

## Chapter 4: IRS Update

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**Please note.** Corrections were made to this workbook through January of 2018. No subsequent modifications were made. For clarification about acronyms used throughout this chapter, see the Acronym Glossary at the end of the Index.

For your convenience, in-text website links are also provided as short URLs. Anywhere you see **uofi.tax/xxx**, the link points to the address immediately following in brackets.

### About the Author

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## Chapter Summary

Cybercriminals are using increasingly sophisticated methods to commit identity theft and steal financial data. Targets now include tax practitioners and corporate personnel. Increasing cyber-attacks on tax professionals are of particular concern. This chapter includes advice on safeguarding sensitive data as well as how to respond to a data breach.

The IRS has a wide range of tools and resources to assist tax professionals, businesses, and taxpayers in meeting tax obligations. The tools available to tax professionals in the e-Services suite are described. Details are provided for the IRS Practitioner Priority Service, which tax professionals can access for assistance with account-related issues. Resources for businesses and individual taxpayers are also mentioned.

Substantial IRS information is available to the public under the Freedom of Information Act. Requests are required for specific taxpayer information. Otherwise, most information can be obtained either from the IRS's electronic reading room or by using routine access procedures.

In April 2017, four private contractors began assisting the IRS with collection of outstanding debts. Information about these contractors is provided, along with details of their responsibilities and the types of delinquent accounts they handle. Contractor verification is discussed, as well as the procedures for making complaints about private collection agency misconduct.

Climatic and environmental disasters are traumatic experiences for those affected. Procedures are described that provide tax relief to affected taxpayers. Such tax relief includes extended deadlines, penalty and interest abatement, and advice for tax record reconstruction to claim casualty losses.

In November 2016, the IRS launched the online tax account application on **IRS.gov**. This tool enables taxpayers to easily and safely query their account balances and payment history.

The overall IRS audit rate of individual, business, trust, estate, and gift tax returns declined 15.76% in 2016. Other statistics from the 2016 IRS Data Book are summarized.

Key information derived from IRS Commissioner Koskinen's address to the National Press Club meeting is presented. His remarks address current IRS budget and staffing issues.

Finally, the impact of a recent court case on PTIN user fees is explained.

## TAXPAYER IDENTITY THEFT AND FINANCIAL SCAMS

Tax-related identity theft occurs when someone uses a taxpayer's stolen social security number (SSN) to file a tax return claiming a fraudulent refund. Thieves may also use a stolen employer identification number (EIN) from a business client to create false Forms W-2, *Wage and Tax Statement*, to support refund fraud schemes.

A taxpayer should be aware of the following warning signs of identity theft.<sup>1</sup>

- A return is rejected and the IRS reject codes indicate a taxpayer's SSN has already been used.
- A taxpayer notices activity on or receives an IRS notice regarding a tax return after all tax issues were resolved, a refund was issued, or account balances were paid.
- An IRS notice indicates a taxpayer received wages from an employer unknown to them.
- A taxpayer's return is accepted as an amended return, but the taxpayer did not previously file a return for that year.
- A business taxpayer receives an IRS notice about fictitious employees.
- A business taxpayer notices activity related to or receives notices regarding a defunct, closed, or dormant business after all accounts were paid.

During the 2016 tax season, the IRS saw a significant increase in phishing and malware incidents.<sup>2</sup> New and evolving phishing schemes continue to occur throughout the year.<sup>3</sup> Frequently, scams occur during filing season. Email schemes target tax professionals, corporate personnel, and members of the general public.

Increasingly, tax professionals are the targets of identity thieves and cybercriminals seeking to steal the tax and financial data that preparers maintain on clients.<sup>4</sup>

### SCAMS TARGETING TAX PRACTITIONERS

#### Phishing Scams

Two recent phishing scams targeted tax practitioners with the objective of stealing taxpayer identity information. In both cases, tax practitioners received an email purporting to originate from their tax preparation software provider.

The first scheme exploits the fact that tax preparation software is frequently updated.<sup>5</sup> The email, which appears to originate with the practitioner's software vendor, instructs the recipient to download and install an important software update using the link provided in the email. Clicking on the embedded link directs the recipient to a website that prompts them to download a file purporting to be an update of their tax preparation software. The file name uses the actual name of their tax preparation software followed by an ".exe" extension. Instead of downloading a software update, tax practitioners download a program designed to track the practitioner's key strokes. This common technique is used to steal login information, passwords, and other sensitive data.

<sup>1</sup>. *Taxpayer Guide to Identity Theft*. Apr. 18, 2017. IRS. [www.irs.gov/uac/taxpayer-guide-to-identity-theft] Accessed on Jun. 7, 2017; IRS Pub. 5199, *Tax Preparer Guide to Identity Theft*; *Tax Practitioner Guide to Business Identity Theft*. Feb. 17, 2017. IRS. [www.irs.gov/individuals/tax-practitioner-guide-to-business-identity-theft] Accessed on Jun. 7, 2017.

<sup>2</sup>. *Phishing Schemes Lead the IRS "Dirty Dozen" List of Tax Scams for 2017; Remain Tax-Time Threat*. Feb. 1, 2017. IRS. [www.irs.gov/uac/newsroom/phishing-schemes-lead-the-irs-dirty-dozen-list-of-tax-scams-for-2017-remain-tax-time-threat] Accessed on May 24, 2017.

<sup>3</sup>. *IRS Summarizes "Dirty Dozen" List of Tax Scams for 2017*. Feb. 17, 2017. IRS. [www.irs.gov/uac/newsroom/irs-summarizes-dirty-dozen-list-of-tax-scams-for-2017] Accessed on May 24, 2017.

<sup>4</sup>. *2016 Security Summit — Protecting Taxpayers from Identity Theft Tax Refund Fraud*. Jun. 2016. IRS. [www.irs.gov/pub/newsroom/6\_2016\_security\_summit\_report.pdf] Accessed on Jul. 31, 2017.

<sup>5</sup>. IRS News Rel. IR-2016-103 (Aug. 11, 2016).

The second email<sup>6</sup> scheme uses the subject line “Access Locked” and informs tax practitioners that access to their tax preparation software accounts has been “suspended due to errors in your security details.” The scam email asks the recipient to address the issue by using an “unlock” link provided in the email. Clicking this link takes the practitioner to a fake webpage, where they are asked to log in with their user name and password. Instead of unlocking accounts, tax professionals inadvertently hand their log-in details to cybercriminals who access the preparers’ accounts and steal client information.

## Financial Scams

Tax practitioners are also targeted for financial scams. Recently, cybercriminals posed as taxpayers asking their tax preparer to make a last-minute change to their refund destination; often to a prepaid debit card. Tax preparers are urged by the IRS to **verbally reconfirm** information with their client if they receive a last-minute email request to change an address or direct deposit account for tax refunds.<sup>7</sup>

## e-Services Credentials

Tax practitioners’ e-services credentials also attract the attention of cybercriminals. A recent phishing email scam seeks to steal practitioners’ usernames and passwords for IRS e-services. Some examples of subject lines shown in these scam emails include the following.<sup>8</sup>

- Account Closure!
- e-Service Account is Blocked
- Few Hours to Close Your Account
- Your Account is Closed
- Your Account is Terminated
- 24Hrs to Block Your Account

Links provided in the scam email send practitioners to a fake e-services login page where thieves steal the user’s credentials. The email is “signed” by “IRS gov e-Services.” These scam artists are aware of IRS efforts to increase protections for e-services, including recent IRS efforts to encourage tax professionals to revalidate their identities to avoid delays accessing their e-services account.<sup>9</sup>

If an e-services account is closed because of failure to revalidate information, users should call the e-help desk for tax professionals at **1-866-255-0654**<sup>10</sup> to have it reopened. Users who are in doubt about the validity of emails should never open a link or attachment. They should go directly to **www.irs.gov/eservices**.<sup>11</sup>

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<sup>6</sup> IRS News Rel. IR-2017-39 (Feb. 17, 2017).

<sup>7</sup> IRS News Rel. IR-2017-64 (Mar. 17, 2017).

<sup>8</sup> IRS News Rel. IR-2017-71 (Mar. 31, 2017).

<sup>9</sup> Ibid.

<sup>10</sup> *E-Help Desk for Tax Professionals*. Feb. 2, 2017. IRS. [www.irs.gov/uac/e-help-desk-toll-free-number] Accessed on Jun. 5, 2017.

<sup>11</sup> Ibid.

## Safeguarding Client Data

Tax professionals' responsibilities for safeguarding client data are not specified in Circular 230. Instead, tax professionals are required by the Federal Trade Commission's safeguards rule to develop and maintain a security plan that describes their program to protect customer information.<sup>12</sup> This program must fulfill the following requirements.

- One or more employees must be designated to coordinate the information security program.
- The risks to client information must be identified and assessed as well as current safeguards for controlling these risks.
- A safeguards program must be designed, implemented, and regularly monitored and tested.
- Service providers must be required to maintain appropriate safeguards and their handling of customer information must be overseen.
- The program must be evaluated and adjusted as necessary (e.g., as a result of changes in the firm's business or operations, or the results of security testing and monitoring).

Tax practitioners are advised not to click on links provided in emails. Furthermore, the IRS recommends that tax professionals take the following additional precautions to safeguard client data from phishing scams.<sup>13</sup>

- Connect to a software provider via their homepage
- Run a security "deep scan" of their computer to search for viruses and malware
- Strengthen passwords for both computer access and software access and make sure the password is a minimum of eight digits (more is better) with a mix of numbers, letters, and special characters
- Educate all staff members about the dangers of phishing scams in the form of emails, texts, and calls
- Review any software that employees use for remote network access and/or information technology (IT) support vendors use to remotely troubleshoot technical problems and support network systems

The IRS also recommends that tax practitioners provide copies of scam emails concerning tax preparation software to their software provider so that they can be investigated. Microsoft Windows users can do this by taking the following three steps.<sup>14</sup>

1. Use "Save As" to save the scam email. Under "save as type" in the drop down menu, select "plain text" and save to the desk top. Do not click on any links.
2. Open a new email and attach this saved email as a file.
3. Send this new email containing the attachment to the software provider with a copy to **Phishing@IRS.gov**.

<sup>12</sup> *Financial Institutions and Customer Information: Complying with the Safeguards Rule*. Apr. 2016. FTC. [www.ftc.gov/tips-advice/business-center/guidance/financial-institutions-customer-information-complying] Accessed on Jul. 31, 2017; 16 CFR §313.3(k)(2)(viii).

<sup>13</sup> IRS News Rel. IR-2016-103 (Aug. 11, 2016).

<sup>14</sup> IRS News Rel. IR-2017-39 (Feb. 17, 2017).

The Security Summit,<sup>15</sup> a partnership between the IRS, state tax agencies, and the private-sector tax industry, was formed to combat cybercrime. Under the Security Summit umbrella, the “Protect Your Clients; Protect Yourself” campaign<sup>16</sup> informs tax practitioners about the latest scams and recommended safeguards. Initiatives include IRS news releases, alerts, and publications. Tax practitioners are also invited to sign-up for e-News for Tax Professionals at **uofi.tax/17a4x7** [www.irs.gov/uac/join-e-news-for-tax-professionals] or follow the IRS on Twitter and Facebook for real-time cybersecurity updates.

**Note.** IRS Pub. 4557, *Safeguarding Taxpayer Data*, provides detailed information on ensuring the security of client data as well as procedures for reporting information security incidents.

IRS security awareness tax tips, which can be found at **uofi.tax/17a4x32** [www.irs.gov/uac/irs-security-awareness-tax-tips], is another useful resource that the IRS provides for tax professionals.

## Practitioner Monitoring of EFINs and PTINs

Tax professionals are advised to regularly monitor electronic filing identification numbers (EFINs) and preparer tax identification numbers (PTINs) for suspicious activity. EFIN activity can be monitored via the tax professional’s e-services account. Information about registering for e-services can be found at **uofi.tax/17a4x6** [www.irs.gov/tax-professionals/e-services-online-tools-for-tax-professionals]. Practitioners can monitor PTIN activity via their PTIN account at **uofi.tax/17a4x34** [https://rpr.irs.gov/datamart/login.do]. More information is provided later in this chapter.

## Responding to a Data Breach

In the unfortunate event of a data breach, the IRS recommends that tax professionals contact the following.<sup>17</sup>

- The local IRS stakeholder liaison at **uofi.tax/17a4x27** [www.irs.gov/businesses/small-businesses-self-employed/stakeholder-liaison-local-contacts-1] who will notify IRS Criminal Investigation and others within the agency (If reported quickly, the IRS can take steps to block fraudulent returns filed in clients’ names.)
- Local offices of the Federal Bureau of Investigation (FBI) and Secret Service, as well as local police
- Relevant state tax agencies and, where required, state attorneys general
- Professional liability insurers
- Security experts to analyze the security lapse and prevent further breaches from occurring
- Clients, with details of the breach and appropriate remedial actions
- Credit bureaus
- Federal Trade Commission (FTC)

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<sup>15</sup> *Security Summit*. Feb. 21, 2017. IRS. [www.irs.gov/uac/security-summit] Accessed on May 1, 2017.

<sup>16</sup> *Protect Your Clients; Protect Yourself*. Mar. 21, 2017. IRS. [www.irs.gov/individuals/protect-your-clients-protect-yourself] Accessed on May 1, 2017.

<sup>17</sup> *Data Theft Information for Tax Professionals*. Mar. 29, 2017. IRS. [www.irs.gov/individuals/data-theft-information-for-tax-professionals] Accessed on May 1, 2017.

A tax professional should file Form 14039, *Identity Theft Affidavit*, if they have a client whose tax return is rejected by the IRS because of a duplicate SSN or if the IRS instructs the client to do so.<sup>18</sup> They should also consider contacting the agencies on the preceding list.

