

Simple Ideas that Pay Great

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Roger Nemeth, EA, NTPI Fellow President, Tax Help Software

- Started managing tax franchises in 2006.
- Developed Audit Detective Transcript Reports in 2009.
- Qualified as an N.T.P.I. Fellow in 2015.
- Worked as a programmer for the largest Tax Resolution Company integrating automated transcript systems into workflow programs.
- Assisted in the downloading and research of over 30 million transcripts.



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Catharine O'Connor, Esq. Head of Education, Tax Mentor

- Licensed to practice in Florida since 2012
- Practiced Tax Controversy from 2012-2020 for one of the largest national tax resolution companies.
- Resolved millions in tax debts, logged thousands of call hours with IRS collections personnel, and worked with hundreds of clients to resolve their tax controversy issues.
- Subject matter expert in tax issues facing small businesses, particularly payroll tax debts, with years of practical experience in achieving excellent results for my client.



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Acronym Cheat Sheet

ACRONYM	MEANING	CONTEXT
CAF	Centralized Authorization File	The CAF unit is responsible for processing all authorizations and records of authorizations. A CAF number is a unique nine-digit identification number and is assigned the first time you file a third party authorization with IRS.
CIS	Collection Information Statement	Financial (aka Budget) taken by the IRS determine a taxpayer's ability to pay (can be verbal or on approved form). i.e. 433F, 433A, & 433B
CNC	Currently Non Collectible Status	\$0 month resolution offered by the IRS. Have to prove that income is exceeded by the reasonable & necessary living expenses of the taxpayer. NOT a forgiveness program, the taxpayer still owes the balance due.
FTA	First Time Abatement	Administrative Penalty Abatement waiver, see IRM 20.1.1.3.3.2.1
FTD	Federal to Deposit	In general, you must deposit federal income tax withheld, and both the employer and employee social security and Medicare taxes. Tax is then reported via payroll tax returns (i.e. form 941). A penalty is charged when taxpayer fails to timely deposit.
FTF	Failure to File	Type of penalty assessed for failure to file a tax return, also known as the late file penalty. See IRC § 6651(a)(1).

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Acronym Cheat Sheet

ACRONYM	MEANING	CONTEXT
FTP	Failure to Pay	Type of penalty assessed for failure to pay tax, also known as the late pay penalty. See IRC § 6651(a)(2).
IA	Installment Agreement	Monthly repayment plan to the IRS, may or may not have a set term.
NSIA	Non Streamline Installment Agreement	Installment Agreement applicable to assessed Individual balances of \$250k or less, allows a repayment term over the remaining CSED without submission of a Collection Information Statement (CIS). See IRM 5.19.1.6.4(12)
OIC	Offer in Compromise	OIC is the debt settlement program offered by the IRS. Acceptable amount is determined by the RCP, therefore each taxpayer will be unique.
PPIA	Partial Pay Installment Agreement	An Installment Agreement (IA) which by its current terms is incapable of full paying the taxes within the CSEDs.
PPL/PPS	Practitioner Priority Line/Practitioner Priority Service	Phone line specifically for use by Tax Pros, can use to complete investigations on multiple taxpayer accounts or be directed to collections or exams.
SIA	Streamline Installment Agreement	Installment Agreement applicable to assessed Individual balances of \$50k or less, allows a repayment term over 72 or the remaining CSED (whichever is sooner) without submission of a Collection Information Statement (CIS). See IRM 5.14.5.2

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Handouts

- ▶ Presentation Slides (pdf)
- ▶ Acronym Cheat Sheet (pdf)
- ▶ IRS Account Monitoring Flyers (Microsoft Publisher)
- ▶ Amortization Schedule for IA Calculations (excel)



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Introduction

I am amazed how many practitioners, whether they are tax prep or tax resolution professionals, who do not utilize basic processes to increase revenue.

This presentation will cover some of the simplest and easiest processes to increase revenue using the data from the IRS transcript to quickly identify and implement those opportunities.

We will also show best practices for upselling follow up services to both tax prep and tax resolution clients.



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Presentation Overview

- ▶ Leveraging Transcript Data
- ▶ First Time Abatement (FTA) Strategies
- ▶ Post Filing Compliance Opportunities
- ▶ Account Tracking and Monitoring (Marketing Materials)
 - Tax Prep
 - Tax Resolution

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Links To Archived Presentations

<https://taxhelpsoftware.com/support/>

THS IRS Transcript Tools

NATP Webinar Attendees

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Home Product Support/FAQ Resources About

CLICK HERE for IRS e-Services Credentials (Required)

CLICK HERE for Getting Started With THS

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Archived Webinars
(No CE/CPE Credits on archived webinars)

- ▶ 2021 Tax Credits – Avoiding Delayed Refunds
- ▶ 2848/8821 Part 1 – How To Complete The Forms
- ▶ 2848/8821 Part 2 – How To Submit Best Practices
- ▶ First Time Penalty Abatements (FTA) Made Easy
- ▶ End CP 2000 Notices: Understand & Avoid Automated Underreporter (AUR) Audits
- ▶ How To Effectively Onboard Tax Prep And Tax Resolution Clients
- ▶ How To Detect & Mitigate IRS Exams Before They Begin
- ▶ IRS Statutes Of Limitation Dates: ASED, RSED & CSED
- ▶ Leveraging IRS Transcripts to AVOID Tax Prep Surprises

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Leveraging Transcript Data

IRS Transcripts are a GOLD MINE of data that can be used to Improve and Monetize your Firm.

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The Power of Transcript Data

- ▶ Improve & streamline client intake & onboarding.
- ▶ Easily evaluate for First Time Abatement (FTA).
- ▶ Use transcripts to validate tax preparation data.
- ▶ Review & analyze prior filings to spot potential issues, including underreported income.
- ▶ Identify exams months in advance of the IRS taking action.
- ▶ Track IRS activity; return processing, notices issued, collection activity, Installment Agreement status, etc.
- ▶ Monitor taxpayer payments including Estimated (ES) Tax payments and Installment Agreement (IA) payments.

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Review of Return Transcripts - GOAL

- ▶ Evaluate prior Schedules, Forms, and Credits
 - ❑ Anticipate the complexity of the Tax Return you will be preparing.
 - ❑ Set pricing correctly from the beginning.
 - ❑ Spot problematic issues from prior years which might need correcting (i.e. too many schedule C losses in a 3 year period).
- ▶ Compare return to the Wage and Income Transcripts to determine if the taxpayer is missing or misrepresenting data.
 - ❑ Ensure client is providing ALL their income/tax docs for current tax return preparation.
 - ❑ Great way to catch issues before the IRS and potentially prevent exams (be the HERO!).
 - ❑ Allows you to upsell additional services AND highlight how you are saving them money (i.e. Penalties).



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Review of Wage and Income Transcripts - GOAL

- ▶ Wage & Income Transcripts show reported income, education expenses, mortgage interest from third parties.
- ▶ These transcripts can be used to validate reported income on past returns (Check for under/over reported income in the past) AND anticipate what a taxpayer should be providing for current year.
 - ❑ Allows you to proactively engage with the client about documents they may have forgotten to send you and save everyone trouble down the road.
 - ❑ Example: Taxpayer's Wage & Income transcripts show 1099-Bs for the prior 5 years but they have not included any in their documentation for current year. Worth a follow up question. NOTE: document the answer for E&O claim and to defend against (potential) complaints.
- ▶ Can be used to file current returns after being released in May to ensure accuracy in filing.



