2005 TAXhints

PRACTITIONER'S GUIDE TO THE FILING SEASON

Welcome to *Tax Hints 2005*

In this edition of *Tax Hints*, you will find information about changes that will help you and your clients during the 2005 filing season. You'll find information about the IRS structure, points of contact, useful telephone numbers, explanations of changes and improvements for the 2005 filing season and hints about making it a smooth one.

We hope this information will make your job easier and that your experiences with the IRS this filing season will be pleasant and helpful to you and your clients.

***Tax Hints* was produced jointly by the IRS operating and functional divisions and National Public Liaison. Thanks to all who contributed. *Tax Hints* is only available online at IRS's Website; we cannot provide printed copies.**

A Message from the Commissioner

MARK W. EVERSON
COMMISSIONER,
INTERNAL REVENUE SERVICE

Dear Tax Professional:

I am an accountant by training, and enjoy meeting a wide variety of accountants, lawyers, enrolled agents and other skilled tax practitioners. I salute your dedication to your craft and I welcome your support, ideas and suggestions.

Our working equation at the IRS is simple: service plus enforcement equals compliance. Not service OR enforcement but service and enforcement. We must do both in a balanced and consistent way.

Enforcing the law is essential to our system of individual self-assessment. Americans need to be confident that when they pay their taxes, their neighbors and competitors are doing the same. The IRS brought in a record $43 billion in enforcement revenue in fiscal year 2004—15% more than last year. Meanwhile, our audits of high-income taxpayers rose 40% and total audits of all individuals rose nearly 19%.

By service, we mean helping people understand their tax obligation and facilitating their participation in the tax system. This year, the IRS is providing more services to practitioners, particularly in the area of electronic filing. Every year, more taxpayers and practitioners choose IRS *e-file* because returns are processed faster with fewer errors. This means less paper, less contact with IRS and quicker refunds. We have rolled out a series of web-based services for practitioners called "e-services." E-services allow practitioners to perform online tasks with instantaneous results, such as:

- Completing or revising, and filing an *e-file* application
- Requesting a Preparer Tax Identification Number (PTIN)
- Changing your personal address.

In addition, tax professionals who *e-file* 100 or more individual income tax returns in a season are eligible to use our premium e-services:

- Disclosure Authorizations
- Transcript Delivery Service
- Electronic Account Resolution.

To learn more about e-services and the online transcript product, you can visit the Tax Professionals Page of irs.gov, where you'll find a wealth of information for you and your clients.

In the year 2005, the IRS will focus on three areas of tax administration:

- Improving taxpayer service,
- Enhancing enforcement of the tax law, and
- Modernizing the Internal Revenue Service through its people, processes and technology.

I look forward to working with you in serving the taxpayer and strengthening the tax system of America.

Mark W. Everson
Commissioner of the
Internal Revenue Service

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What's New for 2005?

2004 Tax Law Changes for Individuals

Changes to the tax law for 2004 will affect the 2005 filing season. What follows are highlights of these changes, but more detailed information can be found at the various IRS websites, in Publication 17, *Your Federal Income Tax* and in Publication 553, *Highlights of 2004 Tax Changes.*

Educators' Deduction, IR-2004-124. This had expired at the end of 2003, but was restored for two more years. Find more information at: *http://www.irs.gov/newsroom/article/0,,id=130137,00.html*

Clean Fuel Vehicle Deduction, IR-2004-125. The maximum amount of this deduction was scheduled to drop for 2004 and 2005, but has been retained at the $2,000 level. For information on this deduction and the newest vehicles to qualify for it go to: *http://www.irs.gov/newsroom/article/0,,id=130146,00.html*

Child Tax Credit. Taxpayers with a credit amount more than their tax could get a refund of the difference, up to 10% of the amount by which their 2004 taxable earned income exceeds $10,750. This percentage was raised to 15% for 2004, meaning a larger refund for many of these taxpayers.

Combat Pay. The tax laws provide some special benefits for active members of the U.S. Armed Forces, including those serving in combat zones. They may qualify for certain tax deadline extensions because of their service in a combat zone. For more information take a look at *Q&A, Answers on Combat Zone Tax Provisions* *http://www.irs.gov/newsroom/article/0,,id=101262,00.html.*

The IRS provides *A Combat Zone E-mail Address* for members of the Armed Forces or their families worldwide to alert the IRS that they are serving in a combat zone. *http://www.irs.gov/newsroom/article/0,,id=101262,00.html*

Some military personnel receiving combat pay get larger tax credits because of two law changes. The new laws count excludable combat pay as income when figuring the Child Tax Credit and gives the taxpayer the option of counting or ignoring combat pay as income when figuring the Earned Income Tax Credit. Check out *Question 37* in the *Miscellaneous Provisions–Combat Zone Service* at *http://www. irs.gov/newsroom/article/0,,id=101266,00.html#Q37.*

Counting combat pay as income when calculating these credits does not change the exclusion of combat pay from taxable income.

Publication 3, Armed Forces' Tax Guide, addresses a wide range of issues that may affect members of the military; see it online at *http://www.irs.gov/publications/p3/index.html.*

Sales Tax Deduction. Taxpayers who itemize deductions will have a choice of claiming a state and local tax deduction for either sales or income taxes on their 2004 and 2005 returns. The IRS will provide optional tables for use in determining the deduction amount, relieving taxpayers of the need to save receipts throughout the year. Sales taxes paid on motor vehicles and boats may be added to the table amount, but only up to the amount paid at the general sales tax rate. Taxpayers will check a box on Schedule A, *Itemized Deductions*, to indicate whether their deduction is for sales or income taxes.

Expense Limit for SUVs. Businesses should be aware of a change regarding the deduction for certain sport utility vehicles (SUVs) placed in service after October 22, 2004. Under the American Jobs Creation Act of 2004, businesses cannot take a first year deduction of more than $25,000 for an SUV. The business would depreciate the remaining cost. (The limit for vehicles placed in service before October 23, 2004 was $100,000.) The new limit does not affect other types of property where the taxpayer decides to expense the cost instead of depreciating the property.

Sale of Personal Residence Acquired in a Like-kind Exchange. Taxpayers who convert rental property to a principal residence should know that a tax law change may limit their ability to exclude gain on the sale of that residence if they obtained the property through a like-kind exchange. Generally, a taxpayer can exclude up to $250,000 of gain on the sale of a home, provided the individual has owned and used it as a principal residence for two out of the five years before the sale. The exclusion is $500,000 for a married couple if both meet the use test. The American Jobs Creation Act of 2004 does not allow any exclusion if the taxpayer sells the home within five years of acquiring the property through a like-kind exchange. The new law applies to sales after October 22, 2004.

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Important Changes that Could Affect Estimated Tax Payments for 2005

This section summarizes the important changes that take effect in 2005 that could affect your estimated tax payments for 2005.

Standard Mileage Rates: Beginning January 1, 2005 the optional standard mileage rates will increase for computing the deductible costs of operating an automobile for business, charitable, medical or moving expense purposes.

- 40.5 cents a mile for all business miles driven, up from 37.5 cents a mile in 2004;
- 15 cents a mile when computing deductible medical or moving expenses, up from 14 cents a mile in 2004; and
- 14 cents a mile when giving services to a charitable organization.

http://www.irs.gov/newsroom/article/0,,id=131232,00.html

Retirement savings plans. The following paragraphs highlight changes that affect retirement arrangements such as individual retirement accounts (IRAs), pension plans or others.

- **Traditional IRA income limits.** If you have a traditional IRA and are covered by a retirement plan at work, the amount of income you can have and not be affected by the deduction phase-out increases. The amounts vary depending on filing status.
- **Limit on elective deferrals.** The maximum amount of elective deferrals under a salary reduction agreement that can be contributed to a qualified plan increases to $14,000 ($18,000 if you are age 50 or older). However, for SIMPLE plans, the amount increases to$10,000 ($12,000 if you are age 50 or over).
- **IRA deduction expanded.** The amount you, and your spouse if filing jointly, may be able to deduct as an IRA contribution will increase to $4,000 ($4,500 if age 50 or over at the end of 2005).

Deduction for clean-fuel vehicle. You can claim the maximum amount allowed for a clean-fuel vehicle or other clean-fuel vehicle property you place in service in 2005. The 50% reduction of the maximum amount for 2005 has been eliminated. See Publication 535, chapter 12, for more information on the deduction.
http://www.irs.gov/pub/irs-pdf/p535.pdf

Tax credit for qualified electric vehicle. You can claim the maximum tax credit allowed for a qualified electric vehicle property you place in service in 2005.
The 50% reduction of the maximum credit for 2005 has been eliminated.

Uniform definition of a child. Beginning in 2005, the definition of "qualified child" for the following tax benefits will change:

- Dependency exemption
- Head of household filing status
- Earned income credit (EIC)
- Child tax credit
- Child and dependent care credit.

To find more information on these and other changes check Publication 553.

2004 Tax Law Changes for Small Business

Here are some tax changes for small businesses that affect tax year 2004 filing. For more information on these and other changes, see Publication 553, *Highlights of 2004 Tax Changes.*

Standard Mileage Rate

Business-related mileage: For 2004, the standard mileage rate for the cost of operating your car, van, pickup or panel truck increases from 36 cents a mile to 37.5 cents a mile for all business miles. Car expenses and use of the standard mileage rate are explained in Chapter 4 of Publication 463, *Travel, Entertainment, Gift, and Car Expenses*.

Meal Expenses When Subject to "Hours of Service" Limits: Generally, you can deduct only 50% of your business-related meal expenses while traveling away from your tax home for business purposes. Also, you can generally deduct only 50% of certain reimbursements you make to your employees for meal expenses they incur while traveling away from home on business. You can deduct a higher percentage if the meals take place during or incident to any period subject to the Department of Transportation's "hours of service" limits. (These limits apply to workers who are under certain federal regulations.) The percentage increases to 70% for 2004. Business meal expenses are covered in Chapter 1 of Publication 463, *Travel, Entertainment, Gift, and Car Expenses.* Reimbursements for employee meal expenses are covered in Chapter 13 of Publication 535, *Business Expenses.*

Electric and Clean-Fuel Vehicles: For vehicles placed in service in 2004, the maximum clean-fuel vehicle deduction and qualified electric vehicle credit are scheduled to be reduced by 25%, as compared to 2003.

Environmental Cleanup (Remediation) Costs: Beginning in 2004, environmental cleanup (remediation) costs must be capitalized. You cannot choose to deduct environmental cleanup costs paid or incurred after December 31, 2003 as a current business expense. For more information on environmental cleanup costs, see Chapter 8 in Publication 535, Business Expenses.

Depreciation and Section 179 Expense:

- **Extension of acquisition date.** Property will meet the "acquisition date test" for purposes of qualifying for the 30% special depreciation allowance (see Chapter 3 of Publication 946, *How To Depreciate Property*) if the property was acquired before January 1, 2005 (extended from September 11, 2004).
- **Increased section 179 limits.** The maximum Section 179 deduction you can elect for property you place in service in 2004 is increased from $100,000 to $102,000 for qualified Section 179 property ($137,000 for qualified zone property, qualified renewal property, or qualified New York Liberty Zone property). This limit is reduced by the amount by which the cost of Section 179 property placed in service during the tax year exceeds $410,000 (increased from $400,000). See Chapter 2 of Publication 946.

Self-Employment Tax: The self-employment tax rate on net earnings remains the same for 2004. This rate, 15.3%, is a total of 12.4% for Social Security (old-age, survivors, and disability insurance) and 2.9% for Medicare (hospital insurance). The maximum amount subject to the Social Security part for tax years beginning in 2004 increases to $87,900. All net earnings of at least $400 are subject to the Medicare part.

Changes for 2005 for Small Business

The following are some of the tax changes that do not affect 2004 tax year filing, but could affect current small business accounting and record-keeping practices for 2005. For more information on these and other changes, see Publication 553, *Highlights of 2004 Tax Changes.*

Standard Mileage Rates

The optional standard mileage rates will increase for 2005 for computing the deductible costs of operating an automobile for business, charitable, medical or moving expense purposes. Beginning January 1, 2005, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

- 40.5 cents a mile for all business miles driven, up from 37.5 cents a mile in 2004;
- 15 cents a mile when computing deductible medical or moving expenses, up from 14 cents a mile in 2004; and
- 14 cents a mile when giving services to a charitable organization.

The 3-cent increase in the business mileage rate was the largest one-year rise ever. The primary reasons were higher prices for vehicles and fuel during the year ending in September. The charitable standard mileage rate is set by law.

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Changes for 2005 for Small Business

Simplified Tax Deposit Rules for Small Businesses

Under new rules effective January 1, 2005 employers are required to make quarterly deposits for unemployment taxes if the accumulated taxes exceed $500. The previous threshold was $100. *http://www.irs.gov/newsroom/article/0,,id=131682,00.html.*

Barter Exchanges

A barter exchange is any person or organization with members or clients that contract with each other (or with the barter exchange) to jointly trade or barter property or services. The term does not include arrangements that provide solely for the informal exchange of similar services on a noncommercial basis.

The Internet has provided a medium for new growth in the bartering exchange industry. This growth prompts the following reminder: Barter exchanges are required to file Form 1099-B for all transactions unless certain exceptions are met. Barter exchanges are not required to file Form 1099-B for:

1. Exchanges through a barter exchange having fewer than 100 transactions during the year.
2. Exempt foreign persons as defined in Regulations Section 1.6045-1(g) (1).
3. Exchanges involving property or services with a fair market value of less than $1.00.
4. Transactions involving corporate members or clients of barter exchange may be reported on an aggregate basis.

Forms 1099-B are due by February 28, 2005 (March 31, 2005, if filing electronically). Failure to file can result in significant penalties (Internal Code Section 6721). The penalty is based on when you file a correct information return. The penalties are:

- $15 per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty $75,000 per year ($25,000 for small businesses defined below).
- $30 per information return if you correctly file more than 30 days after the due date, but by August 1; maximum penalty $150,000 per year ($50,000 for small businesses).
- $50 per information return if you file after August 1, or if you do not file required information returns; maximum penalty $250,000 per year ($100,000 for small businesses.

Debut of Redesigned Form 941 in 2005

Form 941, Employer's Quarterly Federal Tax Return, has been redesigned. The new version will be used for the first quarter of 2005 (March 31, 2005).

A team of subject matter experts from across the IRS worked closely together since 2002 to redesign Form 941, critically reviewing each line. In addition, IRS brought in "plain language" contractors to help ensure the form and accompanying instructions are clear and easy to understand.