**Note.** If the IRS identifies a suspicious tax return, it may send the affected taxpayer a letter asking them to verify their identity by calling a special number or visiting a Taxpayer Assistance Center.<sup>19</sup>

In the case of a confirmed identity theft victim, the IRS may issue an identity protection personal identification number (IP PIN) that must be entered on the affected taxpayer's tax return. Each year, the affected taxpayer will receive an **IRS letter** through postal mail with a new IP PIN.<sup>20</sup>

## Reporting Suspicious Activity to the IRS

If a tax return preparer identifies a suspicious or potentially fraudulent tax return or suspicious pattern of conduct, the preparer can provide information about the return or the suspicious conduct to the IRS. In fact, preparers may disclose any tax return information to an officer or employee of the IRS pursuant to Treas. Reg. §301.7216-2(b). There are no conditions that a preparer is required to satisfy before making a disclosure to the IRS. In addition, a tax return preparer may disclose tax return information to a federal, state, or local official to inform the official of activities that may constitute a violation of any criminal law or to assist the official in investigating a violation of criminal law.<sup>21</sup>

## SCAMS TARGETING PAYROLL AND HUMAN RESOURCES PERSONNEL

Corporate payroll and human resources (HR) personnel are the targets of a Form W-2, *Wage and Tax Statement*, phishing scam that aims to steal employee identity information and, in some cases, commit wire fraud. The scam targets payroll/HR personnel who receive a “spoofing” email requesting employee Form W-2 and social security information, which appears as if it is from a corporate officer.<sup>22</sup> The email appears authentic because it contains the name of a corporate officer. Examples of text contained in such emails includes the following.

- “Kindly send me the individual 2016 W-2 (PDF) and earnings summaries of all of our company staff for a quick review.”
- “Can you send me the updated list of employees with full details (Name, Social Security Number, Date of Birth, Home Address, and Salary).”
- “I want you to send me the list of W-2s, employees wage and tax statements for 2016. I need them in PDF file type, and you can send it as an attachment. Kindly prepare the lists and email them to me asap.”

Some payroll/HR personnel were tricked into responding to these emails with the requested information. The cybercriminals then attempted to obtain tax refunds by filing fraudulent tax returns using the stolen information.<sup>23</sup>

“This is one of the most dangerous email phishing scams we’ve seen in a long time. It can result in the large-scale theft of sensitive data that criminals can use to commit various crimes, including filing fraudulent tax returns. We need everyone’s help to turn the tide against this scheme,” said IRS Commissioner John Koskinen.<sup>24</sup>

<sup>18</sup> *Taxpayer Guide to Identity Theft*. Apr. 18, 2017. IRS. [www.irs.gov/uac/taxpayer-guide-to-identity-theft] Accessed on May 25, 2017.

<sup>19</sup> *IRS Identity Theft Victim Assistance: How It Works*. Feb. 17, 2017. IRS. [www.irs.gov/individuals/how-irs-id-theft-victim-assistance-works] Accessed on Jun. 7, 2017.

<sup>20</sup> Ibid.

<sup>21</sup> Treas. Reg. §301.7216-2(q).

<sup>22</sup> IRS News Rel. IR-2017-10 (Jan. 25, 2017).

<sup>23</sup> IRS News Rel. IR-2017-20 (Feb. 2, 2017).

<sup>24</sup> Ibid.

The Form W-2 phishing scam first appeared in 2016. However, the IRS said that the target audience expanded from the corporate world to other sectors, including chain restaurants, healthcare, nonprofits, school districts, shipping and freight, temporary staffing agencies, and tribal organizations.<sup>25</sup>

## Form W-2 Phishing Scam Coupled with Wire Fraud

In some cases, cybercriminals follow up the phishing email scam with another corporate executive “spoofing” email to company payroll or finance personnel, demanding that corporate funds be wire-transferred to a specified bank account.<sup>26</sup> This results in companies losing both confidential employee data and significant sums in wire transfers.

**Note.** The Security Summit partners recommend that employers have internal policies in place concerning the distribution of confidential employee information and the use of wire transfers.<sup>27</sup>

## Advice to Employers

Recipients of emails requesting confidential employee data are urged to verify their authenticity by contacting appropriate company personnel. When the email proves to be bogus, a copy of the email should be forwarded to **Phishing@IRS.gov** with “W2 Scam” in the subject line.<sup>28</sup>

Cybercriminals who successfully steal Forms W-2 immediately attempt to monetize their thefts by attempting to file fraudulent tax returns to obtain tax refunds. Alternatively, they may sell the data on the Internet’s black market sites to others who file fraudulent tax returns or use the names and SSNs for other crimes.<sup>29</sup>

If an employer quickly notifies the IRS after a data loss occurs, the IRS may be able to take steps that help protect company employees from tax-related identity theft.<sup>30</sup> An employer can notify the IRS about a data loss by email at **Dataloss@IRS.gov**. “W2 Data Loss” should be entered in the subject line so that the email can be routed properly. No employee’s personally identifiable information should be included. Instead, the following company contact information should be provided to facilitate contact and follow-up by the IRS.

1. Business name
2. Business EIN associated with data loss
3. Contact name
4. Contact phone number
5. Summary of how the data loss occurred
6. Volume of employees impacted

Organizations falling victim to these scams should file a complaint with the Internet Crime Complaint Center operated by the FBI at **www.ic3.gov**. They should also alert the state tax agencies by notifying **StateAlert@taxadmin.org**.<sup>31</sup>

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<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> *Form W-2/SSN Data Theft: Information for Businesses and Payroll Service Providers*. Mar. 28, 2017. IRS. [www.irs.gov/individuals/form-w2-ssn-data-theft-information-for-businesses-and-payroll-service-providers] Accessed on Jun. 7, 2017.

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

## Advice to Employees

The IRS provides information and guidance to employees affected by Form W-2 or identity theft. This guidance can be found at [www.irs.gov/identitytheft](http://www.irs.gov/identitytheft).

Other helpful resources for affected employees include the following.<sup>32</sup>

- Taxpayer guide to identity theft at [uofi.tax/17a4x8](http://uofi.tax/17a4x8) [[www.irs.gov/uac/taxpayer-guide-to-identity-theft](http://www.irs.gov/uac/taxpayer-guide-to-identity-theft)]
- IRS Pub. 5027, *Identity Theft Information for Taxpayers*
- IRS Pub. 4524, *Security Awareness for Taxpayers*
- FTC-provided identity theft recovery steps, available at [www.identitytheft.gov](http://www.identitytheft.gov)<sup>33</sup>
- Form 14039, *Identity Theft Affidavit*<sup>34</sup>

## SCAMS TARGETING THE PUBLIC

Con artists often impersonate IRS personnel in increasingly sophisticated telephone, text, and email scams targeting members of the public.<sup>35</sup>

Criminals telephone taxpayers, particularly recent immigrants (who are often naïve about the U.S. tax system), claiming to be IRS employees. Although these con artists use fake names and IRS identification badge numbers, they may be well-informed about their targets and use a caller ID corresponding to a real IRS number. These criminals tell victims that they owe taxes to the IRS and need to make prompt payment through a pre-loaded debit card or wire transfer. Those refusing to cooperate are threatened with arrest, deportation, or suspension of a business or driver's license. The callers may also use the promise of tax refunds to trick the victim into revealing confidential identity information and leave urgent call-back messages for unanswered calls.

This criminal activity prompted the IRS to clarify its policies regarding tax payments and taxpayer communications. Specifically, the IRS never takes any of the following actions.<sup>36</sup>

- Call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card, or wire transfer (Generally, the IRS first mails a bill for taxes owed.)
- Threaten to immediately bring in local police or other law-enforcement groups to have taxpayers arrested for not paying
- Demand that taxpayers pay taxes without giving them the opportunity to question or appeal the amount owed
- Ask for credit or debit card numbers over the phone

Con artists also impersonate IRS personnel in scam emails and texts designed to obtain personal and financial information to steal taxpayers' identities and assets. These messages, purporting to be from the IRS, can seek information related to tax refunds, filing status, personal information, and verification of personal identification number (PIN) information. The phrase "you are to update your IRS e-file immediately" is typically included. Instead of IRS.gov, the message may mention USA.gov and IRSgov (without a dot between "IRS" and "gov") and contain links to bogus websites on which victims are asked to input SSNs and other personal information, which could be used to file false tax returns. These sites may also infect victim's computers with malware which allows criminals to access information on the victim's computer.

<sup>32</sup> Ibid.

<sup>33</sup> *Report identity theft and get a recovery plan*. Federal Trade Commission. [[www.identitytheft.gov/](http://www.identitytheft.gov/)] Accessed on May 25, 2017.

<sup>34</sup> *Taxpayer Guide to Identity Theft*. Apr. 18, 2017. IRS. [[www.irs.gov/uac/taxpayer-guide-to-identity-theft](http://www.irs.gov/uac/taxpayer-guide-to-identity-theft)] Accessed on Jun. 7, 2017.

<sup>35</sup> *Tax Scams/Consumer Alerts*. Apr. 27, 2017. IRS. [[www.irs.gov/uac/tax-scams-consumer-alerts](http://www.irs.gov/uac/tax-scams-consumer-alerts)] Accessed on May 1, 2017.

<sup>36</sup> Ibid.

The IRS does not initiate taxpayer communications through email. Unsolicited email claiming to be from the IRS, or from an IRS-related component such as the Electronic Federal Tax Payment System (EFTPS), should be reported to the IRS at **Phishing@IRS.gov**.

The Taxpayer Advocacy Panel (TAP) is a volunteer board that advises the IRS on systemic issues affecting taxpayers. They do not have access to the personal or financial information of taxpayers; nevertheless, some taxpayers receive emails, claiming to be from the TAP, regarding tax refunds.<sup>37</sup> These emails are another phishing scam which should be forwarded to **Phishing@IRS.gov**.

## Safeguarding Personal Information

The Security Summit is engaged in a national taxpayer awareness campaign, which is summarized in IRS Pub. 4524, *Taxes. Security. Together*. The Security Summit recommendations for taxpayers include the following.

- Always use security software with firewall and anti-virus protections. Ensure the security software is always turned on and can automatically update. Encrypt sensitive files such as tax records stored on a computer. Use strong passwords.
- Learn to recognize and avoid phishing emails, threatening calls, and texts from thieves posing as legitimate organizations such as a bank, credit card company, or the IRS. Do not click on links or download attachments from unknown parties or suspicious emails.
- Protect personal data. Do not routinely carry a social security card, and make sure tax records are secure. Treat personal information the same as cash; do not leave it laying around.

The IRS also provides security awareness tax tips at **uofi.tax/17a4x9** [[www.irs.gov/uac/irs-security-awareness-tax-tips](http://www.irs.gov/uac/irs-security-awareness-tax-tips)], which is a useful resource for taxpayers.

## IRS TOOLS AND RESOURCES

The IRS provides various tax tools for tax professionals, businesses, and individual taxpayers.<sup>38</sup>

### E-SERVICES

The IRS provides a set of online tools to tax professionals, which are called e-services.<sup>39</sup> These tools, which are continually being refined and expanded, are only available to approved IRS business partners (e.g., tax professionals). The current suite of e-services comprises the following tools.

- **Registration Services.** This tool creates an online account and provides tax professionals with access to the IRS registered user portal, where they can conduct business electronically with the IRS.
- **Application.** This tool enables users to complete the applications necessary to gain access to the products available in e-services, to obtain a PTIN, or to apply for participation in IRS e-file.
- **TIN Matching.** This tool enables users to electronically match a TIN with a taxpayer name.
- **Transcript Delivery System.** This tool allows users to electronically request and receive transcripts of taxpayer accounts.

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<sup>37</sup> Ibid.

<sup>38</sup> *Tools*. Apr. 28, 2017. IRS. [[www.irs.gov/help-resources/tools](http://www.irs.gov/help-resources/tools)] Accessed on May 1, 2017.

<sup>39</sup> *e-Services — Online Tools for Tax Professionals*. Feb. 6, 2017. IRS. [[www.irs.gov/tax-professionals/e-services-online-tools-for-tax-professionals](http://www.irs.gov/tax-professionals/e-services-online-tools-for-tax-professionals)] Accessed on May 1, 2017.

## E-Services Registration Process

A description of the e-services registration process follows, including information that applicants must provide.<sup>40</sup>

Option	Description
Registration	<p>Tax professionals register to become a user of the IRS's e-services website. The registration process involves collecting personal and taxpayer data for the sole purpose of authenticating the user's identity. The IRS compares the information provided with information received from the Social Security Administration (SSA) and with the user's previous tax return information. If the information provided matches data obtained by the IRS, a registration confirmation code is sent to the user via the U.S. Postal Service (USPS). The user must log back into the e-services website within 28 days of registration submission and enter this confirmation code to complete the registration process.</p> <p>Tax professionals must provide the following information to become a registered user.</p> <ul style="list-style-type: none"> <li>• Legal name (verified with IRS and SSA records)</li> <li>• Social security number (verified with SSA records)</li> <li>• Date of birth (verified with SSA records)</li> <li>• Telephone number</li> <li>• Email address</li> <li>• Adjusted gross income from either the current year or prior year filed tax return (verified from IRS records)</li> <li>• Username</li> <li>• Password and PIN (helpful hints for selecting a secure, unique password, and PIN are provided)</li> <li>• Reminder question to recover a forgotten username</li> <li>• Home mailing address (verified from IRS records) (Applicants who have moved since last communicating with the IRS should update their information when registering.)</li> </ul>
Confirm registration	<p>Users select this option to enter the confirmation code they received from the IRS. This process must only be completed once within 28 days of registering. Users who forget their password or PIN must repeat this process.</p>
Revise registration	<p>Selecting this option allows users to revise the following information in their registration record.</p> <ul style="list-style-type: none"> <li>• Name</li> <li>• Telephone number</li> <li>• Address</li> <li>• Email address</li> </ul>
Change password/PIN	<p>With this option, users can change their user password, PIN, or both.</p>
Forgotten or lost password/PIN	<p>Users who forget or lose their password or PIN must repeat a portion of the initial registration process and will be issued a new confirmation code via the USPS. They must then log back into e-services within 28 days and confirm their registration using this new confirmation code.</p>

<sup>40</sup> *Registration Services*. Feb. 15, 2017. IRS. [<https://la1.www4.irs.gov/e-services/Registration/index.htm>] Accessed on Jun. 12, 2017.

