

June 16, 2017 TSCPA/IRS Semi-Annual Meeting

Dallas, Texas

9:30 am – 3:30 pm

Attendees:

TSCPA & NTRC Practitioners:

- Kym Anderson, TSCPA
- Chuck Burch, CPA, NABA
- Pamela Condra, NATP
- Renee D. Foshee, CPA, JD, San Antonio Chapter
- Jill Graff, TSCPA
- Jane Guenther, TSCPA
- David Jones, TAP
- Richard M. Kaga, TSCPA
- Jacqueline Kuciemba, TSCPA
- Christi Mondrik, TSCPA
- Zach Montgomery, TSCPA
- Imelda Moreno, TSCPA
- Kathy Ploch, CPA, TSCPA
- Dean Saul, EA, TxSEA, *Committee Vice-Chair*
- Dave Stubblefield, EA,
- Lloyd Thelemann, EA, TAFTS
- Mary K. Thomas, CPA, JD, Dallas Chapter, *Committee Vice-Chair*
- Gina Valorz, TSCPA
- Josephina Villarreal, TSCPA
- Mike Williams, TSCPA
- Walter Winger, TSCPA
- Patty Wyatt, Coordinator, TSCPA, PWyatt@tscpa.net

IRS Attendees:

- Bill Banowsky, Collection, Director
- Claude Watkins, Collection, Territory Manager
- Kathy Adames, Examination, Group Manager
- Evelyn Dyson Lee, IRS Stakeholder Liaison, Sr. SL
- Bill Roberts, Taxpayer Advocate, Local Taxpayer Advocate
- Jeanette Ingram, Appeals, Manager
- Gina Smith, Appeals, Manager
- Thomas Traxinger, TIGTA, ASAC
- Kevin Caramucci, CI, ASAC
- Linda Wong, Area Counsel
- Georgia Thomas, IRS Stakeholder Liaison SW Area Manager (Virtual)

Contact Person:

For more information about this meeting, please contact Evelyn Lee, Sr. Stakeholder Liaison, at Evelyn.Dyson.Lee@irs.gov or 214-413-5135

Meeting Summary

Opening Remarks:

Mary Thomas, Co-Chair, TSCPA

Georgia Thomas, Area Manager Southwest Area, Stakeholder Liaison

Bill Banowsky, Director, Collection Planning and Performance Analysis Private Debt Collection

Bill Banowsky talked about [Private Debt Collection](#)

Section 32102 of the Fixing America's Surface Transportation Act (FAST Act), signed into law by the president Dec. 4, 2015, requires the IRS to use private collection agencies for the collection of outstanding inactive tax receivables. This covers debts owed that are not currently being worked by IRS such as excessive workload, ACA inactive cases, inactive field cases in queue that have not been worked in 3 or 4 years and cases where taxpayer cannot be located. Certain cases are ineligible for PDC and currently non collectible cases will not be assigned to PDC.

Four companies are contracted to collect:

- o CBE Group
- o ConServe
- o Performant
- o Pioneer

There are currently about 30,000 cases with PDC. It takes approximately 5 weeks from identifying a case to getting it to the private debt collection agencies. The Private Debt agency can set up payment arrangements but have no authority to issue levies, file tax liens, etc. No user fees are charged.

There has been particular concern about scams. IRS has been getting the word out about PDC doing everything they can to help taxpayers avoid confusion and understand their rights and tax responsibilities. If wondering whether it's a scam or not:

- Check phone number against the phone number posted on www.irs.gov
- Collecting on old debt not a new debt
- Nothing involves purchasing gift cards, etc.
- Pay to the US Treasury only.
- Will receive a unique identifying 10 digit authentication number.

The IRS will send taxpayers and their representative written notice that it's transferring their accounts to a private collection agency. The Notice CP40 will contain: TP assigned 10-digit Taxpayer Authentication Number for a two-party verification process. During telephone contact, the private collection agency will ask taxpayers to provide the first five numbers of the Taxpayer Authentication Number and the private collection agency will provide the remaining five numbers to the taxpayer. The authentication is working quite well.

Taxpayers with POA's will be given time for the POA to process. The Private Collection Agency will contact the POA as long as the POA is good for the tax year being collected.

25% collected goes to the private collection agencies, 50% goes to Treasury, and the remaining 25% goes to contract administration.

The private collection agency will work with the taxpayer and the representative (if the taxpayer has a representative) to help them resolve the unpaid account.

Private collection agencies:

- Can set up payment arrangements that meet streamlined criteria and will full pay within the earlier of seven years or the CSED.
- Don't charge a fee for setting up an installment agreement.
- Won't collect financial information.
- May be allowed monitor payment arrangements
- Can't take any type of enforcement action, such as issuing a levy, to collect.
- Private collection agencies can't make determinations to accept or reject offers in compromise or report accounts currently not collectible.
- Have no recourse if client cannot pay, the case is returned to Collection.