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Wage & Income Transcripts - 2 Types

- ▶ Wage & Income Forms - shows data from information returns reported to IRP such as Forms W-2, 1099, 1098 and Form 5498, IRA Contribution Information, etc.
- ▶ Wage & Income Summary – shows the sum of different income types from the IRS forms. Example the summary shows the total wages from all of the W-2 forms reported to IRP.

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How to Identify the AUR Discrepancy

Automated Underreporter (AUR) exams are one of the easiest issues to spot in advance using transcripts.

- ▶ Automated through Tax Help Software (THS)
- ▶ Manually Reviewing IRS Transcripts
 - Review the Wage & Income Transcripts.
 - Compare the number of Wage & Income Document Types to what was filed in your tax return software.
 - Use the Wage & Income Summary Transcript to compare to the tax return for discrepancies.
 - Remember if the return is MFJ both spouse's transcripts will need to be reviewed.
 - Review the tax return and/or tax return transcript and look for any discrepancies with the Wage & Income Transcript

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Review of Account Transcripts - GOAL

- ▶ Account transcripts can be used to identify the type of taxpayer.
 - ❑ Chronic late filer
 - ❑ Timely filer
 - ❑ History of extensions
- ▶ Is taxpayer in current filing compliance? Opportunity to prepare more returns for additional fee?
- ▶ Are there other issues that might impact your work with the client or cause issues later on?
 - ❑ Active Exams
 - ❑ Active Balance Dues & Collections
 - ❑ Active Lien



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Exam Flag Transaction Codes

All exam flags except AUR are:

- 420 Examination of tax return
- 424 Examination of tax return

670	Payment	06-23-2006	-\$48.74
420	Examination of tax return	08-10-2006	\$0.00
300	Additional tax assessed by examination	20080608 02-18-2008	\$0.00
n/a	49247-430-00357-8		

AUR Flag is: 922 Review of unreported income

971	Tax period blocked from automated levy program	12-29-2008	\$0.00
922	Review of unreported income	03-08-2010	\$0.00
971	Pending installment agreement	04-29-2009	\$0.00
971	Account match for federal levy payment program	11-30-2009	\$0.00



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IRS Transaction Codes For Exam¹

- ▶ TC 420/424 Examination of Return
 - Correspondence Audit.
 - Field Audit.
 - Office Audit.
 - NRP Audit.
- ▶ TC 922 Review of unreported income
 - Automated Under Reporter(AUR) - CP2000

¹ IRS Transaction Codes Pocket Guide IRS.gov https://www.irs.gov/pub/irs-utl/transaction_codes_pocket_guide.pdf



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First Time Penalty Abatement Strategies

How and when should I apply for FTA?



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First Time Penalty Abatement Synopsis

For a tax period to qualify for First Time Abatement:

- ▶ Needs to be tax year 2001 or later
- ▶ Needs to be compliant (last 6 tax returns filed)
- ▶ Be in an Installment Agreement for outstanding tax debt (No CNC), or paid in full with an active RSED.
- ▶ The FTA year cannot be a Substitute for Return (SFR), it must be an original return. (original after SFR is OK)

Evaluation of Year with Penalty (Failure to file, pay and/or deposit)	
One year previous	No penalties (unless abated by reasonable cause/reversed) or no filing requirement
Two years previous	No penalties (unless abated by reasonable cause/reversed) or no filing requirement
Three years previous	No penalties (unless abated by reasonable cause/reversed) or no filing requirement

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First Time Penalty Abatement (FTA)

- ▶ FTA is the most prolific way to get post filing refunds for your clients.
- ▶ Often times tax pros waste a large amount a time creating and documenting a reasonable cause claim only to realize the IRS applied FTA. (See next slide)
- ▶ Tax pros can identify FTA on a per taxpayer basis or use software to identify FTA for all their clients.

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Look for FTA Before Reasonable Cause

- ▶ The Reasonable Cause Assister (RCA) is the program the IRS uses to determine penalty abatement (both FTA and Reasonable Cause)
- ▶ The Reasonable Cause Assister (RCA) will attempt to apply relief based on FTA before considering reasonable cause.
 - ❑ Example if a request for Reasonable Cause is submitted by the taxpayer and that tax year qualifies for FTA the abatement is coded as an FTA.



IRS IRM 13.1.24.6.1.1.2 (05-11-2018) First-Time Abate - Clean Compliance History

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Applying for FTA

- ▶ Phone Call
 - ❑ Can call Practitioner Priority Service (PPS) or Automated Collections System (ACS) to make a verbal request for FTA
 - ❑ Denial of a verbal request does not preclude making additional request over the phone or in writing.
- ▶ Written Request
 - ❑ Can use form 843 or write a letter. Mail to the address on the most recent IRS notice OR processing center where taxpayer would file a paper return.
 - ❑ Written requests should generally only be made once.



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2019 & 2020 Automatic FTF Abatements

- ▶ Recently the IRS announced it would automatically abate late filing penalties for 2019 and 2020 tax years due to the operational challenges imposed by COVID.
- ▶ To qualify:
 - ❑ The tax returns must have been filed by September 30, 2022
 - ❑ Forms that qualify
 - Federal income tax returns: most Form [1040](#) and [1120](#) series returns, Forms [1041](#), [1065](#), [1066](#), [990-T](#), and [990-PF](#)
 - International information returns (IIRs) attached to the above income tax returns and assessed a penalty at filing: Forms [5471](#), [5472](#), [3520](#), and [3520-A](#). Note, IIR penalties subsequently determined during an IRS examination are **not** included in this relief.
- ▶ SEE IRM 20.1.1.3.3.2.2, which was updated 8/25/2022 to add the Administrative Waiver.
- ▶ There are some obscure exceptions. For complete details the Taxpayer Advocate Blog has a great post

<https://www.taxpayeradvocate.irs.gov/news/nta-blog-the-irs-is-automatically-providing-late-filing-penalty-relief-for-both-2019-and-2020-tax-returns/>



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Additional Info on Automatic Abatement

- ▶ Administrative 2019 & 2020 Penalty waiver is for **Failure to File ONLY!**
 - ❑ **Failure to Pay Penalties** will not be waived/abated under this administrative waiver.
- ▶ It will not affect current and future First Time Penalty Abatement and Reasonable Cause Requests.
- ▶ Qualifying tax periods that process after implementation of the widespread waiver will see NO assessment of the Failure to File Penalty.
- ▶ Most refunds and abatements (particularly for individuals) have already been taken care of. The IRS has asked taxpayers and tax pros to hold off on following up until after November 30, 2022.
 - ❑ Abatements related to business tax types may take longer to be waived by the IRS.



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Small Dollar FTA – Best Practices

- ▶ There may not be enough profit margin to charge your client for all First Time Penalty Abatement (FTA) opportunities.
- ▶ If an abatement amount is under \$3,000 (or whatever amount you set as a threshold) you can provide to the client for requesting OR have a pre-completed Form 843 ready to mail in with instructions.
 - Tax Pro would just need to fill in the years and amount on the form 843.



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E-Mail Example

Hello Mr Taxpayer.

We identified a First Time Penalty Abatement Opportunity for you that could result in a refund amount of \$2,500. You can claim this refund by simply calling the IRS at 1-800-829-1040 or 1-855-223-4017 ext 225 (whichever has the lowest hold time). Simply state that you are requesting First Time Penalty Abatement for Tax Year 2019 in the amount of \$2,500. They will ask you a series of questions to verify your identity. You should receive your refund in 14 to 60 days.

Have a great day and let us know if you have any questions.