## OTHER ONLINE TOOLS FOR PRACTITIONERS

The IRS also provides other online tools for tax professionals. This includes a website with basic tools at **uofi.tax/17a4x10** [[www.irs.gov/tax-professionals/basic-tools-for-tax-professionals](http://www.irs.gov/tax-professionals/basic-tools-for-tax-professionals)].<sup>41</sup> This website contains numerous practitioner resources, which are organized in the following categories.

- Information needed to file tax returns for clients
- Due diligence
- Confirming payment/credits on a tax account
- Tax payment alternatives
- Responsibilities of a tax professional
- Campus responsibilities and operations
- Reference materials
- Representing a client before the IRS after returns have been filed
- IRS collection tools and clients' rights
- Requesting transcripts and other IRS information on clients
- Frequently used telephone numbers for practitioners

### Practitioner Priority Service

Tax professionals should be aware of the IRS's Practitioner Priority Service ® (PPS).<sup>42</sup> The PPS is a professional support telephone line that is the first point of contact with the IRS for account-related issues. The PPS is staffed by IRS customer service representatives specially trained to handle practitioners' account questions. It is available to all tax professionals with valid third-party authorizations (i.e., Forms 2848, 8821, and/or 8655).

The PPS telephone number is **866-860-4259**. PPS service hours are weekdays at the following times.

- 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time)
- 8:00 a.m. to 8:00 p.m. local time for Puerto Rico

More information on PPS including service options is available from the PPS webpage at **uofi.tax/17a4x35** [[www.irs.gov/tax-professionals/practitioner-priority-service](http://www.irs.gov/tax-professionals/practitioner-priority-service)].

### E-News

Tax practitioners can stay current with the latest news from the IRS via e-News subscriptions, which are available at **uofi.tax/17a4x11** [[www.irs.gov/uac/e-news-subscriptions-2](http://www.irs.gov/uac/e-news-subscriptions-2)].

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<sup>41</sup> *Basic Tools for Tax Professionals*. Jan. 31, 2017. IRS. [[www.irs.gov/tax-professionals/basic-tools-for-tax-professionals](http://www.irs.gov/tax-professionals/basic-tools-for-tax-professionals)] Accessed on Jun. 14, 2017.

<sup>42</sup> *Practitioner Priority Service* ®. Oct. 27, 2016. IRS. [[www.irs.gov/tax-professionals/practitioner-priority-service](http://www.irs.gov/tax-professionals/practitioner-priority-service)] Accessed on May 1, 2017.

## ONLINE TOOLS FOR BUSINESSES

Currently, the IRS provides the following online tools for businesses.<sup>43</sup>

- **Employer Identification Number (EIN).** With this tool,<sup>44</sup> applicants provide information via an interview-style online application. When all validations are completed, applicants receive the EIN immediately. There is a limit of one online EIN per responsible party per day. The IRS also provides information on EIN verification for lost or misplaced EINs.<sup>45</sup>
- **Tax Calendar.** The IRS CalendarConnector 2 is a downloadable software application that allows users to track important business tax dates and deadlines from their computers.<sup>46</sup> Users can choose which event categories (general, monthly depositor, semiweekly depositor, or excise) they wish to display in the calendar. As new events are added, they are automatically updated via the desktop tool. Additionally, users may have calendar reminders emailed one or two weeks in advance of when a form or payment is due. The tax calendar can also be viewed online.
- **FATCA FFI List Search and Download Tool.** This online tool<sup>47</sup> can be used by businesses and others to determine if a foreign financial institution (FFI) has registered in accordance with the Foreign Account Tax Compliance Act (FATCA). Searches can be made by unique global intermediary identification number (GIIN), foreign financial institution name, country, or any combination of these search criteria.
- **Electronic Federal Tax Payment System.** EFTPS® is a free secure government website that allows users to make federal tax payments electronically.<sup>48</sup> The Internet browser used to access this site must support at least 128-bit encryption. To log on to EFTPS®, an enrolled user must be authenticated with three pieces of unique information: taxpayer identification number (EIN or SSN), EFTPS® PIN, and an Internet password. The combination of these three pieces of identification adds to the security of the site and the privacy of taxpayer data. EFTPS® offers the following conveniences.
  - ♦ The flexibility of making tax payments via the Internet or phone at any time
  - ♦ Scheduling tax payments up to 365 days in advance (Scheduled payments can be changed or canceled up to two business days in advance of the scheduled payment date.)
  - ♦ The ability to make all federal tax payments, including income, employment, estimated, and excise taxes
  - ♦ The opportunity to check up to 16 months of EFTPS® payment history online or by calling EFTPS® customer service

<sup>43</sup> *Tools.* Apr. 28, 2017. IRS. [www.irs.gov/help-resources/tools] Accessed on May 1, 2017.

<sup>44</sup> *Employer ID Numbers.* Mar. 10, 2017. IRS. [www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers-eins] Accessed on May 1, 2017.

<sup>45</sup> *Lost or Misplaced Your EIN?* Mar. 1, 2017. IRS. [www.irs.gov/businesses/small-businesses-self-employed/lost-or-misplaced-your-ein] Accessed on May 30, 2017.

<sup>46</sup> *IRS Tax Calendar for Businesses and Self-Employed.* Feb. 1, 2017. IRS. [www.irs.gov/businesses/small-businesses-self-employed/irs-tax-calendar-for-businesses-and-self-employed] Accessed on May 1, 2017.

<sup>47</sup> *FATCA Foreign Financial Institution (FFI) List Search and Download Tool.* Jan. 4, 2017. IRS. [www.irs.gov/businesses/corporations/fatca-foreign-financial-institution-list-search-and-download-tool] Accessed on May 1, 2017.

<sup>48</sup> *EFTPS: The Electronic Federal Tax Payment System.* Mar. 9, 2017. IRS. [www.irs.gov/uac/eftps-the-electronic-federal-tax-payment-system] Accessed on May 1, 2017.

# 2017 Workbook

## ONLINE TOOLS FOR INDIVIDUAL TAXPAYERS

The IRS provides a suite of online tools for individual taxpayers at **uofi.tax/17a4x12** [[www.irs.gov/help-resources/tools](http://www.irs.gov/help-resources/tools)].<sup>49</sup> Some of the following tools may also be of interest to tax professionals.

Category	Tool	Description
Transcripts	Get transcript	Get copies of tax transcripts online or by mail.
Filing	Free file	Prepare and file federal income taxes online.
	Authorized e-file provider	Locate an authorized e-file provider locally who can electronically file tax returns.
	Volunteer income tax assistance locator	Free tax help for the elderly, the disabled, people who speak limited English, and taxpayers who generally earn less than \$54,000.
	Directory of federal tax return preparers	Search for local preparers who hold professional credentials recognized by the IRS.
	Where's my amended return?	Track the status of a taxpayer's amended return.
Refunds and payments	Where's my refund?	Check the status of a refund online within 24 hours after IRS receipt of an e-filed return or four weeks after IRS receipt of a paper return.
	View tax account	Get payoff amount, the balance owed for each tax year, and up to 18 months of payment history.
	Direct pay	Pay a tax bill directly from a checking or savings account or through the IRS2Go mobile app. Both are safe and secure.
	Online payment agreement	Determine eligibility for payment arrangements on the amount of tax owed, including installments if one-time payment is not possible.
	Offer in compromise pre-qualifier	Determine eligibility to apply for an offer in compromise, which is a settlement for less than the full amount of tax owed.
Credits and deductions	Earned income tax credit assistant	Determine eligibility for and estimate amount of applicable earned income credit.
	Exempt organizations select check	Search for a charity or nonprofit organization and find out if it is eligible to receive tax-deductible contributions.
	First time homebuyer credit account look-up	Check a first time homebuyer credit account balance and payment history online.
Calculators	Withholding calculator	Estimate the amount of federal income tax that should be withheld from a paycheck.
	Sales tax calculator	Determine the amount of optional state and local sales tax that can be claimed on Schedule A, <i>Itemized Deductions</i> .
	Alternative minimum tax (AMT) assistant	Determine liability for the AMT.
Taxpayer assistance	Taxpayer assistance center locator	Find a taxpayer assistance center if a tax issue cannot be handled online or by phone.

<sup>49</sup> *Tools*. Apr. 28, 2017. IRS. [[www.irs.gov/help-resources/tools](http://www.irs.gov/help-resources/tools)] Accessed on May 1, 2017.

IRS eBooks are another useful resource for individual taxpayers.<sup>50</sup> The IRS eBooks effort, which began in 2015, offers an easy way to read and review some of the most commonly used IRS tax products. Using mobile devices (e.g., smart phones, tablets, and eReaders), taxpayers can view Form 1040 instructions; IRS Pub. 17, *Your Federal Income Tax*; and other frequently used tax publications. The eBook format facilitates navigation of the publication. Print size can be easily adjusted, and comments or bookmarks are easily added. It also provides accessibility for users who are visually impaired.

The complete list of all eBook publications is available at [uofi.tax/17a4x13](http://uofi.tax/17a4x13) [www.irs.gov/forms-pubs/ebooks].

## ACCESS TO IRS RECORDS UNDER FOIA

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Section 552 of title 5, United States Code, known as the Freedom of Information Act (FOIA), established an effective statutory right that records of the U.S. government are accessible to the people. The FOIA stipulates records subject to disclosure, mandatory disclosure procedures, and disclosure exemptions.

### LEGISLATIVE HISTORY

The FOIA was signed by President Johnson on July 4, 1966, and went into effect one year later (July 4, 1967).<sup>51</sup> On June 5, 1967, a new act<sup>52</sup> repealed the original and put in its place a substantively identical law with the same July 4, 1967 effective date as the original statute. Numerous legislative changes were made to the FOIA over the years. Perhaps the most important change, which affects the IRS, was the Electronic Freedom of Information Act Amendments of 1996<sup>53</sup> (E-FOIA). After November 1, 1996, the E-FOIA requires all agencies to make certain types of records, created by the agency, available electronically. Agencies must also provide electronic reading rooms for citizens to review records. The required agency response time to FOIA requests was then increased from 10 to 20 business days in anticipation of an increase in public demand.

The last legislative change was the FOIA Improvement Act of 2016, which President Obama signed into law on June 30, 2016.<sup>54</sup>

### FOIA AND E-FOIA DISCLOSURE REQUIREMENTS APPLICABLE TO THE IRS

The first two subparagraphs of USC §552(a) establish categories of information that must automatically be disclosed by federal agencies, including the IRS. Section (a)(1) of the FOIA requires disclosure through publication in the Federal Register of information such as the following.

- Descriptions of IRS organization and office addresses where the public may obtain information, make requests, or obtain decisions
- Statements of the general course and method of IRS operations including the nature and requirements of all formal and informal procedures
- Rules of procedure and descriptions of forms
- Substantive rules of general applicability adopted as authorized by law and general policy statements adopted by the agency
- Each amendment, revision, or repeal of the above

<sup>50</sup> IRS News Rel. IR-2017-46 (Feb. 27, 2017).

<sup>51</sup> Freedom of Information Act (FOIA). PL 89-487 (Jul. 4, 1966).

<sup>52</sup> Freedom of Information Act (FOIA). PL 90-23 (Jun. 5, 1967).

<sup>53</sup> Electronic Freedom of Information Act Amendments of 1996. PL 104-231 (Oct. 2, 1996).

<sup>54</sup> FOIA Improvement Act of 2016. PL 114-185 (Jun. 30, 2016).

Section (a)(2) of the FOIA requires that each agency, including the IRS, make the following materials available for inspection and copying.

- Final opinions and orders made in the adjudication of cases
- Statements of policy and interpretations adopted by the agency, but not published in the Federal Register
- Administrative staff manuals and instructions to staff that affect the public
- Copies of records released in response to FOIA requests that the IRS determines have been or will likely be the subject of additional requests and a general index of these records

## PUBLICLY AVAILABLE IRS READING ROOMS

The IRS maintains two publicly available reading rooms in compliance with section (a)(2) of the FOIA.<sup>55</sup> The physical IRS reading room is located at the following address.

**IRS Headquarters Building**  
**1111 Constitution Avenue NW, Room 1621**  
**Washington, DC 20224**

The physical reading room is open from 9 a.m. to 4 p.m., Monday through Friday (except holidays), and the telephone number is 202-317-4997.

The electronic reading room is available online at **uofi.tax/17a4x28** [www.irs.gov/uac/electronic-reading-room].

## METHODS FOR OBTAINING IRS INFORMATION COVERED BY THE FOIA

IRS records can be obtained by using the following methods.<sup>56</sup>

1. Published information
2. Routine access procedures
3. FOIA request

**Note.** Members of the public are urged to verify whether the information sought is readily available in published information or via routine access procedures before making a FOIA request.

## Published Information

The electronic reading room<sup>57</sup> provides many resources, including the following.

- Published tax guidance
  - ♦ Advance releases — Early distribution of some Internal Revenue Bulletin (IRB) materials before they are published in the IRB
  - ♦ Applicable federal rate (AFR) revenue rulings
  - ♦ Final or temporary regulations (Treasury Decisions) and proposed regulations
  - ♦ IRS publications and notices
  - ♦ IRBs — Weekly compilations of revenue rulings, revenue procedures, announcements, and notices

<sup>55</sup> *Freedom of Information Act (FOIA) Guidelines*. Feb. 9, 2017. IRS. [www.irs.gov/uac/freedom-of-information-act-foia-guidelines] Accessed on May 19, 2017.

<sup>56</sup> *Routine Access to IRS Records*. Dec. 9, 2016. IRS. [www.irs.gov/uac/routine-access-to-irs-records] Accessed on Jun. 7, 2017.

<sup>57</sup> *Electronic Reading Room*. Mar. 3, 2017. IRS. [www.irs.gov/uac/electronic-reading-room] Accessed on Jun. 14, 2017.