All contact with the private collection agencies is by phone or mail. There is no face to face contact. Private collection agencies will identify themselves as contractors of the IRS collecting taxes; they are expected to be courteous and to respect TP rights. All calls with private debt agencies are recorded. [Publication 4518](#) explains *What You Can Expect When the IRS Assigns Your Account to a Private Collection Agency*.

90% of taxpayers qualify for [Online Payment](#). It's very simple and multiple modules can be used. Business accounts are expected to rollout for PDC in August of 2019. If clients cannot pay, the private collection agencies have no recourse and the case will be returned to Collection. Taxpayers cannot request for an account to go to PDC.

Evelyn Lee, Sr. Stakeholder Liaison

10 Security Steps Every Practitioner should take.

Data Thieves are targeting Tax Professionals. Over 175 have reported data breaches in the first 5 months of 2017.

Because of the data tax professionals have, they are targets of data thieves and scammers. Stay alert. Beware of phishing! Do not open any attachments or links from unknown senders. Educate employees to do the same. Report all Phishing emails to Phishing@irs.gov <https://www.irs.gov/uac/report-phishing>

Increasingly, tax professionals are being targeted by identity thieves. These criminals – many of them sophisticated, organized syndicates - are redoubling their efforts to gather personal data to file fraudulent federal and state income tax returns. The Security Summit has a campaign aimed at increasing awareness among tax professionals: [Protect Your Clients; Protect Yourself](#).

Recent scams targeting the tax professional community include:

- Tax Professionals Warned of [e-Services Scam](#).
- Tax Professionals Warned of New Scam to ["Unlock" Tax Software Accounts](#).
- A phishing scheme [mimicking software providers](#) targets tax professionals.
- [Criminals target tax professionals](#) to steal data such as PTINs, EFINs or e-Service passwords.
- Bogus email asks tax professionals to update their IRS e-services portal information and Electronic Filing Identification Numbers (EFINs).

See: [IRS Warns Tax Preparers to Watch out for New Phishing Scam; Don't Click on Strange Emails or Links Seeking Updated Information](#)

Tax professionals should review [Publication 4557](#), Safeguarding Taxpayer Data, A Guide for Your Business, which provides a checklist to help safeguard taxpayer information and enhance office security.

Every tax professional should take 2 steps:

1. Make a Security Plan.
2. Create a plan data compromise plan.

10 Security Tips every Practitioner Should Know

1. Use top notch Security Software
2. Perform a deep scan periodically on your computer.
3. Educate your employees to ensure they understand the danger of Phishing emails.
4. Use Strong Passwords.
5. Use only a secure wireless connection. Make sure it is password protected.
6. Use good encryption software
7. Backup computer files
8. Monitor your EFIN. Weekly during filing season and periodically throughout the year.
9. Limit hours of Remote Access.
10. Store paper files in a secure location.

<https://www.irs.gov/uac/protect-your-client-protect-yourself>

Security Awareness Tips

<https://www.irs.gov/pub/irs-pdf/p4524.pdf>

Security awareness for taxpayers (publication)

<https://www.irs.gov/individuals/protect-your-clients-protect-yourself>

Protect Your Clients; Protect Yourself

<https://www.ftc.gov/tips-advice/business-center/guidance/start-security-guide-business> Start with Security: A Guide for Business (FTC)

<https://www.ftc.gov/news-events/audio-video/video/defend-against-ransomware>

Defend Against Ransomware (FTC Video)

Evelyn Lee, Sr. Stakeholder Liaison, IRS Updates

New EFTPS Scam: <https://www.irs.gov/uac/newsroom/irs-warns-of-new-phone-scam-involving-bogus-certified-letters-reminds-people-to-remain-vigilant-against-scams-schemes-this-summer>

IRS Lead Development Center (LDC) Report Tax Scams and Schemes to the LDC. Use form [14242](#) to report.

How to report suspected Tax Fraud

Tax Scams – How to Report them

<https://www.irs.gov/businesses/small-businesses-self-employed/tax-scams-how-to-report-them>

Claude Watkins, Territory Manager, Collection Division

Collection is continuing to lose people due to attrition. There has been an overall 42% reduction in field Collection (revenue officers) and they are currently in a hiring freeze. Due to lack of resources, Collection is encouraging Online Payment Agreements. Under existing criteria, approximately 90 percent of individual taxpayers that the field grants installments could have been established using the IRS's Online Payment Agreement application. In the first (8) months of 2016 IRS has done 472,000 installment agreements online. It is quicker and convenient. The installment agreement fee is \$225 for regular and \$107 for direct debit installment agreement. Lower fees apply for low income. Online payments can be increased/decreased and due dates can be changed. Also there is a tool on IRS.Gov called OIC Pre-Qualifier to aid taxpayers in determining if they qualify to file an offer in compromise. For unique situations some cases still will need to be worked by a specialist.

