

October 18, 2023

Pacific Northwest Action Wednesday IMRS Call

Virtual Meeting via MS Teams

Time: 10:00 am –11:00 am (PDT)

Attendees:

Internal Revenue Service

- John Blakeman, Stakeholder Liaison
- Mercean Lam, Stakeholder Liaison
- Lisa Novack, Stakeholder Liaison
- Kristen Hoiby, Stakeholder Liaison
- Melissa Chapman, TAS AZ

Practitioner Representatives

- Jeremy Saladino, WA
- Robin Smith, WSTC
- Lisa Rogers, AKSCPA
- Ami Oppe, AKSCPA
- Elliot Gidan, CO
- James Adelman, NAEA, OSEA
- Doug Henne, OSCPA
- Ellen Briscoe, NMSEA, NATP
- Mark Neumeister, OK
- Michael Davidson, ORSEA
- Edwin del Carpio, WA
- David Freeland, AAATP
- Harriet Strothers, OSCPA
- Katrina Anderson, OSCPA
- Shawn Mattingly, WA
- Benita Mairs, WAATP
- Laurie Brock, EA, past OR TAP
- Judy Hanson, WSTC
- Terry Bakker, OAIA
- Shawn Mattingly, WA
- Colleen Barbee, OSTC
- Emily Webb
- Larry Hess, NM
- Kristen Keats, OSCPA
- Anne Rothrock, NM
- Daniel Stearns, ORSEA
- Teresa Moore, WY

Meeting Summary

Tax Pro Account Updates:

Just a note to let you know about the latest improvements to the Tax Pro Account Online...the latest improvement allows tax pros to view taxpayer information, such as the total balance due, as well as your active POAs (Forms 2848) and TIAs (Forms 8821).

We are actively seeking feedback from tax pros on these new tools. If you have ideas for improvements or things that would be exceptionally convenient, please send an email to your SL...let us know:

1. What features you like
2. What features you'd like to see
3. Any issues you're experiencing with the new tools

PTIN Renewal underway:

All PTINs expire on December 31 of each year and are required to be renewed to be current and active. PTIN renewal open season begins mid-October each year for the following year. Renew online by logging into your PTIN account or by submitting a paper Form W-12 with the "Renewal" box checked. Online renewal takes about 15 minutes. Paper renewals take 4-6 weeks to process.

The renewal fee has been reduced to \$19.75. For more information please visit the following link: [PTIN Requirements for Tax Return Preparers | Internal Revenue Service \(irs.gov\)](#)

Tax Gap estimates are out:

The Internal Revenue Service released new tax gap projections for tax years 2020 and 2021 showing the projected gross tax gap increased to \$688 billion in tax year 2021, a significant jump from previous estimates.

The new estimate reflects a rise of more than \$192 billion from the prior estimates for tax years 2014-2016 and a rise of \$138 billion from the revised projections for tax years 2017-2019. This marks the first year tax gap projections have been provided for single tax years and also marks the beginning of tax gap updates on an annual basis.

The \$688 Bil gross tax gap is the difference between estimated 'true' tax liability for a given period and the amount of tax that is paid on time. The gross tax gap covers three key areas – nonfiling of taxes, underreporting of taxes and underpayment of taxes.

The IRS notes that the tax gap estimates and projections cannot fully account for all types of noncompliance. In addition, the projections released today are based largely upon the compliance behavior estimated from the most recent set of completed audits (from tax years 2014-2016). That estimated compliance behavior is projected forward to taxpayers in tax years 2020 and 2021.

Late payments and IRS enforcement efforts are projected to generate an additional \$63 billion on tax year 2021 returns, resulting in a projected net tax gap of \$625 billion. Between tax years 2014-2016 and tax year 2021, the estimated tax liability increased by about 38 percent, roughly the same increase as the gross and net tax gaps. Much of these increases in tax liability and the tax gap can be attributed to economic growth.

The tax year 2020 and 2021 tax gap projections translate to about 85% of taxes paid voluntarily and on time, which is in line with recent levels. After IRS compliance efforts are factored in, the projected share of taxes eventually paid is 86.3% for tax year 2021, down slightly from the 87.0% for tax years 2014-2016. This drop in compliance does not factor in any changes in compliance behavior; instead, it is due to changes in the types of income and how that income is reported to the IRS.

Issues, Questions and Concerns:

Q: We have been hearing about Direct File, but haven't really received much information on the program. Is there any way to find out what all it can do?

A: The pilot phase of Direct File seems to be limited to certain taxpayers in 13 states. Here is a link to the news release that came on on 10/17: [IRS advances innovative Direct File project for 2024 tax season; free IRS-run pilot option projected to be available for eligible taxpayers in 13 states | Internal Revenue Service](#)

Q: When we call PPS there is an identity verification process that takes place before they will accept a fax. We have had some inconsistencies on this process, and often have to wait on hold while the assistor 'checks into things' for 3-7 minutes...sometimes multiple times. What exactly do the assistors need from us before they will accept a fax?

A: We will look into this and try to have an answer at our next meeting.

Q: On the topic of electronic signatures. Is a faxed copy of an original pen and ink signature okay to send in as original? For example, client in a foreign country can only send docs via fax.

A: We will look into this and try and have an answer at our next meeting.

Q: We have a situation where the client is still paying back the \$7500 First Time Home Buyers Credit, but we got a letter back saying IRS wouldn't accept it?

A: An interesting situation...we will elevate this as well.

Q: We had a situation where a client was trying to make a payment, granted, on the last day of extension, but the system was down for several hours, and when it came

back up it was already past 8:45 pm Pacific Time, and consequently their payment will post a day late. Would it be possible to get parity with the East Coast taxpayers and be able to post payments up until 11:45pm local time?

A: An excellent suggestion...we will put it forward.

Q: Regarding the large refund from the estate that we've been chasing for years...we've finally got the word from Treasury that the other check was fraudulently endorsed and will be getting funds over to be released and sent to the proper person. How long do you think this would take?

A: We are of the mind that at this point it would take the customary 6-8 weeks for processing and getting the check sent.

Q: Can an employer pay a student loan debt for employee and get the deduction?

A: There would likely need to be a qualifying plan in place if this were to happen.

Q: For those businesses that are victims of ERC promoters, is there a way for them to give back the funds received or opt out of the claim if it is not yet processed?

A: The news release below came out on October 19:

[IRS announces withdrawal process for Employee Retention Credit claims; special initiative aimed at helping businesses concerned about an ineligible claim amid aggressive marketing, scams | Internal Revenue Service](#)

Next Scheduled Meeting; Wednesday, November 15, 2023