- Administrative manuals and instructions
  - ♦ Appeals coordinated issues
  - ♦ Chief counsel (CC) notices
  - ♦ Internal revenue manual (IRM)
  - ♦ Large business and international industry director guidance
  - ♦ Taxpayer advocate service level agreements
  - ♦ Tax-exempt and government entities directives
- Program plans and reports
  - ♦ Annual performance plan
  - ♦ Art appraisal services annual summary reports
  - ♦ Emailed CCA reports
  - ♦ FOIA annual reports
  - ♦ IRS strategic plan
  - ♦ Office of Chief Counsel report on professionalism
  - ♦ Priority guidance plan
  - ♦ Privacy impact assessments
  - ♦ Treasury Inspector General for Tax Administration (TIGTA) annual audit plans
- Non-precedential rulings and advice
  - ♦ Actions on decisions
  - ♦ Appeals settlement guidelines
  - ♦ Chief counsel bulletins
  - ♦ General counsel memoranda
  - ♦ Information letters
  - ♦ IRS written determinations — private letter rulings, technical advice memorandum, and chief counsel advice (CCA)
  - ♦ Legal advice issued by associate chief counsel
  - ♦ Legal advice issued by field attorneys
  - ♦ Legal advice issued to program managers
- Training and reference materials
  - ♦ CCA check training material
  - ♦ CCA training materials
  - ♦ Chief counsel collection due process desk guide
  - ♦ Disclosure and privacy law reference guide

- ♦ Exempt organizations tax law training articles
- ♦ Global awareness training for international tax examiners
- ♦ International practice units
- ♦ IRS chief counsel procedure and administration desk guide
- ♦ IRS FOIA logs
- ♦ IRS records control schedules
- ♦ IRS records schedules
- ♦ Market segment specialization program (audit techniques guides)
- ♦ Tax crimes handbook
- ♦ Tax-exempt and government entities issue snapshots
- Frequently Requested Documents
  - ♦ Active enrolled agents listing
  - ♦ Automated lien system database listing
  - ♦ Guidance related to losses from certain criminally fraudulent investment arrangements that take the form of Ponzi schemes
- Historical files relating to the IRS Intelligence Division investigation of Chicago racketeer Al Capone
- IRS FOIA logs
- Procedures for requesting a private letter ruling from the IRS office of chief counsel
- Procedures and user fee schedule for requesting a private letter ruling from the IRS on matters under the jurisdiction of the office of the division commissioner, tax-exempt and government entities, such as waivers of IRA rollover penalties, etc.
- Return preparer PTIN listing

## Routine Access Procedures

Many types of IRS records are available through routine procedures designed to make access quick and easy. No FOIA request is required for these records. Requests for specific taxpayer information must be made by the taxpayer or a tax practitioner (with power of attorney) or another suitably authorized third party (e.g., see Form 4506, *Request for Copy of Tax Return*). The following table summarizes ways to access frequently requested records.<sup>58</sup>

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<sup>58</sup> *Routine Access to IRS Records*. Dec. 9, 2016. IRS. [[www.irs.gov/uac/routine-access-to-irs-records](http://www.irs.gov/uac/routine-access-to-irs-records)] Accessed on May 19, 2017.

Record Description	Request Procedure(s)
A copy of a tax return	A completed Form 4506 should be mailed to the address provided in the form's instructions to receive copies of tax returns as originally filed. The IRS charges a fee of \$50 for each copy provided. Form 4506 can also be obtained by calling the IRS Forms hotline at 800-829-3676.
A transcript of a tax return or tax account	<p>A transcript of a taxpayer's account or return is free and <b>may substitute</b> in some situations for a copy of an original return. For example, colleges and loan originators generally accept IRS transcripts. The following request options are available.</p> <ul style="list-style-type: none"> <li>• <b>On the web</b> at <a href="http://uofi.tax/17a4x1">uofi.tax/17a4x1</a> [<a href="http://www.irs.gov/individuals/get-transcript">www.irs.gov/individuals/get-transcript</a>]</li> <li>• <b>Form 4506-T.</b> A tax return transcript can be requested using Form 4506-T, <i>Request for Transcript of Tax Return</i>. Wage and income transcripts and a verification of nonfiling letter can also be requested using Form 4506-T.</li> <li>• <b>By phone.</b> Telephone 800-908-9946 (for individual transcripts) or 800-829-4933 (for business transcripts)</li> </ul>
Information from open case files	A taxpayer or their authorized representative working with an IRS employee on an open case may request information from the case file (such as copies of work papers or other records) directly from the IRS employee assigned to the matter.
Centralized Authorization File (CAF) client listing	The CAF client listing is available to practitioners. However, a specific FOIA request must be made. (The procedures for making such requests are discussed in the next section.)
Tax-exempt or political organization returns or other documents that are publicly available	<p>The following request options are available.</p> <ul style="list-style-type: none"> <li>• <b>By phone.</b> Contact the Tax-Exempt/Government Entities Hotline at 877-829-5500.</li> <li>• <b>By mail.</b> Send a completed Form 4506-A, <i>Request for Public Inspection or Copy of Exempt or Political Organization IRS Form</i>, to the address printed on the form.</li> <li>• <b>Online.</b> Form 990, <i>Return of Organization Exempt From Income Tax</i>, is available online through <a href="http://www.GuideStar.org">www.GuideStar.org</a>, a privately funded database of nonprofit organizations. Some employee plan information is available online through private research services such as <a href="http://www.FreeERISA.com">www.FreeERISA.com</a>. Copies of approved applications for tax-exempt status can also be obtained using Form 4506-A.</li> </ul>
Tax forms and publications	Tax forms and publications may be found online at <a href="http://uofi.tax/17a4x2">uofi.tax/17a4x2</a> [ <a href="http://www.irs.gov/forms-pubs">www.irs.gov/forms-pubs</a> ] or by calling the IRS Forms Hotline at 800-829-3676.
Tax account and technical tax law questions	<p>The following request options are available.</p> <ul style="list-style-type: none"> <li>• <b>Individuals and businesses.</b> Call Taxpayer Service at 800-829-1040.</li> <li>• <b>Employee plans, tax-exempt, or political organizations.</b> Contact the Tax-Exempt/Government Entities hotline at 877-829-5500 (only tax account information is available through the TE/GE hotline).</li> <li>• <b>Online at <a href="http://uofi.tax/17a4x3">uofi.tax/17a4x3</a></b> [<a href="http://www.irs.gov/help-resources/tools-faqs/faqs-for-individuals/frequently-asked-tax-questions-answers">www.irs.gov/help-resources/tools-faqs/faqs-for-individuals/frequently-asked-tax-questions-answers</a>]</li> </ul>
Tax Court opinions	<p>The following request options are available.</p> <ul style="list-style-type: none"> <li>• <b>By mail.</b> Copies are available by writing to: U.S. Tax Court, 400 2nd St NW #111, Washington, DC 20217.</li> <li>• <b>Online.</b> Available through public legal research or library services. Opinions issued since January 1, 1999 can be retrieved from the Tax Court's search page at <a href="http://uofi.tax/17a4x4">uofi.tax/17a4x4</a> [<a href="http://www.ustaxcourt.gov/UstcInOp/OpinionSearch.aspx">www.ustaxcourt.gov/UstcInOp/OpinionSearch.aspx</a>].</li> </ul>
Internal Revenue Code, Regulations, and official guidance	Online versions of the Internal Revenue Code and Treasury (Tax) Regulations can be accessed at <a href="http://uofi.tax/17a4x5">uofi.tax/17a4x5</a> [ <a href="http://www.irs.gov/tax-professionals/tax-code-regulations-and-official-guidance">www.irs.gov/tax-professionals/tax-code-regulations-and-official-guidance</a> ].

## FOIA Request

All IRS records are subject to FOIA requests. However, the FOIA does not require the IRS to release all documents that are subject to FOIA requests. The IRS may withhold information pursuant to various exemptions and exclusions contained in the FOIA statute. These exemptions and exclusions are discussed later.<sup>59</sup>

**Where to File a FOIA Request.** The IRS only accepts FOIA requests by fax or by mail. FOIA requests should be addressed as follows.<sup>60</sup>

FOIA requests for IRS Headquarters Office records not available at the electronic reading room site	FOIA requests for taxpayer records or other records controlled at IRS field locations
Fax: 877-807-9215	Fax: 877-891-6035
Mail: IRS FOIA Request HQ FOIA Stop 211 P.O. Box 621506 Atlanta, GA 30362-3006	Mail: IRS FOIA Request Stop 93A P.O. Box 621506 Atlanta, GA 30362-3006

**Note.** The same FOIA request should not be sent by both fax and mail because this can lead to processing delays.

**How to Prepare a FOIA Request.** A FOIA request must be in writing and should include the following information.<sup>61</sup>

- The address of the requester so that the IRS can properly respond
- A daytime phone number at which an IRS disclosure manager or caseworker can contact the requester (e.g., to further clarify the information sought or address fees issues)
- “FOIA” written on the envelope
- A statement that the request is being made pursuant to the Freedom of Information Act and/or Privacy Act, if requesting personal records
- A complete description of the requested records including the name, subject matter, location, and years at issue (also relevant correspondence pertaining to the requested documents, while not required, may help the IRS disclosure office identify the records)
- Clarification of whether inspection or copies of records is sought
- The requester **category** to enable a **proper fee** determination — these categories are the following
  - ♦ Commercial use
  - ♦ Media
  - ♦ Educational institutions and non-commercial scientific institutional
  - ♦ Others (including individual)<sup>62</sup>

<sup>59</sup> *Freedom of Information Act (FOIA) Guidelines*. Feb. 9, 2017. IRS. [www.irs.gov/uac/freedom-of-information-act-foia-guidelines] Accessed on Jun. 7, 2017.

<sup>60</sup> *IRS Disclosure Offices*. Apr. 27, 2017. IRS. [www.irs.gov/uac/irs-disclosure-offices] Accessed on May 22, 2017.

<sup>61</sup> *Freedom of Information Act (FOIA) Guidelines (Appendix A)*. Feb. 9, 2017. IRS. [www.irs.gov/uac/freedom-of-information-act-foia-guidelines] Accessed on Jun. 7, 2017.

<sup>62</sup> For more information on requester categories, see 26 CFR 601.702 (f)(3) and [www.irs.gov/uac/freedom-of-information-act-foia-guidelines#AppendixB] Accessed on Aug. 8, 2017.

- Proof of identity and proof of authority to access the information if the records requested are confidential and not available to the general public (e.g., records subject to the Privacy Act or IRC §6103)<sup>63</sup>
- An agreement to pay either all fees incurred or a maximum dollar amount in processing the request, per the FOIA fee schedule<sup>64</sup>
- The requester's signature (Stamped or digital signatures are not acceptable.)

The following optional requests can be included.<sup>65</sup>

- Fee reduction or waiver<sup>66</sup>
- Provision of documents in an alternative media<sup>67</sup>
- Expedited processing of the FOIA request (See Treas. Reg. §601.702(c)(6) for information on compelling needs and qualifications for expedited processing.)

A sample FOIA letter and CAF client listing request are provided at **uofi.tax/17a4x14** [www.irs.gov/uac/freedom-of-information-act-foia-guidelines#FOIA].

**Determining FOIA Request Status and Resolving Issues with a FOIA Request.** FOIA requesters who have questions or want to know the status of a request should contact the FOIA public liaison for their state, shown in the following table.<sup>68</sup> The public liaison directs such inquiries to the FOIA requester service center that is handling the FOIA request.

State	Public Liaison
Connecticut, Maine, Massachusetts, Michigan, New Hampshire, Rhode Island, Vermont	Ron Mele Phone: 860-594-9009
Delaware, Maryland, New Jersey, New York, Pennsylvania	Jason Angelotti Phone: 954-991-4022
Illinois, Indiana, Kentucky, Ohio, West Virginia	Stephen Seok Phone: 513-263-3625
District of Columbia, Florida, North Carolina, South Carolina, Virginia, US Territories	Jeffrey Austin Phone: 215-861-1919
Alabama, Arkansas, Georgia, Mississippi, Tennessee	Fred Crismon Phone: 615-250-5866
Louisiana, Oklahoma, Texas, Wisconsin	Sharisse Tompkins Phone: 214-413-5293
Colorado, Iowa, Kansas, Minnesota, Missouri, Nebraska, Wyoming	Laura McIntyre Phone: 303-603-4734
Idaho, Montana, North Dakota, Oregon, South Dakota, Utah, Washington	Phil Hatcher Phone: 314-339-1557
Arizona, Hawaii, Nevada, New Mexico, Southern California	David Nimmo Phone: 949-575-6328
Alaska, Northern California	Celeste Neal Phone: 510-907-5740

<sup>63</sup> *Establishing Identity and Right to Access*. Feb. 9, 2017. IRS. [www.irs.gov/uac/freedom-of-information-act-foia-guidelines#Proof] Accessed on May 22, 2017.

<sup>64</sup> *Freedom of Information Act (FOIA) Guidelines (Appendix B)*. Feb. 9, 2017. IRS. [www.irs.gov/uac/freedom-of-information-act-foia-guidelines] Accessed on Jun. 8, 2017.

<sup>65</sup> *Freedom of Information Act (FOIA) Guidelines (Appendix A)*. Feb. 9, 2017. IRS. [www.irs.gov/uac/freedom-of-information-act-foia-guidelines] Accessed on Jun. 8, 2017.

<sup>66</sup> Treas. Reg. §601.702(f)(2).

<sup>67</sup> 5 USC §552(a)(3)(B).

<sup>68</sup> *IRS Disclosure Offices*. Apr. 27, 2017. IRS. [www.irs.gov/uac/irs-disclosure-offices] Accessed on May 22, 2017.

Following a response from the service center staff, FOIA requesters who require more information or assistance may contact the IRS disclosure manager, who serves as the FOIA public liaison for that center (from the preceding table).<sup>69</sup> The service center staff member can provide the name and contact information for that office's public liaison. The public liaison can assist with reducing delays, explaining the status of the request, and resolving disputes.