In November 2003, an early draft of the form was shared with key stakeholders in the payroll community to solicit their comments and feedback. These comments were reviewed and incorporated to the extent possible by the team. The form was placed on IRS.gov for public comment as well. IRS conducted focus group testing and many group participants liked the new format and felt the redesigned form would be easier for new users to learn.

There are a number of highlights to note about the format changes including:

- Open Design
- Plain Language
- Darkened background, which highlights entry spaces
- Form divided into six distinct parts
- Quarters clearly identified
- Checkbox added.

Social Security Wage Base is Up for 2005

The Social Security wage base for 2005 is $90,000, up from $87,900 in 2004. Beginning January 1, 2005, employers should withhold Social Security taxes (6.2%) from employees' wages up to $90,000 and withhold the Medicare tax (1.45%) on all wages.

Employers must match the tax payments withheld from employees' wages. Employees earn one Social Security credit for each $920 in earnings, up to a maximum of four credits for the year.

Sales Tax Deduction

Taxpayers who itemize deductions will have a choice of claiming a state and local tax deduction for either sales or income taxes on their 2004 and 2005 returns. The optional tables are provided by the IRS to determine the deduction amount, relieving taxpayers of the need to save receipts throughout the year.

Sales taxes paid on motor vehicles and boats may be added to the table amount, but only up to the amount paid at the general sales tax rate. Taxpayers will check a box on Schedule A, *Itemized Deductions*, to indicate whether their deduction is for sales or income taxes.

"Taxpayers should check these tables to see if they're entitled to a larger sales tax deduction than a state income tax deduction," said Commissioner Everson. While this deduction will mainly benefit taxpayers with a state or local sales tax but no income tax-in Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming-it may give a larger deduction to any taxpayer who paid more in sales taxes than income taxes. For example, a person may have bought a new car, boosting the sales tax total, or claimed tax credits, lowering the state income tax paid.

Publication 600, *Optional State Sales Tax Tables* is available on the IRS Website, *http://www.irs.gov/pub/irs-pdf/p600.pdf* for use on the 2004 returns. The IRS also will send Pub. 600 to all taxpayers who get a Form 1040 tax package.

Who is TIGTA?

The Treasury Inspector General for Tax Administration (TIGTA) is an independent agency overseeing our nation's Federal tax administration. TIGTA protects and promotes the fair administration of our nation's tax system and ensures that the Internal Revenue Service (IRS) is accountable in its handling of nearly $2 trillion in tax revenue. It functions as an autonomous entity outside the IRS and reports to the Treasury Secretary and Congress. TIGTA audits foster economy and efficiency while its investigations protect against corruption and threats from both inside and outside the IRS.

TIGTA's Office of Investigations (OI) is charged with protecting our nation's tax system. OI has hundreds of Special Agents around the country helping to ensure integrity in tax administration. For tax professionals, that means you should call TIGTA when:

- You believe someone is impersonating an IRS employee.
- You know of a bribe being solicited or offered.
- You are aware of a threat to IRS employees.
- You know of unauthorized access and or disclosure of taxpayer information.
- You are aware of a threat to IRS facilities and systems.
- You know of, or suspect fraud, waste or abuse within the IRS.

Call the TIGTA hotline at **800-366-4484** to report any of the above. Learn more about TIGTA on the internet at ***www.treas.gov/tigta.***

Decedent Returns

Delays in processing returns filed for deceased taxpayers can be reduced or eliminated by writing the decedent's name, the word ***deceased*** and the date of death in the top left margin of page 1, Form 1040. Also include a completed Form 1310 if required. See Publication 559, *Tax Information for Survivors, Executors and Administrators*, for additional information. Including all of the required information will eliminate delays caused by corresponding for missing or incomplete information.

Millions of Americans Forgo Critical Tax Relief

Each year millions of Americans forgo critical tax relief by failing to claim the Earned Income Tax Credit (EITC), a federal tax credit for individuals who work but do not earn high incomes. Taxpayers who qualify and claim the credit could pay less federal tax, pay no tax or even get a tax refund. In 2004, an estimated 21 million taxpayers received approximately $37.5 billion in EITC.

"The EITC helps hardworking taxpayers, yet each year, an estimated 25% of people who qualify don't claim the credit," said David R. Williams, Director, Earned Income Tax Credit at the Internal Revenue Service. "At the same time, there are millions of Americans who have claimed the credit in error, many of whom simply don't understand the criteria. That's why the IRS is working to make it easier for taxpayers and tax preparers to understand the eligibility requirements."

This year many of your clients may think they qualify for the EITC—but not all of them will. Tax professionals prepared over 70% of the EITC claims last year. That's why the IRS is providing you with the *EITC Tax Preparer Electronic Toolkit* at *www.eitcfortaxpreparers.com*. It puts everything you need at your fingertips to make the process easier for you to understand, including EITC rules and eligibility requirements, information on due diligence requirements, and how to file accurate returns.

Also, new this year on *www.irs.gov/eitc*, is the ***EITC Assistant***, an easy-to-use interactive online tool to help tax professionals determine if the taxpayer is qualified for the EITC. The ***EITC Assistant*** can help you show your clients whether or not they qualify, and why. Using this tool and answering questions online about your taxpayer, their filing status, their children and their income, is a convenient way to find out if a taxpayer is likely to qualify for the EITC, and calculate the estimated amount of the taxpayer's expected credit. You will see the results of your responses right away on your computer screen. The ***EITC Assistant*** is available on *www.irs.gov* 24 hours a day, 7 days a week, in English and Spanish.

You can also get additional support by calling EITC's toll-free Practitioner Priority Line at 866-860-4259 to assist you in resolving all your client account issues. (This line is not for tax law questions.)

Qualifying Child Residency Test:

As part of our ongoing effort to maximize participation and minimize error, the IRS is conducting a small test that requires a select subset of EITC filers to certify they meet the EITC residency requirement before we release their credit. Because the test involves only 25,000 taxpayers, it is unlikely that any one tax professional will see many taxpayers who have been asked to certify.

For more information about the 2005 Qualifying Child Certification Test and ways that you can help your client, visit irs.gov/eitc *(http://www.irs.gov/eitc)* or the EITC Tax Preparer Electronic Toolkit *(http://www.eitcfortaxpreparers.com/)*.

Encourage Clients to Respond

Please advise your EITC clients that if they receive IRS correspondence requesting additional information to substantiate their EITC claims, they should respond immediately or contact you for assistance to minimize delays receiving their EITC.

Your professional counseling can help your clients avoid claim denial, a possible reduction in their refund, or the requirement to submit additional information for future year claims. Tell them our request for additional information does not imply ineligibility. We just need to ensure that **all** eligible taxpayers—but **only** eligible taxpayers—receive the EITC they deserve.

Office of Professional Responsibility

The Office of Professional Responsibility (OPR) investigates allegations of misconduct or negligence against tax practitioners who are attorneys, certified public accountants or enrolled agents. OPR also enforces the standards of practice for those who represent taxpayers before the IRS, as detailed in Circular 230. The office also licenses enrolled agents, who are tax professionals meeting certain testing or experience requirements. For more information about the Office of Professional Responsibility, visit the Tax Professionals Page at ***irs.gov*** and download Publication 947, *Practice Before the IRS and Powers of Attorney*, which describes in detail who can represent taxpayers before the IRS and what rules apply to professionals representing taxpayers. You may email the Office of Professional Responsibility at *OPR@irs.gov/.*

Estate and Gift Tax Program

The Estate and Gift Tax Program has been centralized for filing purposes at the Cincinnati Service Center. Please mail all Forms 706 and 709 returns to the addresses noted below:

(for regular mail):
Internal Revenue Service Center
Cincinnati, OH 45999

(for private delivery services):
Internal Revenue Service Center
201 W. Rivercenter Boulevard
Covington, KY 41011

Taxpayers can check the status of their filed returns by calling **866-699-4083**.

To review information on forms and publications and Frequently Asked Questions, go to *www.irs.gov* and under **"Information for,"** on the left side of the page, click on Businesses. Then scroll down that page and click Estate and Gift Taxes or click on Forms and Pubs to access Publication 950, Introduction to Estate and Gift Taxes. Please note that Form 709-A is obsolete; use Form 709 to report all gifts.

In enforcing installment payments under IRC 6166, the IRS requires either that an estate furnish a surety bond as a prerequisite for granting the installment payment election or that the executor elects the special lien provisions of IRC 6324A. *(See page 9 of the Form 706 instructions for more information.)*

Chart of Preparer Penalties

The Tax Reform Act of 1976 provided the Service with penalty and enjoinment authority to more effectively monitor income tax return preparation. TEFRA 1982 added IRC sections 6700 and 6701, which are not limited solely to income tax return preparers. These provisions are designed to promote a high standard in the preparation of returns for compensation and address the problem of fraudulent, unscrupulous or incompetent preparers.

TYPE OF PENALTY	IRC SECTION		AMOUNT	LIMITATION
Promoting Abusive Tax Shelters	6700	Lesser of $1,000 or 100% of gross income derived from the promotion	N/A	N/A
Aiding and abetting Understatement of Tax Liability	6701	$1,000 per client individual return - $10,000 per corporate client return	Only 1 penalty per preparer per client tax period	N/A
Disclosure or Use of Information by Preparers of Returns	6713	$250 per disclosure	$10,000	N/A
Fraud and False Statements	7206	Fine and/or imprisonment fine and/or not more than 3 years imprisonment	Not more than $100,000	N/A
Willful Delivery or Disclosure of Statements, Fraudulent Lists, Returns, Accounts, or Other Documents and information to the IRS	7207	Fine and/or imprisonment	Not more than $10,000 fine and/or not more than 1 year imprisonment	N/A
Action to Enjoin Income Tax Return Preparers	7407	Prohibit any person from further acting as an income tax preparer	N/A	N/A
Action to Enjoin Promoters of Abusive Tax Shelters	7408	Prohibit any person from further engaging in conduct subject to penalty under IRC § 6700 or IRC § 6701	N/A	N/A

Office of Privacy

As the IRS continues to modernize its information systems and dramatically expand its electronic services to taxpayers and practitioners, the role of the IRS Privacy Advocate continues to increase in importance.

The commissioner created a Privacy Office in 1993 when concerns about the privacy of taxpayer information in a rapidly changing electronic environment first reached the IRS. That electronic environment has dramatically grown and evolved over the last decade and so have the robust privacy initiatives of the IRS.

The Office of Privacy is responsible for developing, promoting and supporting privacy programs and awareness throughout the IRS. The office and staff work to make sure all IRS employees are aware of privacy policies and can flag potential privacy issues so that the privacy rights of taxpayers are protected.

In addition to enforcing a host of federal laws that protect the confidentiality of taxpayer information and stringent computer security procedures, the IRS goes a step further to protect your privacy and the privacy of your clients. The Office of Privacy created the Privacy Impact Assessment (PIA), a tool designed to help systems developers and users within the IRS identify and evaluate privacy risks in new and substantially modified IRS information systems. The PIA, which was recognized as a Best Practice by the Chief Information Officers Council in 2000, is the model for the privacy assessment enacted by Congress in the Electronic Government Act of 2002 and is now required of all federal agencies. It is also increasingly being adopted by private industry and foreign governments.

Privacy initiatives such as the PIA have resulted in the elimination of Social Security Numbers on IRS mailing labels as well as a reduction in information collected by a number of IRS systems. The office's efforts have also expanded privacy protections to third parties during compliance initiatives.

The office reviews IRS privacy notices which inform visitors to the IRS Website (www.irs.gov) and the Registered User Portal about the types of information that may be collected. The office has participated significantly in all areas of IRS modernization and *e-file* programs, such as the free e-filing agreement between the IRS and a consortium of tax practitioners.

Whether taxpayers choose to file a return electronically or on paper, the Office of Privacy seeks to ensure that:

- No personal information will be collected that is not necessary for tax administration or other legally authorized purposes;
- Information will be used only for the purpose for which it was collected or as specifically authorized by law; and
- Information will be collected, to the greatest extent practicable, directly from the individual to whom it relates. Information that is collected from third parties will be verified for accuracy with the subject whenever practicable before final action is taken.

The Office of Privacy continues building public trust by protecting the privacy rights of taxpayers. For questions, concerns or comments about IRS privacy practices or the way personal information is collected, maintained and used, please contact the office at: Director, Office of Privacy (OS:PA), 1111 Constitution Avenue, N.W., Washington, DC 20224.

Electronic Services

As digital communication becomes more and more a part of our lives, the IRS continues to come up with new and improved ways to use new technology to make life easier for taxpayers and tax preparers.

The Tax Professionals Page ***www.irs.gov*** is designed to help practitioners find what they need on the IRS Website. The site has fill in the blank forms as well as forms to download and print. There is also a *Withholding Calculator* to help taxpayers determine the number of exemptions to take.

Electronic Payment Options for Individuals and Businesses

Individuals can pay taxes electronically by authorizing an electronic funds withdrawal from a checking or savings account or by using a credit card. These e-payment options can be used to:

- pay taxes owed on a 2004 income tax return
- pay projected tax due when requesting an automatic extension of time to file
- pay estimated taxes for Tax Year 2005
- pay taxes owed on prior tax year returns and make Installment Agreement payments for tax years 1995 and after.

The IRS has entered into partnerships with private industry, including tax preparation software developers and credit card processors, to make these electronic payment options available.

- More than 1.78 million people paid their federal taxes by electronic funds withdrawal or credit card during 2004, up from 1.2 million last year, a 45% increase over the prior year.

Electronic Funds Withdrawal

Electronic funds withdrawal is free and the taxpayer decides when the tax payment is withdrawn from the bank account. Electronic funds withdrawal is only available to those who *e-file*, either by computer or by phone. A taxpayer may *e-file* early and, at the same time, schedule the withdrawal as late as April 15, 2005. For returns filed after April 15, the payment is effective on the filing date. A 2005 estimated tax payment can be made through electronic funds withdrawal only when filing a 2004 tax return via computer, whether or not there is a balance due on the return. The estimated tax payment may be the one due in April, June or September. Only one estimated tax payment can be made through electronic funds withdrawal. This payment cannot be made by phone.

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Electronic Services

- In 2004, 834,047 taxpayers paid their taxes through electronic funds withdrawal or ACH debit, an increase of 24% over the prior year.

Credit Card Payments

Taxpayers can make credit card payments whether they file electronically or file a paper return. Credit Card payments can be submitted via tax software when filing electronically. Credit Card payments can also be made over the telephone and Internet.

- In 2004, 950,715 taxpayers paid by credit card, an increase of 70% over the prior year.

The IRS does not set or collect any fees for credit card payments, but the private sector companies the IRS has authorized to process these payments do impose convenience fees. The tax payment sent to the U.S. Treasury and the convenience fee are listed separately on the cardholder's credit card statement.

