

## Area 6 – First Thursday Notes

December 1, 2022

### Internal Revenue Service – First Thursday Area 6 Stakeholder Liaison Team

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## Topic 1

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### National Tax Security Awareness Week

We are coming to the end of National Tax Security Week which ran from 11/28 to 12/2. However, the message continues to be applicable year-round.

Stakeholder Liaison wants to remind you that if you experience a Data breach with in you tax business, we are your first stop to report the breach so please spread the word within your organizations and share our contact information.

Also, if you are aware of individuals or clients who have had identity theft issues, they can always proactively elect to protect their Tax information by getting an IPPIN. An (IP PIN), is a six-digit number that prevents someone else from filing a tax return using your Social Security number or Individual Taxpayer Identification Number.

The service to elect to get an IPPIN is currently closed but will reopen on January ?

But more importantly we want to urge you to avoid these breaches by doing regular reviews of your safeguards.

The IRS provides a lot of useful resources on the Identity Theft Central page. You can find this page by going to [www.irs.gov](http://www.irs.gov) and entering the phrase “Identity Theft Central” in the search box.

## Topic 2

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### IRS is Hiring!

Click on link <https://www.jobs.irs.gov/careers> – this will take you to our Careers webpage, which lists out many positions that are currently open including professional level jobs. If you click on Apply link, you will be redirected to USA Jobs. You can also search directly on USA Jobs website.

4000 customer service reps hired – will be trained in time for filing season

700 new employees to be hired for Taxpayer Assistance Centers

We have many other professional level jobs posted as well, so make sure you check USA Jobs.

## Topic 3

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### 1099-K

1099-K information return is required beginning after 2021, if payments to a participating payee for goods and services during the calendar year exceed \$600. Here are the links that will be updated as more information becomes available on the 1099-K.

1099-K FAQ link for updated information; [Form 1099-K Frequently Asked Questions | Internal Revenue Service \(irs.gov\)](#)

1099-K information link; [Understanding Your Form 1099-K | Internal Revenue Service \(irs.gov\)](#)

## Topic 4

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### IMRS Issues

**Direct Pay for Married Filing Joint Taxpayers:**

Direct Pay Estimated Payments for anticipated Married Filing Joint Returns, You can make a payment for someone else if you file jointly on the same tax return. On Step 2, "Verify Identity," select "Married – Filed Joint Return" as your filing status, then input the remaining information for the primary spouse (name listed on the tax return first). (Question 7)

## State Revenue Updates

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### Colorado Department of Revenue

- The Colorado Department of Revenue is holding a public rulemaking hearing on December 15, 2022 at 10:00AM. At the hearing, the Department will take comments on proposed rules regarding the foreign-source income exclusion and net operating losses. The hearing will include in-person and video conference options. Written comments may also be submitted to [dor\\_taxrules@state.co.us](mailto:dor_taxrules@state.co.us) until 5:00PM on December 15, 2022.
- The Department is also taking public comment on draft changes to the wage withholding rules. Written comments will be accepted until 5:00PM on December 16, 2022. Updated withholding certificates (DR 0004) and formulas (DR 1098) will be released shortly reflecting changes to federal standard deductions and the reduction of the Colorado income tax rate for tax year 2023.
- Information on current and past rulemaking hearings is available at [tax.colorado.gov/tax-rules](https://tax.colorado.gov/tax-rules).

### Minnesota Department of Revenue

- 2023 withholding tax forms and instructions have been added to the draft forms and instructions page on our website effective 11/21.
- We will begin the process this month to migrate all tax year 2022 forms and instructions to the Find a Form function on our website.
- On November 17 an email was sent to subscribers soliciting feedback on proposed changes to apportionment for the tax year 2023 business income tax forms. Feedback will be accepted through December 16, 2022.

## Questions and Answers:

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**1. Q: Will IP Pin notifications still be mailed to taxpayers?**

**A:** For those who applied online, they will need to go back online after January 9th to get their new PIN. Those who received their PINs by mail will receive their new PIN by mail each year.

**2. Q: 1099K - How does the PSE know the difference?**

**A:** Have clients keep all 1099Ks (in case you need to prove a payment was not from a merchant sale). We don't know what the impact is going to be on this yet.

**3. Q: Will this (*Hiring*) improve the PPS? I have tried three times this week , including today at 7:00am and was told all lines are busy. I have several client still waiting for refunds over a year. Received letter for more information - responded timely and still no refund or response. Was told on two of my clients that they have no record of filing?? How did a letter go out for more information if no record of filing?**

**A:** The Taxpayer Advocate Service should be contacted in those instances in which your clients have been waiting to receive refunds for lengthy periods of time.

**4. Q: Will the estimated payments for MFJ be fixed in the future so we can make estimated payments under the spouse who is self-employed?**

**It seems to have something to do with the social security number on the bank account being used for the estimated tax payment** Clarification: Issue trying to use Direct Pay. If the ES payment is paid through a bank account from the other spouse (not the one with the NEC), the Direct Payment is not accepted.

**A:** The Estimated payment to be made on a future MFJ return should be made under the primary SSN, so the payment will reflect on the tax account. If it made under the secondary SSN, it appears it doesn't always get "swept" into the account. An IRS Notice will be generated, and it can be transferred to the primary, but that involves answering the IRS Notice or calling the IRS to transfer the payment. I have not heard any information on if a payment is in the spouse's name, that it is automatically swept to the primary account.

