



## **2007 Meeting Minutes**

### **Small Business/Self Employed Taxpayer Burden Reduction Issue Committee**

- October 18, 2007
  - August 16, 2007
  - June 8-9, 2007
  - April 3, 2007
  - January 23, 2007
- 

#### **SB/SE Burden Reduction Issue Committee Meeting Minutes** **October 18, 2007** **12:30 P.M. ET** **Teleconference**

##### **Program Owner**

- Jones, Allen - Washington, DC

##### **Designated Federal Official**

- Knispel, Marisa - Brooklyn, NY - Analyst

##### **Committee Members Present**

- Behnkendorf, Larry - Waterford, MI - Member
- Bensen, Milissa - Hermiston, OR - Member
- Bly, Bill - Wayne, PA - Chair
- Cordeiro, Daryll - Mobile, AL - Member
- Davidson, Charles - Redding, CA - Member
- Edwards, Byron - Roswell, GA - Member
- Gurse, Gregory - Anchorage, AK - Member
- Jason, Julie - Greenwich, CT - Member
- Kasturi, Srinivasan - West Orange, NJ - Member
- Maisch, Steven - Arlington, WA - Member
- Margulies, Howard - North Easton, MA - Member
- O'Donnell, Marie - Wilmette, IL - Member
- Richardson, Lovella - Knoxville, TN - Member
- Shah, Rajiv - Scottsdale, AZ - Member

##### **Committee Members Absent**

- Barry, Shaun - Franklin Square, NY - Member
- Guthmann, Howard - St. Paul, MN - Vice Chair
- Havey, Dorothy - Lincolnville, ME - Member



### **TAP Staff**

- Odom, Meredith - Brooklyn, NY - Note Taker

### **Other Attendees**

- Welsh, Kathy - Downers Grove, IL - Analysts, OTBR

### **Welcome**

Bly welcomed the committee, members and staff.

### **Roll Call**

Quorum has been met

### **Review Agenda**

No changes were made.

### **Joint Committee Report**

Bly reported on the Joint Committee Meeting and indicated that a formalized mentoring process was instituted for new TAP members to help them get started with the organization. Electing a new TAP Chair and Vice Chair will also be done prior to the Annual Meeting via email. The deadline for all interested parties is November 16th. Bly encouraged all members of this Issue Committee to run for either TAP Chair or for any committee chair.

### **Update on Office in the Home Project**

Welsh updated the Committee on the Office in the Home Project in which the members were involved. She recapped explaining that this 2006 Project was to examine the office in home the home deduction and the forms involved and was done as part of the Tax Gap legislative package from the Treasury Department.

The Office of the Taxpayer Burden Reduction (OTBR) advocates using a standard rate times the square footage to calculate the deduction and also to exclude depreciation until the time of sale. This recommendation would avoid the detailed recordkeeping and mathematics that are currently involved in calculating the deduction. The Treasury has asked OTBR to consider the recommendation as a regulation change. The target date for the completion of the Project is in tax year 2008 and will be addressed as a legislative proposal.

### **Discussion with Program Owner**

#### **Schedule C Burden Reduction Project**

Jones thanked the members for their input and their interest on the S-Corporation Project. Jones has assumed the responsibility for this Project and indicated that the revenue procedure was approved by Treasury.

Jones also indicated that the OTBR was continuing to work on the Burden Reduction Project and he would keep the Committee updated. He indicated that the major items of burden on the Schedule C were associated with the cost of goods sold, the business use of the home, depreciation, expenses of travel, meals and entertainment and bad debts. He also indicated that the major issues associated with burden are: recordkeeping, IRC Section 183, understanding the profit/loss statement and complexity of the tax law and the procedures. More research is needed to identify the burden line items and issues for the specific market segments and the causes of the burden. He indicated that the segments are identified by the cost of goods sold. Jones informed the members that OTBR is currently working with other IRS organizations such as the SBSE Stakeholder Liaison to conduct focus interviews with external groups. Kasturi suggested reaching out to tax preparers who commonly



prepare the Schedule C and also to use the entire TAP as a nationwide focus group. Jones agreed that TAP would be a good resource as well as other IRS advisory committees.

