

First Friday Hot Issues Summary – December 1, 2023

What We Want You to Know

Security Awareness

As the holidays are approaching, we are entering a sensitive period where taxpayers need to be extra careful protecting their sensitive financial and personal information. People face a heightened risk in coming months as fraudsters take advantage of the holiday season to trick people into sharing sensitive personal information by email, text message and online. Identity thieves use that information to try to file tax returns and steal refunds.

Please remind your small businesses clients the need to safeguard customer data by:

- Setting security software to update automatically.
- Backing up important files.
- Requiring strong passwords for all devices.
- Encrypting devices
- Using multi-factor authentication.

IP PIN UPDATE

The **annual IP PIN Program maintenance period began on November 18, 2023, and will run through January 7, 2024.** During this maintenance period new IP PINs are generated for all enrolled individuals for Filing Season 2024. The Get An IPPIN Application on www.irs.gov/ippin will be unavailable during the maintenance period and is scheduled to reopen on January 8, 2024. The IP PIN Entry Tool for requesting re-issuance notices will also be unavailable during this period and is scheduled to reopen on January 16, 2024.

Webinars

Look out in a couple of weeks for the replay of the Written Information Security Plan (WISP) Webinar if you missed it yesterday. If you have missed *any* previous webinars, don't worry. After about 3 weeks they are available on the [IRS Video portal](#). Don't forget to bookmark these pages and visit them regularly so you won't miss out on any great webinars.

1099K UPDATE

November 21, 2023, the IRS announced a delay in Form 1099-K reporting threshold for third-party platform payments for 2023; plans for a threshold of \$5,000 in 2024 to phase in implementation. [Notice 2023-74](#) announced a delay of the new \$600 Form 1099-K reporting threshold for third-party settlement organizations for calendar year 2023. The agency will treat 2023 as an additional transition year. As a result, reporting will not be required unless the taxpayer receives over \$20,000 and has more than 200 transactions in 2023.

Document Upload Tool Expansion

Taxpayers are now able to digitally submit all correspondence and responses to notices three months ahead of schedule; New and improved Where's My Refund? tool will launch in Filing Season 2024. See: [IRS achieves key Paperless Processing Initiative goal, outlines improvements for filing season 2024 | Internal Revenue Service](#). If you receive a notice or letter from the IRS that asks you to send us documents, you now have the option to upload those documents securely online through the Document Upload Tool.

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Benefits of Using the Tool

The Document Upload Tool makes it easier for taxpayers and tax professionals to correspond with the IRS digitally instead of having to mail or fax responses. The IRS in February 2023 launched the ability to submit nine notices through the Document Upload Tool. Prior to filing season 2023, taxpayers could only submit these documents through the mail. The IRS has now achieved the ability to digitally respond to all notices in eight months. As a result of achieving this goal, the IRS estimates more than 94% of individual taxpayers will no longer have to send mail to the IRS. Taxpayers use these non-tax forms to request or submit information on a range of topics, including identity theft and proof of eligibility for key credits and deductions to help working Americans.

Taxpayer Advocate

[Get help - Taxpayer Advocate Service \(irs.gov\)](#)

Prior Issues:

Tax Pro Account – error

Issue: A practitioner wants to submit a F2848 from the Tax Pro Account, noticed that a selection beyond tax year 2020 was not available.

Response: Tax Pros can request authorizations for calendar year filers for periods from the last 20 years through the current year, plus 3 future years [Tax Pro Account | Internal Revenue Service \(irs.gov\)](#)

Status: Elevated

Taxability of Arizona rebate

Issue: The state of Arizona is currently in the process of issuing a one-time individual income tax general welfare rebate, (Arizona families tax rebate). The taxability of the rebate is determined by the Internal Revenue Service. How should these payments be treated for tax purposes?

Response: IRS Counsel guidance has determined the payments are in fact taxable.

Status: Closed

New Issues:

Issue: Tax Year 2022 filers receiving erroneous balance due notices (CP501/503 and 504)

Response: Corrections have been made and refunds issued.

Status: Closed

Issue: Practitioners unable to access The FIRE system.

Response: The FIRE System is down for annual maintenance November 27, 2023 – January 7, 2024.

Status: Closed

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Issue: Penalties related to amended 1040 showing a higher tax liability (vs original), because of an ERC. Will the IRS grant late payment or underpayment penalty relief related to payment of the increased 1040 tax liability?

Response: No, the IRS has not issued any notification for abatement of penalties. Bookmark and review the following link [Employee Retention Credit | Internal Revenue Service \(irs.gov\)](#) for current updates regarding the Employee Retention Credit.

Status: Closed

Issue: When an ERC results in the need to file to file amended return and payment of additional tax, is the IRS providing relief from the payment of interest on the additional tax?

Response: No, the IRS has not issued any notification for abatement of interest. Review the FAQs on the same link [Employee Retention Credit | Internal Revenue Service \(irs.gov\)](#)

Status: Closed