

# Illinois Practitioners Liaison Meeting

## John C. Kluczynski Federal Building

### May 15, 2018

Call to order: Illinois Practitioners Liaison Committee Chair Theodore Sinars JD

The Chicago Midwest Practitioners Liaison Meeting was called to order at 8:30 am

Mr. Sinars thank everyone in attendance and asked the participants to introduce themselves

Government Liaison Disclosure: William White Governmental Liaison – Disclosure & Safeguard FOIA

Mr. White disclosed the Government Liaison Disclosure unit currently has 80 employees who handle between 10K and 20K requests each year. Mr. White happily reported that emails have been scrubbed from the public Enrolled Agent (EA) list. The PTIN list contains the designation i.e. AFSP, CPA, EA, etc. The FOIA website foia.gov is now operative. Attachments such as POAs do not always append so you may receive a contact about the POA or missing attachment. Turnaround time is usually 2 to 3 weeks however can take longer for voluminous cases.

Communication and Liaison: Craig Crews Area Manager by telephonic conference

Mr. Crews reported that the Tax Cuts and Jobs Act recently enacted by congress requires extensive guidance for practitioners and the general public. The JCTA is the most sweeping legislation since the Tax reform Act of 1986. JCTA requires top priority at IRS:

- Forms and Publications – 450 forms and pubs require revisions or rewriting
- FAQs and press releases need to be published ASAP
- IT Systems 140 IRS systems must be substantially modified
- Call centers- IRS anticipates 1Million additional calls due to JCTA
- Communication and Outreach - IRS has scheduled over 100 meetings and communication events
- IRS Tax Forums will substantially focus on the Jobs Cut and Tax Act this year.
- \$397M will be required to implement the changes mandated by congress

Questions from the participants included:

- Timeliness of Brokerage and Bank forms 1099
- Deductibility of Home Mortgage Equity Interest
- IRC §199A the QBID

Published guidance is scheduled to be released beginning in June next month

Mr. Crews may be contacted at (615)250-5791

Area Council: Elke franklin Acting Area Council and E. Abigail Carlson Associate Area Council

Area council represents the IRS interest in IL IN OH MI WI WV. Council desires to have the proper personnel work the proper case in order to improve efficiency. Currently the Chicago Office has 12 staff members. Cases are assigned throughout the nation to balance caseloads. Area Council is not working JCTA Issues and cannot address any JCTA issues at this time. IRS Council at the National Level is addressing JCTA Issues such that formal guidance may be issued before years end. Council is currently working in 6 Groups and is expanding to 8 later this year. 20 paralegals are being added to work Small Tax Cases.

Collections: Adrian Gonzalez Director of Collection Operations, Field collection, Civil Enforcement Advice &

Support Operations (Advisory & Property Appraisal and Liquidation Specialists)

Mr. Gonzalez reported that the former Midwest Area Collections dissolved and Illinois is now a part of Central Area Collections. Specialized Enforcement Collection (SPEC) is now Special Lien and Collection Offers in Compromise. All Offers in Compromise are now processed at a Central Location with a 90 day goal for determining processability. Currently near 85% of this goal is being achieved. Federal Tax Deposits are the number one priority of Field Collection. FTD Alerts are still the best proactive collection outreach approach. Field Collection is making over 11,000 contacts annually. Deposit consistency and regularity are the prime focus of FTD Alerts. Mr. Gonzalez

reminded the audience that third party providers do not provide protection for employers against missed Federal Tax deposits.

Trust Fund Recovery Penalties will be worked by the same Revenue officer who worked the assessment case. Once a TFRP is assessed the RO who worked the assessment will be assigned to collect the assessment. Collection will be working closely with Area Council and the Department of Justice (DOJ) to process Civil Injunctions directing delinquent taxpayers to file and deposit Federal Tax Liabilities under contempt of court. Lien issues are to be resolved in a central office. 38,000 lien requests are received annually; including requests for Certificates of Discharge, Certificates of Subordination, Certificates of Non-Attachment, Certificates of Withdrawal, etc. Additionally Field Collection is now working Property Assessment and Liquidation Specialty (PALS) cases on line in conjunction with the General Accounting Office. On line sales can be accessed at [gsa.gov](http://gsa.gov).

Mr. Gonzalez may be contacted at (513)975-6286.

Stakeholder Liaison: Mike Mudroncik Communication & Liaison Stakeholder Liaison

Mr. Mudroncik announced Three IRS outreach programs to be held this year:

- The IRS Nationwide Tax Forum will be held in Chicago August 21, 22, & 23 at the Hyatt Regency Chicago
- The IL Practitioner symposiums will be held
  - September 19<sup>th</sup> at the SIU in Edwardsville
  - November 7, 2018 at Café La Cave in Des Plaines

Mr. Mudroncik also announced the principal concentration of SB/SE Stakeholder Liaison this year:

- Disaster Assistance relief and Emergency Planning
- Estimated Tax Payments
- PayCheck and withholding calculator at [IRS.gov](http://IRS.gov) to verify withholding
- E-Summons
- ID Theft and Data Phishing Protection
- Tax Payer Digital Communication (by invitation only)

Mr. Mudroncik may be contacted at (312)292-3529

Criminal Investigation: Gabriel Grchan Special Agent in Charge Chicago

Mr. Grchan reported that he was formerly the SAC in the Quad Cities office and the ASAC in the Phoenix Office. The Chicago office has 103 employees of which 100 are Special Agents. The Chicago office territory is all of Illinois and Indiana. The Chicago office will soon merge with the St. Paul Minnesota office. The Southern District of Illinois will merge with the St. Louis MO office and the merged Chicago office will be responsible for Northern Illinois, Indiana, Minnesota, and Wisconsin. In 1995 there were 3500 Special Agents and in 2018 there are 1800. One Hundred Special Agent Positions are opening Nationwide. Principal CID area of enforcement continue to be:

Money Laundering, Legal source Income underreporting, illegal source income reporting, public corruption, International tax Evasion, Terrorism Financing, Bank Secrecy Act infractions, and Drug Trafficking, . All cases are supervised by the DOJ. The ID Theft Taskforce has reduced instances of ID Theft by 66% in the period of 2014 – 2017. The IRS Criminal Investigation division Annual report is available at [irs.gov](http://irs.gov).

