

Tax Practitioner Liaison Meeting
Oregon Department of Revenue – Fishbowl Meeting Room
Friday, December 2, 2011
9AM – 11-AM

Welcome & Introduction

All

Tami asked everyone to introduce themselves.

This meeting began with a “Synergy” panel type discussion which lasted about an hour. The panel consisted of the following members: Colleen Miller, Susan Zwemke, Tammy Barnick, Shannon Ball, Bruce MacDonald and Jackie Houser.

Q: If your client has a return that gets held up in Suspense (as in the working family credit), what is the best way to get the necessary information to the department?

A: The best way is still to fax it in, please send to: 503.945.8009, Attn: Suspense

Q: What is the status of suspended amended returns for 2010?

A: If the amended return was paid, they are current; if it was a refund amended return, they are working on August.

Q: If a client comes in and they owe and need to make payments, what is an amount we can tell them they need to make on a monthly basis when they want to pay as little as possible and the department wants as much as possible?

A: The department will always want payment in full whenever possible. However; we will set up a payment arrangement to get the debt paid within 2 or 3 months. Most taxpayers consider this more of an inconvenience than an inability to pay. We can go out to a year on a payment plan, however; there are certain conditions that must be met, including that they must not create an additional debt for a new liability during that time.

Q: What do you do when the return is in Suspense and you are in a period of waiting while the tax payer is being garnished?

A: The Settlement Offer unit works very closely with Suspense and the Processing Center and usually a request can be made to move the return to the front of the processing pile. If you find yourself in this situation, contact the Settlement Offer Unit at 503.945.8824

Q: Is the decision made whether or not to accept a Settlement offer by a single person or by a panel?

A: The decision is made by a panel who meets every week to discuss the offers submitted for that week. A decision is reached within 30 days of the offer being submitted. For the settlement offer form follow this link: www.oregon.gov/DOR/forms/personal/settlement-offers_101-157.pdf

Q: Is it true that starting this year all employees & all W2's will have to be submitted electronically to the department?

A: That was a phase in, starting with employers with over a certain number of employees, and gradually phased in all employers.

Q: What if a taxpayer doesn't know the amount of state withholding on their return?

A: The taxpayer can go to the IRS and request a transcript of their withholding for that year, and then there is a form on our website that can be used to estimate Oregon withholding.

Q: Is it true that you can request a W2 from Social Security?

A: Yes, you can.

Q: On the Power of Attorney form, it says if you are not a CPA or an Attorney, you have to be an EA and and Oregon Consultant. So, you want us to put both ID numbers?

A: Yes, you must be licensed in Oregon to represent a taxpayer. You can select a level 1, which is only to give and receive information.

Q: How can we help you during an audit?

A: Communication would be the biggest issue. Very often we send out letters with no response, which never works out well for the taxpayer. If you need to, request a meeting to bring everyone up to date. Also, be aware of the appeals process. You need to know when a taxpayer receives a deficiency you have 30 days to file a written objection. Also, do not file a written objection on an amended return. It takes some time to get down to the auditor, so the account doesn't get put on hold properly, so interest and penalties continue to accrue while it's waiting to be received by the auditor. As well as collection activity may begin when it shouldn't.

Q: Can you put in the link to the withholding form?

A: Yes, follow this link:

<http://www.oregon.gov/DOR/BUS/docs/206-643.pdf?ga=t>

Phase II of HB 3082

Eric D. Smith

HB 3082 is also known as the Licensee Tax Compliance Project. This project authorized by the 2009 Legislature, gives the Department of Revenue permission to work with licensing boards to conduct a pilot project on tax compliance with licensees, who must be in tax compliance in order to get their license or to renew it.

During phase one; we concentrated solely on personal income taxes. Revenue worked with 3 different licensing boards, including the Board of Tax Practitioners. The other boards we contacted were the Construction Contractors Board and the Mortuary Cemetery Board. During this phase we obtained a list of licensees from these boards and if licensees were not in compliance we sent them a letter that stated their license could be suspended if they remained out of compliance. There was also an information only project during phase one

where we worked with the Board of Nursing, the Engineering and Land Surveying Board, and the Landscape and Contractors Board. We obtained a list of licensees from these boards and also sent letters to these licensees stating they were either in compliance or not in compliance. This second project provided tax compliance status information only to licensees and their license was not in jeopardy of being suspended if they were out of compliance. We found that the increase in licensee compliance rates in both of these projects to be significant and that a licensee compliance requirement or tax compliance status information are effective compliance tools.

Phase 2 is now beginning and is an extension of the House Bill Pilot Project. It is similar to the second project mentioned above in that DOR will provide tax compliance information to licensees. Licensees, who are not in compliance, are not in jeopardy of having their license suspended. In addition, the focus of this project will be on licensees that are subject to

Oregon's withholding tax program. The three licensing agencies we are working with are the Plumbers Board, the Architect Examiners Board and the Department of Agriculture. Due to limited resources, we are limiting the amount of licensees contacted to about 6,800 through all three agencies. Letters will start going out in February or March to all 6,800 licensees describing the project and providing their tax compliance status. Individuals who are not in compliance will be encouraged to contact the Department.

