


IRS ISSUES CHAPTER 7

LAND GRANT UNIVERSITY TAX EDUCATION FOUNDATION

2021 National Income Tax Workbook

1 IRS ISSUES CHAPTER 7 – Stakeholder Liaison (Pages 271 – 310)



IRS ISSUES CHAPTER 7

Learning Objectives

- Apply for or renew a PTIN
- Apply to be an enrolled agent *
- Participate in the Annual Filing Season Program *
- Identify when to refer a case to the Taxpayer Advocate Service
- Know the services that the Taxpayer Advocate Service provides
- Identify current cyber-scams and know how to avoid them
- Know how to use IRS online tools
- Understand new and existing payment arrangement options


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IRS ISSUES CHAPTER 7

Issue 1: IRS Return Preparer Office

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Obtaining and Renewing a PTIN

- Obtaining a PTIN
- Renewing a PTIN

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Issue 2: TAXPAYER ADVOCATE SERVICE

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TAS Authorities

There are two types of authorities:

- Statutory
- Delegated



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TAS Criteria: Economic Burden

- Experiencing or about to suffer economic harm
- Facing immediate threat of adverse IRS action
- Will incur significant cost if relief is not granted
- Will suffer irreparable injury or long-term adverse impact



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TAS Criteria: Systemic Burden

- Delay of more than 30 days past normal processing time
- No response by promised date
- Systemic or procedural failure


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TAS Operations Assistance Request (OAR)

When Taxpayer Advocate Service (TAS) does not have delegated authority to take actions necessary to resolve taxpayer issues, TAS must use Form 12412, Operations Assistance Request (OAR) process to request actions from IRS operating divisions or functions.

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Case Advocacy Process

- Taxpayer or Representative can file Form 911, Request for Taxpayer Advocate Service Assistance or call the NTA Case Intake Line: 1-877-777-4778
- The case is assigned to a case advocate
- The case advocate contacts the Taxpayer or the Representative and issues an Operations Assistance Request to the Operating Division to resolve the issue

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Issue 3: Cybersecurity


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Cybercriminal Threats

- Cybercriminals have attempted to exploit COVID-19 concerns this year
- Cybercriminals use a variety of techniques and tools


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Phishing Scams

- More than 90% of Data Thefts
- Fraudsters pose as state agencies of non-profits “offering” help with Economic Impact Payments
- Recognize the phishing “bait”


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Phishing Scams

- Phishing email or text
- Urgent message
- Link in email or text, or attachment to email
- May take you to a site that looks familiar, but it's part of the scam

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Phishing Email – New Client Scam Example


Subject: 2020 tax season inquiry
 Date: [REMOVED] 2020 [REMOVED]
 From: [REMOVED]
 To: [REMOVED]

Happy New year,
 I am currently in **search for a new tax preparer**. I usually file these federal forms 1040, Schedule A, Schedule B, Schedule C, Schedule D, Schedule SE. My former preparer typically charged around **\$600**. Is that the typical fee that you would charge? I talked to a large tax group in the area, and they said that they do more complicated returns and charge a minimum of **\$3,000**.

I also have to **amend my 2018** tax return I **got a notice** regarding these late November. I will also like to have a quote on **what you will charge to help resolve the issue** with the IRS.
 I hope to hear from you soon

Sincerely,
 [REMOVED]

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IRS Impersonation Scams

Internal Revenue Service Does Not:

- **Call Demanding Payment and Making Threats of jail or lawsuits**
- **Demand payment via gift, debit, or iTunes cards**
- **Send unsolicited e-mails about refunds**
- **Request login credentials, Social Security Numbers or other sensitive information**
- **For more information see irs.gov/phishing**

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Unemployment Compensation

Identity theft guidance regarding unemployment compensation reporting

Current Year

Prior Year

Accessible

elinks

Brainer Friendly

Post Release Changes to Forms

Order Forms and Pubs

Help with Forms and Instructions

Comment on Tax Forms and

Alert – Whether payments made to imposters under unemployment compensation programs as a result of a confirmed case of identity theft should be reported on Form 1099-G, Certain Government Payments.