The IRS is testing expanded criteria for Streamlined processing of taxpayer requests for installment agreements. The test is scheduled to run through September 30, 2017. During the test, expanded criteria for streamlined processing will be applied to installment agreement requests submitted to SB/SE Campus Collection Operations, this includes the Automated Collection System (ACS).

Tom Traxinger, Assistant Special Agent in Charge, TIGTA

Call Tom to locate your local TIGTA representative. Tom has 8 agents in Dallas. TIGTA handles threats and assaults against IRS, integrity allegations against employees, attempts to corrupt administration. TIGTA is actively engaged in impersonation schemes. Over the last year they have made significant progress and made arrests. TIGTA tries to reach out to each victim. Continue to report to TIGTA. Report impersonation scams to [TIGTA Report Scam](#).

TIGTA has been working with companies such as Walmart and MoneyGram in curbing schemes. Continue being alert. During post-filing season, taxpayers guards are down. The fraudsters are very good at convincing taxpayers in the impersonation schemes. Information is secured and sold on the dark web and the person may become victim of yet another scheme. There is currently a College Grad student loan scheme.

TIGTA is on alert with the Private Debt Collection program. It compounds the issues of Identity Theft. TIGTA was involved with PDC to insure strong protocols were put in place. If anyone feels the PDC's are strong arming, please contact TIGTA.

Contact Tom at any time 972-333-5481. Tom is also available to talk to professional groups, etc.

https://www.treasury.gov/tigta/contact_report_scam.shtml

<https://www.treasury.gov/tigta/oi.shtml>

Linda Wong, Associate Area Counsel, Area Counsel

Linda highlighted two tax court opinions which were favorable to the IRS. One case was a fraud case tried by Dallas Counsel in Oklahoma City.

Kathy Adames, Group Manager, Examination

No plans for Revenue Agent or Tax Compliance Officers hiring. Last year Exam hired new RA's but they are still below the staff level due to attrition. Exam is committed to timely service. Reach out to the Group Manager if you need help. Exam is still

conducting National Research Program (NRP) audits. They plan 13,000 NRP audits this year. Fast Track settlement is process to minimize time. Pre-filing or during-filing return preparer visits have been completed. The visits are based on high rejection rate returns and some educational visits. Exam continues to receive information on tax schemes from the Lead Development Center (LDC) and preparers can make referrals to the LDC.

Jeanette Ingram, Appeals Manager-Exam, Appeals Division

Jeanette states that they have a new Chief of Appeals, Donna Hansberry and an Acting Director Renee LaPee. Other leadership is still the same. Greg Shaw is still Area 7's Area Director. Jeanette talked about new guidance on having compliance involved in the Appeals process on docketed cases under Rev. Proc. 2016-22 known as DEA, Docketed Exam Assistance. Using this procedure, an Examiner will still review new records on docketed cases that were not presented during the examination process. These cases are still under Counsel Jurisdiction and will be under the control of the Appeals Officer at all times. For non-docketed cases, the AJAC rules apply and in cases where records were not previously presented, jurisdiction will be released by Appeals to Exam. The taxpayer and POA will be notified when cases are returned. Attorney Larry Jones asked whether Compliance will now be involved in the full Appeal process. Jeanette responded that does not typically happened in Campus or SBSE cases and pre-conferences are allowed in LB&I cases. She stated further that a May 5, 2017 Tax Notes Today article talked about having Exam involved for the full appeal, but that this has not yet been added to a Rev. Proc. IRM, or other official directive. Appeals is focused on maintaining its independence.

Jeanette states that her team is still doing face to face conferences.

Gina Smith, Appeals Manager- Collection, Appeals

Collection Appeals is not doing away with face to face conferences se meets the criteria, and also offering other options such as WebEx. If a case is assigned to a campus, the face to face conference will be virtual. Fast track mediation is an option to resolve cases, the decision is not binding and the case may still come to Appeals for a determination. Three-way conferencing is another option for resolution once the case is in Appeals, but this not mandatory.

Gina states she has 4 new employees, three in training for Appeals.

Bill Roberts, Local Taxpayer Advocate, Taxpayer Advocate

Bill state they have acting LTA's in Houston (Donna Moore) and Austin (Joe Serna).

Bill talked about [Private Debt collection \(PDC\)](#). Certain PDC cases are excluded. Private Debt Collectors can locate tp and ask for one voluntary full payment or a partial payment can be requested. All payments go to the IRS. If a taxpayer says do not call, or I want TAS assistance, PDC has to stop immediately for a 60-day freeze which allow tp to put the request in writing (required). PDC has a stringent authentication process. TAS has not received a lot of PDC cases since the program just started in April. The National Tax Advocate, Nina Olson, is concerned about taxpayer rights. TAS 2018 objectives report comes out this month.

Next Meeting: January 19, 2018 (Friday)