

Area 6 - First Thursday Notes

August 4, 2022

Internal Revenue Service – First Thursday Area 6 Stakeholder Liaison Team

Stakeholder Liaison	Email Address	States Covered
Dan Belarmino	Danarnell.G.Belarmino@irs.gov	N.D, S.D.
Ann Burton	Ann.Burton@irs.gov	CO
Neki Cox	Neki.M.Cox@irs.gov	MT, WY
Kathleen Fox	Kathleen.M.Fox@irs.gov	KS, MO, NE
Tammy Gay	Tammy.Gay@irs.gov	IL
Alan Gregerson	Alan.J.Gregerson@irs.gov	MN
Michael Smith	Michael.Smith6@irs.gov	WI
Jody Stamback	Jody.K.Stamback@irs.gov	ID, UT
Krista Sullivan	Krista.M.Sullivan@irs.gov	IA, KS

Webinars

Please check [Webinars for Tax Practitioners](#) for upcoming Webinars –

Please check here for previously recorded Webinars: www.irsvideos.gov

IRS Discussion Items

CP 14 Balance Due Notices

The IRS is aware that some payments made for 2021 tax returns have not been correctly applied to joint taxpayer accounts, and these taxpayers are receiving erroneous balance due notices (CP-14 notices) or notices showing the incorrect amount.

Who is affected: Generally, these are payments made by the spouse (second taxpayer listed) on a married filed joint return submitted through their Online Account. Some other taxpayers may also be affected outside of this group.

No immediate action or phone call needed: Taxpayers who receive a notice but paid the tax they owed in full and on time, electronically or by check, should not respond to the

notice at this time. The IRS is researching the matter and will provide an update as soon as possible. Taxpayers who paid only part of the tax reported due on their 2021 joint return, should pay the remaining balance or follow instructions on the notice to enter into an installment agreement or request additional collection alternatives. Taxpayers can ensure that their payment is on their account by checking Online Account under the SSN that made the payment. Note that any assessed penalties and interest will be automatically adjusted when the payment(s) are applied correctly.

Additional information for tax professionals:

In general, when certain payments are processed, programming does not move the payment to the married filing jointly account when the payment is:

- not electronic and is made by the secondary spouse.
- electronic, is made by the secondary spouse, and posts before the joint return indicator is present to identify the primary taxpayer.
- made by the secondary spouse using the Online Account (OLA) Make a Payment functionality.

<https://www.irs.gov/newsroom/irs-statement-on-balance-due-notices-cp-14>

IRS Strategic Plan

The IRS Strategic Plan is a high-level roadmap to guide IRS operations and meet the needs of taxpayers and tax professionals.

The 2022 – 2026 Strategic Plan focuses on four strategic areas:

1. Service to taxpayers and tax practitioners
2. Enforcement – enforcing the tax law fairly and efficiently
3. People – recruiting, hiring and retaining a workforce that reflects the communities we serve
4. Transformation – reorganizing our operations and modernizing technology to develop solutions to improve tax administration.

Key excerpts from selected strategic goals:

1.1 Deliver **secure and customized services** to meet taxpayer needs.

1.2 Identify and address the needs of **underserved and multilingual communities** to improve their ability to participate in the tax system.

1.3 **Provide proactive outreach and education** to improve taxpayer understanding of their rights, responsibilities, and obligations.

4.1 **Reorganize our operational structure to provide an exceptional taxpayer experience** by increasing collaboration and maximizing efficiencies.

4.2 **Modernize technology infrastructure** and develop secure and sustainable solutions to improve tax administration.

A Closer Look

[A Closer Look](#) discusses one of the most complex modernization programs in the federal government, Customer Account Data Engine 2 (CADE 2), and why it's important to continue funding. CADE 2 is a database and multi-faceted processing engine that enables faster refund processing, improved fraud detection and faster case resolution.

You can find this issue and previous posts at irs.gov in both English and Spanish under News and Announcements on the IRS home page.

IRS Nationwide Tax Forum 2022 schedule for the remaining two weeks

[IRS Nationwide Tax Forum: Welcome \(irstaxforum.com\)](https://irstaxforum.com)

State Revenue Updates

Colorado Department of Revenue

- Colorado has begun mailing Colorado Cashback payments to taxpayers this week (beginning August 1). Colorado Cashback is a new, temporary process to provide TABOR refunds to Coloradans head of tax time. These refunds would normally have been distributed on income tax returns in the spring of 2023. More information about these payments can be found here: <https://tax.colorado.gov/cash-back> and additional information about TABOR and the refund requirements, in general, is available at this link: <https://tax.colorado.gov/TABOR>
- Colorado continues work on tax forms to incorporate changes that impact the 2022 filing year. Draft forms will be made available to substitute form vendors and software partners by the end of the month. Colorado also still plans to offer a legislative update for practitioners in the fall. More information will be available once the date for the training is set.

