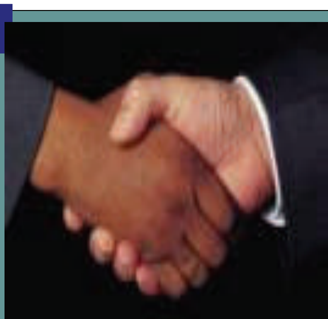

Tax Hints

for Tax Professionals

Internal Revenue Service Office of National Public Liaison (NPL)

This issue current as of **May 5, 2009**
Volume 2, Issue 1

Latest IRS Information on ARRA

The IRS continues to release notices and guidance on tax-related provisions of the American Recovery and Reinvestment Act of 2009 (ARRA). Some key provisions:

Making Work Pay. This provision provides a refundable tax credit of up to $400 for working individuals and up to $800 for married taxpayers filing joint returns in 2009 and 2010. Through automated withholding changes that began this spring, most individuals with earned income that is subject to withholding are seeing an increase in their paychecks. Pensioners do not qualify for this credit unless they have earned income. However, the new withholding tables apply to all taxpayers, including pensioners. A new withholding calculator has been created that pensioners and other taxpayers (including those who have more than one job and whose earnings in those jobs are subject to withholding) can use to determine if enough tax is being withheld. If necessary, adjustments to withholding can be made by filing Form W-4P, Withholding Certificate for Pension or Annuity Payments. More information on this credit can be found in News Release 2009-13 and Publication 15-T.

Net Operating Loss (NOL). Small businesses with deductions exceeding their income in 2008 can elect to carry back a NOL for a taxable year ending after 2007 for three, four or five years instead of the normal two years. Revenue Procedure 2009-26 provides guidance on how the eligible small business taxpayer can use NOL tax provision to get a refund of taxes paid over the past five years.

Build America Bonds. State and local governments can issue taxable bonds in 2009 and 2010 for capital projects and receive a direct federal subsidy payment for a portion of their borrowing costs equal to 35% of the total coupon interest paid to investors. Notice 2009-26 provides guidance on the Build America Bonds provision.

IRS Videos related to ARRA. The American Payroll Association has posted on its YouTube channel several IRS videos on ARRA. Included in these PSAs is a video on ARRA's First-time Homebuyer Credit which provides an $8,000 credit for home purchases made between January 1 and December 1, 2009.

More information on tax-related provisions of ARRA is here.

Statistics of Income (SOI) Division

SOI Division collects, collates, compiles and analyzes a broad spectrum of data for IRS on a daily basis. Filing Season 2009 projections for the Form 1040 series (paper and efile) are available online from the SOI Tax Stats—Projections page.

Quick Links

Basic Tools for Tax Pros

Register for eServices

IRS At-a-Glance

Circular 230

Earned Income Tax Credit (EITC)

Where's my Refund?

Taxpayer Advocate

Practitioner Priority Service ®

Subscription Services

Tax Hints Archives

Check These Quick Links for helpful links and data sources. Tell us if there are others you would like to see.

***Tax Talk Today* Update**

May's live and free webcast program will be a special 100 minute overview on Specialty Taxes: Estate and Gift, and Employment Taxes. Two CPE credits are available and no prerequisites or advance preparation courses are required. New viewers must register at the website below.

The primary learning objective is to maintain or increase competency of tax practitioners through expert discussion, explanation and interactive questioning. The programs are designed for learners (tax professionals) to exercise a practical understanding of new and current tax policies, as well as the latest changes, in a complex and continually changing industry.

To learn more about the program and expert panelists click here.

Questions for the panel should be submitted in advance to Questions@TaxTalkToday.tv.

GAO Report Points Out Tax Prep Software Risks

The Government Accounting Office (GAO) published an April 2 report titled, ***Many Taxpayers Rely on Tax Software and IRS Needs to Address Associated Risks***. GAO recommended that the IRS require a software package identifier, ensure taxpayer surveys ask specifically about the effects of 2009 price changes, implement a plan to monitor compliance with recommended security standards in 2010, and determine whether tax software creates any security or compliance risks. The full GAO report is here.

Service Publication Gives Guidance for Authorized e-filers

Publication 1345, ***Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns****,* was posted to www.IRS.gov on April 7. Read or download the publication here.

New Members Sought for Two Key IRS Advisory Committees

IRS is requesting membership nominations for the Information Reporting Program Advisory Committee (IRPAC). Established in 1991, IRPAC advises IRS leadership on a wide range of information reporting and tax administration issues through its annual report to the IRS commissioner. Those interested may self-nominate for the three-year term; the IRPAC application deadline is May 29, 2009.

Past and current IRPAC members include representatives of the taxpaying public, the tax professional community, small and large businesses, colleges and universities, state tax administrations, banks, insurance companies, foreign financial institutions and the payroll community.

A second IRS committee, the Internal Revenue Service Advisory Council (IRSAC), also seeks new member nominations. IRSAC applicants must have a strong tax or business background, excellent communications skills, practical tax administration experience and knowledge and the ability to interact in a diversified environment. Written IRSAC applications must be postmarked or faxed on or before June 16, 2009.