Some tax software developers offer integrated *e-file* and e-pay combinations for those who want to pay a balance due with a credit card. The software accepts both the electronic tax return and the credit card information. Subsequently, the tax return and tax payment data are forwarded to the IRS and the credit card data is forwarded to the payment processor.

For the 2005 filing season, the IRS has authorized two companies to accept credit card charges from both electronic and paper filers. Each offers both phone and Internet payment services. Anyone may use these services to charge taxes to an American Express Card, Discover Card, MasterCard or Visa account. Fees may vary by service provider.

- Link2Gov Corporation: **1-888-PAY-1040 (1-888-729-1040) 1-888-658-5465** (Customer Service) **www.PAY1040.com** and
- Official Payments Corporation **1-800-2PA-YTAX (1-800-272-9829) 1-877-754-4413** (Customer Service) *www.officialpayments.com.*

Electronic Federal Tax Payment System (EFTPS)

EFTPS is a secure service provided free by the U.S. Department of Treasury through which taxpayers can make payments by the Internet or telephone to pay their federal taxes and it is ideal for taxpayers who have to make 1040ES tax payments. EFTPS allows for the electronic transfer of funds from the taxpayer's account to the Treasury's account on the date indicated by the taxpayer. More than 3 million people are already using EFTPS to their benefit.

Taxpayers who make more than $200,000 in Federal Tax Deposits are required to make all their federal tax deposits electronically, however, if they do not meet the requirements, they may voluntarily enroll in and use EFTPS. Your clients can schedule one or all of their estimated payments for the year, 365 days in advance for individuals and 120 days in advance for business tax payments. Payments can be cancelled up to 48 hours before the scheduled payment due date and you can receive an immediate acknowledgement number for every payment, which is a receipt for the taxpayer's payment instructions. EFTPS also maintains a tax payment history for 16 months; once a taxpayer is enrolled the payment history can be viewed online at *www.eftps.gov.* EFTPS is available 24 hours a day, 7 days a week.

Employers receiving a new Employer Identification Number (EIN) that have a federal tax obligation are automatically enrolled in EFTPS Express Enrollment to make their Federal Tax Deposits. When taxpayers receive their EIN, they will also receive a separate mailing containing an EFTPS Personal Identification Number (PIN) and instructions for activating their enrollment.

The Internal Revenue Service (IRS) also offers an EFTPS-FTD Penalty Refund Program to help employers virtually eliminate and avoid future penalties. If a taxpayer receives a 941-deposit penalty, they can receive a refund of the penalty amount paid if they enroll in and use EFTPS for four consecutive quarters. To qualify for the program the taxpayer must pay their current penalty in full, enroll in and use EFTPS for one year (four consecutive quarters) and make all Form 941 payments on time through EFTPS. The IRS will automatically determine which employers have achieved the four quarters of EFTPS use and refund the taxpayer's most recent full paid FTD penalty if no other taxes are owed. Refunds will be issued on a quarterly basis following the scheduled Form 941 due dates.

To enroll in EFTPS, visit *www.eftps.gov* call EFTPS Customer Service for more information or an enrollment form at 1-800-555-4477.

Tax Talk Today

Monthly web casts are the second Tuesday of each month from 2 p.m. to 3 p.m. ET. The next scheduled program is February 8, 2005 on the *New Schedule M-3-Corporate Disclosure and Reconciliation.* For future web casts, go to:

http://www.taxtalktoday.tv/view-page.cfm?pgname=8.71

Earn CPE Credit: Earn 1 CPE for each contact hour by either watching each Tax Talk Today via Live web-cast (based on a 50 minute credit hour), or by watching archived web-cast/VHS (Non-interactive Self Study based on a 100-minute credit hour).

Attention Enrolled Agents: Tax Talk Today is approved by the IRS for CPE credit.

Did you miss any previous programs? To view them in the Tax Talk Today archive go to: ***http://www.taxtalktoday.tv/index.cfm?page=8.532***

For 2005– Your Nationwide Tax Forums

Plans are already well underway for the 2005 IRS Nationwide Tax Forum season. Be sure to check *www.taxforuminfo.com* and *www.irs.gov* for up-to-date information.

Dates and Locations for the 2005 Forums

June 28-30, 2005	San Francisco, CA
July 12-14, 2005	Houston, TX
July 26-28, 2005	Atlanta, GA
August 9-11, 2005	New York, NY
August 23-25, 2005	Las Vegas, NV
Sept. 30-Oct. 1, 2005	Chicago, IL

Federal Tax Deposit Requirements for Employment Taxes

Do employment tax requirements confuse you? You're not alone. The rules are not one-size-fits-all and can be difficult to navigate. This summary may help clear up some of the mystery for you.

Employers are required to file Form 941, *Employer's Quarterly Federal Tax Return*, and to make regular federal tax deposits (FTDs) of employment taxes, which include employees' withheld federal income tax, Social Security tax, Medicare tax and the employer's share of Social Security and Medicare taxes.

The deposit schedule may be either monthly or semi-weekly, depending on the amount owed during a four-quarter look-back period. The look-back period for calendar year 2005 covers the four calendar quarters from July 1, 2003 through June 30, 2004.

Note: *Notification of FTD Deposit Requirements are issued yearly to filers of Form 941 and 941SS to advise employers of which deposit method to use for the upcoming calendar year. It is your responsibility to verify the look-back period information with your records to ensure that the notice you receive is correct.*

If total taxes reported in the look-back period were:	then employer is a:
$50,000 or less	Monthly Schedule Depositor
More than $50,000	Semi-weekly Schedule Depositor.

New employers who have never filed Form 941 before follow the monthly schedule depositor's rules for the first calendar year of their business. If, however, a new employer accumulates a tax liability (reduced by any advance Earned Income Credit (EIC) payments) of $100,000 or more on any day during a deposit period, they must deposit the tax by the next banking day. FTD payments are based on when wages are paid, not earned, and must be deposited as follows:

Monthly Schedule Depositors:

- Deposit each month's taxes by the 15th day of the following month (e.g., taxes from payday(s) during August are deposited by Sept. 15).

Semi-weekly Schedule Depositors:

- For wages paid Saturday, Sunday, Monday or Tuesday, deposit by Friday of that week.
- For wages paid Wednesday, Thursday or Friday, deposit by the following Wednesday.

If the due date for a deposit falls on a federal or state bank holiday or on a Saturday or Sunday, the deposit is considered timely if it is made by the close of the next banking day.

Reminder: *If you are a Semi-weekly Depositor, you must attach Form 941, Schedule B, to your Form 941.* ***Note:*** *No monthly or semi-weekly FTD payments are required if the total tax liability for the quarter is less than $2,500. Employers may mail in payments with their quarterly Form 941.*

If employers have a deposit requirement, they may choose one of two deposit methods:

- FTDs can be made the preferred way through the Electronic Federal Tax Payment System (EFTPS). You can make tax deposit payments through the Internet at *www.eftps.gov* or call FTPS Customer Service at 1-800-555-4477.
- Mail or deliver Form 8109, *Federal Tax Deposit Coupon*, with their payment to an authorized financial institution or Federal Reserve Bank or branch. Make the check or money order payable to the financial institution.

Subject to Alternative Minimum Tax?

More than three million taxpayers could be impacted by the Alternative Minimum Tax (AMT) this year. AMT may apply if your income is over a certain level ($58,000 for married filing jointly) and many of the deductions you use for the regular income tax cannot be used, or cannot be used in full, when figuring your AMT. For a plain-English explanation of AMT, go to IRS.gov and download Publication 941, ***What You Should Know About AMT***. Most *e-file* and tax return preparation software programs automatically compute AMT.

DIRECT DEPOSIT OF REFUNDS

Enter all the required information to insure the refund is credited to the correct bank account. If an incorrect bank account number or Routing Transit Number (RTN) is entered by the taxpayer, preparer or electronic return originator, the IRS does not have the authority to recover the refund from the account holder that receives the refund in error. Taxpayers must contact their financial institution to resolve the erroneous deposit.

Taxpayers will receive a paper refund check and a notice if:

- Required information is missing or incomplete.
- RTN does not match the master list of valid RTNs.
- RTN is for a foreign bank.
- Power of Attorney is on file and third party is authorized to receive refund.
- Return is a decedent return.
- Return is for a prior year.
- $10,000 or more in withholding and zero tax is owed.
- Math error of more than $50.
- More than two direct deposits are requested for the same account.

Become an Authorized IRS *e-file* Provider

Why IRS *e-file*?

IRS *e-file* enables taxpayers to file their individual, business and information returns electronically. More and more taxpayers are choosing IRS *e-file* because their returns are processed faster with fewer errors. This means quicker refunds and less contact with the IRS.

Plus, the IRS acknowledges receipt of IRS e-filed returns, which gives taxpayers proof of filing. The electronic payment options let you and your clients file early and either electronically schedule a payment for a future date (paying by direct debit) or delay out-of-pocket expenses (paying by credit card). As taxpayer demand for IRS *e-file* grows, there are many ways you can meet the expectations of your clients and participate in this important trend as an Authorized IRS *e-file* Provider.

Now it is easier to apply to participate in IRS *e-file* with the new electronic IRS *e-file* Application

Getting Started

Publication 3112, *IRS e-file Application and Participation*, includes the rules for participation in IRS *e-file* that pertain to all Authorized IRS *e-file* Providers. These rules were previously included in Publication 1345. You should review Publication 3112 before doing anything else. Next, log on to e-Services to complete the electronic IRS *e-file* application (Form 8633).

- Frequently Asked Questions and Answers for IRS e-file Application
- IRS e-file Application & Publication News

Still have questions? Need answers? Not sure where to begin? Call the *e-Help Desk* 1-866-255-0654 (toll free) for assistance.

Become an Authorized IRS *e-file* Provider in 3 Easy Steps

1. Choose the Authorized IRS *e-file* Provider options that are best for you.

2. Complete your IRS *e-file* Application **online**. Register or log on to e-Services on this Website.

3. Pass the IRS *e-file* Suitability Background Check

Step 1—Choose the Authorized IRS *e-file* Provider Options That Are Best for You

An Authorized IRS *e-file* Provider can be an Electronic Return Originator, Intermediate Service Provider, Transmitter, Software Developer or Reporting Agent. Be sure to include all your choices on your IRS *e-file* Application (Form 8633).

Electronic Return Originators (EROs) – originate the electronic submission of income tax returns to the IRS. An ERO may originate the electronic submission of income tax returns that are either prepared by the ERO firm, or collected from a taxpayer. Select the ERO provider option on your IRS *e-file* Application or check "yes" for Electronic Return Originator on your application (Form 8633).

Intermediate Service Providers – receive tax return information from EROs or from taxpayers who file electronically from home using their personal computers, either online or by using commercial tax preparation software. Intermediate Service Providers process the tax return information and either forward the information to a transmitter or send the information back to the EROs or taxpayers.

Transmitter – Once the return is prepared, the income tax return data is sent to the IRS by a Transmitter. Transmitters must have software and modems that allow them to connect with IRS computers. Select the Transmitter provider option on your IRS *e-file* Application or check "yes" for Transmitter on Form 8633. EROs may apply to be Transmitters and transmit return data themselves or they may contract with accepted third-party transmitters who will transmit the data for them. Transmitters, who transmit returns filed from home by taxpayers using tax preparation software, are called "Online Filers." Online Filers consists of 990, 1040, 1120, 1120POL filing. The Revenue Procedure also contains the rules for Online Filing. If you decide to be an Online Filer, you must select the Online provider option on your IRS *e-file* Application (Form 8633) or check "yes" on Boxes 2c for Transmitter and 2d for Online Provider.

An entity that provides a "bump-up" service is a Transmitter. A bump-up service provider increases the transmission rate or line speed of formatted or reformatted information that is being sent to the IRS via a public switched telephone network.

Software Developers – Software Developers write the programs to IRS specifications that make IRS *e-file* and Federal/State *e-file* possible. The IRS and participating states require that all software pass a series of tests each year. Once approved, this software may be sold and used by EROs, Reporting Agents, Intermediate Service Providers and Transmitters. Select the Software Developer provider option on your IRS *e-file* Application or check "yes" for Software Developer on Form 8633. Federal/State Software Developers must register and test with participating states' electronic filing programs.

Reporting Agents – A Reporting Agent (Agent) is an accounting service, franchiser, bank or other person that complies with Revenue Procedure 96-17, as modified by section 21.02 of the Revenue Procedure and is authorized to *e-file* Form 940/941 for a taxpayer.

To become an ERO, Intermediate Service Provider, Transmitter, Software Developer or Reporting Agent, you must apply by submitting an IRS *e-file* Application (see Step 2) and be accepted by the IRS. Before you apply, you need to decide which provider option(s) make the best business sense for you. In addition, you should contact a number of vendors and software developers to find the products that meet your business needs.

For additional information about Business e-file programs, see the following publications:

Publication 1524 - *Procedures for the Form 1065 e-file Programs*

Publication 1525 - *File Specifications for Form 1065 e-file*

Publication 1855 - *Technical Specifications Guide for the Electronic Filing of Form 941*

Publication 3715 - *Technical Specifications Guide for the Electronic Filing of Form 940*

Publication 1437 - *Procedures for Electronic Filing of Form 1041*

Publication 1438 - *File Specifications for Form 1041*

Federal/State *e-file* – Federal/State *e-file* is a cooperative tax filing program between the IRS and some of the states that

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Become an Authorized IRS *e-file* Provider

have income taxes. This process makes it possible for taxpayers to file both federal and state income tax returns electronically at one time. Each participating state has its own requirements, but all require that you be accepted in IRS *e-file* before they will accept you in their state programs.

Step 2—Fill Out and Submit an IRS *e-file* Application via e-Services on this Website (preferred method) or you may fill out and submit Form 8633, Application to Participate in the IRS *e-file* Program. Please allow additional time to process the paper *e-file* application (Form 8633).

Now, it's easier than ever to apply to participate in IRS *e-file*. The new electronic IRS *e-file* Application is available through the Internet-based business tools called "e-Services." Individuals who want to apply to participate in IRS *e-file* or submit updates to a prior approved IRS *e-file* Application are encouraged to register for e-Services online by creating an electronic account and then accessing the IRS *e-file* Application.

You can register for e-Services through this Website.

Existing participants of IRS *e-file* should view and update their *e-file* application online. It is the participant's responsibility to ensure the information on the IRS *e-file* Application is current and accurate. You should also make sure you choose the provider options and form types on the IRS *e-file* application for returns you intend to file electronically.

