

Service-wide Key Messages for Tax Professionals First Quarter FY 2012

Please archive the existing information and replace the [Key Messages for Tax Professionals](#) page on IRS.gov with the following information. In addition, please create a book-marked list at the top of the page.

Adoption Credit

American Opportunity Tax Credit

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New collection pages on IRS.gov

Only March 2011 revision of Form 656 accepted after July 5

Redesigned notices reach 100 and growing

Sample notices are available in six languages

Your clients can check their withholding with the IRS *Withholding Calculator*

Adoption Credit

Your clients may qualify for an adoption credit up to \$13,170 for 2010, or \$13,360 for 2011, if they adopted or attempted to adopt a child and paid qualified expenses relating to the adoption. If they adopt a special needs child, they may qualify for the credit even if they paid few or no adoption-related expenses.

Eligible taxpayers must file paper tax returns and attach Form 8839, Qualified Adoption Expenses, to claim the credit. They must also include documents supporting the adoption, such as a final adoption decree, placement agreement from an authorized agency, court documents and the state's determination for special needs children. Failure to include required documents will delay their refunds. Visit IRS.gov, search: [Adoption Benefits](#) (<http://www.irs.gov/individuals/article/0,,id=231663,00.html>) for more information.

American Opportunity Tax Credit

The American Opportunity Tax Credit, an expansion and renaming of the former Hope Credit, can be claimed for tuition and certain fees you pay for higher education until Dec. 31, 2012. Also extended are income limitations.

The AOTC begins to phase out for single individuals with modified Adjusted Gross Income of \$80,000 (\$160,000 for married couples filing jointly) and completely phases out for single individuals with modified AGI of \$90,000 (\$180,000 for married couples filing jointly). Each student should receive a Form 1098-T, Tuition Statement, in January 2012 from the institution he attended. Visit IRS.gov, search: "American Opportunity Credit" to read the [questions and answers](#) (<http://www.irs.gov/newsroom/article/0,,id=211309,00.html>) posted on the [Tax Benefits for Education: Information Center](#) (<http://www.irs.gov/newsroom/article/0,,id=213044,00.html>).

Does your client's Health Care Savings Program need a checkup?

Since Jan. 1, 2011, over-the-counter drugs, except for insulin, are reimbursable through health care programs — like flexible spending arrangements or health reimbursement arrangements — only if the OTC drugs are purchased with a prescription. The change does not affect other health care expenses such as medical devices, eyeglasses, contact lenses, co-pays and deductibles.

Money spent on breast pumps and [other devices to assist lactation](http://www.irs.gov/irb/2011-09_IRB/ar11.html) can qualify (http://www.irs.gov/irb/2011-09_IRB/ar11.html) as deductible medical expenses. If you have a Health Savings Account or an Archer Medical Savings Account, distributions for expenses that are not qualifying medical expenses, including OTC medicines purchased without a prescription, will be included in your gross income and subject to an additional tax of 20 percent. Visit IRS.gov, search: [Affordable Care Act Tax Provisions](http://www.irs.gov/newsroom/article/0,,id=220809,00.html) (<http://www.irs.gov/newsroom/article/0,,id=220809,00.html>) for more information.

Earned income tax credit return preparers may see new filing requirement for 2011 returns

IRS will soon issue proposed regulations affecting the due diligence requirement under Section 6695. If adopted, return preparers will be required to attach Form 8867, Earned Income Tax Credit Checklist, to each 2011 return claiming the EITC. IRS is proposing this change to ensure preparers consider all applicable EITC eligibility criteria and reduce erroneous claims.

The proposed regulations will be published in an upcoming Federal Register and IRS will welcome public comment.

E-news subscriptions and social media options

Want to stay current on the latest news from IRS? The IRS has several [subscription electronic newsletters](http://www.irs.gov/newsroom/content/0,,id=103381,00.html) (<http://www.irs.gov/newsroom/content/0,,id=103381,00.html>) available for different tax administration areas.

The IRS uses new [social media options](http://www.irs.gov/newsroom/article/0,,id=227226,00.html) (<http://www.irs.gov/newsroom/article/0,,id=227226,00.html>) to share the latest information on tax changes, initiatives and products.

Information Reporting Program Advisory Committee

IRPAC advises the IRS on information reporting and administration issues of mutual concern to the private sector and the federal government. The committee works with the IRS commissioner and other IRS leaders to provide recommendations on a wide range of administration issues about information reporting. Membership is balanced to include representation from industries, including insurance, banking; the tax professional community; small and large businesses; state tax administrations; software companies; foreign financial institutions and the payroll community.

IRPAC members meet for two-day sessions in Washington, DC, approximately five times per year. Nominations of qualified individuals will be accepted from individuals or organizations in the Spring of 2012. Visit IRS.gov, search: IRPAC for additional information.

Internal Revenue Service Advisory Committee

IRSAC provides an organized public forum for IRS officials and representatives of the public to discuss relevant tax administrative issues. The council suggests operational improvements; offers constructive observations about current or proposed IRS policies, programs, and

procedures; and advises the IRS on particular issues having substantive effect on federal tax administration. A report is presented to the IRS commissioner each year at the public meeting.

IRSAC members meet for two-day sessions in Washington, DC, approximately five times per year. Applications for membership will be accepted in the spring of 2012. Visit IRS.gov, search: IRSAC for additional information.