To conclude the session, Jones informed the Committee that OTBR is also working on projects related to the amended Form 941, Form 94X and the Form 944.

**TAP's Recent Joint Committee Meeting and Upcoming Annual Meeting**

Bly would like to suggest for those members continuing their term with the TAP that the SBSE Issue Committee should meet at least once a month, not every other month as it was done this year. He indicated that this Committee will meet on December 13th at the Annual Meeting and we will meet for a group dinner on the 12th. To conclude, he encouraged again all the committee members to run as a committee chair.

**Public Input**

None



**SB/SE Burden Reduction Issue Committee Meeting Minutes**  
**August 16, 2007**  
**12:30 P.M. ET**

**Program Owner**

- Jones, Allen - Washington, DC

**Designated Federal Official**

- Goldberg, Gloria S. - Brooklyn, NY - Acting Manager

**Committee Members Present**

- Barry, Shaun - Franklin Square, NY - Member
- Behnkendorf, Larry - Waterford, MI - Member
- Bensen, Milissa - Hermiston, OR - Member
- Bly, Bill - Wayne, PA - Chair
- Edwards, James - Roswell, GA - Member
- Guthmann, Howard - St. Paul, MN - Vice Chair
- Gurse, Gregory - Anchorage, AK - Member
- Kasturi, Srinivasan - West Orange, NJ - Member
- Maisch, Steven - Arlington, WA - Member
- Richardson, Lovella - Knoxville, TN - Member
- Shah, Rajiv - Scottsdale, AZ - Member

**Committee Members Absent**

- Cordeiro, Daryll - Mobile, AL - Member
- Davidson, Charles - Redding, CA - Member
- Havey, Dorothy - Lincolnville, ME - Member
- Jason, Julie - Greenwich, CT - Member
- Margulies, Howard - North Easton, MA - Member
- O'Donnell, Marie - Wilmette, IL - Member

**TAP Staff**

- Knispel, Marisa - Brooklyn, NY - Analyst
- Odom, Meredith - Brooklyn, NY - Note Taker

**Welcome**

Bly welcomed the members and staff. He spoke about the time it takes the IRS to respond to TAP committees on their recommendations. Guthmann stated that he is interested on the IRS' response to our Committee's Office-in-Home proposal and also expressed his concern about the lack of issues brought to the Committee by the Office of Taxpayer Burden Reduction (OTBR) this year. Kasturi added that the OTBR has been responsible in promptly responding to proposals this Committee made last year with the exception of the Office-in-Home and the Subchapter S. Knispel reminded the members that Allen Jones did provide an update on the latter issue (Subchapter S) during our meeting in San



Diego and he also promised to invite OTBR Analyst Kathy Welsh to our next full-committee meeting to provide us with an update on the recommendations we made to the Office-in-Home issue.

**Roll Call**

Quorum Met

**Review Agenda**

After everyone agreed with the agenda for today’s meeting, Bly introduced and welcomed Gloria Goldberg who is the Acting TAP Manager in the Brooklyn Office and the Acting DFO for this Committee as well. Goldberg introduced herself telling us about her work with the TAS and her background with the Citizens Advocacy Panel (CAP), the precursor to the TAP.

**Program Owner- Schedule C Burden Reduction Project**

Jones indicated that Knispel had forwarded to them a copy of the Preliminary Business Case for the Small Business, Schedule C Project and hoped that all members had a chance to read it. He had submitted the Business Case to OTBR Director Jody Patterson who has shared this document with key executives and other internal IRS stakeholders. Prior to sharing it with others, the OTBR met to discuss their role on the Project. They discussed issues such as the possibility of eliminating sole proprietors that file Schedule C with assets under \$100,000. They also discussed ways to segment the Schedule C filers by industry or by considering specific line items on this Schedule. Jones is awaiting some statistical information from the IRS research department that is needed to continue the Project and that he hopes to share with the sub-committee by the end of this month.

