

## **Taxpayer Advocate Service Closed Advocacy Projects**

**(April 1, 2010 through March 31, 2011)**

<b>Project Number</b>	<b>Immediate Intervention (Yes/No)</b>	<b>Actual End Date</b>	<b>Title</b>
11321	Yes	4/14/2010	Taxpayers with Direct Deposit Installment Agreements (DDIAs) that include a refund offset will not systemically have their checking accounts debited. The IRS Operating Division (OD) has said it will be fixed. Need to ensure any defaulted Installment Agreements (IAs) are reinstated and appropriate penalty and interest abatements done.
11467	Yes	8/23/2010	Instructions needed to correct Form 1120-C, <i>U.S. Income Tax Return for Cooperative Associations</i> , late filing penalties due to incorrectly refunded final Form 990-C, <i>Farmer's Cooperative Association Income Tax Return</i> , overpayments. The IRS software does not automatically populate fields for new Form 1120-C filers.
16032	Yes	10/8/2010	Taxpayer claims for Casualty loss and related Net Operating Loss (NOL) carrybacks and carryforwards, due to hurricane Katrina are being denied by Exam. Exam is not accepting documentation submitted under safe harbor rules or Treas. Reg § 1.274-5T(c)(5).
16970	Yes	9/3/2010	The Social Security Administration (SSA) is notifying taxpayers that their Medicare premiums are being increased based upon incorrect information provided by the IRS. The decimal point error results in a 3-digit increase to income received.
16987	Yes	7/26/2010	The fax number given on math error notices is not working. When contacted, IRS employees stated it was full, but no alternatives given.
16998	Yes	7/7/2010	Procedures needed to handle amended returns and balance dues for Voluntary Disclosure Cases. Some taxpayers filed voluntarily during the Offshore Program and are now getting collection notices.
17074	Yes	7/6/2010	Members of an Indian tribe have received notices indicating their refunds will be held for six to eight weeks for the IRS to verify withholding from per capita withholding.
17117	Yes	8/24/2010	Incorrect systemic release of freeze codes for payment delay for hurricane disaster victims is resulting in collection action and incorrect penalty assessments. Section 3082(a) of the Housing and Economic Recovery Act of 2008 allows a one-year repayment.
17597	Yes	7/6/2010	Processing delays for original returns will cause harm to a large numbers of taxpayers. The backlog includes more than 800,000 Error Resolution System (ERS) cases.
17800	Yes	9/15/2010	The e-990, <i>Return of Organization Exempt from</i>

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			<i>Income Tax</i> , online site is overwhelmed with registries' trying to send e-990 postcards. Filing deadline was 05/17/10. Taxpayers wait up to 30 minutes or more than the line hangs up.
18104	Yes	12/8/2010	Children who claimed an education credit on Form 8863, <i>Education Credits (American Opportunity and Lifetime Learning Credits)</i> , are getting denial notices. IRS is rejecting the American Opportunity Non-Refundable portion of the credit on each return since the taxpayer did not claim a dependency deduction.
18273	Yes	1/26/2011	A state reported unemployment compensation as wages. Levies are now being issued by the Automated Collection System (ACS) and revenue officers (ROs) who believe the income was regular wages.
18779	Yes	3/16/2011	The IRS is rejecting Power of Attorney (POA) forms without a valid reason. When asked for an explanation, the IRS is stating it is because the taxpayer is not being audited.
18839	Yes	12/7/2010	A state is taking the position that the existing mortgage in an agreed short sale situation takes priority over any notice of federal tax lien (NFTL). The mortgage holder accepts significantly less for the sale and there are often property taxes and Home Owner Association (HOA) assessments.
18899	Yes	12/9/2010	A campus is not sending the preliminary audit notice and the 30-day letter. They are only issuing the statutory notice.
8322	No	7/19/2010	Court ordered installment agreement payments are frequently applied incorrectly or not at all.
9049	No	9/29/2010	Home Care Service recipients are subject to inappropriate collection and enforcement action because of actions by a Payroll Service Provider.
10555	No	4/2/2010	The IRS changed a corporate address to an employee's personal home address and the individual is now being burdened with substantial volume of correspondence from SSA and state child support agency.
10558	No	4/16/2010	The ACS sent three different notices to the same individual who was not the taxpayer. Each notice had a different TIN and were all variations of her name. Taxpayer is concerned about her own privacy and possibility of ID theft.
10703	No	4/14/2010	There is no mechanism to reverse transfers made in error.
10843	No	7/6/2010	Incorrect direct deposit refunds are made to wrong bank account when Criminal Investigation (CI) or Exam corrects the refund amount on stolen identity cases. Amount is corrected but routing information and account number isn't changed.
10891	No	5/28/2010	The process for audit of interest abatement claims is confusing.

