

First Friday Hot Issues Summary – November 1, 2024

What we Want You to Know

PTIN Applications and Renewals

Preparer tax identification number (PTIN) applications and renewals for 2025 are now being processed. Anyone who prepares or assists in preparing federal tax returns for compensation must have a valid 2025 PTIN before preparing returns. All enrolled agents must also have a valid PTIN.

The nation's more than 810,000 tax return preparers must renew their PTIN for the coming year. All current PTINs will expire on Dec. 31, 2024.

Anyone who prepares or assists in preparing federal tax returns for compensation must have a valid PTIN before preparing returns. All enrolled agents must also have a valid PTIN. The PTIN should be included as the identifying number on any return or claim for refund filed with the IRS. Failure to have and use a valid PTIN may result in penalties.

The fee to renew or obtain a PTIN is \$19.75 for 2025. The PTIN fee is non-refundable.

Tax return preparers with a 2024 PTIN should use the online renewal process, which takes about 15 minutes to complete. A paper option, Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal, along with instructions PDF, is also available for PTIN applications and renewals. The paper form can take up to six weeks to process.

To renew a PTIN online:

Access PTIN account – If users already have an online PTIN account, they can log in there.

Renew PTIN – Complete the online renewal application by verifying personal information and answering a few questions. View a checklist of what's needed before getting started.

Pay the fee – Pay the \$19.75 renewal fee via credit/debit/ATM card or eCheck. Upon completion of the application and payment, applicants will receive confirmation that a PTIN has been renewed.

The online system not only allows PTIN renewal, but tax return preparers can:

Check their continuing education.

View a summary of the number of filed returns on which their PTIN has appeared in the current year.

Receive communications through a secure mailbox from the IRS Return Preparer Office.

Track their progress for participation in the IRS Annual Filing Season Program.

First time PTIN applicants can also apply for a PTIN online.

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To apply for a PTIN online:

Create an account – First, create an account by providing a name and email address. Tax professionals should use an email address to which they always have access. The system will then email a temporary password, which can be updated after going back to enter the information in the PTIN application.

Apply for a PTIN – Complete the online application by providing personal information, information about the previous year's tax return, professional credentials and more. View a checklist of what's need before getting started.

Pay the fee – Pay the \$19.75 application fee via credit/debit/ATM card or eCheck.

Get a PTIN – After completion of the online application and payment, a PTIN is provided online.

Tax Pros: Save Time with Tax Pro Account (youtube.com)

IRS Tax Pros - YouTube

[Due Diligence Training Module](#)

This self-study course is approved for one continuing education credit for enrolled agents and other tax return preparers.

To receive credit, you must register using your PTIN, complete the course, and pass the test.

CPAs, attorneys, and others licensed by state boards or organizations should check with their respective licensing body to determine if credit applies toward their continuing education requirements.

Password Reset

We respond to requests to reset your password by sending you an email from eitc.program@irs.gov. Please set your spam email, junk email or other email sorting filters to accept email from eitc.program@irs.gov or the .gov domain.

The Due Diligence Training Module

This module covers the specific due diligence requirements under Treasury Regulation section 1.6695-2 that paid preparers must meet when preparing returns or claims for refund claiming the:

Earned income tax credit (EITC),

Child tax credit (CTC), additional child tax credit (ACTC), credit for other dependents (ODC),

American opportunity tax credit (AOTC), or

Head of household (HOH) filing status.

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Learn more about the due diligence requirements for preparers and firms employing preparers in Due Diligence FAQs, including ways an employer can avoid penalties. After completing this course, please complete the evaluation form PDF and return it to eitc.program@irs.gov.

[Filing Exception for Tax-Exempt Organizations](#)

IR-2024-277, Oct. 23, 2024

WASHINGTON — The Department of the Treasury and the Internal Revenue Service granted a filing exception for tax-exempt organizations; they do not have to file Form 4626, Alternative Minimum Tax – Corporations PDF, for tax year 2023.