The IRS *e-file* application, Form 8633, asks for basic information about your business, key people in your business and the provider options you have chosen in **Step 1**. You may choose more than one provider option, for example, ERO, Transmitter and Reporting Agents on one application. Do not check "yes" for the Online Filing question 2d unless you will receive returns from taxpayers that are preparing their taxes on commercially available software, software downloaded from an Internet site and prepared offline or through an online Internet site. Note for Online Provider Applicants: detailed instructions are outlined on page 3 of the Form 8633.

The Form 8633 is also used to notify the IRS when changes occur in your business. It is important that you update you application information whenever changes occur. You may do this by revising your IRS *e-file* Application or the Form 8633, or by mailing the changes on your company letterhead to the Andover Campus, signed by a firm official. You may also call toll-free 1-866-255-0654 to make changes. **Applications must be updated within 30 days of the date changes occurred**. Any changes affecting suitability such as changes to Taxpayer Identification Numbers (TINs) and corporate structure cannot be made via telephone. Original or revised Form 8633 or any changes submitted on letterhead should not be faxed to the Andover Campus. Any faxes submitted may result in delay of processing of the information.

After completing the form, please check it against the Form 8633 Accuracy checklist. This will help ensure that you haven't forgotten something such as signatures or attachments needed, such as fingerprint cards, or evidence of professional status. Forms 8633 are returned if they are incomplete.

Include fingerprint cards or evidence of professional status for all principals of your firm (line 7) and responsible officials (line 8). Only one set of fingerprint cards is required for each principal and responsible official. **To obtain fingerprint cards call, toll-free, 1-866-255-0654**. New fingerprint cards are not required for individuals who submitted them in the past with another application that is currently active. **The fingerprint cards for IRS *e-file* are unique and can only be obtained from the Andover Campus.**

IRS *e-file* Application or Form 8633 to become new Authorized IRS *e-file* Providers may be submitted year-round. Once the provider is accepted into IRS *e-file*, there is no need to reapply.

When the IRS receives the IRS *e-file* application or Form 8633 we will acknowledge its receipt with a letter, assign identification numbers, after suitability is passed, and where applicable, issue a password for testing based on the provider options you have chosen as follows:

- **EROs, Transmitters, Software Developers, Reporting Agents and Intermediate Service Providers** will receive an Electronic Filing Identification Number (EFIN) for the home location, which is each location based on the firm's business address;
- **Transmitters and Software Developers** will also receive an Electronic Transmitter Identification Number (ETIN) and a password for testing.

Processing the applications and completing the suitability background checks (see Step 3) can take up to 45 days. The IRS encourages all prospective Authorized *e-file* Providers to apply no later than 45 days prior to the date you intend to begin filing returns electronically (business or individual); apply later and you may not be accepted in time to begin e-filing based on your filing season. Save time by using the new electronic *e-file* application through e-Services.

QuickAlerts – It is strongly recommended that you subscribe to QuickAlerts once approved to participate in IRS *e-file*. QuickAlerts is the answer for up to the minute *e-file* information. Would you like to know when a problem occurs at the campuses (service centers) that would interrupt your processing of electronically filed returns? Would you like to hear about any tax law or publication changes affecting *e-file* or when the next conference is scheduled? How about delays in Form 8453 acknowledgements in the processing of returns? Get a jump on *e-file* messages early in the filing season.

Find out today by subscribing to QuickAlerts, IRS's latest "push" technology messaging system. Get the facts quick, fast and any way you'd like to receive them (i.e., phone, fax, email).

E-News for Tax Professionals – Subscribe to this reorganized and improved version of the Local News Net. The new electronic newsletter for tax practitioners and others provides consolidated and localized information that is available for the first time on a state-by-state basis. Services through E-News include IRS Digital Dispatch, IRS Newswire, and IRS Tax Tips.

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Become an Authorized IRS *e-file* Provider

Step 3—Pass a Suitability Background Check

When you apply to become an ERO, Transmitter, Reporting Agent or Intermediate Service Provider, the IRS conducts a background check on all principals of your firm and responsible officials listed on the application to determine their suitability to be an Authorized IRS *e-file* Provider. If you apply to be a Software Developer only, a suitability check is not required.

Suitability check may include the following:

1. An FBI criminal background check;
2. A credit history check;
3. An IRS records check to a) ensure that all individual and business returns are filed, and balance paid or appropriately addressed, and b) identify instances of fraud and preparer penalties; and
4. A history check for prior non-compliance in the Electronic Filing or IRS *e-file* programs.

All principals of your firm and responsible officials must pass the suitability check before your application will be accepted into IRS *e-file*. If any one fails, your application will be rejected. If your application is rejected, you will be notified in writing. You may appeal. If your application rejection is upheld on appeal, you may not reapply to become an Authorized IRS *e-file* Provider for two years.

Acceptance

After your application is processed and all involved parties pass the suitability test, you will be sent an acceptance letter. Transmitters and Software Developers must also complete testing before an acceptance letter is sent. Once accepted, you need not reapply each year as long as you continue to *e-file* returns.

After testing is completed satisfactorily, Transmitters will be issued a password that authorizes them to transmit e-filed return data during the filing season which begins January 14, 2005 and continues through October 17, 2005 for Individual Income Tax Returns. IRS *e-file* for Business Income Tax Returns and Information Returns is year-round. Testing is required each year for Transmitters and Software Developers.

The IRS will send you an *e-file* marketing/promotional kit that entitles you to identify yourself as an "Authorized IRS *e-file* Provider." We support IRS *e-file* with advertising on radio, television and in print and provide material that you can customize for your own advertising and promotion. And that's not all! As an Authorized IRS *e-file* Provider you become eligible for special recognition and an incentive and rewards program.

For additional assistance, click on the e-Services tutorials or call (toll-free) for e-Help at 1-866-255-0654.

Don't delay! Apply Today!

SECONDARY SSN VALIDATION

The names and Social Security Numbers (SSNs) of everyone claimed on a tax return—primary, secondary and all dependent SSNs—must exactly match the names on their Social Security cards. The IRS does not accept electronic returns with any name/number mismatch, whether for the taxpayer, the spouse or a dependent. It also reduces tax benefits claimed on paper returns when there is a name/number mismatch for either spouse listed on a joint return or for any dependent.

People who change their surnames for any reason—such as marriage—should get updated identification cards, unless they intend to use the former name for legal purposes. Form SS-5, *Application for a Social Security Card*, is available from the SSA Website at: *www.ssa.gov* or by calling **800-772-1213** toll-free.

Vehicle Donations

Taxpayers wishing to claim a deduction for donating a vehicle to charity should make sure they can establish the fair market value of the vehicle as well as verify whether the receiving organization is a qualified charity. You can check the list of qualified organizations on line at IRS.gov. Look for Publication 78. Used car pricing guides can be useful in establishing fair market value but you must also take into account factors like mileage, equipment differences, needed repairs, etc. You must attach Form 8283, ***Noncash Charitable Contributions***, to your return if the value is over $500. You may need formal written appraisals to justify a valuation of more than $5,000.

IRS *e-file* is the best and easiest way to file; you get your refund in half the time—even faster with Direct Deposit.

- This year, for the first time ever, more than half of all taxpayers are projected to *e-file* their tax returns. IRS *e-file* is the safest and most accurate way to file, you get your refund in half the time and it's the fastest way to get your taxes where you want them—done!
- IRS *e-file* is free for millions of taxpayers. Check out Free File online at IRS.gov: click on **1040 Central** and look for **Free File Your Return**.
- IRS *e-file* is for everybody. Individuals, small businesses and even large corporations can file electronically.

Changes to third party authorizations

Oral consents

The Taxpayer Bill of Rights II (TBOR II) and revised 26 CFR 301.6103(c) - 1(c) authorize the IRS to disclose tax information pursuant to a taxpayer's oral request or consent when, and only when, assistance is needed to **resolve a federal tax matter**.

In response to TBOR II and the revised regulation, the IRS introduced two disclosure authorization products to allow taxpayers' designees to discuss with the IRS specific notice issues or to discuss specified tax matters.

The first product, an Oral Disclosure Consent (ODC), authorized the IRS to orally disclose information to the designee and only on specific notice issues.

- The taxpayer phones **800-829-1040**. After identity verification, the name of the designee is provided and is recorded directly onto the tax account.
- The authorization expires when the specific notice issue is resolved.

The second product, the Oral Tax Information Authorization (OTIA), is the oral equivalent of a Form 8821, *Tax Information Authorization*. An OTIA allows the IRS to exchange oral and written information with the designee on tax matters specified in the authorization.

- The taxpayer phones **800-829-1040** and advises the assistor he wishes to grant an OTIA. Following identity verification of the taxpayer, the call is transferred to a CAF Unit where an assistor directly records the authorization information onto the CAF.
- The taxpayer may authorize the IRS to automatically provide the designee with copies of notices.
- There are no limitations on the type of specified account information that may be disclosed.

All OTIAs are recorded on the Centralized Authorization File (CAF), which provides nationwide notice of an authorization.

Third party designee or checkbox authorization

The Third Party Designee or Checkbox authorization was designed to acknowledge our diverse taxpayer base (IRS Policy Statement P-6-41) and to respond to TBOR II. Originally, the taxpayer granted the IRS the authority to disclose oral information to a designee on issues limited to return processing, refunds and payments related to that return.

From its introduction through 2003, this product has expanded from allowing only return preparers as designees to any third party, including "friends and family" and legal, accounting and tax preparation firms. The authorization first appeared on forms in the 1040 series (except 1040X and Tele-File). By 2003, it was also included on forms in the 94X series and Forms 720, 1041, 1120, 2290 and CT-1.

Expiration of the original Checkbox authorization was keyed to certain steps in account processing. While designed to protect taxpayer privacy, the expiration criteria occasionally disrupted the problem resolution process.

Effective Jan. 1, 2004:

- The Third Party Designee authorization was expanded to serve as the equivalent of a Form 8821, *Tax Information Authorization.*
- The IRS can disclose account information, both orally and in writing, on account issues arising from the tax return upon which the authorization was granted.
- Disclosure in written form (e.g. transcripts, content of notices) will be provided upon the designee's request.
- The authorization will no longer be confined to return processing, refund and payment issues.
- The authorization will expire one year from the due date of the tax return, without extensions.
- The authorization will be recorded directly onto the taxpayer's Master File account and not on the CAF.

Terminating the authorization

As with all authorizations, the taxpayer may revoke an OTIA or Checkbox authorization at any time. The designee may withdraw from the authorization at any time. Once all tax account issues specified in the authorization have been resolved, both parties should consider whether the authorization should remain in force. A statement of revocation by the taxpayer or a statement of withdrawal by the third party must be made in writing and must contain the following elements:

- clear intent
- identification of the taxpayer—taxpayer name, Social Security Number or employer identification number
- identification of the other party to the authorization you wish to revoke
- identification of the tax matters—tax form number(s) and tax period(s)
- dated signature of the party terminating the authorization.

This statement of revocation can be mailed or faxed to any Centralized Authorization File (CAF) Unit. *(See addresses and phone numbers on page 15).* A copy of the original authorization with the word "Revoke" or "Withdraw" written at the top of the form with a current dated signature is acceptable. Once received, the necessary actions will be taken to remove the authorization from IRS records and parties to the action will be notified.

Where to send authorization requests

Power of Attorney or Tax Information Authorization requests should be directed to Memphis or Ogden.

If your principal business, office or agency or legal residence in the case of an individual, is located in: Alabama, Arkansas, Connecticut, Delaware, District Of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia or West Virginia:

Write, call or fax:
Memphis Accounts Management Center, CAF Unit
5333 Getwell Road, Stop 8423
Memphis, TN 38118
Fax: 901-546-4115
Phone: 901-546-4176

If your principal business, office or agency or legal residence in the case of an individual, is located in: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin or Wyoming:

Write, call or fax:
Ogden Accounts Management Center, CAF Unit
1973 North Rulon White Blvd., Stop 6737
Ogden, UT 84404
Fax: 801-620-4249
Phone: 801-620-4254

International requests will continue to be processed at:

Philadelphia Accounts Management Center, CAF Unit
11601 Roosevelt Blvd. DPSW 312
Philadelphia, PA 19255
Fax: 215-516-1017
Phone: 215-516-5996

We are processing faxed requests in 48 hours and paper requests in five business days.

Unenrolled Return Preparer

Revenue Procedure 81-38 prescribes the standards of conduct, scope of authority and the circumstances under which an individual preparer of tax returns may engage in limited practice without enrollment before the IRS, pursuant to Section 10.7(a)(7) of Treasury Department Circular No. 230.

"Practice" or representation includes advocating facts or law, acting on behalf of, and/or negotiating or signing on behalf of a taxpayer.

In order to qualify to engage in practice, the unenrolled return preparer is limited to contacts with IRS customer service representatives (CSRs) and examination officers with respect to a federal tax liability arising from a tax return he prepared. He is granted representational authority by the taxpayer via Form 2848, *Power of Attorney and Declaration of Representative*, designation level "H."

Acts specifically prohibited are:

- Executing claims for refund
- Receiving IRS checks for taxes, penalties or interest (refunds)
- Executing consents to extend any statutory period of assessment or collection of tax
- Executing waivers of restriction on assessment or collection of a deficiency in tax
- Executing closing agreements with respect to a tax liability or specific matter
- Executing and negotiating payment agreements
- Representation before IRS Appeals and Collection including the Automated Collection System (ACS) Unit.

All the way to October 15th

Tax Information Authorization

When an unenrolled return preparer does not meet the criteria for engaging in limited practice, he may be designated by the taxpayer to receive account information and transcripts and copies of notices on a tax information authorization (TIA).

The authorization can be submitted using Form 8821, *Tax Information Authorization.* The taxpayer may also orally grant the authorization by calling **800-829-1040**. Once the caller's identity is verified, the call is transferred to a Centralized Authorization File (CAF) Unit where an assistor will record the authorization directly into IRS records. The taxpayer should be prepared to provide the same information required by Form 8821:

- Taxpayer name and Social Security or employer identification number
- Name, address and CAF Number (if available) of Appointee
- Type of tax(es) and tax period(s)

This authorization is known as an Oral Tax Information Authorization (OTIA) and is only available for the purpose of resolving federal tax matters.

If the unenrolled return preparer is a registered and authorized user of the IRS e-services product, *Disclosure Authorization (DA)*, Forms 2848 or 8821, may be transmitted to the IRS through the Internet on behalf of the taxpayer.

