

IRS UPDATES & Taxes. Security. Together.



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CATA
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Issue 5: Online Tools for Tax Professionals

Filing Payments Refunds Credits & Deductions News & Events Forms & Pubs Help & Resources for Tax Pros

Tax Professionals

Latest News

- IRS Launches Preparer Directory
A new searchable directory is available to help taxpayers find tax pros with credentials and other qualifications.
- IRS Fights Fraud with New Direct Deposit Limits
IRS plans electronic refund limits into a single account or pre-paid debit card to help fight identity theft and to stop certain preparers who improperly claim fees.

Tools for Tax Preparers

Preparer Tax Identification Number (PTIN) Guidance
The Preparer Tax Identification Number is where you register and renew your PTIN annually. Have questions about your PTIN responsibilities? See our guidance on requirements, regulations, and other PTIN related items.

Tools for Client Assistance
Trying to help a client? Look through our tools for tax professionals for help with filing returns, arranging or verifying payment or other preparation responsibilities.

Keeping Current

- Annual Filing Season Program
- Tax Professional News & Resources
- Continuing Education Resources
- IRS Nationwide Tax Forums
- Subscribe to e-News for Tax Professionals
- Latest Return Preparer Statistics
- Return Preparer Letters and Visits

Preparer Guidelines

- Oversight & Professional Responsibility
- Disclosure Rules (Section 7216)
- Tax Preparer Credentials and Qualifications
- IRS Tax Code

PTIN System
2015 renewal and registration still available
[Renew or Sign-up Now](#)

Contacts for Tax Pros

- Practitioner Priority Service @
- How to Contact the Return Preparer Office

Taxpayer Bill of Rights
[What You Should Know](#)

TAX SERVICES
e-Services
Online tools for tax professionals
[Access e-Services](#)

Enrolled Agents
Enrolled Retirement Plan Agents
Enrolled Actuaries
Annual Filing Season Program Participants

e-Filing Resources

- E-File Provider Info
- Software Developers
- Information Returns
- Modernized e-File

ACA for Tax Pros
Find out how the health care law affects your client's tax return
[What You Should Know](#)

Keeping Current

This screenshot shows the IRS Tax Professionals website interface. At the top, there is a navigation bar with links for Filing, Payments, Refunds, Credits & Deductions, News & Events, Forms & Pubs, Help & Resources, and for Tax Pros. Below this is a header for 'Tax Professionals' with a background image of three people working at a computer. The main content area is divided into several sections:

- Latest News:** Contains two news items: 'IRS Launches Preparer Directory' and 'IRS Fights Fraud with New Direct Deposit Limits'.
- Tools for Tax Preparers:** Includes a section for 'Preparer Tax Identification Number (PTIN) Guidance'.
- Tools for Client Assistance:** A section for helping clients with filing returns.
- Keeping Current:** A section circled in black, containing a list of resources:
 - Annual Filing Season Program
 - Tax Professional News & Resources
 - Continuing Education Resources
 - IRS Nationwide Tax Forums
 - Subscribe to e-News for Tax Professionals
 - Latest Return Preparer Statistics
 - Return Preparer Letters and Visits
- Preparer Guidelines:** A section circled in black, containing a list of topics:
 - Oversight & Professional Responsibility
 - Disclosure Rules (Section 7216)
 - Tax Preparer Credentials and Qualifications
 - IRS Tax Code

Other visible sections include 'e-Services', 'ACA for Tax Pros', 'PTIN System', 'Contacts for Tax Pros', and 'Taxpayer Bill of Rights'.

Preparer Guidelines

This screenshot shows the same IRS Tax Professionals website interface as above, but with the 'Preparer Guidelines' section circled in black. The layout and other sections are identical to the first screenshot, including the navigation bar, 'Latest News', 'Tools for Tax Preparers', 'Tools for Client Assistance', 'Keeping Current', and 'ACA for Tax Pros'.

