

Double CE Test!

The Eighth Annual NAEA GR Fly-In • May Meeting Highlights

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# EA JOURNAL

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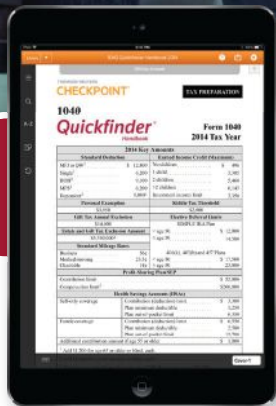
# 2016 NAEA National Conference

President's Message • Capitol Corner • Tax Court Corner  
National Conference Course Descriptions • New Tricks for Fee Upticks  
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Client Tax Question #122

# COMMUTING

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## 13 The 2016 NAEA National Conference

By Theodore Sinars, JD; Jeffrey Schneider, EA;  
David Miles, EA; Howard Levy, JD

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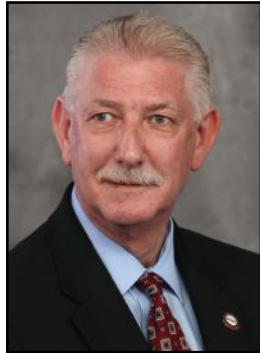
# NAEA

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POWERING AMERICA'S  
TAX EXPERTS

*Correction: The ad on pg. 27  
of the May/June EA Journal  
stated incorrect dates for MoSEA's  
Convention. The correct dates are  
July 21-22, 2016.*

# Marching Forward



Richard Reedman, EA, USTCP

**D**uring the tax season, it often feels like we will never reach the deadline. *It does arrive.* I am sure you are all now trying to catch up in the areas that had to be postponed during the hectic time—particularly representation. It is often challenging to keep on top of client representation during tax season.

Recently we spent time in Washington D.C. for the Fly-In, APEX meeting, and Board meeting.

On Wednesday, May 4, we welcomed nearly 100 EAs who participated in the Fly-In to meet with Senators and Representatives (or their staff) to discuss topics of high interest to enrolled agents and taxpayers. This was the eighth year we have held this program. The three points we discussed covered the following:

- User fee increase proposed by the IRS to become an enrolled agent
- Taxpayer representation in IRS Future State (a program to create a portal for taxpayers. Our position is to treat taxpayer representatives with equal access)
- Minimum standards for return preparers

It was a very successful day and we do appear to be making progress with these issues.

It is great to know that (although it takes time) these meetings do work. After many years, Congress did pass the codification of EAs last year—something NAEA's Government Relations team and members have been working on for a long time.

After the meetings, we were fortunate to hear from Rep. Xavier Becerra (D-CA)

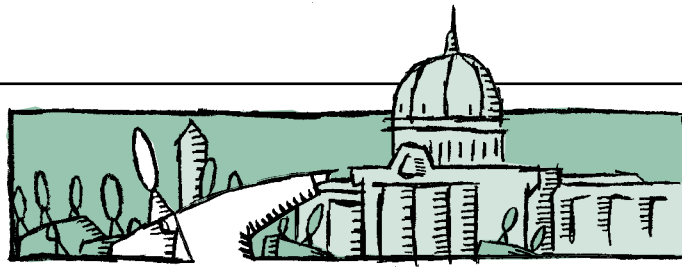
who supports the minimum standards for return preparers.

Thank you to all who participated—a great way to advocate for EAs. I strongly recommend that members try to participate in this program next year.

On Thursday morning, we had the honor of having IRS Commissioner John Koskinen, speak to us about issues we had raised with him in a private meeting in April. Terry Durkin, EA, Bob Kerr, Jeff Trinka, and I met with the Commissioner on April 20 to discuss the three previously mentioned points.

Members were also able to hear detailed plans and presentations for the coming year from staff and committee chairs—the basis of which were our 2016-2017 budget. I believe it is fair to say more detailed work with supporting analysis has been put into the plan for the coming year than we have seen before (thanks to staff and our new EVP). Before us stands a very positive future for NAEA. It is now the task of staff and our committees to follow through with the plans presented—which, if successful, will result in a very positive year.

Let's keep working together to expand NAEA—it is a grEAT day to be an EA. **EA**



# The Courage to Change the Things We Can

By Robert Kerr

**A**s I write this, we are fresh off of our eighth annual Fly-In Day. The promised rain never came to dampen our spirits, and nearly 100 EA advocates were trained and primed. The enrolled agent message was clear and consistent.

I am amazed—and humbled—every year by the dedication and enthusiasm of our EA advocates (please see photographs on pages 8 and 9, as well as on NAEA’s Facebook page), all of whom made their way to D.C. on their own time and their own dime.

Government Relations Manager Justin Edwards, with an able assist from our external lobbyist’s staff, once again created a seamless day—coordinating some 151 legislative office visits and turning those visits into thirty-eight teams from thirty-four states.

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What else do our readers need to know about our Legislative Day? Let’s start with what it isn’t. It isn’t a free for all. It isn’t the NAEA’s version of Festivus where we each bring our tax and IRS grievances to share with Congress (as much as we’d like to!). We don’t just turn loose a couple score of enrolled agents and tell them to have at it. No, instead we make sure they know what to expect (to the extent we can predict an unpredictable day, including the secret House office building entrances).

Some meetings are clearly successful. Others perhaps not so much. Every conversation, however, starts with an introduction: “Hi, I’m Richard Reedman and I’m both a constituent and an enrolled agent.” The conversation continues, “Enrolled agents are tax experts licensed by IRS...” Any day in which 150+ Capitol Hill visits start with a discussion of enrolled agents is, in my humble opinion, a grEAt day.

Congress—both chambers—was out of session, so EAs met with staffers rather than with elected officials. While meeting with a member is exciting (really, it is!), a legislative day scheduled during recess provides a more relaxed tempo, gives constituents more time to advocate, and makes hallway huddles fairly unlikely.

\*\*\*\*\*

Even though nearly every member of congress was at home, Representative Xavier Becerra, a long-time EA supporter and the first House co-sponsor of H.R. 828, the EA Credential Act, was in D.C. and accepted

our invitation to speak to the troops after the Fly-In Day meetings. Mr. Becerra, who represents a Los Angeles constituency in Congress, spoke at the Fly-In Day reception on a number of topics, including enrolled agents (of course), the overall political landscape as we lurch into the 2016 elections, and tax reform.

A Fly-In (or Legislative Day—I use the words interchangeably) is not successful because of training or the number of meetings or the presence of a member of Congress who knows the advocates, though we were blessed with all three. The Fly-In is successful because of the messengers and the message they carry.

Here was our focused message:

- 1. IRS’ proposed SEE user fee increase.**  
IRS issued proposed regs in January. The agency proposes increasing its user fee for providing SEE oversight from \$11 per part to \$99 per part. The new fee exceeds the \$98 per part fee charged by the private sector testing company (Prometric) for developing and administering the examination. IRS believes more EAs are better than fewer EAs, yet has not explained why it needs the equivalent of a dozen full time staff to oversee the SEE program.
- 2. Taxpayer representation in IRS Future State.** IRS wants to take advantage of the latest technology to move the entire taxpayer experience. It has somewhat belatedly asked for feedback on its proposed interface: designed for taxpayers alone to access their transcripts. The agency is on the road to building a

## About the Author

**Robert Kerr** has served as NAEA’s senior director, Government Relations since 2004. Prior to joining NAEA, Kerr worked on the Senate Finance Committee Oversight and Investigation staff, where he assisted the committee chairman in providing oversight to, among others, IRS, U.S. Postal Service Office of Inspector General, and General Services Administration. He also spent a dozen years in a variety of positions at IRS and is well-versed in a variety of tax administration issues. Kerr holds an MBA from Case Western Reserve University and a BA from Mount Union College.

system taxpayers don't want, don't know how to use, and on which they will not be able to authenticate themselves.

3. **Minimum standards for return preparers.** An appellate decision in *Loving v. IRS* held the agency lacked authority to institute a mandatory Registered Tax Return Preparer program. The agency's program was thoughtful and sound and Congress should formally bless the RTRP program and discourage the agency from spending limited resources on a confusing and largely meaningless interim annual filing season program record of completion.

We've shifted our message since our last Fly-In because of our success with the EA Credential Act (which was included in the December must-pass tax extenders package, the PATH Act). We also changed our focus because the environment is changing and EAs—and NAEA—need to be nimble.

Faithful *E@lert* readers (which I trust includes each of you) will know that NAEA has been pushing back with great vigor on IRS' proposed SEE user fee increase. If the agency, which is chronically short on resources, cannot explain exactly why it requires a dozen full-time staff, does not consistently charge user fees (for instance, walk-in sites don't charge user fees), and cannot demonstrate OMB user fee rules require the fees at all, it shouldn't feel free to increase them nine-fold. Representative Charles Boustany, who many will recognize as an EA credential supporter, has asked his colleagues to sign a letter questioning the SEE user fee increase and our advocates carried this letter to each office they visited.

And yes, we're back (again) with return preparer oversight, which we've rebranded as minimum standards for paid preparers. New name, same content.

While we see a significant core of legislators who are on board, we continue to see resistance from the majority, either because the legislator believes we should live in a *caveat emptor* (buyer beware) world or because the legislator believes IRS should not be given more authority for anything. This resistance, however, has not and will not erode our resolve.

\*\*\*\*\*

Speaking of victories—which both the EA credential bill (you'll recall it prevents any state from preventing an enrolled agent in good standing from holding him/herself forth as an enrolled agent) and our Fly-In were—I would like to share some more good news. We just closed the 2015-16 NAEA PAC year, our tenth, and continued our uninterrupted streak of record fundraising. We raised \$93,544 from 396 members, many of whom have been on board for years and years. Our outgoing PAC Steering Committee Chairman, Alexander B. Thomson, EA, asked me to thank our supporters and to remind them the PAC is a powerful tool when it comes to raising awareness of a small yet influential group: those who are charged with writing tax law.

In its second year, our Congressional Club exceeded all expectations. Twenty-nine members joined us at our new, \$1,000 level, which is a significant increase over our eighteen inaugural members. These supporters received an invitation to a members-only breakfast with Senate Finance Committee chief tax counsel, Mark Prater, who, along with NAEA Legislative Counsel Jeff Trinca and yours truly, said grace over a wide ranging discussion that included an insider's view of legislative dynamics, tax policy over the past twenty-five years, and of course tax reform. Our Congressional Club members were also invited to a pre-reception photo session with Representative Becerra.

Ultimately, though, we rely on donors of all sizes and find our strength in numbers. As for last year's numbers, you'll see a full list of donors on page 8 and, for those interested in supporting us, visit [www.naea.org/pac](http://www.naea.org/pac).

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Oh, let me share one more advocacy victory. NAEA leadership met with IRS Commissioner Koskinen the day after the traditional filing season closes. NAEA is concerned that IRS is failing to treat enrolled agents as a strategic asset. Then-President Terry Durkin, EA, and then-President Elect Richard Reedman, EA, USTCP, brought EA concerns directly to Commissioner Koskinen.

The Commissioner also accepted our invitation to speak to NAEA's leadership gathered in D.C. for the May Board and APEX meeting. In his remarks, he shared that his appreciation for all EAs do has only deepened, addressed the elite status of the credential, and indicated IRS is committed to the continued success of the EA program.

Our in-person meeting clearly moved the dial for enrolled agents. NAEA will continue to fight the good fight for the profession and the taxpayers the profession serves.

\*\*\*\*\*

Coming full circle, roughly 100 advocates departed D.C. after having carried the EA message. We are making a difference. Enrolled agents are better known than they ever have been both at IRS and on the Hill. We have more work in front of us and I for one look forward to advancing the cause.

We all know the serenity prayer: grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference. As a profession, we are clearly in a position in which we merely require courage, not serenity. **EA**

# The Eighth Annual NAEA GR Fly-In Day



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1. Twenty of the 2015-16 Congressional Club members pose in a pre-reception meeting with Representative Xavier Becerra (D-CA).
2. Our keynote speaker, Rep. Xavier Becerra (D-CA) gets an assist from NAEA's government relations chief, Bob Kerr.
3. Incoming NAEA President Richard Reedman, EA, USTCP, thanks Rep. Becerra for his ongoing support of EAs.



Photography by Kevin Dietsch



4. Georgia's dynamic duo (Bill Nemeth, EA and Merry Brodie, EA) take some time to relax after their day of meetings.
5. The Golden Staters grabbed photographer Kevin Dietsch for a great CSEA rooftop pose with the Capital dome in the background.
6. NAEA's board was out in force, including (L to R) Angela Radic, EA, Joyce Mohr, EA, and outgoing President Terry Durkin, EA.
7. Members from Arizona (Melissa Fleming, EA and Roxanne Augenstein, EA) and New Mexico (Pat Jenkins, EA) have a pre-training powwow.
8. NAEA's new EVP, Cedric Calhoun, CAE, welcomes 100 or so dedicated EAs to the eighth annual Fly-In training session.
9. NAEA's Legislative Counsel, Jeff Trinca (foreground), and Sr. Director, Government Relations, Bob Kerr led the pre-Fly-In training session.
10. EAs had a focused, three-part agenda (and yes, they chose to accept the mission).

# The 2015–2016 PAC Contributors

**T**hanks to the help from those listed below, NAEA PAC closed the books on its most successful year ever by raising \$93,544 from 396 members! With your support and generosity, you made it possible to help us exceed our annual fundraising goal for our tenth consecutive year. Way to go, NAEA members! Also on April 18, 2016, we drew winners for the third annual NAEA PAC raffle. Elizabeth Krug, EA, won an Apple iPad mini 4 and Noel Allen, Jr., EA, won an Apple Watch Sport. Members attending the National Conference in August should know that we plan to host the sixth annual NAEA PAC Club Level Reception for Club Level contributors (Committee Chair's Club is \$100-\$249; Board of Directors' Club is \$250-\$499; President's Club is \$500-\$999; and the Congressional Club is \$1,000+). Please stay tuned for more news on NAEA PAC's latest developments.

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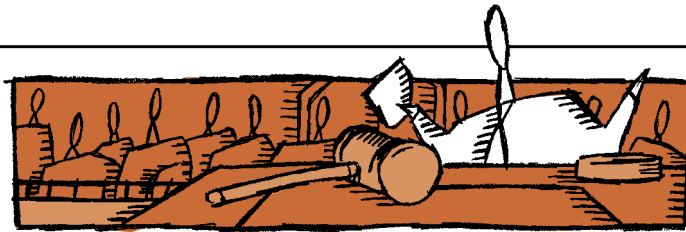
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## TAX COURT CORNER

# CAN A DECEASED TAXPAYER'S SPOUSE USE THE AMT CREDIT THAT AROSE FROM ISO'S EXERCISED BY THE SPOUSE BEFORE DEATH ?

Nadine L. Vichich, Petitioner

v.

Commissioner of Internal Revenue, Respondent

146 T.C. No. 12

Filed April 21, 2016

By Steven R. Daimond, CPA

**I**ndividuals do not recognize gain or loss when an incentive stock option (ISO) is granted or exercised for regular tax purposes. If the taxpayer's rights are freely transferable or not subject to a substantial risk of forfeiture, an adjustment must be made for alternative minimum tax (AMT) purposes by increasing alternative minimum taxable income (AMTI) by the amount the fair market value of the stock exceeds the option price at the time of the grant or exercise of the option. Although the exercise of an ISO can trigger an AMT liability, a taxpayer may be able to recover the liability through the AMT credit in future years. If the stock is sold at a loss, the taxpayer cannot use the loss from selling the stock against an AMT liability. If a taxpayer has any long-term unused AMT credit, then a portion of the credit may be used to offset regular tax liability as a result of any excess losses.

### FACTS

Petitioner was married to William Vichich from September 2002 until his death

on August 21, 2004. Prior to marrying petitioner, Mr. Vichich was married to Marla Vichich until they were divorced in

January 2002. William and Marla Vichich filed a joint federal income tax return for 1998 in which they reported an AMT payment of \$708,181 which resulted from the exercise of ISOs by William Vichich.

When petitioner and Mr. Vichich married, they agreed to file joint income tax returns, merged their separate bank accounts into a joint account, and did not execute a prenuptial agreement. They timely filed their 2002 and 2003 federal income tax returns. On their 2003 tax return, they attached Form 8801 which claimed an AMT credit of -0- and an AMT carryforward of \$304,442. For 2004, petitioner filed a joint return as surviving spouse in which she did not include an AMT carryforward from 2003, nor was Form 8801 included. The estate tax return (Form 706) of William Vichich did not include an AMT carryforward or a Form 8801.