Form 2848 should be used to designate an unenrolled return preparer only when the designee is entitled to engage in limited practice (prepared the tax return at issue and is engaged in discussions with a CSR or Exam employee). Otherwise, Form 8821 should be used to authorize the unenrolled return preparer to inspect and receive information from the IRS.

THIRD PARTY AUTHORIZATIONS

There are various methods by which third parties may be granted authority to assist taxpayers in resolving tax issues. This chart identifies products available for addressing taxpayer needs and the means of submitting the authorization. All products allow for the exchange of information with the IRS for purposes of resolving a tax issue.

Features	Power of Attorney (POA)	Tax Information Authorization (TIA)			Limited Tax Information Authorization	
Purpose	Allows a third party to represent a taxpayer before the IRS.	Allows a third party to receive or inspect written and/or oral tax account information, subject to product limitations.				
How is authority granted	Form 2848, Power of Attorney and Declaration of Representative, Form 706, US Estate Tax Return, or written or electronic equivalent.	Form 8821, Tax Information Authorization, or written or electronic equivalent.	Oral Tax Information Authorization granted by taxpayer calling 1-800-829-1040. Identity verified, call is transferred to CAF Unit for immediate recording.	Third Party Designee or Checkbox Authorization is granted directly on tax return (Forms in 1040 and 94X series, Forms 720, 1041, 1120, 2290 and CT-1.	Oral Disclosure Consent granted by taxpayer calling 1-800-829-1040, providing the name of the designee for a specific notice issue.	Form 8655, Reporting Agent Authorization for Magnetic Tape/Electronic Filers.
Who can exercise this authority	Attorneys, CPAs, enrolled agents/actuaries, immediate family, full-time employees, general partners, officer, unenrolled return preparer (limited practice) and certain others.	Any individual or a business, e.g. legal, accounting, tax preparation firm. Authority extends to employees of a business appointee.	Any individual or a business, e.g. legal, accounting, tax preparation firm. Authority extends to employees of a business appointee.	Any individual or a business, e.g. legal, accounting, tax preparation firm. Authority extends to employees of a business appointee.	Any individual.	Companies (Reporting Agents, batch and bulk filers) approved under Revenue Procedure 2003-69 thru 96-18. Authority extends to employees of agent.
Entitled to written and oral information	Yes	Yes	Yes	Yes	No. Oral information only.	Yes, but only on returns filed and payments made by the agent.
Can automatically receive notice copies	Yes	Yes	Yes	No	No	Yes
Submission and processing time	E-services Disclosure Authorization-immediate Priority Fax-24 hrs Regular Fax-48 hrs Mail-5 days from receipt.	E-services Disclosure Authorization-immediate Priority Fax-24 hrs Regular Fax-48 hrs Mail-5 days from receipt.	Telephonic Immediate.	On Tax Return E-filed—up to 3 weeks Paper submission—4-6 weeks.	Telephonic Immediate.	Mail or Fax 10-30 days.
Where is record maintained and how is it retrieved	Recorded on CAF Available on Master File and IDRS CFINK.	Recorded on CAF Available on Master File and IDRS CFINK.	Recorded on CAF Available on Master File and IDRS CFINK.	Recorded on tax module Available on Master File IDRS TXMOD/IMFOLR and BMFOLR.	Recorded on tax module Available on Master File IDRS TXMOD.	Recorded on Reporting Agents File (RAF) Available on Master File IDRS RFINK.
Must have CAF/RAF number	No. If CAF # not already established, one will be issued with first recorded submission.	No. If CAF # not already established, one will be issued with first recorded submission.	No. If CAF # not already established, one will be issued with first recorded submission.	No, Must have shared secret PIN, recorded directly on account.	No. Only name of authorized individual recorded directly on account.	No. Recorded on taxpayer's employer identification number.
Expiration of authority	Taxpayer revokes or representative withdraws, always in writing. New POA supersedes existing POA unless otherwise specified on Form 2848, Line 8. May co-exist with a TIA.	Taxpayer revokes or appointee withdraws, always in writing. New TIA supersedes existing TIA unless otherwise specified on Form 8821, Line 6. May co-exist with a POA.	Taxpayer revokes or appointee withdraws, always in writing. New TIA supersedes existing TIA unless otherwise specified. May co-exist with a POA.	Taxpayer revokes or designee withdraws, always in writing, or automatic expiration one year from the due date of the tax return upon which it is granted, whichever occurs first. May co-exist with a POA.	Expiration coincides with the resolution of the specific notice issue from which the authorization arose. May co-exist with a POA.	Taxpayer revokes or agent withdraws. New F-8655 may coexist with existing F-8655 but only for non-overlapping periods covered by authorization. May co-exist with a POA.

Guidelines for Faxed Submissions

Based on requests from practitioners and other outside stakeholders, the IRS has adopted the following guidance on the acceptance of faxes by taxpayers and the practitioner community.

General guidelines

These general guidelines apply to all divisions and cover operations related to income tax, employment tax, excise tax, estate tax, gift tax and generation-skipping tax as well as tax exempt and employee plans determinations.

- Filing of original tax returns via fax will only be allowed as part of a return perfection process (e.g., securing a missing schedule or missing signature) initiated by the IRS or in the post-filing/non-filing activities described in next bullet. Tax returns can be received via fax as part of return perfection even if a taxpayer signature is required, provided that the IRS contact with the taxpayer has been made and documented.
- Submission of documentation, forms, letters and returns related to post-filing/non-filing inquiries and interactions can be allowed via fax based on taxpayer or IRS request unless there is a specific prohibition. This allowance applies to inquiries and interactions conducted by Field Assistance, Accounts Management, Compliance Services, Field Examination, Field Collection, Determinations Units, Appeals and the Taxpayer Advocate Service, or related to post submission inquiries and interactions conducted by Employee Plans or Exempt Organizations in connection with an application for a determination or a request for a ruling. Documentation, forms, letters and returns can be received via fax in these circumstances even if a taxpayer signature is required, provided that IRS contact with the taxpayer has been made and documented.

Remember:

Using labels saves time and increases efficiency. None of the information on an IRS preprinted label affects whether taxpayers are audited.

- The IRS will not acknowledge faxes received from taxpayers in the course of tax administration activities by a return fax. Exceptions can be made in unusual circumstances as determined by IRS management.

Specific guidance on use of faxes in tax administration processes (Lists not all inclusive)

1. The following specific documents, forms, or letters will continue to be accepted by fax in routine operations:

- EIN Requests (Form SS-4)
- Power-of-Attorney (Form 2848)
- Taxpayer Authorization (Form 8821)
- 1120S Election (Form 2553)
- Return/Transcript Requests (Form 4506)
- Request for Public Inspection or Copy of Exempt or Political Organization IRS Form (Form 4506-A)
- Foreign Certification Requests
- Appeals Conference Requests
- Responses/documentation needed to resolve filing or post filing questions or correspondence.

2. The following specific documents, forms, or letters can be accepted by fax if contact has been made with the taxpayer by phone or in-person and the taxpayer history file is documented with the date of contact and notation is made that the taxpayer wishes to send the document, form, or letter by fax:

- Requests for Innocent Spouse Relief (Form 8857)
- Taxpayer Statement About a Refund (Form 3911)
- Injured Spouse Claim (Form 8379)
- Installment Agreements (Form 433-D)
- Collection Information Statement – Wage Earner (Form 433-A)
- Collection Information Statement – Business (Form 433-B)
- Early Referral Requests
- Fast Track Mediation Requests
- Request for Collection Due Process Hearing (Form 12153)
- Letter to designate a payment
- Letter to request non-filing of lien
- Letter to request lien release
- Letter to request lien withdrawal
- Letter to request non-assertion of penalty
- Letter to provide reasonable cause statement
- Supporting Statement to Correct Information (Form 941C)
- Election by a Small Business Corporation (Form 2553).

3. Consents to assess additional tax (Forms 4549, 870 and others) of $25,000 or less can be accepted by fax if taxpayer contact has been made and the case history documents the date of contact and the desire of the taxpayer to submit the consent by fax. Consents to assess tax in excess of $25,000 should be secured with original signatures that are delivered in person or by mail.

4. Taxpayer closing agreements involving tax amounts of $25,000 or less can be accepted by fax if taxpayer contact has been made and the case history documents the date of contact and the desire of the taxpayer to submit the consent by fax. Closing agreements for tax amounts in excess of $25,000 should be secured with original signatures that are delivered in person or by mail.

5. Employee Plan and Exempt Organization determination letter applications **will not** be accepted via fax.

6. Determination Letter Requests related to income tax, gift tax, estate tax, generation-skipping transfer tax, employment tax and excise tax matters **will not** be accepted via fax.

7. Consents to extend the statute of limitations for assessing tax (Form 872, SS-10 and other consent forms) **will not** be accepted via fax in normal operations.

Lockbox Processing

Tax practitioners should mail all types of forms with a remittance to the lockbox. There are procedures in Package X for preparation and mailing of the 1040-V with lockbox mailing instructions and addresses. These procedures not only provide for expanding lockbox volumes but also provide consistent procedures for tax preparers.

Installment agreement payments and fees should also be mailed to the appropriate lockbox address. Not all individual tax packages contain lockbox mailing instructions.

Individual tax packages are limited in scope regarding which taxpayers will receive the lockbox two-label envelope. Other taxpayers will receive the usual address envelope. Regardless of the package received by your clients, mail your Form 1040-V remittance returns to the lockbox address. If your clients receive a preprinted Form 1040-V package, encourage them to use the preprinted Form 1040-V with their remittance returns. The preprinted voucher can be read through high-speed computer scanning equipment, eliminating the need for data entry, thus ensuring fast and accurate posting of the payment information.

Forms 4868, *Extension Requests*, with remittances are processed at the lockbox. *(See the list of lockbox addresses by form number on this page.)*

TIGTA HOTLINE

The IRS expects its employees to conform to the highest standards of integrity. If you have reason to believe that an IRS employee is engaging in misconduct, **call 1-800-366-4484**.

Where to File 2004 Taxes

Beginning in January 2005, practitioners should mail returns and payments to the following addresses:

As electronic filing continues to grow, the addresses for filing Forms 1040 will continue to change. Listed below are the links that will take you to the appropriate addresses for the **2005** Filing Season only.

Filing Form **1040** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/pub/irs-utl/2005_wtf_tp1040__rev_1.pdf

Filing Form **1040A** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/pub/irs-utl/2005_wtf_tp1040a__rev1.pdf

Filing Form **1040EZ** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/pub/irs-utl/2005_wtf_tp1040ez__rev1.pdf

Filing Form **1040-ES** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/pub/irs-utl/2005_wtf_tp1040es_rev_1.pdf

Filing Form **1040V** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/pub/irs-utl/2005_wtf_tp1040v__rev_1.pdf

Filing Form **1040X** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/pub/irs-utl/2005_wtf_tp1040x_rev_1.pdf

Filing Form **4868** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/pub/irs-utl/2005_wtf_tp4868_rev_1.pdf

Filing Form **1040-ES(NR)** mailing addresses for Businesses and Tax Professionals
For FORM 1040-ES (NR), use this address:
Internal Revenue Service, P.O. Box 80102, Cincinnati, OH 45280-0002
http://www.irs.gov/pub/irs-utl/2005_wtf_tp1040es_nr_rev_1.pdf

Filing Form **8855-V** mailing addresses for Businesses and Tax Professionals
For FORM 8855-V, use this address:
Internal Revenue Service, P.O. Box 105571, Atlanta, GA 30348-5571
http://www.irs.gov/pub/irs-utl/2005_wtf_tp8855v_rev_1.pdf

Filing Form **940** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=111150,00.html

Filing Form **940-EZ** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=111155,00.html

Filing Form **2290** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=111351,00.html

Filing Form **706** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=111355,00.html

Filing Form **709** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=110562,00.html

Filing Form **941**mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=111163,00.html

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IRS Offers Online Pub 1045

Publication 1045, *Tax Professionals Guide for 2004 Federal Tax Products,* is now available along with the Form 3975, *Tax Professional Annual Mailing List Application and Order Blank*, on the IRS Website at *www.irs.gov.*

Tax professionals who are interested in a compilation of the most frequently requested business and individual forms and instructions can order Package X electronically (see link below). Only current participants can use this method by entering their account number shown on the mailing label of a previous Publication 1045. New participants in the program should use the Form 3975. Once fully enrolled, they will be able to register online. The instructions for mailing Form 3975 can be found in Publication 1045.

For ordering products on line, the addresses are:

Package X:
www.irs.gov/bus_info/tax_pro/tprax

Publication 1796, IRS Federal Tax Products CD-Rom: *www.irs.gov/cdorders*

Other tax products:
http://bookstore.gpo.gov/irs

To check the status of a Package X order, call 1-800-829-3676 and ask for the Tax Practitioner Gate. The printed version of Publication 1045 is mailed in October. Package X Volume 1 is available in late December and Volume 2 is available in late January.

AVOID TAX PENALTIES WITH EFTPS

New research shows real benefits to using the Electronic Federal Tax Payment System (EFTPS). The study shows that non-EFTPS users are 31 times more likely to be assessed a penalty than EFTPS users. With EFTPS, taxpayers can schedule payments in advance to avoid penalties.

Fast Facts for Filing Your 2004 Federal Income Tax Return

New Tax Laws and Forms

- The tax forms have instructions for the new exemption amounts, standard deductions and other items subject to an annual inflation adjustment. Form 1040 has three new lines to allow you to deduct qualified amounts paid for Educator Expenses, certain business expenses for Military Reservists and others, and Health Savings Accounts. Check IRS.gov for more information on these and other tax issues.
- You may be able to deduct state and local sales tax on your federal income tax return this year. A new law gives taxpayers who itemize their deductions the option of deducting sales tax instead of state and local income tax. Check the IRS.gov web site or IRS Publication 600, ***Optional State Sales Tax Tables***, for more information.
- Members of the military receiving Combat Pay have the option of including that pay when figuring their Earned Income Tax Credit even though the pay itself is not taxable. Check the instructions for Schedule EIC at IRS.gov.
- The limit on expenses reportable on Schedule C-EZ has been doubled (to $5,000) so more self-employed taxpayers can use this simplified form to report their business income and expenses.
- The taxable income limit on Forms 1040EZ and 1040A has been doubled so if your taxable income is $100,000 or less you may be able to use one of these simpler, shorter forms.

