

**December 5, 2019**

**Alaska Practitioner Liaison Meeting**

**Virtual Meeting via WebEx**

Time: 12:00 pm –2:00 pm (AK)

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**Attendees:**

Internal Revenue Service

- Kristen Hoiby, Stakeholder Liaison, Area 6 Manager
- John Blakeman, Stakeholder Liaison
- Cathye Mason, Stakeholder Liaison
- Diane Wittman, Program Manager, SBSE Exam Seattle
- Carmen Naillon, Program Manager, Collection

Practitioner Representatives

- Therese Sharp, Chair, Alaska Society of CPAs (ASCPA)
  - Lisa Rogers, ASCPA
  - John Rogers, ASCPA
  - Christy Lee, Alaska Bar Association (ABA)
  - Charles Schuetze, ABA
  - Barbara Hompesch, Alaska Society of Independent Accountants (ASIA)
  - Sherry Whah, National Association of Tax Professionals (NATP)
  - Paula Laurion, ASIA
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**Meeting Summary**

**Diane Wittman, SBSE Exam Program Manager**

The IRS was down to one Revenue Agent in Alaska until last summer when a new hire came on board. More hiring is anticipated in FY 2020 and we hope to get some new positions in Alaska. Currently, circuit riders from Washington are working mandatory/priority cases in Alaska such as National Research Program (NRP) audits and claims for refunds. *Please*, try to keep scheduled appointments and make the time used as efficient as possible. Please also be patient with new hires as they learn.

Diane finished by briefly discussing some new types of examination work that practitioners may see such as tiered partnerships, promoters, Research & Experimentation Credits, offshore income and international issues. She also highlighted the benefits of referring taxpayers to the IRS video portal to view the IRS audit video, which can help them to understand the audit process and what to expect during an exam.

## **Carmen Naillon, Program Manager, Collection**

Resources [front-line Revenue Officers] in Collection have declined nationally by 47% between 2010 and 2018. In 2019, 6 new Revenue Officers were added in Alaska to bring the total to 7. Collection hopes to hire again in FY 2020 and add more. A new frontline Collection Group Manager, Mr. Kennedy, is also now in Alaska. Revenue Officers may be paired for field visits as new hires are learning; possibly even three Revenue Officers may go together to visit a taxpayer. Prior to the new hiring, compliance sweeps were done in various underserved areas, including Alaska, on older cases. Employment taxes are a priority for Collection since 72% of the revenue collected from taxpayers is through the withholding system. There will be a renewed emphasis on the tax deposit alerts visits (known as FTD alerts) since these are aimed to catch potential problems with depositing payroll tax; sort of an early intervention program. Collection is also focusing 'in general' on complex cases involving pyramiding, emerging issues such as virtual currency as an asset, and industries like the marijuana industry as more states are passing legislation to legalize sale and use of marijuana. Another recent focus has been on passport issuance/renewal denials for taxpayers with serious delinquencies.

## **Kristen Hoiby, Stakeholder Liaison**

### National Tax Security Awareness Week (NTSAW), Dec 2-6:

- IRS, state tax agencies and tax industry are joining forces for the fourth year to mark this awareness campaign.
- Anchored between the holiday shopping season and the upcoming tax filing season, National Tax Security Awareness Week seeks to encourage individuals, businesses and tax professionals to secure their sensitive financial data.
- This can be a prime time for identity thieves seeking information they can use to file fraudulent tax returns.

NTSAW features a week of news releases and media events aimed at heightening awareness of the importance of protecting ones personal/financial data. People should be aware of the importance of protecting ones personal data all year, to be sure, but especially during the holiday season. We encourage you to remind your clients and peers about this, perhaps even by publishing an article on data security in your newsletter, etc. We also encourage tax professionals to check out the Taxes-Security-Together Checklist for Tax Professionals: <https://www.irs.gov/tax-professionals/tax-security-20-the-taxes-security-together-checklist> , which is a guide to help tax pro's cover the basics of cybersecurity:

- ✓ Deploy basic security measures
- ✓ Create a written data security plan as required by law
- ✓ Educate yourself on phishing scams
- ✓ Recognize the signs of client data theft
- ✓ Create a data theft recovery plan

Kristen also presented a new proposal to develop a monthly informal discussion session for the Pacific Northwest (AK, WA, OR, some parts of ID) chaired by Cathye Mason. The sessions would be about ½ hour in length with a short opening presentation on latest news and updates followed by open mike for practitioner participants to highlight problems and concerns for the stakeholder liaison team at IRS to work or elevate.

## **John Blakeman, Stakeholder Liaison**

### Estimated Taxes and the Tax Withholding Estimator:

Because the U.S. tax system is pay-as-you-go, taxpayers are required, by law, to pay most of their tax obligation during the year, rather than at the end of the year. This can be done by either having tax withheld from paychecks or pension payments, or by making estimated tax payments. If too little is paid during the year, a penalty may apply at tax filing time.

The Tax Cuts and Jobs Act changed the way tax is calculated for most taxpayers, including those with substantial income not subject to withholding. Among other things, the new law changed the tax rates and brackets, revised business expense deductions, increased the standard deduction, removed personal exemptions, increased the child tax credit and limited or discontinued certain deductions. As a result, many taxpayers may need to raise or lower the amount of tax they pay each quarter through the estimated tax system.

