



## 2002 Meeting Minutes SB/SE Payroll Tax Issue Committee Meetings

- December 3, 2002
  - October 7, 2002
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### SB/SE Payroll Tax Issue Committee Meeting Minutes

December 3, 2002

The TAP members for the SB/SE Payroll Issue Committee met via telephone on Tuesday, December 3, 2002.

#### Members in Attendance:

##### Panel Members -

- Jim Abraham
- Agena Clayton
- Denise Bigger
- Norma Bishop
- Charlotte Cassady
- Justin Doucette
- Keith Johnson
- David Meyer
- Theodore Perros
- Nancy Quarles
- Leonard Steinberg
- Steven Wood

##### Staff -

- DFO: Mary Peterson
- IRS Program Owner: Margie Kinney
- TAP Analyst: Mary Ann Delzer

Roll call was taken, the agenda reviewed and minutes from 10/7/2002 approved without discussion. Concerns about the delay with Sprint conferencing were discussed. ACTION: Peterson will contact Sprint about the panels concerns.

#### Panel Member Introductions

All panel members introduced themselves and gave a short description of their backgrounds.

**ACTION:** Peterson will send out an updated roster.

**ACTION:** Peterson will re-send committee biographies and pictures via mail.



### **Discussion of Permanent Chair**

At the recommendation of TAP Chair Seuntjens, the selection of a nice-chair was discussed. Cassidy volunteered to be the acting vice-chair. A permanent chair and vice-chair should be selected soon for the benefit of the Joint Committee. This might best be done at a face-to-face meeting.

**ACTION:** Committee members should advise Peterson of their interest in serving as chair or vice-chair by December 20, 2002.

### **Unfinished Business**

Measures for success: Steinberg began the discussion with the question of whether to look at number or quality.

Kinney explained what four items she sees as signs of success:

1. Input from a significant and diverse group of small business owners
2. Input that addresses the issue
3. Recommendations that are supported by the input received
4. Recommendations that are useful and possible to implement in a short period of time Bishop stated she sees the subcommittees forming outreach plans to meet the IRS owners needs and that measure will develop from these sub-committees. Peterson shared that generic measures for the whole committee could be developed or measures for specific sub-committees developed from their action plans. Perros expressed his concern about letters received from taxpayers and how these ideas from individuals are being restricted. Peterson explained the Issue committees are to work with a directive from the IRS, while the Area committees are the forums for the ideas from individuals. Johnson agreed and stated that the Southeast Area is the avenue for the non-payroll related issues. Kinney said IRS would add additional payroll issues to the agenda if the issue brought forward was something IRS is already addressing and would benefit from hearing public opinion.

Meyer asked for a definition of small business as opposed to large and mid-sized business. Kinney stated there are several definitions:

- The Small Business Administration uses less than 500 employees for "small" business. In actuality, 50% of all businesses have fewer than 10 employees.
- IRS puts business with assets of \$10 million or more in the Large and Mid-sized Division. As a result IRS is making those with less than \$10 million in assets small businesses.
- Congress has recently passed legislation, the Small Business Paperwork Relief Act that asks agencies to reduce information collection burden for small businesses with less than 25 employees.

**ACTION:** Reach agreement on a definition for purposes of our information gathering and recommendations.

Abraham stated a summary of the question at hand or a summary of what information he needs to know would help him understand the issue committee better. Bishop suggested that organizing around the sub-committees would be beneficial and then the knowledge necessary will become apparent.

Peterson shared her concern that the remaining items of unfinished business need to be completed.

**ACTION:** Committee members are to review the remaining areas of unfinished business and send all proposed changes to Peterson by December 20, 2002. Peterson will have final documents to the committee by December 25, 2002.



Bishop suggested two items for the operating procedures. She asked that the committee use a standard subject line for email, "TAP SB/SE." She also asked that all files/attachments include a date and the initials of the person who prepared the document. Steinberg agreed and added that he would appreciate that he and Peterson be copied on all emails. All agenda items should go to both Steinberg and Peterson.

**ACTION:** Peterson will add to the agenda a list of all the documents to be discussed during the meeting.

**ACTION:** Committee members should notify Peterson of their preference for receiving documents, mail or email.

### **Presentation of Payroll Issues**

Kinney led the discussion on sub-committee formation. She referred to the document entitled, "Revised List of Questions for Suggested Sub-committee Development," and gave an explanation of each of the three proposed sub-committees.

- A. Federal and State: Employers have a great burden as federal/state/local governments have different rules, regulations, laws, filing dates, deposit dates, etc. How can we work together better to relieve this burden on employers?
- B. Taxpayer Opinion-Deposits: How can IRS help employers avoid deposit penalties? Can we simplify the due dates, i.e., same date as state, due when payroll completed, increase use of electronic payments?
- C. Taxpayer Opinion-Reporting: Research shows that 80% of SB/SE filers use a professional for their 1040 filings, but not for their employment taxes. Only 16% of employment tax returns are filed electronically. How would burden increase if IRS required preparers to sign employment tax returns? How can IRS increase electronic reporting?