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Where to File 2004 Taxes

Filing Form **943** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=111168,00.html

Filing Form **945** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=111169,00.html

Filing Form **1041-ES** mailing addresses for Businesses and Tax Professionals
All states including Canada and Mexico:
For FORM 1041-ES, use this address:
Internal Revenue Service, P.O. Box 105401, Atlanta, GA 30348-5401
http://www.irs.gov/file/article/0,,id=110867,00.html

Filing Form **1041** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=111137,00.html

Filing Form **1065** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=110871,00.html

Filing Form **1120** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=110924,00.html

Filing Form **1120A** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/businesses/small/article/0,,id=118047,00.html

Filing Form **1120S** mailing addresses for Businesses and Tax Professionals
http://www.irs.gov/file/article/0,,id=111348,00.html

Tax Materials and Assistance in Spanish (Ayuda en Español)

If you need federal tax information in Spanish, you can find it in the form of recorded tax topics, free tax publications and toll-free telephone assistance from the IRS.

TeleTax is a toll-free automated service, in English and Spanish, providing helpful tax topics and refund information. You can find a list of more than 150 TeleTax topics in the instructions for Form 1040, 1040A or 1040EZ. TeleTax can also help you if it's been at least four weeks since you filed your return and you want to check on the status of your federal refund. Having a copy of the tax return handy will help you respond to the prompts on the automated system. TeleTax is available 24 hours a day, 7 days a week at **1-800-829-4477**.

Where's My Refund? Is a secure Web site to find out if the IRS received the return and whether the refund was processed and sent. To get the refund status, you will need to provide information as shown on the return. Check out the Website at: *https://sa.www4.irs.gov/irfof/lang/en/irfofget-status.jsp*

Free Spanish publications are available by calling toll free **1-800-TAX-FORM (1-800-829-3676)** or on the IRS Website, ***www.irs.gov***, under Forms and Publications. Some of the more popular ones are:

- Publication 1SP, *Derechos del Contribuyente (Your Rights as a Taxpayer)* *http://www.irs.gov/pub/irs-pdf/p1sp.pdf*
- Publication 579SP, *Como Preparar la Declaración de Impuesto,* *http://www.irs.gov/pub/irs-pdf/p579sp.pdf* explains who has to file a federal tax return and other important topics, such as which form to file, who are dependents, what income is taxable and nontaxable, and what some of the more common tax credits are
- Publication 596SP, *Crédito por Ingreso del Trabajo*, provides details on the Earned Income Tax Credit. *http://www.irs.gov/pub/irs-pdf/p596sp.pdf*

You can also talk with a Spanish-speaking IRS representative by calling the toll-free customer service line at **1-800-829-1040**.

Where's My Refund?

The return has been filed and a refund is expected, you have a question and want the answer now—**Where's My Refund???**

Access this secure Website to find out if the IRS received the return and whether the refund was processed and sent.

To get to the refund status, you will need to provide the following information as shown on the return:

- Social Security Number (or IRS Individual Taxpayer Identification Number)
- Filing Status, (Single, Married Filing Joint Return, Married Filing Separate Return, Head of Household, or Qualifying Widow(er))
- The refund amount (it is important to enter the refund amount exactly as it is shown on your return in order for our computer system to retrieve your data).

Okay now, Where's My Refund? *https://sa.www4.irs.gov/irfof/lang/en/irfofgetstatus.jsp*

CREDIT CARD PAYMENT OPTIONS

Taxpayers who charge payments made with automatic extensions of time to file or estimated tax payments on a credit card should not file paper Forms 4868 or 1040-ES.

Revised Circular 230: New IRS Guidance Raises Ethical Standards

As part of an ongoing effort to improve ethical standards for tax professionals and to curb abusive tax avoidance transactions, the Treasury Department and the IRS issued final regulations amending Treasury Department Circular 230.

Circular 230 is applicable to attorneys, accountants, enrolled agents and other tax professionals who practice before the IRS. The revisions to Circular 230 provide standards of practice for written advice that reflect current best practices and are intended to restore and maintain public confidence in tax professionals. These revisions ensure that tax professionals do not provide inadequate advice, and increase transparency by requiring tax professionals to make disclosures if the advice is incomplete.

"These new standards send a strong message to tax professionals considering selling a questionable product to clients," said Commissioner Everson. "The new provisions give us more tools to battle abusive tax avoidance transactions and to rein in practitioners who disregard their ethical obligations."

Ensuring that attorneys, accountants, enrolled agents and other tax practitioners adhere to professional standards and follow the law is one of the IRS's top four enforcement goals. The revisions to Circular 230 represent a key component of the strategy to achieve this goal.

As part of this broader effort to strengthen professional standards, in 2003, Everson appointed Cono Namorato, a former Justice Department prosecutor, as the Director of the IRS Office of Professional Responsibility (OPR). OPR investigates allegations of misconduct by tax practitioners and enforces the standards of practice in Circular 230. Everson and Namorato have taken a number of steps to increase the effectiveness of OPR, including doubling the size of its staff.

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ELECTRONIC SIGNATURES

Electronic Signature PIN Methods

For Tax Year 2004, the IRS will continue to offer two electronic signature (PIN) methods for individual taxpayers to sign their e-filed tax returns—the Self-Select PIN method and the Practitioner PIN method. Both methods eliminate the requirement for Form 8453, *U.S. Individual Income Tax Declaration for an IRS e-file Return*, and Form 8453OL, *U.S. Individual Income Tax Declaration for an IRS e-file Online Return*, by providing a totally paperless e-filed return.

The Self-Select PIN method allows taxpayers to electronically sign their e-filed return by creating a five-digit PIN as their signature. The PIN can be any five digits except all zeros. Taxpayers can use the PIN whether they prepare their own taxes using a personal computer or have their taxes prepared by a tax professional. If filing a joint return, each taxpayer needs a PIN. The Self-Select PIN method requires the taxpayer to provide two sources of personal information to validate their identity—the prior year original Adjusted Gross Income and Date of Birth.

The Practitioner PIN method is an additional electronic signature option for taxpayers who use an Authorized IRS *e-file* Provider to *e-file* their tax returns. Taxpayers who choose this method are also required to select any five digits except all zeros to use as their electronic signature, and each taxpayer needs a PIN for a joint return. Taxpayers who choose to use the Practitioner PIN method must complete Form 8879, *IRS e-file Signature Authorization.* The Date of Birth and the Adjusted Gross Income are not required for returns filed under the Practitioner PIN method.

Electronic Funds Withdrawal accompanying Form 4868 can be signed using the Practitioner PIN method. A Form 8878, *IRS e-file Signature Authorization on Application for Extension of Time to File U.S. Individual Income Tax Return*, must be completed by all taxpayers who use this method. *(Note: There is no signature requirement for Form 4868 filers if there is no payment.)*

If the taxpayer agrees, it is acceptable for an ERO and/or software program to generate or assign the taxpayer PIN for individual *e-file* returns and documents. The taxpayer PIN can be systemically generated or manually assigned into the electronic return format and/or the signature authorization form. However, the ERO must receive the signature authorization signed by the taxpayer(s) before the ERO transmits the return or releases it for transmission to IRS.

EROs using the Practitioner PIN method must retain Form 8879 and Form 8878 for three years from the return due date or IRS received date, whichever is later. For frequently asked questions and answers about the PIN methods, visit the Tax Professionals Page on irs.gov.

PIN Presence Indicator

The PIN Presence Indicator is present on all Acknowledgment File Key Record (ACK) Files regardless of whether a PIN was used or not. Every transmission will be acknowledged by the return of an ACK File to the transmitter. The ACK File will contain the following on accepted and rejected returns:

0 = No PIN (Form 8453 or 8453OL required)
1 = Practitioner PIN
2 = Self-Select PIN by Practitioner Used
3 = Self-Select PIN Online Used
4 = State Only (PIN, 8453/8453OL is NOT Required)
Blank = Return Rejected with a PIN

We encourage a thorough and attentive review of the ACK File to ensure the PIN method used was received successfully.

Form 8453

Submission of Form 8453, *U.S. Individual Income Tax Declaration of an IRS e-file Return*, is required unless the return is signed using an electronic signature method. The Acknowledgement (ACK) File contains information that indicates if the electronic signature was received by the IRS or if Form 8453 is required.

This filing season, Andover and Austin Submission Processing Centers will process Forms 8453. Specific information on where to submit Form 8453 can be found in Tax Year 2004 Publication 1345A.

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New IRS Guidance Raises Ethical Standards

"The playing field for tax advisors has changed with these standards for tax opinions, the new penalties that Congress recently enacted and other steps the IRS has taken to detect and deter abusive transactions," said Namorato. "Most professionals share our concern about the egregious behavior of some of their colleagues and we appreciate the efforts of responsible practitioners to promote ethical practice. We are taking steps to ensure that all practitioners live up to their professional obligations."

The final regulations provide best practices for all tax advisors, mandatory requirements for written advice that presents a greater potential for concern, and minimum standards for other advice. The mandatory requirements for written advice that presents a greater potential for concern prohibit practitioners from providing advice that, for example, relies on incorrect factual assumptions or representations, does not consider all relevant facts, or fails to analyze important legal issues. The minimum standards for other advice will give practitioners flexibility to exercise professional judgment to meet specific client needs.

"These revisions to Circular 230 strike an appropriate balance between tightening practitioner standards and minimizing burden on everyday advice," said Acting Assistant Secretary for Tax Policy Greg Jenner. "These rules target the types of written advice that present a significant cause for concern and avoid undue interference with the practitioner-client relationship."

The Treasury and IRS also separately issued proposed regulations regarding written advice concerning tax-exempt bonds that are similar to the standards for written advice in the final regulations. The proposed standards take into account the special characteristics of the market for tax-exempt bonds while ensuring that professionals who provide advice concerning tax-exempt bonds adhere to standards of practice that are comparable to the standards applicable to other tax professionals. Until the proposed regulations are finalized, practitioners who provide advice concerning tax-exempt bonds will be subject to certain minimum standards.

Taxpayer Rights a Priority for the IRS

The law requires the IRS to protect taxpayer rights, and in its day-to-day operations, the IRS and its employees make taxpayer rights a top priority. This includes explaining those rights to taxpayers, keeping taxpayer information private and confidential and being professional and courteous.

Besides what is expected of IRS employees, taxpayers have many other rights. They have the right to have someone represent them before the IRS and to accompany them to any meeting with IRS employees. When there is a disagreement, they have the right to request that the independent IRS Appeals office review the case. Taxpayers who still disagree can put their case before the court system. Taxpayers who have been unsuccessful in resolving issues with the IRS through normal channels have the right to contact the National Taxpayer Advocate's Help Line at **1-877-777-4778**. The Taxpayer Advocate can offer special help if an IRS action is causing the taxpayer significant hardship. To let taxpayers know about their rights, the IRS produces:

- Publication 1, *Your Rights as a Taxpayer*. *http://www.irs.gov/pub/irs-pdf/p1.pdf*
- The Spanish-language version is Publication 1SP. *http://www.irs.gov/pub/irs-pdf/p1sp.pdf*

These publications, which highlight taxpayer rights and related IRS programs, are available on the IRS Website at *www.irs.gov* or by calling **1-800-TAX-FORM (1-800-829-3676)**. Information on the Taxpayer Advocate Service is also available on the Website.

Appeal rights

If you are in the middle of a disagreement with the IRS, you are guaranteed the right to appeal. If you disagree with the IRS about the amount of your tax liability or about proposed collection actions, you have the right to ask the IRS Appeals Office to review your case.

IRS Publication 1, *Your Rights as a Taxpayer*, explains some of your most important taxpayer rights. During their contact with taxpayers, IRS employees are required to explain and protect these taxpayer rights, including the right to appeal.

The IRS appeals system is for people who do not agree with the results of an examination of their tax returns or other adjustments to their tax liability. In addition to examinations, you can appeal many other things, including:

- Collection actions such as liens, levies, seizures, installment agreement terminations and rejected offers-in-compromise
- Penalties and interest
- Employment tax adjustments and the trust fund recovery penalty

Appeals conferences are informal meetings. The local Appeals Office, which is independent of the IRS office that proposed the disputed action, can sometimes resolve an appeal by telephone or through correspondence.

The IRS also offers an option called *Fast Track Mediation*, during which an appeals or settlement officer attempts to help the taxpayer and the IRS reach a mutually satisfactory solution. Most cases that are not docketed in court qualify for fast track mediation. Fast Track Mediation doesn't eliminate or replace existing dispute resolution options, including your opportunity to request a conference with a manager or a hearing before Appeals. You may withdraw from the mediation process at any time.

When attending an informal meeting or pursuing mediation, you may represent yourself, or you can be represented by an attorney, certified public accountant or individual enrolled to practice before the IRS (enrolled agent). If you represent yourself, you can obtain assistance from specially trained customer service representatives. Find their telephone numbers at *www.irs.gov/appeals/.*

If you and the IRS Appeals officer cannot reach agreement, or if you prefer not to appeal within the IRS, you may take your disagreement to federal court. But taxpayers can settle most differences without expensive and time-consuming court trials.

Further information on the appeals process is available in

- IRS Publication 5, *Your Appeal Rights and How to Prepare a Protest If You Don't Agree*, *http://www.irs.gov/pub/irs-pdf/p5.pdf*
- Pub. 556, *Examination of Returns, Appeal Rights and Claims for Refunds*, *http://www.irs.gov/pub/irs-pdf/p556.pdf*
- Pub. 1660, *Collection Appeal Rights (for Liens, Levies, and Seizures)*, *http://www.irs.gov/pub/irs-pdf/p1660.pdf*
- Pub. 3605, *Fast Track Mediation.* *http://www.irs.gov/pub/irs-pdf/p3605.pdf*

To get copies of IRS publications, visit *www.irs.gov* or call toll-free **1-800-TAX-FORM (1-800-829-3676).**

Taxpayer Advocate Service

Have a tax problem you cannot get resolved? We can help!

The Taxpayer Advocate Service is an independent organization with the IRS that ensures tax problems which have not been resolved through normal channels are promptly and fairly handled. There is at least one Local Taxpayer Advocate in each state, who is independent of the local IRS office. The Taxpayer Advocate Service can help if you are facing:

- An economic hardship or significant cost,
- A more than 30-day delay to resolve the issue, or
- An action, response, or resolution deadline that was promised by the IRS but has not been met.

What you can expect from the Taxpayer Advocate Service

Qualified taxpayers will receive personalized service from one of our knowledgeable Advocates. He or she will listen to your situation, help you understand what needs to be done to resolve it, and stay with you every step of the way until your problem is resolved to the fullest extent permitted by law.

Because we are part of the IRS, our Advocates know the tax system and how to navigate it. Because we are independent within the IRS, our Advocates are impartial. They will work on your case until it's finalized—so you can move on with your life. What's more, if your problem affects other taxpayers, the Taxpayer Advocate Service can work to change the system.

How do I reach a Taxpayer Advocate?

