

Your Voice at the IRS

TAXPAYER ADVOCATE SERVICE

“ADVOCATING SYSTEMICALLY”



YOUR VOICE AT THE IRS



Systemic Advocacy

- Part of TAS organization
- Works on issues affecting **MULTIPLE** taxpayers (individuals or businesses)



YOUR VOICE AT THE IRS



Reports to Congress

- Annual Report to Congress and Objectives Report to Congress
- Submitted to Congress without Treasury or IRS review
- Available at www.TaxpayerAdvocate.irs.gov



YOUR VOICE AT THE IRS



**2012 Annual Report:
Most Serious Problems**

The Complexity of the Tax Code

- Taxpayers and businesses spend 6.1 billion hours a year complying with tax-filing requirements
- About 59 percent of individual taxpayers use practitioners and another 30 percent use software
- Taxpayers who make honest mistakes may overpay tax or face IRS enforcement action
- Sophisticated taxpayers often find loopholes



YOUR VOICE AT THE IRS



**2012 Annual Report:
Most Serious Problems**

**National Taxpayer Advocate urges Congress
to:**

- Vastly simplify the tax code
- Reduce income exclusions, exemptions, deductions, and credits (generally known as “tax expenditures”)



YOUR VOICE AT THE IRS



**2012 Annual Report:
Most Serious Problems**

The IRS Is Significantly Underfunded to Serve Taxpayers and Collect Tax

- IRS lacks funding to answer millions of taxpayer phone calls or timely process letters
- IRS serves as Accounts Receivable Department of federal government.
 - IRS collected \$2.52 trillion in FY 2012 on budget of \$11.8 billion: return-on-investment of about 214:1
 - But appropriations process treats IRS like any other discretionary spending program



YOUR VOICE AT THE IRS



2012 Annual Report:
Most Serious Problems

The IRS Has Failed to Provide Effective and Timely Assistance to Victims of Identity Theft

- As of 9/30/12, the IRS had almost 650,000 ID theft cases in inventory servicewide
- The specialized ID theft unit received nearly 450,000 cases in FY 2012, up 78 percent over FY 2011
- TAS ID theft receipts rose more than 60 percent from FY 2011 to 2012 and over *650 percent* from FY 2008



YOUR VOICE AT THE IRS



**2012 Annual Report:
Most Serious Problems**

**The National Taxpayer Advocate recommends
that the IRS:**

- Retain specialized unit as “traffic cop” and single point of contact with victims
- Make victims eligible for identity theft PINs as soon as rightful SSN owners’ identifies and addresses are verified
- Include TAS in planning ID theft programs and procedures



YOUR VOICE AT THE IRS



**2012 Annual Report to CONGRESS:
More Information**

More information available on our website:

www.taxpayeradvocate.irs.gov/2012-Annual-Report



YOUR VOICE AT THE IRS



Bringing Systemic Issues to TAS

Systemic Advocacy Management System (SAMS)

- Web-based system to receive advocacy issues, ideas, suggestions
- For taxpayers, practitioners, academic, research, and professional organizations
- [www.irs.gov/uac/Systemic-Advocacy-Management-System-\(SAMS\)](http://www.irs.gov/uac/Systemic-Advocacy-Management-System-(SAMS))



YOUR VOICE AT THE IRS



ADVOCATING FOR TAXPAYERS
WITH COLLECTION PROBLEMS -
GETTING TO THE “RIGHT
ANSWER”



YOUR VOICE AT THE IRS



CNC Exception Processing (5.19.1.7.1.2)

(1) Under certain conditions, securing financial information is not required before reporting an account CNC if one or more of the following conditions exist:

- Taxpayer has a terminal illness or excessive medical bills.
- Taxpayer is incarcerated.
- Taxpayer's only source of income is Social Security, welfare, or unemployment.
- Taxpayer is unemployed with no source of income (excluding the seasonal unemployed which fall under normal CNC consideration and processing).



YOUR VOICE AT THE IRS



Full Payment in Six (6) Years (6 Year Rule) – (5.19.1.6.5)

(1) When a taxpayer is unable to full pay and a non-streamlined IA is being considered, the taxpayer may qualify for the six (6) year rule. **All expenses may be allowed if:**

a) The taxpayer establishes they can stay current in all tax requirements.

b) Tax liability, including projected accruals, will be paid within six (6) years AND the liability will be full paid within the CSED.

c) Amounts are reasonable.

d) If the financial statement shows the taxpayer cannot full pay within six years, the amounts allowed for one or more conditional expense items may be reduced so the liability can be full paid within six years, if the taxpayer concurs.

(3) If the taxpayer can pay the entire tax liability including the projected accruals within six (6) years AND within the CSED, **all** expense(s) (including minimum credit card payments) may be allowed.



YOUR VOICE AT THE IRS



Eliminating Excessive Expenses Within One Year – (5.19.1.6.6)

(1) Taxpayers who cannot full pay their accounts within six (6) years may be given up to one year to modify or eliminate excessive necessary and/or non-allowable conditional expenses. By modifying or eliminating some conditional expenses, a taxpayer may fall within the six (6) year limit to full pay their liability; this enables a taxpayer to retain some conditional expenses. When allowing the one-year rule, the IA **must** still full pay within a total of 72 months (six (6) year rule).

(2) For a determined period of time, not to exceed one year, an IA is established for an amount, even if minimal, which can be paid until the date the excessive or non-allowable expenses are modified or eliminated. The taxpayer must agree to the increased payment amount.

(3) An IA must include a payment increase at the date a taxpayer is expected to modify or eliminate excessive necessary or non-allowable conditional expenses.



YOUR VOICE AT THE IRS



Principal Residence Suit Foreclosure Recommendations

Interim Guidance Memo SBSE-05-0413-035 (April 30, 2013)

The following case actions must be taken prior to submitting the suit recommendation to Advisory. The revenue officer must:

- Attempt to personally contact the taxpayer and inform them that a suit to foreclose the tax lien on the principal residence is the next planned action;
- Attempt to identify the occupants of the principal residence ;
- Attempt to discuss administrative remedies with the taxpayer. This discussion should include the taxpayer's potential to submit an Offer in Compromise (including an Effective Tax Administrative offer or, an offer with consideration of special circumstances) as an administrative remedy, when appropriate;
- Advise the taxpayer about the Taxpayer Advocate Service (TAS), provide Form 911 and explain its provisions; If the taxpayer indicates that the planned foreclosure of the principal residence would create a hardship, the RO will assist the taxpayer with the preparation of Form 911 and should forward the form to the local Taxpayer Advocate Service office if the revenue officer cannot or will not provide the requested relief.



YOUR VOICE AT THE IRS



How to Contact TAS

- Fax or phone Local Taxpayer Advocates listed in Publication 1546, *Your Voice at the IRS*
- NTA Case Intake Line: 1-877-777-4778
- [Form 911](#) (download): www.irs.gov



YOUR VOICE AT THE IRS