Bly indicated that the Business Case does not clarify how much of the under-reporting or the errors made by Schedule C filers are due to their lack of understanding of the tax law as opposed to intentional cheating. Jones, however, feels that a lot of these errors or the problem with under-reporting is not due to fraud or cheating but to burden in filing the Schedule. He added that if research proves that intentional cheating is in fact the case, the Project has no value. He also said that research shows that a significant amount of the errors are in favor of the government because the taxpayers have overpaid their tax. Behnkendorf disagreed. He feels that a lot of people fear to report certain items on the Schedule C that might be considered questionable and thus, either under-report, over-report or become non-filers. Jones replied by saying that he hopes the situation is one of burden reduction which OTBR can help mitigate as opposed to one of fraud where the Project will be referred to the IRS enforcement with the aim to improve compliance.

In closing, Bly invited all Committee members to participate in the Schedule C sub-committee meeting scheduled for September 20th. At that time, we will review the pending research findings that Allen will provide us with and continue with the Schedule C Project.

Bly also invited the returning Committee Members to consider chairing this Committee or one of its sub-committees.

**Public Input**

None

**Next Meeting**

Subcommittee – September 20, 2007 – 12:30AM ET

Full Committee - October 18, 2007 – 12:30PM ET



**SBSE Burden Reduction Issue Committee Meeting Minutes  
June 8 - 9, 2007, San Diego, CA  
Face to Face**

**Friday, June 8, 2007  
Program Owner**

- Bayder, Helene - Office of Taxpayer Burden Reduction
- Jones, Allen - Office of Taxpayer Burden Reduction

**Committee Members Present**

- Behnkendorf, Larry - Waterford, MI - Member
- Bensen, Milissa - Hermiston, OR - Member
- Bly, Bill - Wayne, PA - Chair
- Cordeiro, Daryll - Mobile, AL - Member
- Davidson, Charles - Redding, GA - Member
- Edwards, Byron - Roswell, GA - Member
- Gurse, Gregory - Anchorage, AK - Member
- Kasturi, Sonny - West Orange, NJ - Member
- Maisch, Steven - Arlington, WA - Member
- Margulies, Howard - North Easton, MA - Member
- O'Donnell, Marie - Riverwoods, IL - Member
- Richardson, Lovella - Knoxville, TN - Member
- Shah, Rajiv - Columbia, MO - Member

**Committee Members Absent**

- Guthmann, Howard - St. Paul, MN - Vice Chair
- Barry, Shaun - Franklin Square, NY - Member
- Havey, Dorothy - Lincolnville, ME - Member
- Jason, Julie - Greenwich, CT - Member

**TAP Staff**

- Jenkins, Audrey - Brooklyn, NY - DFO
- Knispel, Marisa - Brooklyn, NY - Analyst
- Odom, Meredith - Brooklyn, NY - Secretary

**Guests**

- Aubrey Hone, Jason Turner and Brian Wong of the Legal Aid Society of San Diego

Bly welcomed members, staff and guests. He requested that each member introduced himself/herself to guests and provided an example of a positive experience either with the TAP or personal to share with all present.



## **Roll Call**

Quorum has been met

## **National Office Report/ Announcements/Introductions**

Bly informed the committee on the status of TAP member recruitment and other issues related to the organization.

He informed the committee that Helene Bayder has accepted another position within the IRS and thanked her for her dedication to the TAP. He also presented Bayder with a Certificate of Appreciation from the TAP and with a gift from the committee members

## **TAP/SBSE Coalition**

Patterson, formally of Communications, now the Director of Office of Taxpayer Burden Reduction spoke with members via teleconference. Patterson thanked the committee for their hard work and for volunteering

## **Update on SBSE TBR Issue Committee Proposals – 2005-2007**

Bayder updated the committee on issues worked during these years such as the creation of Form 944, Employer's Annual Federal Tax Return which allows employers whose annual liability for social security, Medicare and withheld federal income taxes of \$1,000 or less to file and pay these taxes only once a year instead of every quarter. Among the Committee's suggestions was the elimination of a line requesting census information. The Form became available to the public last January but the IRS has not received much feedback on its success. In 2006, the Committee worked on issues such as the Office in Home and simplification of Form 8829, Innocent Spouse, and the S- Election Project. Jones would give a briefing on the last two later on. Other issues were: Electronic Installment Agreement, the new Form 940 for unemployment tax, extension to file individual tax return or Form 4868, misclassification of employees (employee v.s. independent contractor, rounding off (a legislative issue) examination notices and preparing the taxpayer for the exam process and the Publication 3498 that explains this, and recently the issue of Appointment of Agent, Form 2678, and the Schedule R for Form 941. Bayder also thanked the Committee for their recommendations and suggestions on issues like gambling and a survey that the OPERA organization provided.