**Reasons Access May Be Denied Under the FOIA.** The IRS may withhold an IRS record that falls under one of the FOIA's nine statutory exemptions.<sup>70</sup> These exemptions come under the following headings.

1. Classified documents pertaining to national defense and foreign policy
2. Internal personnel rules and practices
3. Information exempt under other laws
4. Trade secrets and confidential commercial or financial information
5. Inter-agency or intra-agency memorandums or letters
6. Personal privacy
7. Law enforcement
8. Financial institutions
9. Geological information

Descriptions of these exemptions and their applicability to the IRS are explained in detail at **uofi.tax/17a4x15** [[www.irs.gov/uac/freedom-of-information-act-foia-guidelines](http://www.irs.gov/uac/freedom-of-information-act-foia-guidelines)].

Three categories of especially sensitive records are excluded from the FOIA.<sup>71</sup> These exclusions from the FOIA are provided so that neither ongoing criminal investigations nor confidential informants are compromised. They also extend to classified FBI records relating to foreign intelligence, counterintelligence, or international terrorism. Descriptions of these exclusions follow.

1. The first exclusion may be used when a requester seeks information that meets the following conditions.
  - The investigation in question involves a possible violation of criminal law.
  - There is a reason to believe that the subject of the investigation is not already aware that the investigation is underway.
  - Disclosure of the existence of the records could reasonably be expected to interfere with law enforcement proceedings.

When all of these conditions exist, the IRS is not required to provide investigatory records in response to a FOIA request nor is the IRS required to reveal that it is conducting an investigation.

2. Informant records maintained by IRS criminal law enforcement filed under the informant's name or personal identifier are covered by the second exclusion. The IRS is not required to confirm the existence of these records unless the informant's status is officially confirmed. This exclusion helps agencies protect the identity of confidential informants.
3. The third exclusion only applies to records maintained by the FBI, which pertain to foreign intelligence, counterintelligence, or international terrorism. When the existence of these types of records is classified, the FBI may treat the records as not subject to the requirements of FOIA.

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<sup>69</sup> Ibid.

<sup>70</sup> 5 USC §§552(b)(1)–(9).

<sup>71</sup> 5 USC §§552(c)(1)–(3).

Requesters who believe that records were improperly withheld by the IRS because of the exclusions can seek judicial review by filing suit in federal district court.<sup>72</sup>

**Appeal Procedures.** When a FOIA request is denied, the IRS must inform the requester of the reasons for the denial and the requester's right to appeal the denial.<sup>73</sup> A requester may appeal the withholding of a document or denial of a fee waiver request.<sup>74</sup> A requester may also contest the type or amount of fees that were charged,<sup>75</sup> or may appeal any other type of adverse determination under the FOIA. A requester may also appeal because the IRS failed to conduct an adequate search for the documents requested. However, a requester may not file an administrative appeal for the lack of a timely response.<sup>76</sup>

A person may administratively appeal any portion denied when their request is granted in part and denied in part. An appeal does not affect the release of the documents that may be disclosed if the IRS agreed to disclose some but not all requested documents.<sup>77</sup>

Administrative appeal deadlines and detailed procedures are provided at **uofi.tax/17a4x29** [www.irs.gov/uac/freedom-of-information-act-foia-guidelines].

When an administrative appeal is denied, a requester has the right to appeal the denial in court. The burden of justifying the withholding of documents falls to the IRS in that situation.<sup>78</sup>

**The Federal FOIA Ombudsman.** The Office of Government Information Services (OGIS) is a FOIA resource for the public and the government.<sup>79</sup> Congress charged the OGIS with reviewing FOIA policies, procedures, and compliance of federal agencies and identifying ways to improve compliance. The OGIS mission also includes resolving FOIA disputes between federal agencies and requesters.

The OGIS can assist individuals who have, for example, encountered a delay in receiving a response to a FOIA request or a denial of specific information.

No special forms are needed for making a request to OGIS. However, the following information is required.<sup>80</sup>

1. The requester's contact information (name, mailing address or email address, daytime telephone number)
2. A description of the issue or assistance sought from the OGIS and the agency or agencies involved, if applicable
3. Copies of any letters or other materials exchanged with that agency, including the original case number assigned to the FOIA request or appeal, which may include the following
  - The FOIA request
  - The agency's response to the FOIA request
  - Appeal letter
  - The agency's response to the appeal
4. A privacy consent statement with signature and date

<sup>72</sup> Treas. Reg. §601.702(c)(13).

<sup>73</sup> Treas. Reg. §601.702(c)(9)(iv).

<sup>74</sup> Treas. Reg. §601.702(c)(10); *Freedom of Information Act (FOIA) Guidelines*. Feb. 9, 2017. IRS. [www.irs.gov/uac/freedom-of-information-act-foia-guidelines] Accessed on Jun. 8, 2017.

<sup>75</sup> Ibid.

<sup>76</sup> *Freedom of Information Act (FOIA) Guidelines*. Feb. 9, 2017. IRS. [www.irs.gov/uac/freedom-of-information-act-foia-guidelines] Accessed on Jun. 8, 2017.

<sup>77</sup> Ibid.

<sup>78</sup> Treas. Reg. §601.702(c)(13).

<sup>79</sup> *The Office of Government Information Services*. Apr. 10, 2017. U.S. National Archives and Records Administration. [ogis.archives.gov] Accessed on May 22, 2017.

<sup>80</sup> *Request OGIS Assistance*. Feb. 23, 2016. IRS. [www.archives.gov/ogis/mediation-program/request-assistance] Accessed on May 22, 2017.

OGIS requests for assistance can be sent by any of the following.

Email: **ogis@nara.gov**  
Fax: **202-741-5769**  
Mail: **Office of Government Information Services (OGIS)**  
**National Archives and Records Administration**  
**8601 Adelphi Road**  
**College Park, MD 20740-6001**

**Note.** The OGIS does not:<sup>81</sup>

- Address matters already in litigation,
- Compel agencies to release documents,
- Enforce FOIA,
- Process or review FOIA requests or appeals,
- Provide legal assistance,
- Provide assistance outside the realm of FOIA, or
- Make determinations or dictate resolutions to disputes.

## PRIVATE DEBT COLLECTION

In April 2017, the IRS began sending letters to taxpayers informing them that overdue federal tax accounts are being assigned to a private-sector collection agency.<sup>82</sup> The following four contractors are to implement the new program.<sup>83</sup>

1. CBE Group  
Waterloo, IA 50704
2. ConServe  
Fairport, NY 14450-0307
3. Performant  
Livermore, CA 94551
4. Pioneer  
Horseheads, NY 14845

Authorized by §32102 of the Fixing America's Surface Transportation Act,<sup>84</sup> the IRS is now required to use private agencies for the collection of **outstanding inactive tax receivables**. The IRS will assign older, overdue tax accounts to private collection agencies, particularly if a lack of resources prevents the IRS from working the cases.

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<sup>81</sup>. Ibid.

<sup>82</sup>. IRS News Rel. IR-2017-74 (Apr. 4, 2017).

<sup>83</sup>. IRS News Rel. IR-2016-125 (Sep. 26, 2016).

<sup>84</sup>. PL 114-94 (Dec. 4, 2015).

The IRS will **not** assign accounts to private collection agencies for any taxpayers who fall into one of the following categories.<sup>85</sup>

- Deceased
- Under the age of 18
- In designated combat zones
- Victims of tax-related identity theft
- Currently under examination, litigation, criminal investigation, or levy
- Subject to pending or active offers in compromise
- Subject to an installment agreement
- Subject to a right of appeal
- Involved in an innocent spouse case
- In federally declared disaster areas and requesting relief from collection

Private collection agencies will return accounts to the IRS if the taxpayers fall into any of the preceding categories after assignment to the private agency.

Affected taxpayers and their representatives will receive written notice via postal mail that their account is being transferred to a private collection agency. This mailing will include a copy of IRS Pub. 4518, *What You Can Expect When the IRS Assigns Your Account to a Private Collection Agency*. The private collection agency will then send a second, separate letter to the taxpayer and their representative confirming this transfer.<sup>86</sup>

Private collection agencies can identify themselves as contractors of the IRS that are collecting taxes. However, employees of these collection agencies must follow the provisions of the Fair Debt Collection Practices Act<sup>87</sup> and must be courteous and respect taxpayer rights.<sup>88</sup>

Private collection agencies are **not authorized to take enforcement actions against taxpayers.**<sup>89</sup> Actions such as filing a notice of federal tax lien or issuing a levy can only be taken by IRS employees.

## MEASURES FOR PROTECTION OF TAXPAYERS FROM SCAMMERS

The IRS is aware that scam artists may try to take advantage of these new private collection procedures to con taxpayers. Therefore, the IRS provides the following information to alert taxpayers that the agencies are part of the private debt collection program to help taxpayers avoid being scammed by impersonators.<sup>90</sup>

- **Taxpayer notification.** As previously stated, the IRS notifies taxpayers before their account is transferred to the private debt collection agency. Taxpayers who were not notified should be wary of any bill collectors saying they are working on behalf of the IRS.
- **IRS letter.** The letter from the IRS that taxpayers receive provides them with the name of the private debt collection agency to which their account is being transferred.

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<sup>85</sup> Ibid.

<sup>86</sup> IRS News Rel. IR-2017-74 (Apr. 4, 2017).

<sup>87</sup> PL 95-109 (Sep. 20, 1977).

<sup>88</sup> IRS News Rel. IR-2017-74 (Apr. 4, 2017).

<sup>89</sup> Ibid.

<sup>90</sup> IRS News Rel. IR-2006-132 (Aug. 23, 2006).

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- **Collection agency letter.** Upon receipt of the transferred account from the IRS, the collection agency sends taxpayers a letter informing them that they will contact them soon regarding back taxes.
- **Money collected.** Checks in settlement of a debt must still be made **payable to the U.S. Treasury** — not to an individual or firm. The collection agency provides the appropriate IRS mailing address for payments and never asks for cash or checks written to individuals.
- **Contact the IRS.** If in doubt about someone claiming to be from the IRS or working on behalf of the IRS, the taxpayer should call the IRS's toll-free help line at **800-829-1040**.

**Note.** All taxpayers should be aware that the IRS or a designated contractor will never do any of the following.<sup>91</sup>

- Call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card, or wire transfer
- Threaten to immediately bring in local police or other law-enforcement groups to have the taxpayer arrested for not paying
- Demand that taxes be paid without giving the taxpayer the opportunity to question or appeal the amount owed
- Ask for credit card or debit card numbers over the phone

IRS Commissioner John Koskinen said “Here’s a simple rule to keep in mind. You won’t get a call from a private collection firm unless you have unpaid tax debts going back several years and you’ve already heard from the IRS multiple times. The people included in the private collection program typically already know they have a tax issue. If you get a call from someone saying they’re from one of these groups and you’ve paid your taxes, that’s a sure sign of a scam.”<sup>92</sup>

## TIGTA HOTLINE

If a taxpayer has a complaint about a private collection agency or wants to report misconduct by its employees, they can call the TIGTA hotline at **800-366-4484** or visit **www.tigta.gov**. A taxpayer can also write to the following address.<sup>93</sup>

**Treasury Inspector General for Tax Administration**  
**Hotline**  
**P.O. Box 589**  
**Ben Franklin Station**  
**Washington, DC 20044-0589**

Taxpayers can report a threat, assault, or attempted assault by a private collection agency employee to the TIGTA Office of Investigations at **uofi.tax/17a4x16** [[www.treasury.gov/tigta/oi.shtml](http://www.treasury.gov/tigta/oi.shtml)].<sup>94</sup>

<sup>91</sup> IRS News Rel. IR-2017-74 (Apr. 4, 2017).

<sup>92</sup> Ibid.

<sup>93</sup> *Private Debt Collection*. Apr. 27, 2017. IRS. [[www.irs.gov/businesses/small-businesses-self-employed/private-debt-collection](http://www.irs.gov/businesses/small-businesses-self-employed/private-debt-collection)] Accessed on May 30, 2017.

<sup>94</sup> Ibid.

## DISASTER TAX RELIEF

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A federally declared disaster is one that occurred in an area declared by the president to be eligible for federal assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.<sup>95</sup> The Federal Emergency Management Agency (FEMA) leads the effort to prepare the nation for all hazards and effectively manage federal response and recovery efforts following any national incident. The referral point for state emergency assistance information is provided at **uofi.tax/17a4x17** [[www.fema.gov/preliminary-damage-assessment-reports](http://www.fema.gov/preliminary-damage-assessment-reports)].

When a disaster is officially declared, the IRS may grant tax relief to taxpayers.<sup>96</sup> Following such an event, the IRS typically issues a press release. Recent disaster situations in which the IRS has granted tax relief can be found at **uofi.tax/17a4x18** [[www.irs.gov/uac/tax-relief-in-disaster-situations](http://www.irs.gov/uac/tax-relief-in-disaster-situations)]. Examples of tax relief provided to taxpayers include the following.

- Additional time to file returns and pay taxes<sup>97</sup>
- Interest and penalty waivers when late tax payment is due to the disaster<sup>98</sup>
- Claiming disaster-related casualty losses on federal income tax returns for either the year in which the event occurred or the prior year<sup>99</sup>
- Copies or transcripts of previously filed tax returns free of charge with Form 4506, *Request for Copy or Transcript of Tax Form* (The \$50 per tax return copy fee is waived if the name of the disaster is written in red across the top of the Form 4506.)<sup>100</sup>
- Advice for reconstructing tax records<sup>101</sup> (This may be helpful in determining the amount of a casualty loss stemming from a disaster.)
- Suspension of installment agreement payments due during the disaster relief period, with subsequent reinstatement of the installment agreement without a fee<sup>102</sup>

Partners in a partnership or shareholders in an S corporation that is located in a federally declared disaster area qualify for tax relief. This is true even if the partners are **not** located in a federally declared disaster area. If they rely on information (e.g., Schedule K-1) from the partnership or S corporation to file their tax return that the affected partnership or S corporation cannot supply, then they are also affected taxpayers. Their filing and payment deadlines are postponed until the end of the postponement period just like the affected partnership or S corporation.<sup>103</sup>

<sup>95</sup> PL 100-707 (Nov. 23, 1988).