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Form 843 Example

- ▶ Best practice for FTA is to call it in because you can make multiple attempts.
- ▶ 843 could be used for smaller FTA in batches for clients that require less labor.
- ▶ May be a better practice once IRS gets more caught up on mail from COVID Crisis.
- ▶ Denial of Abatement requests can be appealed, structure engagement to charge more for appeals.



843 Claim for Refund and Request for Abatement

OMB No. 1545-0024

Use Form 843 if your claim or request involves:

- (a) a refund of one of the taxes other than income taxes or an employer's claim for FICA tax, RRTA tax, or income tax withholding or a fee, shown on line 3.
- (b) an abatement of FUTA tax or certain excise taxes, or
- (c) a refund or abatement of interest, penalties, or additions to tax for one of the reasons shown on line 5a.

Do not use Form 843 if your claim or request involves:

- (a) an overpayment of income taxes or an employer's claim for FICA tax, RRTA tax, or income tax withholding (use the appropriate amended tax return).
- (b) a refund of excise taxes based on the nontaxable use or sale of fuels, or
- (c) an overpayment of excise taxes reported on Forms 11-C, 720, 720-2, or 2290.

Name(s) Joe E. Smith & June F. Smith Your social security number 123-45-6789
 Address (number, street, and room or suite no.) 121 N. Main St. Spouse's social security number 987-65-4321
 City or town, state, and ZIP code America, US 10000 Employer identification number (EIN)
 Name and address shown on return if different from above Daytime telephone number

1 Period. Prepare a separate Form 843 for each tax period or fee year.
 2 Amount to be refunded or abated.
 3 Type of tax or fee. Indicate the type of tax or fee to be refunded or abated or to which the interest, penalty, or addition to tax is related.
 4 Type of penalty. If the claim or request involves a penalty, enter the Internal Revenue Code section on which the penalty is based (see instructions). IRC section:
 5a Interest, penalties, and additions to tax. Check the box that indicates your reason for the request for refund or abatement. If none apply, go to line 6.
 6 Original return. Indicate the type of fee or return, if any, filed to which the tax, interest, penalty, or addition to tax relates.
 7 Explanation. Explain why you believe this claim or request should be allowed and show the computation of the amount shown on line 2. If you need more space, attach additional sheets.

Request for First Time Abatement under IRM 2011.1.3.3.2.

Signature (file, if applicable. Claims by corporations must be signed by an officer.) Date

Preparer (file, if applicable. Claims by corporations must be signed by a corporate officer authorized to sign, and the officer's title must be shown.)
 Paid Preparer (file, if applicable. Claims by corporations must be signed by an officer.)
 Use Only

THS Abatable Penalty Report (New)

THS Search All Abatable Penalties Search/Select

Abatable? Yes Maybe All

Account Name	Year	Abatable?	Abated?	Penalties Failure to File	Penalties Failure to Pay	Accrued Penalties	Total Abatable Penalties	Active Balance	Estimated Amount Available*	Credit/Payment Amounts Made Within Past 2 Years (RSED)†
Brown, Timothy	2019	Yes		\$259.57	\$201.83	\$1,141.40	\$23,837.84	\$2,008.00	\$2,008.00	\$2,008.00
Smith, John	2019	Yes		\$214.63	\$0.00	\$214.63	\$0.00	\$0.00	\$24,837.87	\$39,787.87
Lincoln, Marge	2020	Yes		\$636.97	\$99.08	\$736.05	\$3,623.42	\$36,730.00	\$36,730.00	\$36,730.00
Clinton, Homer	2017	Maybe		\$1,467.00	\$0.00	\$4,481.00	\$0.00	\$0.00	expired	\$22,262.23
Kennedy, Homer	2019	Yes		\$1,091.51	\$0.00	\$1,091.51	\$0.00	\$16,894.14	\$16,894.14	\$16,894.14
Jones, Homer	2018	Yes	Yes	\$1,172.42	\$1,391.80	\$2,564.22	\$18,985.51	\$28,250.00	\$28,250.00	\$14,950.00
Kennedy, Mary	2018	Yes		\$1,032.71	\$23,284.08	\$24,316.79	\$121,225.96	\$27,176.00	\$27,176.00	\$14,701.00
Kennedy, Mary	2014	Maybe		\$1,071.08	\$0.00	\$1,071.08	\$2,395.83	expired	\$13,509.29	\$13,509.29
Harvey, Harry	2012	Maybe		\$4,176.72	\$3,365.74	\$0.00	\$10,516.66	\$16,831.86	expired	\$8,044.00
Biden, Mary	2014	Yes		\$577.12	\$1,068.76	\$0.00	\$1,645.87	\$94.72	expired	\$6,063.00
Reagan, Marge	2014	Yes		\$1,075.66	\$0.00	\$1,075.66	\$685.01	expired	\$5,717.00	\$5,717.00
Brown, Harry	2018	Yes		\$897.07	\$259.15	\$0.00	\$1,156.22	\$0.00	\$10,433.48	\$5,387.48
Harvey, Homer	2016	Yes	Yes	\$895.27	\$437.69	\$957.06	\$1,890.02	\$1,769.61	expired	\$5,167.00
Reagan, Marge	2003	Maybe		\$0,243.33	\$9,159.25	\$0.00	\$17,402.58	\$2,194.75	expired	\$5,014.00
Williams, Steve	2016	Maybe	Yes	\$1,158.91	\$797.86	\$956.77	\$2,385.75	expired	\$4,000.00	\$4,000.00
Smith, Peg	2011	Maybe		\$4,104.00	\$4,560.00	\$0.00	\$8,664.00	\$29,787.48	expired	\$3,921.00
Biden, Mary	2007	Yes		\$547.20	\$608.00	\$0.00	\$1,155.20	\$0.00	expired	\$3,448.89
Harvey, Harry	2020	Maybe		\$50.89	\$219.00	\$399.89	\$629.46	\$3,300.00	expired	\$3,300.00
Johnson, Peg	2014	Yes		\$2,782.25	\$0.00	\$2,782.25	\$14,478.32	expired	\$3,247.00	\$3,247.00
Jones, Joe	2014	Yes		\$2,782.25	\$0.00	\$2,782.25	\$14,478.32	expired	\$3,247.00	\$3,247.00
Clinton, Homer	2012	Yes		\$646.11	\$0.00	\$646.11	\$10.39	expired	\$2,896.05	\$2,896.05
Lincoln, Joe	2012	Yes		\$646.11	\$0.00	\$646.11	\$10.39	expired	\$2,896.05	\$2,896.05
Clinton, Peg	2014	Yes		\$113.56	\$982.11	\$1,075.66	\$3,666.06	expired	\$2,512.00	\$2,512.00
Harvey, Peg	2016	Maybe		\$322.51	\$0.00	\$322.51	\$2,305.08	expired	\$2,305.08	\$2,305.08
Clinton, Joe	2017	Yes		\$50.95	\$1,145.27	\$1,196.22	\$4,839.92	expired	\$2,215.00	\$2,215.00

199 Record(s)

*ASED and RSED are estimates and do not calculate many exceptions such as fraud.



THS 2019 & 2020 Abatements Report (New)

Search 2019 & 2020 Abated Penalties Search/Select

Abated? Yes No All

Last Name: _____ First Name: _____ Reset

Double Click an Item Below to Edit. Right Click to Sort and Export.

