



2003 Meeting Minutes SB/SE Payroll Tax Issue Committee Meetings

- December 4, 2003
- November 6, 2003
- October 3, 2003
- August 28, 2003
- July 31, 2003
- June 5, 2003
- May 1, 2003
- March 6, 2003
- January 11, 2003

SB/SE Payroll Tax Issue Committee Meeting Minutes

December 4, 2003
3 pm Eastern

Attendees

- Jim Abraham
- Clayton Agena
- Charlotte Cassady
- Yvonne Gallegos Bodle
- Keith Johnson
- David Meyer
- Judi Nicholas, Designated Federal Official
- Theodore Perros
- Charles Silva
- Leonard Steinberg
- Steve Wood
- Frank Woods Jr.

Program Owner

- Margie Kinney

Staff

- Mary Peterson O'Brien, Program Analyst
- Marla Ofilas, Note taker



Guest Speakers

- Kathy Rusiecki - Office of Taxpayer Burden Reduction(OTBR), team leader for the redesign effort
- Lynda Mulvaney □ Representing IRS Forms and Publications (the IRS division responsible for all updates and changes)
- Kerry Levin, Cindy Helba, - Westat Consultants.
- Carolyn Boccella Bagin □ Center for Clear Communication

Guests

- Scott Mezistrano, APA

Roll Call

Mary O'Brien took roll call and a quorum was met. Judi asked if each of the guest speakers could introduce themselves.

Review/Approve Minutes

Leonard asked the committee if they had any changes to the draft minutes from the November 6th teleconference. There were no additions or changes to the minutes and the minutes were approved.

Review Agenda

Leonard reviewed the agenda and announced minor changes.

Face-to-Face Meeting

Leonard discussed the Las Vegas location for the face-to-face meeting. The committee will meet March 19th and part of the day on the 20th. Travel dates have been set for the 18th and the 20th. Mary acknowledged that the staff is in the process of making the arrangements for the meeting.

Leonard stated that he saw the committee working to consolidate the research that has been done and start to formulate recommendations at the face-to-face meeting. Leonard felt that the time spent during the face-to-face would be intensive but that he feels that with preparation before the meeting, the goals could be achieved. Leonard asked if there were any questions or suggestions to the agenda for Las Vegas. The committee had no further questions and Leonard asked Margie to introduce the guest speakers.

Discussion of Revised Form 941

Margie introduced Kathy Rusiecki, the team leader for the redesign effort of the Form 941. This is a project that she has been working on with many people across impacted IRS organizations.

Kathy thanked Margie and the committee for the opportunity to discuss the project. Kathy stated that the meeting objective was to obtain input concerning improvements and discuss what was confusing about the revised Form 941 draft. Kathy explained that the project objective would simplify the Form 941. The committee's comments at this stage in the redesign effort is crucial in knowing if the team is on target with its mission to simplify the Form 941. At this point, the redesigned Form is just a concept and is not a completed draft. It is most likely that after all of the feedback, the draft Form would be changed. Kathy explained a little about the process it takes for the IRS to change a Form.

Facts to consider:

- There are about 23 million Form 941's filed every year by about 6 million employers.



- Deposits are extremely important to the Department of Treasury in terms of bringing in revenue; therefore, this is a very sensitive Form.
- There is pre-filing and filing sections, which go on while you gather your materials to actually prepare your return. And there are also post filing, when notices are issued. For example, math error notices or balance due notices.

The task force wanted to reduce taxpayer burden in these three areas of pre-filing, filing and post filing. They also need to consider the compliance aspects. Would changing Form 941 adversely affect compliance? Finally they wanted to improve processing of the form. Currently, all lines on the form are transcribed into the computer system. This costs a great deal of money. It also cost money to process math errors. Simplifying the Form would reduce the processing costs to the Internal Revenue Service.

Kathy discussed the fact that the Form was important to many offices in the Internal Revenue Service; therefore, it was important to include all the interested parties in the task force. The task force has representatives from the Office of Taxpayer Burden Reduction, Small Business and Self Employed Compliance, Large and Mid-Size businesses, Tax Form and Publications, Taxpayer Advocate Service, Tax Exempted and Government Entities, Electronic Tax Administration and Council. Kathy included, Forms and Publications helped out by involving Westat consultants to help in recommendations for plain language.

The team reviewed a lot of information when they were preparing to revise the form. The task force spent time looking at each line on the form and decided if it was needed, whether it was used, and who used it. The task form did remove some lines as a result of the analysis. There were also challenges along the way. One challenge is that multiple objectives can be conflicting. For example, reducing burden for the taxpayer may result in less efficient compliance for the IRS. There are also conflicts in objectives for other interested stakeholders such as taxpayers, practitioners, Treasury and Social Security Administration.

Kathy pointed out the general changes to the form. The first general change is what the team calls the Wow Factor. It is called this because a reverse background that has been used in the main part of the form. This is based on a form that is used in Australia and because of the successful feature they have. She explained that they are working on the scanning capability of the form. This will save the IRS significant resources. It will also have a bar code on the form. When IRS prints and mails the form out to each employer, they will put a bar code, which encapsulates the name, address and employer identification number of each taxpayer. This way if the taxpayer makes a mistake, IRS will be able to scan the bar code and won't have to rely on the scanned identification. The bar code was developed to help with increasing accuracy. Taxpayers often times input wrong information in the entity section.

Kathy outlined the work that needs to be completed for a final draft of Form 941. First, the task force needs to finalize the format. This is a concept document that is shared to get feedback and make changes if needed. Also, consistency changes that affect other forms need to be considered.

Kathy concluded her presentation and opened the meeting to comments and questions. Kathy also stated that all ideas and suggestions would be recorded.

Leonard stated that the committee would need to discuss how to include the work on Form 941 in the TAP annual report.

Action Item: Mary will add this topic to the agenda for the face-to-face meeting in March.

Leonard asked Kathy if additional work by her task forces are being done, if they could provide it to Marge prior to the face-to-face meeting in March so the panel could address the items in full and have the ability to make additional comments.



Action Item: Mary will obtain a task force progress report to bring to the March face-to-face meeting.

Questions from the Panel and Guests:

- Q: Is the quarter designation supposed to be based on the calendar year or the fiscal year? A: The 941 is required to be filed as shown.
- Q: Line 1: Is it necessary to distinguish between full-time and part-time employees?
- Q: Line 1: The definition of other compensation could be confusing. Are the instructions going to specifically address this confusion?
- C: Line 4: Insert other before compensation to make it consistent with line 2.
- Q: Line 7d: Insert corrected or amended 941c? A: no
- Q & C: Part 2: Don't like *Are you unsure* about whether you are a monthly or a semiweekly schedule depositor? Change phrasing to If you are unsure
- Q: Line 14b: You are not requiring to know which states the deposit was made in if made in more than state. Won't that be confusing?
- Q & C: Line 4: Which wages are not subject to Social Security and Medicare taxes? Suggest that this question be divided into two parts: Wages not subject to Social Security and Medicare taxes; Wages not subject to income taxes because of a great number of aliens who are not taxed for SS or Medicare, but do have income taxes
- C: Line 7: It's longer than it needs to be.
- C: Line 17: Glad to see it. An attempt to make the seasonal employer issue more apparent. Good.
- Q: When you begin to publicize the new form, that would be a good time to push for electronic deposits?
- C: Cut down on instructions
- C: I have never filled out a 941 before, but tried this one and the old one. This one is easier.
- Q: Line 15: Need connector words? You were a monthly schedule depositor AND if line 10 You were a semiweekly depositor.
- Q: Part 4: What's a personal ID?
- C: Really good looking. Easier on the eyes. Easier to fill out. Very positive changes in style and look.
- Q: Line 1: Total number of employees paid? As of a certain date?
- C: Line 2: Add Do not include third party sick pay or sick pay made by a third party.
- C: Line 7: Separate current sick pay and fractions of cents since they are calculated at different times.
- Q: Line 7e: What would be included?
- Q: Line 7d: Plural or singular? Prior quarter's or prior quarters'?
- C: Part 2: change Are you unsure to To determine whether you are
- C: Line 14b: Add or if you use EFTPS and the funds were drawn in a state that is different from the one on the front
- Q: Part 3, line 16: Need a date?
- Q: Part 5: Need email address?