<sup>96</sup> *Disaster Assistance and Emergency Relief for Individuals and Businesses*. Jun. 7, 2016. IRS. [[www.irs.gov/businesses/small-businesses-self-employed/disaster-assistance-and-emergency-relief-for-individuals-and-businesses-1](http://www.irs.gov/businesses/small-businesses-self-employed/disaster-assistance-and-emergency-relief-for-individuals-and-businesses-1)] Accessed on May 31, 2017.

<sup>97</sup> *Tax Relief: Presidentially Declared Disaster Areas*. Jun. 7, 2016. IRS. [[www.irs.gov/uac/tax-relief-presidentially-declared-disaster-areas](http://www.irs.gov/uac/tax-relief-presidentially-declared-disaster-areas)] Accessed on Jun. 8, 2017.

<sup>98</sup> Ibid.

<sup>99</sup> See IRS Pub. 547, *Casualties, Disasters, and Thefts*.

<sup>100</sup> *Tax Relief: Presidentially Declared Disaster Areas*. Jun. 7, 2016. IRS. [[www.irs.gov/uac/tax-relief-presidentially-declared-disaster-areas](http://www.irs.gov/uac/tax-relief-presidentially-declared-disaster-areas)] Accessed on Jun. 8, 2017.

<sup>101</sup> See IRS Pub. 2194, *Disaster Resource Guide*, and IRS Fact Sheet 2006-7 (Jan. 2006).

<sup>102</sup> *FAQs for Disaster Victims — Penalty and Interest*. Jun. 9, 2016. IRS. [[www.irs.gov/businesses/small-businesses-self-employed/faqs-for-disaster-victims-penalty-and-interest](http://www.irs.gov/businesses/small-businesses-self-employed/faqs-for-disaster-victims-penalty-and-interest)] Accessed on Jun. 12, 2017.

<sup>103</sup> *FAQ for Disaster Victims — Affected Taxpayer and Records Necessary to Meet a Deadline for Filing and Paying*. Jun. 7, 2016. IRS. [[www.irs.gov/businesses/small-businesses-self-employed/faq-for-disaster-victims-affected-taxpayer-and-records-necessary-to-meet-a-deadline-for-filing-and-paying](http://www.irs.gov/businesses/small-businesses-self-employed/faq-for-disaster-victims-affected-taxpayer-and-records-necessary-to-meet-a-deadline-for-filing-and-paying)] Accessed on May 31, 2017.

To get the postponement for filing or payment, affected taxpayers must take the following actions.

- Call the disaster assistance hotline at **866-562-5227**
- Explain that necessary records are located in a covered disaster area
- Provide the FEMA disaster number of the county in which the affected partnership or S corporation is located

Treas. Reg. §301.7508A-1 and Rev. Proc. 2007-56 provide a list of taxpayer acts that may be postponed in response to a federally declared disaster.

Additionally, the IRS provides the following specific resources to taxpayers located in disaster areas.<sup>104</sup>

- The IRS webpage **uofi.tax/17a4x19** [[www.irs.gov/uac/around-the-nation](http://www.irs.gov/uac/around-the-nation)] provides IRS news specific to local areas, primarily disaster relief or tax provisions that affect certain states.
- The IRS webpage **uofi.tax/17a4x20** [[www.irs.gov/businesses/small-businesses-self-employed/crop-insurance-and-crop-disaster-payments-agriculture-tax-tips](http://www.irs.gov/businesses/small-businesses-self-employed/crop-insurance-and-crop-disaster-payments-agriculture-tax-tips)] provides information about crop insurance and disaster payments received because of a natural disaster.
- The IRS webpage **uofi.tax/17a4x21** [[www.irs.gov/businesses/small-businesses-self-employed/disaster-area-losses-agriculture-tax-tips](http://www.irs.gov/businesses/small-businesses-self-employed/disaster-area-losses-agriculture-tax-tips)] discusses the special rules for when to deduct a disaster-area loss and the abatement of interest on tax underpayments.
- The IRS webpage **uofi.tax/17a4x22** [[www.irs.gov/businesses/small-businesses-self-employed/disaster-assistance-self-study-and-resource-guide](http://www.irs.gov/businesses/small-businesses-self-employed/disaster-assistance-self-study-and-resource-guide)] provides information to effectively execute duties as a disaster assistance representative.

The IRS also has a resource center for tax professionals at **uofi.tax/17a4x23** [[www.irs.gov/tax-professionals/disaster-relief-resource-center-for-tax-professionals](http://www.irs.gov/tax-professionals/disaster-relief-resource-center-for-tax-professionals)]. Useful links to taxpayer resources are provided, along with a procedure for claiming bulk relief from penalties and/or interest for clients located in disaster areas.

Additionally, the IRS partners with the following tax practitioner associations that provide resources to taxpayers located in disaster areas.<sup>105</sup>

- American Bar Association **uofi.tax/17a4x24** [[www.americanbar.org/groups/committees/disaster.html](http://www.americanbar.org/groups/committees/disaster.html)]. A resource center for taxpayers in disaster situations, provided by the ABA
- American Institute of Certified Public Accountants **uofi.tax/17a4x25** [[www.aicpa.org/InterestAreas/YoungCPANetwork/Resources/ProfessionalIssues/Pages/Disaster\\_Recovery.aspx](http://www.aicpa.org/InterestAreas/YoungCPANetwork/Resources/ProfessionalIssues/Pages/Disaster_Recovery.aspx)]. A central resource for a number of hurricane relief initiatives launched by the AICPA
- Association of Latino Professionals in Finance and Accounting **www.alpfa.org**. A central resource for a number of initiatives launched by the ALPFA
- National Association of Black Accountants, Inc. **www.nabainc.org**
- National Association of Enrolled Agents **www.naea.org**. NAEA disaster relief information
- National Association of Tax Professionals **www.natptax.com**. Hurricane disaster tax information
- National Society of Accountants **www.nsacct.org**. Disaster relief initiatives for NSA members and their clients
- American Association of Attorney-Certified Public Accountants **uofi.tax/17a4x26** [[netforum.avectra.com/eWeb/StartPage.aspx?Site=AAA-CPA](http://netforum.avectra.com/eWeb/StartPage.aspx?Site=AAA-CPA)]

<sup>104</sup>. *Disaster Assistance and Emergency Relief for Individuals and Businesses*. Jun. 7, 2016. IRS. [[www.irs.gov/businesses/small-businesses-self-employed/disaster-assistance-and-emergency-relief-for-individuals-and-businesses-1](http://www.irs.gov/businesses/small-businesses-self-employed/disaster-assistance-and-emergency-relief-for-individuals-and-businesses-1)] Accessed on May 31, 2017.

<sup>105</sup>. *Disaster Relief Resource Center for Tax Professionals*. Oct. 11, 2016. IRS. [[www.irs.gov/tax-professionals/disaster-relief-resource-center-for-tax-professionals](http://www.irs.gov/tax-professionals/disaster-relief-resource-center-for-tax-professionals)] Accessed on Jun. 13, 2017.

## CURRENT IRS STATUS

### UPDATE ON IRS FUTURE STATE INITIATIVE

The key features of the IRS Future State Initiative are the following.<sup>106</sup>

- Virtual taxpayer assistance
- Identity authentication
- Upfront issue identification
- End-to-end taxpayer experience
- Analytics

**Note.** These features were discussed in detail in the 2016 *University of Illinois Federal Tax Workbook*, Volume A, Chapter 5: IRS Update.

The Future State plan will be implemented over five years, starting in 2017.<sup>107</sup> News regarding recent developments of this initiative was provided to the tax professional community during recent IRS tax forums.

### IRS Tax Forums

The IRS held tax forums in five cities during July, August, and September 2017. The aim of these forums was to provide tax professionals with up-to-date information on federal and state tax issues, including the status of the IRS Future State Initiative. Presenters included experts from the IRS and partner organizations. The forums also provided an opportunity for the IRS to receive feedback from the tax community and highlight areas in which taxpayer service could be improved.

In a survey, the IRS asked tax professionals what Future State changes could have the biggest impact on taxpayers' experience with the IRS. Over 1,300 tax professionals responded to the question. More than 30% of respondents cited **enhanced support and tools** for taxpayers and more than 20% cited agile, **efficient, and effective operations** as the areas of greatest impact. Another survey question asked tax professionals how they saw the Future State affecting their work. Over half the 600 respondents said they saw the Future State expanding their role as a service partner.

During the 2017 tax forums, tax professionals received a live demonstration of the online tax account application of Future State, which is discussed next.

<sup>106</sup>. *Planning for the Future of the Taxpayer Experience*. Feb. 10, 2016. IRS. [www.irs.gov/pub/newsroom/FSTaxpayerInteraction.pdf] Accessed on Jul. 31, 2017.

<sup>107</sup>. IRS News Rel. IR-2016-174 (Dec. 21, 2016).

## Online Tax Accounts

In November 2016, the IRS launched the online tax account application on IRS.gov, which provides information to taxpayers with straightforward balance-owed inquiries in a secure, easy, and convenient way.<sup>108</sup> This new online feature allows taxpayers to obtain the following information from their IRS accounts.<sup>109</sup>

- Payoff amount, updated for the current calendar day
- The balance owed for each tax year
- Up to 18 months of payment history

This tool is available during the following hours.

- Monday to Friday, 6 a.m. to 12:30 a.m. (eastern time)
- Saturday, 6 a.m. to 10 p.m. (eastern time)
- Sunday, 6 p.m. to midnight (eastern time)

The following information and resources are required to register for an online tax account.<sup>110</sup>

- SSN
- Date of birth
- Filing status and mailing address from latest tax return
- Access to an email account
- A personal account number from a credit card, mortgage, home equity loan, home equity line of credit, or car loan
- A mobile phone with the taxpayer's name on the account

In the four weeks after the launch of the online account, taxpayers checked their account balance over 76,000 times and used this new offering to make more than 8,600 tax payments, totaling over \$27.6 million, via the direct pay feature. In that time, taxpayers also completed more than 2,100 installment agreements through the online payment agreement feature. In subsequent phases of the online account, taxpayers will be provided with additional tax information and the ability to complete more tasks online.<sup>111</sup>

IRS Commissioner John Koskinen said that “It’s important to keep in mind that the Future State is not a “big bang” initiative where everything is put in place all at once; rather the work on the new online account feature reflects our focus on careful, incremental steps to make sure each process works well. Feedback from the tax community is a critical part of that effort.”<sup>112</sup>

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<sup>108</sup>. Ibid.

<sup>109</sup>. *View Your Tax Account Information*. May 30, 2017. IRS. [[www.irs.gov/uac/view-your-tax-account](http://www.irs.gov/uac/view-your-tax-account)] Accessed on May 1, 2017.

<sup>110</sup>. Ibid.

<sup>111</sup>. IRS News Rel. IR-2016-174 (Dec. 21, 2016).

<sup>112</sup>. Ibid.

## IRS DATA BOOK STATISTICS

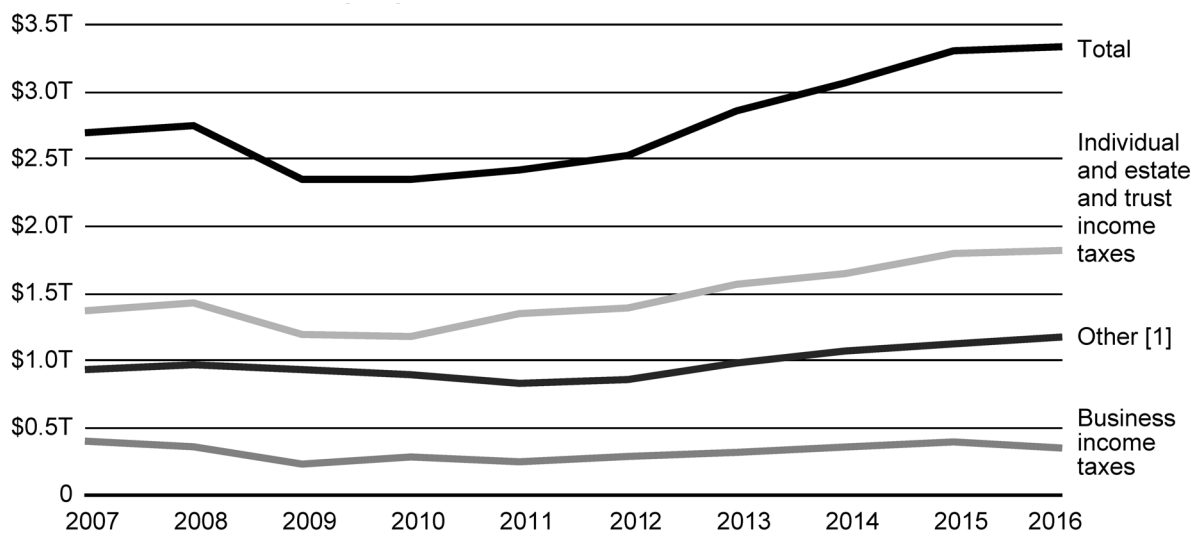
Each year, the IRS issues its data book containing statistical tables and organizational information on a fiscal year (FY) basis (October 1 to September 30). The 2016 IRS data book is available at [uofi.tax/17a4x30](http://www.irs.gov/uac/soi-tax-stats-irs-data-book) [www.irs.gov/uac/soi-tax-stats-irs-data-book], and the 2015 IRS data book is available at [uofi.tax/17a4x31](http://www.irs.gov/pub/irs-soi/15databk.pdf) [www.irs.gov/pub/irs-soi/15databk.pdf].

### GROSS TO NET TAX COLLECTIONS

In FY 2016, the IRS collected more than \$3.3 trillion in gross taxes (Figure 1 and Table 1). Individual, estate, and trust income taxes of \$1.82 trillion represented 55% of the total (Figure 2 and Table 1).