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11142	No	5/17/2010	Internal Revenue Manual part 20 provides improper direction for the appeal of a frivolous filing penalty. The appeal is being treated as a frivolous tactic by the Appeals officer. A new regulation, allowing for appropriate comment period, should be considered
11292	No	9/28/2010	Back-up Withholding releases are not timely. This harms taxpayers financially who have timely provided necessary information or established they are not subject to backup withholding.
11324	No	7/22/2010	TP rights are violated by rescission of collection due process (CDP) when a federal tax lien (FTL) is withdrawn due to filing after violation of the automatic stay. This means the taxpayer does not get their CDP rights.
11420	No	7/9/2010	Reasonable Cause Assistor is incorrectly disallowing penalty abatements.
11644	No	7/13/2010	Some notices have gone to the POA and some directly to the client. This creates confusion and potentially abrogates TP rights.
11651	No	10/15/2010	Overpayments are not refunded when the collection statute expiration date (CSED) has expired. Overpayments are being transferred to open periods manually.
11685	No	5/6/2010	International taxpayers' prior year refunds are delayed when they have a subsequent change of address. This is due to how the second name line is utilized by the IRS.
11688	No	7/6/2010	Clarification needed for definition of logging vehicles on Form 2290, <i>Heavy Highway Vehicle Use Tax Return</i> . There is a conflict between IRC § 4483 and Form 2290 regarding transportation within the forest.
11711	No	4/14/2010	ACS will not suspend issuance of Federal Payment Levy Program (FPLP) levies when TAS case is open. ACS states FPLP is a separate systemic collection activity which is not controlled by ACS.
11745	No	6/22/2010	Taxpayers will receive an incorrect notice because of a programming issue.
11797	No	7/26/2010	Form 843, <i>Claim for Refund and Request for Abatement</i> , claims not worked timely or sometimes not at all. Need timeframes listed on the Form 843 and process explanation.
11807	No	5/12/2010	Electronic delivery system not recognizing POAs for certain transcripts. The Centralized Authorization File (CAF) lists correct tax periods and tax form for enrolled agents.
11841	No	12/7/2010	Over 200 taxpayers' electronically filed returns were rejected due to prior year stolen identity issue. Taxpayers are forced to file paper returns, which delays their refunds.
11843	No	8/23/2010	2008 Stimulus Payment: Manual refunds issued before adjustment posts. This creates erroneous penalty and interest assessments on the accounts.