Account Name	2019 Penalties Failure to File	2019 Penalties Failure to Pay	2019 Penalty Abated	2019 Original Return File Date	2020 Penalties Failure to File	2020 Penalties Failure to Pay	2020 Penalty Abated	2020 Original Return File Date
Lopez, Peg		\$95.40		2020-05-08				
Smith, Marge		\$667.80		2020-05-08				
Biden, Joe		\$111.15		2020-10-15				
Harvey, Mary		\$11,636.57		2020-10-15				
Johnson, Mary	\$858.06	\$429.03		2020-11-20				
Lincoln, John						\$25.23		2021-06-07
Johnson, Harry		\$321.20		2020-10-18				
Lincoln, John	\$230.89	\$51.31		2020-07-28				
Jones, Homer		\$49.07		2020-07-14		\$228.25		2021-09-21
Clinton, Marge		\$10.04		2020-04-15				
Johnson, Diane		\$14.25		2020-04-15				
Reagan, Timothy		\$376.58		2020-07-15				
Biden, John		\$1,427.12		2020-10-15		\$193.45		2021-05-17
Harvey, John		\$620.09		2020-10-12				
Biden, Mary		\$140.35	Y	2020-10-15				
Johnson, Peg	\$1,077.07	\$263.28		2021-05-03				
Biden, Timothy		\$30.67		2020-10-15				
Biden, Harry	\$435.00	\$64.40		2020-09-16				
Biden, Harry		\$62.42		2020-09-29				
Lincoln, John		\$59.87		2020-04-15				
Kennedy, Homer		\$189.51		2020-10-15				
Reagan, Marge		\$374.15		2020-10-15				
Reagan, Homer						\$5.22		2021-05-14
Kennedy, Timothy	\$2,870.30	\$494.50		2020-10-15		\$434.10		2021-10-15
Lopez, Timothy		\$379.32		2020-06-01		\$89.17		2021-05-15

160 Record(s)

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THS Issue & Opportunities Report (New)

Search Issues & Opportunities Search/Select

Issue or Opportunity? Issue Opportunity All

Show Only Issues/Opportunities? Yes Show All Clients

Last Name: _____ First Name: _____ Reset

Double Click an Item Below to Edit. Right Click to Sort and Export.

Account Name	Issue/Opportunity	Year	Description
Biden, Marge	Issue	2018	Taxes owed for this tax year: \$19,939
Biden, Marge	Opportunity	2018	Child Tax Credit possibly missed. Review eligibility.
Biden, Marge	Opportunity	2018	Earned Income Tax Credit possibly missed. Review EIC eligibility.
Biden, Marge	Opportunity	2018	Education Credit not claimed for this year but claimed in: 2020
Biden, Marge	Opportunity	2018	Child Tax Credit possibly missed. Review eligibility.
Biden, Marge	Opportunity	2018	Earned Income Tax Credit possibly missed. Review EIC eligibility.
Biden, Marge	Opportunity	2018	Education Credit not claimed for this year but claimed in: 2020
Biden, Marge	Issue	2019	Taxes owed for this tax year: \$11,321
Biden, Marge	Issue	2019	Taxes owed for this tax year: \$14,204
Biden, Marge	Issue	2019	Taxes owed for this tax year: \$11,321
Biden, Marge	Opportunity	2019	Child Tax Credit possibly missed. Review eligibility.
Biden, Marge	Opportunity	2019	Earned Income Tax Credit possibly missed. Review EIC eligibility.
Biden, Marge	Opportunity	2019	Education Credit not claimed for this year but claimed in: 2020
Biden, Marge	Opportunity	2019	Child Tax Credit possibly missed. Review eligibility.
Biden, Marge	Opportunity	2019	Earned Income Tax Credit possibly missed. Review EIC eligibility.
Biden, Marge	Opportunity	2019	Education Credit not claimed for this year but claimed in: 2020
Biden, Marge	Issue	2020	Taxes owed for this tax year: \$7,947
Biden, Marge	Issue	2020	Taxes owed for this tax year: \$7,947
Biden, Marge	Opportunity	2020	No return filed. Check for filing requirement.
Biden, Marge	Opportunity	2020	Child Tax Credit possibly missed. Review eligibility.
Biden, Marge	Opportunity	2020	Earned Income Tax Credit possibly missed. Review EIC eligibility.
Biden, Marge	Opportunity	2020	Child Tax Credit possibly missed. Review eligibility.
Biden, Marge	Opportunity	2020	Earned Income Tax Credit possibly missed. Review EIC eligibility.
Biden, Mary	Issue	2016	Federal tax lien issued on: 12/13/2019
Biden, Mary	Issue	2016	Taxes owed for this tax year: \$5,627

1023 Record(s)

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Post Filing Compliance

Should I work for free or monetize my time?



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Working For Free?

- ▶ Having managed tax franchises for nearly six years I quickly recognized that if a client received a notice or letter from the IRS the tax pro oftentimes feels obligated to fix the issue for free.
- ▶ Leveraging the information available on IRS transcripts and monitoring them often allows the tax pro to handle issues pro actively which in turn allows for a fee to be charged.
- ▶ Tax pros should charge for setting up installment agreements, filing amended returns, and responding to audits.



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Installment Agreements

Streamlined Installment Agreements versus Non-Streamlined Installment Agreements



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INSTALLMENT AGREEMENT COMPARISON CHART

IA Type	ASSESSED Debt Limit	Payment Terms	Collection Information Statement (CIS) Required	Notice of Federal Tax Lien (NFTL)
Streamline Installment Agreement (SIA) IRM 5.14.5.2	\$50,000	Full pay assessed balance within 72 months OR before CSEDs expire, whichever is sooner.	NO	NO ***MAY file if taxpayer previously defaulted a SIA.
Non Streamline Installment Agreement (NSIA) IRM 5.19.1.6.4(12)	\$250,000	Full pay balance due prior to expiration of the CSEDs.	NO ***MAY request in instances of prior default.	YES
Partial Pay Installment Agreement (PPIA) IRM 5.14.2	\$250,000	Final monthly payment will be based on the CIS (Form 433).	YES	YES

***This chart details the limits of Automated Collections System (ACS) in establishing IAs as set forth and published in the IRM as it relates to individual tax debt. The SIA and NSIA DO NOT have to be granted by Revenue Officers (ROs).



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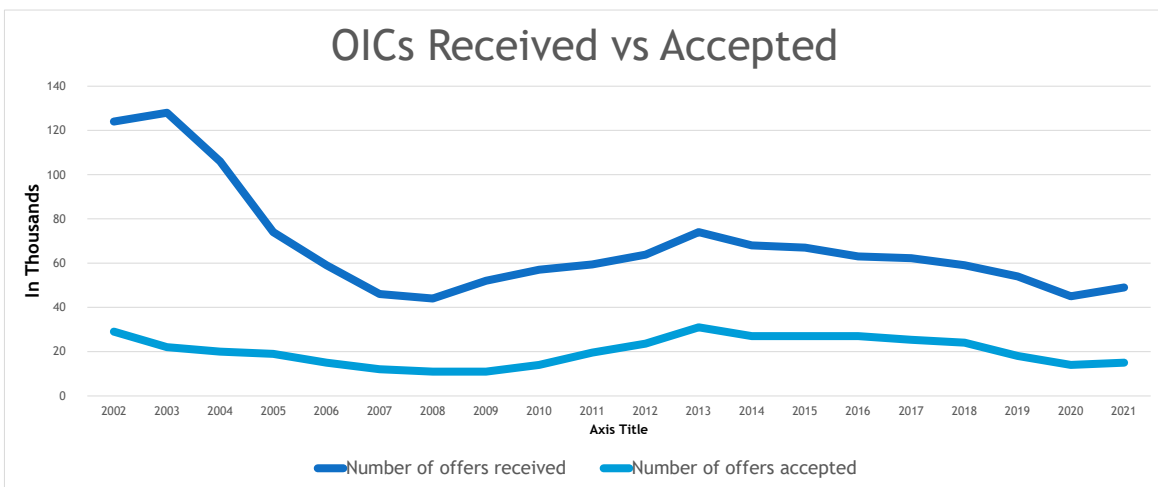
Full Pay Installment Agreements

- ▶ A best practice during your initial client interview is to ask your client what are they comfortable paying monthly and alternatively what is the highest number they could realistically pay.
- ▶ You can then compare this number to what the minimum Installment Agreement amounts would be for Streamline and Non Streamline Installment Agreements.
- ▶ The best options for MANY clients will be a full pay Installment Agreement without the need to prepare a Collection Information Statement.
- ▶ Remember, MOST taxpayers DO NOT qualify for an Offer in Compromise (OIC).
 - NOTE: The IRS entered 2021 with over 8 million in delinquent taxpayer accounts but ONLY approved 15,154 OICs.