You can gain quick access to the Taxpayer Advocate Service by calling their toll-free number 1-877-777-4778 (TTY/TTD: 1-800-829-4059). You can call or write to your local Taxpayer Advocate, whose address and phone number are listed in your local telephone directory and in Publication 1546, How to Get *Help With Unresolved Tax Problems*. Or go online to *www.irs.gov/advocate.*

- Call the telephone number listed for the office closest to you or the office with which you have been dealing.
- Call the Taxpayer Advocate's toll-free telephone number **1-877-777-4778**
- Call the general IRS toll-free number **(1-800-829-1040)** and ask for Taxpayer Advocate assistance.
- Write the office nearest you or the one you have been dealing with.
- TTY/TTD help is available by calling: **1-800-829-4059.**
- Check the Taxpayer Advocate Website at *www.irs.gov/advocate*
- File Form 911, *Application for a Taxpayer Assistance Order,*
- Send a written request for assistance (if Form 911 is not available),
- Request that an IRS employee complete a Form 911 on your behalf (in person or over the phone). You may fax a Form 911 (or written request) to your local taxpayer advocate. Form 911 is available by calling the IRS forms only number, **1-800-829-3676** or from *www.irs.gov/.*

Help us solve problems

In addition to solving individual taxpayer problems, TAS works to recommend changes that will prevent the problems from recurring. To this end, the National Taxpayer Advocate invites taxpayers, practitioners, professional organizations and all interested Americans to help identify and recommend solutions to problems with the IRS and the tax code. You can do this by submitting advocacy issues to the Taxpayer Advocate Service through the Web-based SAMS—Systemic Advocacy Management System—a database of issues and information submitted by IRS employees and the public.

The TAS Office of Systemic Advocacy is responsible for managing SAMS. We review all submissions and develop some as advocacy projects, with the goal of improving IRS services and, sometimes, amending tax laws.

What are systemic issues?

- They do not apply to just one taxpayer. However, if you personally have an unresolved federal tax problem, you may be eligible for help from a TAS Case Advocate.
- They always affect multiple taxpayers.
- They impact segments of the taxpayer population locally, regionally or nationally.
- They relate to IRS systems, policies and procedures.
- They require study, analysis, administrative changes or legislative remedies.
- They involve protecting taxpayer rights, reducing or preventing taxpayer burden, ensuring equitable treatment of taxpayers or providing essential services to taxpayers.

How can you submit an issue?

Go to **www.irs.gov** and click on *Taxpayer Advocacy under Resources* on the left side of the page. Scroll down the *Taxpayer Advocacy* page and click on *What is Systemic Advocacy*. At the bottom of that page, click on the link *SAMS—Systemic Advocacy Management System*. You'll be asked a few questions to determine whether your submission qualifies as an advocacy issue. If it does, you'll be directed to our SAMS Issue Submission page, where you'll be asked to briefly describe the issue and provide a few details about yourself, such as your name and email address. However, we want the email address only to communicate with you about the issue (so please notify us if your email address or account changes after you've submitted an issue). *Do not submit any taxpayer information such as your Social Security Number.*

What happens next?

Once we're finished assessing your issue and have no further need to contact you, your email address is deleted. It will not be stored, sold, shared or used for any other purpose except as may be required by law. SAMS will not place cookies on your Web browser either. The SAMS database is cleared out as required by established Federal Record Retention standards. (The Privacy Statement at the bottom of each **irs.gov** page describes how the IRS handles information from Website visitors). After reviewing each submission, we decide whether it merits development as an advocacy project, and if so, we assign it to be resolved.

Extensions and Installment Agreements

Taxpayers who file extensions by April 15 but are unable to pay the full amount will not be penalized if they pay 90% of the total tax due at the time they request the extension. Regulations require that the tax liability reported on Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, be properly estimated based on available information. Otherwise, the form may be deemed not filed with due diligence. The extension may be disallowed and a late filing penalty assessed if the taxpayer does not properly estimate the tax due and attach it to the request. Form 4868 is in voucher form again this year and can be sent electronically. Balance due Forms 4868 should be sent to the appropriate lockbox. *(See article on Where to File 2004 Taxes).*

Part II and Part IV of Form 4868 should only be completed if the taxpayer and/or the taxpayer's spouse plan to file Form 709, *United States Gift and Generation-Skipping Transfer Tax Return*. If either Part II or Part IV of Form 4868 is completed, correspondence will be generated to the taxpayer if no Form 709 is filed.

New Form 8892 – The Form 709 instructions provide: If you do not file Form 4868 to request an extension for your income tax return and wish to request an extension to file only your gift tax return, use Form 8892. This form also serves as a payment voucher for a balance due on federal gift taxes for which you are extending the time to file. Use this form as a remit voucher for all gift tax payments. Send the form to the Cincinnati Service Center. *(See article on Where to file 2004 Taxes)*.

See Form 8892 on pages 32-34.

If a client cannot pay the taxes owed at the time of filing of the return, you can file a Form 9465, *Installment Agreement Request*, with the tax return. This form allows the taxpayer to request a monthly payment plan specifying the monthly payments. There is a processing fee of $43 for entering into an installment agreement and $24 for restructuring or reinstating an installment agreement. Do not send the $43 when you send the Installment Agreement Request. We will send you a notice for the fee once the agreement has been approved. Form 9465 can be transmitted electronically by itself or accompanying an electronically filed return.

Attach Form 9465 to the front of the return so it can be detached and processed separately. Attach Forms W-2, W2- G and 1099R separately so they will not be inadvertently detached from the Form 9465. If you have already filed the return, file Form 9465 by itself with the IRS service center where you filed your income tax return. If you are filing this form in response to a notice, send the form to the address on the notice.

See Form 4868 on page 35.

Don't wait in line, go online. Check out the IRS.gov website and click on 1040 Central for all the forms, information and updates you need.

- The IRS.gov website and ***1040 Central*** have answers to common tax questions, links to all the IRS Forms and Publications, an interactive Earned Income Tax Credit Assistant to help you decide if you qualify for this credit and, like 23 million people last year did, you can even check the status of your refund online. Just click on ***Where's My Refund***?
- Specialized tax help is available free over the telephone. Recorded information is available 24/7 and you'll find fewer menus to navigate when you call 800-829-1040 with individual questions, 800-829-4933 with business questions.
- IRS also offers a Spanish-language website: IRS.gov/espanol
- Can't pay your taxes? File anyway. This year you can apply online to pay your taxes by installments. Check out IRS.gov.
- You have to file and pay your taxes even if you don't have and don't qualify for a Social Security Number. Upon receipt of your completed return and appropriate identification documents the IRS will assign an Individual Taxpayer Identification Number. Check IRS.gov or IRS.gov/espanol for more information including a list of acceptable documents and how local Acceptance Agents can help you through the process.

e-News for Practitioners

Join the IRS e-News for Tax Professionals mailing lists

The IRS maintains an electronic mail service designed to provide localized, targeted and immediate information for tax professionals specifically for your geographic area.

To subscribe to local mailing lists, go to the *Tax Professionals Page* of **irs.gov** and click on the *Subscription Services* topic and then *e-News for Tax Professionals.* Use the signup form provided for your state. Additionally, we highly recommend you also subscribe to the *IRS Digital Dispatch*, our national list server. The *Digital Dispatch* provides national tax news and information about new developments on the IRS Website.

Large & Midsize Business (LMSB) Operating Division At-a-Glance

LMSB serves taxpayers with the following profiles:

- Corporations, subchapter S corporations, and partnerships with more than $10 million in assets
- The largest business taxpayers interact with the IRS on an ongoing basis
- Most have in-house tax divisions. Major issues are tax law interpretation, accounting and regulatory issues

LMSB is divided into the following industry operations:

- Retailers, Food, Pharmaceutical and Healthcare
- Natural Resources and Construction
- Financial Services
- Heavy Manufacturing and Transportation
- Communications, Technology and Media
- Field Specialists

For additional information on LMSB, click on:

http://lmsb.irs.gov/hq/c/downloads/Organization/Directories/LMSB%20Industry%20Mgrs%20by%20ORG%202-11-04.doc

Tax Exempt and Government Entities (TE/GE) Division At-a-Glance

TE/GE meets the special needs of:

- Pension Plans
- Exempt Organizations
- Government Entities.

TE/GE's three major business units:

- Exempt Organizations (EO)
- Employee Plans (EP)
- Government Entities (GE).

Examples of areas where TE/GE provides customer assistance are:

- EO: charities, private foundations, other nonprofit organizations
- EP: retirement plans such as 401(k), 403(b), 457, SEP, SIMPLE and defined benefit pension plans
- GE: federal, state and local governments (FSLG), Indian tribal governments (ITG) and tax-exempt bonds (TEB) for the municipal finance community.

For direct technical assistance on any of these subjects, call TE/GE's Customer Account Services toll-free line at **877-829-5500**, Monday-Friday, 8:00 a.m. to 6:30 p.m. ET. You can also go to the following Websites for information on technical guidance, compliance programs, specialized education programs and services, seminars, workshops, forms and publications and more:

- EP: *www.irs.gov/ep*
- EO: *www.irs.gov/eo*
- FSLG: *www.irs.gov/govts*
- ITG: *www.irs.gov/tribes*
- TEB: *www.irs.gov/bonds*

Wage and Investment Division (W&I) At-a-Glance

W&I serves taxpayers with the following profiles:

- Approximately 131 million tax returns
- Most pay taxes through withholdings
- More than 70% of returns prepared by others
- Most interact with the IRS once a year
- Most receive refunds

W&I organizational offices:

- Customer Assistance, Relationships and Education (CARE)
- Customer Account Services (CAS)
- Compliance

Focusing on better service to customers through:

- Media and Publications
- Stakeholder Partnership Education and Communication (SPEC)
- Field Assistance and Taxpayer Assistance Centers

For additional information on W&I, click on:

http://www.irs.gov/irs/article/0,,id=101005,00.html

Small Business/Self-Employed (SB/SE) Division At-a-Glance

SB/SE serves taxpayers with the following profiles:

- Approximately 45 million taxpayers
- About 33 million full or partially self-employed
- About 7 million small businesses with assets of less than $10 million
- Have some of the most complex issues due to tax law requirements and the number of forms and schedules required
- Have 4 – 60 routine transactions with the IRS per year

SB/SE serves this taxpayer segment through three organizations:

- Taxpayer Education and Communication (TEC)
- Customer Account Services (CAS)
- Compliance

SB/SE/Self-Employed Division serves following types of taxpayers:

- Individuals filing Schedules C, E, F or Form 2106.
- All other businesses with assets under $10 million.

For additional information on SB/SE, click on:

http://www.irs.gov/irs/article/0,,id=101001,00.html

National Public Liaison (NPL) Division At-a-Glance

National Public Liaison Division, (NPL) under the Chief, Communications and Liaison, works to enhance the IRS's relationships with national stakeholders and federal partners to create opportunities to meet stakeholder needs and to resolve issues of mutual concern.

NPL manages:

- The IRS Advisory Council (IRSAC)
- The Information Reporting Advisory Committee (IRPAC)
- The IRS Nationwide Tax Forums
- Tax Hints and the Liaison Link
- Stakeholder Relationship Management
- Issue Tracking

To contact National Public Liaison, call 202-622-3359, email *public-liaison@irs.gov or click on the Tax Professionals Page for further information: http://www.irs.gov/tax-pros/index.html

Comprehensive Tax Guide Available at IRS.gov

The IRS's comprehensive tax guide for individuals has been updated for tax year 2004 and is available at **IRS.gov/.** IRS Publication 17, *Your Federal Income Tax*, has been published annually by the IRS for more than 60 years and has been available on the IRS Website since 1996. Publication 17 has been updated with important changes for 2004. As in prior years, the publication provides information on how to file an individual tax return, what to include as income, how to calculate capital gains and losses, how IRAs and other expenses can affect how much income to report, whether to take the standard deduction or itemize, and how to figure taxes and credits.

Common Errors

Avoid these common errors when filing your tax return:

- Check your math
- Check the identifying number (usually the Social Security Number) of every person on your return—all names and numbers must match with Social Security Administration records.
- Make sure to get the correct amount from the tax table
- Don't forget to sign your return
- Make your check payable to the United States Treasury **(not IRS)**
- Attach your Forms W-2 to the return but leave any checks loose in the envelope
- Send your return to the correct IRS office for your area—see the instructions that came with your tax forms for the address.

Any of these errors could slow down your refund and almost all of them can be eliminated by using IRS *e-file*.

Internal Revenue Service Advisory Council

The Internal Revenue Service Advisory Council (IRSAC), originally the Commissioner's Advisory Group (CAG), was established in 1953 jointly by the Treasury Department and the IRS under former Commissioner T. Coleman Andrews. The name IRSAC replaced CAG in 1998 to more accurately reflect its breadth and focus as a "national policy/issue advisory committee" for the entire agency. Advisory committees of this type generally focus on broad policy matters. The IRSAC may review existing tax administration policy or recommend policies regarding emerging tax administration issues.

The IRSAC's primary purpose is to provide an organized public forum for IRS officials and representatives of the public to discuss relevant tax administration issues. The group suggests operational improvements, offers constructive observations about IRS's current or proposed policies, programs and procedures, and advises the IRS on particular issues having substantive effect on federal tax administration.

The IRSAC conveys the public's perception of Service activities to the IRS. The IRSAC's objectives continue to evolve. The group addresses broad tax administration topics or organizational issues, rather than narrow technical issues. Discussions focus on solutions as well as constructive observations with respect to the tax administration system. Meetings provide an opportunity for the IRSAC to offer collective advice on strategic IRS issues.

The IRSAC is comprised of individuals from diverse backgrounds who bring a wide range of experience to the Council's activities. Periodically, solicitations for new IRSAC members are announced on irs.gov on the Tax Professionals Page.

IRS Selects 12 New Members for IRSAC

The IRS announced the selection of 12 new members for the IRSAC. These appointees will join 10 returning members who are in their 2nd year of a three-year term. The Council's first meeting is scheduled for January 26-27, 2005. The 12 new members appointed to serve on the council are:

Deborah Cutler-Ortiz of Washington, DC.
Ms. Cutler-Ortiz is the Director of Family Income for the Children's Defense Fund.

Karla R. Hyatt of Nashville, TN.
Ms. Hyatt is a Tax Attorney for Waller Lansden Dortch & Davis, PLLC,

Angel Ingram of Indianapolis, IN.
Ms. Ingram is a Senior Tax Analyst for Eli Lilly & Company.

Joni Johnson-Powe of Greenwood Village, CO.
Ms. Johnson-Powe is a Managing Director for J.P. Powe & Associates, LLC.