Illinois Department of Revenue

The State of Illinois is still working on getting the rebates to begin being issued the week of September 12th. It will take several months to release all the rebates.

In the very near future, you will be able to check on the status of your rebate by going to our website at www.tax.illinois.gov and utilizing the "Where's My Rebate" feature.

On our website, www.tax.illinois.gov, you will also be able to find out more information about the rebates and who qualifies. Most importantly if you have already filed your return, you do not need to do anything to automatically receive the rebate if everything was correct on your original filing.

Iowa Department of Revenue

- [Webinars](#)
 - The Department has adopted and filed the following emergency rule to the Iowa Legislature, effective July 1, 2022, but also initiated these rules through the normal rulemaking process available for public comment through August 11, 2022.
 - [Permits, Filing Returns, and Payments of Sales and Use Taxes](#)
 - To receive notifications of resources and guidance issued by the Department, [subscribe](#) to updates by selecting the tax topics of interest.
- Question kurt.konek@iowa.gov 515-587-0440

Minnesota Department of Revenue

- Software provider call and forms walk-thru - September 14, 2022 @ 10:30am. GovDelivery going out early next week with link.
- Near final forms released 8/1/22 [They can be found on our website here.](#)

Nebraska Department of Revenue

At the end of July, we posted the summary of the <https://revenue.nebraska.gov/about/2022-nebraska-legislative-changes>

fran.krejci@nebraska.gov

Wisconsin Department of Revenue

Wisconsin DOR update:

- Please review our [July 2022 Wisconsin Tax Bulletin](#) for updates.
- Draft [2022 Wisconsin income tax forms](#) are getting posted to our website for taxpayers, practitioners, and software providers to review.
- Sign up for WI DOR news for Tax Practitioners via our [email subscriber list](#).

Questions from the Chat

Is there an ETA on when 2021 returns will be finished being processed? I filed for a client on 4/8 and they still do not have their refund. The return did include CTC, Dependent care, and EITC.

As of July 22, 2022, we had 10.5 million unprocessed individual tax year 2021 returns. Of these, 1.7 million returns require error correction or other special handling, and 8.8 million are paper returns waiting to be reviewed and processed. This work does not typically require us to correspond with taxpayers but does require special handling by an IRS employee so, in these instances, it is taking the IRS more than 21 days to issue any related refund and in some cases this work could take 90 to 120 days. [IRS Operations During COVID-19: Mission-critical functions continue | Internal Revenue Service](#)

Any update on the electronic vehicles' standard mileage applicability?

Stakeholder Liaison has not heard any information on a standard mileage rate specifically applicable to electric vehicles. The standard mileage rate includes costs of operating a vehicle, such as the cost of gas, oil, tires, maintenance, and repairs, as well as the fixed costs of operating the vehicle, such as insurance, registration and depreciation or lease payments. The portion of the business mileage rate that is attributable to depreciation is 26 cents per mile. If an electric vehicle owner believes using standard mileage rate is less beneficial, they have the option of using the actual method.

Last month during the First Thursday meeting it was announced that the IRS is providing more options for electronically filing amended returns - 1st amended, 2nd amended, etc. Also, in the announcement was superseding returns. We have not seen any updates in our software to allow us to send in another return. Concerned about safeguards and acceptance.

Superseding Returns

A superseding return is a return filed subsequent to the originally filed return and filed within the filing period (including extensions).

A superseding return must be a complete XML filing of the entire return, with all required forms, schedules, and attachments (XML or PDF, if applicable). A taxpayer filing a superseding return must indicate the return is such by selecting the *Superseded Return checkbox (designation) in the software*, or the return will reject as a duplicate filing.

Note: You will not see a checkbox or selection entitled "Superseding Return" available on the paper forms.

Amended Returns

An **amended return** is a return filed subsequent to the originally filed or superseding return and **filed after the expiration of the filing period (including extensions)**.

Most taxpayers, e-filing an amended return, will have already e-filed their original tax return. Therefore, the easiest process for e-filing the Amended Return will be to update the underlying original return with those items that changed. Once the return has been updated with the changes, attach the required XML document and any

other supporting explanations and e-file the amended return, *ensuring that the Amended Return checkbox is selected.*

Follow-up on amended returns, we heard that these returns are accepted but then are key-punched in. Why/ What is the time delay on this Key punch? Does this apply to superseding returns - key punch entering?

Stakeholder Liaison is not aware of any information on key punching for amended returns. Below is the FAQ regarding processing timeframes for electronically filed amended returns.

Will filing my Amended Return be processed faster when filed electronically?

Currently, the normal processing time of up to 16 weeks also applies to electronically filed Amended Returns.

What is the turn-around for Amended Returns?

As of July 30, 2022, we had 2 million unprocessed Forms 1040-X. We are processing these returns in the order received and are working hard to get through the inventory. The current timeframe can be more than 20 weeks instead of up to 16. Please don't file a second tax return or contact the IRS about the status of your amended return. Taxpayers should continue to check [Where's My Amended Return?](#) for the most up to date processing status available.