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OICs Received vs Accepted



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Figure 1: PPIAs and Total IAs Established From FY 2016 to FY 2020

FY	New PPIAs Established	Total Amount (PPIA)	New IAs Established ⁴	Total Amount (All IAs)	Percentage of IAs that are PPIAs
2016	48,854	\$4,481,275,462	3,115,404	\$25,351,456,573	1.57%
2017	39,888	\$4,091,175,624	2,924,780	\$24,803,320,776	1.36%
2018	35,516	\$4,327,329,033	2,883,035	\$24,395,480,132	1.23%
2019	36,733	\$3,840,133,479	2,821,134	\$24,404,769,504	1.30%
2020	21,501	\$2,939,772,574	1,825,378	\$17,778,827,629	1.18%
Totals	182,492	\$19,679,686,172	13,569,731	\$116,733,854,614	

IRS Data on Installment Agreements

Source: TIGTA Audit Report (3/22/2022) The Administration of Partial Payment Installment Agreements Needs Improvement

NOTE: 2022 Purple Book Released by TAS estimated 27% of taxpayers in Streamline Installment Agreements may have qualified for CNC or OIC.



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Streamlined Installment Agreement (SIA)

► Applies

- ❑ Individuals and out-of-business sole proprietors with an **ASSESSED** balance of tax, penalties and interest up to \$50,000
- ❑ Out-of-business taxpayers with assessed balances up to \$25,000
- ❑ In-business taxpayers with income tax only assessed balances up to \$25,000

► Payment Terms

- ❑ Up to 72 months – or – the number of months necessary to satisfy the liability in full by the Collection Statute Expiration date, whichever is less.

► Collection Information Statement (Form 433)

- ❑ Not required.

► Notice of Federal Tax Lien

- ❑ Determination not required for assessed balances up to \$25,000.
- ❑ Determination not required for assessed balances of \$25,001 - \$50,000 **with** the use of direct debit or payroll deduction agreement.
- ❑ For a streamlined installment agreement over \$25,000 where there is no direct debit or payroll deduction agreement, then a Notice of Federal Tax Lien determination is required.



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Online Payment Agreement (OPA)

- ▶ Individual or Business
- ▶ Can Establish Short Term Payment Plans
 - ❑ Up to 180 days under \$100,000
- ▶ Can Establish Streamline Installment Agreements
 - ❑ Individual up to \$50,000
 - ❑ Business up to \$25,000
- ▶ Need 2848 on file with CAF in order to set up for your client.
- ▶ Notoriously Buggy!

<https://www.irs.gov/payments/online-payment-agreement-application>

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Non-Streamlined Installment Agreement (NSIA)

- ▶ **Applies**
 - ❑ Individuals with an **ASSESSED** balance of tax, penalties and interest up to \$250,000 with no RO assigned.
- ▶ **Payment Terms**
 - ❑ Up to the Collection Statute Expiration Date (CSED). Maximum CSED is 10 Years.
- ▶ **Collection Information Statement (Form 433)**
 - ❑ Not required, but taxpayers with prior IA defaults may need to provide some financial disclosure.
- ▶ **Notice of Federal Tax Lien**
 - ❑ Requires a Notice of Federal Tax Lien (NFTL)

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Coming Soon - New Online Installment Agreement

- ▶ IRS has announced it is working on a Long Term Online Installment Agreement.
 - ❑ Based on the limited description it appears it may use the Non-Streamlined Installment Agreement Criteria
 - ❑ If the IRS can implement a system with a reasonable success rate (Better than the current buggy Online Payment Agreement Interface) this will significantly reduce the IRS workload.

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Collection Statute Expiration Dates (CSEDs)

- ▶ **One of the most important concepts to understand in tax controversy practice!**
- ▶ CSEDs are the outward limits of time allowed in Full Pay Installment Agreements. The length of the CSED can directly impact the monthly payment amount.
- ▶ The IRS has 10 years from the DATE a tax is ASSESSED to collect the balance due. This date can be extended in the following circumstances (not exhaustive):
 - ❑ Bankruptcy
 - ❑ Judgement/Litigation
 - ❑ Collection Due Process
 - ❑ Offer in Compromise
 - ❑ Innocent Spouse
 - ❑ Pending Installment Agreements
 - ❑ Taxpayer outside the US

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What if Your Client Cannot Afford?

- ▶ If the client advises they cannot afford the minimum full pay amount you would need to prepare a Collection Information Statement (CIS) to evaluate if the Taxpayer qualifies for;
 - ❑ Partial Pay Installment Agreement (PPIA),
 - ❑ Currently Non Collectible (CNC), or
 - ❑ Offer in Compromise (OIC).
- ▶ If the reason they cannot afford the payment is due to a temporary issue (which were common due to COVID, but are becoming less common) CNC may be a good short term solution until the taxpayer's circumstances improve.



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Installment Agreement Comparison Streamlined vs Non-Streamlined New Assessment-Maximum CSED

- ▶ Taxpayer owes \$50,000
- ▶ IRS CSED is 119 months remaining (120 months = 10 years)
- ▶ The SIA is 270.11 more per month, but no Lien is issued.
- ▶ The NSIA is less per month but for longer term and taxpayer pays \$6,819.03 more in interest.

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Interest	6.0%		
Principal	\$50,000.00		
Term Comparison			
	Streamlined IA	Non-Streamlined IA	Difference
Maximum Months	72	119	47
Total Interest Paid:	\$9,687.08	\$16,506.10	\$6,819.03
Total Paid:	\$59,687.08	\$66,506.10	\$6,819.03
Monthly Pmt:	\$828.99	\$558.87	\$270.11
Lien:	No	Yes	



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Installment Agreement Comparison Example

- ▶ Taxpayer owes \$75,000
- ▶ IRS CSED is 72 months remaining
- ▶ Taxpayer would like to pay off the debt in 3 years (36 months).
- ▶ Paying off over 36 versus 72 months doubles the monthly, but saves \$7,373.62

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Interest	6.0%	IRS adjusts interest quarterly. Under corporations, the overpayment an	
Principal	\$75,000.00		
First Term (months)	72		
Max 120			
Second Term (months)	36		
Term Comparison			
	Term 1	Term 2	Difference
Total Interest Paid:	\$14,530.62	\$7,157.00	\$7,373.62
Total Paid:	\$89,530.62	\$82,157.00	\$7,373.62
Monthly Pmt:	\$1,243.48	\$2,282.14	\$1,038.66



The Impact of Higher Interest Rates

- In 2021 the IRS interest rate was 3%.
- In the last quarter of 2022 it is 6%.
- Over a 72 month terms the taxpayer would be paying \$14,530.62 in interest (at the 2022 6% rate) vs \$7,054.61 in interest (at the 2021 3% rate) when interest was only 3%.

