

**December 7, 2021**

***Alaska Practitioner Liaison Meeting***

**Virtual Meeting via WebEx**

Time: 12:00 pm –2:00 pm (AK)

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**Attendees:**

Internal Revenue Service

- John Blakeman, Stakeholder Liaison
- Cathye Mason, Stakeholder Liaison
- Brandon Spanos, Local Taxpayer Advocate, AK
- Sarah DeBurle, Local Taxpayer Advocate, WA
- Sonia Oen, Group Manager, Exam
- Gail Adalsteinsson, Program Manager, Collection
- Barry Kennedy, Group Manager, Collection

Practitioner Representatives

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

Welcome remarks and introductions.

**Brandon Spanos and Sarah DeBurle, Taxpayer Advocate Service**

Brandon indicated that most advocates, himself included, are working from home these days as we are still dealing with COVID. Anchorage TAS is also having some employee attrition issues now too. They just had a 40 year veteran retire, and it always stings when that much experience leaves, plus they are having some turnover issues with the new hires. In fact, their intake person quit, so Brandon is doing that now too.

TAS is still seeing a backlog of returns yet to be processed...mostly amended returns. Currently, TAS will not accept any cases where the only issue is an unprocessed amended return.

TAS is also expecting that come filing season, the Child Tax Credit reconciliation will likely be an issue. More to come on that we are sure.

And lastly, but certainly not least(ly), Washington TAS will be holding a pre-filing season event and a problem-solving day on January 12<sup>th</sup>. The pre-filing season events entails sharing information on things people can do to avoid refund delays and other processing issues. The problem-solving part of the event will allow people to ask about issues they are having with the IRS. In some cases we will advise them of what they need to do to resolve an issue, or if it meets TAS criteria, we will have a case made. It will be at the Jackson Federal Building in the South Auditorium which is on the 2<sup>nd</sup> Ave entrance. There will be signs showing people where to go.

### **Sonia Oen, SBSE Exam**

Time was not too long ago when it was Sonia and just one other Revenue Agent and that was Exam in Alaska. Fortunately, she now has 7 RAs to manage, and while it is not the 2 full groups there used to be, it is a huge improvement. The area also has 3 Tax Compliance Officers [TCOs], and their manager is in Portland. As you might imagine there is a lot of training going on right now. Diane Wittman has retired as the area Program Manager (aka Territory Manager) and Shane Carothers is in that role. Shane can be reached at 206-946-3307 and Sonia can be reached at 907-786-9732.

Current programs/priority work includes abusive transactions and promoters, microcaptive insurance, and the Research and Development Credit. Most of the exams are still being done primarily through correspondence, although RAs can meet face to face if there is a pressing need. Of course, all required COVID protocols would be observed [masks, etc].

### **Here's a good to know – the ability to accept electronic signatures on reports and other forms has effectively been extended to 2023...that is awesome!**

The Fast Track Settlement Program is still with us, and Sonia says she has had some amazing success with it.

Fast Track is a voluntary mediation program that may help you resolve your tax dispute more quickly than a traditional appeal. You can request Fast Track for most examination disputes, Offer in Compromise cases and Trust Fund Recovery Penalty cases once the examiner or collection officer (the IRS) has completed their work and there are issues that remain unresolved.

With Fast Track, an independent Appeals mediator will try to help you and the IRS reach an agreement on the disputed issue(s). The Appeals mediator will facilitate settlement discussions and may offer settlement proposals.

Because Fast Track is voluntary, the Appeals mediator can't force you or the IRS to participate or to accept a proposed agreement. You retain control over decisions you make about your case. If you are unable to resolve your dispute through Fast Track, you will still have the right to request a traditional appeal or a conference with an IRS manager. If you would like to learn more, please visit the link to our webpage on the subject: <https://www.irs.gov/appeals/fast-track>

### **Gail Adalsteinsson and Barry Kennedy, Collection**

Gail is the Territory Manager (Program Manager) for Collection. She came to the job in August of this year, and is still getting used to all it entails. Barry is the group manager in Anchorage. Currently there are 5 Revenue Officers in place, with one going to another group, and 2 new ROs on the way...ultimately, it will be 6 Revenue Officers in the group. The one RO that is going to another group is their most seasoned veteran, and when that person is gone, the group will consist entirely of fairly new employees. So please try to have a bit of grace and understanding while they get used to the job. For now, more complex cases are going to be worked by RO's in Seattle.