IRS tips for bankruptcy trustees

A new page on IRS.gov (www.irs.gov) has helpful tips for bankruptcy trustees who receive IRS collection notices. One important tip: bankruptcy trustees with questions about cases including IRS as a creditor may contact the Centralized Insolvency Operation at 800-913-9358, from 7 a.m. to 10 p.m. Eastern time.

Be prepared to provide the debtor's bankruptcy case number or taxpayer identification number. The IRS may only disclose information permitted by I.R.C. section 6103. Visit IRS.gov, search: [bankruptcy trustees](http://www.irs.gov/businesses/small/article/0,,id=240599,00.html) (<http://www.irs.gov/businesses/small/article/0,,id=240599,00.html>) for more information.

IRS Nationwide Tax Forums

The IRS Nationwide Tax Forums offer three full days of educational sessions about the latest tax law information, networking opportunities and exhibits of the latest products and services for your business needs. Hear the latest information about key federal and state tax issues from top IRS executives and leading industry experts while earning valuable continuing professional education and certified financial planner credits.

The 2012 IRS Nationwide Tax Forums will be held in Orlando, Atlanta, San Diego, Las Vegas, Chicago and New York City. Visit the [Nationwide Tax Forums website](http://www.irstaxforum.com/index) (<http://www.irstaxforum.com/index>) for dates and additional information.

IRS Nationwide Tax Forums Online

IRS Nationwide Tax Forums Online provides information for tax professionals from speakers at the IRS Nationwide Tax Forums including:

- A 50-minute interactive video of the seminar, synchronized with the PowerPoint presentation
- Downloadable slides and complete transcripts for each seminar

You may audit the videotaped seminars for free, or CPAs or enrolled agents may pay a fee to earn continuing education credits. Visit IRS.gov, search: Nationwide Tax Forums for more information.

New collection pages on IRS.gov

The IRS has consolidated collection information on a single page of IRS.gov, [Collection Procedures for Taxpayers Filing and/or Paying Late](http://www.irs.gov/businesses/small/article/0,,id=238176,00.html) (<http://www.irs.gov/businesses/small/article/0,,id=238176,00.html>). The new page includes:

- The collection process and taxpayers' rights
- What do I do if I cannot file or pay by the due date
- What can the IRS do if I will not file or pay, and more

The [Make a Payment](http://www.irs.gov/individuals/article/0,,id=241919,00.html) (<http://www.irs.gov/individuals/article/0,,id=241919,00.html>) page tells taxpayers how they can pay their taxes by debit or credit card, electronic funds transfer and

check or money order. The page includes links to information on installment payment plans and offers-in-compromise.

Only March 2011 revision of Form 656 accepted after July 5

The March 2011 revision of [Form 656](http://www.irs.gov/pub/irs-pdf/f656.pdf), (<http://www.irs.gov/pub/irs-pdf/f656.pdf>) Offer in Compromise, should be used when submitting an offer. Any offer submitted after July 5, 2011, on an outdated form will be returned. This is not a rejection of the offer; it is a request to submit the offer on the current form.

Redesigned notices reach 100 and growing

The IRS is making progress toward the redesign of all taxpayer correspondence with the release of more than 100 redesigned notices to date. Considering more than 220 million IRS notices are issued annually, improved notices now represent more than 72 percent of the volume.

The latest notice releases cover a variety of issues and topics including the Automated Underreporter program, Individual Taxpayer Identification Numbers and balance due situations. Additional redesigned notices are scheduled for release in early 2012.

The redesign efforts are part of an overall effort to provide all correspondence in plain language format to help taxpayers understand and respond to the IRS quickly and accurately to resolve their tax issues. Visit IRS.gov, search: ["Understanding Notices"](#) (<http://search.irs.gov/web/query.html?col=allirs&charset=utf-8&qp=&qs=-Wct%3A%22Internal+Revenue+Manual%22&qc=&qm=&rf=&oq=&qt=understanding+notices>) for sample notices and more information.

Sample notices are available in six languages

Sample IRS notices are available in English as well as Spanish, Chinese, Korean, Russian and Vietnamese, for tax professionals and limited English proficiency taxpayers to view and print. With 25 translated notices to date, IRS is steadily working toward the goal of translating all critical redesigned notices.

Visit IRS.gov, search: ["Understand My Notice or Letter"](#) (<http://www.irs.gov/individuals/article/0,,id=96199,00.html>) in the upper right corner for sample notices. Click on the link to a particular notice number and select from the available language translations listed on the upper right side of the landing page for that notice.

All landing pages will remain in English only, **with the** exception of the Spanish-language notices for Puerto Rican taxpayers, available on the [Spanish landing pages](http://www.irs.gov/espanol) (www.irs.gov/espanol).

Your clients can check their withholding with the IRS *Withholding Calculator*

Large refunds, taxes owed or major life changes could mean a necessary change in your client's withholding. The [IRS withholding calculator](#) (<http://www.irs.gov/individuals/article/0,,id=96196,00.html>) on IRS.gov helps taxpayers compute the proper tax withholding. Worksheets in [Publication 919](#) (<http://www.irs.gov/publications/p919/index.html>), *How Do I Adjust My Withholding?*, can also be used for calculating.

If the result suggests an adjustment is necessary, the taxpayer should submit a new [Form W-4](#) (<http://www.irs.gov/pub/irs-pdf/fw4.pdf>), Withholding Allowance Certificate, to their employer or

adjust the amount of quarterly tax paid. Visit [IRS.gov](https://www.irs.gov), search Withholding Calculator for more information.