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11868	No	4/5/2010	Processing poses identity theft issue because IRS stamps full taxpayer identifying number (TIN) on the back of check. Form 1040 ES, <i>Estimated Tax for Individuals</i> , instructions say to only use last four TIN digits. IRS should follow that practice.
15042	No	11/9/2010	IRS is sending a contradicting message by telling individuals working under someone else's SSN that they should do the right thing and get an individual taxpayer identification number (ITIN) and file a tax return, but doesn't explain to the taxpayer they are going to be audited anyway.
15151	No	6/9/2010	On-line rebate recovery calculator is not correctly figuring undelivered portion of reversed injured spouse refund.
15223	No	11/5/2010	Guidance lacking about levy on non-liable spouses in community property states. Current procedural guidance does not provide for sufficient consideration and protection of taxpayer rights where enforcement is pursued in community property states.
15271	No	6/9/2010	Medicare Part B premium is included in SSA-1099 as taxable income and the taxpayer is being taxed twice on the same money.
15274	No	4/22/2010	Taxpayers filed returns using a preparer and it appears the IRS held refunds because there is a preparer' project.
15550	No	8/23/2010	The Reasonable Cause Assistor (RCA) system to request penalty abatement is too limited. Many taxpayers' scenarios do not fit or are incompletely input into the system resulting in denial in most cases.
15561	No	4/8/2010	Computer generated refunds on identity theft cases do not pay any interest to the taxpayer. In some instances, IRS has had the return for over a year before resolving the account.
15580	No	1/21/2011	Individuals in foreclosure are being offered a cash-for-keys incentive payment if they vacate the residence within 30 days and leave the home in move-in condition. Payments are reported as 1099-MISC, <i>Miscellaneous Income</i> , Non Employee Compensation (NEC), and are creating self-employment tax issues.
15910	No	9/22/2010	Social service agencies who are fiduciaries cannot get necessary information from the IRS because of current CAF procedures.
15912	No	2/23/2011	Accepting certified copies of divorce decrees along with the docket entry (which shows that the divorce decree is the most recent custody) and a support order should be adequate for Exam to determine Earned Income Tax Credit (EITC) eligibility.
15937	No	11/19/2010	This IRS is looking into a tax scheme and plans to process returns but hold refunds until an investigation is complete.
15945	No	2/28/2011	Form 2848, <i>Power of Attorney</i> , is not transferring from the SSN on an originally filed return to the IRS

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			Number (IRSN). The taxpayer is a victim of identity theft.
15980	No	10/5/2010	Integrated Data Retrieval System (IDRS) Entity transactions that will result in an account merge will not post until after 26 weeks have passed or the system creates another module.
16199	No	2/16/2011	Procedures need to be written for consistency in processing if later it is necessary for a referral to be made to another post processing function for correction (similar to how the stolen identity cases are set up now).
16200	No	11/18/2010	ACS is not providing a timely response to a request for an account to be placed in Currently Not Collectible (CNC) status.
16284	No	3/29/2011	Input of pending payment agreement code did not stop the Federal Payment Levy Program (FPLP) Levy. The code is listed as meeting FPLP exclusion criteria so the FPLP should not have been issued.
16285	No	8/23/2010	Lost or delayed campus correspondence is causing taxpayer burden and potential rights violations. Assessments are made and levies issued because the IRS does not correctly process its mail.
16286	No	6/1/2010	Failure to pay penalty is being incorrectly assessed for taxpayers in declared disaster areas for Hurricane Ike. The IRS refuses to abate the penalty even though they meet the 90 percent rule.
16287	No	4/30/2010	Vow of Poverty Social Security Buy Backs are not being processed correctly by the IRS.
16343	No	4/1/2010	Criminal Investigation is using a new tool to back out identity theft cases without review of any back up documentation submitted by the taxpayer. This is prolonging the time for the valid taxpayer to receive refunds that are due.
16348	No	2/1/2011	The IRC § 6404(b) requirement to pay all tax due before filing an amended return claim is patently unfair. It violates taxpayer's rights to pay only the correct balance due.
16357	No	4/20/2010	It is difficult to navigate the forms Search feature in www.irs.gov. Resulting messages do not provide helpful information.
16379	No	6/24/2010	Accounts Management chain of command is failing to review currently not collectible (CNC) requests through the Accounts Management System (AMS). Taxpayers receive no follow up contact or confirmation of the CNC.
16382	No	12/10/2010	IRS math error processing of taxable social security benefits is giving the taxpayer an additional refund they are not entitled to at the time of processing when it calculates the taxable portion of social security benefits. This results in an Automated Underreporter (AUR) inquiry for the same amount.
16406	No	5/2/2010	Internal Revenue Manuals (IRMs) do not allow return