Updates from the Program Owner

Margie stated that there are two new opportunities for the committee to provide their input. The first is a proposal to potentially make the form 941 an annual form for a small select group of taxpayers. The person on the task force would like to talk to the panel in January during the panel meeting and get the panel feelings on having an annualized 941 instead of quarterly and who should be included in that group. Everyone felt it was a great idea and Margie expressed that it would be a go for the next call.

The second opportunity is for Tuesday Dec 16 at 3pm. Margie asked for volunteers who have business experiences on record keeping or advise businesses on keeping records. Margie would like to know



how the records are kept and then how they are transferred to the practitioners. Margie asked the committee members to check their calendars and let her know if they will be able to attend the call.

Updates from the Joint Committee

Leonard skipped the updates from the Joint Committee due to time and asked Steve Woods to give his subcommittee update report.

Issue Committee Report

Steve stated that the reporting subcommittee prepared a survey for small business owners and practitioners regarding their payroll taxes and how the taxes were processed, how they might change, what would improve the process as far as both of the groups and they focused on very small business, 20 or less. The Subcommittee had one quick teleconference and will meet again and get their questions in order within the next two weeks.

Leonard invited Frank Woods to discuss the Deposit Subcommittee. Frank discussed the five issues the subcommittee is working on.

- How to increase electronic deposits
- Education
- Penalties
- Deposit schedules
- Reviewing of the deregulations for the federal unemployment tax.

Frank continued to explain that they are still in their fact-finding phase except of FUTA. A preliminary report has been completed and will be discussed at the next subcommittee conference.

Issue Committee Business (Old and New)

Leonard asked the committee if there were any old or new business that needs to be discussed. No issues were presented. Leonard asked if he had a motion to adjourn. All agreed and Leonard ended the call by reminding the committee of the next call on January 8, 2004.



SB/SE Payroll Tax Issue Committee Meeting Minutes

November 6, 2003
Teleconference

Attendees:

- Abraham, P.E., James Vice-Chair, SB/SE Payroll Taxes
- Agena, Clayton
- Cassady, Charlotte
- Hermann-Pariente, Maria
- Meyer, David
- Perros, Theodore
- Quarles, Nancy
- Silva, Charles
- Steinberg, Leonard Chair SB/SE Payroll Taxes
- Woods, Jr, William (Frank)
- Margie Kinney, SB/SE Program Owner
- Judi Nicholas, DFO
- Mary O'Brien, Program Analyst

Members Not Present:

- Gallegos-Bodle, Yvonne
- Johnson, Keith
- Wood, Steven

Welcome/Announcements/Review Agenda

Leonard welcomed everyone and asked for a roll call. Quorum is met, 10 members are present. Leonard announced that Denise Bigger and Nancy Quarles resigned from the Taxpayer Advocacy Panel, which reduces the committee membership to twelve.

Updates from the Joint Committee

Leonard discussed the process to transition new panel members onto the panel. He encouraged current members who were interested in a third year to contact their respective area analyst.

Karen Kraushaur has been assigned to assist the TAP with media and marketing.

Leonard discussed developing database of panel member's areas of expertise and skills. The database could be a resource for the committees as they deal with various issues.

Updates From Program Owner

Margie stated that she had no updates at this time

Face to Face Locations

Mary provided a cost analysis of each location under consideration. It was decided to hold one meeting in Las Vegas, NV and one meeting in Chicago, IL. Leonard discussed changing the dates of the face-to-face meeting in January. It was decided to keep the dates in January unless the committee was only allowed one face-to-face meeting. If the committee has one meeting instead of two, it was decided to hold the meeting in Las Vegas, NV on March 18th, 19th, and 20th.



Sub-committee Reports

Reporting

Charlotte Cassady stated that the reporting subcommittee has not had a chance to meet since the October meeting; however, a meeting would be scheduled within the next two weeks. The subcommittee is discussing reducing the burden of business owners by making Form W-2 and W-4 easier to work with. One thought was to combine the Form W-2 and the Form W-4. Margie stated that this would be difficult. Other members of the committee stated that these are two separate forms and should not be combined. Margie clarified that at the October meeting the discussion was around the potential of combining the Form W-4 filed with the state, specifically the New Hire Database that the state child support agencies use, with the forms filed with the IRS. Charlotte stated that they would discuss this at the subcommittee meeting.

Leonard reported that the Area 2 committee is looking at the Form W-4 and the possibility of using percentages.

Deposits

Frank stated that they divided issues among each member and currently, are in the research stage. The subcommittee will schedule a meeting to discuss the research and will report progress and next steps.

Conclusion

Leonard asked if there was any other business to discuss. No other business reported. Leonard adjourned the meeting.



SB/SE Payroll Tax Issue Issue Committee Meeting Minutes

October 3, 2003
Grand Hyatt Hotel
Washington, D.C.

Attendees:

- Abraham, P.E., James Vice-Chair, SB/SE Payroll Taxes
- Avena, Clayton
- Cassady, Charlotte
- Gallegos-Bodle, Yvonne
- Hermann-Pariente, Maria
- Johnson, Keith
- Meyer, David
- Perros, Theodore
- Quarles, Nancy
- Silva, Charles
- Steinberg, Leonard Chair SB/SE Payroll Taxes
- Wood, Steven
- Woods, Jr, William (Frank)
- Margie Kinney, SB/SE Program Owner
- Laurie Keleman, Acting DFO
- Mary O'Brien, Program Analyst

Members Not Present:

- Denise Bigger

Welcome/Announcements/Review Agenda

Leonard welcomed everyone. Leonard discussed the status of the issue committee membership. Justin Doucette has resigned from the TAP and the status of Denise Bigger's membership is not known at this time. Two new members joined the issue committee. Leonard introduced Yvonne Gallegos Bodle and Maria Hermann-Pariente. Leonard introduced the rest of the issue committee members and commented on what state they represent. Laurie Keleman was introduced as the acting DFO and Mary Peterson O'Brien as the analyst for the committee.

Updates from the Joint Committee

Leonard discussed the transition from the members of this panel to the members of the new tap at the end of this year. Leonard stated that he would not continue on after this year.

Confirmation of the Chair and Election of the Vice Chair

By consensus, the committee reconfirmed Leonard Steinberg as the chair and elected James Abraham as the committee vice chair.

Roll Call

Quorum is met; fourteen members present.

Updates From Program Owner

Margie stated that she envisions that the Payroll committee will complete recommendations within this next year. The members of the next panel would be able to monitor the recommendations. Margie gave a brief synopsis of the Payroll Committee's focus and the events of the issue committee's first



year. Three sub-committees were created. The focus of the subcommittees were issues surrounding Payroll Deposits, issues with Payroll Reporting and issues that deal with the cross over between federal and state requirements. Margie would like the panel to focus this year on recommendations. Then she would like this group to work with people within the IRS and together decide what is feasible and workable. Margie wanted to point out that the committee would make its own recommendations. The IRS may come back and say that it would cost more than is budgeted to enact a recommendation. It is beneficial for the panel to hear what the IRS thoughts are as a reference as the panel is developing recommendations.

Leonard stated that he would like to have all recommendations to Margie by August. Charles said that we would have recommendations earlier due to conflict of vacations. By consensus, the committee decided that it would have all recommendations done by June. Leonard stated that this means a lot of work and coordination to get this done.

