

# First Friday Hot Issues Summary – Sept 8, 2023

## What We Want You to Know

**Inflation reduction energy credits!** Have you leaned in? Are you getting up to speed with the credits? Taxpayers are being directed to their tax professionals for planning advice to take maximum advantage of the energy credits.

[Home Energy Tax Credits](#)

[Clean Vehicle Tax Credits](#)

### **Tax Pro Account Improvements:**

New Features as of August 2023 - When you link your CAF number in Tax Pro Account, you associate it with your Tax Identification Number in the CAF database.

- View all your active CAF authorizations for individuals and businesses.
- Withdraw in real-time from any active authorization.

[IRS delivers new capabilities to Tax Pro Account; latest expansion part of effort to improve technology, tools to help tax professionals serve clients](#)

[Tax Pro Account | Internal Revenue Service \(irs.gov\)](#)

### **Disaster Relief:**

- [September is National Preparedness Month; IRS reminds taxpayers to prepare for natural disasters](#)
- [Help for victims of Hurricane Idalia | Internal Revenue Service \(irs.gov\)](#)
- [IRS tax relief for victims of storms, winds, and tornadoes in parts of Mississippi](#)
- [Tax relief in disaster situations | Internal Revenue Service \(irs.gov\)](#)
- [Be Alert to Fraud After Hurricane Idalia | FEMA.gov](#)

If you believe you are the victim of a scam, report it immediately to your police/sheriff's department or contact the Office of the Attorney General by calling 866-9-NO-SCAM (866-966-7226) or visit [myfloridalegal.com](http://myfloridalegal.com). If you suspect fraudulent activity involving FEMA, report it to the FEMA Fraud Branch at: [StopFEMAFraud@fema.dhs.gov](mailto:StopFEMAFraud@fema.dhs.gov), fax: 202-212-4926.

### **Employee Retention Credit**

[To protect taxpayers from scams, IRS orders immediate stop to new Employee Retention Credit processing amid surge of questionable claims; concerns from tax pros](#)

Resources:

- [Frequently asked questions about the Employee Retention Credit.](#)
- [Employee Retention Credit](#) – includes notices, forms and instructions.
- [ERC Webinar](#)
- [Legal memo regarding supply chain disruptions](#)
- [Professional Responsibility and the Employee Retention Credit](#)

### **Written Information Security Plan (WISP)**

Federal law administered by the Federal Trade Commission requires all "professional tax preparers" to create and maintain a written information security plan that is appropriate to the firm's size and complexity.

[The IRS reminds tax professionals that federal law requires them to have a written information security plan.](#)

### **Webinars:**

Bookmark [Webinars for Tax Practitioners](#) for current webinars and the opportunity to earn CE credits.

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### IRS is hiring.

The IRS is hiring, and bringing on the best talent available is critical. Check out thousands of newly opened [Internal Revenue Agent \(GS 5-14\) positions](#), at more than 250 locations nationwide. Other positions are available as well.

[USAJOBS - Search jobs.irs.gov/find-job/irs-events](#)

### Taxpayer Advocate:

[NTA Blogs - Taxpayer Advocate Service \(irs.gov\)](#)

### New Issues:

#### WISP Requirement

**Issue:** Stakeholder requested documentation from the IRS stating that all firms, regardless of size, are required to have a written security plan. TaxPro feels there are significant exemptions that may be contrary to the IRS instructions.

#### Response:

The 16 CFR § 314.3 - Standards for safeguarding customer information, Reg 314.3(a) begins with "You shall develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts and contains administrative, technical, and physical safeguards that are appropriate to your size and complexity, the nature and scope of your activities, and the sensitivity of any customer information at issue.