Petitioner filed timely tax returns for the years 2005 to 2008 that did not include AMT carryforwards or Form 8801. In January 2010, petitioner filed an amended tax return for 2007 that claimed an AMT credit of \$29,172, a Form 8801, and a Form 8275, Disclosure Statement. The IRS issued the refund of \$29,172. Later in 2010, petitioner amended her 2008 income tax return which claimed an AMT credit of \$151,928,

### About the Author

*Steven R. Diamond* is a CPA with a tax practice located in Westport, Connecticut. His practice is limited to compliance issues and representation before the IRS. He has his M.S.M. degree in taxation from Florida International University, and he is admitted to practice before the United States Tax Court. Steven also taught a course preparing EAs and CPAs to take the Tax Court admission exam for non-attorneys.

and included Form 8801. In December 2011, IRS Appeals sent petitioner a letter disallowing the refund stating that she had not established entitlement to the AMT credit.

On her 2009 tax return, petitioner claimed an AMT credit of \$151,928 and included Form 8801. She requested a refund of \$149,224 and IRS issued a refund in that amount. Subsequently, IRS mailed petitioner a notice of deficiency for tax year 2009 that disallowed the AMT credit and determined a deficiency of \$151,928. Petitioner filed a timely Tax Court petition. The sole issue is whether petitioner is entitled to use an AMT credit that arose from her deceased husband's exercise of incentive stock options (ISOs) in 1998 to offset her own individual income tax liability for tax year 2009. Petitioner resided in Ohio at the time she filed her Tax Court petition.

#### OPINION

Generally, a taxpayer does not recognize income upon exercising an ISO. However, for purposes of computing AMTI, the difference between exercise price and the fair market value of the stock on the exercise date is treated as an adjustment and is included in the calculation of AMTI, thereby potentially causing the taxpayer to incur an AMT liability. IRC Sec. 53 allows a taxpayer to claim a credit for AMT paid in prior years. Essentially, the credit is limited to the amount by which a taxpayer's regular tax liability, reduced by certain other credits, exceeds the taxpayer's tentative minimum tax.

A taxpayer may be required to pay the AMT at the time of exercise but may not have sufficient subsequent tax liabilities against which to claim the credit. Congress sought to partially soften these harsh results by enacting Sec. 53(e) in 2006, and amended it in 2008. This amendment allowed the long-term unused minimum tax credit to be claimed over a two-year period, whereas it originally had to be claimed over a five-year period. The 2008 amendment also eliminated a phaseout applicable to taxpayers whose adjusted gross income exceeded a specified threshold. Also in 2008, Sec. 53(f) was added. It provided that for tax years beginning after December 31, 2007, further relief was available to taxpayers

whose stock had declined in value between the initial exercise and the subsequent selling date. It abated certain tax, interest, and penalties attributable to any underpayment for any taxable year ending before January 1, 2008.

The Tax Court noted that the statute itself did not provide an answer as to whether the petitioner, as the surviving spouse, is entitled to the AMT credit, nor are there any regulations. Without any guidance, the petitioner argued that IRC Sec. 53(e) is an equitable remedy and should be broadly construed to allow her to use the long-term unused minimum tax credits identified by that code section. The Commissioner disagreed.

The Tax Court also noted that neither the petitioner nor the Commissioner questioned the availability of the credit to Mr. Vichich after his divorce from Marla Vichich. Both parties agreed to assume that the AMT credit belonged solely to Mr. Vichich and no part belonged to Marla Vichich. The issue of a tax benefit surviving a divorce is closely related to the issue of a tax benefit surviving a spouse's death. In both cases, the tax attributes reported on a joint return for an earlier tax year must be properly allocated to subsequent years.

Whether any of the AMT credit transferred to the petitioner upon Mr. Vichich's death required the Court to focus on tax year 2004, when IRC Sec. 53(e) and (f) did not yet exist. If the credit did not transfer, then in 2009, she would have no credit available to her, and IRC Sec. 53(e) and (f) would be irrelevant. So the Tax Court focused on whether the AMT credit passed to petitioner. The Court noted that income is taxed to the person who earns it, and credits and deductions are generally not transferable between taxpayers.

The Code treats married taxpayers who file jointly as one unit but it does not convert two spouses into one single taxpayer. Joint filing allows spouses to aggregate their income and deductions but "does not create a new personality"<sup>1</sup>. Therefore, petitioner and her husband remained separate taxpayers even though they merged finances and filed joint tax returns during their marriage. However,

joint filing generally does not permit either spouse to inherit or otherwise retain a tax benefit that originally belonged to the other spouse, after a marriage ends. For example, with respect to net operating losses, some taxpayers have attempted to use NOLs that originated with one spouse before marriage to offset income earned by the other spouse during marriage. The Court of Appeals for the Tenth Circuit in *Calvin* concluded that for losses occurring before marriage, "the net operating loss provisions are personal to the taxpayer who incurred such loss and only available in other years to offset income of the same taxpayer."<sup>3</sup>

In *Rose*<sup>4</sup>, the Tax Court held that a taxpayer may carry forward one-half of the net operating losses reported on joint tax returns during their marriage and offset them against separate income earned after the husband's death. In this case, the taxpayer was an equal partner with her husband and therefore entitled to half of the net operating losses. Similarly, a taxpayer may not deduct the excess charitable deductions of his or her deceased spouse.<sup>5</sup>

IRC Sec. 6013(c) and (d) state that a taxpayer cannot file a joint return with a deceased spouse except for the year of death. The unused deductions of the deceased taxpayer, capital or NOL or deductions for charitable contributions must be used on the last tax return of the decedent or are forever lost.

The Tax Court stated that while they recognize that the purposes of the AMT credit and the NOL carryover are not identical, there is sufficient authority for limiting the transfer of NOL carryovers between spouses. The petitioner in this case did not offer the Court any reason not to extend these authorities to the case at hand. Therefore the Tax Court decided this case in favor of the Commissioner.

#### ENDNOTES

<sup>1</sup> *Coerver v. Commissioner*, 36 T.C. 252

<sup>2</sup> *Calvin v. United States*, 354 F.2d, 202

<sup>3</sup> *Ibid*

<sup>4</sup> *Rose v Commissioner*, T.C. Memo 1973-207

<sup>5</sup> Reg. Sec. 1.170A-10(d)(4)(iii)



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following pieces, you'll hear from four of our top instructors.

On the next page, Theodore Sinars, JD, discusses criminal tax investigations, a preview of his NTPI® Level 1 class. Also pulling from the information presented in his Level 1 class, Jeffrey Schneider, EA, discusses non-filers on page 20. David Miles, EA, asks "What's your process?" as he explores how to work a collections case on page 24. Finally, on page 28, Howard Levy, JD, gives you a peek into his Level 3 class on trust funds.

Curious about the Tax Preparation Issues track? Check out page 46 for a deeper look at this exciting, essential education opportunity. Hear from past participants and the Chair of the Tax Prep Planning Committee to get a better idea of who should participate and why it's an investment you won't regret!

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# Criminal Tax Investigations: Proceed with Caution

By THEODORE SINARS, JD

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surmise you're wondering why an EA would study criminal tax law and procedure—especially since you would never prepare a false and fraudulent tax return. In reality, the reason is apparent in the vast majority of taxpayer indictments. In these cases, the preparer had no knowledge of the taxpayer's miscreant behavior (or at least claims no such knowledge). Knowledge of criminal tax laws and procedures grants you the ability to respond to client questions and allows you to protect yourself (and your client) from future inquiries and investigation. For example, knowledge of criminal tax law

and procedure and CI (IRS Criminal Investigation) can assist in the following circumstances.

1. Representation begins when giving advice toward and the preparation of tax returns. You can protect clients before a tax return is filed. Consider:
  - (1) Is it obvious whether or not the taxpayer's standard of living significantly exceeds reported income?
  - (2) Does the taxpayer continue to operate a cash business showing repeated yearly losses or minimum income? An EA should ask pertinent questions and provide the taxpayer with his exposure to civil and criminal penalties. If the client refuses to follow your advice, you can refuse to prepare the return.



2. An enrolled agent should know how to protect a client—and herself.
3. You should know how to advise a “creative” client of risks associated with particular reporting issues.
4. In preparing for audits, you should know when to proceed in representation and when to refer the client to counsel. Remember, EAs have no privilege once CI is involved.
5. Sometimes we must represent clients despite themselves.

### Current Primary IRS Criminal Investigation Targets

1. **Identity Theft.** Identity theft prosecutions have steadily risen during the past four years, as have prison sentences. It is often detected at the IRS filing service centers through its Questionable Refund Program’s increasingly effective filters. IRS CI often works with other federal and state agencies. Currently, almost 25% of CI investigations involve identity theft.
2. **Employment Taxes.** This includes instances where the same corporate owners are now on their second, third, or fourth business without compliance. Similarly, this would be the treatment of the same workers as employees for checks and independent contractors for cash. Repeated failure to pay employment taxes also may lead to criminal prosecution.
3. **Unreported Foreign Financial Accounts.** These remain a very high priority for criminal investigation and prosecution. We are all likely aware of over 100 Swiss banks cooperating with U.S. authorities. Also, as of press deadline, the United States has agreements with over eighty countries to exchange foreign account and investment information. The issue of a foreign account should be a standard inquiry for return preparation. The taxpayer’s age and standing in the community are not defenses.
4. **Cash Intensive Businesses.** The IRS has issued cash audit technique guidelines so revenue agents can review areas such as a consistent pattern of losses, lifestyle, cash T negatives, significant variance from the industry, assets increasing, etc. This is a prime area of referral to CI from revenue agents auditing the Taxpayer.
5. **Preparers.** Especially involving phony expenses and EITC.
6. **Creative Tax Shelters**
7. **Non-filers.** Especially high income and high profile non-filers.

### Principal Sources of CI Investigations

Taxpayers who become targets of an IRS criminal investigation often are shocked. *Why did they choose me? I am not a bad person. We are good people. I don’t have illegal income. Why don’t they chase bad guys?* Looking in the mirror at a tax felon may be difficult, but it is a significant crime. The IRS’ intent is to scare the

**It is best to receive sound advice as a guideline for possible cooperation, than to hear the words “you are a subject” as a result of your prior cooperation.**

filing public into accurate reporting by bringing the best cases and win them all. Per the IRS, taxpayers who cheat will be prosecuted and go to prison. The IRS will publicize the indictment and sentencing of just about all tax defendants.

**Revenue Agents.** If a revenue agent has substantial suspicion or indicia that a taxpayer may have committed tax fraud, the agent will put a hold on the audit and refer the case for review by a fraud coordinator. The fraud coordinator often advises the revenue agent to obtain some additional documentation and/or oral statements. Most often, these oral statements mean an interview of the taxpayer, even by summons. Thus, if you are handling an audit where the revenue agent is absent for a while and then seeks an interview of the taxpayer, I recommend the taxpayer discuss the matter with a tax attorney before proceeding.

Informers may include employees, spouses (especially in a divorce), disgruntled neighbors, or business associates who for country, vengeance, or reward may refer information to the IRS. Depending on the extent of evidence

furnished, it would not be unusual for the IRS to initiate the matter as an audit with the possibility of a later criminal referral.

Chain investigations occur when the IRS’ review of one taxpayer leads the IRS to another taxpayer. A current IRS example relates to cash paid for scrap metals. IRS audited currency exchanges finding numerous checks just under the currency transaction reporting requirement being cashed by scrap dealers. Then, the IRS audit of the scrap dealers led IRS to their customers who received cash for scrap. Not surprisingly, this substantial cash was not being reported. Note, a similar scenario can easily be initiated when a bank files a suspicious activity report (SAR) on persons making a series of deposits or cashing checks just under the CTR transaction reporting requirements. Banks do file SARs!

**Service Centers.** The filters now in place at IRS filing centers can flag patterns of questionable refunds. This can often lead to CI cases on preparers.

### Investigation and Review

In the general program, Special Agents interview witnesses and gather documents to be accumulated in the Special Agent’s Report. Obviously, the taxpayer is the critical source of information and CI is aware it may only have one opportunity to interview the taxpayer. “One opportunity” means this: After the interview, the taxpayer will realize that he has made a mistake by talking to the IRS agents and will seek competent legal advice which will foreclose any further taxpayer contact. The preparer or accountant is the next fertile source of information. CI may seek to prove the negative—the taxpayer never told you about this source of income, correct? CI could also inquire about affirmative knowledge to keep the preparer’s circumstances in full view. After gathering the preparer’s workpapers, client



## Criminal Tax Investigations: Proceed with Caution

records, and bank and investment information (which can take many months), the Special Agent can recommend prosecution. That recommendation is reviewed by the Special Agent in charge and later the Department of Justice, Tax Division, in Washington, D.C. From there, prosecution would be sent to the local United States Attorney for grand jury action. Obviously, the investigation and review process easily can take one to three years.

Some tax cases are investigated initially at the grand jury level by the United States Attorney. In those instances, CI agents act as agents of the grand jury under the control of the U.S. Attorney, and, generally, the investigation will be more secretive. For example, third party record keepers receiving a grand jury subpoena likely will be instructed not to disclose this fact to the taxpayer under investigation. Also, only the review and approval of the Department of Justice, Tax Division, is necessary to bring an indictment. Even this process can take considerable time since it often involves the investigation of other crimes as well as tax fraud.

### The Enrolled Agent's Role in a Criminal Tax Prosecution

One of the most difficult areas of practice for an enrolled agent is to discover that his client may have a criminal tax problem. Once the enrolled agent suspects that there may be an allegation of fraud (whether during the course of an audit or otherwise), the enrolled agent should advise his client to discuss the matter with a qualified tax attorney and not to discuss the circumstances with anyone else. There are several reasons for this.

Once a criminal investigation begins, the enrolled agent does not have any privilege which would prohibit his or her testimony of such conversations in any federal criminal tax investigation or subsequent criminal proceedings. Additionally, EAs are not trained in defending criminal investigation and trial matters. To seek out explanations of the possible fraud areas would be to educate the enrolled agent who then becomes aware of the practice or problem area. The enrolled agent is faced with the decision of what to do next. The enrolled agent cannot close his or her eyes to obvious disclosed facts at that point in time and will proceed to represent the client with knowledge of a problem area. The enrolled agent likely would become a key witness against the client—the client the enrolled agent was to protect. The best protection and the most professional way to represent the taxpayer is to refer the matter to competent tax counsel for advice.

Similarly, if a Special Agent arrives on the scene or if the taxpayer is contacted directly by a Special Agent, by far the best advice an enrolled agent can render to his client is to obtain professional counsel and, secondly, not to discuss anything with any third party until after the taxpayer meets with an attorney specialized in this area. Key evidence in many criminal tax cases can be traced to the interview of the taxpayer.

Another problem is that many enrolled agents keep taxpayer records. Taxpayer records in the hands of the enrolled agent must be produced if the enrolled agent receives a summons (or subpoena) requiring the production of such records. Thus, not only will the enrolled agent

be required to produce his or her own work papers and materials relating to the preparation of the taxpayer's return, but will also be required to produce any records of the taxpayer which are in his or her possession.

In many tax prosecutions, not only will the enrolled agent be compelled to produce his or her records, the taxpayer's records, and give a statement concerning the preparation of the returns and the discussions with the client, but if the matter proceeds to trial, the enrolled agent will likely become an important witness at the trial. The government attempts to use the preparer to transfer responsibility to the taxpayer for the underlying information used in preparing the return. Similarly, the government will seek to prove that any income or other material information not appearing on the return was not disclosed to the preparer. The common question "did you have any other income?" becomes the double edged sword proving concealment and willfulness by the taxpayer. By using the EA as a witness, the government hopes to remove any attempt at defenses of mutual mistake, confusion, or negligence on behalf of the taxpayer or other related defenses.

When the taxpayer receives a notice of audit, the enrolled agent should prepare the taxpayer's records for production and review them in such a way so as to determine any possible problem areas. Also, it would be a good procedure to do a bank deposit analysis and a Cash-T on the client to confirm there are no problem areas (the revenue agent is trained to do both). If a potential fraud issue becomes known prior to the inception of the actual audit, the enrolled agent should advise the taxpayer and recommend consultation with an attorney specializing in these areas. To proceed with an audit at this time runs a very substantial risk that documents will be disclosed or representations will be made inaccurately, thereby prompting further inquiry by the revenue agent and possible fraud referral of the taxpayer and/or the preparer. Furthermore, if the revenue agent makes certain inquiries into

**By using the EA as a witness, the government hopes to remove any attempt at defenses of mutual mistake, confusion, or negligence on behalf of the taxpayer or other related defenses.**



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delicate areas and no answers are given, the agent may consider this an attempt to circumvent the delicate issue. The agent's suspicions will be greatly enhanced thereby increasing the likelihood of a fraud review.

If a special agent appears on the scene and wants to interview the enrolled agent preparer, the best suggestion offered would be to put off the interview until such time as the preparer can review the records and discuss his/her situation with an attorney. Furthermore, as a protection for the preparer and the client, before any records of the preparer are produced, a summons should be requested. Following this procedure prevents a client at a later date from accusing the enrolled agent of acting unprofessionally by volunteering documents to the IRS or by disclosing information or conversations made to the enrolled agent which the client may contend are encompassed by Section 7525, Taxpayer/Representative privilege. The summons protects the enrolled agent from such arguments since the enrolled agent has an obligation to produce pursuant to the summons and the Taxpayer is on notice to protect the privilege. If the taxpayer or the taxpayer's attorney directs the enrolled agent not to disclose information or testify as to conversations with the taxpayer, the enrolled agent may have to abide by this direction. The privilege is that of the taxpayer, and, if it applies, no disclosures can be made.