Sub-committees

The question of what if any subcommittees should the panel concentrate on for the upcoming year. Margie stated that the Federal State Overlap issue would be the most logical to drop. This subcommittee has more political ramifications. The possibility to deal with the overlap is not as feasible due to lack of funding and each state having different levels of priorities with the fed/state overlap. If the other two subcommittees on Payroll reporting and deposits are kept, this subject could be incorporated into each of these. By consensus it was decided to drop the Federal State subcommittee and keep the Payroll Deposits and Payroll Reporting Subcommittees. Leonard agreed with Margie. Due to his research with both state and federal agencies, budget was a problem. Leonard also stated with interviews of business owners, there is still an interest in combining deposits for both Federal and State.

The committee discussed and came to consensus on what topics each subcommittee would concentrate on for the next year.

Margie stated that the suggestion for check the box initiatives that the reporting subcommittee was working on would be implemented by the IRS. When the business return is filed, the contact name is now going to be on the return and work just like on an individual tax return. The IRS moved very quickly on this recommendation.

Margie discussed the committee's interest in free software. Due to legislation, free software is not in itself a viable suggestion. Congress prohibits the IRS, from development of tax software. The committee discussed other options such as working with software companies to provide the software to first time businesses and small businesses. The committee would also like to explore the idea of free filing.

Margie stated that currently the IRS has a design team working on the redesign of the Form 941 and asked the committee if they have any interest in giving input to this team. By consensus, the committee decided to work this issue.

The committee discussed the confusion surrounding the filing and reporting of Form W 4. Margie explained that a Form W 4 is completed for the following: with a new employee; Advanced Earned Income Tax Credit (EITC); a change in status (i.e. married to single); and changes in exemptions. A business owner also has to send a form W4 to the IRS if the employee claims more than 9 exemptions. It was discussed that The Department of Health and Human Services require that a Form W 4 is filed for each employee through that employee's state. The question was asked: Would it be better if the IRS requires that all Form W 4's be filed for every employee? What about the time frames that all new Form W 4's should be filed? It was decided that the Reporting Subcommittee would work on this issue.



Action: Margie and Mary will get more background information on Form W 4's.

The Payroll Deposit Subcommittee will focus and make recommendations on:

- E-pay
- Education
- Penalties
- Deposit Schedules
- FUTA

The Payroll Reporting Subcommittee will focus and make recommendations on:

- Review of the revised Form 941
- E-file
- Form W-4 reporting
- Education
- Form W-2

Panel members picked which subcommittee they wanted to work on.

Action: Mary will develop a roster for each subcommittee and will email it out with the meeting minutes.

Data Analysis

Margie led a discussion on the results of the surveys. Handout: Analysis of Deposit Survey The sampling was small for the deposit survey. The responses were isolated to a few pockets of the country. This has a tendency to skew the data. Having a database or spreadsheet allows answers to be cross-tabbed to look for correlations from one question to another. The reporting responses were unavailable to put into a database; however, it is extremely beneficial to have oral interviews because other information can be gathered.

What the surveys indicated: We did a good job on focusing on small businesses. The majority of responses from the reporting survey were with employers who have been in business less than 3 years as opposed to the deposit survey where most of the business owners had been in business over 5 years. A high majority of business owners make their own deposits. How they are making them is taking the deposits to the bank. Indicating that they are taking time out of business hours to make federal and state deposits. There is a real opportunity for electronic deposits. Leonard stated that he and other business owners he talked to were hesitant to use EFTPS because they didn't trust it. Since he joined TAP, he has used EFTPS and finds it superior to hand delivered deposits. One of the benefits is the tracking system of payments made. Charles also reported that in his experience, people don't trust payments made electronically.

Theodore stated that the system is so complex. He sees that it is difficult for the average business owner to understand the forms. This is especially true for foreign tax returns. Leonard stated that in his area, they have been discussing the problem with Congress passing new legislation and the time frame that the IRS has to incorporate these changes into the new Forms and Publications.

Margie stated that the responses to the question: What is the most difficult part about payroll issues? was other. Out of the responses, most of the responses was the time involved in reporting and depositing.



Margie would like to continue with the surveys. The surveys are a good instrument. It was suggested to maybe combine the surveys and do more cross analysis. The committee discussed the problem with sending the survey's out compared to interviews. It was decided to take the past into consideration and each subcommittee would decide on next steps.

Sub-Committee Breakouts

Due to time constraints, the committee agreed by consensus to do subcommittee report outs at the next teleconference.

Meeting Scheduling

By consensus, the committee decided on meeting dates for the two face to face meetings and the dates and times for the teleconferences.

Action: Mary will do a cost analysis for the locations picked.

- First face-to-face Meeting: January 8th through January 10th
Possible Locations: Las Vegas, Los Angeles, and San Diego
- Second face-to-face Meeting: May 6th through May 8th.
Possible Locations: Denver

Teleconferences

By consensus, the committee agreed to meet the first Thursday of every month (except in the months of face-to-face meetings) at 3pm ET.

Action: All materials that need to be distributed as well as the agenda needs to be to Mary by the Friday before the meeting. Mary will email the agenda and attachments by the Monday before the meeting.

Action: Mary will make a new committee roster and email it to all.

November 6th, 2003 will be the first meeting.

Mary handed out the Evaluations for everyone to complete. Evaluations completed and comments were made that this was a very productive meeting. Leonard asked if there was any other business to discuss. No other business reported. Leonard adjourned the meeting.



SB/SE Payroll Tax Issue Issue Committee Meeting Minutes

August 28, 2003
3:00 pm

Attendance

- Clayton Agena, HI
- Denise Bigger, IA
- Charlotte Cassady, GA
- Justin Doucette, NV
- Theodore Perros, DC
- Mary Peterson O'Brien, Designated Federal Official
- Charles Silva, MA
- Leonard Steinberg, NJ, Chair
- Steven Wood, AR
- William Woods, TX

Program Owner

- Margie Kinney

Staff/Note Taker

- Marla Ofilas

Welcome/Announcements/Review Agenda

Leonard welcomed the committee to the teleconference and informed the committee that this will be the last meeting until the TAP Annual meeting in October. Leonard informed everyone that he would be meeting with the Joint Committee in September to discuss the annual report and finalize the agenda for the TAP Annual conference. Each Area and Issue committees will have time allotted to meet as a committee. Leonard felt that there will be ample time to work the issues of this committee and therefore be able to make progress.

Roll Call

Marla Ofilas performed roll call. Nine members were present. An official quorum was present. No public attending the meeting at this time.

Updates from the Joint Committee

Leonard reviewed the updates from the Joint Committee meeting to the committee members. Leonard explained that an email was sent to all panel members that Daryl Temple, TAP Director, has been transferred to a new position within the Taxpayer Advocate Service and as of August 25 th Sandy Mcquin, TAP Program Manager in Milwaukee, will be acting as the TAP Director until a new director has been named.

Leonard corresponded with Tom Suenjens, TAP Chair, regarding the number of panel members that are leaving the TAP. Leonard informed everyone that Norma Bishop is no longer member of this committee or a member of the panel. Also, it appears that Thad Davis, of Ohio, has also resigned. Leonard was asked by Tom and Barbara Toy to put down the names of the people that have not been participating in the committee. Tom will be addressing the issue of how to approach the members that have not been participating and what the next steps will be.



The Joint committee meeting will be take place in Denver on September 5th and 6th and Leonard feels they will get many things accomplished because of their active agenda.