Questions have been raised about the reporting of payments made under unemployment compensation programs that, due to identity theft, were not made to the individuals under whose names the benefits were claimed. In these identity theft schemes, fraudulent claims for unemployment compensation have been made by imposters using the names and personal information of unrelated individuals who have not filed claims. The payments made as a result of the fraudulent claims are made to the identity thieves, and the unrelated individuals whose names and personal information were stolen did not receive any of the payments. Questions have been raised about whether the benefits paid under these circumstances should be reported on Form 1099-G, Certain Government Payments, in the names of the unrelated individuals who did not file the claims or receive the payments.

If a paper or a law enforcement agency determines based on all facts and circumstances that, due to identity theft, payments made under an unemployment compensation program were not made to the individual under whose name the benefits were claimed, the payments should not be reported on Form 1099-G.

If payments made due to identity theft are mistakenly reported on Form 1099-G in the name of an identity theft victim, a corrected Form 1099-G reporting \$0 should be issued to the identity theft victim and filed with the IRS as soon as possible after the error is discovered.

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Report IRS - Related Phishing

- **Phishing@irs.gov**
 - **Do not reply**
 - **Do not open attachments or links**
 - **Forward phishing email**
- **IRS.gov keyword search “Stakeholder Liaison”**



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Other Government Agencies Investigate Scams

- **TIGTA investigates IRS impersonation Scams**
 - phone number: 1-800-366-4484
 - web address: www.tigta.gov
- **Federal Trade Commission: www.FTC.gov**
- **National Center for Disaster Fraud (NCDF)**
 - phone number: 1-866-720-5721
 - web address: www.justice.gov/disaster-fraud
- **Department of Labor: www.DOL.gov/fraud**
- **National Center for Fraud Hotline: 1-866-720-5721**



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Deploy the “Security Six” Protections:

1. Anti-virus software
2. Firewalls
3. Two-factor authentication
4. Backup software/services
5. Drive encryption
6. Virtual Private Network (VPN)

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What is an Identity Protection PIN (IP PIN)?

- Six-digit number
- Assigned to eligible taxpayers
- Helps the IRS verify a taxpayer’s identity
- Prevents someone else from filing a tax return with your SSN
- You get a new IP PIN every year

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Important IP PIN Opt-In Guidelines


- Starting in mid-January 2021, all taxpayers can apply for an IP PIN
- An IP PIN is valid for one calendar year
- Taxpayers must go to Get an IP PIN tool each year
- There currently is no process to “opt-out” of IP PIN program but the IRS will be creating one in the future

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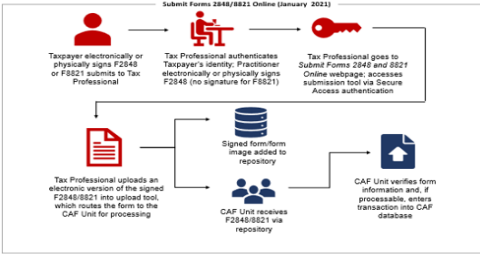
Issue 4: IRS Online Tools

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Process Flow – Submit Forms 2848 and 8821 Online


Submit Forms 2848/8821 Online (January 2021)



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graph TD
    A[Taxpayer electronically or physically signs F2848 or F8821 submits to Tax Professional] --> B[Tax Professional authenticates Taxpayer's identity, Practitioner electronically or physically signs F2848 (no signature for F8821)]
    B --> C[Tax Professional goes to Submit Forms 2848 and 8821 Online webpage, accesses submission tool via Secure Access authentication]
    C --> D[Tax Professional uploads an electronic version of the signed F2848/8821 into upload tool, which routes the form to the CAF Unit for processing]
    D --> E[CAF Unit receives F2848/8821 via repository]
    E --> F[Signed form/form image added to repository]
    F --> G[CAF Unit verifies form information and, if processable, enters transaction into CAF database]
  
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Electronic Signature

- Tax pros must follow the “Electronic Signatures” requirements outlined in the form instructions to verify the taxpayer's identity when the taxpayer electronically signs in a remote transaction.
- Forms can be submitted in either PDF or image formats such as jpeg or png; only one form may be uploaded at a time. Forms are routed to CAF unit for normal processing.


