

Area 6 – First Thursday Notes

December 7, 2023

Internal Revenue Service – First Thursday Area 6 Stakeholder Liaison Team

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National Tax Security Awareness Week

Working together as the Security Summit, the IRS, state tax agencies and the nation's tax industry joined together for the 8th Annual National Tax Security Awareness Week on November 27-December 1, to increased security measures to protect against tax-related identity theft and scams. As identity thieves continue targeting tax professionals, the IRS and the Summit partners urge practitioners to review the ["Taxes-Security-Together" Checklist](#), which includes

- Using multi-factor authentication to protect tax software accounts.
- Having a Virtual Private Network if working remotely.
- Create a written data security plan as required by federal law.
- Know about phishing and phone scams, including "spear phishing" schemes where identity thieves pose as new clients in messages to tax professionals.

1099-K Update

The Internal Revenue Service has announced a delay in Form 1099-K reporting threshold for third party platform payments in 2023 and plans to phase in implementation in 2024 with a \$5,000 threshold

Practitioners are encouraged to read [IRS News Release IR-2023-221](#), where you'll find links to the related notice and fact sheet

IRS is welcoming additional feedback from tax pros to help improve and make the reporting process easier

Register: [Form 1099-K Third Party Payment Network Transactions \(Card and Electronic payments\)](#): 12/14/2023 2 PM Eastern, 1 PM Central, 12 PM Mountain and Arizona, 11AM Pacific, 9AM Hawaii (60 minutes including Q&A)

Draft Form 5695 – Residential Energy Credit

To find all the residential energy credit information, search “Home energy tax credits” on www.irs.gov

The 2023 Form 5695 was published in draft form in June 2023. Practitioners may want to review this form prior to filing season. Many individuals that have made or are planning to make home improvements can benefit from these credits.

Tax Pros can find the 2023 Draft Form 5695 here:

<https://www.irs.gov/pub/irs-dft/f5695--dft.pdf>

Resumption of Collection Notices

The Taxpayer Advocate Service published a tax tip on 11/17/2023 notifying taxpayers that notices would be resuming.

Tax practitioners can read the full tax tip here: [Tax Tip: IRS Resumes Sending Some Collection Notices](#)

The notices resuming include:

- Notice CP501, 1st Notice – Balance Due
- Notice CP503, 2nd Notice – Balance Due
- Notice CP504, Final Notice – Balance Due

The IRS will likely resume sending collection notices on older delinquent tax periods in the near future. If your clients have outstanding tax balances – don’t wait.

Start considering alternatives [to resolve your tax debt](#) now.

State Revenue Updates

Colorado Department of Revenue

No updates this month

Kansas Department of Revenue

No updates this month

Minnesota Department of Revenue

Minnesota rebates will be taxable for federal tax and non-taxable to Minnesota tax. This will also not be included in household income for M1PR purposes. A 1099-MISC will be issued and should be received by taxpayer the end of January.

Annual tax professional webinar is next Tuesday from 9:30-11:30. Registration is required. Go to the main tax professional page on our website to register.

The Online Services system to file your M1PR for homeowners directly with Minnesota Department of Revenue was shut down this past Monday and will not re-open again until next March. M1PRs can still be paper-filed.

We are currently offering Pass-Through Entity Webinars. [Here is the link](#) to our webpage for registration. <https://www.revenue.state.mn.us/business-income-tax-webinars> link.

PTE Webinar link, [Business Income Tax Webinars | Minnesota Department of Revenue \(state.mn.us\)](#)

Missouri Department of Revenue

No updates this month

Nebraska Department of Revenue

No updates this month

North Dakota Department of Revenue

No updates this month

Wisconsin Department of Revenue

Wisconsin Dept. of Revenue published a new Fact Sheet (2414) about the Milwaukee sales tax changes:

<https://www.revenue.wi.gov/DOR%20Publications/2414milwaukee.pdf>

One more WI Tax Update session for practitioners - webinar from 9:00 - 11:30 CT 12/8/2023. Still plenty of space if you want to sign up:

<https://attendee.gotowebinar.com/register/3801230933860038494>. A PDF of the

PowerPoint is posted on our website:

<https://www.revenue.wi.gov/Pages/Training/FallTaxUpdates.aspx>.

Most of our forms and instructions for 2023 are now final and are posted on the forms page: <https://www.revenue.wi.gov/Pages/HTML/formpub.aspx>

Questions and Answers:

- Q:** Can you attach any information to the online Form 14039? Why is that?
- A:** Here is the link for the online 14039, [When to file an Identity Theft Affidavit | Internal Revenue Service \(irs.gov\)](#). It says, if needed, attach additional information and/or pages to this form, but did not see a way to attach additional information? Stakeholder Liaison will need to research this online Form 14039 link on attaching additional information if it can be.
- Q:** Practitioner is receiving an IRS Notice 324C with no fax number, but IRS 324C Notice references a fax number.
- A:** Sometimes there is missing information on the IRS Notice and this fax information was not in the IRS 324C Notice. The practitioner sent this 324C IRS Notice to the Stakeholder Liaison, and this issue is being elevated.
- Q:** Practitioner called the PPS line, and the IRS assistor hung up when they told them they are not the officer of the company.
- A:** Practitioners should get the IRS assistor's name and IRS Identification Number, to follow up on their call, and send that information to your Stakeholder Liaison to send to the IRS assistor's manager. The assistor should have stated they could not disclose information unless an authorized person is calling.
- Q:** Practitioner stated the taxpayer is being audited via mail, but can they have the audit transferred locally?
- A:** Audits can be requested to be transferred but it is at IRS option, depending on the facts of the audit. Usually, they are not transferred unless there is a business reason for IRS to do so (IRS employee retires, caseload reallocation, etc.).
- Q:** How fast are Form 911, and taxpayer referrals acted on with Taxpayer Advocate office?
- A:** It depends on the Taxpayer Advocate office for that timeframe, Desiree Frierson, a Taxpayer Advocate was willing to assist this practitioner.

Q: Have you heard anything on EFC liens?

A: Stakeholder Liaison has no additional information on the status of EFC Liens. Always, check this link for additional information, [IRS operations: Status of mission-critical functions | Internal Revenue Service](#)

Q: When is the Modernized e-file (MeF) business line to shut down?

A: The Business MeF production shutdown will begin at 11:59 a.m. on Tuesday, December 26, 2023, Eastern Time. This is the link for on MeF Operation Status, [Modernized eFile \(MeF\) Operational Status | Earned Income Tax Credit \(irs.gov\)](#)

Q: Practitioner responded to penalty abatement on an IRS notice but was on hold for 45 minutes.

A: The Exempt Organization hotline phone number of 877-829-5500 may help, but Taxpayer Advocate gave their phone number to look at this issue, to avoid the long hold time again. Thanks Desiree!

Q: Received a letter 324C, what is that for?

A: Letter 324C is amended return incomplete for processing (1040x, 1120x)

Q: We had several clients receive Notice 972CG for failure to timely file their W2's in the year 2021. The clients are adamant that they filed them in Jan 2022, but the IRS claims they did not file the returns until May 2022. Has anyone else received these notices in error? Any advice?

A: Stakeholder Liaison has not heard of this issue, but taxpayer/practitioner should respond to the IRS Notice 972CG with documentation information, and request abatement using first time abatement or reasonable cause, if filed on time.