Overall, probably the biggest headache right now is the length of time it is taking to process things. The contract for private debt collection has ended, and we are not sure if it will be extended or not. You may get a client who has been involved with PDC, but just know that IRS is handling all the collecting now.

Barry's group had a 'shared MA' for a while (that would be Management Assistant/Group Secretary that worked with two groups)...they still do for a short time, but that person will be taking a Revenue Agent job at the beginning of next year, which is wonderful for the MA, but a bit sad for the group.

Barry can be reached at 907-786-9769.

### **Cathye Mason, Stakeholder Liaison**

Secure Access Digital Imaging [SADI]

This has happened already without any fanfare. We are now using digital identity verification for online access to just about every application available on IRS.gov. SADI is the current best practice and our provider is ID.me which is used by a number of states as well as, for example, the Social Security Administration. We used to rely on what you knew about yourself (AGI, major account numbers, etc.) to determine you were "legit" with Secure Access Authentication (eAuth). Now we're relying on who you are (acceptable photo ID combined with facial recognition from a selfie) with Secure Access Digital Identity.

Sometime in the Summer of 2022 (after tax season...!) we will all be re-authenticating ourselves using ID.me but for now, your eAuth credentials will still

work. For additional information on SADI try checking out the following links to our website:

[Secure Access: How to Register for Certain Online Self-Help Tools | Internal Revenue Service \(irs.gov\)](#)

[ID.me IRS Help Site](#)

Letter 6419:

We have seen the initial [very preliminary] draft of the Letter 6419, which is the reconciliation form that will be mailed to individual taxpayers. Good news- there is a nice bold box at the top with the return info you need. Not so good, but probably unavoidable-the letter is very wordy. Lots of information, especially for those who like to do it on their own, so not necessarily a bad thing. Having the box is helpful to draw attention to the really important part. We will share the form as soon as it is finalized for public viewing so stay tuned! BTW it is a front/back form, with side 2 in Spanish!

Phone Line Callback:

We now have a callback feature on a number of our toll-free help lines/applications!

Customer Callback service provides the option to receive an automated callback, instead of waiting on hold in the queue. This feature saves the caller's place in the queue and when an assistor becomes available, the Callback system automatically calls them back.

Callbacks are offered to randomly selected taxpayers, when estimated wait times are greater than 15 minutes.

The callback system confirms your callback number and callback time before disconnecting and all callbacks originate from a West Virginia phone number, with the area code 304.

Callback hours of operation are from 6:30am to 7:00pm Central Time. The system will not schedule callbacks at the end of or beyond the call site hours.

The Callback feature is currently available on 31 toll-free applications, including Identity Theft and IMF Practitioner Priority Service (PPS).

The upshot is, depending on the circumstances surrounding the time of the phone call, wait times, and the time of day, there may or may not be a callback option offered.

## ERC Update- Infrastructure Bill:

A brief update on the implications of the Infrastructure Act for businesses who, in anticipation of claiming an ERC in the 4<sup>th</sup> quarter went ahead and held back employment tax deposits or perhaps applied for and received an advance using Form 7200, maybe both!

If you applied for an advance for the 4<sup>th</sup> quarter using Form 7200 and it was not processed prior to enactment of the Infrastructure Act, then submission processing employees should reject the request and send a letter of explanation. Of course, if you are a recovery startup business they will continue to process the advances.

If, however, you already received an advance to which you are not entitled after the legislative change it will have to be repaid. These are due on the same date your employment tax return is due for the 4<sup>th</sup> quarter of 2021, so January 31 of 2022. If you miss that repayment deadline you will be assessed a failure to pay penalty unless you can establish reasonable cause for the failure.

The penalty for failure to deposit and pay on underpayments of employment tax deposits will be waived as long as the applicable deposits are made by the due date for deposits on wages payable on December 31, 2021. What that means for most small businesses who are monthly depositors is January 17, 2022. It will be sooner for semi-weekly depositors (maybe) 3 day depositors (oh, yeah) and those folks subject to the next day rule (for sure!).

There will be no penalty waiver for any employment tax deposits due after the notice is published to the Internal Revenue Bulletin, which is December 20, 2021 except for the Recovery Startups which are still eligible. But remember, you always have available reasonable cause relief if you can meet the requirements.

## **John Blakeman, Stakeholder Liaison**

### National Tax Security Awareness Week:

Last week was, I believe, the 6<sup>th</sup> National Tax Security Awareness Week. Each day of the week focused on an important part of tax security and protecting personal information and data. Fraudsters take advantage of every opportunity they can get, and COVID certainly opened up some new avenues for them...so stay vigilant and be responsible with personal information. Use strong passwords and change them regularly, consider joining the voluntary IPPIN opt-in program, make sure your electronic devices are secure and have the latest anti-virus/malware program updates...