## **TAP/SBSE Coalition**

Patterson, formally of Communications, is now the Director of Office of Taxpayer Burden Reduction. She introduced to the members via teleconference and thanked them for their hard work and dedication.

**1120S Election Project-** Allen Jones of the Office of Taxpayer Burden Reduction gave the following summary and update:

### Background

- TIGTA recommended that IRS simplify the election process and make it easier for the taxpayer to file the initial Form 1120S
- Project started January 2006
- Reduce internal cost associated with processing and correspondence
- Promote efficient and accurate assessment of tax against the correct entities
- Support e-file submission option for initial Form 1120S

### Revised 1120S Election Process

- Draft Revenue Procedure provides and additional simplified method for taxpayers to request relief for late S corporation elections



- Revised Forms 1120s and 2553 and Instructions
- Programming changes for processing Forms 1120S and 2553
- Reduced burden
- Faster and more accurate processing

#### Next Steps

- Complete programming changes
- Complete Form and Instruction revisions
- Finalize draft Revenue Procedure
- Scheduled release date of January 2008

**Innocent Spouse Relief, Form 8857 Project-** Allen Jones also presented this summary and update:

#### Background

- Problems with Innocent Spouse claim processing resulting in rejects
- Problems with taxpayer's correctly completing Form 8857
- Confusion with Form 8379, Injured Spouse Allocation
- Established team in June 2005 to research the issue

#### Revised Innocent Spouse Relief, Form 8857

- Combined Form 8857 and Form 12510, Questionnaire for Requesting Spouse
- Faster Processing
- Less Correspondence
- Easier to Understand
- Allows taxpayers to request relief for up to 3 years per form

#### Next Steps

- Finalize Communications/Marketing Plan
- Print final version of revised Form 8857 by June 30, 2007
- Release revised Form 8857 by July 31, 2007

**Small Business Burden Reduction Project-** new issue presented by Allen Jones

#### Status

The project is in the preliminary data/information gathering phase. After the business case is developed, a proposal will be submitted to the Taxpayer Burden Reduction Council for formal approval

#### Proposed Scope

The focus of the project is to address sole proprietor/small businesses that file Form 1040, Schedule C. The scope will be narrowed to identify specific market segments (i.e., gross receipts, industry, etc.) with unique burden issues and address common burden issues for all small businesses.

#### Proposed Objectives

Determine the types and amount of burden on various market segments of small businesses. Develop short-term and long-term solutions to reduce burden and the tax gap for filing Form 1040, Schedule C and reporting income and expenses for specific small business market segments.





### Proposed Methodology

- Identify small business market segments
- Identify error and burden rates for specific line items on schedule C for each market segment
- Identify common burden issues for all small businesses
- Determine which market segment(s) that burden and tax gap reduction can have the greatest impact
- Develop burden reduction solutions for each market segment and tax issue in a comprehensive pre-filing, filing and post filing approach

### Assumptions

- Burden can be reduced for specific market segments of small business
- There is a correlation between reporting errors ( contributing to the tax gap) and burden
- Small business' inadvertent errors and misunderstanding of the tax law contribute to the tax gap
- Incomplete or inaccurate recordkeeping by small businesses contribute to the tax gap resulting in understated income and over reporting of expenses
- Reducing the tax gap will increase tax compliance burden on small business taxpayers.

### Potential Issues/Line Items

- Record Keeping & Complexity
- Overstated Expenses
- Understated Income
- Depreciation Schedules & 179 Expense
- Car & Truck Expenses
- Advertising
- Depletion
- Bad Debts

**Capital Gains Tax Reporting Burden Project-** new issue presented by Allen Jones.

### Status

On January 6, 2006 GAO conducted an audit titled "Capital Gains Tax Noncompliance", which estimated and \$11 billion capital gains tax gap figure. The project was initiated on April 11, 2006. In June 2006, GAO issued a draft report titled "Requiring Brokers to Report Securities Cost Basis Would Improve Compliance if Related Challenges are addressed".