October Annual Meeting : Leonard discussed the guest speakers who will participate in the October annual meeting. He informed the committee that Nina Olson, National Taxpayer Advocate; Secretary Snow, Commissioner of Treasury; and also Commissioner Everson of the Internal Revenue Service will be in attendance. Elections will be held for each of the chairs for each committee, including the joint committee during the TAP Annual meeting. Also, panel members will have the opportunity to change issue committees during the meeting. Leonard does not know how the process will take place but anticipates this will be a topic that will be discussed during the joint committee meeting in Denver. During the joint committee meeting in Denver, each chair will be responsible to do a presentation regarding the progress of their committee. Once the issue committee meets in October they could begin to plan on what they will do for the upcoming year. The joint committee has made the decision that approximately thirty (30) people from around the country will be asked to volunteer to stay one extra year to act as an transition for the next group. The joint committee and TAP Staff will also work on finding replacements for those panel members that have resigned or for those panel members that do not want participate anymore. The joint committee will be reviewing the people that were chosen as alternates at the begin but not chosen as panel members to see if they are still interested in being on the panel.

Action: Leonard has agreed to email the committee members his notes from the joint committee meeting.

Leonard asked the committee if there were any questions regarding what was reviewed. Theodore Perros was curious to see if it was possible to contact the panel members that resigned to hear what their reasons were. Leonard explained that will be the job of Tom and Barbara Toy to contact those panel members. Mary indicated Tom and Barbara have already been working on contacting those panel members. Leonard asked Mary if the information gathered, regarding the reasons why panel members are leaving, would be made public to the rest of the current panel members. Mary was unsure if the reasons would be public, but knows that the information is being tracked. Leonard indicated he would bring this question up in Denver.

Action: Mary to add question to monthly report regarding information data as to why panel members are resigning and will the data be available to current panel members to view.

Issue Committee Report

Leonard discussed the format and the due date of the issue committee report. Steve has sent the current results from the Reporting Subcommittee to be incorporated into the report. Denise, who is working on behalf of Keith Johnson, sent Leonard her report, which he will share with the committee when he returns from the joint committee meeting. The subcommittee that Leonard is a part of has completed their survey and it looks like they will be working on getting it disseminated.

Deposit Subcommittee: Denise Bigger informed the panel that their survey had been completed and each subcommittee member should have received 10 surveys in the mail along with an email that was sent out. Everyone on the subcommittee was to send out their surveys and have them returned to Mary where she is compiling and analyzing the data from the survey. Theodore asked what the level of return has been regarding the surveys. Mary indicated that she received many surveys and she is having Marla gather them and input the data in a matrix. Mary also indicated that it would be a good idea for the subcommittee to have a meeting once all the data has been entered. Mary has received 27 responses so far but expects to receive more from groups across the country. Mailing of the survey will go out again this month.

Charles asked if the data would be available by the annual meeting. Mary explained that the committee could take what they have now and make assumptions or you could leave it up to the



panel. Leonard felt that if the committee still would like to continue doing the surveying work that the more data the committee could get the better statistics and the better information the committee could give to Margie.

The committee continued to discuss the importance of receiving completed surveys. The committee also discussed that they will continue to discuss the data and the return of the surveys in Washington DC during the TAP annual meeting. Leonard asked the committee members to think about their subcommittee work and decide where they would like to go. This could be used as a basis for conversation to plan for with the next year.

Theodore asked if the committee was going to get feedback regarding their work and accomplishments. Mary explained that Margie would be able to give the committee insight of how far the committee has come and also what the committee could do different in the future. Margie also discussed that Michael Chessman and Sue Sotile will be present at the annual meeting to provide insight on what they are seeing coming out of the TAP and what's working and what's not working. Margie confirmed that it would be a review on what the committee has done this year and what the committee will be doing next year.

Margie asked Mary to make a due date for the deposit committee survey for the 20th of September. This will allow the subcommittee time to have the statistical data from their survey. Mary agreed and asked if there was any available from the deposit subcommittee to hold additional meetings between now and October.

Action: Denise Bigger agreed to this agreed to have a discussion with Mary offline. Mary will provide statistics to Denise.

Structure of October Meeting

Leonard previously reviewed this agenda item but did indicate that the issue committee will be allowed to meet for 4 hours during the annual meeting. Mary indicated that there would not be additional time for subcommittee work unless the subcommittee meets on their own time.

Updates from Program Owner

Action: Margie discussed that she would like Mary to convert the spreadsheet of the responses to the surveys to a database. This would make it easier to determine where the responses came from and who they are.

Margie felt that because the committee is not getting a large response to the surveys, it would help the committee to combine all three surveys. This would help the committee particularly where there are the same questions.

Margie and Mary reviewed housekeeping issues that the committee would discuss during the annual meeting.

- Confirm committee chairs
- Brief report from each subcommittee
- Analyze survey data
- Subcommittee break out
- Plan future meetings

Mary asked the members if there were any addition items that should be added to the issue committee agenda. At this time, there were no additional items to be added.



Leonard concluded the teleconference by reviewing the joint committee meeting and the TAP annual meeting. No public at this time. Leonard closed the meeting.



SB/SE Payroll Tax Issue Issue Committee Meeting Minutes

July 31, 2003
3:00 pm

Attendance

- James Abraham, OH
- Denise Bigger, IA
- Justin Doucette, NV
- David Meyer, NJ
- Judi Nicholas, Designated Federal Official
- Theodore Perros, DC
- Charles Silva, MA
- Leonard Steinberg, NJ, Chair
- Steven Wood, AR
- William Woods, TX
- Nancy Quarles, MI

Program Owner

- Margie Kinney

Staff/Note Taker

- Mary Peterson O'Brien

Welcome/Announcements/Review Agenda

Leonard welcomed the committee to the teleconference.

Roll Call

Mary O'Brien took the roll call. Eleven members were present; therefore, meeting the requirements for a quorum.

Updates from the Joint Committee

Leonard informed everyone that the next joint committee meeting would be held on August 19th . Leonard gave a synopsis of the last joint committee meeting.

- Staggered terms: On a voluntary basis, 33% of the current TAP will stay on for an additional year. Out of the new members to come on board, 33% will be asked to have a three-year term. One third will leave at the end of the two-year term.
- Issue committees All issue committees will be up for renewal. Each member may request a change in committees.
- Next committee meeting is scheduled for September 4th. This meeting will need to rescheduled. This topic will be discussed at the end of the meeting.

Updated from the Program Owner

Margie states that there are no updates at this time and introduced the guest speaker.



Guest Speaker: Larry Faulkner, Manager of Electronic Business Returns and E Payment Documents SB/SE CAS Topic: Electronic Deposits

Larry talked about what he is doing and what is in the works in his shop.

Electronic Federal Tax Payment System. The system that the federal government built in 1996 as a way to pay taxes electronically. As it has matured over time, it has had to have a broader set of functions. In the past two weeks, a new system has been released for EFTPS Internet application. Some of the attributes to this system include:

- Allows both individuals and businesses to go on line and pay any type of federal tax payment.
- Offers the opportunity to make an instant payment thus avoiding having to pre-enroll and having to give the IRS banking information. (Previously, it would take an individual or a business to wait 4 weeks from the date of enrollment to make a payment. For someone who has approached April 15th and owes, can have it automatically deducted from his or her checking account. For Businesses, a payment can be made for what would be owed the next day,
- Most software products have a feature to pay when filing the return (business or individual).
- For the future, the IRS is looking into making it available to businesses to pay taxes with a credit card. The IRS is working with software companies to add this feature.

Question: What about the fees associated with paying with a credit card? Larry replied that it is a legal requirement to pay a merchant fee. A business can write this off; however, an individual cannot.

- EFTPS allows you to look at 16 months worth of payment histories on your account. Allows you to balance books.
- EFTPS will schedule in advance, estimated tax payments. Most people pay the same amount every quarter. Question: Can someone cancel or change the payment? Larry replied that you can cancel or change the payment up to two business days before the scheduled payment.
- Free software for EFTPS or the phone makes it more convenient and businesslike.

Online Banking: If bank uses *check free*, then an individual can go onto the bank's website and make a payment to the IRS electronically.