Other Tax Pro Links

Other Tax Pro Links

The screenshot shows the IRS Tax Professionals website with the following sections:

- Navigation:** Filing, Payments, Refunds, Credits & Deductions, News & Events, Forms & Pubs, Help & Resources, for Tax Pros
- Latest News:**
 - IRS Launches Preparer Directory: A new searchable directory is available to help taxpayers find tax pros with credentials and other qualifications.
 - IRS Fights Fraud with New Direct Deposit Limits: IRS plans electronic refund limits into a single account or pre-paid debit card to help fight identity theft and to stop certain preparers who improperly claim fees.
- Tools for Tax Preparers:**
 - Preparer Tax Identification Number (PTIN) Guidance:** The Tax Professional PTIN System is where you register and renew your PTIN annually. Have questions about your PTIN responsibilities? See our guidance on requirements, regulations, and other PTIN related items.
- Tools for Client Assistance:** Trying to help a client? Look through our tools for tax professionals for help with filing returns, arranging or verifying payment or other tax preparation responsibilities.
- Keeping Current:**
 - Annual Filing Season Program
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 - IRS Nationwide Tax Forums
 - Subscribe to e-News for Tax Professionals
 - Latest Return Preparer Statistics
 - Return Preparer Letters and Visits
- Preparer Guidelines:**
 - Oversight & Professional Responsibility
 - Disclosure Rules (Section 7216)
 - Tax Preparer Credentials and Qualifications
 - IRS Tax Code
- Sidebars:**
 - e-Services:** Online tools for tax professionals. Access e-Services >
 - e-Filing Resources:** E-File Provider info, Software Developers, Information Returns, Modernized e-File
 - ACA for Tax Pros:** Find out how the health care law affects your client's tax return. What You Should Know >
 - PTIN System:** 2015 renewal and registration still available. Renew or Sign-up Now >
 - Contacts for Tax Pros:** Practitioner Priority Service @, How to Contact the Return Preparer Office
 - Taxpayer Bill of Rights:** What You Should Know >

SB/SE Collection Early Interaction Initiative

The IRS logo is located at the bottom left of the slide.

What is Early Interaction

- An effort to –
 - Proactively address payroll tax compliance
 - Raise awareness
 - Provide better service



Historical Perspective

- Federal Tax Deposit Alert (FTD) Program
 - Started in 1972
 - Focuses on payroll tax deposits
 - Identifies changes in deposit history
 - Assigns an “Alert” to Field Collection



Why Emphasize Early Interaction

- 67.5% of 2014 revenue from withheld income & FICA tax
- 68.3% in 2013 – 70% in 2012
- Big part of Field Collection inventory



Early Interaction Background

- Planning started in 2014
- First phase launched Dec. 2014
- Other phases launched 2015
- More to come



Mechanics of Early Interaction How Does It Work

- The right treatment
- At the right time
- For the right employer



Effect on Stakeholders

- Employers, payroll services and tax reps should expect –
 - More contacts
 - Earlier contacts
 - Emphasis on –
 - Precluding delinquencies and/or
 - Addressing delinquencies early



Early Interaction Results

- FTD Alert cases quadrupled
- Compliance results improved



What's Next

- IRS compliance efforts have an impact
- IRS outreach efforts have an impact
- But we need more



IRS Web Pages/Resources

- What Are FTDs and Why are they Important?
- Employment Taxes
- Understanding Employment Taxes
- Depositing and Reporting Employment Taxes
- Employment Tax Publications
- Small Business Taxes – The Virtual Workshop



IRS & Partners Combat Tax-Related Identity Theft What's New for 2016



Protect Your Information

Security software

- Firewall
- Ant-virus/malware protection
- File Encryption
- Look for the “s” in “https” web address
- Create strong passwords
- Password-protect your wi-fi
- Be cautious when using public wi-fi



Beware IRS Impersonation Scams

- Avoid IRS impersonators; IRS will not:
 - Call demanding tax payment without mailing a notice
 - Threaten to call police
 - Demand payment without opportunity to question or appeal
 - Require a specific payment method
 - Ask for credit or debit card numbers over phone



Warning Signs of Identity Theft

- Not all data breaches result in identity theft and not all is identity theft is tax-related identity theft
- Warning signs of tax-related identity theft:
 - Notice about a return using your SSN
 - E-file return rejected because of a duplicate SSN
 - Notice about an employer you do not know



Steps for Tax-Related IDT Victims

- Respond immediately to IRS notices
- File IRS Form 14039, Identity Theft Affidavit
- Continue to pay and file return, even if by paper
- Place “fraud alert” on credit records by contacting one of three major bureaus
- File complaint with FTC



Taxes. Security. Together.

- New era of cooperation between IRS, states and tax industry
- Additional changes being made to make tax filing season safer
- We need your help
- Protect your personal and financial information online and at home
- Taxes. Security. Together. We all have a role to play.