The project was suspended in July 2006 due to pending legislation from Treasury and Congress on this issue. The tax gap legislative proposal for third-party (broker/dealers) reporting on securities transactions is one of the top five proposals in the Presidents Budget Request for Fiscal Year 2008. This issue is both a tax gap and taxpayer burden issue. If the legislation is approved, we will continue to develop solutions to support the legislation.

### Scope

The scope of the project is to reduce taxpayer burden and address compliance issues related to taxpayer's detailed securities transaction information on Form 1040, Schedule D/D-1. This would include identifying methods for accurate reporting of capital gains and losses through computation of adjusted cost basis. It also addresses electronic filing burden issues relative to Form 1040, Schedule D/D-1. In addition to filing Schedule D/D-1, it also includes the possibility of revising Form 1099-B,



Proceeds From Broker and Barter Exchange Transactions to report adjusted cost basis by financial institutions (brokers).

#### Objectives

Develop short-term and long term solutions to address capital gains tax reporting burden issues, while balancing IRS compliance responsibilities. Determine the types and amounts of existing burden on taxpayers, practitioners, financial institutions and other stakeholders. Recommend solutions based on analysis of impact on taxpayers, practitioners, financial institutions and other stakeholders.

#### Methodology

Identify internal and external stakeholder concerns and issues.

Frame the recommendations in a pre-filing, filing and post filing approach. Develop functional recommendations within the framework of pre-filing, filing and post filing activities. Develop recommendations to support approved legislation.

#### Assumptions

Filing and reporting burden can be reduced for taxpayers, practitioners and financial institutions. Voluntary compliance will increase with improved third-party reporting. Capital Gains Tax Gap can be reduced with more accurate third-party reporting and more detailed information for enforcement activities. Practitioners and Congress will support financial institution (broker/dealer) tracking and reporting of adjusted cost basis of gain or loss on securities. IRS operating divisions will provide resources to support tax gap reduction recommendations by GAO and members of Congress. Tax software vendors will be interested in supporting electronic filing of securities transactions. The detail needed to accurately compute and report adjusted cost basis will be difficult to secure in some cases (i.e., wash sales, stock splits, mergers, poor record keeping, etc.).

#### **Subcommittee Break-Out**

Two subcommittees were formed to work on the two new issues described above.

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#### **Saturday, June 9, 2007**

**Attendees:** Same attendees. No guests.

#### **Subcommittee Break-Out**

Subcommittees met again this morning to continue discussion of their respective issues.

#### **Subcommittee Report-Out:**

##### **Subcommittee on Small Business Burden Reduction Project**

Milissa Bensen (chair) reported that the subcommittee believes the Project involves separate issues which should be addressed separately. Among the issues are: education, what the IRS identifies as "small business", the Schedule C and the burden of the taxpayer to complete this form as well as issues that are relevant to the Schedule (depreciation, cost of goods sold, office in home deduction, etc). The subcommittee feels that the tax gap issues related to filers of the Schedule derives from several sources such as "underground" industries and the "e" economy which are difficult to track.

##### **Subcommittee on Capital Gains Tax Reporting Project**

Byron Edwards (chair) reported that the Schedule D-1 is a burden and subcommittee suggests the ability to provide summary of stock transactions. The subcommittee advises that legislation should be passed prior to working on this project. They suggest the use of vendor tax software (e.g. Turbo tax) as the e-filing solution for reporting details on Sch D-1. Also, the broker should track cost basis. The use of FIFO is recommended as primary method to compute cost basis but we need a method to compute basis on wash sales, inheritances, etc of stock.



**Public Input**

No public guests at the end of this day but guests did participate and provided suggestions on June 8th.