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			of levy processes via direct deposit. These guidelines limit significant hardship relief when levy proceeds need to be returned due to financial hardship.
16407	No	7/20/2010	There should be a validation check between the bank and IRS to indicate when account numbers do not match the taxpayer's last name. This would allow the direct deposit to be returned to the IRS, which would then lessen taxpayer burden.
16408	No	11/19/2010	There is no specific guidance regarding how to handle payments that are received after the collection statute expiration date (CSED) and that are beyond the two-year refund statute expiration date (RSED).
16411	No	2/25/2011	Retired city employees are subject to improper tax treatment of line of duty injury pay (Form 1099-R, <i>Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</i> ).
16512	No	9/17/2010	FPLP levy process was initiated because of an IRS processing error. This is creating a hardship.
16526	No	1/14/2011	Audit reconsiderations are coming to the tax compliance officer (TCO) groups without collection holds. Collection holds are supposed to be placed on the account when an audit reconsideration is being pursued.
16549	No	7/20/2010	Additional information is needed in the IRM to avoid confusion when Direct Deposit refunds are sent to the wrong account. We need a code or further history to show the bank's response or if the credit was returned.
16550	No	6/9/2010	Extension filed in Disaster Zones appear to be granted additional time beyond their approved extension deadline. The Automatic Extension of Time to File and the Disaster Relief period shall run concurrently and not as an addition of time to either.
16551	No	4/30/2010	The Innocent Spouse unit is not honoring the U.S. Post Office receipt on correspondence and is in violation of IRC § 7502. They are only accepting the IRS received stamp date.
16661	No	4/13/2010	Tax Exempt/Government Entity (TEGE) does not currently have the technical guidance or procedures necessary to timely process applications for exempt status when an organization's proposed activities involve mortgage mitigation and foreclosure counseling.
16714	No	6/29/2010	Canadian gambling tax rate notices need clarification. The IRS should change the notice paragraph to better explain the tax rate determination.
16724	No	3/14/2011	The IRS is denying abatement due to reasonable cause for late filing of Form 5471, <i>Information Return of U.S. Persons with Respect to Certain Foreign Corporations</i> , This civil penalty needs to be changed. IRS just started imposing this penalty in 2009. Notification should be given to taxpayers who are not

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			aware of the change.
16869	No	1/7/2011	ACS is issuing levies when there are timely Collection Due Process (CDP) requests filed. This violates taxpayer's rights and increases burden.
16943	No	10/15/2010	Forms 2848, <i>Power of Attorney</i> , submitted and accepted through E-Services are disappearing from the IRS system.
17120	No	12/28/2010	A Trust Fund Recovery Penalty (TFRP) is only to be collected once. ACS attempts to collect from each spouse individually create an unfair financial burden.
17166	No	7/9/2010	Procedures are needed to correct a Schedule C which incorrectly shows the Employer Identification Number (EIN) of the payer from the 1099-MISC on the Schedule C, <i>Profit or Loss from Business (Sole Proprietorship)</i> . This error results in erroneous collection actions.
17167	No	2/23/2011	Civil penalties are incorrectly assessed because electronically filed extensions, <i>i.e.</i> , Forms 8809, <i>Application for Extension to File Information Returns</i> , are not being processed. Penalties are abated but then reassessed.
17198	No	6/9/2010	The IRS computer-generated review view of individual tax returns does not have a line to indicate the credit for alternative fuel motor vehicle credit on Line 53. The missing credit results in an erroneous refund computation.
17252	No	1/7/2011	Forms 8805, <i>Foreign Partner's Information Statement of Section 1446 Withholding Tax</i> , are not being processed. Foreign citizens do not have a Form 1040, <i>Individual Tax Return</i> , filing requirement, but part of Partnerships or Corporations who get K-1s are sent notices requesting filing of a return.
17278	No	6/22/2010	The fuel tax credit can be used to reduce the potential tax liability, so as long as the requested refund does not exceed the amount of estimated tax payment, the refund should be issued as requested. The Form 4466, <i>Corporation Application for a Quick Refund of Overpayment of Estimated Tax</i> , or IRS instructions must be changed.
17289	No	8/4/2010	There is no refund information present on one IRS system for electronically filed returns, but another system indicates a return has posted. We are lacking guidance of what to tell the taxpayer as it is now beyond the normal timeframe.
17346	No	5/12/2010	10 to 20 day delays for processing Forms 2848, <i>Power of Attorney</i> , are harming taxpayers.
17347	No	6/29/2010	The IRS takes excessive time to process returns and offset the money for child support. It takes too long for State agencies to get the funds.
17357	No	9/29/2010	Bonafide residents of Puerto Rico are generally not required to pay taxes for income earned in Puerto Rico as employees. Forms 499R-2/W-2PR are