International Taxpayers. The IRS is working with the Federal Reserve Bank and the European Swift Banking System so that a payment can be made electronically from a foreign source.

The IRS is working with a number of states to do more integration with what the state is doing electronically. There is currently a prompt that when you make a federal payment it asks you if you want to make a state payment and if the answer is yes, a popup window appears with the state's website. The IRS is working to integrate making it more convenient to make federal and state payments at the same time.

Leonard asked would there be one site to disperse the funds to both the state and federal. Actions: Larry will get more information to the committee on this issue.

Questions: How is the IRS handling states that don't have state taxes but has unemployment issues? Larry replied that they have not figured the complexity of this issue out as of yet.

Margie asked about Payroll tax reporting?

How is EFTPS being communicated to the small business owners? Larry replied that there is an extensive communication campaign mostly targeted to the tax professionals because over 80% of



dealings with small businesses are by third parties. There is a lot of publications in national magazines, IRS websites, TV and radio ad spots.

Margie talked about getting the word out. Payroll tax workshop is almost complete. There is a piece in their about EFTPS.

Leonard asked what workshop would entail.

The workshop will consist of three parts on CD ROM;

- Federal Payroll taxes
- State Taxes
- State Unemployment Insurance

Issue Committee Report

Denise reported for the Deposit Subcommittee: Met on July 9th to discuss distribution. Angela Kraus, has agreed to distribute it to stakeholder partners in the IRS at the small business forums and asking these associations to distribute them to their associates. The group has also agreed to do 10 personal interviews with small businesses. Mary reported that surveys have started to trickle in. Next subcommittee meeting will be in August; however, no date has been set.

Steven reported for the Reporting Subcommittee: This subcommittee dealt with two questions. 1. Check box authorization on payroll taxes. 2. Movement to electronic filing. Each panel member did 10 oral interviews. The results of each survey have been sent to Leonard.

Action: Steve will email the survey results to Mary.

The results of the survey are what the committee expected them to be. Business owners would not be opposed to allowing their preparers to discuss their payroll tax returns with the IRS. What was surprising is the lack of education surrounding the issue of electronic filing. Most business owners were not aware of electronic filing. Those that were aware of electronic filing said that cost would be the factor. They would only participate if the software were free. When asked on the survey, which they would prefer per use fee or a one-time enrollment fee the response was neither. Jim interjected that the state of Ohio has gone to electronic returns for sales tax. The software is free. An individual can download it off of the state website. However, it has not been successful because of the software itself. Many people are still sending in paper returns. Margie related that she was recently at a meeting with representatives of states. Many states are going to mandate filing of returns electronically because they can't afford the processing of paper.

Steve said that one of the concerns raised by those that they interviewed was just to understand payroll returns. This was the same response whether a business owner filed electronically or by paper. Most of these businesses did not use a payroll service or had a dedicated employee that prepared the payroll taxes. Most business owners did their own payroll tax preparation.

The second survey went to practitioners. The results show that practitioners would not find it burdensome to sign payroll returns. Those that expressed concern were worried about any risk or liability in doing so. Most preparers do not use electronic filing to file payroll returns. The number one reason was the cost associated in doing so. The interest was to provide the software at no cost.

Margie addressed the problem of providing free software. The IRS is required by congress to allow software companies to produce the software to sell it to people. The IRS has years of research that shows that the main problem is cost. At one time, the IRS looked into giving practitioners a credit or



to offset the cost of buying the software. The minimum amount of credit the IRS could give would not be cheaper than processing the paper.

Steve related that in reporting payroll, 38% of business do payroll reporting themselves, about 40% have a tax professional, 16 % have someone in house do them and the remainder have a payroll service

Leonard reported for the Federal/State subcommittee. Just about finished with survey and would like to have a subcommittee teleconference with Margie.

Annual Report

Leonard asked that each subcommittee email him with what should go into the annual report. The due date for this assignment is August 22nd.

Next Meeting

By consensus the next meeting is scheduled for August 28th at 3pm Eastern Time.

Conclusion

Leonard asked if there were any comments from the public. No public comments at this time. Leonard asked if there was any other business? No other issues to attend to. Leonard closed the meeting.



SB/SE Payroll Tax Issue Issue Committee Meeting Minutes

June 5, 2003

Members

- James Abraham
- Clayton Agena
- Charlotte Cassady
- Justin Doucette
- Keith Johnson
- David Meyer
- Theodore Perros
- Leonard Steinberg, Chair
- Steven Wood

Program Owner

- Margie Kinney

Staff

- Mary Peterson O'Brien, Program Analyst

Note Taker

- Marla Ofilas

Review Minutes

Leonard began by asking the committee if they were able to review the minutes from the previous call. He continued by asking if there were any changes to be made. Margie Kinney contacted Mary Peterson O'Brien earlier, to change some of the language regarding updates from program owners. She wanted to clarify that it should now read:

The mission is to look at consolidated reporting requirements. This could be applicable by combining federal and state tax returns. Two avenues to help achieve consolidate reporting are:

- **Consolidated or combine reports**
- **Interactive software that relies on a taxpayer records to extract and formulate individual reports that can be separately filed with the appropriate agencies."**

Margie also added **that the work done by this committee would be helpful to the task force that begins looking at recommendations** . Mary acknowledged that the changes were noted and made.

Leonard asked if there were any additional comments to the last meeting. No additional comments or changes were made and the minutes were approved.

Updates from Program Owner

Leonard began the next agenda item by introducing Margie. Margie commented that she had no



updates for the committee members. Margie recommended that the committee continue with the meeting until the guest speaker is able to join the call. Leonard agreed and asked Margie if she was able to view the survey for the payroll deposit committee and the reporting committee. Margie answered that she has worked with both groups before they started actually using the survey.

Subcommittee Leads Report Out

Leonard introduced Keith to report on his subcommittee survey. Keith explained that he needed to have a discussion with Denise Bigger, who has had a roll with the survey, and he will email the committee a report. Mary offered to discuss this with him at the end of the conference call.

Leonard introduced Justin Doucette. Justin also reported to the committee that his subcommittee does not have a report at this time.

Leonard asked if anyone had anything to add. Charlotte added that Steve had emailed her and they were aiming for June 15th as the finalize date for their survey. Margie asked Charlotte if the finalized meant that it would be going out or does meant that this subcommittee would have the incoming information. Charlotte replied that this is the summary of the survey. The subcommittee has already conducted the survey and should have the results by June 15th.

Leonard spoke of the third subcommittee. The third committee is made up of himself, David Meyer, Bill Gedge, Jim Abraham, and Nancy Quarles. They decided to work as one sub-committee. Leonard and the team put together a survey and feel's that there isn't anything that needs to be added and also that it is very well inclusive. Margie agreed that it was inclusive but expressed her concerns regarding the length to the profiling section. She believes that changes to the formatting should be made. This would make it easier and faster for a person to take the survey. Theodore Perros raised a question regarding who would be the recipients of the survey. Keith Johnson replied that he understood the survey was going to the Area committees within TAP. Leonard felt that Theodore had brought up a good point. He raised the question of how is the committee going to distribute the survey. Leonard wanted to know if it would be going to a specific group or if it was going to an area committee. Leonard requested input from the committee members and also from Mary and Margie on the best way to distribute the survey in order to get the maximum feedback. Theodore felt that there were a number of issues that need to be clarified before the survey is sent out if the committee wants the questionnaire to have significant value.