Sometimes the enrolled agent can be the center of controversy at least until the courts give further direction on the scope of the privilege.

Consulting an attorney on the enrolled agent's behalf will give the enrolled agent objective advice as to his/her own exposure. In a tax fraud case it is not what in fact happened or what is in the professional's mind which controls an investigation. It is the belief of the special agent that determines whether or not someone becomes the subject of an investigation. Thus, the preparer could make representations which in and of themselves may not dissuade a special agent from his personal belief that the preparer is incriminating himself/herself and should be the subject of an investigation. This is especially true today when professional advisors are the subject of fraud investigations. In some instances, the service chooses to prosecute the taxpayer and seeks the preparer's assistance in this regard. In other circumstances, the investigators seek the cooperation of the taxpayer to prosecute the preparer or advisor. Still, further instances suggest that the special agents seek to prosecute both the taxpayer and the preparer or advisor.

It is often difficult to determine in advance how the agent ultimately will resolve this dilemma. One certainly cannot rely on the special agent's representation that he or she is only a witness and not a subject at this time.

"At this time" should be interpreted literally. If, as a result of the interview, the agent believes the enrolled agent "should have known" or has incriminated himself/herself in any other fashion, the possibility exists that the enrolled agent also will become a subject. This could have been avoided by proper representation at the time of interview. Furthermore, a preparer seeking the advice of an attorney to represent him/her before a special agent is not considered an incriminating event. Indeed, special agents seek counsel when they are interviewed by the US Treasury Inspector General for Tax Administration (TIGTA). Additionally, it is best to receive sound advice as a guideline for possible cooperation, than to hear the words "you are a subject" as a result of your prior cooperation.

With respect to the production of documents, a number of court cases have set guidelines concerning preparer or accounting records. Initially, the preparer's records themselves are not subject to any privilege and must be produced. One exception, however, may be the sole proprietor preparer's own privilege against self-incrimination. Thus, the preparer could assert his or her own Fifth Amendment privilege and refuse to produce the preparer's own books and records. Secondly, the preparer's work papers are just that; they do not belong to the taxpayer. The work papers in the hands of the taxpayer are also not privileged



## Criminal Tax Investigations: Proceed with Caution

and must be produced. An enrolled agent may keep the taxpayer's records (or copies) as a means of convenience or protection. The taxpayer's records in the possession of an enrolled agent must be produced once a summons is served on the enrolled agent. Of course, after a summons issues, returning the records could be viewed as an act of concealment and also be in contempt of the summons.

In a normal investigation, the client's attorney will conduct an extensive interview of the accountant, enrolled agent or preparer. The bookkeeper and preparer are obvious sources of information used in the preparation of the return and may be critical witnesses. Often, the attorney, just as a special agent, will prepare a memorandum of interview or affidavit to be signed by the enrolled agent. The same caution applies—make sure the affidavit is thorough and accurate before you sign it.

The enrolled agent may serve a very important role in an actual or potential criminal tax investigation. The enrolled agent can greatly assist the Taxpayer's attorney not

only with respect to past investigative facts, but with respect to analyzing the government's current case and defenses. Sometimes in an eggshell audit circumstance an attorney may guide the representation from the background while having the enrolled agent "front" an audit. In this way there may be an appearance of normalcy and comfort in the audit. The enrolled agent would follow the guidance of the attorney who likely has much more experience dealing with these circumstances. Also, the attorney client privilege can be applicable to protect both the client and the enrolled agent.

Should the same enrolled agent who prepared the return assist the taxpayer's representative in analyzing current information concerning the investigation? This question is raised not only to protect the taxpayer but also to protect the enrolled agent. For example, there may be a difficult decision for the enrolled agent in determining what knowledge he/she had previously and what knowledge he/she obtained as a result of the current investigative disclosures. The prior information would not be protected under a current attorney retention agreement. Thus, since a tax investigation may take a year or longer and since the facts under investigation may have taken place several years prior, over a course of time information seems to blend in and it becomes difficult to remember when it was obtained.

Also, there may be a real conflict of interest if the taxpayer is pointing a finger at the enrolled agent while the enrolled agent correspondingly accuses the Taxpayer. That conversation may go a little something like:

*"I gave you those records" or "I told you about that income."*

*"No, you did not!"*

Third, both parties may be subjects and it would be in the enrolled agent's best interest to have separate counsel. In a number of instances, however, the enrolled agent may

serve a very useful purpose in assisting the attorney in representing the client in the current investigation. Each case is unique unto itself and should be reviewed in that fashion. It is the attorney's decision.

The enrolled agent is especially valuable in cases involving indirect methods of proof. The analysis of bank deposits, cash flows, net worth, or other financial statements that are of issue merit serious financial review. In addition, the enrolled agent usually is a storehouse of useful background information as well as having the ability to pinpoint particular areas, which may be helpful in the taxpayer's defense.

If an enrolled agent is hired by the attorney, an employment contract should be executed. This contract will spell out the specific expectations of the enrolled agent as well as bring the enrolled agent within the realm of the attorney/client privilege. Since the enrolled agent will be assisting the attorney in defense preparation, it is possible for the enrolled agent to be brought within the protective scope of this privilege. Therefore, information learned by the enrolled agent after this employment agreement is acknowledged should not have to be produced to the IRS and the enrolled agent cannot be forced to disclose such information.

Under these circumstances, care must be taken to determine the proper course. The courts have expressed concern while emphasizing that the court should not condone a policy of cloaking essentially accounting services under the protection of the attorney/client privilege. The issue may become more focused if the attorney hires an enrolled agent previously employed by the taxpayer to provide essentially the same services in the preparation of income tax returns. An enrolled agent or accountant who is hired by an attorney to do investigative work generally is brought within the protection of the attorney/client privilege. However, the privilege cannot be broader than that given to the attorney. Where an attorney



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prepares a client's tax return or retains an enrolled agent to do so, any privilege, which may have previously existed, is waived when that information is included on the client's return, which is filed with the IRS (*US v. Kovel*, 292 F.2d 918 (2d Cir. 1961)). This is because the courts view the preparation of a return primarily as an accounting function and the client is presumed to have knowledge that the information furnished will be included on his tax return. In the Grand Jury Investigation (*Schroeder*), 842 F.2d 1223 (11th Cir. 1987). A tax return literally is given to a third party, the IRS. Since it is meant to be disclosed, it cannot be protected even by the attorney-client privilege.

Similarly, discussing a tax matter with a client may lead to the recommendation that an amended return be prepared. Any such discussions may be covered by the privilege. However, if the amended return is filed, the privilege is considered waived and the preparer may be required to produce the work papers relating to the amended return and even provide testimony. (*US v. Cote*, 456 F.2d 142 (8th Cir. 1972)).

Attorneys and most courts agree that accounting concepts are a foreign language

to many attorneys. As such, attorneys need assistance in representing taxpayers. Emphasis is placed on whether or not the enrolled agent was hired by the attorney for purposes of enabling the attorney to render proper legal advice. Other important facts would include whether the enrolled agent was paid by the attorney, that the

and the enrolled agent. Every step taken is parallel to a step in wet concrete—it cannot be erased. One step may be the client's lynchpin. There are many other legal determinations to be made (burden of proof, testimony, trial decisions, etc.) which should be made by the taxpayer's attorney trained in this area.

**“I gave you those records!”**  
**“I told you about that income!”**

agreement provides that the work papers developed are the property of the attorney and that the taxpayer was advised that any disclosures to the employed enrolled agent would be confidential.

#### Conclusion

Most attorneys do not have the knowledge or competency to prepare tax returns or analyze financial information. On the other hand, enrolled agents (any non-attorney)—no matter their competency—should not represent taxpayers who are the subject of a criminal investigation. No privilege would protect the communications between the taxpayer

Hopefully, you now have some basic knowledge of IRS criminal tax procedure and your role. Enrolled agents have a vital role in our tax system including protecting clients and themselves. Be careful out there! **EA**

#### About the Author

**Theodore (Ted) A. Sinars, JD**, has, for over forty-five years, concentrated his practice in the areas of IRS civil and criminal taxation, procedure, and litigation. He is a frequent speaker and author on tax matters for many professional organizations, including NAEA. His work has been published in *West Publishing*, *Mertens Federal Income Taxation*, *CCH Incorporated*, the *CBA Record*, and the *EA Journal*. He has spoken at the IRS and has testified before Congress. Contact Ted at [tasinars@mjms.com](mailto:tasinars@mjms.com).

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# Portrait of a Non-filer

By JEFFREY SCHNEIDER, EA

What is a non-filer? A non-filer is defined as a person (individual, corporation, estate, trust or partnership) who has met certain thresholds but has yet to file a tax return by the statutory or extended due date. As enrolled agents, we have to figure out how to help these people get compliant. After all, besides making sure our clients do not pay more in taxes than they are required to, part

of our job is to make sure that they are compliant in all their tax obligations.

So how do we do that? The first thing we have to do is understand the client by figuring out what makes them tick. I tend to call that being a tax “bartender.” We need to listen to them and understand them. I believe in order to help our clients, we should fully understand where the IRS is coming from. The Internal Revenue Manual Part 4, Chapter 19, Section 17 is the IRS’s non-filer program. This article will explore the IRS and how they handle non-filers.

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The IRS has three non-filer classifications:

- a. **Habitual:** Do not file for whatever reason
- b. **Skip Filers:** File one year, skip one or more years, then files. Repeats this process
- c. **Stop Filers:** Compliant for a long time. Then, stops filing all of a sudden, for whatever reason

In laymen's terms, non-filers are defined as:

- a. **Procrastinators:** These taxpayers know they should file, but need assistance and/or prompting. They will typically respond and will always indicate that they will cooperate when contacted by the IRS. However, information is usually provided in a piecemeal fashion
- b. **Uncooperative Non-Filers:** Refuse to acknowledge or respond to correspondence (electronic or otherwise) and/or phone calls. If contacted by the IRS, they clearly state that they will not cooperate
- c. **Tax Protestors:** Advocate and/or use tax protestor's scheme (refusal to file due to some constitutional objection)

What are the IRS' processes and programs?

Before contacting a non-filer, the IRS will attempt to identify the non-filer's occupation, location of bank/savings accounts, sources of income, age, current address, last return filed, adjusted gross income of last return filed, taxes paid on last return filed, amounts and methods of payment (withholding, estimated tax, pre-payments), years delinquent, and the non-filer's standard of living.

The IRS will search public records for evidence of additional unreported income, tax assessor, and real estate records for assets held by the non-filer. Additionally, they will try to locate records of professional associations and business license bureaus for information on businesses being operated by the non-filer. They will also search sales tax returns and the state records to disclose corporate charter information including principals of any businesses that have failed to file returns.

IRS will also determine whether there is a history of non-filing (multiple non-filed years provide a pattern of behavior), whether there has been repeated attempts to contact by the IRS (indications that the non-filer had

knowledge of filing requirements), whether there are a large number of cash transactions (purchases by cash, cash deposits as evidenced by currency transaction reports, etc.) and whether there are indications of significant unreported income (substantial interests and dividends earned, investments in IRA accounts, stock and bond transactions, high mortgage interest paid, etc.).

Substitute for returns (SFRs) are prepared and filed pursuant to authority granted to by IRC Sec. 6020(b) and authorizes the IRS to prepare an individual income tax return on behalf of the taxpayer. If the IRS processes a tax return prepared under Sec. 6020(b), the assessment date will start the period of collections per IRC Sec. 6502(a)(1), but will not start the period for assessment. If the taxpayer signs an SFR (agrees to the return),

## **A non-filer is defined as a person who has met certain thresholds but has yet to file a tax return by the statutory or extended due date.**

it becomes the taxpayer's return per IRC Sec. 6502(a) and starts the period of assessment. If the taxpayer signs a waiver of restriction on assessment, it does not constitute a return under IRC Section 6020(a)<sup>1</sup>.

If the IRS processes an unsigned SFR, the taxpayer may still file a signed return for the same year as the SFR. The assessment statute period for that tax year will begin with the received date of the taxpayers signed return<sup>2</sup>.

Three items that need to be considered:

- a. An SFR does not stop the failure to file penalty
- b. An SFR does not stop the failure to pay penalty
- c. IRC 6502 provides that the length of period for collection after assessment of a tax liability is ten years. Each tax assessment has a Collection Statute Expiration Date (CSED). Any tax assessed on or after November 6, 1990, is collectible for ten years from the date of assessment. Previously, the collection statute ran for a six year period. Any tax assessed on

or before November 5, 1990, on which the former six year statute of limitations had not expired on November 6, 1990, is collectible for ten years from the date of assessment. Once a tax liability is assessed, the statute of limitations for collection begins to run. The expiration of the collection statute ends the Government's right to pursue collection of a liability

What is the SFR Program? In general, the SFR program and the automated version (ASFR), were developed to deal with taxpayers who did not file taxes voluntarily, and for whom income information is available (i.e., Wage & Income Statements, etc.) to substantiate a tax liability without a costly field investigation. The purpose of the program is to assess the correct tax liability by:

1. Securing a voluntary income tax return from the taxpayer, or
2. Computing tax, interest and penalties based on information gathered from outside sources

What does the IRS do at this point? A series of notices are sent advising the taxpayer of the delinquency. If the taxpayer does not respond to the notices, a final notice is sent informing them that the service is authorized to prepare a substitute return unless they file a corrected signed one within a specified timeframe which is indicated in the notice<sup>3</sup>.

In most cases, the ASFR system is used to evaluate the IRS Master File (MF) information about the taxpayer, and will prepare an SFR for a wage earner or taxpayer without other unresolved taxpayer delinquent accounts (TDAs).

In order to conserve manpower and financial resources, cases having the following criteria will generally be handled by the ASFR system:

1. The taxpayer is not self-employed
2. Total income is less than \$100,000



# Portrait of a Non-filer

3. The income shown on the IRS Information Reporting System totals more than 75% of adjusted gross income and total positive income on the taxpayer's last return filed
4. The tax year is no older than six years prior to the current tax year; there is no current or pending "uncollectible status" on the account
5. The taxpayer's address has been verified
6. If these conditions do not exist, the matter will be sent to a Revenue Officer to review and obtain pertinent information prior to referral to the Examination Division for creation of an SFR for the taxpayer

- fraudulent return is filed, the statute of limitations does not run—even when a later, correct income tax return is filed
4. **None.** There has to be a return filed for the SOL to start

So, what is a return? Is it a set of forms mailed to the IRS? Maybe. The courts—specifically the United States Tax Court (USTC)—does not consider the mere assessment of tax or the failure to file or pay penalties to constitute a return. The IRS does not define when a return is considered a return. The USTC quoted IRC 6011(a) when it said:

accept any facsimile that the taxpayer sees fit to submit." In *Beard*, The United States Tax Court established a four-prong test to determine a return:

1. Sufficient data to calculate a tax liability
2. Document must purport to be a return
3. Honest and reasonable attempt to satisfy the requirement of the tax law
4. Taxpayer must execute the return under penalties of perjury (Sec. 6605)

It must be noted that the fourth point above is **absolute**.<sup>6</sup> Therefore, if the taxpayer did none of the above, a return was not filed and the statute of limitations does not start.

How do we best represent our clients? One of the hardest things I've had to do is convince a panicked client that some of the past due debt may be cancelled and it could be in a year or two—or less. Chances are that the IRS collection statute is close to expiring, unless you have had some other situations occur since 1994. The IRS normally files an SFR within three years of the due date of the return but they have been known to take up to six years. For example, the latest due date of a 2003 return was April 15, 2014. The SFR was most likely done in 2006 or 2007. Hence, the CSED could still be "open" (ten years in April 15, 2016 or 2017, if no extension was filed). Filing on top of the SFR probably could only assist you in lowering the tax as SFRs (unless you are self-employed) usually results in lowering the tax due to the fact that the IRS gives you the worst possible filing scenario—i.e. single or married filing separate with one deduction and a standard deduction, no credit, no basis.

Voluntary disclosure and filing is helpful when representing your client. IRM 9.5.11.9 reflects the IRS' voluntary disclosure policy, which is the communication between the IRS and the taxpayer is truthfully, timely and complete and:

1. The taxpayer shows a willingness to cooperate (and does in fact cooperate) with the IRS in determining his or her correct tax liability
2. The taxpayer makes good faith arrangements with the IRS to pay in full, the tax,



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It is also important to understand the various statutes of limitations. Generally, in this context, they are.

