

Area 6 – First Thursday Notes

June 6, 2024

Internal Revenue Service – First Thursday Area 6 Stakeholder Liaison Team

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CAF and Transcript changes

All tax professionals, please read:

- IR-2024-136, May 8, 2024 - [To protect against identity theft, IRS adds additional protections to Centralized Authorization File, Transcript Delivery System; changes designed to protect sensitive tax pro, taxpayer information](#)
- [Special alert PDF](#) issued today by the IRS Office of Professional Responsibility.

The IRS has become increasingly concerned about the risk a compromised CAF number presents to tax professionals and taxpayers. In these cases, there is risk that fraudsters could use a compromised CAF to obtain transcripts and other sensitive taxpayer personally identifiable information (PII) to commit identity theft refund fraud and other crimes. In many cases, the fraudster has not only obtained a practitioner's CAF number but also has the practitioner's sensitive personal information.

To address this issue, the IRS has a process in which suspected compromised CAF numbers are placed into a suspended status pending further review. Once placed into a suspended status, the owner of the CAF number will be contacted to confirm if the CAF number has been compromised. If the compromise is confirmed, the IRS will take the appropriate actions to address the compromised CAF number.

Tax professionals now need to call the Practitioner Priority Service (PPS) line to request transcripts to be deposited into their Secure Object Repository (SOR) mailbox. IRS employees on other phone lines may not be authorized to provide transcripts through the SOR delivery method. Tax professionals will need to pass enhanced authentication. If the identity of the caller cannot be verified, transcripts will instead be mailed to the taxpayer's address of record.

Direct File

IRS makes Direct File a permanent option to file federal tax returns; expanded access for more taxpayers planned for the 2025 filing season.

- Make available to more taxpayers
- Covering more tax situations
- Involving all state partners

Decision made following successful pilot

- 140,803 taxpayers in 12 states filed using Direct File
- Stakeholders reported desire continue Direct File
- Others thought current free file alternatives adequate

Announcements about new state partners and expanded eligibility are expected in the coming months.

- Focus on getting it right
- Ensure taxpayers are filing a correct return
- Continue to be one option among many
- Not meant to replace other important options by tax professionals, who are critical partners in delivering a successful tax system

[Direct File](#)

Required Minimum Distributions

[IRS Notice 2024-35](#): Read at least page 8 for 2024.

State Revenue Updates

Minnesota Department of Revenue

- The tax bill was signed into law on May 24, 2024. We are currently reviewing the bill and will post additional information on our Tax Law Changes webpage.
- We have a new Withholding Tax Outreach Coordinator, Patrick Smith. Mark Krause will be transferring all withholding tax responsibilities over to Patrick over the next couple of months.
- The Corporate Franchise Tax Division has a new External Training and Communications Specialist. Halle Haines is working alongside Allyson to share information for business income tax customers.

Utah Department of Revenue

Senate Bill 33 - Individual Income Tax Amendments - Retrospective to a taxable year beginning on or after January 1, 2024,

- Provides that an individual is deemed to have Utah income tax domicile for a taxable year, if in the taxable year, the individual or the individual's spouse votes in the state and has not registered to vote or voted in another state.
- Provides that for purposes of determining whether an individual has Utah income tax domicile, a factor to be considered under the totality of the circumstances is whether the individual or the individual's spouse receives a residential property tax exemption for the taxable year or whether the individual or the individual's spouse asserted residency in the state for purposes of filing an individual income tax return for the taxable year.
- Repeals exceptions from Utah income tax domicile for temporary absences from the state of at least 761 consecutive days.

Utah Publication 14 – Withholding Tax Guide has been updated with current 4.55% tax rate – Still shows “DRAFT” status until after Commission meeting to allow for public input.

Utah State Business and Tax Registration – As of June 1, 2024, all business applications to apply for account numbers will need to be submitted electronically through tap.utah.gov or through the one stop business registration through the Department of Commerce.

Wisconsin Department of Revenue

- Milwaukee Sales Tax Update: <https://www.revenue.wi.gov/Pages/FAQS/ise-mkesalestax.aspx>.

E-mail DORSalesandUse@wisconsin.gov for more information.

- Wisconsin Tax Bulletin (April 2024)
<https://www.revenue.wi.gov/WisconsinTaxBulletin/225-04-24-WTB.pdf>

Questions and Answers:

Q: We have had several tax clients receiving bills from the IRS even though the amounts were paid two to three months ago. Most payments were checks that have been processed by the bank.

A: Some people are receiving June CP14's and we have raised this issue through the Issue Management Resolution System (IMRS). Also we have seen EFTPS and electronic issues. Please contact your stakeholder liaison if you see more of these issues.

Q: Is there any news on ACS resuming lien filings? They have not been issued since March, 2020.

A: Tax pros can continue to monitor this page for any updates to the status on lien filings: [IRS operations: Status of mission-critical functions | Internal Revenue Service](#).

Scroll down to "IRS collection programs" near the bottom of the page.

The latest status, as of December 18, 2023, states: Systemic collection enforcement programs (**including the systemic and automated lien and levy programs**, and automated levy programs such as the Federal Payment Levy Program and the State Income Tax Levy Program) are currently paused. Field collection revenue officers are assigned specific taxpayer cases and are operating with their normal authorities.

[IRS News Release 2023-244](#) (12/19/2023) was the latest official release on the resumption of collection notices. But resumption of systemic and/or automated lien filings were not mentioned in this news release.

Q: What is the new contact for Colorado Taxpayer Advocate Service (TAS).

A: Jeffrey Stern is the current acting Local Taxpayer Advocate for Colorado in the Denver office. His contact number is 206-946-3048.

Q: Can you provide any clarification concerning using a firm or tax preparer office listed as third-party designee (with the checkbox)?

A: The Checkbox indicates that it must be an individual, not a business. IRS Tax Topic #312 and at the Internal Revenue Manual 21.3.7.1 indicate an individual can get the information, but not business.

Q: Can you provide any update on the credit transfer tool? It was not working at all. Then a few weeks ago, I was told it was working only in certain geographic locations. Is it working in all locations yet?

A: In theory they should be, but we are continuing to look at this issue.

Next Meeting

Thursday August 1, 2024
(no IMRS meeting in July 2024 due to 7/4 holiday)

Microsoft Teams meeting

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