The Inflation Reduction Act of 2022 created an alternative minimum tax for corporations – a 15% minimum tax on the adjusted financial statement income (AFSI) of corporations that have average annual AFSI greater than \$1 billion, beginning in 2023. For tax-exempt organizations, the corporate alternative minimum tax applies only to the AFSI of any unrelated trades or businesses. Tax-exempt organizations should maintain Form 4626 in their books and records for purposes of documenting whether they are an applicable corporation for purposes of the alternative minimum tax and, if so, for determining any corporate alternative minimum tax liability. In addition, any tax-exempt organization that is liable for the alternative minimum tax must pay the tax and report the amount on Part II, Line 5 of Form 990-T, Exempt Organization Business Income Tax Return.

In Notice 2023-7 and in the proposed regulations published on Sept. 13, 2024, Treasury and the IRS provided a simplified method for determining whether a corporation is an applicable corporation, but this method did not take into account the specific AFSI adjustment provided by the statute for tax-exempt organizations. Comments on the proposed regulations are due Dec. 12, 2024.

These organizations will not have to file Form 4626 along with their Form 990-T for tax year 2024. Reminder that Form 990-T is due 11/15 for tax-exempt organizations.

[Treasury and IRS issue guidance for the energy efficient home improvement credit](#)

IR-2024-280, Oct. 24, 2024

WASHINGTON — The Department of the Treasury and the Internal Revenue Service today issued Revenue Procedure 2024-31 and proposed regulations to provide guidance for the energy efficient home improvement credit.

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The revenue procedure provides procedures and requirements that a manufacturer of specified property must follow to be treated as a qualified manufacturer (QM). To become a QM, a manufacturer must:

- Register and enter into an agreement with the IRS.
- Assign a qualified product identification number (PIN) unique to each item of specified property.
- Label such items with PINs.
- Make periodic reports to the IRS of PINs assigned.

Soon manufacturers will be able to use IRS Energy Credits Online Portal (IRS ECO) to register with the IRS. IRS ECO is a free electronic service that is secure and requires no special software, making it accessible to large and small businesses alike.

Taxpayers can use the IRS ECO platform to register and provide information to the IRS for filing purposes. In addition, IRS ECO incorporates validation checks and other risk-mitigation measures and allows for monitoring in real time of key metrics to include identification of customer-service enhancements and fraudulent activity.

For property placed in service beginning in 2023, a taxpayer may take a credit equal to 30% of the total amount paid for certain energy efficient products or for a home energy audit.

The credit is limited to certain amounts, per taxpayer and per tax year. A taxpayer may claim a total credit of up to \$3,200, with a general total limit of \$1,200, and a separate total limit of \$2,000 for electric or natural gas heat pump water heaters, electric or natural gas heat pumps, and biomass stoves or boilers that meet certain requirements.

The \$1,200 general limit also includes additional limitations specific to certain types of property that meet the requirements:

- \$600 for any item of qualified energy property.
- \$600 in total for exterior windows and skylights.
- \$250 for an exterior door.
- \$600 in total for exterior doors.
- Home energy audits are limited to \$150.

Beginning in 2025, for each item of specified property placed in service, no credit will be allowed unless the item was produced by a QM and the taxpayer includes the PIN for the item on the taxpayer's tax return.

Resources

- Publication 5967, Energy Efficient Home Improvement Credit (25C)
- Publication 5976, How to claim an Energy Efficient Home Improvement tax credit RESIDENTIAL ENERGY PROPERTY

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- Publication 5978, How to claim an Energy Efficient Home Improvement tax credit HOME ENERGY AUDIT
- Publication 5979, How to claim an Energy Efficient Home Improvement tax credit EXTERIOR DOORS, WINDOWS, SKYLIGHTS AND INSULATION MATERIALS

[The IRS has released tax inflation adjustments for tax year 2025.](#)

Changes to more than 60 tax provisions may affect you when you file your return in 2026.