Margie explained to the committee that she recognizes that the committee will not get a representative random sample from what the committee is doing. The IRS can't give the committee all the identification of taxpayers. In previous discussions, it was thought that the best thing the committee would be able to do is to make sure there was at least a geographical distribution and that we would have several hundred responses. Leonard asked if this was going through the area committees. Margie recalled that the committee was going to identify organizations within the committee members' own geographical areas. The members would ask if they could distribute the survey to the organizations members or if the committee member would be able to present the survey at one of their meetings and gather input. Additional idea's that was discussed in the past was for the committee member to identify businesses through the committee members' chamber of commerce and the survey forwarded to the businesses. Also for committee members' to do outreach and talk about the Taxpayer Advocacy Panel and explain to business groups what the committee is doing. Mary added that it was up to each subcommittee to decide how they wanted to distribute the survey. Mary also explained that it was up to the subcommittee to decide the quantity of surveys that each subcommittee would distribute.

Leonard asked for feedback from the committee members on the best way to handle the logistics for distributing the survey and getting it back. Theodore asked how many surveys would be distributed. Mary explained that in the Deposit Subcommittee it was decided to distribute 300 because it was being produced in the TAP office. Mary again explained that it was decided during previous meetings, it was up to each subcommittee to decided the quantity and also were it would be distributed too.



Theodore was concerned that 300 would not be enough and anything less than a 1000 would not be of great value. Mary agreed and explained that the Reporting subcommittee decided to do outreach and give oral presentations. She suggested that the committee look in to doing outreach and speak to groups. The staff would be available to help arrange opportunity for the committee members to speak in his or her area if this is an idea that the committee would like to do. Mary also gave another suggestion that the committee could post their survey on Tapspeak and hear from the panel since some of the panel members are business owners. Mary continued explaining that there is a whole host of ways that the survey can be distributed but it would need to be discussed within your subcommittee group.

Leonard reviewed Mary comments that it was the subcommittees' decision on the quantity and how to distribute the survey. Mary agreed and pointed out that the Reporting subcommittee is almost completed with their survey. Leonard asked the committee if they agreed with this statement or if there was someone that didn't agree with this.

Decision: The committee agreed that each subcommittee would be responsible for distribution and data collection of its own survey. Mary will contact each subcommittee and help coordinate survey distribution and data collection.

Finalize surveys and prepare for distribution and data collection
(Comments, Recommendations, and Proposals)

This topic was discussed during the subcommittee report out.

Subcommittee Next Step

This topic was discussed during the subcommittee report out.

Reschedule August teleconference

The committee discussed rescheduling their August teleconference. The TAP staff will be meeting in Atlanta the first two weeks in August therefore will be unable to assist the committee. The committee discussed alternative dates and decided to combine their July and August monthly meeting on July 31, 2003 at 3 pm Eastern. Leonard also reminded the committee that their next teleconference will be on September 4th.

Issue Committee Business

(Old and New)

After deciding the new date for the next committee teleconference, Leonard asked the committee if there were any old or new business that needed to be discussed. Mary informed the committee that Denise Bigger was unable to participate in the committee's conference call due to prior commitments. She still plans to participate with this issue committee but will be unavailable for the next two weeks.

Margie apologized to the committee that the guest speaker was unable to attend today's conference call. Leonard asked if the guest speaker could be rescheduled for July. Margie replied that she would definitely try to reschedule him and felt that he could answer some of the questions that the subcommittees have regarding electronic payments or electronic filing.

Margie also added that someone raised an issue as to why can't a taxpayer go on-line with his or her bank and make payments to the IRS. This service is available to utility companies but not with the IRS. Margie asked if the committee would be interested in working this issue.

Decision: The committee was unable to make a decision at this time but will discuss this during their next meeting.



Theodore asked the committee for their assistants. He would like to know how to respond to individuals that have comments or suggestions regarding the IRS but are afraid to do so because they feel that the IRS would come back and audit them. Margie explained that she knows people have a fear of the IRS but when people make a comment or suggestion that does not trigger the IRS to do an audit on the individual. Margie also suggested that if the individual feels strongly about making suggestions but is afraid that he or she would be audited, he or she could give their suggestions anonymously.

Leonard asked if anyone else had any comments or additions. There were no additions given by the committee.

Public input

No public input at this time.

Closing assessment

Leonard concluded the meeting by reviewing the date of the next teleconference and he wished everyone to have a nice Fourth of July.



SB/SE Payroll Tax Issue Issue Committee Meeting Minutes

May 1, 2003

The SBSE Reducing Taxpayer Burden Issue Committee met via teleconference on Tuesday, May 1, 2003.

Members in Attendance:

- James Abraham, P.E., Gahanna, OH
- Charlotte Cassady, Talbotton, GA
- David Meyer, Voorhees, NJ
- Judi Nicholas, DFO
- Theodore Perros, Washington, D.C.
- Nancy Quarles, Southfield, MI
- Leonard Steinberg, Chair, West Windsor, NJ
- Frank Woods, Emory, TX
- Steve Wood, Little Rock, AR

Other Attendees:

- Margie Kinney, Program Owner
- Mary Peterson-O'Brien, TAP Analyst

Attachments

- Agenda
- [March Meeting Minutes](#)

Roll Call

Mary O'Brien took a roll call and informed Leonard that not enough members were present for a quorum. It was decided to hold any agenda topics that required a full quorum until the next meeting.

Review of Agenda

Leonard reviewed the agenda. Agenda will be followed as amended.

Updates from Program Owner

Margie gave an update of progress made on a multi-agency task force that she has been working on. The focus of this task force is on the Small Business Paper Relief Act. The mission is to consolidate reporting for both Federal and State tax returns. Two avenues to help achieve consolidated reporting are:

- Access of business lists
- Interactive software.

The work done by this committee could be beneficial for this task force.

Subcommittee Reports

Leonard discussed the progress of the Fed/State Subcommittee. The subcommittee is still working on areas of focus. They plan to meet before the next committee meeting to have a working plan of next steps.



Steve discussed the progress of the Reporting Subcommittee. They have prepared two oral surveys on the burden for business payroll reporting. Each member has committed to doing 10 interviews. Currently half of the interviews have been completed.

Neither the chair or vice chair of the Deposit subcommittee was available for this teleconference; therefore, their report was not given.

Issue Committee Business

Leonard asked for panel members input on three subjects so that he could represent the committees viewpoints at the next joint committee meeting.

Time Commitments for Panel Members:

Leonard shared the concern of the time issue for panel members that have been raised at the joint committee. It appears that some members find it really hard to be involved in both an issue committee and an area committee. One idea that was brought up was to allow panel members to serve on either an issue committee or an area committee. He asked attending panel members their thoughts.

- Theodore - the time is more than he thought; however, he feels that being a member of both committees is beneficial.
- Charlotte likes to be involved in both the issue committee and the area committee. Her only problem is during tax season.
- David feels that the time is more than he thought but it is still good to serve on both committees. He thinks there is a lack of direction and would like to see some effort spent on developing this.
- Jim feels that he spends more time with the local IRS office and is frustrated on what he is doing.
- Steve feels that the time commitment for the two committees is fine
- Nancy thinks the time commitment is tough but it is smoothing out and wants to continue with both committees.
- Frank likes both committees but understands how other members feel burdened.
- Leonard commented that the tax season has been a bad time and it has been hard to commit to this volunteer effort. He also feels that it is a bit too optimistic on both the learning curve and our ability to get things done in a reasonable time commitment.

Leonard will consider all the comments and share this committee's thoughts with the joint committee.

Margie asked to address the time factor. She recognizes that the time factor is difficult. She wasn't expecting immediate results rather that this would be a process where the panel spent some time and research to make thoughtful recommendations. Margie wanted to express that the results so far are what she expected and that she thinks the committee is making good progress.

Learning Curve:

Leonard asked the members to share their thoughts concerning how to overcome the time it takes to learn the subject to fully participate in making recommendations.



- Leonard feels that the learning curve was hard and that sometimes you may not get a resolution in two years panel term.
- Judi asked if it makes sense to come in armed with ideas on how to attend on this issue for now and share thoughts what would be beneficial for the future.