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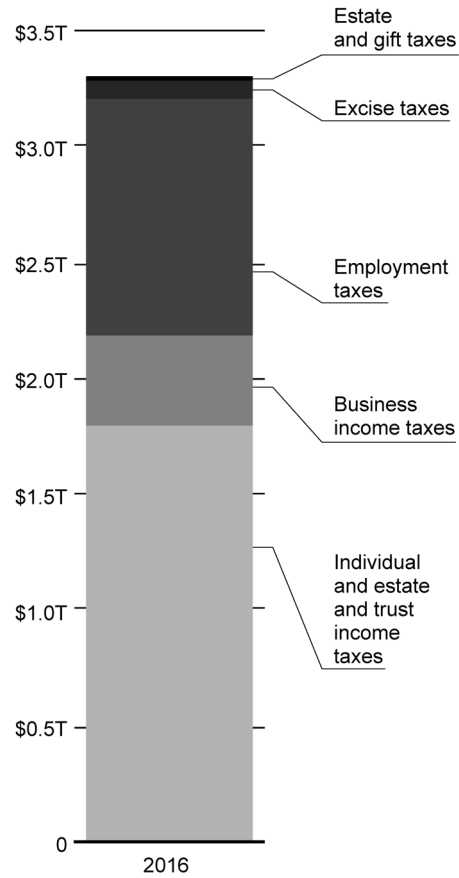
**Figure 1. Gross Collections by Type of Tax, Fiscal Years 2007–2016**



[1] Includes employment, estate and gift, and excise tax forms.

SOURCE: IRS Data Book Table 1

**Figure 2. Gross Collections by Type of Tax, Fiscal Year 2016**



SOURCE: 2016 *IRS Data Book* Table 1

**Table 1. Collections and Refunds, by Type of Tax, Fiscal Years 2015 and 2016 (amounts in thousands of dollars)**

Type of tax	Gross collections [1]			Refunds [1, 2]	Net collections [1]	
	2015	2016	Percentage of 2016 total	2016	2016	Percentage of 2016 total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>United States, total</b>	<b>3,302,677,258</b>	<b>3,333,449,083</b>	<b>100.0</b>	<b>426,146,066</b>	<b>2,907,303,017</b>	<b>100.0</b>
<b>Business income taxes</b>	<b>389,888,722</b>	<b>345,552,427</b>	<b>10.4</b>	<b>51,281,426</b>	<b>294,271,001</b>	<b>10.1</b>
Corporation	389,083,708	344,670,501	10.3	n.a.	n.a.	n.a.
Tax-exempt organization unrelated business income tax	805,014	881,926	[3]	n.a.	n.a.	n.a.
<b>Individual and estate and trust income taxes [4]</b>	<b>1,793,185,699</b>	<b>1,815,819,135</b>	<b>54.5</b>	<b>369,234,470</b>	<b>1,446,584,665</b>	<b>49.8</b>
Individual income tax withheld	1,241,160,788	1,267,429,873	38.0	n.a.	n.a.	n.a.
Individual income tax payments [5]	518,579,529	518,693,865	15.6	n.a.	n.a.	n.a.
Estate and trust income tax	33,445,382	29,695,397	0.9	2,588,937	27,106,460	0.9
<b>Employment taxes</b>	<b>1,022,358,916</b>	<b>1,073,907,715</b>	<b>32.2</b>	<b>3,329,627</b>	<b>1,070,578,088</b>	<b>36.8</b>
Old-Age, Survivors, Disability, and Hospital Insurance (OASDHI), total [4]	1,006,818,535	1,059,526,038	31.8	3,129,856	1,056,396,182	36.3
Federal Insurance Contributions Act (FICA)	942,448,190	1,000,491,731	30.0	n.a.	n.a.	n.a.
Self-Employment Insurance Contributions Act (SECA)	64,370,345	59,034,307	1.8	n.a.	n.a.	n.a.
Unemployment insurance	9,107,884	8,440,229	0.3	196,313	8,243,916	0.3
Railroad retirement	6,432,497	5,941,448	0.2	3,458	5,937,990	0.2
<b>Estate and gift taxes</b>	<b>20,042,039</b>	<b>22,337,137</b>	<b>0.7</b>	<b>999,980</b>	<b>21,337,157</b>	<b>0.7</b>
Estate	17,952,938	19,879,671	0.6	838,166	19,041,505	0.7
Gift	2,089,101	2,457,466	0.1	161,815	2,295,651	0.1
<b>Excise taxes [6]</b>	<b>77,201,882</b>	<b>75,832,669</b>	<b>2.3</b>	<b>1,300,563</b>	<b>74,532,106</b>	<b>2.6</b>

n.a.—Not available.

[1] Excludes refunds credited to taxpayer accounts for tax liability in a subsequent year, as well as excise taxes collected by U.S. Customs and Border Protection and the Alcohol and Tobacco Tax and Trade Bureau.

[2] Includes overpayment refunds, refunds resulting from examination activity, refundable tax credits, and other refunds required by law. Also includes \$1.5 billion in interest, of which \$0.8 billion was paid to corporations and \$0.7 billion was paid to all others (related to individual, employment, estate, gift and excise tax returns).

[3] Less than 0.05 percent.

[4] Collections of withheld individual income tax are not reported by taxpayers separately from Old-Age, Survivors, Disability, and Hospital Insurance (OASDHI) taxes on salaries and wages (under the Federal Insurance Contributions Act or FICA) and on self-employment income (under the Self-Employment Insurance Contributions Act or SECA). The OASDHI tax collections and refunds shown in this table are based on estimates made by the Secretary of the Treasury pursuant to the provisions of Section 201 (a) of the Social Security Act as amended and include all OASDHI taxes. Amounts shown for individual income tax withheld and individual income tax payments were derived by subtracting the FICA and SECA tax estimates from total individual income tax withheld and individual income tax payments. Refund estimates, and, therefore, net collection estimates, were not made for the components of income and OASDHI taxes.

[5] Includes collections of estimated income tax and payments made in conjunction with individual income tax return filings.

[6] Beginning with Fiscal Year 2015, some refunds which had been classified as excise tax refunds in prior years, were reclassified as corporate tax refunds.

#### NOTES:

Detail may not add to totals because of rounding.

Collection and refund data may not be comparable for a given fiscal year because payments made in prior years may be refunded in the current fiscal year.

Partnership, S corporation, regulated investment company, and real estate investment trust data are not shown in this table since these entities generally do not have a tax liability. Instead, they pass any profits or losses to the underlying owners, who include these profits or losses on their income tax returns.

SOURCE: Chief Financial Officer, Financial Management.

Business income taxes of \$346 billion accounted for 10% of the total, with the remaining 35% coming from \$1.17 trillion of other taxes (employment, estate and gift, and excise). Gross taxes grew in 2016 by only \$30.77 billion (0.9%) over the previous FY, reflecting a slowdown of gross revenue growth when compared to the previous four FYs.

A total of \$426 billion in tax refunds was issued by the IRS in FY 2016 (Figure 3 and Table 1). Individual, estate, and trust income tax refunds of \$369 billion accounted for 87% of the total (Figure 4 and Table 1). Business income taxes of \$51 billion accounted for 12% of the total, with the remaining 1% coming from \$5.6 billion of other taxes (employment, estate and gift, and excise). Refunds grew by \$22.9 billion (5.7%) over the previous FY,<sup>113</sup> maintaining the growth trend of the last three FYs (Figure 3).

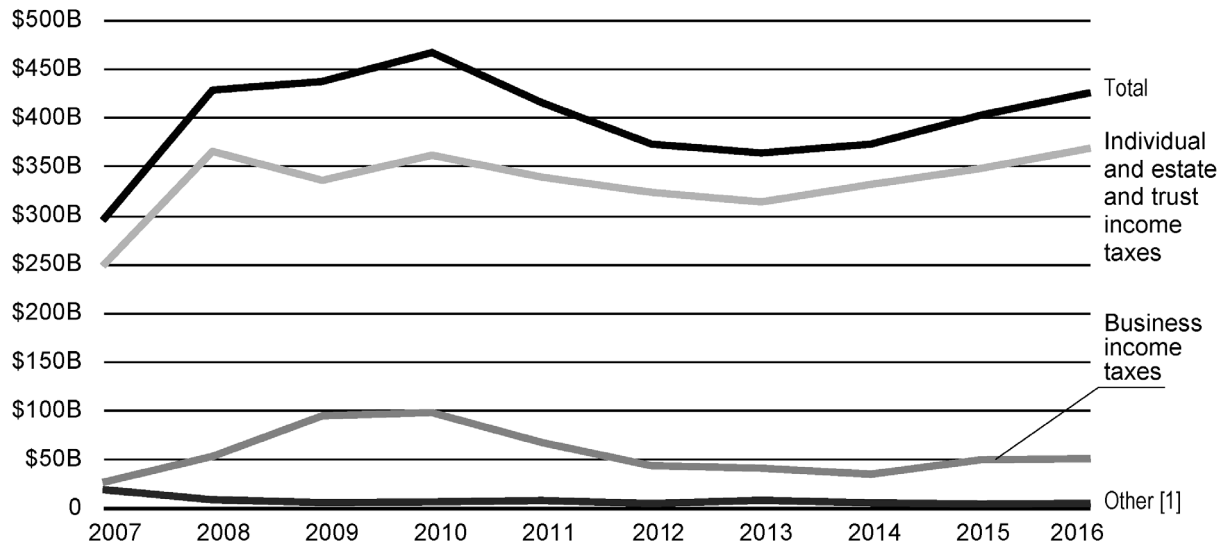
The slowing gross revenue growth trend combined with the rising tax refund trend produced a small \$8 billion (0.28%) rise in net collections (\$2.907 trillion in 2016 and \$2.899 trillion in 2016<sup>114</sup>).

<sup>113</sup> Internal Revenue Service Data Book, Table 1, 2015. Mar. 2016. IRS. [www.irs.gov/pub/irs-soi/15databk.pdf] Accessed on Apr. 6, 2017.

<sup>114</sup> Ibid.

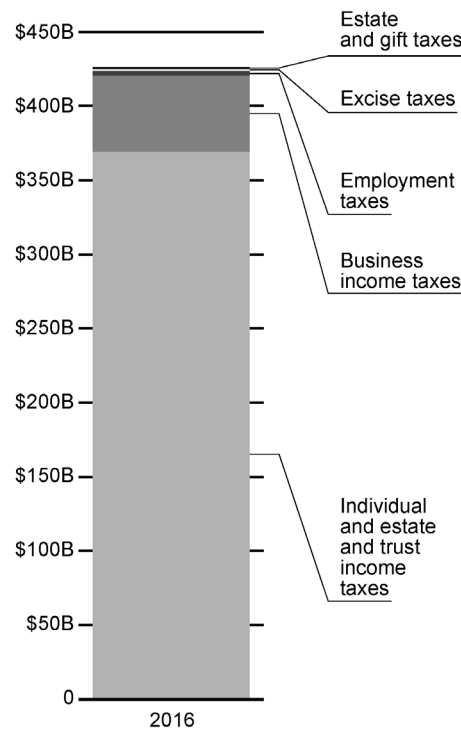
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**Figure 3. Refunds by Types of Tax, Fiscal Years 2007–2016**



[1] Includes employment, estate and gift, and excise tax forms.  
SOURCE: IRS Data Book Table 1

**Figure 4. Refunds by Type of Tax, Fiscal Year 2016**



SOURCE: 2016 IRS Data Book Table 1

## Tax Returns Filed

The following table was compiled from IRS data book statistics. It compares total numbers of e-filed and paper-filed federal tax returns in 2015 and 2016.

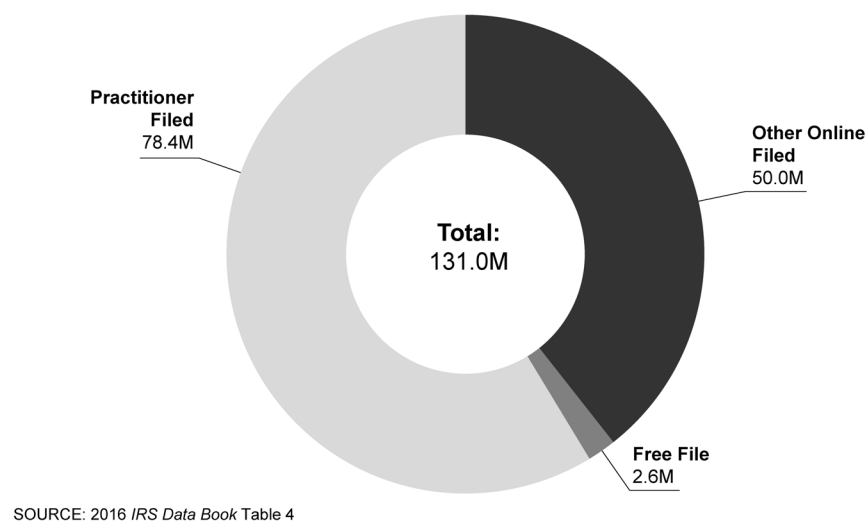
	Federal Tax Filings (in thousands)		Percent Change
	2015	2016	
Total federal returns e-filed <sup>a</sup>	163,484	168,816	3.26%
Individual returns	127,779	131,044	2.56%
Business returns	8,095	8,596	6.19%
Other <sup>b</sup>	27,610	29,176	5.67%
Total federal returns paper-filed	79,765	75,430	-5.43%
Individual returns	21,062	19,667	-6.62%
Business returns	2,721	2,450	-9.96%
Other <sup>b</sup>	55,982	53,313	-4.77%
Total federal filings <sup>c</sup>	243,249	244,246	0.41%
Individual returns	148,841	150,711	1.26%
Business returns	10,816	11,046	2.13%
Other <sup>b</sup>	83,592	82,489	-1.32%

<sup>a</sup> IRS Data Book, Table 4 (2015 and 2016)  
<sup>b</sup> All except individual and business returns  
<sup>c</sup> IRS Data Book, Table 2 (2016)

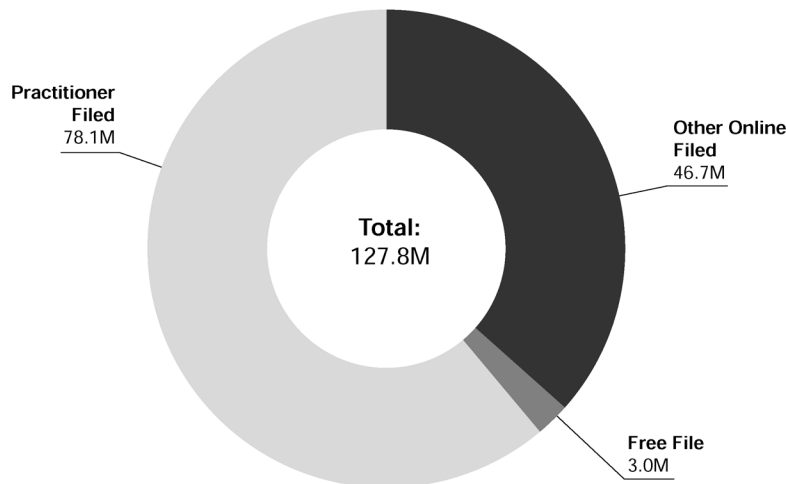
The preceding table shows that total individual returns filed rose from 148.8 million (127.8 million + 21.0 million) in 2015 to 150.7 million (131.0 million + 19.7 million) in 2016, an increase of 1.3%. The share of e-filed individual returns rose from 86% (127.8 million ÷ 148.8 million) in 2015 to 87% (131.0 million ÷ 150.7 million) in 2016.