**\*These minutes were approved by the TAP Area/Issue Committee on July 30, 2007**



**SB/SE Burden Reduction Issue Committee  
April 3, 2007 12:30 P.M. ET Teleconference  
Meeting Minutes**

**Program Owner**

- Bayder, Helene, Senior Operations Advisor, Office of Taxpayer Burden Reduction

**Designated Federal Official**

- Ramirez, Sandra - Brooklyn, NY - Manager

**Committee Members Present**

- Barry, Shaun - Franklin Square, NY - Member
- Behnkendorf, Larry - Waterford, MI - Member
- Bensen, Milissa - Hermiston, OR - Member
- Bly, Bill - Wayne, PA - Chair
- Edwards, Byron - Roswell, GA - Member
- Gurse, Gregory - Anchorage, AK - Member
- Havey, Dorothy - Lincolnville, ME - Member
- Kasturi, Srinivasan - West Orange, NJ - Member
- Maisch, Steven - Arlington, WA - Member
- Margulies, Howard - North Easton, MA - Member
- Richardson, Lovella - Knoxville, TN - Member

**Committee Members Absent**

- Cordeiro, Daryll - Mobile, AL - Member
- Davidson, Charles - Redding, CA - Member
- Guthmann, Howard - St. Paul, MN - Vice Chair
- Jason, Julie - Greenwich, CT - Member
- O'Donnell, Marie - Wilmette, IL - Member
- Shah, Rajiv - Columbia, MO - Member

**TAP Staff**

- Coston, Bernard - Washington, DC - Director
- Knispel, Marisa - Brooklyn, NY - Analyst
- Odom, Meredith - Brooklyn, NY - Secretary

**Other Attendees**

- Davis, Judy
- Cleveland, Tammy
- Nazarro, Ned



## **Welcome**

Bly welcomed members and guest

## **Roll Call (quorum has been met)**

## **Review Agenda**

Agenda reviewed

## **Introducing New OTBR Director Cheryl Harskowitch**

Bayder informed the committee that the new Acting Director of the Office of Taxpayer Burden Reduction is Cheryl Harskowitch. She has had several leadership roles within the Taxpayer Advocate Service since 1999, and has more than 34 years of service with the IRS and 23 of the years have been in management. Her background is examination international. She began her IRS career in the Pittsburgh district and has been a Regional Analyst, Branch Chief and a Chief of an overseas project where she helped guide developing countries and establishing tax administrative systems. As an Examination Division Chief in International, Cheryl oversaw a large case in all exam support functions. She completed an assignment with a team in capital office last year in establishing one stop service in customer relations. She also coordinated IRS initiatives for business units. In Taxpayer Advocate Service, Cheryl was responsible for function wide case advocacy policy and program evaluation. She helped resolve some of the most complex cases elevated to the National Taxpayer Advocate. She most recently completed a detail in TAS as the Executive Director of Case Advocacy supervising a staff of approximately 300 employees which assisted 225,000 taxpayers annually.

## **Program Owner Presentation(Gambling Issues)**

Cleveland presented the committee with the background to the Gambling Losses issue. The Revenue Procedure is from 1977. The guidance needs to be updated. The Revenue Procedure and the Guidance that's out there states that gamblers must log all gambling transactions. Cleveland asks the committee to provide her with other options on tracking gambling transactions. TBR received a suggestion from a tax professional asking for simplified recordkeeping for gambling losses. Although there are many types of wagering activities, this suggestion pertains to slot machines. Current guidance suggests that for a slot machine transactions that the taxpayer log each transaction (pull of the handle) in order to substantiate their gambling losses. A W-2G is issued if slot winnings are \$1200 or more. Unless the taxpayer is considered in the business of gambling (a professional gambler), taxpayers report their gambling winnings on Form 1040 line 21 as other income. Gambling losses, only to the extent of winnings, may be claimed on Schedule A as an Itemized Deduction. Some of the options that have been suggested are, Increase the W-2G threshold. This option contradicts current efforts to increase reporting a close the tax gap. Set up a procedure that allows taxpayers and casinos to use tracking methods to report annually the taxpayers gambling history. For example, at the end of the year the casino will generate a W-2G reporting the taxpayer's gross winnings and also their bets. Allow netting. Taxpayers would only report what their net wins are on a per session basis. This may require legislation. Cleveland would like to have this paper done within the next few weeks.