- [Publication 4557, Safeguarding Taxpayer Data: A Guide for Your Business](#)
- [16 CFR § 314.3 - Standards for safeguarding customer information. | Electronic Code of Federal Regulations \(e-CFR\) | US Law | LII / Legal Information Institute \(cornell.edu\)](#)
- [Publication 5708, Creating a Written Information Security Plan for your Tax & Accounting Practice](#)
- [Publication 5709, How to Create a Written Information Security Plan for Data Safety](#)
- [Small Business Information Security: The Fundamentals by the National Institute of Standards and Technology](#)

**Status:** Closed

#### Unable to get transcript name mismatch.

**Issue:** TaxPro has two last names and as a result has been unable to get authorizations processed. The CAF Name does not match E-Services Name. The CAF name has all 4 parts of practitioner's name spelled out and E-Services name has 4 parts, but the middle name is represented by an initial. TaxPro incurs burden by having to call PPS and fax in 2848. TaxPro would like to utilize e-Services to requests transcripts and has been unable to get assistance.

#### Response:

[3.24.37.6.14 Name Line Entries \(irs.gov\)](#) outlines how names should be reflected. This issue has been resolved.

**Status:** Closed

#### ERC Culpability

**Issue:** Issue: Tax professionals are concerned with being held responsible for fraudulent actions committed by companies promoting ERC scams. When tax professionals are asked to amend fraudulent returns to make corrections, they wonder if they can be held responsible if there is an audit on the return. Tax professional states the IRS needs FAQs for preparers regarding these issues. The FAQs up on IRS.gov do not address this concern.

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### Response:

On 3/27/2023 the Office of Professional Responsibility sent out an alert addressing this issue. *Issue #:* 2023-02 Professional Responsibility and the Employee Retention Credit

If the practitioner cannot reasonably conclude (consistent with the standards discussed in this guidance) that the client is or was eligible to claim the ERC, then the practitioner should not prepare an original or amended return that claims or perpetuates a potentially improper credit.

Additionally, if a practitioner learns that a current client did not comply with the ERC requirements in a prior tax year, the practitioner must, under section 10.21, promptly inform the client of the noncompliance, error, or omission and any penalty or penalties that may apply.

If a practitioner has reason to believe that a client's excessive ERC claim is owing to the client's reliance on erroneous or improper advice from another practitioner, tax return preparer, or other third party, the practitioner should consistent with Circular 230 and the guidance above advise the client of the overstated claim and any additional tax and penalties that could apply and, if requested, competently assist the client in correcting or mitigating the problem. The practitioner should also consider informing the client of the opportunity to file a complaint about the other adviser using Form 14242, Report Suspected Abusive Tax Promotions or Preparers

[Professional Responsibility and the Employee Retention Credit](#)

**Status:** Closed.

### CP14 notices

**Issue:** CP 14 notice are being sent out across the country. Tax professional reports that Taxpayers are paying their taxes by [EFTPS](#) and IRS is not reflecting credit for the payments.

**Response:** Requested documentation to determine where the issue results, IRS or EFTPS.

**Status:** Open

### Denied second question inquiry.

**Issue:** Practitioner stated that she has called Customer Service and twice she has been denied service for presenting a second issue. The contact representative stated they could not assist her with the second issue because they (contact representative) had to attend a disciplinary meeting and the practitioner would need to call back for help with the second issue. Tax pro reports this has happened on more than one occasion.

**Response:** SL can follow-up on these types of calls when the following information is provided:

- Emp ID number
- Time of call
- Phone number called.
- Phone number dialed from.

**Status:** Closed

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### Access to tax professional information

**Issue:** Reported that a practitioner has been contacted by a third party offering official records from the IRS on how many returns were e-filed by an ERO, how many were accepted and the location of the office of the ERO. She is scared and is wanting to know if this information is readily available to anyone? Does IRS let anyone have access to this information?

**Response:** It appears the company accesses data from IRS. This data does not share location of ERO offices cross referenced with number of returns filed.

- [SOI Tax Stats --- Statistics of Income | \(irs.gov\)](#)
- [SOI Tax Stats - Number of Returns Filed, by Type of Return and State and Fiscal Year - IRS Data Book Table 3 | IRS](#)

**Status:** Closed

### Updating CAF record address

**Issue:** Tax professional reports problem getting address changed in CAF.

**Response:** If the representative's address has changed, the IRS does not require a new Form 2848. The representative can send a written notification that includes the new information and the representative's signature to the location where you filed the Form 2848. Contact your local SL with specific details if the address doesn't update.

[21.3.7 Processing Third-Party Authorizations onto the Centralized Authorization File \(CAF\)](#)

**Status:** Closed