The [Tax Withholding Estimator](#) can help people determine how much tax they need to pay throughout the year, either through withholding via a paycheck, or via estimated payments.

### ITIN Renewal:

Taxpayers with [expiring Individual Taxpayer Identification Numbers](#) (ITINs) can get their ITINs renewed more quickly and avoid refund delays next year by submitting their renewal application soon, the Internal Revenue Service said today.

An ITIN is a tax ID number used by taxpayers who don't qualify to get a Social Security number. Any ITIN with middle digits 83, 84, 85, 86 or 87 will expire at the end of this year. In addition, any ITIN not used on a tax return in the past three years will expire. As a reminder, ITINs with middle digits 70 through 82 that expired in 2016, 2017 or 2018 can also be renewed.

The IRS urges anyone affected to file a complete renewal application, [Form W-7, Application for IRS Individual Taxpayer Identification Number](#), as soon as possible. Be sure to include all required ID and residency documents. Failure to do so will delay processing until the IRS receives these documents. With nearly 2 million taxpayer households impacted, applying now will help avoid the rush as well as refund and processing delays in 2020.

Many common errors can delay an ITIN renewal application. These mistakes generally center on missing information or insufficient supporting documentation. Common mistakes to avoid include:

- **Missing W-7 Applications.** Taxpayers renewing their ITINs must submit to IRS a completed new W-7 application along with either original documents or copies of documents certified by the issuing agency.

- **Did not indicate reason for applying.** A reason for needing the ITIN must be selected on the Form W-7.
- **Missing a complete foreign address.** When renewing an ITIN, if Reason B (non-resident alien) is marked, the taxpayer must include a complete foreign address on their Form W-7.
- **Mailing incorrect identification documents.** Taxpayers mailing their ITIN renewal applications must include original identification documents or copies certified by the issuing agency and any other required attachments. They must also include the ITIN assigned to them and the name under which it was issued on line 6e-f.
- **Insufficient supporting documentation,** such as U.S. residency documentation or official documentation to support name changes. Dependents are required to supply residency documentation in most cases.
- **Did not include a tax return to validate a tax benefit.** Spouses and dependents residing outside the U.S. who would've been claimed for a personal exemption should not renew their ITINs this year, unless they are filing their own tax return, or they qualify for an allowable tax benefit. For example: a dependent parent who qualifies the primary taxpayer to claim Head of Household filing status, American Opportunity Tax Credit (AOTC), or Premium Tax Credit. In these cases, the individual must be listed on an attached U.S. federal tax return with the appropriate schedule or form that qualifies for the allowable tax benefit and the federal tax return *must be attached* to the renewing Form W-7 application.

ITIN Home Page: <https://www.irs.gov/individuals/individual-taxpayer-identification-number>

#### Tax Professional Data Security and Protection:

I'm sure we are all aware of what a worldwide epidemic data theft has become, and how important it is to guard not only our own personal information, but that of clients as well. Using strong passwords, educating staff on the importance of data security, insuring your anti-virus programs are up to date, and yes... data breach insurance, are all crucial in this day and age.

If you have a client who experiences a W-2 data loss (such as might happen with one of many email scams), they should send an email with their contact information to [dataloss@irs.gov](mailto:dataloss@irs.gov) , as these are the folks who will help with that. As a tax practitioner, if you experience a data breach just send an email to our group mailbox at [cl.sl.area.6@irs.gov](mailto:cl.sl.area.6@irs.gov) and we'll forward it to our Data Breach Cadre member. THE SOONER YOU CONTACT US THE BETTER.

States also want to know about W2 theft. You can email the Federation of Tax Administrators at [StateAlert@taxadmin.org](mailto:StateAlert@taxadmin.org) and they will send you a point of contact for your state who will also walk you through the process.

If you or your employees receive a W-2 scam email, you should forward that email to [phishing@irs.gov](mailto:phishing@irs.gov) and put "W-2 scam" in the subject line.

### Upcoming Webinars:

While we do not have any new webinars scheduled, we are working on them and there are archived webinars as well... not the least of which is the webcast on Opportunity Zones. There is a web page on our website with upcoming webcasts for practitioners, and you can find descriptions and registration information there. You can also link to the IRS Video Portal from there and access archived webinars for tax professionals. Here is the link:

<https://www.irs.gov/businesses/small-businesses-self-employed/webinars-for-tax-practitioners>

### Tax Cuts and Jobs Act Resources:

Individual taxpayers, businesses, and tax professionals can get information on TCJA changes on IRS.gov. Just go to the following link: <https://www.irs.gov/tax-reform> .

In case you have not checked them out, the FAQs on Section 199A are quite extensive too:

<https://www.irs.gov/newsroom/tax-cuts-and-jobs-act-provision-11011-section-199a-qualified-business-income-deduction-faqs>

### Form W-4:

The final draft for the 2020 Form W-4 is now online. The form can be accessed from the following link: <https://www.irs.gov/forms-pubs/about-form-w-4>

## **Cathye Mason, Stakeholder Liaison**



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## **Issues & Status**

Lisa Rogers presented a concern with efile authorizations (Form 8879). The authorization for Form 1040 can be electronically signed using DocuSign however other returns available for efile (eg. F 1120, F 1120-S, F1065) cannot be authorized electronically on F 8879. Cathye will look into this and an update will be provided at the next meeting.

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## **Next Scheduled Meeting**

The date is to be determined.