

**January 17, 2024**

***Pacific Northwest Action Wednesday IMRS Call***

**Virtual Meeting via MS Teams**

Time: 10:00 am –11:00 am (PDT)

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**Attendees:**

Internal Revenue Service

- John Blakeman, Stakeholder Liaison
- Lelah Martinez, Stakeholder Liaison
- Mercean Lam, Stakeholder Liaison
- Kristen Hoiby, Stakeholder Liaison
- Melissa Chapman, Taxpayer Advocate Service, AZ

Practitioner Representatives

- Jeremy Saladino, WA
- Robin Harris, NTPI
- Lisa Rogers, AKSCPA
- Steven Stauss, NM
- Ami Oppe, AKSCPA
- Elliot Gidan, CO
- Brian Hein, OR
- Ellen Briscoe, NMSEA, NATP
- Melissa Rainwater Fleming, AzSEA
- Shawn Mattingly, WA
- Judy Hanson, WSTC President
- Terry Bakker, OAIA
- Larry Hess, NMSCPA
- Anne Rothrock, NM
- Dale Marino, OSTC
- Teresa Moore, WY
- Barbara Culver, WSSEA
- Kate Grubb, WSSEA
- Krish Perinkulam, AzSEA
- Sarah Northcutt, OSCPA
- John Burke, OATC
- Cynthia Polley, WA
- Nina Tross, NSTP
- Paula Moore, ABA
- Michael Davidson, OrSEA
- Katrina Anderson, OSCPA
- Edwin del Carpio, WA
- Kristen Keats, OSCPA

## Meeting Summary

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### **Mercean Lam, Stakeholder Liaison**

Lost your IPPIN?

Security and safeguarding data is par for the course these days, and now is a good time to remind folks of the importance of keeping our personal and financial data safe... the IPPIN is a robust tool to help make sure fraudsters don't file a fake tax return in your name. We encourage all who can to get an IPPIN, but of course people are people, and we lose things from time to time...yes, even important things like an IPPIN. But there are ways to retrieve it...

Use your Online Account to retrieve IPPIN, or call the help number at 800-908-4490

And there's a news bite that came out just after Christmas about IPPINS... IP PIN users who originally obtained their IP PINs using the "Get an IP PIN" app via their e-Auth account (legacy Secure Access) and who have not yet established an IRS ID.me account will not be able to use the app to obtain their 2024 (filing season) IP PINs. As a onetime courtesy, IRS will issue L4869 containing their 2024 IP PIN to their address on file. L4869 is typically sent to users who are originally issued IP PINs either by paper application or because of an identity authentication/theft issue.

### **Lelah Martinez, Stakeholder Liaison**

1099K threshold changes

Following feedback from taxpayers, tax professionals and payment processors and to reduce taxpayer confusion, the Internal Revenue Service released [Notice 2023-74](#) announcing a delay of the new \$600 Form 1099-K reporting threshold for third party settlement organizations for calendar year 2023.

As the IRS continues to work to implement the new law, the agency will treat 2023 as an additional transition year. This will reduce the potential confusion caused by the distribution of an estimated 44 million Forms 1099-K sent to many taxpayers who wouldn't expect one and may not have a tax obligation. As a result, reporting will not be required unless the taxpayer receives over \$20,000 and has more than 200 transactions in 2023.

Given the complexity of the new provision, the large number of individual taxpayers affected and the need for stakeholders to have certainty with enough lead time, the IRS is planning for a threshold of \$5,000 for tax year 2024 as part of a phase-in to implement the \$600 reporting threshold enacted under the American Rescue Plan (ARP).

## John Blakeman, Stakeholder Liaison

### Resumption of collection notices

In January 2024, the IRS will begin sending automated collection notices and letters to individuals with tax debts prior to tax year 2022, and businesses, tax exempt organizations, trusts and estates with tax debts prior to 2023, with exceptions for those with existing debt in multiple years.

Failure-to-pay penalty relief will be granted for approximately 4.7 million individuals, businesses and tax-exempt organizations that were not sent automated collection reminder notices during the pandemic. The IRS has adjusted eligible individual accounts and will follow with adjustments to business accounts in late December to early January, and then trusts, estates and tax-exempt organizations in late February to early March 2024.

This penalty relief is automatic. Eligible taxpayers don't need to take any action to get it. If a taxpayer already paid failure-to-pay penalties related to their 2020 and 2021 tax years, the IRS will issue a refund or credit the payment toward another outstanding tax liability. These notices and letters were previously paused due to the pandemic and high inventories at the IRS but will gradually resume during the next several months

### ERC Voluntary Disclosure Program:

ERC-VDP requires eligible taxpayers to voluntarily pay back the ERC minus 20%, cooperate with IRS requests for more information, and sign a closing agreement. Payment will be made either by full pay or under an approved installment agreement. Once signed closing agreement is received and approved, your account will be adjusted to reflect the eliminated ERC amount. Do NOT submit amended returns correcting your ERC.

The terms of the ERC-VDP closing agreement can't be appealed. If your application is rejected, the letter will explain why and offer potential solutions. You may be able to correct the error and resubmit your [ERC-VDP application package](#), or you may file an amended employment tax return.