1. **Three Years.** This is the general statute for a timely, complete, and non-fraudulent return. The three years begin when the return is due, or if extended, when it was filed.
2. **Six Years.** When there is a material misstatement, (underreporting of income by 25%) the SOL is extended by another three years.
3. **Unlimited.** If the return was fraudulent, there is no statute of limitations. If a

*"When required by regulations, any person made liable for any tax imposed by this title or with respect to the collection thereof, shall make a return or statement according to the forms and regulations prescribed ... Every person required to make a return or statement shall include therein the information required by such form or regulation."*

Several cases define a return. The underlying cases refer to a tax protestor (*Beard*)<sup>4</sup> and modification to a form (*Parker*)<sup>5</sup>. Judge Whitaker, in *Parker*, stated that "the Commissioner is certainly not required to



interest and any penalties determined by the IRS to be applicable

If the taxpayer is timely, the communication occurs before the IRS initiated an examination, criminal investigation or received information from a third party (e.g., informant, other governmental agency, or the media) alerting the IRS to the specific taxpayer's noncompliance.

At the outset of this article, I mentioned that the first thing we have to do is understand the client or potential client, by figuring out what makes them tick."

Non-filing cases are one clear instance where a tax professional needs to be concerned about the psychological problems of his or her clients. It is common for non-filers to attempt to talk their way out of every problem and consistently to blame others. "It was the fault of my prior spouse, former associate, former employer. . . ." The first task is to get the non-filer to shoulder responsibility for the past, both financially and mentally, in order to move forward.

There are several other considerations with regards to non-filers.

### Bankruptcy

If you owe past due federal taxes that you cannot pay, bankruptcy may be an option.

For individuals, the most common type of bankruptcy is a Chapter 13. Before you

consider filing a Chapter 13 here are some things you should know:

- You must file all required tax returns for tax periods ending within four years of your bankruptcy filing
- During your bankruptcy you must continue to file, or get an extension of time to file, all required returns
- During your bankruptcy case you should pay all current taxes as they come due
- Failure to file returns and/or pay current taxes during your bankruptcy may result in your case being dismissed

### College Funding

- Financial aid is separated into basic formats: merit-based (grade point and test scores, athletic and other programs, and need-based. It is the need-based that is affected by the financial situation of the student and their family

What does this have to do with non-filers? Everything! If a return is not filed for the student and/or parent, if required, they student will not be able to receive and financial assistance as need based is based on the income and in some cases, the assets of the applicant.

In conclusion, it is extremely important to get current transcripts when you take on a new

client who has past due returns and past due tax debts. Signing up with e-Services is paramount to being a professional taxpayer representative. This is what separates enrolled agents from unenrolled preparers. It is also extremely critical that we listen and get to know our clients. It can only help us help them. **EA**

### About the Author

**Jeffrey A. Schneider, EA**, is the principal in SFS Tax, Accounting and College Planning Services. He has been an enrolled agent since 2005. Schneider has been in the field of taxation for more than thirty years, working for multinational companies. He has been in private practice since 1999. Schneider is a past FSEA president, a current member of NAEA's National Board of Directors, and also serves on the NTPI® Planning Committee. He attained a Bachelor's Degree in Finance and Economics MST from Long Island University. Schneider is an adjunct professor at Palm Beach State College and teaches individual taxes. He was a featured author for the Treasure Coast Business Journal, the National Association of Tax Professionals, and other publications. He is an NTPI Fellow and an NTPI Level 1 instructor. Contact Jeff at [jeff@sfstaxacct.com](mailto:jeff@sfstaxacct.com).

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# What's Your Process? How to Work a Collections Case

By DAVID MILES, EA

## Introduction

Coming into collection representation work in the late 90s, much of the disparity between practitioners rested in sorting out who knew the most rules and laws. A representative's ability to answer questions relating to technical aspects of IRS enforcement (such as *how many days exist before I lose levied money? or how long do I have to appeal a Trust Fund Recovery Penalty assessment?*) were commonplace. Yet today with almost immediate, real-time access to volumes of technical information, like the Internal Revenue Manual (IRM), there's a dynamic shift from relying simply on the acquisition of technical information to improving the capacity for applying information in a more systemic fashion. This is done by properly identifying issues, proactively predicting outcomes and executing actions efficiently.

Another source of information acquisition rests on the NAEA National Conference. Each year these courses provide attendees with extensive information, especially as it relates to collection representation. In some cases, an attendee can make NTPI fellowship in as little as one year. While this learning process is critical to ensuring that taxpayers are provided a certain level of professional assurance, we have to look towards how to use the information that has been acquired in a competent and efficient manner that protects the taxpayer. I refer to this as case process or resolution workflow.

In the technical sense, business processes are a collection of activities cutting across various departments, producing a valuable output or result for customers. Workflow, in turn, is used to automate these repetitive activities and increase the business' productivity. This allows for automation and efficiency to improve upon a business process.

From the practitioner standpoint, this boils down to being able to accurately describe the flow of a balance due account from engagement to resolution. Although each taxpayer's case is unique to the

individual or company's circumstances, the way in which the case is worked is not. In fact, there is a pattern that should generally be followed with every collection case.

## The Early Process

Collections cases begin, in most instances, through the filing of a tax return that is not paid. There are certainly other origins for a collection case, such as audit, math errors and unfiled returns. However, when discussing systemic rules of thumb, these other issues are often an aspect of a larger balance due account and are not the lone concern.

For anyone that has attended or studied my Introduction to Collections seminar, you know that the IRS collection process begins in

a case's progression through the IRS letters as guidance to where it stands in collections. Notice status begins with a letter explaining the balance due and progresses through CP 504, a letter that clearly conveys a changing tone in the IRS' collection effort. At this point, the IRS announces its intent to move towards enforcement action.

Before a practitioner can rely on a letter to identify case status, there must be appropriate due diligence to ensure that all of the case nuances are brought to the surface. There may be, for example, other periods of liability that have already progressed through notice status and as a result are closer to enforcement. Due diligence is best accomplished by comparing taxpayer notes to information garnered

## How long do I have to appeal a Trust Fund Recovery Penalty assessment?

fairly tame fashion. The changes brought on by the Restructuring and Reform Act of 1998 (RRA 98) sought to, "transform the culture from 'enforcement first' to a customer-oriented organization (TIGTA, March 28, 2016). Through RRA 98 the IRS adopted Due Process as an integral part of the new collection process. With Due Process comes a standardized approach to collection that begins strictly through an IRS mail campaign.

The result of the standardized mail campaign is an easily identifiable pattern of behavior called notice status. Notice status typically lasts approximately 120 days but it can also go on much longer. What's important is not to associate this phase with a definitive timeline, since it can vary greatly. Rather, practitioners should be able to put in plain words for taxpayers how and why this phase exists as well as the pros and cons of voluntary actions, like making payments. Instead of a timeline a practitioner should look towards

through an IRS customer service or Automated Collection System (ACS) call. The information gathered from the IRS should be immediately verified by obtaining account transcripts. Once case status is confirmed a practitioner can begin making recommendations.

What we come to know by understanding the start of this process is that if a taxpayer is in only this phase there will not be a levy. This knowledge allows a practitioner to put a taxpayer's mind at ease that, for the time being, assets are safe. If you are fortunate enough to engage a case this early it is an excellent opportunity to begin formulating a practical plan for resolution.

During the early phase of a collection case all contact in response to the IRS letters must be initiated by the taxpayer. We know the IRS will not make outbound phone calls. This point has been driven home by just about everyone in the tax community in response to the pervasive and ongoing



# What's Your Process? How to Work a Collections Case



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telemarketing phone scams. Calling the IRS on behalf of the taxpayer can be a great way to better understand a case and establish a pattern of proactive behavior.

Early contact can also be done by mail. A simple letter to the IRS that explains a plan of action and the timeline in which it will be accomplished can be an effective way of communicating. Likewise, if there is a dispute of the IRS' message to the taxpayer it most assuredly should be put in writing as soon as possible.

In my practice I usually exercise some level of redundancy by both calling and writing. The IRS budget constraints have made it such that I can no longer rely on a single course of action to protect my clients. Although there is some time and resources lost, it is minimal as compared to the consequence of error. There is a lot of room for mistakes when dealing with an agency like the IRS and the taxpayer will often land on the wrong side of any discrepancy about communication. This methodology may not be as necessary early on in a case but it is crucial down the road.

## Where the Road Diverges

Inasmuch as I have emphasized the broader flow of every collection case, there comes a time to bring the process back to the specific taxpayer. Collection cases need to be worked according to the priorities of each case. The reason for this is that different cases demand different resolutions. Some taxpayers are deeply impacted by the anxiety that comes with early collection notices and need a resolution quickly. For others, it may be the Notice of Federal Tax Lien (NFTL) that is a pressure point. Still, others may find that their motivation is only to ensure that levies are not issued or their company forcibly closed.

Let's take a moment to think of your Collection case process and a taxpayer's specific circumstances in terms of taking a bus trip with your client. Imagine that you are the one familiar with all of the potential routes and stops along the way. Each route has a driver. That driver, the IRS, is supposed to follow a pre-determined route and schedule.

However, before you board, you are in charge of determining where your client wants to end up. Your familiarity with the

routes (IRS rules, laws and procedures) allows you to suggest a specific direction based on your client's primary ambition. A factor in deciding where to go may be what there is to see along the way or what unique circumstances begin to unfold. Your experience gives you the opportunity to explain the routes and viable stops to your client, describing the places you can go, and what will happen if all goes according to plan.

Just like any journey, the duration from start to finish varies. Although some stops may be of initial interest, perhaps those aren't the best places to lead your client. Some of the stops are scary, some may not be as advertised, and others are just a waste of time. For example, putting resources towards the filing of an Offer in Compromise proposal for a client that you know will not qualify can be an extraordinary waste of time (and money). On the contrary, if a client turns to you appearing to qualify for a Streamlined Installment Agreement, there is no reason to propose taking a longer route.

You need to manage and guide the experience all the way through to its conclusion. You

don't want your client getting off at the wrong stop or not getting back on in time. Missing the bus can be a painful experience and may cost your client the opportunity to get to the end of the line.

### Developing your Process

Turning back to tax talk, consider the analogy above in various representation scenarios. For example, a taxpayer facing an NFTL is concerned because of the damage it will cause to credit. Since the credit outcome will affect in the company's inability to do normal business and thus repay the IRS combating the lien may be a priority. In the case of a bank levy, should it be appealed if your client can continue to operate and meet its bills? The question must be asked because the decision is likely a combination of numerous factors, each of which could sway the decision one way or

another. Ultimately, a practitioner must decide if it makes sense to spend time and resources attempting to fight a proposed or actual action that has little impact on the goals just because the proceeding is available.

This summer at NTPI, I am going to introduce you to two fictional taxpayers who we will guide on a journey to what I hope will be successful collection resolutions...A Choose your Own Tax Adventure! Mr. Owen Cash and Weeowe Tacks, Inc. owe personal income tax and employment taxes, respectively. Both of these taxpayers have open and active collection collection cases with the IRS. As a group we will explore the obstacles each taxpayer faces, the various options that can help us move the cases forward and the possible outcomes of each chosen action. Some of the outcomes may not be favorable and in those situations we will go back to evaluate what

we could have chosen or how we could have performed differently in the hopes of achieving a better result.

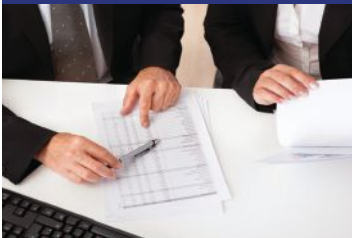
To tie it all together, a practitioner needs to be able to advise a taxpayer on what could happen and also what is most likely to happen in the course of a collection case. The practitioner then must take the taxpayer's specific situation into account to develop a strategy that allows decisions on where and when action is necessary. An efficient tax resolution practice provides tangible results that are interpreted as success by the taxpayer. **EA**

### About the Author

**David F. Miles, EA**, is a consultant with 20/20 Tax Resolution. 20/20's direct responsibility is to negotiate on clients' behalves with the IRS and state taxing authorities to achieve goals of equity protection and business solvency. He has been practicing taxpayer representation for nineteen years. David can be reached at [dmiles@2020taxresolution.com](mailto:dmiles@2020taxresolution.com).

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# How to Stop a Trust Fund Recovery Penalty Interview

By HOWARD LEVY, JD

**Y**our client operates a business that owes employment taxes to the IRS, and an IRS Revenue Officer has just called you and requested that your client come down to his office for a meeting to discuss the debt.

You presume the Revenue Officer wants to discuss collection of the debt from the business, maybe requesting that your client complete a Form 433B, Collection Information

Statement for Businesses. After all, the business owes the debt, right?

Not entirely.

Liability for employment taxes does not just stay with a business. The IRS can spread it to business owners, officers, and even employees—anyone who had decision-making power over the company's finances can be personally liable for a part of unpaid employment taxes.

This is called a trust fund recovery penalty investigation—and is probably why the

Revenue Officer really wants to meet with your client: To interview her about her role in running the business and not paying the employment taxes to the IRS.

Chances are, the meeting will include the Revenue Officer requesting to interview her using IRS Form 4180 (see page 31), Report of Interview with Individual Relative to Trust Fund Recovery Penalty. Sometimes, rather than calling to request a meeting, the Revenue Officer will send her IRS Letter 3586, which notifies her that a meeting has already been prescheduled and requesting attendance.

You don't know it, but the real focus of the meeting is not your client's business. That's right, the IRS can collect an unpaid employment tax liability not just from your client's business, but from the individuals who ran it, including the owner.

The amount the IRS can collect from those who ran the business is equal to the amount of taxes the business deducted from employees' paychecks and did not pay to the IRS. This adds up to the Federal income tax withholding and the Social Security and Medicare taxes deducted from an employee's paycheck. Keep in mind that the amounts the business has to contribute to the employee's Social Security and Medicare taxes from its own pocket are not trust fund taxes and are collectible only from the assets of the business.

When an employer uses withholding taxes for other purposes—usually operating a financially distressed business—the IRS has the right to come after the individuals who made (or could have made) the decision not to pay the money to the IRS. The trust fund recovery penalty permits the IRS to collect the unpaid taxes not only from the business, but from the assets of the individuals involved in the operations of the business.

By statute, the trust fund recovery penalty is found in Internal Revenue Code 6672. IRS administrative procedures for investigating the trust fund recovery penalty are in Internal Revenue Manual Section 5.7.

The culprits the IRS is looking for include owners, shareholders, officers, and anyone who signed (or could have signed) bank checks and paid creditors (which often includes employees of the business).

The interview is designed to sniff out whom in the business made the decisions not to pay employee withholding taxes to the IRS.

The good news is that we know in advance that the Revenue Officer will likely use Form 4180, Report of Interview with Individual Relative to the Trust Fund Recovery Penalty, to conduct the interview. Armed with Form 4180—the script for the interview, if you will—you can quantify the questions that what will be asked ahead of time, and review them with your client.

At the interview, prepare for the Revenue Officer to use the Form 4180 and ask the following questions to the business owner:

## You don't know it, but the real focus of the meeting is not your client's business.

- Did you determine financial policy for the business?
- Did you direct or authorize payments of bills/creditors?
- Did you prepare, review, sign, or authorize transmit payroll tax returns?
- Did you have knowledge withheld taxes were not paid?
- Did you authorize payroll?
- Did you authorize or make Federal Tax Deposits?
- Did you authorize the assignment of any EFTPS or electronic PINS/passwords?
- Did you have signature authority or PIN assignment on business bank accounts?

The interview will not stop at questions geared to involvement in the business. One question on the Form 4180 is posited to acquire information on others in the business. In other words, the IRS will ask who else in the business determined financial policy, paid bills, signed tax returns, etc.? In that regard, attending a trust fund interview puts others in peril.

Beware, as these questions can lead to false positive answers. For example, sometimes innocent people get caught up in the mess. A clerical employee who signs checks as an accounting function but lacks control over

company finances could be targeted simply by virtue of having his name on the bank checks. The IRS casts a wide net when it comes to sweeping people into their trust fund net. The interview helps build the net.

The more yes answers, the greater the likelihood the Revenue Officer will want to move forward with finding your client liable for the trust fund recovery penalty. Some answers—like signing checks, and having signature authority over bank accounts—are often weighed in a more negative light than others by the Revenue Officer.

Ultimately, if your client attends the interview, she will need to convince the IRS that

(1) she was not “responsible” for making the decisions in the business or (2) that she was not “willful” in her actions in not paying the employment taxes.

“Responsible” means control over the business affairs and financial decisions of the company. Control does not have to be exercised; it only needs to be available. Unexercised control over business operations is often sufficient for finding trust fund liability. Defending a trust fund recovery investigation on the basis of responsibility involves proving to the IRS that your client had no control—actual or implied—over business operations. An example would be the accounting clerk who signed checks but did so only at the direction of others.

Using “willfulness” as a defense involves showing a lack of knowledge about what happened in the business regarding the payment of the employment taxes. To win with a lack of willfulness, it is not enough to simply not have known. It must be shown that your client did not know and could not have known that employment taxes were not being paid.