Examination Operations: Annette Jones Examination Operations Field Examination

Ms. Jones reported she was the Program manager for Chicago, Bloomington, Orland Park, Peoria, and Schiller Park. The main direction for exam in the next several months is:

- Abusive Promoters and transactions
  - Schedules C: False or overstated income and or deductions
  - Schedule A: inflated deductions
  - EITC: false or fraudulent claims of the Earned Income Credit
- Research & Development Credit See Notice 2017-23 for guidance
- Partnerships – A new area of concentration TEFRA is out and a new era of Partnership audits will soon emerge
- NRP the National research Program will continue for 1040 tax returns

- **OVID Offshore examination of Tax Avoidance Schemes**
  - Complex Layers and Laddering is being investigated and unraveled
  - 56,000 participants have paid \$11Billion to the Treasury As of March 13, 2018
  - 65,000 Taxpayers have come forward with non-willful disclosures
  - The OVD Program ends on September 18, 2018.
- **Paid Preparer Visits: Knock and Talk, ERO Compliance, and EITC Due Diligence programs have been completed for this year.**
  - 2017 1865 Enforcement Visits
  - 2018 2180 enforcement Visits
- **Fast Trak Settlement is alive and well in Exam. Use it when there is an issue which cannot be resolved between your taxpayer and the examiner.**
- **IRS.gov video Portal is available for Update and training**

Ms. Jones may be contacted by telephone (312)292-2501

**Estate and Gift: Sarah Daya Examination Operations Field examination Supervisory Attorney estate and Gift**

Ms. Daya reports that Estate and Gift examination function uses a National inventory to balance workloads throughout the country. The Gift tax exclusion is \$15,000 for 2018 and the Estate Tax Exemption is \$11.18Million. The IRS released Notice 2017-15 to explain how to recalculate the DSUE based on the Windsor decision (US v Windsor).

**Appeals Collection: Paul Mazon Supervisory Appeals Officer Collection by telephonic conference**

Mr. Mazon is Supervisory Appeals Officer for Chicago, Kansas city, Peoria, and St. Louis. A new initiative will allow electronic submissions paperless interactions are the wave of the future. Collection Appeals needs to be collaborative. Collaboration requires feedback from employees and representatives and knowledge management. Video conferencing, WebEx, and Skype are being tested to facilitate the appeals process. CDP are more challenging but moving toward paperless. Many UTube videos are available to learn more about the Appeals processes. Collection Appeals is not to be the 1<sup>st</sup> finder of fact. The AJAC methodology will continue to be the process for 1) legal 2) Procedure 3) Balance of the Interest of the Government and the taxpayer. 3way conferencing may be advantageous where the taxpayer, Appeals, and compliance can agree on specific issues which require resolution.

**Appeals Examination: Jim Helfrich Supervisory Appeals Officer Examination**

Appeals Examination currently has 9 officers in Chicago. 16 positions may be filled from IRS ranks in the future. Appeals attempts to provide as many Face 2 Face (F2F) Hearings as possible. Campus Appeals is limited and cannot provide F2F hearings. WebEx and Skype are available for some Campus hearings.

**Taxpayer Advocate Service: Andrew VanSingel Supervisory Associate Advocate**

Mr. VanSingel reminded participants of the 2 ways in which cases may be brought to TAS:

- Financial hardship
- Systemic issues

TAS Problem Resolution Officers will be available at the ILSEA Midwest in Motion in Bolingbrook June 14 & 15<sup>th</sup> and at the IRS Nationwide Tax Forum in August at the Hyatt regency Chicago. The Taxpayer Advocate made her Annual report to Congress in January

**Treasury Inspector general for tax Administration: Frank Boenzi TIGTA Special agent in Charge Chicago**

TIGTA is the "Internal affairs" branch of the IRS. TIGTA investigates a number of internal and external issues: Threats to IRS personnel both overt and covert; and bribery whether proposed or solicited by or on behalf of the taxpayer or IRS employee. Impersonation scams continue to be rampant. \$67Million losses have been reported to TIGTA the single largest case exceeds \$150,000.

6,000 cases reported to TIGTA paid via iTunes cards! Preparer frauds include overstated tax liabilities collected by the preparer, false returns, and overstated or fraudulent refunds. The latest scam recently uncovered involves a direct deposit refund scam whereby the preparer files a fraudulent return and deposits the fraudulent refund into the account of an unsuspecting taxpayer. The

tele-scammer subsequently contacts the unwitting taxpayer for a refund of the fraudulent deposit.

Adjournment: Mr. Sinars JD Liaison committee Chair adjourned the meeting at 11:55 am.

*George A. Smith*

Respectfully Submitted

George A. Smith EA

1<sup>st</sup> VP - Liaison Committee Chair