

Area 6 – First Thursday Notes

October 6, 2022

Internal Revenue Service – First Thursday Area 6 Stakeholder Liaison Team

Stakeholder Liaison	Email	States Covered
Dan Belarmino	Danarnell.G.Belarmino@irs.gov	Iowa
Ann Burton	Ann.Burton@irs.gov	Colorado
Neki Cox	Neki.M.Cox@irs.gov	Nebraska South Dakota
Tammy Gay	Tammy.Gay@irs.gov	Illinois
Alan Gregerson	Alan.J.Gregerson@irs.gov	Minnesota North Dakota
Michael Smith	Michael.Smith6@irs.gov	Wisconsin
Jody Stamback	Jody.K.Stamback@irs.gov	Idaho Utah
Krista Sullivan	Krista.M.Sullivan@irs.gov	Missouri Kansas

Stakeholder Liaison transitions

- Montana and Wyoming – New Stakeholder Liaison and Meetings – Eryka Nolen, Area 5 – Eryka.Nolen@irs.gov
- Dan Belarmino (Iowa) and Tammy Gay (Illinois) are now in Area 3, but will remain on the call monthly and support these states
- Kathleen Fox is retiring October 31, 2022, Congratulations!
- Neki Cox will cover Nebraska and South Dakota
- Krista Sullivan will cover Kansas and Missouri
- Alan Gregerson will cover Minnesota and North Dakota

New Microsoft Teams invite

Starting **November 3, 2022**, we will be using a new MS Teams meeting invitation

You will receive a reminder e-mail with this new invite link from your Stakeholder Liaison prior to the next meeting on 11/3/2022.

Significant increase in texting scams

Smishing campaigns target mobile phone users, and the scam messages often look like they're coming from the IRS, offering lures like fake COVID relief, tax credits or help setting up an IRS online account. Recipients of these IRS-related scams can report them to phishing@irs.gov.

- In recent months, the IRS has reported multiple large-scale smishing campaigns that have delivered thousands – and even hundreds of thousands – of IRS-themed messages in hours or a few days, far exceeding previous levels of activity.”
- In the latest activity, the scam texts often ask taxpayers to click a link where phishing websites will try to collect their information or potentially send malicious code onto their phones. The IRS does not send emails or text messages asking for personal or financial information or account numbers. These messages should all be red flags for taxpayers.
- Beginning in the fall of 2020, the IRS observed an [increase](#) in reports of smishing scams requesting taxpayer personal and financial information. These smishing campaigns continued through the pandemic. The IRS has taken numerous steps to warn people of this ongoing threat, including posting a [video](#) about how to avoid IRS text message scams.

In addition to reporting the scam to phishing@irs.gov, if IRS-related, report the message to the Treasury Inspector General for Tax Administration using their IRS Impersonation Scam Reporting form and the Federal Trade Commission (FTC) through their Complaint Assistant to make the information available to investigators.

All incidents, successful and attempted, should also be reported to the Internet Crime Complaint Center at www.ic3.gov.

Any individual entering personal information, or otherwise finding themselves a victim of tax-related scams, can find additional resources at Identity Theft Central on IRS.gov.

Additional resources

- [IRS.gov: Reporting Phishing and Online Scams](#)
- [IRS YouTube: “Here’s How to Avoid IRS Text Message Scams”](#)
- [COVID Tax Tip 2020-167: IRS warns people about a COVID-related text message scam](#)
- [Federal Communications Commission: Smartphone Security Checker](#)
- [Federal Trade Commission: How to recognize and report spam text messages](#)

Disaster Relief

FL 2022-19, dated September 29, 2022, postpones filing and tax payments on or after September 23, 2022, and before February 15, 2023, to February 15, 2023, for victims of Hurricane Ian.

Links to check,

- <https://www.irs.gov/newsroom/around-the-nation>
- <https://www.irs.gov/newsroom/irs-announces-tax-relief-for-victims-of-hurricane-ian-in-florida>

IRS Appeals revised initial contact letters

Improving the taxpayer experience.:

- Specific to Independent Office of Appeals
- Appeals has made two key revisions to these initial contact letters in response to feedback from taxpayers and practitioners.
 1. Can choose how they meet with Appeals
 - By telephone, video or in-person.
 - Work with taxpayers and representatives through the mail or secure electronic messaging.
 2. Provide the name and phone number of the Appeals Officer's manager.
 - Ensure an appeal stays on track

Individuals may submit their comments to AP.Taxpayer.Experience@irs.gov by Dec. 2, 2022.

State Revenue Updates

Colorado Department of Revenue

The Colorado Department of Revenue is seeking public input on revised draft rules regarding net operating losses and the foreign-source income exclusion. These rules were discussed at stakeholder workgroups in December 2021 and May 2022, respectively. Written comments will be accepted through November 4, 2022. For information on submitting comments, and to obtain copies of the revised drafts, visit our website: <https://tax.colorado.gov/tax-rules>.