The IRS needs to have evidence of both responsibility and willfulness to assess a trust fund recovery penalty. In other words, your client can be responsible and in control of the



# How to Stop a Trust Fund Recovery Penalty Interview

finances and still avoid a trust fund liability by using the willfulness defense.

Needless to say, it is extremely important to be prepared and educated on the IRS interview process in advance and to know the questions before they are asked. Bear in mind the questions asked are geared to finding liability (i.e., for willfulness, the IRS asks on the Form 4180 if your client had knowledge of whether the taxes were paid). Other questions—like determining financial policy and signing checks—are all about responsibility and control over the business.

It may be possible for your client to avoid the whole mess, stop the trust fund investigation, and not have to succumb to an uncomfortable interview with an IRS agent.

Here are four solutions to stop an IRS trust fund interview and put an end to the investigation:

- **Agree to the trust fund recovery penalty and cancel the interview.** The purpose of the IRS investigation is to determine if your client (and others) was a decision-maker in the business and controlled financial decisions to not pay the IRS. Let's say you determine that, ultimately,

Photo © iStock/Charles Schug



your client's acts in failing to see to it that the taxes were paid will make her personally liable for the debt. You would call the Revenue Officer, notify him that you are in agreement to the trust fund recovery penalty, and request that he send you IRS Form 2751, Proposed Assessment of Trust Fund Recovery Penalty.

The Form 2751 permits agreement to the trust fund assessment without additional IRS investigation, including cancellation of the interview. If your client signs the Form 2751, the liability is agreed to, and the IRS Revenue Officer has discretion to end the investigation of your client; no interview, no stress.

- **Direct debit streamlined in-business installment agreement.** Internal IRS guidelines permit a Revenue Officer to cancel his trust fund investigation if the employment tax liability is under \$25,000 and the business can pay it back in 24 months by direct debit out of its bank account. This is permitted under Internal Revenue Manual 5.14.5.4, which recognizes that smaller employment tax balances that can be quickly paid do not call for the extreme measures of a trust fund recovery penalty investigation.

So if your client's business has a balance of \$25,000 and under and can pay what it owes, your client, and others in the business, have a way out of personal liability for the employment taxes.

- **Uncollectibility.** Even if your client is liable for the trust fund recovery penalty, proving to the IRS that she could never pay it is a way to end their investigation. Specifically, Internal Revenue Manual 5.7.5.1 permits an IRS Revenue Officer to back off a trust fund investigation if there is no present or future collection potential from the individual. The IRS will require that the individual complete a financial statement on their Form 433A, and satisfy them that nothing can be paid now, and that will never change.

In practice, though, know IRS Revenue Officers can be tough on the interpreting the vague standard of whether the debt could ever be collected from an individual, and often assert the trust fund penalty regardless of your future collection potential. After all, the IRS has 10 years to collect a debt, and giving up the future now requires a clear showing of unending uncollectibility.

- **Statute of limitations on assessment of the trust fund recovery penalty.** The IRS does not have forever to do its trust fund investigation and interview your client. Internal Revenue Code 6501(b)(2) gives the IRS three years to get its job done. The three years generally begins on April 15 of the year after the employment tax returns were due to be filed. For example, if your client was involved in a business with employment tax liabilities from 2011, and the returns were filed on time, the IRS's time to complete its trust fund investigation would end on April 15, 2015. If the IRS contacts your client after April 15, 2015 to conduct a trust fund interview on 2011 employment taxes, they could be out of time and barred by law from continuing their investigation and not be able to conduct the interview.

The IRS tends to aggressively pursue collection of employment taxes and investigation of the trust fund recovery penalty. But there are ways to prevent the individuals in the business from enduring a trust fund investigation and stop an IRS interview. It is enough that the business is suffering under the weight of the tax debt. Your client could have defenses to avoid suffering financially along with it. **EA**

## About the Author

**Howard S. Levy, JD**, is a former trial attorney for the IRS and an instructor at NTPI. He has over twenty years of experience in IRS collection proceedings, Tax Court litigation, IRS administrative appeals, and the use of bankruptcy to resolve IRS controversies. Howard is a member of Voorhees & Levy LLC in Cincinnati, OH. He can be contacted at [howard@voorheeslevy.com](mailto:howard@voorheeslevy.com).



A Look at Form 4180

Form 4180 (August 2012) Department of the Treasury - Internal Revenue Service Report of Interview with Individual Relative to Trust Fund Recovery Penalty or Personal Liability for Excise Taxes

Section IV - Business Information Section V - Knowledge / Willfulness Section VI - Payroll Service Provider (PSP) or Professional Employer Organization (PEO)

Section VII - Personal Liability for Excise Tax Cases Section VIII - Signatures

Additional Information Section VIII - Signatures

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# Four-Hour Online Home CE Test

July/August 2016  
IRS Program Number: X9QQU-T-00378-16-S  
4 CE

The following test will provide four hours of ethics CE credits. The test questions are drawn from the articles in this issue. The CE test must be taken online.

## INSTRUCTIONS

You will need your login and password to take the test online. All questions must be answered before the test is complete. Once you have marked all your answers, entered your credit card information, and clicked "Submit Test and Payment," your test will be graded immediately. Please complete the test before leaving your computer, otherwise the system will time-out and your responses will be lost. You cannot leave and return to a test. To qualify for CE credit, you must complete the test within one year of the publication date. Members \$65, nonmembers \$85 for forty questions.

### CRIMINAL TAX INVESTIGATIONS

1. Taxpayers who have cash-oriented businesses are more likely to be audited.  
A. True  
B. False
2. Experienced special agents are able to investigate and refer a taxpayer's case for prosecution within three to five weeks.  
A. True  
B. False
3. Requesting an IRS summons for documents and testimony from a special agent is the proper way to protect an EA preparer.  
A. True  
B. False
4. Once an EA accepts an IRS summons, he/she should notify the taxpayer of the receipt of the summons and require the taxpayer to give the EA notice if the taxpayer will assert any privilege.  
A. True  
B. False
5. During an audit, the EA representing the taxpayer must answer all questions posed by the revenue agent concerning the EA's tax advice communications with the taxpayer.  
A. True  
B. False

6. The Code Section 7525, Tax Advice Privilege, now allows EAs to refuse to answer IRS questions concerning the EA's preparation of a tax return.  
A. True  
B. False
7. If a special agent appears at your office and asks questions about a taxpayer's return you prepared, you are required to answer the special agent's questions at that time and produce any requested documents.  
A. True  
B. False
8. If you receive an IRS summons to produce a client's records that you have, you should return those records to the client before the summons production date.  
A. True  
B. False

### NON-FILERS

9. The purpose of the SFR program is:  
A. To compute only the tax gathered from outside sources  
B. To force the taxpayer into voluntarily file a tax return  
C. To estimate the tax liability using the last filing status of the taxpayer

**10. The absolute part of the four-prong test as mentioned in the *Beard* case is:**

- A. A document must purport to be a return and contain sufficient data to compute a tax.
- B. An honest and reasonable attempt to satisfy the law
- C. The taxpayer must execute the return under IRC Sec. 6605 (penalties of perjury)

**11. What is not an indicator of fraud (per the Internal Revenue Manual)?**

- A. History of non-filing of tax returns
- B. Living above their means
- C. Attempts to conceal assets

**12. How many notices are sent to a non-filer?**

- A. Individuals: Five over fifty-two weeks  
Businesses: Five over twenty-six weeks
- B. Individuals: Four over twenty-six weeks  
Businesses: Three over twenty-two weeks
- C. Individual: Three over twenty-two weeks  
Businesses: Four over twenty-six weeks

**13. The item not part of the Internal Revenue Service's voluntary disclosure policy is:**

- A. Had income from all sources, no matter where derived
- B. Voluntarily informs the Service of his/her/ their failure to file one or more returns
- C. Makes full payment of the amount due or make arrangements via other appropriate arrangements

**14. When is a voluntary disclosure not timely filed?**

- A. Before the IRS initiates a civil examination or criminal investigation
- B. Before the IRS has notified the non-filer that they intend to initiate an investigation
- C. Before IRS assesses tax, penalties and interest

**15. Privilege does not apply to:**

- A. Tax return preparation
- B. Audits
- C. Collections

**16. If there is a possibility that a case may go criminal, the representative should not:**

- A. Advise the client to seek counsel
- B. Withdraw from the case as primary representative
- C. Continue on as primary representative

**17. The Internal Revenue Service may assess a penalty on filers of frivolous returns of up to:**

- A. \$10,000
- B. \$5,000
- C. \$25,000

**18. Penalties for negligence and substantial understatement of a liability is:**

- A. 50% of the underpayment of tax
- B. 25% of the underpayment of tax
- C. 20% of the underpayment of tax

**19. A taxpayer attempting tax evasion, can receive criminal penalties of:**

- A. Up to \$100,000 fine and three years in jail
- B. Up to \$150,000 fine and four years in jail
- C. Up to \$200,000 fine and five years in jail
- D. Up to \$250,000 fine and five years in jail

### COLLECTIONS

**20. Collections case workflow is focused on all of the following except:**

- A. Identifying issues
- B. How many rules you know
- C. Predicting outcomes
- D. Executing actions

**21. In today's representation climate, it is harder than ever to find answers to technical questions.**

- A. True
- B. False

**22. Many collection cases begin with:**

- A. An erroneous refund
- B. A mistake
- C. An audit
- D. A return filed but unpaid

**23. Which of the following best describes the theory behind collection representation processes:**

- A. All cases follow a general pattern or form
- B. No two cases should follow the same workflow
- C. The IRS changes its processes so must the practitioner
- D. TIGTA made this impossible to know

**24. Which of the following best describes IRS culture following RRA 98:**

- A. Enforcement-minded
- B. Customer-oriented
- C. Laissez-faire
- D. Eager to assist with resolving a collection case

**25. The notice phase of IRS collections can always be evaluated by the duration of time it has gone on.**

- A. True
- B. False

**26. The best method for ultimately confirming where a collection case stands is:**

- A. The taxpayer
- B. The most recent collection letter that was issued
- C. A call with IRS and account transcripts
- D. The process

**27. A taxpayer can be levied at any time, even at the very beginning of collections.**

- A. True
- B. False

**28. Early contact with IRS collections is best done by:**

- A. Calling IRS
- B. Writing to the IRS
- C. Both A and B
- D. None of the above

**29. When working a collection case, best practice is described as all of the following except:**

- A. Consider whether the proposed action is efficient.
- B. Consider the taxpayer's priorities.
- C. Evaluating options
- D. To always take any action possible

### TRUST FUND

**30. The IRS cannot collect unpaid employment taxes from owners, officers, and employees of the business.**

- A. True
- B. False

**31. The amount of the trust fund recovery penalty is:**

- A. The taxes shown on Form 1120
- B. The Federal income tax, Social Security and Medicare withheld from an employee's paycheck
- C. The employer's contributions to an employee's Social Security and Medicare account
- D. The Federal income tax, Social Security and Medicare withheld from an employee's paycheck and the employer's contributions to an employee's Social Security and Medicare account

**32. The trust fund recovery penalty is a creature of statute, found in Internal Revenue Code 6672.**

- A. True
- B. False

**33. The IRS will want to conduct an interview as part of its trust fund investigation using:**

- A. Form 433B, Collection Information Statement for Businesses
- B. Form 433A, Collection Information Statement for Individuals
- C. Form 1040, Individual income tax return
- D. Form 4180, Report of Interview with Individual Relative to the Trust Fund Recovery Penalty

**34. Questions that an IRS Revenue Officer may ask in a trust fund interview include:**

- A. Did you determine financial policy for the business?
- B. Did you direct or authorize payments of bills/creditors?
- C. Did you have knowledge withheld taxes were not paid?
- D. All of the above

**35. "Responsibility" for purposes of the trust fund recovery penalty means:**

- A. Filing all tax returns on time and making estimated tax payments.
- B. Having adequate medical health insurance
- C. Controlling the business affairs and financial decisions of a company, whether or not exercised
- D. Controlling the business affairs and financial decisions of a company, but only if actually exercised

**36. Which of the following is not a solution to end a trust fund recovery penalty investigation:**

- A. Agree to the trust fund recovery penalty and cancel the interview by signing IRS Form 2751
- B. Filing a collection due process appeal in response to a Final Notice of Intent to Levy.
- C. Entering into a direct debit streamlined in-business installment agreement
- D. Submitting a Form 433A financial statement to prove to the IRS that the liability will never be collected from the individual

**37. The statute of limitations on assessment of the trust fund recovery penalty ends:**

- A. Three years after Form 1040 is filed or due to be filed, whichever is later
- B. The IRS always has an unlimited time to assess a trust fund recovery penalty
- C. 10 years after an IRS Revenue Officer conducts a trust fund recovery penalty interview
- D. Three years after the April 15 of the year after the employment tax returns were due to be filed

**38. Qualifications for an IRS direct debit streamlined installment agreement include:**

- A. Owing the IRS under \$25,000 in employment taxes and agreeing to repay within twenty-four months
- B. Consenting to assessment of the trust fund recovery penalty
- C. Agreeing to a finding of both responsibility and willfulness for purposes of the trust fund
- D. Completing Form 4180, Report of Interview with Individual Relative to the Trust Fund Recovery Penalty

**TAX COURT CORNER**

**39. In the Vichich case, the Tax Court ultimately concluded that:**

- A. Since the petitioner had been married to Mr. Vichich, she could claim the AMT credit.
- B. Mr. Vichich was married to another person at the time the AMT credits arose, therefore the previous spouse was entitled to the credits
- C. Since Mr. Vichich died in 2004, and IRC Sec. 53(e) was established in 2006, the petitioner had to establish that she visited the gravesite of Mr. Vichich in 2006 in order to be eligible for the credit
- D. The petitioner was not entitled to the credit as it was personal to Mr. Vichich

**40. The income included in AMTI due to the exercise of an ISO is:**

- A. The difference between the exercise price and the fair market value of the stock on the date of exercise
- B. The difference between the fair market value of the stock on the date the ISO is granted and half the underlying value of the stock the day before grant
- C. Nothing as the entire amount was eliminated due to the addition of IRC Sec. 53(e) in 2006
- D. Nothing as the AMT has been deemed to be illegal in the states of Colorado and Washington



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**Schedule Note:** Classes will be held daily from 8:00 a.m. to 4:40 p.m. Breakfast will be available from 7:00 a.m. to 8:00 a.m. A morning and afternoon break will be provided from 9:40 a.m. to 10:00 a.m. and 2:40 p.m. to 3:00 p.m. The conference will break for lunch (on your own) from 11:40 a.m. to 1:00 p.m. daily.

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## LEVEL 1

### NTPI LEVEL 1

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**IRS Program Number:**

X9QQU-T-00354-16-I Federal Tax

**IRS Program Number:**

X9QQU-E-00355-16-I Ethics

**Program Level:** The course is presented at an introductory to intermediate level

**Program Prerequisite:** Attendees must be EAs, CPAs, or attorneys

**Advance Preparation:** None

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### Overview of Representation - 1 CE (Monday, 8:00 - 9:40 a.m.)

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before the IRS. Topics include an overview of what practice before the IRS means, including structure of the IRS, and how the current environment impacts taxpayers along with tools for effective representation, and best practices in representation.

**Instructor:** Sherrill Trovato, EA, USTCP

### Introduction to Collections – 3 CE (Monday, 9:00 - 11:40 a.m.)

This introductory course to IRS Collections explores the fundamentals of the IRS collection system, as well as the skill set needed by those Circular 230 practitioners just beginning to represent clients before Collections. Attendees should expect to gain specific IRM knowledge essential to navigate IRS Collections while preparing for collection resolution alternatives such as the OIC, installment agreements and currently not collectible. The appropriate timing and use of the collection due process and collection appeals program, as well as the taxpayer advocate's office to accomplish client goals, will also be discussed in this course.

**Instructor:** David F. Miles, EA

### Communicating with IRS and Notices – 2 CE (Monday, 1:00 - 2:40 p.m.)

This course examines the fundamentals of communicating with the IRS in response to the most frequent types of IRS notices: summary assessment notices, CP-2000, and basic balance due/collection notices. Topics include: which IRS units to contact, utilization of IRS policies to obtain effective results, levels of authority, deciphering computer codes and acronyms, and general tax communication techniques.

**Instructor:** LG Brooks, EA

### Introduction to Appeals – 2 CE (Monday, 3:00 - 4:40 p.m.)

As IRS enforcement efforts have increased dramatically over the past three years, taxpayers need to seek the assistance of the IRS Appeals Division. Taxpayers who are audited usually have a right to appeal any determination by an agent. Taxpayers also enjoy the right to appeal any proposed seizure or levy

action. This class will discuss the best way to file winning appeals in examination, appeals of collection due process notices, appeals of denial of installment agreements, and appeals of penalties.