### Get Ready for Taxes:

It's that time of year again! Yeah...when folks are scrambling around trying to find all the stuff that they got during the year that relates to taxes....I'll admit I do some

of that too... last year it was the EIP letter... go figure. And yes, I saved it and put it in a special place...just not the tax folder I make each year for that year's taxes. Organization is king for this stuff so remember that when you're putting together your organizer to send to clients, etc, that we do have a web page on IRS.gov that speaks to preparing for taxes: <https://www.irs.gov/individuals/steps-to-take-now-to-get-a-jump-on-next-years-taxes>

Some dates to remember... the IMF has been down since 11/20 for re-tooling/updating for filing season. The BMF down time starts 12/26, the day after Christmas.

As of now, and remember these dates are subject to change:

BMF opens January 8, IMF opens February 12, 2022

EIP 3:

The first and second rounds of Economic Impact Payments were issued in 2020 and early 2021. The first two rounds of Economic Impact Payments were advance payments of the 2020 Recovery Rebate Credit claimed on a 2020 tax return.

The third round of Economic Impact Payments was issued starting in March 2021 and continue through December 2021. The third round of Economic Impact Payments, including the plus-up payments, were advance payments of the 2021 Recovery Rebate Credit claimed on a 2021 tax return.

Most eligible people already received the payments. However, people who are missing stimulus payments should review their information to determine their eligibility and whether they need to claim a Recovery Rebate Credit for tax year 2020 or 2021.

Child Tax Credit reconciliation:

CTC reconciliation is going to be an issue. We are hearing that there will be a portal or application or what have you where folks can check to see how much AdvCTC they got this year... because basically, half was paid out during the year, and the other half gets claimed on 2021 tax return. We will be sending a letter to those who received Advance Child Tax Credit this year to assist in reconciling amounts on the tax return.

If you received advance payments, when you file your 2021 tax return, you will need to compare the [advance Child Tax Credit payments](#) that you received during 2021 with the amount of the Child Tax Credit that you can properly claim on your 2021 tax return.

If you received less than the amount that you're eligible for, you'll claim a credit for the remaining amount of Child Tax Credit on your 2021 tax return. If you received

more than the amount that you're eligible for, you may need to repay some or all of that excess payment when you file.

In January 2022, the IRS will send you Letter 6419 to provide the total amount of advance Child Tax Credit payments that you received in 2021. You need to keep this and any other IRS letters you received about advance CTC payments you received with your tax records and refer to them when you file.

See [Reconciling Your Advance Child Tax Credit Payments on Your 2021 Tax Return](#) for more information.

**Webinar alert!!!** For those who may be wondering where we are with the tax season updates...we have a webinar coming on **January 13** "Tax Changes from a Forms Perspective – Tax Year 2021". The link to register can be found on our Webinars for Tax Pros page: <https://www.irs.gov/businesses/small-businesses-self-employed/webinars-for-tax-practitioners>

I just checked it out myself...it's there and registration is open!

## Issues & Status

Just as a note for general awareness, the IRS has been hiring again, and there are really a lot of new people coming on in various stages. So lots of new ROs and RAs getting used to the job. Which brings us to a few questions:

There have been more than a couple of inquiries over the past few months regarding practitioners with POA for their client not getting copies of correspondence from the RA or RO [and the box is checked on the 2848 to receive such correspondence]. We are pretty sure this is related to the fact that so many new folks are on board, and this is the type of mistake that a new person does. Please be patient with the new folks as they learn their way, but in the meantime, it doesn't hurt to give them a call [or their manager] and let them know what's going on. Sonia's number and Barry's are above.

The same can be said for the issue with a client receiving Letter 861 asking for a separate POA for a schedule C's employment tax returns. A properly filled out POA for a Form 1040, Schedule C, would also cover the employment tax returns. In this case the 2848 was properly filled out with the Sch C's EIN, etc. In this instance, I would call the number on the letter and explain to the person that it is, in fact, permitted, per the IRM, to handle the whole thing on one POA. You could even send me an email and we could let their manager know, so that they could then let the employee know.

There was also a question sent in regarding frequent hang-ups on the help lines, such as PPS. Hopefully the information above on the call-back features now in place helps alleviate some of the frustration.

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## **Next Scheduled Meeting**

The date is to be determined.