## **Subcommittees' Report-Out**

### Subcommittee on Opera Issues

Edwards briefed the committee. This committee was formed to further clarify and rationalize the issue areas that were originally presented on the taxpayer burden related issue questionnaire and feedback form that came out. There were areas that were not broken down to prioritize various sub issues that were in those areas so they could be ranked by the most important to the least important. Edwards requested that the subcommittee members was to take the feedback form and go into it and break down the general category into further sub issues so that there will be some issues that can be pursued further. Edwards received feedback from everyone and complied all of the issues. The top issue that was the most responded to was the issue affecting seniors. Edwards felt that the committee lost their way inside of OPERA because the committee didn't provide much input. Bayder informed the committee that OPERA is still working on the environmental scan. Nazarro feels that the gambling issues tie into some of the senior issues. Nazarro spoke with some seniors and they stated that



gambling winnings increases their income. Nazarro suggests the committee clarify these issues and it would be helpful to OPERA.

#### Subcommittee on Form 2678, Employer Appointment of Agent

Davis informed the committee that they did a great job, the changes were incorporated. The suggestion in reference changing the verbiage from their trade name is still being looked at. All of the other proposals have gone forward and are being circulated for internal comments. When the finalized version is complete, it will be distributed to the entire committee.

#### **Face-to-Face Meeting**

The Burden Reduction face to face meeting will be June 8 – 9, 2007 in San Diego. Bayder informed the committee a project has started to gather information on Schedule D. At the last Burden Reduction council meeting, the TBR received approval to further develop these issues. Committees will be formed to look at Schedule C, the aging population and some self employment tax issues. Some questions and issues will be developed to be worked on in reference to Schedule C and D. Allen Jones, who is Bayder's colleague, will attend the meeting, and take a lead on these projects. Ramirez reminds the committee that subcommittee that worked on Form 2678 still has the task of working the Schedule R.

Coston informed the committee that he was in Phoenix for a face to face meeting as well as a town hall, which was very successful. A real success story relates to a suggestion which became an immediate change as far as Schedule F is concerned, is there will be a line added to which will give farmers the ability to put in their expenses to business use of their home. Olson was able to do all of the Town Halls this year and was very pleased with the participation. At the Phoenix town hall had a lot of practitioners to attend. The TAP budget was fully approved. The Tax Forums will start later this year. Recruitment is going well. As of March 30th, the numbers were 152 final submissions 355 applications are still sitting in draft status. The issue of having more publicity is still an option and an article may go out in the Wall Street Journal. There are still 30 days to go in the application process.

Bayder thanked the committee for all of their hard work.

Ramirez informed the committee that they will receive an email from Meredith in response to travel to the face to face meeting. Ramirez thanked Havey and Kasturi for participating in the New York Town Hall Meeting.

**Public Input** – where this goes on your agenda and in your minutes depends on what the committee decides

- Meeting adjourned at 1:12 pm
- Date & time of next meeting

**\*These minutes were approved by the TAP Issue Committee on Date 05/21/07**



**SB/SE Burden Reduction Issue Committee Meeting Minutes  
January 23, 2007 12:30 P.M. ET  
Teleconference**

**Program Owner**

- Bayder, Helene

**Designated Federal Official**

- Ramirez, Sandra – Brooklyn, NY – Manager

**Committee Members Present (These attendees count for quorum)**

- Barry, Shaun – Franklin Square, NY – Member
- Behnkendorf, Larry – Waterford, MI – Member
- Bensen, Milissa – Hermiston, OR – Member
- Bly, Bill – Wayne, PA – Chair
- Davidson, Charles – Redding, CA – Member
- Edwards, Byron – Roswell, GA – Member
- Guthmann, Howard – St. Paul, MN – Vice Chair
- Havey, Dorothy – Lincolnville, ME – Member
- Jason, Julie – Greenwich, CT – Member
- Maisch, Steven – Arlington, WA – Member
- Margulies, Howard – North Easton, MA – Member
- O'Donnell, Marie – Riverwoods, IL – Member

**Committee Members Absent**

- Cordeiro, Daryll – Mobile, AL – Member
- Gurse, Gregory – Anchorage, AK – Member
- Kasturi, Srinivasan – West Orange, NJ – Member
- Richardson, Lovella – Knoxville, TN – Member
- Shah, Rajiv – Columbia, MO – Member

**TAP Staff**

- Knispel, Marisa – Brooklyn, NY – Analyst
- Odom, Meredith – Brooklyn, NY – Secretary

**Other Attendees**

- Coston, Bernie – Atlanta, GA – Director
- Davis, Judy – OTBR Analyst
- Garner, Ruth – OPERA Analyst



- James, Russell – OPERA Analyst

### **Welcome**

Bly welcomed members and guests to the call.