Tax inflation adjustments have been released for tax year 2025. These changes may affect your clients when they file their #IRS returns in 2026.

- For single taxpayers and married individuals filing separately for tax year 2025, the standard deduction will rise to \$15,000--an increase of \$400 from 2024.
- In tax year 2025, if you're a married couple filing jointly, your standard deduction will rise to \$30,000--an increase of \$800 from tax year 2024.
- For taxpayers who have three or more qualifying children, the tax year 2025 maximum Earned Income Tax Credit amount has increased.

Revenue Procedure 2024-40 PDF provides detailed information on adjustments and changes to more than 60 tax provisions that will impact taxpayers when they file their returns in 2026.

Notable changes for tax year 2025

The tax year 2025 adjustments described below generally apply to income tax returns to be filed starting tax season 2026. The tax items for tax year 2025 of greatest interest to many taxpayers include the following dollar amounts:

***Standard deductions.** For single taxpayers and married individuals filing separately for tax year 2025, the standard deduction rises to \$15,000 for 2025, an increase of \$400 from 2024. For married couples filing jointly, the standard deduction rises to \$30,000, an increase of \$800 from tax year 2024. For heads of households, the standard deduction will be \$22,500 for tax year 2025, an increase of \$600 from the amount for tax year 2024.

***Marginal rates.** For tax year 2025, the top tax rate remains 37% for individual single taxpayers with incomes greater than \$626,350 (\$751,600 for married couples filing jointly). The other rates are:

- 35% for incomes over \$250,525 (\$501,050 for married couples filing jointly).
- 32% for incomes over \$197,300 (\$394,600 for married couples filing jointly).
- 24% for incomes over \$103,350 (\$206,700 for married couples filing jointly).
- 22% for incomes over \$48,475 (\$96,950 for married couples filing jointly).
- 12% for incomes over \$11,925 (\$23,850 for married couples filing jointly).
- 10% for incomes \$11,925 or less (\$23,850 or less for married couples filing jointly).

***Alternative minimum tax exemption amounts.** For tax year 2025, the exemption amount for unmarried individuals increases to \$88,100 (\$68,650 for

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married individuals filing separately) and begins to phase out at \$626,350. For married couples filing jointly, the exemption amount increases to \$137,000 and begins to phase out at \$1,252,700.

***Earned income tax credits.** For qualifying taxpayers who have three or more qualifying children, the tax year 2025 maximum Earned Income Tax Credit amount is \$8,046, an increase from \$7,830 for tax year 2024. The revenue procedure contains a table providing maximum EITC amount for other categories, income thresholds and phase-outs.

[Tax Exempt Organization Search \(TEOS\) tool](#)

IR-2024-269, Oct. 15, 2024

WASHINGTON — In the aftermath of Hurricanes Milton and Helene, the Internal Revenue Service today cautioned taxpayers of scammers who use fake charities to gather sensitive personal and financial data from unsuspecting donors.

Scammers commonly set up fake charities to take advantage of peoples' generosity during natural disasters and other tragic events.

"Many people want to help survivors and their families by donating to charities," said IRS Commissioner Danny Werfel. "Too often, criminals take advantage of would-be donors' kindness by stealing money and personal information from well-meaning taxpayers. You should never feel pressured by solicitors to immediately give to a charity. It's important to do the research to verify if they're authentic first."

Tax Exempt Organization Search (TEOS) tool

Those interested in making donations should first check the [Tax Exempt Organization Search \(TEOS\) tool](#) on IRS.gov to help find or verify qualified, legitimate charities. With this tool, people can:

- Verify the legitimacy of a charity,
- Check its eligibility to receive tax-deductible charitable contributions, and
- Search for information about an organization's tax-exempt status and filings.