Suggestions:

- Spend some time at the TAP orientation going over the IRS language, research tools as well as who does the research, etc. for both the issue and area committees.
- Not having consensus as a decision making process.
- Have a class on the tax law concerning an issue during the orientation.
- There is frustration that opinions are being formed without any policy. Basic guidance should be put in writing so people don't waste time at the area committee developing an issue. Does not want to have issues dropped.
- Wants to have the JOC give a firm answer of guidance on legislative issues. (Judi stated that a memorandum from Nina Olson as to guidance on legislative issues would be shared soon).
- Wants to see a separate document that discusses legislative issues from the NTA report to congress. Jim thinks that it is not lobbying to discuss legislative issues.
- Have alternates ready to step on board if a committee needs a replacement.
- The 2 year term limits for members should be reevaluated.
- Institute staggered terms. (Judi informed the committee that the intent was to have staggered terms and that the decision would be made jointly by the treasury, commissioner, and the National Taxpayer Advocate) Theodore stated that he wants to work legislative issues. Legislative issues should be listed in the TAP annual report. Jim thinks that it is not lobbying to discuss legislative issues.

Mid Year Assessment:

Leonard informed all that each committee has been asked to produce a mid year assessment for the joint committee. He asked for general input. Leonard would like to have guidance on the format and content before wasting too much time at this teleconference.

The question was raised as to what happens to the report after it is written. Judi stated that the three people it goes to are: the White House Liaison, National Taxpayer Advocate, and the Internal Revenue Service Commissioner.

Public Input and Next steps

Leonard asked for public input. No comments from the public. Leonard adjourned the meeting. Next meeting will be held on June 5th.



SB/SE Payroll Tax Issue Issue Committee Meeting Minutes

March 6, 2003

The SBSE Reducing Taxpayer Burden Issue Committee met via teleconference on Tuesday, March 6, 2003.

Members in Attendance:

- James Abraham, P.E., Gahanna, OH
- Clayton Agena, Honolulu, HI
- Norma Bishop, Santa Barbara, CA
- Charlotte Cassady, Talbotton, GA
- Justin Doucette, Las Vegas, NV
- David Meyer, Voorhees, NJ
- Theodore Perros, Washington, D.C.
- Mary Peterson-O'Brien, DFO
- Nancy Quales, Southfield, MI
- Charles Silva, Provincetown, MA
- Leonard Steinberg, Chair, West Windsor, NJ
- Frank Woods, Emory, TX

Other Attendees:

- Margie Kinney, Program Owner
- Dan Rinke, CCH
- Marla Ofilas, Note Taker

Attachments

- Agenda
- Research on Form 8109

Roll Call

Marla Ofilas took a roll call and informed Leonard that 9 members were present. Leonard concluded that nine members was an official quorum and Mary O'Brien agreed.

Welcome/Announcements/Review Agenda

Leonard began by reviewing the agenda.

- 4) Sub-Committee Chair Reports
- 5) Comments, Recommendations, Proposals
- 6) Schedule of activities for the next month by sub-committee
- 7) Any updates from Issue Owner - Margie
- 8) Old business or issues to discuss
- 9) New Issues or business to discuss
- 10) Report on the Joint Committee actions - Leonard
- 11) Close the meeting

With the recommendation of Charles Silva and by consensus of all panel members, the agenda was amended to start with any updates from the IRS issue owner.



Updates from the Issue Owner

Margie Kinney reported on her participation with the two subcommittees, reporting and deposits. She gave an overview of their surveys and her excitement about what they were doing and had already accomplished.

Margie discussed an issue referred to the SB/SE Payroll Tax Issue Committee from the Area 6 TAP Committee. The issue concerns practitioner complaints about the difficulty in obtaining IRS Form 8109b, Federal Tax Deposit coupons. It was suggested that the Deposit sub-committee review this issue and decide if they need to do more research or gather information then bring it to the full committee to discuss. Leonard felt that this is more of an internal IRS issue rather than a deposit issue. According to the analysis, the practitioners are not able to receive the forms.

Margie explained that the Form 8109b is a coupon used by employers (taxpayers) to submit deposits. The IRS sends this out the coupons in a booklet with the business taxpayer identification number printed on each coupon. The employers are able to indicate what the deposit is for. The problem arises when an employer runs out of coupons. The employer is unable to receive another coupon book right away. It takes about 10 days for the IRS to reissue a new book. In the interim, the only way they may make a deposit is for the taxpayer to go to an IRS office where an IRS representative will fill out the Form 8109b for them. This procedure is to assure the form is properly filled out. Practitioners feel that blank Form 8109b's should be more available. From the research Area 6 did, it was discovered that the IRS has this procedure in place to decrease errors. There is reluctance on the part of the IRS to change the process. So this issue has come to the panel to do something about the scarcity of the blank form and their lack of availability. Margie's interest is to know how the committee feels once the research is completed and taken into consideration:

- The current process reduces many errors and
- There are alternatives that are immediately available to the taxpayer which are making payments by phone, internet or using electronic fund transfers (FTPS systems)

Leonard suggested that instead of having the forms printed, the Form 8109b should be put on a diskette. The taxpayer will have the availability to change the date and mail the diskette to the IRS on a quarterly basis. Some taxpayers may not feel comfortable paying a charge to use the phone or to use FTPS.

Margie felt that the deposit subcommittee would be able to discuss this issue and look at all the implications and make a recommendation to the IRS.

Decision: The panel agreed by consensus that the Deposit sub-committee would consider the Form 8109b issue.

Justin Doucette strongly agreed with the committee that the issue should go to the Deposit sub-committee. Charles also suggested that this should be something included in the survey. Margie reviewed the survey and felt a question could be added.

Leonard inquired from the panel if there were more comments or suggestions and none were given.

Old business or issues to discuss

Leonard asked the members if there were any old business or issues that needed to be discussed. None were given and the panel moved on to the next agenda item.

New Issues or business to discuss

Leonard asked the members if there were other issue that needed to be discussed. Charles requested that if any documents used during the conference calls, should be sent 72 hours prior to the call. This



will help the members be prepared during the call. Leonard and the panel members agreed and asked to be noted in the minutes.

Action: All documents should be should be sent at least 72 hours prior to the conference call.

Leonard asked Clayton Agena if he has heard any comments regarding Form 8109b. Clayton has not heard anything to date but informed the committee that the sub-committee will be sending out their survey and should hear comments at that time.

Theodore Perros had a suggestion for the panel concerning an issue that he is working on. It pertains to instructional materials giving out by the IRS concerning the appearance of various tax forms. He suggested that the instructional information be color coordinated with tax forms and specifically line items. Leonard felt it was a good idea but also felt that someone may come up with a political correct idea that we are infringing on those that are color blind. Mary also felt that this is an issue that would need to go to an Area committee because it is broader in scope. Margie also added that the area committee should also consider what would the additional cost.

James Abraham discussed proposals and ideas that taxpayers raise that require legislative action. In his Area committee, it is the policy that they are not accepting any issues that requires legislative action because the panels are not lobbyist. Leonard added that this issue was brought up in the Joint Committee and they felt there should be some recognition of those issues which would be legislative and pass those issues on to Nina Olson, NTA, for possible inclusion in the NTA report to congress. The Joint Committee feels strongly that if the issue is legislative in nature, the panel may not have the ability to do anything about it ; however, it should be part of the TAP function to pass the issue and the perceived impact on taxpayers to the NTA because it is the responsibility of the panel to represent taxpayers.

Action: By consensus, it was agreed that Leonard would elevate to the Joint Committee that there is confusion concerning procedures for legislative issues as well as the thoughts of the committee. Leonard will report back on the next conference call.

Report on the Joint Committee Actions

Leonard gave a report out of the February 18th, Joint Committee teleconference.

Tom Seunjens, TAP Chair, will be working on guidelines on how to handle legislative issues. This issue will be discussed during the next Joint Committee teleconference.