### **Roll Call (quorum was met)**

### **Review Agenda**

### **Program Owner Presentation**

#### **OPERA Survey and the top Five Burden Reduction issues**

Garner shared with the results of the Environmental Scan, a list of twenty-four categories of issues considered to be a burden to taxpayers, with the Committee. She wants the members to review this list and select what they would consider to be the top five most "burdensome" issues. The OPERA (Office of Program Evaluation & Risk Analysis) team will then compare the Committee's five issues selected to those of other organizations also surveyed and consolidate all responses onto a spread sheet that will show the final result. The result of the five most burdensome issues to the taxpayers will then be referred to the Office of Taxpayer Burden Reduction (OTBR) for further action.

Garner thanked the members for their participation in the survey taken during the December meeting. She explained that OPERA's collected research on this Environmental Scan is provided to OTBR which will create their organization's short and long term strategies based on this information. She also indicated that the OPERA team is willing to meet with the members again to discuss the results of the Scan and suggest further input.

Bayder reiterated her information and said that the Environmental Scan is to gain third party opinion of organizations like the TAP, H&R Block, etc for the OTBR to formulate a plan to use their resources in resolving these issues of taxpayer burden.

#### **Form 2678, Request for Authorization of Agent**

Judy Davis thanked all the members for their previous recommendations on the 94X project. Today, she introduces a new project of the OTBR dealing with Form 2678, Request for Authorization of Agent and Schedule R, Allocation Schedule for Aggregate 941 Filers.

The Form 2678 has been revised. It is used when an employer wants to request approval for an agent to pay wages, file returns and make deposits for employment or backup withholding taxes on his behalf. The Form is also use to revoke agreements made with other agents in the past. In the past, Judy indicated, the employer had to send the IRS a letter requesting approval of the agent selected for representation and indicate the type of forms to be represented by the agent. The letter was only signed by the employer and this caused problems with lack of communication between parties





involved. The new Form 2678 must be signed by both the employer and the agent.

Davis also indicated that as of tax year 2009 Schedule R will be attached to 941. Currently, an agent filed a 941, 945 etc. under their own employer identification number, so that when an individual taxpayer calls in asking if their taxes were paid, the IRS can't tell them anything. When the identification allocation is sent in, internally you will be able to see who the agent included in the form and who he included in making deposits for the liability. This will help the individual common law taxpayer. The service requested that this information be kept at the office of the agent and available when asked for. When the service does ask for it, it's 2 or 3 yrs down the road and the information is no longer available, now the taxpayer must be asked for the information because the agent didn't turn over the information. This is the purpose of the Schedule R. Davis asked the committee to look at these forms and determine if there is anything else that would protect the individual common law employer that the service may have forgotten to include on these forms. Davis would like this information prior to the next committee's teleconference call.

#### **Formation of Subcommittees**

**Subcommittee 1** – Will work on the information from OPERA.

Barry, Behnkendorf, Bensen, Edwards (Chair), Guthmann, Havey, Jason, Maisch, Margulies

**Subcommittee 2** – Will review the Schedule R and the Form 2678.

Cordeiro, Davidson (Chair), Gurse, Kasturi, O'Donnell, Richardson, Shah

Bly will participate in both subcommittees.

#### **Chair Training Report-Out**

Bly stated this was a meeting for the chairs on how to lead their respective committees. Coston added that it was an excellent opportunity for the chairs to come together and look at their roles and responsibilities and that for the most part, the meeting was run by the committee chairs who attended.

#### **Public Input**

N/A

#### **Comments**

Behnkendorf reminded the committee to provide Marisa with OPERA comments.