September 10, 2020
Oregon Practitioner Liaison Meeting
Virtual Meeting (WebEx)
9:00 AM-11:00 AM

Attendees:

Internal Revenue Service

- John Blakeman, Stakeholder Liaison
- Cathye Mason, Stakeholder Liaison
- Kristin Bonn, Program Manager, SBSE Exam
- Carmen Naillon, Program Manager, Collection

State of Oregon

- Howard Moyes, Oregon Board of Tax Practitioners

Practitioner Representatives

- Terry Bakker, OAIA
- Dale Marino, OATC
- Michael Davidson, ORSEA
- Carol M. Wild, OATC/ORSEA
- Anita Robinson, EA
- Matt Erdman, OR State Bar-Tax
- Guillermo Ramos, LASO LITC
- Daniel Stearns, ORSEA
- Wanda Wedmore, OSTC
- Heather Jackson, OSCPA

Meeting Summary

Kristin Bonn, Program Manager, SBSE Exam Portland

At the start of the fiscal year SB/SE developed a Focus Guide that concentrates on three major areas and their attendant goals: putting taxpayers first, improving compliance [to reduce the tax gap and improve taxpayer confidence], and modernizing the IRS. Things were humming along just fine, and then along came the COVID-19 Pandemic.

As with everyone, COVID has had a profound impact on how Exam conducts its day to day activities. IRS operations were temporarily scaled back to protect the health and safety of employees and taxpayers. To help protect the health and safety of our employees and taxpayers the IRS has greatly increased its telework capacity. For example, in SB/SE more than 90% of employees are teleworking full time. Under the People First Initiative, some compliance activities were paused, and extensions were granted to those who asked for them. As of July 15 we began to re-contact these taxpayers and to initiate new examinations. As of now, we are working almost exclusively in a virtual examination process: employees continue to telework, interviews are done primarily by phone, and documents are sent electronically (or in rare circumstances, exchanged in a brief meeting). It is unclear at this time when 'normal' operations will return, but work continues to prepare offices and our employees to return to face-to-face interactions.

Program priorities and emerging issues include: Marijuana, microcaptive insurance, conservation easements, tax avoidance issues (promoters), and revitalizing the Preparer Project program.

NRP exams were on hold for a bit, but they are still out there. The number of returns has been reduced, but they are coming and will need to be worked. Many will have short statutes.

As to hiring, Exam had hoped to do a large hire this year, but it did not work out that way. A few RAs were brought in last June, a few more in August, and there were some TCOs hired in October of 2019. Currently, Exam is in the process of hiring RAs for a planned on-board in late October and then more in January…hopefully some more TCOs in January as well.

Carmen Naillon, Program Manager, Collection

COVID has profoundly impacted Collection as well. The planned compliance sweeps for underserved communities are on pause, but they hope to resume in the future.

And as if COVID were not interfering enough, now we've got wildfires to deal with here too. 2 Collection employees have had to evacuate their homes due to the wildfires. As Kristin mentioned above, just about everyone who can telework is teleworking. At this time, any face-to-face interaction with taxpayers requires a very good reason and multiple levels of approval. That being said, our facilities are being upgraded for safe interaction with the public in the future, with plexiglass screens in interview rooms, etc.

Due to the Pandemic, much of their compliance activities were paused up to July 15th. ACS paused its lien/levy activity, and some Offer in Compromise payments were also paused. Private Debt Collection was also paused, but should resume after 7/15. PLEASE NOTE: if you have clients who had Installment Agreement payments paused, please make sure they are able to make their payments. If the they had a Direct Debit I/A they may need to speak with their Bank and verify it is okay for the direct debits to resume.

On another note, if you have clients that have been working with Collection, and COVID has hit them so hard as to effectively (or completely) put them out of business, please let the revenue officer know. If it is for a case that is in ACS or not assigned to a RO as of yet, call in to the customer service line (one can call the 800-829-1040 number), or write a letter indicating the impact on your business or personal life if there is a hardship involved. We will work with you.

Priority work in Collection continues to focus on high income non-filers and Egregious Employment or In-Business Trust Fund cases.

As far as staffing, we have hired a total of 15 new ROs. They are at various stages in their training, however, 9 new Revenue Officers wree been brought onboard during our Pandemic, and right as we started to telework. It has been challenging training them in this 'teleworking' environment.

There is also an upcoming re-organization coming in Collection for our NW Area. As of October 1st, Carmen will be the Portland TM and have Idaho, Montana, Wyoming, Nebraska, Oregon, and SW Washington in her territory. I will no longer be the St. Paul TM and will no longer cover the states of Minnesota, Iowa, North Dakota or South Dakota.

Question from Carol: We understand that during the COVID Pandemic, IRS will necessarily be making more phone calls than before, so how do we educate our clients to know the difference between a scam phone call and a genuine IRS employee?

Answer: We understand that this is and continues to be an issue. The key to telling whether or not the person on the other end is genuine really lies in the gist of the conversation. More often than not, an IRS person will be calling to set up an appointment. They will not be asking for lots of personal information (SSN, address, etc…we already have that). Nor will the genuine article demand payment over the phone, or direct the person to pay the alleged amount with iTunes or Walmart gift cards (or the like).

Question from Terry: client is under exam, but having issues with RA (short time frame for response with documents/not giving manager phone number).