December 2022

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Interest	6.0%	IRS adjusts interest quarterly. Under corporations, the overpayment an	
Principal	\$75,000.00		
First Term (months)	72		
Max 120			
Second Term (months)	36		
Term Comparison			
	Term 1	Term 2	Difference
Total Interest Paid:	\$14,530.62	\$7,157.00	\$7,373.62
Total Paid:	\$89,530.62	\$82,157.00	\$7,373.62
Monthly Pmt:	\$1,243.48	\$2,282.14	\$1,038.66

December 2021

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Interest	3.0%	IRS adjusts interest quarterly. Under the corporations, the overpayment and und	
Principal	\$75,000.00		
First Term (months)	72		
Max 120			
Second Term (months)	36		
Term Comparison			
	Term 1	Term 2	Difference
Total Interest Paid:	\$7,054.61	\$3,523.58	\$3,531.03
Total Paid:	\$82,054.61	\$78,523.58	\$3,531.03
Monthly Pmt:	\$1,139.65	\$2,181.21	(\$1,041.56)



Historical Interest Data

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2023	7.00%	-	-	-
2022	3.00%	4.00%	5.00%	6.00%
2021	3.00%	3.00%	3.00%	3.00%
2020	5.00%	5.00%	3.00%	3.00%
2019	6.00%	6.00%	5.00%	5.00%
2018	5.00%	5.00%	5.00%	5.00%
2017	4.00%	4.00%	4.00%	4.00%

Source: <https://www.irs.gov/payments/quarterly-interest-rates>



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Installment Agreements & the CSED

- ▶ The expansion of the Non-Streamlined Installment Agreements (NSIA) to allow more taxpayers to establish Installment Agreements without a Collection Information Statement is a gamechanger for taxpayers and tax pros.
- ▶ Since the IRS is relying on the IRS CSED in their system an opportunity exists to save your clients significant money IF the IRS has incorrectly calculated the CSED.
- ▶ The IRS has significant issues with properly tracking CSED tolling events and therefore in properly calculating taxpayer CSEDs.
 - ❑ TIGTA has reported that over 40% of all CSEDs with at least one tolling event are inaccurate.
 - ❑ TIGTA also reports 12% of tolling events are not recorded properly.
 - ❑ Taxpayer Advocate has also reported that there is a systematic issue with Pending Installment Agreements in addition to the 40%.
 - ❑ This presenter believes 60%+ of all CSEDs with tolling events have a potential issue.



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Why is the CSED is so Important?

- ▶ The CSED frequently defines the overall case strategy for a collections case.
 - ❑ Example if the debt (or part of a debt) expires in 30 days the taxpayer may want to do nothing and hope it expires before action is taken as opposed to if the CSEDs are more than 6 years out.
 - ❑ CSED now defines the monthly payments in the **Non-Streamlined Installment Agreements (NSIA)** up to the 10-year maximum. (IRS IRM 5.19.1.2.6.4.3(4))
 - ❑ Occasionally, due to the IRS CSED inaccuracies challenging the CSED sometimes results in the strategy being the debt is already expired. Obviously this only applies to older cases with tolling events.

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The Stealth Partial Pay Installment Agreement

A Stealth Partial Pay Installment Agreement (PPIA) is any Installment Agreement where the calculated CSED is less than the IRS CSED.

Strategy

- ❑ Enter into an Non Streamline IA where the monthly payment is calculated using the IRS CSED as opposed to the earlier “correct” CSED.
- ❑ Set a reminder on your calendar when the calculated CSED approaches.
- ❑ Contest the CSED once the calculated date has passed (You have two years after last payment to get refund under RSED)

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Using The Amortization Worksheet to Calculate Potential Stealth PPIA Savings

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Interest	3.0% IRS adjusts interest quarterly. Under the Internal Revenue Code, the					
Principal	\$125,000.00 rate of interest is determined on a quarterly basis. For taxpayers other					
Term (months)	96 than corporations, the overpayment and underpayment rate is the					
	federal short-term rate plus 3 percentage points. Corporate rates vary					
	by size.					
Max is 120						

Payment #	Payment Amount	Payment Principal	Payment Interest	Remaining Principal	Remaining Interest	Total Remaining Payments
1	\$1,466.40	\$1,153.52	\$312.88	\$123,826.11	\$15,461.76	\$139,287.87
2	\$1,466.40	\$1,156.41	\$309.99	\$122,669.70	\$15,151.77	\$137,821.47
3	\$1,466.40	\$1,159.31	\$307.10	\$121,510.39	\$14,844.67	\$136,355.06
4	\$1,466.40	\$1,162.21	\$304.19	\$120,348.18	\$14,540.48	\$134,888.66
5	\$1,466.40	\$1,165.12	\$301.29	\$119,183.06	\$14,239.19	\$133,422.25
6	\$1,466.40	\$1,168.03	\$298.37	\$118,015.03	\$13,940.82	\$131,955.85
7	\$1,466.40	\$1,170.96	\$295.45	\$116,844.07	\$13,645.38	\$130,489.45
8	\$1,466.40	\$1,173.89	\$292.51	\$115,670.18	\$13,352.86	\$129,023.04
9	\$1,466.40	\$1,176.83	\$289.58	\$114,493.35	\$13,063.29	\$127,556.64
10	\$1,466.40	\$1,179.77	\$286.63	\$113,313.58	\$12,776.66	\$126,090.24



Find The Calculated Remaining CSED Months To Determine Savings

Payment #	Payment Amount	Payment Principal	Payment Interest	Remaining Principal	Remaining Interest	Total Remaining Payments
46	\$1,466.40	\$1,290.87	\$175.53	\$68,816.44	\$4,483.33	\$73,299.77
47	\$1,466.40	\$1,294.10	\$172.30	\$67,522.34	\$4,311.03	\$71,833.37
48	\$1,466.40	\$1,297.34	\$169.06	\$66,225.00	\$4,141.97	\$70,366.97
49	\$1,466.40	\$1,300.59	\$165.81	\$64,924.41	\$3,976.15	\$68,900.56
50	\$1,466.40	\$1,303.84	\$162.56	\$63,620.57	\$3,813.60	\$67,434.17
51	\$1,466.40	\$1,307.11	\$159.29	\$62,313.46	\$3,654.30	\$65,967.76
52	\$1,466.40	\$1,310.38	\$156.02	\$61,003.08	\$3,498.28	\$64,501.36
53	\$1,466.40	\$1,313.66	\$152.74	\$59,689.42	\$3,345.54	\$63,034.96
54	\$1,466.40	\$1,316.95	\$149.45	\$58,372.47	\$3,196.08	\$61,568.55
55	\$1,466.40	\$1,320.24	\$146.16	\$57,052.23	\$3,049.92	\$60,102.15
56	\$1,466.40	\$1,323.55	\$142.85	\$55,728.68	\$2,907.07	\$58,635.75
57	\$1,466.40	\$1,326.86	\$139.54	\$54,401.82	\$2,767.53	\$57,169.35
58	\$1,466.40	\$1,330.18	\$136.22	\$53,071.64	\$2,631.31	\$55,702.95
59	\$1,466.40	\$1,333.51	\$132.89	\$51,738.13	\$2,498.42	\$54,236.55
60	\$1,466.40	\$1,336.85	\$129.55	\$50,401.28	\$2,368.86	\$52,770.14
61	\$1,466.40	\$1,340.20	\$126.21	\$49,061.08	\$2,242.66	\$51,303.74
62	\$1,466.40	\$1,343.55	\$122.85	\$47,717.53	\$2,119.81	\$49,837.34
63	\$1,466.40	\$1,346.91	\$119.49	\$46,370.62	\$2,000.32	\$48,370.94
64	\$1,466.40	\$1,350.28	\$116.12	\$45,020.34	\$1,884.20	\$46,904.54
65	\$1,466.40	\$1,353.66	\$112.74	\$43,666.68	\$1,771.46	\$45,438.14
66	\$1,466.40	\$1,357.05	\$109.35	\$42,309.63	\$1,662.11	\$43,971.74
67	\$1,466.40	\$1,360.45	\$105.95	\$40,949.18	\$1,556.16	\$42,505.34
68	\$1,466.40	\$1,363.85	\$102.55	\$39,585.33	\$1,453.61	\$41,038.94
69	\$1,466.40	\$1,367.27	\$99.13	\$38,218.06	\$1,354.48	\$39,572.54
70	\$1,466.40	\$1,370.69	\$95.71	\$36,847.37	\$1,258.77	\$38,106.14
71	\$1,466.40	\$1,374.12	\$92.28	\$35,473.25	\$1,166.48	\$36,639.73
72	\$1,466.40	\$1,377.56	\$88.84	\$34,095.69	\$1,077.64	\$35,173.33
73	\$1,466.40	\$1,381.01	\$85.39	\$32,714.68	\$992.25	\$33,706.93
74	\$1,466.40	\$1,384.47	\$81.94	\$31,330.21	\$910.31	\$32,240.52
75	\$1,466.40	\$1,387.93	\$78.47	\$29,942.28	\$831.84	\$30,774.12
76	\$1,466.40	\$1,391.41	\$75.00	\$28,550.87	\$756.85	\$29,307.72