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Tax Pro Account

- IRS launches new Tax Pro Account, a secure, self-service online portal giving tax pros another way to allow clients to sign authorizations electronically.
- Tax pros access their Tax Pro Account by passing Secure Access authentication or by using username/password from existing account, such as e-Services.

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Taxpayer Digital Communications

Terms of Service

I understand that in order to use the Taxpayer Digital Communications platform, I must agree to the following terms of service.

I understand that in order to use the Internal Revenue Service's ("IRS") Secure Messaging platform, I must agree to the following terms of service.

I understand that as a taxpayer I have the right to receive certain notices and communications from the IRS in paper form by mail. By participating in the IRS Secure Messaging program, I am consenting to receive some of those documents through the IRS Secure Messaging platform, and I understand that I might no longer receive paper copies of certain notices and communications by mail. I am also consenting to allow persons whom I separately authorize to access my IRS records to receive some of the same documents through the IRS Secure Messaging platform when access is allowed under my authorization.

I also consent to the IRS's sending notification emails or telephone messages (e.g. SMS, MMS) to the email address and/or telephone number associated with my account with the IRS, and that the notification messages will indicate that I should log into the IRS Secure Messaging platform to review relevant electronic notices and communications from the IRS.

I understand that the IRS Secure Messaging program is limited to some, but not all communications, from the IRS, and I have the responsibility to monitor several methods of communication (including mail, telephone, and other electronic methods), not just the IRS Secure Messaging platform, in order to communicate with and meet my obligations to the IRS. I understand that I have the right to stop using the IRS Secure Messaging program by promptly notifying the IRS that I no longer wish to communicate electronically. I also understand that it is my responsibility to notify the IRS that my contact information has changed, including when I wish to use a different email address or telephone number to receive IRS Secure Messaging electronic communications.

I understand that my use of the IRS Secure Messaging platform does not convey any rights to me, and I understand that my use of IRS Secure Messaging platform is voluntary, optional, and may be terminated at any time. [Click here to do if your account is terminated.](#)

I agree to abide by the IRS Secure Messaging Rules of Conduct, while using IRS Secure Messaging platform. I understand that the Rules of Conduct and/or Terms of Service may be changed at any time and that I will be required to agree to any changes in order to continue using IRS Secure Messaging. I understand that if I violate the Terms of Service, I will be required to agree to any changes in order to continue using IRS Secure Messaging. I understand that if I violate the Terms of Service, I will be required to agree to any changes in order to continue using IRS Secure Messaging.

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Signature Options for POA and TIA			
	Mail/Fax/e-Fax to PPS	Online via <i>Submit Form 2848 and Form 8821</i>	Online via <i>Tax Pro Account</i>
Taxpayers	<ul style="list-style-type: none"> Wet signature only 	<ul style="list-style-type: none"> Image of Wet signature Electronic signature 	<ul style="list-style-type: none"> Digital signature thru online account
Tax Professionals	<u>Form 2848</u> <ul style="list-style-type: none"> Wet signature only 	<u>Form 2848</u> <ul style="list-style-type: none"> Image of Wet signature Electronic signature 	<u>Form 2848</u> <ul style="list-style-type: none"> Digital signature thru online account
	<u>Form 8821</u> <ul style="list-style-type: none"> No signature requirement 	<u>Form 8821</u> <ul style="list-style-type: none"> No signature requirement 	<u>Form 8821</u> <ul style="list-style-type: none"> No signature requirement