Total business returns filed rose from 10.8 million (8.1 million + 2.7 million) in 2015 to 11.1 million (8.6 million + 2.5 million) in 2016, an increase of 2.78%. The share of e-filed business returns rose from 75% (8.1 million ÷ 10.8 million) in 2015 to 77.5% (8.6 million ÷ 11.1 million) in 2016.

**Figure 5. Number of Individual Returns Electronically Filed, Fiscal Year 2016**



**Figure 6. Number of Individual Returns Electronically Filed, Fiscal Year 2015**



SOURCE: 2015 IRS Data Book Table 4

Figures 5 and 6 illustrate the breakdown of e-filed federal income tax returns in 2016 and 2015. Practitioner-filed tax returns rose 0.4% from 78.1 million in 2015 to 78.4 million in 2016. Other e-filed tax returns rose 7.1% from 46.7 million in 2015 to 50 million in 2016. The 13% decline in free file tax returns from 3 million in 2015 to 2.6 million in 2016 is noteworthy.

## Tax Return Audits

The following table was compiled from IRS data book statistics (contained in Table 9a). It compares IRS audits by tax return category between 2015 and 2016.

Type of Return	All Returns Filed in Calendar Year 2014	Returns Examined in FY2015		All Returns Filed in Calendar Year 2015	Returns Examined in FY2016	
		Total	%		Total	%
Individual income tax return	146,861,217	1,228,117	0.8	147,967,324	1,034,955	0.7
Corporation income tax return	1,915,337	24,761	1.3	1,887,078	21,136	1.1
Estate and trust income tax returns (Form 1041)	3,215,902	5,288	0.2	3,174,929	3,284	0.1
Estate tax returns (Form 706)	35,619	2,770	7.8	36,130	3,187	8.8
Gift tax returns	267,600	2,539	0.9	238,324	1,843	0.8
Total (% = average)	152,295,675	1,263,475	0.8	153,303,785	1,064,405	0.7

Overall, the IRS audit rate for the tax return categories considered dropped from 0.8% to 0.7% between 2015 and 2016. This represents a decrease of 15.76% in the total number of IRS audits conducted for these tax return categories. All the tax return categories considered showed a decrease in the IRS audit rate except for estate tax returns. However, this was by far the smallest of the tax return categories considered.

## IRS COMMISSIONER REMARKS AT 2017 NATIONAL PRESS CLUB<sup>115</sup>

On April 5, 2017, IRS Commissioner John A. Koskinen spoke at the National Press Club in Washington D.C. Commissioner Koskinen's remarks included comments regarding the financial and human resource challenges currently facing the IRS. Key information derived from these comments follows.

In 2016, Congress increased the IRS's budget allocation by \$290 million. These additional funds allowed the IRS to hire an extra 1,000 people during filing season to answer telephone calls from members of the public. This resulted in a significant reduction in wait times and an improvement in the level of service provided to callers. Furthermore, this funding enabled a strengthening in cybersecurity and an increase in efforts to counter identity theft.

Despite the additional funding received in 2016, the IRS remains under significant human resource constraints. Since 2011, an agency-wide hiring freeze has been in place, which means that retirees and departing employees have not been replaced. Consequently, since 2010, the IRS's full-time workforce has shrunk by more than 17,000 to roughly 77,000 employees (a decrease of approximately 18%). This occurred while the IRS's workload increased. For example, the number of individual returns filed grew by more than 10 million between 2010 and 2015.

Revenue officers are a key group within the IRS's enforcement ranks. They are frontline employees who go out into the community to bring in taxes. However, the number of revenue officers has not kept pace with the increase in returns. In fact, the number of revenue officers dropped by over 50% in the last 20 years from 7,400 in 1996 to 3,500 currently. This is a significant decrease considering the tax system and the size and complexity of today's economy.

In the next two years, 35% of the IRS's workforce will be eligible for retirement. Due to the hiring freeze, the IRS has only 122 full-time employees who are 25 years old or younger, which represents 0.16% ( $122 \div 77,000$ ) of the current workforce. Consequently, the IRS is not developing the next generation of employees to replace those leaving.

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<sup>115</sup>. *Prepared Remarks of John A. Koskinen Before the National Press Club Washington, DC April 5, 2017*. Apr. 10, 2017. IRS. [[www.irs.gov/uac/newsroom/prepared-remarks-of-john-a-koskinen-before-the-national-press-club-washington-dc-april-5-2017](http://www.irs.gov/uac/newsroom/prepared-remarks-of-john-a-koskinen-before-the-national-press-club-washington-dc-april-5-2017)] Accessed on May 18, 2017.

## PRACTITIONER TAX IDENTIFICATION NUMBER (PTIN)

On June 1, 2017, the U.S. District Court for the District of Columbia confirmed the IRS's authority to require tax return preparers to obtain preparer tax identification numbers (PTINs) but determined that they may not charge fees for issuing PTINs. Furthermore, regulations requiring payment of fees for PTINs were found to be unlawful.<sup>116</sup>

### HISTORY

In 1961, §6109 was added to the Code.<sup>117</sup> IRC §6109 authorizes the Secretary of the Treasury to prescribe regulations for the inclusion of identifying numbers on a return, statement, or other document required to be filed with the IRS. At the time of its introduction, IRC §6109 applied mainly to taxpayers. Identifying numbers for tax preparers were not then required.<sup>118</sup> The requirement for a preparer to furnish an identifying number on a tax return or claim for refund prepared by them became **effective for returns filed after 1976** with the addition of paragraph 4 to IRC §6109(a).<sup>119</sup> Relevant portions of the 1976 Form 1040 follow.

Form 1040 U.S. Individual Income Tax Return 1976

Department of the Treasury—Internal Revenue Service

This space for IRS use only

For the year January 1–December 31, 1976, or other taxable year beginning , 1976 ending , 19 .

If joint return, give first names and initials of both Last name Your social security number

27 Amount of line 26 to be repaid to you 28 Amount of line 26 to be credited on 1977 estimated tax

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign here Your signature Date Preparer's signature (and employer's name, if any) Date

Spouse's signature (if filing jointly, BOTH must sign even if only one had income) Identifying number (see instructions) Address (and ZIP code)

218-052-2

For tax returns or claims for refund filed on or before December 31, 2010, the tax return preparer's identifying number was that individual's SSN or such alternative number as prescribed by the IRS.<sup>120</sup> The IRS Restructuring and Reform Act of 1998 authorized the use of an alternative to the SSN to identify a tax return preparer.<sup>121</sup>

In 1999, the IRS introduced Form W-7P, *Application for Preparer Tax Identification Number*.<sup>122</sup> Subsequently, preparers could identify themselves on tax returns they prepared with their PTIN in lieu of their SSN, as shown on the following 1999 Form 1040.

You are here 69 tax penalty on line 68

Sign Here Joint return? See page 18. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature Date Your occupation Daytime telephone number (optional)

Spouse's signature. If a joint return, BOTH must sign. Date Spouse's occupation

Paid Preparer's Use Only Preparer's signature Date Check if self-employed Preparer's SSN or PTIN

Firm's name (or yours if self-employed) and address EIN ZIP code

Form 1040 (1999)

<sup>116</sup> Adam Steele, et al., v. U.S., Case no. 14-cv-1523-RCL (D.D.C. Jun. 1, 2017).

<sup>117</sup> PL 87-397 (Oct. 5, 1961).

<sup>118</sup> Ibid.

<sup>119</sup> Tax Reform Act of 1976, §1203(d). PL 94-455 (Oct. 4, 1976).

<sup>120</sup> Treas. Reg. §1.6109-2(a)(2)(i).

<sup>121</sup> IRS News Rel. IR-1999-72 (Aug. 24, 1999).

<sup>122</sup> Ibid.

The option of using either an SSN or PTIN for tax preparer identification ended December 31, 2010. Thereafter, all tax return preparers must have a PTIN or other IRS prescribed identifying number.<sup>123</sup> Furthermore, Treas. Reg. §1.6109-2(e) granted the IRS the authority to designate PTIN expiration dates and procedures for PTIN renewal, including payment of associated user fees. In the preamble to these regulations, the IRS stated that “mandating a single type of identifying number for all tax return preparers and assigning a prescribed identifying number to registered tax return preparers is critical to effective oversight.”<sup>124</sup>

A copy of the 2010 Form 1040 signature area follows.

**Sign Here**  
Joint return? See page 12. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
Spouse's signature. If a joint return, <b>both</b> must sign.	Date	Spouse's occupation	

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name	Firm's EIN		Phone no.	
Firm's address				

Form **1040** (2010)

## CONSEQUENCES OF THE STEELE COURT DECISION

In *Steele v. U.S.*,<sup>125</sup> the court ruled that the IRS may not charge user fees for PTINs. The court relied on *Loving v. IRS*<sup>126</sup> in holding that the IRS may not regulate in this area or require that tax return preparers obtain an occupational license. Furthermore, the court determined that “PTINs are not a service or thing of value provided by the IRS.” For these and other reasons, the court concluded that the IRS may not charge user fees for the issuance or renewal of PTINs or issue regulations regarding the same.<sup>127</sup> Because this was a class action lawsuit, the IRS is now required to refund all PTIN user fees collected unless the IRS decides to appeal the decision. As of July 1, 2017, the cumulative number of individuals issued PTINs since September 28, 2010, was 1,329,433.<sup>128</sup> During that period, PTIN fees for new or renewed ID numbers have varied between \$50 and \$64.25 per application.<sup>129</sup>

On June 5, 2017, the IRS posted an announcement to its website referring to the *Steele* decision upholding the IRS’s authority to require the use of PTINs but enjoining the IRS from charging user fees for them. PTIN registration and renewal was temporarily suspended as a result of this decision<sup>130</sup> but was reinstated on June 21, 2017.<sup>131</sup> The website includes information on PTIN sign-up and renewal.<sup>132</sup>

The IRS, working with the Department of Justice, is considering how to proceed. When additional information becomes available, tax practitioners can find it at **uofi.tax/17a4x33** [www.irs.gov/for-tax-pros]. In the meantime, all IRS-provided PTIN services to tax return preparers have been restored (e.g., PTIN helpline and online access to continuing education records), and no PTIN user fees are being charged.<sup>133</sup>

<sup>123</sup> Treas. Reg. §1.6109-2(d).

<sup>124</sup> 75 Fed. Reg. at 60309 (Sep. 30, 2010).

<sup>125</sup> *Adam Steele, et al., v. U.S.*, Case no. 14-cv-1523-RCL (D.D.C. Jun. 1, 2017).

<sup>126</sup> *Loving et al. v. IRS et al.*, 917 F.Supp.2d 67 (D.D.C. 2013), *aff’d* 742 F.3d 1013 (Feb. 11, 2014).

<sup>127</sup> *Ibid.*

<sup>128</sup> *Return Preparer Office Federal Tax Return Preparer Statistics*. Jul. 5, 2017. IRS. [www.irs.gov/tax-professionals/return-preparer-office-federal-tax-return-preparer-statistics] Accessed on Jul. 12, 2017.

<sup>129</sup> *IRS loses lawsuit over PTIN fees, suspends PTIN system, and may be forced to refund preparers*. Cohn, Michael. Jun. 5, 2017. Tax Pro Today. [www.taxprotoday.com/news/irs-loses-lawsuit-over-ptin-fees-and-may-be-forced-to-refund-preparers] Accessed on Jul. 12, 2017.

<sup>130</sup> *PTIN System Down*. Jun. 5, 2017. IRS. [www.irs.gov/tax-professionals/ptin-system-down] Accessed on Jun. 20, 2017.

<sup>131</sup> *IRS PTIN system is back online and is not charging a fee*. Jun. 22, 2017. Thomson Reuters Tax & Accounting. [tax.thomsonreuters.com/media-resources/news-media-resources/checkpoint-news/daily-newsstand/irs-ptin-system-is-back-online-and-is-not-charging-a-fee] Accessed on Jul. 11, 2017.

<sup>132</sup> *IRS Tax Professional PTIN system*. IRS. [https://rpr.irs.gov/datamart/mainMenuUSIRS.do] Accessed on Jun. 21, 2017.

<sup>133</sup> *IRS Reopening Preparer Tax Identification Number (PTIN) System*. Jun. 21, 2017. IRS. [www.irs.gov/tax-professionals/irs-reopening-preparer-tax-identification-number-ptin-system] Accessed on Jul. 12, 2017.

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