Kinney reported that in January, new software would allow taxpayers to file employment tax returns electronically. Businesses will need to use an ERO, employment tax software that provides for e filing, or become their own transmitter. They will not need to be part of a bulk filing process. Many taxpayers do not want to use payroll services as they view them as too expensive or produce too many errors.

Kinney would like to meet with each sub-committee to develop a template to use to gather information from taxpayers. A standard format or template will make the data easy to organize, simplifying the analysis and the development of recommendations.

**ACTION:** Committee members should rank their sub-committee preference and indicate if they are willing to serve a chair. Responses should be sent to Peterson by December 20, 2002. Peterson will notify panel members of their sub-committee assignments by December 25, 2002.

### **Future Meetings**

Peterson explained that the federal budget has not yet been passed. Despite this concern, she will pursue the possibility of a face-to-face meeting on January 11, 2003. The city preferred for this meeting is New Orleans.

**ACTION:** Peterson will notify the committee of the meeting plans as soon as possible.

### **Next Scheduled meeting:**

January 11, 2003, in New Orleans or a teleconference January 14, 2003 at 3:00 p.m. EST.



## **SB/SE Payroll Tax Issue Committee Meeting Minutes**

October 7, 2002

The TAP members met for the first meeting of the SB/SE Payroll Tax Issue Committee on Monday, October 7, 2002 in Alexandria, VA at the Hilton Mark Center. The purpose of the meeting was to receive guidance regarding the SB/SE organization and begin to lay the foundation for the development for their Committee.

### **Members in Attendance:**

#### **Panel Members -**

- Leonard Steinberg
- Justin Ducette
- Charlotte Cassady
- Keith Johnson
- Theodore Perros
- Denise Bigger
- Margie Kinney, SB/SE Program Owner, IRS
- Thad Davis
- Steve Wood
- Charles Silva
- Norma Bishop
- James Abraham

#### **Staff -**

- Designated Federal Official (DFO): Mary Peterson
- Facilitator: Paul Rice
- Management Assistant: Marla Ofilas

Committee Members expressed their goals and expectations of the first meeting and for the Committee:

- The issue committee agreed to a consensus on all issues
- An agreement was made that the Quorum is a total of 7 out of the issue committee membership to be present if it is less than 13. If greater than 13 quorum will be 8
- Committee will prepare agenda and have available 2 week prior to meeting
- Leonard Steinberg, from New Jersey, will act as temporary Chair

### **SB/SE Organization and Payroll Taxes Program Overview**

Margie Kinney, Program Owner, provided a detailed overview of Employment Taxes and how TAP can assist in the Reduction of Payroll Tax Burden on Small Employers. Examples issues SB/SE are looking to TAP for help are:

- Standardized EIN
- W-2/3 Single Point Filing
- Harmonized Wage Reporting



### **Development of the SB/SE Payroll Tax Program Operating Procedures**

The Committee developed The TAP Issue Committee Operating Procedures (see [Attachment 1](#)). During this discussion, several additions were made to the Behavior During Meetings Procedures (see [Attachment 2](#)). There were questions regarding several responsibilities that are set per the FACA rules and regulations regarding the role of the Designated Federal Official (DFO). Mary, the DFO, was able to answer the questions asked and all other questions that were not answered were placed on the parking lot list. The Committee agreed to complete the review of The Procedures during the 1st teleconference in December.

### **Payroll Tax Issue Committee Meeting Dates for 2002/2003:**

- October 2002 Orientation/Annual Meeting
- December 3, 2002 Tuesday at 3 Eastern and 12 Pacific -Teleconferencing
- January 11th 2003 -1st Face to Face meeting  
1st Choice - Texas  
2nd Choice - Phoenix, Ariz.  
3rd Choice - Al., N.M.  
(Panel will decide exact date for May during this meeting)
- May 2003 -  
1st Choice - Face to Face  
2nd Choice - Video Conferencing  
(Panel will decide exact date for August during this meeting)
- August 2003 -  
1st Choice - Face to Face meeting

### **Conclusions:**

The Committee concluded the meeting by requesting a copy of Nina Olson's Annual Report to Congress, the meeting minutes from the last CAP panel meeting, and information to the TAP website.

### **Attachments:**

1. TAP Issue Committee Operating Procedures
2. TAP Issue Committee Behavior During Meetings
3. TAP Issue Committee Behavior Between Meeting

### **Handouts during the Meeting:**

1. Taxpayer Advocacy Panel - Issue Committee on Payroll Taxes
2. Reducing Burden on Small Business Employers

### **Parking lot questions:**

1. Having facilitator at each meeting - Is this possible?
2. Is the committee going to function by Roberts Rule of Order?
3. When we speak, what are guidelines we use?



**Unfinished Business and Future Agenda Items:**

1. Identify measures for success of our committee
2. Establish agenda format
3. Action Items format
4. Behavior during meetings (ground rules) - finalize
5. Behaviors between meetings - finalize
6. What start-up questions need to be addressed
7. Determine what information is needed for committee to begin working on issue
8. Team Building. How do we add new members to ensure that they are part of the team?