Leonard discussed how issues flow into the Joint Committee and how an issue is elevated from the joint committee to either the specific area committee, specific issue committee or to the ad hoc committee. A process is being developed to ensure all issues will be addressed.

The Joint Committee also addressed the time commitment expected of panel members. There have been some resignations due to the pressure some members feel when not being able to give the amount of time that has been expected. Initially, members were told that they should expect to volunteer at least 300 hours a year but now members feel its 300 hours a month. It was suggested to alleviate the burden on the actively participating members, by encouraging those members not contributing to participate more. The Joint Committee will continue to work this issue.

An issue has come up from Area 3 to the Joint Committee that has to do with expanded power of attorney's rights for the check box on Form 1040. The committee would like to see the powers extended to subsequence notices rather than it being limited in scope. The committee is waiting for historical information from Barbara Toy.



Leonard continued by explaining that Deryle Temple, TAP Director, is in the process of adding staff members to TAP and it should help elevate some of the burden that the TAP employees are experiencing. Leonard concluded by assuring the members that between the issue committees and area committees, all issues are addressed and is put in a monthly report and is not ignored. Joint Committee is trying to work out its own method of dealing with issues and should be getting more guidance from the TAP Chair during the next teleconference.

Sub-Committee Chair Reports

Leonard introduced Norma Bishop, chair, of the Fed/State sub-committee. Norma referred to an email that she sent out. Attached was a copy of the report out of the New Orleans meeting, which also included the tasking for the various members and a first draft of a matrix. The purpose of the matrix is to organize the responses from a survey. Margie requested a copy of the email that was sent and Norma agreed. Norma concluded her report out and Leonard moved on to the next sub-committee.

Theodore Perros discussed the survey and questioner prepared by the deposit subcommittee. The sub-committee is working on the final version. This version will be sent out to everyone for a review.

Action: Mary will receive the survey from Denise Bigger by March 7th and she will forward the survey out everyone.

Clayton Agena gave an update for the Reporting Sub-committee. A draft survey has been created and the group is in the process of requested comments. An addition needs to be made regarding what could the IRS do to encourage greater use of electronic filing.

Decision: Leonard suggested that if anyone sends out materials, even though it is sub-committee work, that it would be in everyone's interest that the entire committee receives a copy of it. All the members agreed if it's the final product of the sub-committee.

Margie made a final comment relevant to sharing the surveys among each other; make sure the committee is aware of the delivery method of the survey. To illustrate, the Deposit survey will be mailed out to individuals to complete, and the survey on reporting will be an oral interview.

Comments, Recommendations, Proposals

Leonard moved on to the next agenda item by commenting that each of the sub committee will be working independently until the next teleconference scheduled for May 1st @ 3:00 pm. Leonard asked if anyone had any suggestions or comments to email them to either him or Mary.

Leonard concluded the call and asked if there any comments from the public. No comments from the public were given and the call was concluded.



SB/SE Payroll Tax Issue Issue Committee Meeting Minutes

January 11, 2003

The TAP members for the SB/SE Payroll Issue Committee met in person on Saturday, January 11, 2003 in New Orleans, LA.

Members in Attendance:

- Jim Abraham
- Agena Clayton
- Denise Bigger
- Norma Bishop
- Charlotte Cassady
- Thad Davis
- Justin Doucette
- William Gedge
- Keith Johnson
- David Meyer
- Theodore Perros
- Nancy Quarles
- Charles Silva
- Leonard Steinberg
- Steven Wood
- Frank Woods
- DFO: Mary O'Brien
- IRS Program Owner: Margie Kinney
- TAP Analyst: Mary Ann Delzer

Roll call was taken and minutes from 12/3/2002 approved as corrected.

Welcome and Announcements

Steinberg welcomed those panel members who were unable to participate at the Orientation meeting; Agena, Gedge, Meyer, Quarles and Woods.

Steinberg led a discussion on the appropriate length for the committee's conference call. Calls should be limited to one hour, with the chair monitoring the time and the agenda. If additional time is required, the committee should be polled before the call goes beyond the one hour mark.

Election of Chair and Vice-Chair

After a brief discussion, a consensus decision was made with leadership to continue under Steinberg as Chair and Bishop to assist as Vice-Chair.

Issue Committee Business

Definition of a Small Business

Steinberg began the discussion by looking for a definition of "small business." Many factors could be considered; total assets, revenue, number of employees. Kinney stated that a definition will help determine the data required and help to target the audience for which the committees recommendations will assist. Bishop recommended that the committee follow the guide of Congress and the Small Business Paperwork Relief Act which uses a definition of 25 employees or less. Abraham questioned the situation where a small business may have a large turnover of employees. Johnson



shared that in the health insurance industry the standard is 50 employees or less. Doucette reiterated that the presumption could be made that Congress did the research and 25 employees or less is appropriate. Silva expressed his concerns about the employers use part-time help the majority of the time. Kinney stated that the time/burden of employment tax is the same for each employee regardless of the hours they work or their time employed by small business.

Definition agreed on for the committee is that a small business is one with 25 or less employees per reporting period for payroll taxes.

Procedural Issues

Steinberg asked questioned the appropriate way to request additional information/research. O'Brien stated that all requests should go through her, with copies to Kinney and Delzer. If teleconferences are needed, they can be scheduled by O'Brien for committee members. Phone cards will allow members to set up calls as well. O'Brien requested that she be informed about conference calls that are scheduled. This way if members need the call-in information, the office will have it.

O'Brien also let the members know that "TAP Speak" will be up and running soon. TAP Speak will offer threaded messaging, a reading room, discussion and calendar. It is hoped that TAP Speak will enhance communication between the members of the panel.

Steinberg began a discussion about future meeting planning. It was decided to schedule a monthly conference call on the first Thursday of the month at 3:00 p.m. ET. Therefore the dates would be 2/6, 3/6, 4/3, 5/1, 6/5, 7/3, 8/7, 9/4. Members should reserve these days/times and I anticipation of a teleconference meeting.

O'Brien shared that when planning face-to-face meetings, committees should consider using a host city, a city in which one of the members live, to reduce travel costs. If another face-to-face meeting is wanted, a business case must be made to support the cost.

ACTION: O'Brien will send out the Tax Forum schedule with dates/cities, as it comes available.

Taxpayer Education and Communication (TEC) Presentation

TEC Territory manager in Louisiana, Phyllis Distefano, gave a presentation on the initiatives of the TEC program. TEC's mission is to educate small business/self-employed taxpayers understand their tax responsibilities. In regard to employment tax, TEC goals include improving compliance by reducing the burden on employers in filing, reporting and paying. Because of the increased accuracy of filing/deposits with the use of electronic filing/Electronic Federal Tax Payment System (EFTPS), initiatives are being worked to encourage employers to use these systems. TEC helps facilitate new business seminars with the help of tax professional groups, to educate new employers. A CD ROM is also developed each year to answer the questions new businesses have.

ACTION: O'Brien will order the CD ROMs available to small business for the panel members.

Sub-Committee Reports

1. Taxpayer Opinion- Reporting
2. Taxpayer Opinion- Deposits
3. Federal and State

See the attached reports form each committee.

Next Steps

Silva shared his concern that employers do not understand their fiduciary responsibility. He stated



that all the forms and publications should include a statement that taxes withheld are not the employer's funds and upon withholding these funds they are the funds of the Treasury and employers hold the funds in a fiduciary capacity. Employers need to understand that they have an obligation to pay the government on a timely basis. Meyer agreed that the IRS should make it clearer that the funds are held in trust for the United States government. Kinney recommended that the committee test this assumption that employers do not really understand the fiduciary responsibility. If the committee finds this to be true, this should be included in committees' recommendations. The committee agreed that this issue is something to be included in the final report to the IRS.

Next Scheduled meeting:

Teleconference on February 6, 2003, 3:00 p.m. ET.