Suspense Update

Deb Barnes

Deb introduced herself and gave a brief history of her time here at Revenue. Suspense is current on working refund amended returns. Paid amended returns being worked are now early November. Only about 7,000 returns being worked in the Suspense unit at the moment. Goal is to be caught up by middle of December. Deb brought Terri Rios with her who is one of the senior staff from Suspense to help answer any questions.

Q: By saying you are current on amended returns what does that mean exactly? That the taxpayer can expect a refund in 6 weeks?

A: We consider current to mean the taxpayer could receive a refund within 3 months of filing the return, however at this point it looks more like 6 weeks.

Q: What are the most common suspended return issues?

A: Not completely filling out the return, missing a code, or out of tolerance are also common issues.

IRS Update

Brian Wozniak

Form 1099-K and Information Reporting on Merchant Payment Cards: The IRS issued Notice 2011-88 and Notice 2011-89 on October 27, 2011. Notice 2011-88 postpones the effective date for potential backup withholding obligations imposed under section 3406 for payments made in settlement of payment card and third party network transactions (section 6050W payments). Notice 2011-89 provides transitional relief from penalties for a section 6050W filer reporting incorrect information on information returns (Form 1099-K) and payee statements filed under section 6050W of the Internal Revenue Code. Please visit the IRS Third Party Reporting Information Center for additional guidance:

<http://www.irs.gov/taxpros/article/0,,id=225080,00.html>

Stayton chapter practitioner leadership was notified that if you are already an approved sponsor of qualifying professional continuing education for enrolled agents, you will be receiving a letter that your sponsor number will be valid through June 30th.

530 entities that are registered with the IRS office of professional responsibility as qualified individuals who can offer education to enrolled agents.

IRS Return Preparer Office:

PTIN renewal applications for the 2012 calendar year are now available on-line.

Practitioners that have already submitted their renewal will see a “Pending Activation” indicator after completing the process – this indicates you have successfully completed the 2012 renewal even though the PTIN expiration date remains 12-31-2011. On January 1, 2012 the Pending Activation indicator will automatically be activated and the expiration date will change to 12-31-2012.

Competency Test: The Registered Tax Return Preparer Candidate Information Bulletin was issued by Prometric on October 26, 2011. This document provides guidance for the competency test that most unenrolled tax return preparers need to complete by 12-31-2013. Competency exam questions that are not answered in the bulletin should be sent directly to Prometric. The RTRP test specifications can be viewed at <http://www.irs.gov/taxpros/article/0,,id=243833,00.html>.

CPE requirements for unenrolled practitioners: January 2012 begins the continuing education requirements and the approval of CPE providers for Registered Tax Return Preparers. Registered Tax Return Preparers must complete 15 hours per year including 2 hours of ethics, 3 hours of federal tax law updates and 10 hours of other federal tax law.

Qualified CPE Providers: The IRS has issued letters to groups and individuals that are approved providers of continuing education for Enrolled Agents informing them that we are extending their status as an approved provider for EAs through June 30, 2012.

Previously their status as an approved provider of continuing education was in effect through December 31, 2011. We are currently developing guidance with respect to how we intend to administer the new CPE provider application process for applying to provide courses for Registered Tax Return Preparers. We anticipate releasing instructions on how to apply for ALL programs later this year. If you want to provide courses for Registered Tax Return Preparers, you will need to apply using the new process when it is released. The new process will combine the application for both programs (EA & RTRP). While providers will need to indicate the audiences to whom courses will be offered (EA and/or RTRP), all requests may be submitted on one application – so if you plan to provide courses for RTRPs, later this year you should apply to renew your status as an approved provider of CPE for EAs and RTRPs (on the same application). We also intend to include CPE providers for ERPA (Enrolled Retirement Plan Agents) on the same application.

Board of Tax Practitioners

Ron Wagner

December 10th is the date of the Board administered exam which is done once a year and is held at Chemeketa Community College. This exam usually brings in about 250 applicants; however this year the number is down about 150. If you are interested in taking the exam but haven't submitted your application, it is probably too late at this point. However, the Board occasionally offers the exam at the Board office, so feel free to send it in.

The new law changes that were submitted to the legislature this year go into effect starting July 1, 2012. The first change requires all licensees to provide a PTIN to the board in order to be licensed or to renew. The second change increases from 780 to 1100 the number of hours of experience needed in order to qualify to take the consultant exam. The main reason for the

change in required hours is that the pass rate for the exam has been extremely low. The board feels that consultants' candidates may not be sufficiently prepared when they take the exam.

Oregon Administrative Rule changes are required to have a public hearing which is scheduled for December 20th. You do not have to be present to comment, you can send your comments in advance. Those comments will be considered at the January board meeting.

We have been talking for months whether an endorsement to a license may be needed. This was based on a concern about the activity of licensees away from their general office, doing business in locations which are not registered as a branch office. However, the Board did reach the decision to not go forward with the requirement of an endorsement on licenses at this time. We will educate licensees about current rules already in place that apply whether you are in the office or away from the office.

As a reminder, please make sure you are aware of the Board rules and statutes governing licensees and business owners to avoid fines.

**The next meeting will be April 27th, 2012.
Thank you to OATC for providing today's coffee.**