THS is the Best at IA Calculations

- ▶ THS applies every payment and credit the same way that the IRS does to get remaining balance amount.
 - ❑ Oldest Debt (or closest CSED to expiring)
 - ❑ Assessed (Tax, Penalty, Interest) then accrued (Penalties and Interest)
- ▶ THS also calculates the most accurate CSED.
- ▶ THS can then calculate the estimated IA payment for each assessment using the daily accrued interest.
 - ❑ IA terms can be seen at the macro level (total IA based on all balances) or the micro level (each balance and assessments calculated portion of an IA).



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Type	Customer Type	Active	Account Name	Income Check Diff	2019 Income Check Status	2019 Income Check Diff	Est Pmt Amt Prior Yr	Total Balance	CSED Payment	72 Mth Payment
Personal	completed	Yes	Sample53, John		Missing Info			\$40,164.72	\$1,308.13	\$1,388.63
Personal	completed	Yes	Sample45, John		Missing Info			\$37,751.45	\$1,252.26	\$1,252.26
Personal	completed	Yes	Sample10, John		Missing Info			\$74,866.42	\$1,086.82	\$1,191.39
Personal	completed	Yes	Sample61, John		Missing Info			\$89,477.07	\$1,051.77	\$1,378.35
Personal	completed	Yes	Sample64, John		Missing Info			\$59,935.16	\$1,037.44	\$1,037.44
Personal	completed	Yes	Sample62, John		Under Reported?	(\$18,156.00)	\$13,400.00	\$93,637.87	\$1,021.35	\$1,422.76
Personal	completed	Yes	Sample105, John		Missing Info			\$66,218.57	\$984.15	\$1,122.89
Personal	completed	Yes	Sample74, John		Over Reported?	\$2,871.00		\$78,231.32	\$954.44	\$1,188.76
Personal	completed	Yes	Sample90, John		Missing Info			\$89,599.31	\$890.96	\$1,361.49
Personal	completed	Yes	Sample27, John		Missing Info			\$64,213.70	\$895.58	\$1,068.18
Personal	completed	Yes	Sample75, John		Missing Info			\$35,685.51	\$877.80	\$877.80
Personal	completed	Yes	Sample76, John		Missing Info			\$35,520.59	\$854.56	\$854.56
Personal	completed	Yes	Sample99, John		Under Reported?	(\$31,663.00)		\$86,802.01	\$832.37	\$1,318.96
Personal	completed	Yes	Sample5, John		Missing Info			\$79,468.09	\$796.53	\$1,207.47



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CSED CALCULATIONS AND IA PAYMENTS

YEAR	CODE	ASSESSMENT	DATE	ORIGINAL ASSESSED AMOUNT	REMAINING BALANCE	EST TOTAL TOLLING DAYS	EST THIS CALCD CSED	IRS CSED	CSED DAYS VARIATION	MONTHS UNTIL CSED	ESTIMATED IA PAYMENTS (INCLUDING DAILY ACCRUED INTEREST)**
		2011 Accrued Interest			\$0.00		3/11/2024			0	
		2011 Total IA Payments									\$0.00
2012											
	150	Tax return filed	3/24/2014	\$207,595.00	\$0.00		3/25/2024	uk			\$0.00
		2012 Accrued Penalty			\$0.00		3/25/2024				0
		2012 Accrued Interest			\$0.00		3/25/2024				0
		2012 Total IA Payments									\$0.00
2013											
	150	Tax return filed	2/18/2015	\$211,352.00	\$0.00		2/17/2025	2/18/2025	0		\$0.00
	278	Penalty for late payment of tax	2/18/2015	\$93.44	\$0.00		2/17/2025	2/18/2025	0		\$0.00
	169	Penalty for filing tax return after the due date 02-18-2025	2/18/2015	\$525.80	\$0.00		2/17/2025	2/18/2025	0		\$0.00
	169	Interest charged for late payment	2/18/2015	\$61.00	\$0.00		2/17/2025	2/18/2025	0		\$0.00
		2013 Accrued Penalty			\$0.00		2/17/2025				0
		2013 Accrued Interest			\$0.00		2/17/2025				0
		2013 Total IA Payments									\$0.00
2014											
	150	Tax return filed	11/30/2015	\$14,185.00	\$0.00		12/1/2025	11/30/2025	0		\$0.00
	278	Penalty for late payment of tax	11/30/2015	\$425.58	\$0.00		12/1/2025	11/30/2025	0		\$0.00
		Penalty for not pre-paying tax 11-30-2025	11/30/2015	\$255.00	\$0.00		12/1/2025	11/30/2025	0		\$0.00
	170	Interest charged for late payment	11/30/2015	\$220.90	\$0.00		12/1/2025	11/30/2025	0		\$0.00
		Additional tax assessed by examination 12-31-2028	12/31/2018	\$157,906.00	\$148,835.00		1/1/2026	12/31/2028	0	88	\$1,859.88
	240	Miscellaneous penalty 12-31-2028	12/31/2018	\$31,561.20	\$31,561.20		1/1/2026	12/31/2028	0	88	\$458.36
	338	Interest charged for late payment	12/31/2018	\$29,312.02	\$29,312.02		1/1/2026	uk		88	\$379.28
		2014 Accrued Penalty			\$31,209.73		1/1/2026			88	\$403.82
		2014 Accrued Interest			\$20,009.32		1/1/2026			88	\$268.60
		2014 Total IA Payments									\$3,850.20
2015											
		Additional tax assessed by examination 11-25-2029	11/25/2019	\$604,278.00	\$589,278.00		11/26/2029	11/25/2029	0	97	\$6,849.60
	240	Miscellaneous penalty 11-25-2029	11/25/2019	\$120,855.60	\$120,855.60		11/26/2029	11/25/2029	0	97	\$1,404.85
	160	Penalty for filing tax return after the due date 11-25-2029	11/25/2019	\$151,099.50	\$151,099.50		11/26/2029	11/25/2029	0	97	\$1,756.06
	338	Interest charged for late payment	11/25/2019	\$158,693.77	\$158,693.77		11/26/2029	11/25/2029	0	97	\$1,821.44
		2015 Accrued Penalty			\$61,874.19		11/26/2029			97	\$719.24



Post Tax Prep & Resolution Opportunity

Creating the Annuity

IRS Account Monitoring for Both 1040 & Resolution Clients

- ▶ It is easier to upsell an existing customer than it is to acquire a new customer
 - ❑ Offering additional products can increase your revenue per client.
- ▶ Example: An accepted OIC requires 5 years of filing compliance.
 - ❑ Why not sell (or require) the five tax returns be paid for in advance.
- ▶ Account monitoring for 1040 & tax resolution clients improves long term satisfaction and increases retention as well as an increase in revenue.