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Electronic Signature	
<p>Examples of acceptable electronic signature methods include:</p> <ul style="list-style-type: none"> A typed name that is typed into a signature block A scanned or digitized image of a handwritten signature that is attached to an electronic record A handwritten signature input onto an electronic signature pad A handwritten signature, mark, or command input on a display screen with a stylus device 	


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Authentication for F2848/8821 (1/3)	
<ul style="list-style-type: none"> If the taxpayer electronically signs the authorization form in a remote transaction, the taxpayer's identity must be authenticated. Authentication for remote transactions, however, is not required where the individual has personal knowledge of the taxpayer's identity. 	

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Authentication for F2848/8821 (2/3)

To authenticate the taxpayer's identity for remote transactions, the individual must:

1. Inspect a valid government photo identification (ID) and compare the photo to the taxpayer via a self-taken picture of the taxpayer or video conferencing. Examples of government photo ID include a driver's license, employer ID, school ID, state ID, military ID, national ID, voter ID, visa or passport.


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Authentication for F2848/8821 (3/3)

2. Record the name, Social Security Number or Individual Taxpayer Identification Number, address, and date of birth of the taxpayer; and
3. Verify the taxpayer's name, address and Social Security Number through secondary documentation, such as a Federal or state tax return, IRS notice or letter, Social Security Card, or credit card or utility statement.

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To authenticate a business taxpayer's identity for remote transactions, the third party must:


1. Verify through documentation that the individual has an authorized covered relationship with the business
2. Record the name, employer identification number (EIN), and address of the business entity taxpayer.
3. Verify the business entity taxpayer's name, EIN, and address through secondary documentation, such as a tax information reporting form (for example, W-2, 1099, etc.), IRS notice or letter, or utility statement.

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Issue 5: Tax Payment Arrangements


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Installment Agreement User Fees

Type of Agreement	Set-up Fee	Additions
Short-Term Payment Plan	\$0	Accrued penalties/interest until the balance is paid in full.
Long-Term Payment Plan – non direct debit	\$149, apply online or \$225 apply by phone, mail or in person.	Low income: \$43 which may be reimbursed if certain conditions are met.
Long-Term Payment Plan – direct debit	\$31 apply online or \$107 apply by phone, mail or in-person.	Low income; apply online, by phone or in-person. Set-up fee waived.
Long-Term Payment Plan – non direct debit	\$149	
Long-Term Payment Plan – direct debit	\$31	

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Installment Agreement

9465 **Installment Agreement Request**



OMB No. 1545-0074

1a Your first name and initial **1b** Last name **1c** Your social security number **1d** Spouse's social security number

2 Name of your business (must no longer be operating) **3** Your home phone number **4** Your work phone number **5** Best time for us to call

6 Enter the total amount you owe as shown on your tax return(s) (or notice(s)) **7** If you have any additional balances due that aren't reported on line 6, enter the amount here (even if the amounts are included in an existing installment agreement) **8** Add lines 6 and 7 and enter the result **9** Enter the amount of any payment you're making with this request. See instructions **10** Amount owed. Subtract line 9 from line 8 and enter the result



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Termination of an Installment Agreements

- Fail to pay an installment payment when due under the terms of an agreement
- Fail to pay another tax liability at the time such liability is due
- Fail to provide an updated financial statement upon request
- Fail to pay a modified payment amount based upon updated financial information



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Third Economic Payment

- Reconcile the Third Economic Payment on your 2021 Individual Income Tax Return
- See IRS.GOV FAQ for answers to EIP3 Questions

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Advance Child Tax Credit

- Taxpayer must reconcile the Child Tax Credit Advance Payments to the total allowable CTC determined on the 2021 return
- The net allowable credit equals the total allowable credit less the total of the 2021 advance payments
- Any failure to accurately reconcile will be treated as a mathematical/clerical error
- IRS will issue Letter 6419 showing total advance payments by 1/31/22

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Thank You

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