**Instructor:** Robert McKenzie, EA, JD

### Tax Research and Resources – 2 CE (Tuesday, 8:00 - 9:40 a.m.)

How do you find needed answers for tax or representation questions? This introductory course discusses how to frame research questions for quick, correct answers. What resources constitute authority? What is available online? Do you need to buy a research service? Is all lost if the research seems contrary to your clients position? Walk away from this course with answers to these questions and more.

**Instructor:** Sherrill Trovato, EA, USTCP

### Introduction to Examination – 4 CE (Tuesday, 10:00 a.m. - 2:40 p.m.)

This session will discuss the different types of audits and the steps needed to best represent your client. Move through the audit process, starting with the importance of a well-stated engagement letter, to interviewing your client. Learn how to organize the requested records, manage the auditor and most importantly, when and how to close the case.

**Instructor:** Alan Pinck, EA

### Ethics for the Tax Practitioner – 2 CE (Tuesday, 3:00 - 4:40 p.m.)

This course discusses various topics concerning ethics and professional conduct and how they relate to tax professionals, enrolled agents, and tax firms. Critical Circular 230 requirements concerning competence, due diligence, conflicts of interest, and continuing education will be covered, as well as a review of current IRS enforcement programs in regards to return preparers and practitioners, including sanctions and penalties.

**Instructor:** David E. Du Val, EA

### Engagement Letters – 1 CE (Wednesday, 8:00 - 8:50 a.m.)

Why are engagement letters considered a best practice in tax preparation and controversy

representation? What information should be included in an engagement letter? Should the practitioner use different types of engagement letters depending upon the service provided? This introductory class discusses the importance of engagement letters at all levels of the representative's services to both engage and disengage clients.

**Instructor:** Sherrill Trovato, EA, USTCP

### Foundations in Innocent Spouse – 1 CE

(Wednesday, 8:50 - 9:40 a.m.)

This introductory course will discuss the two statutory provisions which provide relief from an otherwise joint and several liability incurred when couples file a joint income tax return either in separate property or community property states. The basics of each statute's relief options will be addressed, as will the procedural steps for seeking such relief for a client.

**Instructor:** Karen Hawkins, JD, Former IRS Director, OPR

### Transcripts and CSED Extenders (Wednesday, 10:00 - 11:40 a.m.)

The focus of this course is on reading and understanding various IRS transcripts, which enables representatives to understand the taxpayer's history with the IRS. Events that can extend the ten year collection statute will also be discussed.

**Instructor:** Clarice A. Landreth, EA

### Introduction to Criminal Investigations – 2 CE (Wednesday, 1:00 - 2:40 p.m.)

The purpose of this course is to provide attendees with an understanding of criminal tax investigations. For years, CI placed most of its resources in special projects such as narcotics or illegal income. Recently, there has been a noticeable movement back to general program investigations. There has been an increase of criminal referrals in areas such as audits, especially in cash businesses, preparers, non-filers, bankruptcy fraud in taxes cases, giving false financial statements to revenue officers and even in offers in compromise, etc. Get answers to questions most frequently asked by clients and preparers, and learn how to protect yourself

and your client when you are confronted with a potential or actual CID investigation.

**Instructor:** Ted A. Sinars, JD

### Non-Filers – 2 CE

(Wednesday, 3:00 - 4:40 p.m.)

This class discusses how to represent non-filers during the preparation of past due tax returns and how to deal with the resolution of IRS issues related to these returns including examination and collections. The course will include IRS computer matching documents and notices, substitutes for return, penalty abatement, and under-reporter issues.

**Instructor:** Jeffrey A. Schneider, EA

## LEVEL 2

(Monday, Tuesday, Wednesday)

Noted as the favorite level by conference attendees, Level 2 centers around interactive case studies which keeps participants on their toes as they work through real-life proceedings in small groups led by an instructor. There is an additional \$55 workshop fee for Level 2 to offset the cost of the printed workbook, enhanced A/V and the increased number of instructors, which allows for a 9:1 student-teacher ratio. Completion of Level 1 is a prerequisite for Level 2.

### NTPI Level 2 Program Details

**Learning Objectives:** Level 2 continues the student's education into the art and science of taxpayer representation and enables practitioners to work through a representation case from audit to collections. At the completion of the course, students should feel better able to face IRS and other taxing authorities

**Program Content:** The fields of study include Federal Taxes (22 CE hours) and Regulatory Ethics (2 CE hours)

**IRS Program Number:**

X9QQU-T-00364-16-I Federal Tax

**IRS Program Number:**

X9QQU-E-00357-16-I Ethics

**Program Level:** The course is presented at an intermediate level

**Program Prerequisite:** Attendees must be EAs, CPAs, or attorneys

**Advance Preparation:** NTPI Level 1

**Delivery Method:** Group live

### Representation Terminology

(Monday, 8:00 - 8:50 a.m.)

Learn the lingo! This course covers common terms enrolled agents should be familiar with when representing taxpayers before the IRS.

**Instructor:** Geri Bowman, EA, CPA, USTCP

### Non-filers

(Monday, 8:50 - 9:40 a.m.)

The purpose of this session to fully understand the issues surrounding the non-filer—they are not your typical taxpayer and there has nearly always been some life event that has transpired and disrupted their normal routines. With this in mind, learn how to represent non-filers during the preparation of past due tax returns and how to deal with the resolution of IRS issues related to these returns including examination and collections.

**Instructor:** Clayton Brown, EA, USTCP

### Audit Reconsideration

(Monday, 10:00 - 10:50 a.m.)

Audit Reconsideration is a vital tool in dealing with the Internal Revenue Service. Do you have a client that ignored the audit notice? Was there an audit that was not handled correctly? Has the ninety days long passed? Now they are in collections with a liability that they do not owe. Identify if your client is a candidate for audit recon. Learn how the process works and how to get the correct liability assessed to help your taxpayer.

**Instructor:** Clayton Brown, EA, USTCP

### Form 1040 Audits

(Monday, 11:00 a.m. - 2:40 p.m.)

The purpose of this course is to familiarize you with the techniques necessary to represent clients before the Examination Division of the Internal Revenue Service. We will discuss the three types of examinations (audits) and show a typical office audit while we work through a sample case study.

**Instructor:** Alan Pinck, EA

### Preparing for an Audit

(Monday, 3:00 - 4:40 p.m.)

This course will take students through the initial stages of preparing for an audit. Client acceptance, key points of the engagement letter, issue analysis and pre-interview steps will be discussed. A breakout session will include an example of how to perform a proper bank deposit analysis for income testing.

**Instructor:** Aaron Blau, EA, CPA

### Collection Enforcement Process

(Tuesday, 8:00 - 9:40 a.m.)

The purpose of this session is to discuss the various enforcement actions that the Collection Division may take when a client does not pay their taxes fully and timely. Attendees will be introduced to all enforcement actions available to the Collection Division, and will be able to determine the relevant factors that the IRS must meet to effect liens, levies, seizures, or any other type of enforcement action legally available to the IRS. You will also be introduced to the various forms and publications, and learn helpful practice pointers, that can assist you in representing your client in these stressful actions.

**Instructor:** Aaron Whitaker, EA

### Examination Appeals

(Tuesday, 10:00 - 11:40 a.m.)

This course explores the current climate of appeals and the fundamentals of when and how to file an examination appeal with real life examples. The presentation will also examine how to communicate with appeals, expectations for an effective hearing and what options are available if a settlement is not reached. The presentation will highlight some tips for working with Appeals in order to be fully prepared for the appeals process.

**Instructor:** Robert G. Hartmann, EA

### Collection Appeals

(Tuesday, 1:00 - 3:50 p.m.)

The purpose of this course is to determine what enforcement actions by the Collection Division are appealable to the Appeals Division, understand the scope of authority of the Appeals Division on collection enforcement issues, and determine if

enforcement actions by Collection Division employees may be appealed through other avenues and what those avenues are. The course will also cover the background and authority of the IRS employees handling appeals of collection enforcement actions, determining what actions must be taken, and what forms must be filed, to file a proper and timely request for a collection appeal, and determine what information is needed to file an effective appeal.

**Instructor:** Aaron Whitaker, EA

### FOIA

(Tuesday, 3:50 - 4:40 p.m.)

After completing this session, attendees will walk away confident in knowing when and how to prepare a Freedom of Information Act request, as well as how to analyze the documents received.

**Instructor:** Salvatore P. Candela, EA

### Trust Fund Recovery Penalties

(Wednesday, 8:00 - 9:40 a.m.)

An issue arises when a business withholds payroll taxes and fails to submit to the IRS. Employees “trust” the employer to submit funds, and the IRS is very aggressive when it comes to collecting money that does not belong to the employer to begin with. In this session, you will learn what is considered the trust fund amount and how to calculate the balance due. The discussion also examines who is responsible for these penalties.

**Instructor:** Marc Dombrowski, EA

### Ethics

(Wednesday, 10:00 - 11:40 a.m.)

The purpose of this section is to discuss ways in which we can merge proper Circular 230 practices into our IRS representation cases by discussing real-life ethical situations. In addition, the latest news in ethics and any updates to Circular 230 will be presented.

**Instructor:** Amy King, EA

### Collection Resolutions and Form 433

(Wednesday, 1:00 - 3:50 p.m.)

This course will introduce the main forms used in analyzing and resolving collection cases with the IRS. After completing this

session, you should be familiar with the various collection information statements (CIS) that can be used by the assorted collection personnel of the IRS, the proper form to use for specific cases, and be able to help your client with their preparation and submission.

**Instructor:** Marc Dombrowski, EA

### Representation Wrap-up

(Wednesday, 3:50 - 4:40 p.m.)

Use the knowledge you’ve absorbed over the last 3 days. This course walks students through one case from start to finish and touches on many of the topics covered in Level 2.

**Instructor:** Geri Bowman, EA, CPA, USTCP

### Level 2 Discussion Leaders:

- Melinda Bossard, EA, USTCP
- Catherine A. Clow, EA
- Joseph Dimino, EA
- Jake Johnstun, EA
- Craig Smith, EA, USTCP
- Clarice Landreth, EA
- Ricardo Rivas, EA
- Karen M. Summerhays, EA, USTCP
- Lorraine Zistler, EA, CPA

## LEVEL 3

(Monday, Tuesday, Wednesday)

Completion of Level 2 is a prerequisite for Level 3. This level is for the more advanced tax practitioner dedicated to enhancing his or her knowledge of representation. In order to become an NTPI Fellow, you must successfully complete Levels 1, 2, and 3 in order.

### NTPI Level 3 Program Details

**Learning Objectives:** The course is designed to assist experienced tax professionals desiring to learn more about representation before the Internal Revenue Service

**Program Content:** The fields of study include Federal Taxes (22 CE hours) and Regulatory Ethics (2 CE hours)

**IRS Program Number:**

X9QQU-T-00358-16-I Federal Tax

**IRS Program Number:**

X9QQU-E-00359-16-I Ethics

**Program Level:** The course is presented at an advanced level

**Program Prerequisite:** Attendees must be EAs, CPAs or attorneys

**Advance Preparation:** NTPI Levels 1 and 2

**Delivery Method:** Group live

### Correcting Bad Actions of Clients – 2 CE

(Monday, 8:00 - 9:40 a.m.)

This hands-on problem solving case study will explore ways to return a taxpayer to compliance by solving his/her unique exam, collection or other misstep issues which often walk into tax professionals’ offices. Work with classmates to solve client problems self-created or encouraged by prior preparers or representatives. Expand your skills and learn procedures that will enable you to extricate your clients from the abyss of prior bad advice, or self-creativity, while protecting yourself.

**Instructor:** LG Brooks, EA

### Advanced Criminal Tax Issues – 2 CE

(Monday, 10:00 - 11:40 a.m.)

The IRS Criminal Investigation Division (CID) has increased its efforts to prosecute dishonest taxpayers over the last few years. Although every client who becomes the subject of a CID investigation should be referred to an experienced white collar defense attorney, non-attorney tax practitioners have an important role in the defense of the taxpayer. Attendees will learn of current CID initiatives and explore the best ways for the non-attorney to assist a client and their attorney during a criminal investigation.

**Instructor:** Robert McKenzie, EA, JD

### Representational Ethics – 2 CE

(Monday, 1:00 - 2:40 p.m.)

How do you handle the shades of gray that regularly occur in your practice? Under Circular 230, what is your duty to the client, to the IRS, and to yourself? This interactive intermediate class discusses relevant Circular 230 provisions and uses real world scenarios to pose ethical dilemmas that may appear when representing taxpayers.

**Instructor:** Sherrill Trovato, EA, USTCP

### Statute of Limitations – 2 CE (Monday, 3:00 - 4:40 p.m.)

The general rules are simple: three years to assess tax and ten years to collect the assessed tax. This session will look at some common but not routine statute of limitations issues that practitioners may encounter in their practice. Topics include: amended returns; FATCA; SFRs; and other exceptions to the general rules.  
**Instructor:** Frank Degen, EA, USTCP

### Bankruptcy and Advanced Collections – 4 CE (Tuesday, 8:00 - 10:50 a.m.)

Discover how bankruptcy can help your clients out of a tough bind with the IRS. During this course, attendees will: review how the most common bankruptcies work (Chapters 7 and 13), learn the bankruptcy rules that permit taxes to be eliminated in bankruptcy, examine the benefits of bankruptcy that are not available in direct negotiations with the IRS, and review how bankruptcy can be a better alternative to offers in compromise, installment agreements or uncollectible.  
**Instructor:** Howard Levy, JD

### Advanced Appeals – 3 CE (Tuesday, 10:50 a.m. - 2:40 p.m.)

This course will discuss Appeals jurisdiction in audit, trust fund recovery penalty, collections due process and innocent spouse matters. Emphasis will be placed on case development from Exam's income tax audit to Appeals. This class will focus on: the preparation of a protest after issuance of a thirty-day letter; how to prepare for the conference at Appeals; the new review procedures at Appeals; and the negotiation of a favorable settlement. Special emphasis will be placed on negotiation skills. Participants will leave the class with an understanding of how to prepare and audit protest, an awareness of how to prepare for an appeals conference, and increased skills to successfully negotiate and settle a case before Appeals.  
**Instructor:** Salvatore P. Candela, EA

### Advanced Trust Fund Recovery – 2 CE (Tuesday, 3:00 - 4:40 p.m.)

Learn how IRS pursues business owners and their employees seeking to impose personal

liability for unpaid withholding taxes. This course will cover: IRS procedure in developing its case against owners and employees, case study examples of likely trust fund scenarios, appeals procedures to dispute imposition of the trust fund penalty, and dealing with collection problems caused by trust fund penalties. Emphasis will be placed on who IRS targets for trust fund taxes. Available taxpayer defenses to the penalty, including lack of responsibility and willfulness, will be explored.  
**Instructor:** Howard Levy, JD

### Advanced Examination – 4 CE (Wednesday, 8:00 - 11:40 a.m.)

From the moment your client receives the invitation from IRS until the entire matter is resolved, stress is introduced in their lives—and possibly yours. This session follows the events and actions, asking participants to step into the lives of the client and revenue agent from the initiation of a field examination, all the way through to the decision point that is reached in an un-agreed case. Look at the procedures the representative undertakes from the engagement letter, power of attorney, meetings with the RA and meetings with the taxpayers, and finally evaluating the case for settlement.  
**Instructor:** Claudia A. Hill, EA

### Preparing Form 656 and 433-A OIC – 3 CE (Wednesday, 1:00 - 4:40 p.m.)

Attendees will be given a hands-on approach to the IRS Form 433-A OIC with a sample case study, exploring line by line through the 433-A OIC. Students will prepare Form 656 IRS Offer in Compromise in groups. The class will conclude with a group discussion and the instructor's advice on this detailed resolution topic.  
**Instructor:** Howard Levy, JD

### GRADUATE LEVEL IN REPRESENTATION (Monday, Tuesday, Wednesday)

The Graduate Level in Representation is open to NTPI Fellows and other highly-qualified representation practitioners. In these sessions, nationally-recognized speakers engage

participants in high-level discussions on relevant topics. The Graduate Level program encourages networking and building relationships that provide inspiration and support for all participants. Please note that the Graduate Level is built from scratch annually, so you can come back year after year for advanced and topical representation education.

### Graduate Level in Representation Program Details

**Learning Objectives:** The course is designed to provide topical and advanced representation information

**Program Content:** The fields of study include Federal Taxes (22 CE hours) and Regulatory Ethics (2 CE hours)

**IRS Program Number:** X9QQU-T-00360-16-I Federal Tax

**IRS Program Number:** X9QQU-E-00361-16-I Ethics

**Program Level:** The course is presented at an advanced level

**Program Prerequisite:** Attendees must be EAs, CPAs or attorneys

**Advance Preparation:** NTPI Level 3

**Delivery Method:** Group Live

### Defending Civil Tax Fraud – 2 CE (Monday, 8:00 - 9:40 a.m.)

The Internal Revenue Code provides for a multitude of civil penalties when a return is found to be inaccurate. The highest of those penalties is the civil fraud penalty asserted pursuant to IRC Sec. 6663. The IRS may assert a 75% penalty on the amount of the underreported tax however IRS must present clear and convincing evidence to prove that some part of the underpayment of tax was due to fraud. This class will discuss the IRS's duty to show intent, your role in defending IRS assertion of civil fraud penalties, and your client's appeal rights when the penalty is asserted.  
**Instructor:** Robert McKenzie, EA, JD

### Advanced Innocent Spouse – 2 CE (Monday, 10:00 - 11:40 a.m.)

IRS innocent spouse rules allow more taxpayers to receive relief from joint tax obligations. This course will help you recognize an innocent spouse, take the necessary procedures

and forms for relief and determine any appeal options. In addition, the latest development for equitable relief and any retroactive remedies will be covered.

