IRS staffer who is responsible for downloading information from the postal service. DeMarais said she would appreciate member input on specific address issues. She already has some on undeliverable refunds.
- **ID Theft impact on IRS** Bader stated that 10 million people are affected by identity theft. Glass set up a conference call, and Bader found out that there are now 12 agencies instead of three that are interested in identity theft. Among the agencies are: Social Security Administration, IRS, Dept of Defense, U S Postal Service, Federal Trade Commission, FBI, Dept of Agriculture, Police departments, student loan agencies, SEC. Citing an example in Indiana to illustrate the growing magnitude of identity theft, Bader indicated that this problem is largely caused by the theft of social security numbers. One solution is to deactivate social security numbers upon death. Bader stated that there was a St. Louis hospital employee who was selling deceased persons' social security numbers. Stolen social security numbers are often used to buy generic personal checks through outside advertising in the newspaper rather than through a financial institution, like a bank. The thieves get identification and present these ordered checks to the bank and retrieve funds from individual accounts. Bader also stated that Congress passed the Fair and Credit Act of 2003 on 12/4/2003. Woo asked Bader to focus on the effects of ID theft on IRS and to identify issues that Area 5 can work on.
Action: Bader will have handouts on identity theft at the February meeting.
- **Audit Methodology** - Seuntjens will report at the next meeting.
- **Copies of return/transcript** - Warren indicated that there has been a change in the service provided by TAS. A written request is now required for a return/transcript. Warren also received from Delzer information dated 10/1/03 stating that the IRS no longer offers same day transcripts. The website indicates that as of 1/1/04 the fee increased to \$39.00 for Form 4506P. Woo suggested that Warren look at the list of previously elevated issues to ensure that this is not a duplication of effort.
Action: Warren to check TAP matrix for possible duplication of return/transcript issue.
- **Forms Testing** Landauer and his subcommittee are still waiting for a conference call with IRS specialists in forms testing.
Action: Jenkins will set up conference call for Landauer, Castleberry, and Wilson with IRS forms testing specialist.
- **Personnel Issues** Landauer is waiting to have a conference call with the IRS personnel specialists.

Action : Jenkins will set up conference call for personnel subcommittee with IRS personnel specialist.

- **OIC Item Activated** - Landauer suggested the creation of a subcommittee for OIC. Castleberry stated that CPAs have informed him about problems with pending OIC statutes and levies. They have been unable to get IRS to lift the levies. Castleberry recounted the experience of a tax attorney, Ms. Steward, who has had a similar problem. Ms. Steward made 9 separate calls and spent about \$2,500 of her client's money trying to get a wage levy lifted. She has been constantly referred to different IRS staffers. Castleberry suggested that Area 5 discuss this problem in length at its February meeting. Seuntjens suggested that Jenkins check to see the OIC issues that other TAP committees are researching so that there won't be a duplication of efforts. Seuntjens also suggested that Jenkins investigate the 800 number assistance issue to see if any other TAP committee is working on it. Again, this is to avoid duplicate efforts.

Action : Jenkins will check TAP issue matrix to determine if other committees are working on OIC.

Outreach Report

Bader attended a meeting of a local small business group as well as a meeting of the LITC in St. Louis.

Castleberry received two calls from a tax attorney who has audit problems. He concluded that her problems were not systemic, and he suggested dropping this issue.

DeMarais attended a 2-day workshop for E-File training for VITA.

Hollingsworth attended an SRMLC meeting in November and is tentatively scheduled for a stakeholder teleconference in January.

Landauer is scheduled to attend an SRMLC meeting in January, a Rotary Club meeting in March, and an accountants' association meeting in May.

Seuntjens is scheduled for a teleconference with the stakeholders in January.

Smathers did not do any outreach in December but will attend the next SRMLC meeting in N.D.

Warren received the TAP power-point presentation and is scheduled to make a presentation to TACPA in mid January.

Woods did not do any outreach in December.

Woo did not do any outreach in December. She complimented Seuntjens on his TAP Annual Report and stated that he picked up all the challenges accurately.

OTHER BUSINESS

Seuntjens challenged the committee to increase their outreach efforts. He asked Glass to request LTAs try to include TAP members when the LTAs are doing outreach. Glass agreed and added that she would be sending out the 1st Quarterly Report so the committee could look over it.

Action: Glass will communicate with Area-Dallas LTAs about TAP member outreach.

Bader asked about the schedule of the February 6th, and 7th St. Louis meeting. Woo stated that the meeting on Friday, February 6th will be from 8:30 AM to 5:00 pm, and on Saturday, February 7th the meeting times were 8:30 AM through 12:00 Noon. Jenkins said meeting was announced in the Federal Register for Friday, February 6th 9:00 AM through 5:00 PM and for Saturday, February 7th 9:00 AM through 12:00 Noon. Jenkins stated the meeting and accommodations will be at the Sheraton



Lakeside Chalet. Jenkins also said that Meredith Odom will contact the members about their flight preferences. Bader stated that the Sheraton Lakeside Chalet Hotel has a free shuttle service that is available every ½ hour, and there is also free parking. There are at least 18 restaurants in the immediate vicinity.

Woo suggested that Jenkins invite the following people to the meeting: Kris Moore, Media Specialist; Bernie Coston, TAP Director; Bill Sonnack, Local Taxpayer Advocate-Houston; he will make a presentation about OIC; Olga Rhodes, Area Director. Glass indicated that Melanie Sturgis, Area Analyst will also attend the meeting. She will assist Jenkins. Jenkins stated that she would be calling Glass to request help in setting up any additional speakers for the meeting. Woo stated that we should make sure we had someone from Communications. Woo asked Jenkins to send everyone a copy of the Communication Strategy that the Joint Committee approved.

Action: Jenkins will extend invitation to people mentioned above to attend meeting in St. Louis

Action: Jenkins will send communication strategy to committee members.

Woo asked for suggested discussion topics for the meeting. Castleberry suggested OIC. Seuntjens asked whether Area 5 had discussed OIC in the past. Castleberry indicated that Area 5 had a briefing from an OIC specialist at its Face-to-face meeting in Kansas City last year. Woo stated that OIC should be included on our St Louis agenda because it seems to be a growing problem.

Action: Glass will invite Bill Sonnack, Local Taxpayer Advocate in Texas to speak on OIC in St. Louis.

Landauer suggested the inclusion of forms testing on the St. Louis agenda.

Public Input

Ken Eichner stated that there seem to be different standards of fairness at different OIC offices. Charlie Burns is in Houston OIC office at 713-209-4280. Eichner asked for a clarification of FACA rules in general, FACA definition of subcommittees, and public participation at subcommittee meetings

Steve Bankler asked that meeting handouts be given to members of the public. Bankler expressed an opinion that preparers of 100 returns or more should be able to receive transcripts over the website.

The meeting adjourned at 5:08 PM ET.

Action Items

- **Bader**
Provide Committee with FTC Identity Theft booklet in February.
- **Glass**
Request LTAs to reach out to Panel Members for TAP outreach.
Communicate with Area-Dallas LTAs about TAP member outreach.
- **Jenkins**
Locate the responsible individual for downloading the shared information from the postal service.
Set up conference call for forms testing subcommittee with IRS forms testing specialist.
Set up conference call for personnel/training subcommittee with IRS personnel specialist.
Check to see if any other committee is working on OIC issues to ensure we are not duplicating issues.