### Who can apply?

Businesses, tax-exempt organizations and govt entities must meet **all** of these requirements:

- Your ERC claimed on an employment tax return has been processed and paid as a refund, which you have cashed or deposited, or paid in the form of a credit applied to the tax period or another tax period.
- You now think that you were entitled to \$0 ERC.
- You're not under employment tax examination (audit) by the IRS.
- You're not under criminal investigation by the IRS.
- The IRS has not reversed or notified you of intent to reverse your ERC to \$0. For example, you received a letter or notice from the IRS disallowing your ERC.

If you used a [third party payer](#) to file your employment tax returns or claim your ERC, you can't apply to the ERC-VDP yourself. You must contact the third party payer to apply.

See more details about ERC-VDP eligibility in the ERC-VDP FAQ question entitled [Who is eligible for the ERC-VDP?](#).

Please note that if you willfully claimed an ERC that is fraudulent, or if you assisted or conspired in such conduct, applying to the ERC-VDP will not exempt you from potential criminal investigation and prosecution.

If you're not eligible to participate in ERC-VDP because your ERC hasn't been paid, you may be able to use the [ERC claim withdrawal](#) process instead.

*This Voluntary Disclosure Program includes the settlement of the ERC for purposes of a participant's employment tax obligations by eliminating their eligibility for the ERC while allowing a participant to retain 20% of the claimed ERC amount. Additionally, because the ERC reduces the income tax expense for qualified wages under rules similar to section 280C of the Internal Revenue Code (Code), this Voluntary Disclosure Program also resolves the issue of the corresponding adjustment to income tax expense for participants, which include common law employers who used a third- party payer to claim the ERC on their behalf.*

IMRS...give us your issues

Issue Management Resolution System is a vehicle and a process by which we take issues and feedback and elevate them to the program owners who may be able to correct any problems that may be occurring. It is a formal process, whereby we enter your issues, often first on the discussion board, then, if it seems it is indeed a systemic issue, rather than just an isolated incident, it can be elevated to the Local Issues Database. Sometimes, often because of a new statute or program IRS is managing, we have a lot of issues/feedback on that new program. For these types of things we have what are called 'Collector Issues'. The Collector Issues are kind of for issues for the big programs or projects that IRS is doing, and we are actively seeking feedback on how it's working.

The LID is the thing... discussion board is just that...it's really a chat application where we can put forth potential issues and get feedback from our fellow SLs as to whether they are hearing the same issue in their neck of the woods. If it seems that we've got a systemic issue, it can then be entered into the LID. Issues to be resolved are basically taken from the LID or the Collector Issues. For example, we currently have collector issues on IRIS, American Rescue Plan Act [think 1099-K], Resumption of Collection Notices [pretty new]

So that being said, what are some issues that you've been itching to talk on? You can put them in the chat or raise your hand...but that's really a lot of what IRS is running on right now...your feedback on how IRS should be spending the Inflation Reduction Act funds that are coming our way. What do you want the IRS of the future to look like?

## Questions and Answers!

Q: Is ERC VDP the only way to rescind the credit? There are different ways to back out of the ERC if one deems it questionable, correct?

A: Yes, there are the other opt out procedures depending on what the specific situation is with respect to receipt of the credit. The best place to go is

Q: We have a situation where the client has an ERC claim filed in 2021 that has not been processed yet. Part of the credit needs to come out, and we have called about what to do. IRS wants us to wait until the return is processed before sending in an amended return, but we wait and wait and wait...what to do?

A: This sounds like a call to Taxpayer Advocate may be in order.

Q: Client elected to be s-corp for 2022 and has record of receipt of fax. Client received letter in December saying return was not accepted. We can not find the letter currently, How to fix this?

A: Call PPS and see where we are in the process and if there is record of letter sent and number to call.

Q: We have heard from fellow cpa that a PPS assistor would not allow an unmasked transcript to be sent. Is this a new policy?

A: Tax professionals who meet certain requirements may request an unmasked Wage and Income Transcript. The unmasked transcript will only be sent to the practitioner's e-Services Secure Object Repository (SOR), a secure electronic mailbox. Tax professionals who lack access to the secure SOR mailbox are encouraged to create an e-Services account as quickly as possible. The SOR is available from the [e-Services](#) page or from the TDS menu.

Q: We have a situation where we have filed tax returns for a decedent taxpayer, but the Service has sent a letter saying the return was filed for a period after the decedent's death, and cannot be processed. In all these situations the statement in the letter is false. The Date of Death is correct, and there are not any returns filed after the date of death. We can only assume that the people on the processing end are reading this wrongly. We currently have a case open with Taxpayer Advocate involving this issue.

A: We will put this forward.

Q: Regarding the refund issue we've been having...the 60K one from ages ago. Deceased taxpayer's 2018 return took years to get processed. Refund was sent to correct personal representative, but to a wrong address and fraudulently cashed. Bureau of the Fiscal Service was notified, investigated, and released funds

to IRS on September 20, 2023. Yesterday, IRS Practitioner Priority Service agent says interest will be paid only to date of original refund check. The delay in the refund is no fault of the taxpayer. Isn't the taxpayer entitled to interest from date the original return was filed to the date the refund is correctly issued?

A: We will look into this as well.

**Next Scheduled Meeting; Wednesday, February 21, 2024**