**Instructor:** Salvatore Candela, EA

### Advanced Collection Cases: Community vs. Separate Property States – 2 CE

(Monday, 1:00 - 4:40 p.m.)

When representing clients in collections, the state of residence is an important consideration. It's essential to know what property ownership system their state uses, as well as if the property is classified as marital or separate property. Students will be given a set of facts for a case and will work in small groups to determine the best course of action. Case results will be presented for both community property and separate property states. Hands-on examples will help attendees understand the differences.

**Instructor:** Howard Levy, JD

**Assisted by:** LG Brooks, EA

### Advanced Exam Case Study – 2 CE (Tuesday, 8:00 - 9:40 a.m.)

Imagine one day, a client walks in and tell you he thinks he may have missed reporting some of his income. Meanwhile, out in parking lot sits his brand new Tesla. Is this fraud? When handled correctly, maybe not. In this session, we will discuss a number of cases involving thorny issues that must be considered when representing a client in exam. The instructor encourages attendees to bring in their own current case struggles and will address as many as time will allow.

**Instructor:** Alan Pinck, EA

### Penalty Handbook for the Advanced Practitioner – 2 CE (Tuesday, 10:00 - 11:40 a.m.)

This session will look at Part 20 (aka the penalty handbook) of the Internal Revenue Manual (IRM). The IRM is a treasure trove of contents for reasonable cause. The relevant sections involving reasonable cause that can be invoked for penalty abatement will be covered in detail. Relevant USTC decisions involving reasonable cause for

penalty abatement will also be reviewed.

**Instructor:** Frank Degen, EA, USTCP

### Tax Court Cases of Interest – 2 CE (Tuesday, 1:00 - 2:40 p.m.)

Laws written by Congress are analyzed by the courts to evaluate the proper application to taxpayers, and the Tax Court is a frequent venue for tax controversies. This overview course provides basic information about Tax Court decisions, and then focuses on recent Tax Court cases of general interest to practitioners who specialize in tax preparation and/or Exam or Collection controversy.

**Instructor:** Sherrill Trovato, EA, USTCP

### IRC: The Ultimate Authority – 2 CE (Tuesday, 3:00 - 4:40 p.m.)

Most Circular 230 practitioners who are "code shy" rely too often on secondary information. Typically, they do not know the structure of the IRC. This course will take a detailed look at the structure of the IRC so practitioners understand the importance of distinguishing between a chapter, a paragraph, a part, or a clause. The hierarchy of the code sections will make clear the precedence of disallowing personal expenses versus business expenses when there is an element of both types.

**Instructor:** Frank Degen, EA, USTCP

### Understanding and Defending IRS Methods of Proving Income? – 4 CE (Wednesday, 8:00 - 11:40 a.m.)

To prove unreported income, IRS may use relatively simple ideas to more complicated net worth or projection theories. The agency has directed its agents to perform reality audits by verifying a taxpayer's reported income with the taxpayer's personal expenditures and standard of living. This course will give participants an understanding of the IRS's direct and indirect methods of proof, what considerations the practitioner should take into account in handling such audits, and how to defend against IRS methods of proving income.

**Instructor:** Ted Sinars, JD

### Case Evolution with a Flowchart Approach – 2 CE (Wednesday, 1:00 - 2:40 p.m.)

This session covers the process for handling a collection case from start to resolution through the aid of a specific workflow. Attendees should expect to walk away with the knowledge of broader concepts that apply to collection cases in addition to understanding various nuances that play a detailed role in why certain cases create separate resolution tracks. The appropriate timing and use of various strategies including, but not limited to, resolution alternatives, will also be discussed.

**Instructor:** David Miles, EA

### Ethics in the Eye of the Beholder: What Conduct is Most Likely to Result in Discipline Under Circular 230? – 2 CE Ethics

(Tuesday, 3:00 - 4:40 p.m.)

The former director of the Office of Responsibility will discuss the provisions in Treasury Department Circular 230 used most frequently in identifying practitioner misconduct warranting discipline during her six-year tenure. Specific examples from real cases will be described. The instructor will also identify and discuss key provisions in the regulations of which practitioners should be particularly wary, and provide practice pointers for dealing with OPR if you are investigated.

**Instructor:** Karen Hawkins, JD, former IRS Director, OPR

## TAX PREPARATION

### Tax Preparation Issues (Monday, Tuesday, Wednesday)

The Tax Preparation Issues track is well-known for exploring and explaining complex tax problems. This track is open to all tax preparers, and is presented at an intermediate level.

**Advance Preparation:** None

**Delivery Method:** Group live

**IRS Program Number:** X9QQU-T-00362-16-I Federal Tax Update (22 CE)

**IRS Program Number:** X9QQU-E-00363-16-I Ethics (2CE)

**K-1s and Publicly Traded Partnerships – 2 CE (Monday, 8:00 - 9:40 a.m.)**

This program explores the Schedule K-1 pass-through information received by taxpayers in conjunction with their ownership of an S Corporation, Partnership, or a trust/estate. Oftentimes, the information from publicly traded partnerships cannot be completely entered via tax software but may require the direct entry on specific forms as well. This program will provide examples of these complex pass-through partnerships to demonstrate the "how to".

**Instructor:** Kevin Huston, EA

**Preparation Ethics – 2 CE (Monday, 10:00 - 11:40 a.m.)**

Errors and omissions in preparing tax returns can occur easily. You might accidentally enter a number incorrectly, misinterpret a law, or misconstrue the client's facts. This course explores preparers' ethical duties with respect to errors and omissions, as well as potential malpractice damages exposure and possible legal defenses.

**Instructor:** LG Brooks, EA

**Testing Your Tax IQ – 2 CE (Monday, 1:00 - 2:40 p.m.)**

This session will focus on advanced topics for tax preparation. Points of emphasis will be on what constitutes gross income, constraints in deductions involving charitable contributions and business expenses. Appropriate citations from the Internal Revenue Code, the income tax regulations and various revenue rulings will be provided. The session will be both fun and educational as attendees test their tax IQ.

**Instructor:** Frank Degen, EA, USTCP

**Real Estate Rentals – 2 CE (Monday, 3:00 - 4:40 p.m.)**

This course will discuss page one of Schedule E, real estate rental activities. Topics include: which rental activities goes on Schedule E vs. Schedule C; the passive rules; basis limitations; vacation home rules can be your friend; and a review of which expenses on the HUD-1.

**Instructor:** Kevin Huston, EA

**Repair Vs Capitalize: Form 3115 – 2 CE (Tuesday, 8:00 - 9:40 a.m.)**

This timely program will explore the changes in the recently updated Form 3115 as it relates to the IRS published regs on Repair and Capitalization. Examples will be provided to show when to submit the 3115 and the proper choice of elections for business property.

**Instructor:** Kevin Huston, EA

**Schedule C : Hobby Loss – 2 CE (Tuesday, 10:00 - 11:40 a.m.)**

The IRS continues to utilize the "hobby loss" disallowance for taxpayer Schedule C losses. While many of us have a general idea of what defines a hobby versus a for-profit entity, there are standards used for applying this rule in an audit. When does a hobby become a business, and when does a business become a hobby? Learn about the nine factor test, and how to defend your client against the hobby loss disallowance in an audit situation.

**Instructor:** David E. Du Val, EA

**Foreign Income, Credits and FBAR – 2 CE (Tuesday, 1:00 - 2:40 p.m.)**

The IRS continues to focus on income, both earned and unearned, of Americans who work outside the U.S. or earn income from other countries, and on the noncompliance in reporting this income. The penalties for non-compliance are hefty. This class will discuss what is and is not classified as foreign income, the rules for claiming the foreign earned income exclusion and foreign tax credit, and the filing requirements for reporting foreign financial assets and accounts.

**Instructor:** David E. Du Val, EA

**Net Operating Losses and Computing AMT NOLs – 2 CE (Tuesday, 3:00 - 4:40 p.m.)**

The term net operating loss (NOL) can be broken down into the three individual words. "Net" is the net result of combining the income and deductions. "Loss" is, of course, a negative result of the combining. "Operating" refers to the operations of a business activity. A "net operating loss" can then be interpreted as the net result of the operations of a business activity

producing a negative number. A comprehensive understanding of the NOL calculations is necessary since tax software cannot always be counted upon to calculate the correct answer.

**Instructor:** Kevin Huston, EA

**1040 Credits – 2 CE (Wednesday, 8:00 - 9:40 a.m.)**

This session is a quick and lively review, Q&A-style, of various individual tax credits such as education, dependent care, and small business credits. Citations are provided so that you can authoritatively respond to your client's questions.

**Instructor:** Alice Orzechowski, EA, CPA

**Death and Taxes: Form 1041 (Wednesday, 10:00 - 11:40 a.m.)**

This session is a quick and lively review, Q&A-style, of Form 1041. What is deductible? What is taxable? Citations are provided so that you can authoritatively respond to your client's questions.

**Instructor:** Alice Orzechowski, EA, CPA

**Tax Research and Resources – 2 CE (Wednesday, 1:00 - 2:40 p.m.)**

The Internet has become an essential resource for obtaining guidance when preparing tax returns. The IRS website contains not only forms, instructions, announcements and notices – it contains applications that assist preparers with due diligence and client representation tools. But the key to using any internet resource is judging how much confidence to place in the level of authority offered by the documents reviewed. This session will provide an overview of (no-cost) resources, as well as a review of what documents constitute authority for taking tax positions.

**Instructor:** Claudia Hill, EA

**Not All Fringe Benefits Are Created Equal – 2 CE (Wednesday, 3:00 - 4:40 p.m.)**

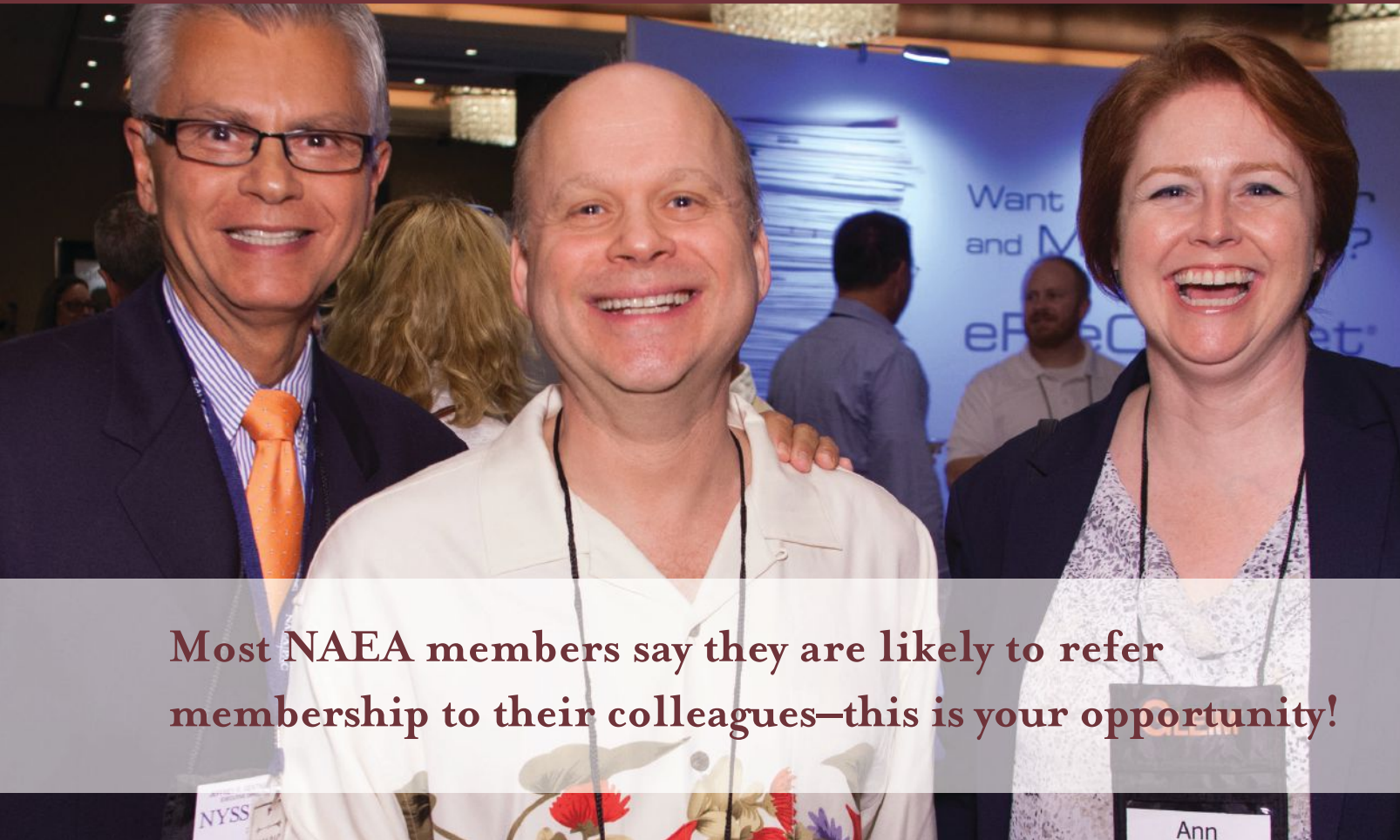
This session is a quick and lively review, Q&A-style, of fringe benefits. Learn the rules and what fringe benefits are non-taxable. Citations are provided so that you can authoritatively respond to your client's questions.

**Instructor:** Alice Orzechowski, EA, CPA

# NAEA

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# THE TAX PREPARATION ISSUES TRACK

NEW TRICKS FOR FEE UPTICKS



## TAX PREPARATION ISSUES CLASSES AND INSTRUCTORS

Class	CE	Instructor
1040 Credits	2 CE	Alice Orzechowski, EA, CPA
Death & Taxes: Form 1041	2 CE	Alice Orzechowski, EA, CPA
Foreign Income, Credits AND FBAR	2 CE	David E. Du Val, EA
K-1s and Publicly Traded Partnerships	2 CE	Kevin C. Huston, EA, USTCP
Net Operating Losses & Computing AMT NOLs	2 CE	Kevin C. Huston, EA, USTCP
Not All Fringe Benefits Are Created Equal	2 CE	Alice Orzechowski, EA, CPA
Preparation Ethics	2 CE	LG Brooks, EA
Real Estate Rentals	2 CE	Kevin C. Huston, EA, USTCP
Repair Vs Capitalize: Form 3115	2 CE	Kevin C. Huston, EA, USTCP
Schedule C	2 CE	David E. Du Val, EA
Tax Research and Resources	2 CE	Claudia Hill, EA
Testing Your Tax IQ	2 CE	Frank Degen, EA, USTCP

BY JULIA SHENKAR

**A**re you wanting to attend NAEA's National Conference but not sure if you're interested in high-level representation education? Have no fear—the Tax Preparation Issues track is here! Those who hardly dabble in representation work can still attend the conference and reap the same benefits as those participating in the National Tax Practice Institute™ (NTPI®) ... including those twenty-four hours of IRS-approved continuing education credits.

Growing your practice doesn't have to be about gaining more clients. Growth can also result from preparing fewer, more complicated returns at a higher fee. To step up to those complicated returns, you have to keep learning. The Tax Preparation Issues track is an engaging program designed to enhance the tax knowledge of participants. That's why the Tax Prep track is led by some of the best and brightest instructors in the United States.

### WHO SHOULD ENROLL IN THE TAX PREPARATION ISSUES TRACK?

"I would recommend [it] to anyone who is or who is aspiring to be a Circular 230

practitioner," says Laurie Ziegler, EA. The material presented in the courses is beneficial to those with decades of tax prep experience as well as newly-minted EAs who are just getting started. Ziegler states that attending the conference and participating in the Tax Preparation Issues track was an excellent way to share information and learn from her peers.

"All learning is good," states Bill Nemeth, EA. Nemeth is the Chair of the Tax Preparation Issues Track Planning Committee. **"The Tax Prep track provides a mechanism for all tax professionals to increase their preparation skills to broaden their business models and command higher fees for more complex returns."** Nemeth recommends having a few years of preparation experience under your belt before enrolling, but suggests that new practitioners also have something to gain by attending.