If the IRS assesses a taxpayer based on a 1099-K, but the taxpayer has never had an account with the company that issued the 1099-K (and never earned income that would be reported on a 1099-K), what can the taxpayer do?

If the information reported to us isn't correct, please contact the business or person who reported the information. Ask them for a corrected document or a statement to support why it's in error, then send us a copy with your response. You should send your response to us as soon as possible, since we can't extend the time you have to file a petition with the U.S. Tax Court.

Why are 2020 amended e-filed returns or 2020 original e-filed returns filed late not allowing Form 8283 Noncash donation forms to be part of e-filed returns?

A quick look at [Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns](#), page 24, includes the following language:

Submission of Paper Documents to the IRS

If a form/document can't be submitted electronically, IRS can accept forms/documents in PDF format. Check the software package to see if this option is offered. EROs are responsible for ensuring that they submit to the IRS all paper documents required to complete the filing of returns. If the documents aren't submitted electronically, they may be mailed to IRS. Attach all appropriate supporting documents that the IRS requires to the Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return and send them to the IRS. Refer to page 2 of Form 8453 for the current mailing address. Below is a list of these supporting documents:

- Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes (or equivalent contemporaneous written acknowledgment);
- Form 2848, Power of Attorney and Declaration of Representative (only for an electronic return signed by an agent);
- Form 3115, Application for Change in Accounting Method;
- Form 3468, Investment Credit - attach a copy of the first page of NPS Form 10-168a, Historic Preservation Certification Application
- Form 4136, Credit for Federal Tax Paid on Fuels - attach the Certificate for Biodiesel and, if applicable, Statement of Biodiesel Reseller or a certificate from the provider identifying the product as renewable diesel and, if applicable, a statement from the reseller;
- Form 5713, International Boycott Report;
- *Form 8283, Noncash Charitable Contributions, Section A, (if any statement or qualified appraisal is required) or Section B, Donated Property, and any related attachments (including any qualified appraisal or partnership Form 8283);*

The IRS on August 3 on the e-services page stated that if you are a user - may continue to sign in with an active IRS username and don't need to take any action at this time." New users have to register or sign in with ID.ME. So, we do not have to use ID.ME at this time?? Is the IRS still moving toward ID.ME for everyone? Timeline?

New Sign-In Options for Users Coming in Summer 2022 (Updated 7/8/2022): The IRS will soon transition all e-Services tools to a new sign-in system that requires new users to register or sign in with ID.me, the current IRS credential service provider. Existing users don't need to take any action at this time. E-Services users with an active IRS username may continue to sign in after the transition. *More details to come.*

In the past a TP could request that a POA could receive checks but not cash them. That activity is gone from the 2848. Can this still be done? My TP is living outside the US.

- IRM 21.4.2.1.2.1.1 (1) (a) Using address provided by claimant. Under IRC 6402(a) the payee is the person who made the overpayment. A refund check may be mailed directly to the payee or to a representative who has filed a power of attorney (POA) *in which the payee has specifically authorized* that representative to receive a check issued in the name of the payee.

I have a TP who passed away in 2021. He filed jointly with his spouse in his year of death. There was a small refund (\$4k). The IRS is holding the refund and is asking for a Form 1310 and a copy of the death certificate. Why? It is not required for a surviving spouse. That is right in the 1310 instructions.

Stakeholder Liaison is researching this issue.

In response to the comments and suggestions on Penalty Abatement and the Reasonable Cause Assistant, Stakeholder Liaison would encourage those tax professionals to check out the Taxpayer Advocacy Panel and consider volunteering.

The Taxpayer Advocacy Panel, a Federal Advisory Committee to the Internal Revenue Service (IRS), helps to identify tax issues of importance to taxpayers and to provide a taxpayer perspective to the IRS on key programs, products, and services. It also serves as a focus group that makes recommendations to the IRS and the National Taxpayer Advocate.

TAP is a group of 75 citizen volunteers who listen to taxpayers, identify taxpayers' issues, and make suggestions for improving IRS service and customer satisfaction. The Panel is demographically and geographically diverse with taxpayers from all walks of life representing each state, the District of Columbia and Puerto Rico. The TAP also has at least one member living abroad to represent international taxpayers.

TAP members conduct outreach to solicit suggestions or ideas from citizens and serve on project committees working with IRS program owners on topics important to taxpayers and the IRS. The members participate in meetings and focus groups and develop and submit recommendations to improve the IRS.

Help Us Improve the IRS

Have a suggestion for improving the IRS and don't know whom to contact? We would like to hear from you. If you have a suggestion to improve the IRS, Speak Up! [Contact TAP at our website](#) or at [888-912-1227](tel:888-912-1227) (toll-free number).

Next First Thursday Meeting - Thursday September 1, 2022.