Illinois Department of Revenue

Illinois is finishing up with the issuance of property tax and individual income tax rebates. The filing deadline is October 17, 2022. Any IL-1040's or IL-1040-PTR's not postmarked by then will not be eligible for the rebate. Rebates will continue to be issued after the October 17th date for returns filed by the deadline. Taxpayers can go to www.tax.illinois.gov and visit our Tax Rebate page or click on the following link to go directly there <https://www2.illinois.gov/rev/programs/Rebates/Pages/Default.aspx> for further information. Taxpayers may also utilize the Where's My Rebate app <https://mytax.illinois.gov/?link=REBINQ> to check on the status of their rebate. They will need to provide their SSN# or ITIN# and then the first 4 letters of their last name and either their IL-PIN# or 2021 AGI to check on the status of their rebates. We are currently updating our FAQ's to address issues such as not receiving the rebate after it is issued or what if the taxpayer is now deceased. Please continue to check our website for those updates.

Iowa Department of Revenue

[2023 Corporate Income Tax Rate Change](#)

On September 27, 2022, the Director of the Iowa Department of Revenue, Kraig Paulsen, issued [Order 2022-03](#). The Department has provided guidance to explain this tax change: [Iowa Corporate Income Tax Rate Changes for 2023](#)

Order 2022-03 certifies the Department's calculation of new corporate income tax rates effective for tax years beginning on or after January 1, 2023, pursuant to [2022 Iowa Acts, House File 2317, Division IX](#).

Bracket	Tax Rate
\$0- \$25,000	5.5%
\$25,001- \$100,000	5.5%
\$100,001- \$250,000	8.4%
> \$250,000	8.4%

- Dropped from 3 to 2 brackets, previous top bracket 9.8%,

New Proposed rules Available for Public Comment (HF 2552)

- **Mandatory Electronic Filing of Tax Returns for Certain Taxpayers**
This proposed rulemaking is intended to implement the requirement imposed by 2022 Iowa Acts, House File 2552, division II, to electronically file certain business income, fiduciary, and franchise tax returns. This rulemaking describes the proper method for filing electronic returns, provides definitions that are useful for determining whether a taxpayer has met the criteria for being subject to the mandate, and provides for exceptions to the electronic filing requirement.
- **Withholding Filing and Penalty**
This proposed rulemaking is intended to implement statutory changes to the penalty imposed on payers of withholding who fail to file income statements with the Department. Payers of withholding will now be penalized \$500 for each instance of willful failure to file an income statement with the Department. This rulemaking implements a statutory change that eliminates the requirement that payers of withholding submit an annual summary of withholding payments. It eliminates references to responsible parties and amends other provisions related to withholding registration to better conform with how withholding registration is administered by the Department. Finally, this rulemaking amends language regarding filing of returns to better conform with how withholding filings are administered by the Department and to make the rules easier to read.

Kansas Department of Revenue - no updates

Minnesota Department of Revenue

Final 2022 draft forms and instructions for individual and corps have been released to our website this past Monday. [Draft Forms and Instructions | Minnesota Department of Revenue \(state.mn.us\)](#)

- We also released new Form TPD, Tax Position Disclosure this week and it's now available for immediate use. This form is the equivalent of IRS Form 8275 and is used to state a position taken on a tax return being filed if the position is outside normal guidance. [Tax Position Disclosure | Minnesota Department of Revenue \(state.mn.us\)](#)
- Frontline worker payments started going out yesterday Those Minnesotans that qualify will receive \$487.45 which is not taxable to Minnesota but will be taxable to federal. There will be no 1099s issued as far as we know.
- We hired another tax professional outreach coordinator Her name is Mena Duarte and her outreach focus is going to be with non-credentialed and unlicensed tax pros. She will also eventually serve as my backup. Her email address is mena.duarte@state.mn.us and she can be reached on the tax pro outreach line at 651-556-6606.

Missouri Department of Revenue - no updates

Montana Department of Revenue - no updates

Nebraska Department of Revenue - no updates

North Dakota Department of Revenue - no updates

Wisconsin Department of Revenue

- Registration is now open for the WI Department of Revenue Fall Tax Conferences. Click here to register: [DOR Wisconsin Tax Update Seminars and Webinars](#)

Questions and Answers:

Q: How can we help taxpayers that never received third stimulus payment in 2021?

A: The following pages on www.irs.gov provide guidance for questions about Economic Impact Payments:

[Economic Impact Payments](#) – Starting page for information about all three EIPs
[Questions and Answers about the Third-round Economic Impact Payment](#) -
Topic J: [Payment Issued but Lost, Stolen, Destroyed or Not Received](#) , provides instructions for requesting a payment trace.

Q: Do you have any insight about what taxpayers should do if they get a 1099-K but their transactions were all personal?

A: The American Rescue Plan Act of 2021 clarifies [Form 1099-K](#) reporting by third-party settlement organizations applies only for transactions for the provision of goods or services settled through a third-party payment network.