Answer: Kristin asked Terry to call and discuss

John Blakeman, Stakeholder Liaison

Taxpayer Digital Communication:

Taxpayer Digital Communication is expanding…Communicating with the IRS digitally provides taxpayers with service channels already commonly available in most customer service interactions. An online Web-based secure communications portal enables IRS and taxpayers to communicate using secure messages with taxpayers who 'opt in' to receive notices electronically.

It began with a pilot program at Philadelphia Campus Examination Operations and was expanded in 2019 to the Brookhaven Campus Examination Operation. In August this year the program expanded to the Memphis, Ogden and Cincinnati campuses. We encourage tax professionals to select TDC as the way to work with invited clients concerning correspondence examinations.

Unemployment Compensation:

These are indeed unprecedented times, and more than a few of your clients or friends may have received unemployment compensation this year. This is just to remind folks that it is taxable. If you have clients receiving unemployment benefits this year, consider using this unemployment outreach flyer, Publication 5444, *Did You Receive Unemployment Benefits?* in your communications. For more information on unemployment benefits, see page 27 of IRS Publication 525, *Taxable and Nontaxable Income* or the IRS's Coronavirus and Economic Impact Payments: Resources and Guidance page.

E-filing Amended Returns:

As IRS e-filing has grown during the past 30 years, the 1040-X, Amended U.S. Individual Income Tax Return, has been one of the last major individual tax forms that needed to be paper filed. This follows years of effort by the IRS, and the enhancement allows taxpayers to quickly electronically correct previously filed tax returns while minimizing errors.
For the initial phase, only tax year 2019 Forms 1040 and 1040-SR returns can be amended electronically. In addition, the original Form 1040 or 1040-SR must also have been filed electronically. Additional improvements are planned for the future. Taxpayers still have the option to submit a paper version of the Form 1040-X and should follow the instructions for preparing and submitting the paper form. Those filing their Form 1040-X electronically and on paper can use the Where's My Amended Return? online tool to check the status of their amended return.

Balance Due Notices:

The IRS has suspended the mailing of three notices – the CP501, the CP503 and the CP504 – that go to taxpayers who have a balance due on their taxes. Although the IRS continues to make significant reductions in the backlog of unopened mail that developed while most IRS operations were closed due to COVID-19, this temporary adjustment to processing is intended to lessen any possible confusion that might be associated with delays in processing correspondence received from taxpayers.

The CP501, the CP503 and the CP504 are follow-up notices that are typically automatically sent to taxpayers who do not respond to the CP14. These automatic follow-up notices will be temporarily stopped until the backlog of mail is reduced. The IRS will continue to assess the mail inventory to determine the appropriate time to resume the follow-up notices. However, taxpayers who have received but not yet responded to a CP14 balance due notice are encouraged to promptly respond.

In addition, the IRS has previously announced that these payments in the unopened mail will be posted and credited on the date the IRS received them – rather than the date the agency opened and processed them. The IRS reminds taxpayers in this situation they should not cancel their checks and should ensure funds continue to be available so the IRS can process them to avoid potential penalties and interest.

To provide fair and equitable treatment, the IRS is also providing relief from bad check penalties for dishonored checks the agency received between March 1 and July 15 due to delays in this IRS processing.

Deferral of Employee's Share of Social Security Taxes:

Regarding the Presidential Memorandum allowing employers to defer withholding of employees' share of Social Security Tax (6.2%), if the wages are below a certain amount; there is guidance now in Notice 2020-65, although it seems a bit sparse and we anticipate many questions.

Notice 2020-65 makes relief available for employers and generally applies to wages paid starting Sept. 1, 2020, through Dec. 31, 2020. The deferred amount is to be made up ratably (from employee wages) over the following quarter.
The employee Social Security tax deferral may apply to payments of taxable wages to an employee that are less than $4,000 during a bi-weekly pay period, with each pay period considered separately. No deferral is available for any payment to an employee of taxable wages of $4,000 or above for a bi-weekly pay period.

Question from Terry: Will employers be liable for the employee's portion of Social Security Tax if they are unable to recover the amount? For example, what if the employee passes away or quits?

Answer: This is a good question, and we will elevate this.

Howard Moyes, Oregon Board of Tax Practitioners

Tax preparer licenses are still set to expire on September 30, so no extension for those, but no late fees will be assessed until after October 15. It is looking like the license fee will also be increasing soon…not exactly sure by how much, maybe 15-20 dollars or so.

The number of licensees is holding steady after seeing numbers drop for a couple of years: approximately 1700 LTPs, and 1800 LTCs. Exam pass rates are doing well too: 77.9% for the LTP exam, 74.1% for LTC, and about 84% for the EA 'State Only' exam. There is normally a Board meeting in September, but that has been postponed due to COVID. The next meeting is scheduled for November 12th.

OBTP has also been receiving many calls from frustrated taxpayers who cannot get in touch with their tax preparer (although it has quieted down a bit since July 15th). If you are working from home please put a sign in your office window or on the door saying as much, and include contact information. Also, please make sure your voicemail is not full, so clients can leave messages.

Question from Daniel: Considering the issues we are facing with the COVID Pandemic, would it be possible to re-institute the 'employer sponsored tax class'? This would be the 80 hour course that is a prerequisite for taking the LTP exam and licensing.

Answer (from Howard): It used to be possible to do that, but there is currently legislation in place that prohibits the 'in house' tax training specifically for that purpose.

Next Scheduled Meeting

The next meeting is scheduled for Wednesday, January 13, 2021