Scope of Tax-Related ID Theft

- 19 million suspicious returns identified 2011-2014
- \$63 billion in fraudulent refunds stopped 2011-2014
- 4.5 million suspicious returns 2015 through September; 1.2 million confirmed IDT returns
- \$9.5 billion total confirmed refund fraud protected 2015 through September



IRS Efforts Against Tax-Related Identity Theft

The IRS has:

- Increased number of filters to 200 from 11
- Limited refunds to a single account
- Locked nearly 29 million deceased taxpayer accounts
- Improved cooperation with local law enforcement
- Worked to reduce internal use of SSNs



IRS Efforts Against Tax-Related Identity Theft

The IRS has:

- Reduced prisoner tax fraud
- Established “external leads” program with financial institutions
- Recovered \$3 billion in erroneous refunds
- Helped convict about 2,000 identity thieves in recent years; Criminal Investigation has 1,700 open investigations
- Curbed EFIN abuse



Security Summit Actions for 2016

- Agreed on new “trusted customer” standards for use of tax software
 - New password standards
 - Lockout features
 - Out-of-band features
- Identified more than 20 new data elements for submission
- Improved information sharing
- Testing a W-2 Verification Code



W-2 Verification Code Pilot

- One in a series of steps to combat ID theft and tax fraud
- Pilot will test capability to verify authenticity of W-2 data filed with federal tax returns in 2016
- PSPs have reached out to some clients
- Algorithm generates alphanumeric codes from selected data fields of the W-2
- Verification codes appear on employees' W-2s



W-2 Verification Code Pilot

- Taxpayers enter these codes on their e-filed federal tax returns
- When processing returns, IRS recalculates codes
- Matching codes = genuine W-2s
- Verification codes not included in W-2 data submitted to SSA, states or local departments of revenue
- Won't affect state or local tax returns



W-2 Verification Code Pilot

- We stress:
 - Omitting or using incorrect W-2 verification codes *will not* delay the processing of taxpayers federal tax returns
- “test-and-learn” review after pilot
- If integrity of W-2 information submitted by taxpayers increases, verification codes will remain an element of W-2s in the future



Security Summit Additional Actions

- Agreed on three new working groups:
 - Financial Services Work Group will focus on tax-time products such as debit cards
 - Communications Work Group will work to increase security awareness among taxpayers
 - Tax Preparers Work Group to bring industry into the dialogue
- Summit partners reviewing additional steps for 2017



Data Theft and Securing Client Tax Information



Points

- The risk is real; preparers are prime targets for identity thieves
- Cybercriminal tactics constantly evolve
- Data loss can occur so many ways:
 - Burglar steals office computers
 - Cybercriminal breaches your systems using phishing and malware schemes
 - Disgruntled employees steals client info
 - Dispose of old devices without erasing data



Data Theft Tactics

- Phishing emails, text or calls
 - Pose as trusted organizations
 - Embed links to fake websites
 - Use malware-infected attachments
- Risks of opening phishing scams
 - Account take-overs (Banks, IRS e-Services, Tax Software)
 - Computer breaches
- Educate employees on scams/risks



Protect your EFIN

- IRS reviewing improvements to EFIN safeguards
 - Stepped up efforts to expel EFIN abusers;
 - Increased on-site visits as part of monitoring process
- EFIN holders should review return numbers during filing season
 - e-Services Account updated weekly
 - Excessive numbers can be reported to e-Help Desk



Steps to Protect Client Data

- Read Publication 4557, Safeguarding Taxpayer Data
- Review current security measures
- Create a security plan
 - Use top-notch software security
 - Educate all employees
 - Use strong passwords
 - Secure Wi-Fi
 - Encrypt PII emails
 - Backup files



Plan Ahead for Data Loss

- Create a reaction plan for data theft
 - Call IRS Stakeholder Liaison (found on IRS.gov)
- Review Federal Trade Commission's "Business Center" to assist businesses with data losses
 - Notify police
 - Notify businesses
 - Notify clients



Help Educate Clients

- IRS, state tax administrators and tax industry working together to increase public awareness about security protections online and at home.
- Review Publication 4524, Security Awareness for Taxpayers
- Consider printing and sharing this one-page guide with your clients



**Beginning January 1, 2016,
payments sent to closed
Atlanta area and St. Louis
lockboxes are being
returned.**



2016 Mileage Rates

- 54 cents per mile for business miles driven
- 19 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations



Tangible Property Expensing Threshold Raised to \$2,500

- Safe Harbor Threshold
- Effective for Tax Year 2016
- affects businesses that do not maintain an applicable financial statement (audited financial statement).
- applies to any such item substantiated by an invoice
- For taxpayers with an applicable financial statement, the de minimis or small-dollar threshold remains \$5,000.



Questions