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			incorrectly being picked up by the IRS as taxable income.
17358	No	11/9/2010	An SS-8, <i>Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding</i> , determination has resulted in foster parents receiving difficulty of care payments being incorrectly classified as employees for social security and medicare purposes. Per IRC § 131, these payments should be excludable from income.
17403	No	11/9/2010	Delays in the processing of Forms 1042, <i>Annual Withholding Tax Return for U.S. Source Income of Foreign Persons</i> , are causing hardship to taxpayers.
17415	No	3/11/2011	There are no procedures to stop the filing of a federal tax lien (FTL) in stolen identity situations.
17452	No	3/18/2011	There is a systemic account problem for high income individuals required to reduce the exemption amount. It is being triggered on single filers.
17453	No	6/9/2010	Taxpayers who qualify for Alternative Motor Vehicle Tax Credits (Forms 8910 and 8936) are filing these forms for personal use only; IRS is changing to a General Business Credit.
17463	No	11/29/2010	The letter advising that the request for a collection due process (CDP) or Equivalency hearing should include the date the Final Notice was issued.
17477	No	9/17/2010	The failure to deposit penalty calculation for Forms 945 is incorrect. It appears the system is picking up the deposit cycle rather than the deposit date.
17592	No	2/11/2011	Adoptive/Foster families receiving adoption assistance program payments are erroneously claiming children who are receiving these benefits as qualifying children; they do not meet the support test as a qualifying child. These monies are not taxable.
17746	No	2/23/2011	Installment Agreement (IA) requests are not being worked properly, resulting in unnecessary hardship for certain taxpayers. IAs are being established for much more than requested without getting the TP's consent.
17835	No	10/12/2010	Guidance for requesting abatement of Form 5471, <i>Information Return of U.S. Persons with Respect to Certain Foreign Corporations</i> , penalties are vague. IRS notices for denial of abatement requests do not address Appeal rights.
17896	No	9/14/2010	Accounts frozen by the IRS due to inadequate estimated payment credits are not timely releasing.
17918	No	1/20/2011	In the divorce process the taxpayer's split an asset called pension benefits. Once these benefits are distributed they become taxable to the person who receives them. There is currently no way to show how the benefit was shared.
18095	No	1/19/2011	Form 1120s, <i>U.S. Corporation Income Tax Return</i> , which have a balance due post one week before the timely made payments are posting. This results in incorrect balance due notices.

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18375	No	11/22/2010	Practitioner Priority Service phone transfer acknowledgement policy is not being followed.
19031	No	2/23/2011	IRS issued balance due notices to taxpayers who paid e-filed Form 1040 balances with 1040-V because the payments were posted late.
19032	No	3/16/2011	Pre-assessed installment agreement (IA) transaction codes are expiring before the tax returns are processed. The timeframe before dropping the IA should be extended to allow for processing.
19132	No	2/24/2011	Report Generation System controls cannot be closed unless a claim amount is input. This could potentially mean refund checks will be issued erroneously for one dollar plus interest.
19256	No	3/24/2011	Retired police officers receiving pensions are receiving incorrect Automated Underreporter (AUR) notices including the medical premium deduction excluded from taxable retirement.
19283	No	3/22/2011	Audit transfers between a local and a campus unit are not being consistently handled.
19460	No	2/14/2011	Reminder notices are issued on cases assigned to a revenue officer.
19593	No	1/26/2011 1:11:54 PM	Net Operating Loss carryback elections are being improperly denied when a Form 1139, <i>Corporation Application for Tentative Refund</i> , is not attached. Form 1139 isn't required to be attached to the Form 1120.