Nominations for appointments to either committee starting January 2010 are now being accepted. Members meet in Washington, DC approximately five times a year for two days each session. Members are not paid for their services but travel expenses for working sessions, public meetings and orientation sessions, such as airfare, per diem and transportation to and from airports, train stations, and so on are reimbursed within federal travel limitations.

More information, including application packages, is available on the Tax Professional's Page. Questions about the nomination process can be e-mailed to *public_liaison@irs.gov.

Tax Deduction for New Car Buyers

IRS announced on March 30, 2009 that taxpayers who buy a new passenger vehicle this year may be entitled to deduct state and local sales and excise taxes paid on the purchase on their 2009 tax returns next year.

“For those thinking about buying a new car this year, this deduction may give them a little more drive to make their purchase this year,” said IRS Commissioner Doug Shulman. “This deduction enables taxpayers to buy now and get cash back later on their tax returns.”

The deduction is limited to the state and local sales and excise taxes paid on up to $49,500 of the purchase price of a qualified new car, light truck, motor home or motorcycle. The amount of the deduction is phased out for taxpayers whose modified adjusted gross income is between $125,000 and $135,000 for individual filers and between $250,000 and $260,000 for joint filers.

IRS also alerted taxpayers that the vehicle must be purchased after February 16, 2009, and before January 1, 2010, to qualify for the deduction. The special deduction is available regardless of whether a taxpayer itemizes deductions on their return. IRS reminded taxpayers the deduction may not be taken on 2008 tax returns.

Four New IRS Leadership Selections

On April 20, IRS Commissioner Shulman announced selection of Steven T. Miller as Large and Mid-Size Business Division Commissioner, Sarah Hall Ingram as Tax Exempt and Government Entities Division Commissioner and Diane Ryan as Chief of Appeals. “These three people have long and distinguished track records as leaders inside the IRS,” Shulman said. “They bring a strong combination of institutional knowledge and insight to these critical positions.” The changes follow the June retirement of LMSB Commissioner Frank Ng, after 36 years of service at the IRS.

Separately, Mr. Shulman commented on the nomination of William Wilkins as IRS Chief Counsel: “I am extremely pleased by the President’s announcement of his intent to nominate Bill Wilkins to be the next Chief Counsel of the IRS. His intellectual leadership and vast experience both in government and private practice make him eminently qualified for the position. I look forward to Bill’s joining the senior IRS team to lead this critically important part of the IRS once he has been confirmed by the Senate.”

IRS e-file Breaks 90 Million Mark

On April 30, 2009 the Service announced that a record 90 million tax returns were filed electronically this year, led by a big increase in people using home computers. For the first time, more than 30 million individual income tax returns were filed from home computers. By April 24, the IRS had accepted 31.2 million returns filed from home computers, up 19.3% from the same time last year.

“E-file is a great option for taxpayers, and this year’s record is another sign people enjoy the speed and accuracy of e-file,” said Commissioner Shulman. “We remind taxpayers with extensions who haven’t filed yet that they can still take advantage of e-file.”

A higher percentage of the population is choosing to e-file this year. As of April 24, almost 70% of individuals chose to e-file their tax returns, compared to 61% for the same time last year. The IRS will continue to accept income tax returns through IRS e-file and Free File until October 15.

IRS Provides New Guidance For P. L. 110-458 (WRERA)

On March 27, 2009, the Service issued Notice 2009-31, 2009-16 I.R.B. 856, providing guidance to multiemployer plans making elections under sections 204 and 205 of the Worker, Retiree, and Employer Recovery Act of 2008, P.L. 110-458 (WRERA). This notice, set to appear in IRB 2009-20, dated May 18, 2009, extends the time period for making elections described in section 204 of the WRERA from April 30 to June 30, 2009.

National Public Liaison Division (NPL)

Led by the Chief, Communications and Liaison and the NPL Director, NPL works to enhance the IRS's relationships with national stakeholders and federal partners to create opportunities to meet stakeholder needs and to resolve issues of mutual concern.

NPL also coordinates:

- The IRS Advisory Council (IRSAC)
- The Information Reporting Program
- Advisory Committee (IRPAC)
- The IRS Nationwide Tax Forums
- Stakeholder Relationships
- Issue Tracking
- Nationwide Tax Forums Online (NTFO)

Nationwide Tax Forums: Go Live or Go Online

These unique learning and networking events across the country offer three full days of seminars. Get the latest word from IRS leadership and experts in the fields of tax law, compliance and ethics and earn up to 18 CPE credits. At a forum the tax professional can learn about the latest IRS e-Services products, visit the Practitioner Case Resolution Room or explore the expo hall for vendors' latest tax professional products and services. For further information and schedules or to register to attend a forum go here.

Nationwide Tax Forums Online (NTFO) offers an alternative to attending a forum in person. NTFO provides information for tax professionals from the speakers at the IRS Nationwide Tax Forums. This online version is updated to provide the most current information, as well as guidance on IRS procedures and processes. More information is here.

Contact NPL via email at National Public Liaison or at (202) 622-3359, or visit the Tax Professionals website.