[General FAQs on New Payment Card Reporting Requirements](#)

What do I do if I think my Form 1099-K is incorrect?

If you believe the information on a Form 1099-K is incorrect, the form has been issued in error, or you have a question relating to the form, contact the filer, whose name appears in the upper left corner on the front of the form.

Or you may contact the payer, or PSE, whose name and phone number are shown in the lower left corner of the form. If you cannot get this form corrected, you may attach an explanation to your tax return and report your income correctly.

To get the further information on Information Returns, check out the General Instructions for Certain Information Returns.

Q: With the difficulties practitioners face in calling IRS, once our identity has been verified and a situation is being worked - why can't an IRS rep call us back?

A: Customer callbacks are only offered to randomly selected taxpayers and only on certain IRS lines. But we may expand the offering to include more taxpayers over the next few years.

The latest update on telephone wait times was posted to the [IRS Operations](#) page on September 16, 2022:

Our telephone support is open, both for taxpayers and tax professionals, but we're experiencing extremely long wait times due to limited staffing and extraordinarily high call volumes.

To get help faster, try one of the following options.

IRS.gov: Our website is the best way to find answers to questions about tax law or check on your refund, tax payment, Economic Impact Payment, or Advance Child Tax Credit.

You can go to IRS.gov for online tools such as: "Your Online Account," [IRS.gov/payments](https://www.irs.gov/payments) for various payment options – most of them free, and the [Interactive Tax Assistant](#) for answers to several tax law questions. For other issues, including how to get in-person help at our TACs, by appointment only, visit [Let Us Help You](#) to find a phone number for the office that can best answer your question.

Taxpayer Advocate Service (TAS): All local TAS phone lines remain open. TAS is committed to assisting taxpayers and advocating for their rights during this difficult period. Please call us at [877-777-4778](tel:877-777-4778) or visit [Taxpayer Advocate Service – Contact Us](#) to find your local TAS office phone number. We can determine if you qualify for our help, we can address your questions, or help set up an appointment.

Practitioners may also find this article by Nancy Sieger, IRS Chief Information Officer informative: [Modernizing Tax Processing Systems \(irs.gov\)](#)

Q: If 2019 and 2020 was already removed from 1st time abatement - will taxpayer have this placed back on the books if qualified for 2019 & 2020 forgiven?

A: See [IRM 20.1.1.3.3.2.2 Administrative Waiver - Penalty Relief for Certain Taxpayers Filing 2019 and 2020 Returns PDF](#). This IRM section is found under Recent Interim Guidance: [Part 20 - Penalty and Interest | Internal Revenue Service \(irs.gov\)](#)

IRM 20.1.1.3.3.2.2

- (9). When determining if a taxpayer is eligible to receive First Time Abate (FTA) penalty relief, the following pertains to the 2019 and/or 2020 tax year:
- Disregard the FTF (TC166/160) assessed on or before September 30, 2022.
 - Disregard a prior FTA penalty relief (with PRC 018/020) applicable only for FTF penalty relief granted on or before September 30, 2022.

EXCEPTION: If both the FTF and failure to pay (FTP) penalties were granted relief under FTA on or before September 30, 2022, the FTA will NOT be disregarded since the FTA administrative waiver applies to the module and is not penalty specific.)

NOTE: Any FTF penalty assessed after September 30, 2022, or any FTA penalty relief granted only for the FTF penalty after September 30, 2022, will NOT be disregarded, and will be considered normally.

Q: A client still has not received their refund from 2021 - is there still a delay?

A: The [IRS Operations](#) page provides the latest information on tax return processing.

As of September 30, 2022:

We are opening mail within normal time frames, and we've processed all paper and electronic individual returns in the order received if they were received prior to **March 2022** and the return had no errors or did not require further review.

As of September 23, 2022, we had **6.2 million unprocessed** individual returns received this year. These include tax year 2021 returns and late filed prior year returns. Of these, **1.6 million returns require error correction** or other special handling, and **4.6 million are paper returns** waiting to be reviewed and processed. This work does not typically require us to correspond with taxpayers, but it does require special handling by an IRS employee so, in these instances, it is taking the IRS more than 21 days to issue any related refund.

Q: Do you have any information regarding the number of IRS reps deployed to take FEMA calls?

A: The number of IRS personnel deployed to assist FEMA is not available, but taxpayers can find disaster relief or tax provisions for states affected by disasters here: [Around the Nation \(irs.gov\)](#)

Q: Please list or add a link to the criteria the NTA uses for IRS delay vs hardship. concern from the conversation that only hardships will be addressed and not delays. Thanks

A: This page lists the criteria [Can TAS help me with my tax issue - Taxpayer Advocate Service \(irs.gov\)](#)

Q: Can you speak more about "moving" the income from sch c out to an s corp? We have some taxpayers doing that because the issuer refuses to issue the 1099 in the EIN vs SSN. Is this a red flag for auditing?

A: It would be best to contact the Stakeholder Liaison for your state to discuss this situation.