### WHAT WILL YOU LEARN?

Ziegler calls the Tax Preparation Issues track "one of the National Conference's best kept secrets." With over twenty years of tax experience, she learns something new every year she attends. One year, the track covered the IRS' granting compliance to non-profits that did not file for three years. "We discussed how to

get the list of those non-profits and how best to market ourselves to them," Ziegler remembers. Best of all, she still has some of those organizations as clients today.

Jeff Gentner, EA, is an NTPI Fellow®, but doesn't do much representation work. "As I go back to the National Conference each year," Gentner says, "I have gravitated toward the Tax Preparation Issues track [because] I walk away with new information and that makes me a better return preparer." Gentner advises his colleagues to not be "one of those tax practitioners who feels he knows everything about taxes." He says that realizing that there is always something new to learn is key to running a successful practice—and the Tax Preparation Issues track keeps you up-to-date with best practices. As Gentner jokes, "you *can* teach an old dog new tricks!"

### HOW MANY TIMES CAN YOU PARTICIPATE?

Just like the tax code, the Tax Preparation Issues track's subject matter changes every year—and each time you attend, you'll have the opportunity to network with dedicated professionals. Nemeth says that every year, his committee reviews the evaluations completed



by participants of each session and honors suggestions when planning the next round of courses. They also research current trends to identify timely and challenging material that will appeal to a broad range of tax professionals. Year to year, the course material keeps you on your tax toes.

Gentner reiterates that he learns something new in each class and “[has] no problem coming back each year for more.” He says that he leaves each class with a number of important lessons that will assist him in his practice for years to come.

\*\*\*\*\*

If you’re looking to attend NAEA’s National Conference but don’t do much representation work, the Tax Preparation Issues track is for you. Members like Ziegler and Gentner encourage you to take advantage of this incredible opportunity and expand your tax knowledge beyond what you thought was possible. There’s always something new to learn and you’ll value the relationships you form with the world-class instructors and professional peers from across the country.

If you’re interested in learning more about the Tax Preparation Issues track, contact Bill Nemeth, EA, Chair of the Tax Preparation Issues Track Planning Committee (wgnemeth@aol.com), or Alex Rosen, NAEA’s education coordinator (arosen@naea.org). **EA**

### About the Author

*Julia Shenkar is the managing editor of the EA Journal, as well as the program manager for NAEA’s Educating America initiative. She holds a bachelor’s degree in French and non-fiction writing from Knox College.*

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# May

## Meeting Highlights

In early May, EAs from around the country gathered in Washington, D.C. to advocate for enrolled agents at NAEA's eighth annual Fly-In Day, attend the APEX meeting, and honor NAEA's leaders at the installation of the 2016-2017 Board of Directors.

Over 100 EAs attended this year's Fly-In. During a training session on May 3 led by Senior Director, Government Relations Bob Kerr, and Jeff Trinca, NAEA's legislative counsel, attendees learned how to effectively communicate with members of Congress and discussed key talking points for the following day. Though D.C. was going through a spout of gloomy weather, EAs approached the Hill with their heads held high on May 4 and spent the day meeting with decision-makers representing their states. All attendees felt they made lasting impressions on their senators and representatives. For more information on the Fly-In Day, please refer to pages 4-9.

Thursday's Affiliate Presidents Exchange (APEX) brought together over fifty individuals from all corners of the country to

exchange ideas. Attendees participated in discussions focused on the use of social media, website construction, membership engagement and development, and many more topics essential to running and maintaining a successful state affiliate. NAEA staff gave presentations to inform attendees of the progress the respective departments have made throughout the year and shared plans for the future. The day was filled with engaging conversation, plenty of idea sharing, and great networking.

Later Thursday night, we donned our best celebration clothing and attended the reception and dinner for the installation of the 2016-2017 NAEA Board of Directors. In a room overlooking the Potomac River, members schmoozed while enjoying hors d'oeuvres and drinks. After, we gathered in the hotel's ballroom for the installation dinner. In a beautiful ceremony, newly elected directors and those continuing to serve were sworn in to office. Timothy Dilworth, EA, CPA, accepted his duties as the newly-appointed Secretary/Treasurer, Jim Adelman, EA,

said "I am" when asked if he was ready to assume the role of President-Elect, and Richard Reedman, EA, USTCP, was sworn in as NAEA's President for the coming year. Terry Durkin, EA, passed the gavel as she transitioned into the role of Immediate-Past President. Durkin was awarded with a plaque recognizing her service and dedication to the association. Additionally, NAEA EVP Cedric Calhoun, CAE, FASAE, presented her with a jersey signed by past Boston Celtics player Larry Bird.

Also honored that night were Lori Carpenter, EA, and Jeff Gentner, EA. They were presented with the President's Award for their commitment to enhancing the recognition of enrolled agents.

The next day was the NAEA Board of Directors meeting. With President Reedman presiding for the first time, the Board discussed the past, present, and future of NAEA. With the newly appointed leaders, a committed staff, and passionate membership, we will, together, ensure that every day is a great day to be an EA! **EA**

# May Meeting Highlights

All photos courtesy of Kevin Dietsch



1. IRS Commissioner John Koskinen speaks to Fly-In Day participants.

2. Hailing from FSEA and NYSSEA, Ali Schneider and Phyllis Jo Kubey, EA, listen to Koskinen's address.

3. Representing the California Society of Enrolled Agents, Scarlett Vanyi, CAE, Torie Charvez, EA, and Jean Nelsen, EA, pose for a photo.

4. Before Thursday night's installation dinner, members gathered for a reception overlooking the Potomac River in Washington, D.C.

5. Immediate-Past President, Terry Durkin, EA, with the two recipients of the NAEA President's Award: Jeff Gentner, EA, and Lori Carpenter, EA.

6. The swearing in of the 2016-2017 NAEA Board of Directors.

7. The gavel has been passed. Newly installed President, Richard Reedman, EA, USTCP, stands with Terry Durkin, EA, as she is awarded for a year of exemplary service as the 2015-2016 NAEA President.

8. Move over, Larry Bird. There's a new forward in town! Terry Durkin, EA, poses with a signed jersey she received as an outgoing gift.

9. The 2016-2017 NAEA Board of Directors.

# NAEA NATIONAL CONFERENCE LAS VEGAS 2016

## SPECIAL EVENTS

### MONDAY AUGUST 1

#### Lunch & Learn with Canopy:

#### Practice Management and Tax Resolution Software ..... NOON—12:50 PM

This session dives into Canopy's easy-to-use practice management and tax resolution software that helps make tax professionals' work more efficient, simple, and lucrative. Canopy eliminates busy work by organizing clients and tasks, making client communication seamless, auto-populating IRS forms, automating tax analysis, storing data and documents, and more.

#### Welcome Reception and Practice Management Plenary ..... 4:40—6:30 PM

### TUESDAY AUGUST 2

#### Lunch & Learn with Cetera:

#### Key Steps to Adding Wealth Management to Your Practice ..... NOON—12:50 PM

Wealth management frequently emerges as a logical area for potential business expansion, in no small part because successful independent tax advisors already possess a detailed view of their clients' financial matters. Join Cetera for lunch and to hear about tips on expanding into wealth management, client base prospecting tools and business plan development.

#### NAEA Annual Meeting ..... 5:15—7 PM

#### 2016 NAEA PAC Club Level Reception † ..... 7—8 PM

† For NAEA PAC Club Level members only

### WEDNESDAY AUGUST 3

#### Lunch & Learn with Intuit:

#### Advanced Identity Theft ..... NOON—12:50 PM

Intuit Inc. creates business and financial management solutions that simplify the business of life. The ProConnect Group, which flagship products include Lacerte, ProSeries, and Tax Online, is committed to building stronger connections between tax professionals and their clients with value-added resources to help tax professionals save time, grow their practice and make a difference in their clients' lives. Please join us during your last lunch break of the conference for an Advanced Identity Theft session to learn more about the steps that tax professionals can take to secure their information and combat identity theft.

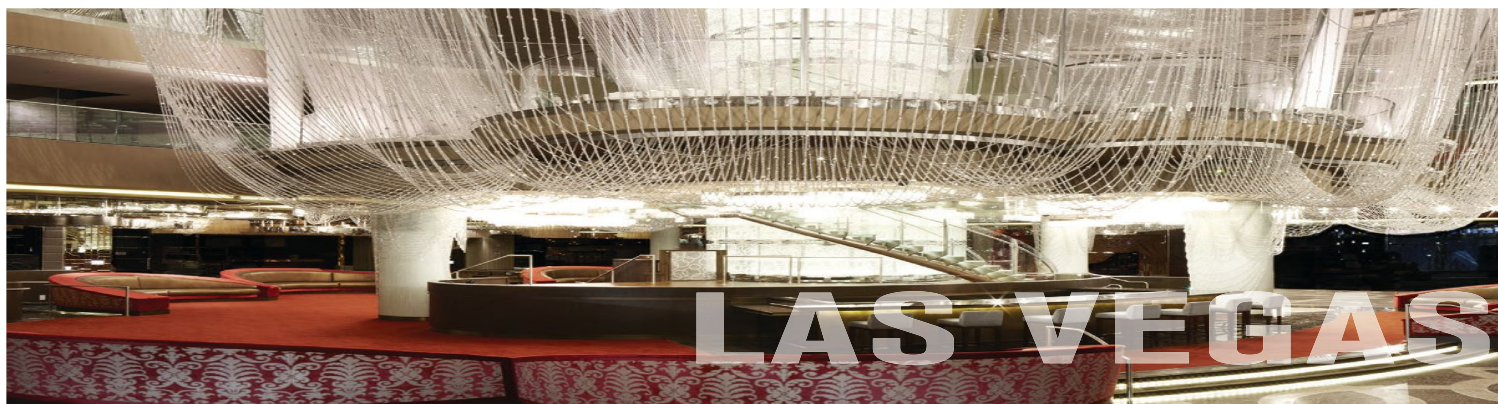
#### NTPI Graduation and NAEA National Awards ..... 5:30—7 PM

### THURSDAY AUGUST 4

#### NAEA Board Meeting ..... starting at 8:30 AM

#### NAEA Education Foundation Meeting ..... Immediately Following NAEA Board Meeting

PHOTO COURTESY OF THE COSMOPOLITAN LAS VEGAS



**NAEA**  
**NATIONAL**  
**CONFERENCE**  
**LAS VEGAS 2016**

**LEVEL**  
**ATTENTION**

- TAX FRAUD** (McKenzie)
- HOUSE** (Candela)
- STATE PROPERTY** (Levy)
- USE** (Pinck)
- (Degen)**
- OF INTEREST** (Trovato)
- AUTHORITY** (Degen)
- IMPROVING INCOME** (Sinars)
- files)**
- CIRCULAR 230** (Hawkins)

**TAX PREPARATION ISSUES**

- K-1s AND PTPS** (Huston)
- PREPARATION ETHICS** (Brooks)
- YOUR TAX IQ** (Degen)
- REAL ESTATE RENTALS** (Huston)
- FORM 3115** (Huston)
- SCHEDULE C** (Du Val)
- FOREIGN INCOME, CREDITS & FBAR** (Du Val)
- NOL & AMT NOLS** (Huston)
- 1040 CREDITS** (Orzechowski)
- DEATH & TAXES: FORM 1041** (Orzechowski)
- TAX RESEARCH** (Hill)
- FRINGE BENEFITS** (Orzechowski)

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# SCHEDULE-AT-A-GLANCE

	NTPI LEVEL 1	NTPI LEVEL 2	NTPI LEVEL 3	GRADUATE LEVEL IN REPRESENTATION
<b>MONDAY AUGUST 1</b>	OVERVIEW OF REPRESENTATION (Trovato)	REPRESENTATION TERMINOLOGY (Bowman)	CORRECTING BAD ACTIONS (Brooks)	DEFENDING CIVIL T
	INTRO. TO COLLECTIONS (Miles)	NON-FILERS & AUDIT RECON. (C. Brown)	ADVANCED CRIMINAL TAX (McKenzie)	ADV. INNOCENT SPO
	COMMUNICATING WITH IRS (Brooks)	FORM 1040 AUDITS (Pinck)	REPRESENTATION ETHICS (Trovato)	COMMUNITY/SEPAR
	INTRO. TO APPEALS (McKenzie)	PREPARING FOR AN AUDIT (Blau)	STATUTE OF LIMITATIONS (Degen)	
<b>TUESDAY AUGUST 2</b>	TAX RESEARCH (Trovato)	ENFORCED COLLECTIONS (Whitaker)	BANKRUPTCY (Levy)	ADVANCED EXAM CA
	INTRO. TO EXAMINATION (Pinck)	EXAMINATION APPEALS (Hartmann)	ADVANCED APPEALS (Candela)	PENALTY HANDBOOK
	ETHICS (Du Val)	COLLECTION APPEALS (Whitaker)	ADV. TRUST FUND (Levy)	TAX COURT CASES O
		FOIA (Candela)		IRC: THE ULTIMATE
<b>WEDNESDAY AUGUST 3</b>	ENGAGEMENT LETTERS (Trovato)	TRUST FUND RECOVERY PENALTY (Dombrowski)	ADVANCED EXAMINATIONS (Hill)	IRS METHODS OF PR
	INNOCENT SPOUSE (Hawkins)	ETHICS (King)	FORM 656 & 433-A OIC (Levy)	CASE EVOLUTION (M
	TRANSCRIPTS (Landreth)	COLLECTION RESOLUTIONS (Dombrowski)		DISCIPLINE UNDER
	INTRODUCTION TO CI (Sinars)	WRAP UP (Bowman)		
	NON-FILERS (Schneider)			

**\*REGISTRATION NOTE:** You may only register for a complete, pre-set track. Only enrolled agents, CPAs, and tax attorneys may register for National Tax Practice Institute™ (NTPI®) Levels 1, 2, 3, or the Graduate Level in Representation. Completion of Levels 1, 2, and 3 (in order) are required to become an NTPI Fellow™. Registration for Levels 2 and 3 requires the successful completion of the prior level. The Graduate Level in Representation is designed for NTPI Fellows and other highly-experienced practitioners.

**\*DAILY SCHEDULE NOTE:** Classes will be held daily from 8 AM-4:40 PM. Continental breakfast will be available daily from 7-8 AM. A morning and afternoon break will be provided from 9:40-10 AM and 2:40-3 PM. In addition, the conference will break for lunch (on your own) from 11:40 AM-1 PM daily. Canopy, Cetera and Intuit will each offer a lunch and learn for 100 attendees. Please note lunch will be served on a first come, first served basis.

See [naea.org](http://naea.org) for online registration, IRS program numbers, course descriptions and more.

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**Course Selection Options**

The National Tax Practice Institute™ (NTPI®) is only open to enrolled agents, CPAs and tax attorneys. If your interest is to become an NTPI Fellow, taking the levels in order is imperative. **Registration is only available for full tracks.**

**SEE [WWW.NAEA.ORG](http://WWW.NAEA.ORG) FOR PROGRAM NUMBERS**

- NTPI Level 1 MON-WED 24 CE
- NTPI Level 2\* MON-WED 24 CE
- NTPI Level 3 MON-WED 24 CE
- Graduate Level in Representation MON-WED 24 CE
- Tax Preparation Issues MON-WED 24 CE

Noted as the favorite level of attendees, Level 2 centers around real-life cases worked in groups of 9, led by an instructor. There is an additional \*\$55 workshop fee for Level 2 to offset the cost of the printed workbook, enhanced A/V and the large number of instructors.

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\*Additional \$55 workshop fee for Level 2

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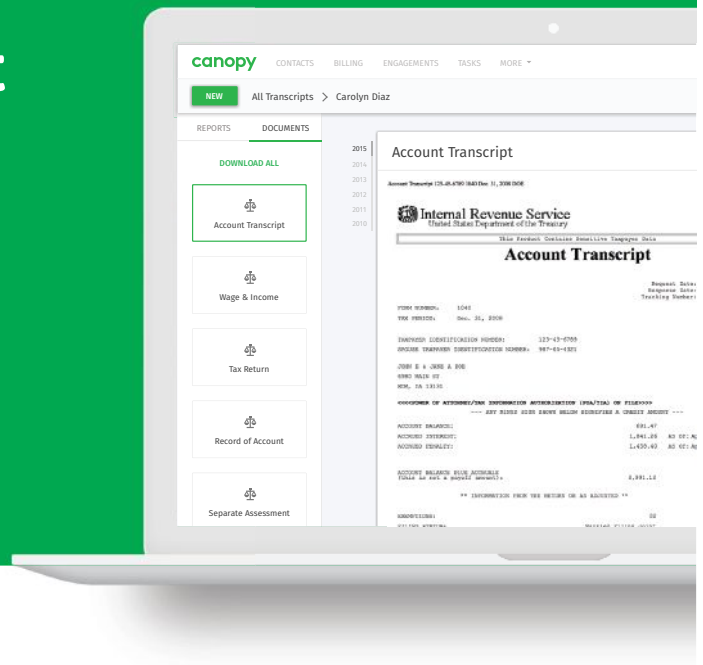


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