For Direct Pay - the Social Security number of the taxpayer for whom the payment is being made for must be associated with the bank account used.

5. **Q: Issue with Form 14661 – Taxpayer received the form – someone had requested transcripts for several years – IRS did not process the request. Taxpayer waited 1 ½ hours, confirmed their identity but IRS would not tell her anything. No resolution – what to do?**

**A:** This appears to be an identity verification communication. We could not find Form 14661. Please review the form number. It appears to be an identity issue, and did you call the IRS Identity Number? True the ID Theft area cannot disclose information, but they should give you some guidance on this, to resolve this potential identity issue. They should let them know if it is an ID Theft issue. Please refer to the FAQ on identity and tax return verification service: [Identity and Tax Return Verification Service | Internal Revenue Service \(irs.gov\)](#). Another option would be to make an appointment at a Taxpayer Assistance Center - [Contact Your Local IRS Office | Internal Revenue Service](#).

6. **Q: An RO told me an internal memo in late Sept., told them not to forward to process ERC returns due to staff shortage. How do I confirm this or find the memo. When will IRS process them?**

**A:** Reached out to a revenue officer and asked about this. She said that they were NOT told to NOT process them, but that the area that is processing these returns (new ERC claims, not amended 941-X returns) is being formed. There will be a delay in these getting processed until this happens. She will keep us apprised of the status going forward so we can report back.

7. **Q: Recent penalty notice still using due date of April 15 for failure to pay - also used date received rather than postmark date. Makes a difference of \$250+ - how should we respond to penalty notice to get it corrected?**

**A:** We have seen this issue before for regular filed returns. We will look at it again. SL will respond directly to tax pro.

8. **Q: One of our clients received a late filing penalty on a 1120S. We have a receipt of the extension filed timely. Has anyone else seen this issue?**

**A:** This issue has been elevated as an IMRS issue and we will report back when the answer is received.

9. **Q: I also cannot get through to PPS and only call when transcripts have an ID block. So I cannot help those taxpayers at all. Issue on deceased taxpayers. POA is valid – with the PR/Executor, but still can't get the transcripts. Can get them by calling PPS.**

**Another thing that might help is to allow us to get transcripts, etc online for deceased taxpayers instead of locking the access to verified practitioner account requests**

**A:** ID Block is put in place to prevent ID theft relating to decedents. We aren't aware of a way to request transcripts online in this situation.

- [Deceased Persons – Getting Information from the IRS](#)
- [Tax Tip 2022-96, June 23, 2022 — How to file a final tax return for someone who has passed away](#)
- [Topic No. 356 Decedents](#)
- [Publication 559, Survivors, Executors, and Administrators](#)
- [Deceased Taxpayers – Probate, Filing Estate and Individual Returns, Paying Taxes Due](#)

**10. Q: ERTC issue that we've seen as a potential problem but not an actual one until now. In short, the IRS is trying to collect an income tax liability from the individual owner (because of his company's reduced wages dictated by ERTC rules) BEFORE the company has received its ERTC credits. How do we address?**

**A:** Issue clarified – Revenue Officer is calculating amended 1040 (amended K-1), but it hasn't been issued yet – to determine ability to pay on payment plan – large balance owed. Suggestion - contact RO Manager – if RO will not provide manager info, contact SL and we can contact the manager. (Appeal rights have expired) If a levy is issued, you can appeal the levy with a CAP and that will go to Appeals.

**11. Q: Client received IRS letter CP23 (changed your 2021 form 1040 to match our records). The letter came with a "Your caller ID number" Is this a new process? The client was able to get through and solved her problem. Have others seen this ID number on letters? followup = client received a LTR 294C telling her that she set up a "Personal Identification number " to be used on IRS automated self-service application on the telephone and internet. is this a new process?**

**A:** This issue has been documented and we will report back answer.

**Follow-up on my question on the CP 23 "your caller ID #" will I need the information when I use the POA?**

**A:** You should not need it. Your POA should still give you access to taxpayer records. We don't recommend calling using the taxpayer's caller ID.

**12. Q: Please explain the "volunteer" to help train or work the phone lines...I think I did not hear correctly - volunteers??**

**A:** IRS Submission Processing and Accounts Management will be soliciting volunteers from areas that have knowledge of IRS systems. This is another effort for an additional surge team to help with the backlog. We do not have any additional information about how many will be assigned at this point.

**13. Q: What is the direct number to account management? What is their role?**

**A:** There is no direct phone number for accounts management. They handle correspondence.

**14. What happened to allow tax preparer requesting a call-back on the PPS?**

**A:** We still have the callback feature, but it is on a lottery system. I spoke with a practitioner the other day who has used it and says it does work. So, if you get that option, take advantage of it.

We have elevated the following comments as feedback for consideration:

1. Tax pro reports they are unable to get through to PPS for over a month despite trying up to 10 times a day. This is a major issue.
2. When calling the number provided on a notice, callers must go through approximately 4 minutes of menu choices (often not even related to the notice) before we are told that they can't take the call. Is there a way to skip directly to the too busy message instead? This is a big waste of our time when we have to do this repeatedly.