[Prior Issues](#)

Issue:

SOR – Unable to download batches of transcripts to SOR due to limitations on verifying 2848 for each individual transcript.

Response: According to IR 2024-136, issued May 8th, and reference to IRM 21.3.10.4.4 (11), SOR boxes can no longer be by a firm, each practitioner must have their own.

Status: Closed

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Issue:

SSN or DOB - authentication rule for POA/TIA is SSN or date of birth (not both).

Response: According to IRM link: 21.1.3 Operational Guidelines Overview | Internal Revenue Service (irs.gov)

(3) As part of an ongoing effort to combat identity theft, the IRS is requesting some personal information, in addition to the CAF number, from tax professionals, or anyone accessing tax related information via the Form 8821 or Form 2848. The purpose is to confirm the identification of the person calling prior to releasing sensitive information. The intent is to enhance protections for tax professionals and their clients. After satisfactory authentication of the third-party, it is not necessary to re-authenticate their personal information if additional accounts for multiple clients are accessed during the same call. After establishing the third-party authorization is valid for the account, you must validate the POA/TIA by performing an abbreviated authentication process on the caller's SSN following procedures in paragraph 6, (a) and (d) in the IRM 21.1.3.2.3, Required Taxpayer Authentication. The POA/TIA must pass authentication on their SSN to be validated as an authorized third-party.

Status: Closed

Issue:

Dual disaster zones – FEMA-4798-DR-TX for Hurricane Beryl and FEMA-4781-DR-TX issued for those affected by severe storms, straight-line winds, tornadoes and flooding that began on April 26, 2024

Response: If an affected taxpayer's estimated tax payment was due on June 15, it would be postponed until Nov. 1, 2024, by the first grant of relief. If the taxpayer is also affected by the second disaster, then her Nov. 1, 2024, due date (which falls within the postponement period) would be further postponed until Feb. 3, 2025.

The affected taxpayers, based on the declarations and the counties therein are covered under both declarations as long as their respective counties are identified. **The taxpayer is responsible for verifying this information.** Therefore, the assumption, "... general understanding and consensus has been that Q2 payments for taxpayers eligible under both disaster relief provisions would essentially be pushed from **6/15 to 11/1 to 2/3**, if the criteria is met.

Status: Closed

Issue:

MAP created by TXCPA society.

Status: Elevated

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New Issues

Issue: Secure Messaging

Response: Secure Messaging was experiencing technical difficulties when uploading documents, please allow for additional time for the upload to complete and the virus scan to process the file. Once the process is complete, the send button will become accessible. System was down Oct 10-20th.

Issue: Credit Transfers

Response: Effective Thursday, October 17, 2024, all Credit Transfers are now allowed on all TINs, including related and non-related accounts.

Issue: United States Postal Service (USPS) delays in Georgia

Response: The IRS was made aware of delays occurring at the United States Postal Service (USPS) in the state of Georgia resulting in delayed receipts of tax returns and payments at the IRS. For any correspondence where the taxpayer states their return was mailed/filed timely in GA between April 1, 2024, and December 31, 2024, AND has any proof of timely mailing such as certified mail receipt, copy of a cashed check dated on or before the due date, or a letter from the post office acknowledging delays, the returns will be treated as timely filed. If the taxpayer does not have proof, we will refer to the date the return was signed and/or the date of the payment. If earlier than of the due date of the return, treat these as timely filed. If the taxpayer submitted a payment with said return, a payment date change per IRM 21.5.8.4.2(2)a will be made.

Issue: TDS Issues with 94X Returns

Response: As of 10/03.2024 - The programming issues, discussed previously, regarding 94X returns have been resolved and these transcripts are now available upon request.

Please keep your feedback coming. Remember feedback requires identifying barriers AND providing possible solutions. Please send both to Area 4 (AR, FL, GA, LA, MS, PR, SC, TX, and U.S. VI) CL.SL.Area.4@irs.gov

Next Meeting December 6, 2024