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IRS Account Monitoring For Tax Prep Clients

- ▶ Great way to add passive income to your practice
- ▶ These programs only include monitoring not the actual representation work which is billed separately
 - ❑ For example, if an audit is detected steps can be made to mitigate the audit and the tax pro can charge for the mitigation and representation.
- ▶ Fees can range from free (included with 1040) up to thousands of dollars per year.

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Tax Resolution Account Monitoring

- ▶ Many taxpayers end up defaulting resolution agreements with the IRS before they are completed
 - ❑ A NSIA could last 10 years.
 - ❑ Monitoring your clients accounts would allow the tax pro to reach out to the client if they are in danger of getting removed from their resolution whether it is from pyramiding, non-compliance, failure to make IA payments, failure to make estimated payments, etc.
- ▶ There is more work monitoring clients in existing agreements so a premium should be charged over the standard IRS Account Monitoring.

Keep 8821s & 2848s Up to Date

- ▶ Best Practice after January 1st the IRS allows you to request the current CALENDAR YEAR transcripts. In just a few weeks you will be able to request 2023 account transcripts. If you request these transcripts after January 1st you will be able to see if you have CAF for current year. If you do not Tax Season is a great way to get a fresh 8821s or 2848s (don't forget you can go 3 Calendar Years into the future).

THS Makes CAF Checks Easy

Type	Customer Type	Account Name	Total Balance	CAF Passed	Current Yr CAF Passed
Business	Preparation	Audit Detective, LLC	\$0.00	Yes	Yes
Personal	Preparation	Nemeth, Rebecca	\$0.00	Yes	Yes
Personal	Preparation	Nemeth, Roger	\$0.00	Yes	No
Business	Preparation	Sunshine Tax Solutions, LLC	\$0.00	Yes	Yes
Business	completed	XX-XXX0357	\$454,261.48	Yes	No
Personal	Bookkeeping	XXX-XX-0517, -	\$395,405.78	Yes	No
Personal	completed	XXX-XX-0866, -	\$85,838.08	Yes	No
Personal	completed	XXX-XX-1131, -	\$0.45	Yes	No
Personal	completed	XXX-XX-1232, -	\$60,478.14	Yes	No

- ▶ If "CAF Passed" is yes and "Current Yr CAF Passed" is No then you need to get a new 8821/or 2848.
- ▶ CAF Passed indicates any 1 year has passed at anytime in the past.
- ▶ If you lose CAF THS will still show CAF Passed.
- ▶ If both columns are CAF Passed is No then you do not have CAF for those taxpayers.



Type	Customer Type	Account Name	Total Balance	CAF Passed	Current Yr CAF Passed
Personal	Resolution	Moore, William & Daisy	\$224,439.91	No	No
Business		Pool Company Manager	\$0.00	No	No
Personal	Resolution	Smith, John	\$81,206.18	No	No
Personal	Resolution	Smith, Nathaniel	\$96,263.22	No	No






IRS Account Monitoring Marketing Materials

- ▶ I have provided a couple of desktop ad for IRS Account Monitoring.
- ▶ I have also provided the IRS Account Monitoring Product Agreement.



<h3>IRS Account Tracking & Audit Detection Product</h3> <p>Annual Price: \$100 Product Expires: 10/31/2024</p> <p>What this product provides:</p> <ul style="list-style-type: none"> ➤ Detects IRS Audits & Exams months in advance in most cases allowing the mitigation of penalties & interest. ➤ Detects liens & levies by the IRS on your account. ➤ Identifies First Time Abatement opportunities back to 2001 which can result in additional refunds or offset of taxes owed. ➤ Annual review of the current and previous three years of taxes for refund opportunities. ➤ Audit risk assessment for the current tax return. ➤ Annual income verification. ➤ Track IRS payments including estimated payments. ➤ Provides a comprehensive Tax Analysis Report once a year. <p>Agreement:</p> <p>In order to take advantage of this product you (the taxpayer) must provide your tax professional with an IRS Form 8821 or 2848. These forms allow your tax professional to access your historical tax data with the IRS through an Intermediate Service Provider software. At no time will your data be shared with any third parties. Only your tax professional will have access to the data. Your tax professional will not be able to monitor any tax year where the IRS has placed an ID Theft flag on the tax payer's account.</p> <p>This product does not guarantee to detect audits in advance but has proven historically to detect audits over 95% of the time. Occasionally the IRS flags a tax payer's account for an exam/audit, but for what ever reason the exam/audit does not take place.</p> <p>This product is not insurance and does not cover the additional services required to address any of the detected events. Services for IRS Representation, amended returns, or any other services performed by the tax professional are covered under a separate engagement with the tax professional possibly requiring an additional fee. No additional services or fees will be started without the tax payer's consent.</p>	
 	<p>_____ Date</p> <p>Diane Biden</p>
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<h3>Let Us Monitor Your IRS Accounts</h3> <p>The IRS is hiring 80,000+ employees and audits are set for a massive increase over the next couple of years.</p> <p>IRS Account Monitoring allows IRS issues to be detected early and addressed or fixed before the IRS is aware. This can reduce or prevent penalties that can be as much as 50% or more of the tax debt.</p> <p>Only \$99 per year (\$8.25 per month)</p> <p>Monitoring</p> <ul style="list-style-type: none"> • Detects most audits 6 months in advance • Looks for missed stimulus payments and refunds in the current and past 3 years • Advanced Identity Theft Detection • Find forgotten retirement accounts  <p><small>This product monitors for issues. Services required to address issues and opportunities are not included in the Account Tracking Product and are charged separately.</small></p>	<h3>Don't Let The IRS Freak You Out</h3>  <h3>Let Us Monitor Your IRS Account</h3> <p>The IRS is hiring 80,000+ employees and audits are set for a massive increase over the next couple of years.</p> <p>Monitoring</p> <ul style="list-style-type: none"> • Detects most audits 6 months in advance • Looks for missed stimulus payments and refunds in the current and past 3 years • Advanced Identity Theft Detection • Find forgotten retirement accounts • Reduces chance of refund delays • Provides an annual comprehensive Tax Analysis Report  <p>Only \$99 per year (\$8.25 per month)</p> <p><small>This product monitors for issues. Services required to address issues and opportunities are not included in the Account Tracking Product and are charged separately.</small></p>
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Conclusion

- ▶ Small Revenue Opportunities ADD UP!
- ▶ When building your Tax Representation practice take full advantage of existing clients. They represent opportunities for:
 - Retention
 - Ongoing Revenue
 - Post Compliance Work

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Questions?

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