Joan C. LeValley of Park Ridge, IL.
Ms. LeValley is the owner of JCL & Company.

Robert E. Panoff of Miami, FL.
Mr. Panoff is an Attorney and the owner of Robert E. Panoff, P.A.

Cathy B. Peinhardt of Gearhart, OR.
Ms. Peinhardt is an Accountant/Tax Preparer for Coast Business Services.

Patti M. Richards of Atlanta, GA.
Ms. Richards is a Member Manager/Attorney/CPA for The Richards Law Firm, LLC.

Margaret A. Roark of Fairfax Station, VA.
Ms. Roark is the President of M&D Consulting, Inc.

Michael H. Salama of Burbank, CA.
Mr. Salama is the Director of Tax Audits & Controversies for The Walt Disney Company.

Mitchell S. Trager of Atlanta, GA.
Mr. Trager is the Senior Tax Counsel for Georgia-Pacific Corporation.

Robert A. Weinberger of Washington, DC.
Mr. Weinberger is Vice President, Government Relations for H&R Block.

Don't fall for tax scams—if it sounds too good to be true, it probably is. There are consequences for not obeying the law.

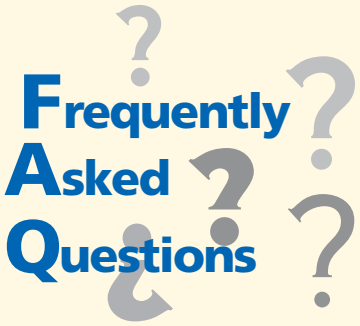
After years of decline the IRS has increased its focus on enforcement. Claim all the credits, deductions and other tax benefits for which you qualify—but don't fall for snake-oil schemes or scams or someone claiming to have a magic bullet that will make your taxes go away. There are consequences for not obeying the law so remember, if it sounds too good to be true, it probably is.

PAYMENT TIPS

Help your clients ensure that their payments are properly credited by stressing the importance of writing the following information on their check or money order:

- SSN or EIN. Tax period covered by the payment.
- Current mailing address.
- Correct name of the tax account.
- Type of tax form associated with the payment.
- Make the check or money out to United States Treasury—*not the IRS*.

It is even more important to provide identifying information if you use a money order.



Get answers to all the most frequently asked questions about Tax Year 2004 at *http://www.irs.gov/faqs/index.html*

On the front page of **irs.gov**, click on the appropriate page for Individuals, Businesses, Charities, etc., then click on FAQs under Resources on the left side of that page.

www.irs.gov

Visit the IRS Website to:

- Download forms and publications.
- Ask tax-related questions.
- Read summaries of tax regulations in plain English.
- Read news releases.
- Send your comments directly to the IRS online.
- Download statistics of income database.
- Learn about electronic services.
- Use the W-4 calculator to figure withholding allowances.
- Visit the Tax Professionals Page.
- Subscribe to the Digital Dispatch-an email newsletter-or e-news for Tax Professionals.

To subscribe, go the Tax Professionals Page and click on Subscription Services.

Information Reporting Program Advisory Committee

The final conference report for the Omnibus Budget Reconciliation Act of 1989 contained an administrative recommendation that the IRS establish a federal advisory committee to discuss improvement to the information reporting program (IRP). As a result, the Information Reporting Program Advisory Committee (IRPAC) was established in 1991. The IRPAC is administered by the National Public Liaison Office under the direction of the Chief of Communications & Liaison, IRS. The members of IRPAC come from the information reporting community in the private sector. The primary purpose of the IRPAC is to provide a public forum to discuss relevant information reporting issues and to present a report to the IRS Commissioner in a public meeting. The 2004 report can be found on irs.gov on the Tax Professionals Page.

The IRPAC advises the IRS on information reporting issues of mutual concern to the private sector and federal government. The Committee works with the Operating Division Commissioners and other IRS executives to provide information and recommendations on a range of issues regarding IRP administration. The IRPAC's advice assists in execution of IRP objectives while ensuring fairness to taxpayers. The IRPAC is composed of seventeen members who represent various segments of the IRP community, from major national professional and trade associations to state tax agencies. The Committee is divided into four subcommittees that align with the IRS Operating Divisions and industry segments. Periodically, solicitations for new IRPAC members are announced on irs.gov on the Tax Professionals Page.

IRS Selects Nine New Members for the Information Reporting Program Advisory Committee

The IRS announced the selection of nine new members for the Information Reporting Program Advisory Committee (IRPAC). The appointees will join eight returning members who are in their second year of a three-year term.

The committee's first meeting is on January 25-26, 2004.

The nine new members appointed to serve on the committee are:

- **Marianne Couch of Ann Arbor, MI.** Ms. Couch is the Executive Director of the National Association of Form 1099 Filers, Inc.
- **Charles F. Egender of Bel Air, MD.** Mr. Egender is the owner of Charles F. Egender, CPA, P.A.
- **Barry C. Faison of Richmond, VA.** Mr. Faison is the Chief Financial Officer for the Virginia Retirement System.
- **Robert J. Foley of Boston, MA.** Mr. Foley is the Director of Product Tax for the State Street Bank & Trust Company.
- **Paul Heller of New York, NY.** Mr. Heller is the Financial Director for J.P. Morgan Chase.
- **Virgil A. Julian of Independence, MO.** Mr. Julian is the owner of Julian & Company, CPA, P.C.
- **Katherine Kinnicutt of St. Petersburg, Fl.** Ms. Kinnicutt is the Manager IRA/Qualified Plan Technical Operations & Compliance for Raymond James & Associates.
- **Regina D. Tarpley of Blue Ridge, GA.** Ms. Tarpley is a Franchisee/General Manager T&M Tax Service, dba for Jackson Hewitt Tax Service.
- **Janice M. Wegesin of Palatine, IL.** Ms. Wegesin is the President of JMW Consulting, Inc.

National Public Liaison Open House

National Public Liaison hosts regular IRSAC and IRPAC Meetings, monthly Liaison Meetings and occasionally an Open House for these group members and IRS executives and other officials. This page and next.

National Public Liaison Open House

INSTALLMENT AGREEMENT REDUCES PENALTIES

Taxpayers who don't pay their taxes when they are due may be subject to a failure-to-pay penalty of .50% of their unpaid taxes for each month or part of a month the tax is not paid. If they file their return on time and enter into an installment agreement with the IRS, this penalty will be reduced to .25%. Note: If the installment agreement defaults or is terminated, the normal failure to pay penalty charges will resume.

Reminder

Refund checks will be returned to the IRS if the address on the check is not current. Advise your clients to file Form 8822, *Change of Address*, when they move.

FIRSTGOV
Your First Click to the U.S. Government

FirstGov.gov is the only official U.S. Government portal to over 47 million pages of government information, services, and online transactions. The Website offers a powerful search engine that searches every word of every U.S. government document in a quarter of a second or less. FirstGov.gov also features a topical index, links to state and local government, options to contact your government and other tools to provide the public with easy, one-stop access to government resources.

IRS TOLL FREE NUMBERS

Practitioner Priority Service	866-860-4259	Practitioners' first point of contact for account-related issues.
IRS Tax Help Line for Individuals	800-829-1040	For filers who need procedural or tax law information or help to file
Business and Specialty Tax Line	800-829-4933	For Small Businesses, Corporations, Partnerships and Trusts who need information and/or help related to their Business Returns or Business (BMF) Accounts. Services cover Employer Identification Numbers (EINs), 94x returns, 1041, 1065, 1120S, Excise Returns, Estate and Gift Returns, as well as issues related to federal tax deposits.
Refund Hotline	800-829-1954	For 1040-type Individual and Joint Filers who need to check the status of their current year refund. Automated Refund Self-Service Interactive applications are offered on this line. **Note:** *The Where's My Refund?* automated self-service feature is also available 24/7 at **www.irs.gov/** to obtain refund status information.
Forms and Publications	800-829-3676	For individuals, businesses and tax practitioners who need IRS tax forms, instructions and related materials and tax publications.
National Taxpayer Advocate's Help Line	877-777-4778	For taxpayers whose tax problems have not been resolved through normal channels. The Taxpayer Advocate Service (TAS) provides an independent system to assure that tax problems are promptly and fairly handled. TAS operates independently of any other IRS office and reports directly to Congress through the National Taxpayer Advocate.
Telephone Device for the Deaf (TDD)	800-829-4059	For hearing-impaired taxpayers who need tax law and/or procedural information relating to filing their returns or who need information or assistance relating to their accounts.
Taxpayer Advocacy Panel	888-912-1227	For citizens who want to provide ideas and suggestions on how to improve IRS services or who want to make recommendations for improvement of IRS systems and procedures.
Electronic Federal Tax Payment System (EFTPS)	800-555-4477, 800-733-4829 (TDD) 800-244-4829 (SP)	For taxpayers who want to pay business or individual taxes through electronic funds transfer. The EFTPS Toll-Free numbers can provide callers with EFTPS enrollment forms, instructions and customer assistance.
Government Entities (TEGE) Help Line Tele-Tax System	877-829-5500	For taxpayers who need tax information or assistance relating to Tax Exempt or Government Entities, Tax Exempt Bonds, Employer/Employee Pension Plans or Indian Tribal Agreements.
Extension to File	800-829-4477	For individuals who need to check the status of their current year refund or who want to listen to recorded tax information. Available 24 hours a day, seven days a week.
Tele-File System	888-796-1074	For individual filers who want to submit an extension to File for a 1040-series return via telephone.
Form 706	866-699-4083	For answers to questions concerning Form 706, *United States Estate Tax Returns.*
AARP Tax-Aid Information Line	888-227-7669	American Association of Retired Persons locations for income tax preparation by IRS trained volunteers.
Automated Collection System (ACS) Businesses	800-829-3903	Business accounts assigned to ACS
Automated Collection System (ACS) Individuals	800-829-7650	Individual accounts assigned to ACS
Criminal Investigation Informant Hotline	800-829-0433	Report tax fraud.
Employer Identification Number (EIN)	800-829-4933	EIN application and changes.
Form 2290	866-699-4096	Heavy Vehicle Use Tax issues related to Form 2290
Information Return Reporting	866-455-7438	Tax law help for payers of W-2s and 1099s.
Terrorist Act or Combat Zone Special Hotline	866-562-5227	Information for those affected by a Terrorist Act or a Combat Zone participant or related accounts issues.
Treasury Inspector General for Tax Administration (TIGTA) Hotline	800-366-4484	Report allegations of misconduct or improprieties of IRS employees

Form **8892**
(January 2005)
Department of the Treasury
Internal Revenue Service

Payment of Gift/GST Tax and/or Application for Extension of Time To File Form 709

▶ If you complete Part III, file in **duplicate.**

OMB No. 1545-1913

Part I Identification

Please type or print.

File the **original (and one copy if you complete Part III)** by the due date for filing your return. See instructions.

1 Your first name and initial	Last name	2 **Social security number**

Street address (or P.O. box if mail is not delivered to street address)

City, town or post office, state, and ZIP code

Part II Payment of Gift (and/or Generation-Skipping Transfer) Tax

3 Tax year	4 Amount of gift tax paid	5 Amount of GST tax paid (from Form 709)
20____	$	$

Part III Application for Extension of Time To File Form 709

(If you complete Part III, file the original and one copy of the form.) The IRS will show below whether or not your application is approved and will return the copy.

6 I request an extension of time until October..., 20 ....., (or, if donor died during the year, until..... , 20 ....., (see instructions)) to file my Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return, for tax year 20 ..... If the donor died during the year, enter the date of death (mo., day, year) ...../...../..... .

7 Explain why you need an extension. You must give an adequate explanation ▶.....

.....

.....

.....

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and, if prepared by someone other than the taxpayer, that I am authorized to prepare this form.

Signature of taxpayer _____ Date _____

Signature of preparer other than taxpayer _____ Date _____

(Do not detach)

Notice to Applicant

To Be Completed by the IRS

- ☐ We **have** approved your application.
- ☐ We **have not** approved your application. However, we have granted a 10-day grace period to ..... . This grace period is considered a valid extension of time for elections otherwise required to be made on a timely return.
- ☐ We **have not** approved your application. After considering the information you provided in line 7 above, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- ☐ We cannot consider your application because it was filed after the due date of your return.
- ☐ We cannot consider your application because it was not signed.
- ☐ Other .....

Director _____ Date _____

Return Label (Please type or print)

Taxpayer's name (and agent's name, if applicable)	Taxpayer's social security number
Number and street (include suite, room, or apt. no.) or P.O. box number	
City, town or post office, state, and ZIP code	Agents: Always include taxpayer's name on Return Label.

For Privacy Act and Paperwork Reduction Act Notice, see page 3. Cat. No. 37700N Form **8892** (1-2005)

General Instructions

Purpose of Form

Use Form 8892 for the following purposes:

- To make a payment of gift tax when you are applying for an extension of time to file Form 709 (including payment of any generation-skipping transfer (GST) tax from Form 709), and
- To request an extension of time to file Form 709, when you are not applying for an extension of time to file Form 1040.

CAUTION *Form 8892 cannot be used for joint filings and can only be filed by an individual taxpayer. If both you and your spouse need to file Form 8892, use separate forms and mail the forms in separate envelopes.*

Who Must File

Extending the time to file Form 709. Previously, certain Form 709 extensions were requested by letter. Form 8892 replaces the use of a letter. You must use Form 8892 to request an extension of time to file Form 709 in either of the following situations:

- You are not applying for an extension of time to file your individual income tax return (Form 1040), or
- You have already obtained a 4-month extension on Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return, and need an additional extension only for Form 709. In this case, use Form 8892 to request an additional extension for Form 709. (But, if you obtain an additional Form 1040 extension with Form 2688, Application for Additional Extension of Time To File U.S. Individual Income Tax Return, that will also give you an additional extension for Form 709 and you do not need to use Form 8892.)

Paying gift tax. An extension of time to file your Form 709 does not extend the time to pay the gift tax.

If you file Form 4868 by the regular due date of your income tax return, you will automatically be given a 4-month extension of time to file your Form 709. You do not need to do anything else to receive the extension of time to file your Form 709.

However, if you also expect to owe gift and/or GST tax, you must use Form 8892 to send in your tax payment. If you do not pay the gift tax by the original due date of the return (generally, April 15), you will be charged interest and may be charged penalties.

These same rules apply if you file Form 2350, Application for Extension of Time To File U.S. Income Tax Return, rather than Form 4868.

You can use the table at the bottom of this page to determine whether to file Form 8892.

When To File

Paying tax. If you are filing Form 8892 to pay gift tax, file by the due date for Form 709. Generally, this is April 15. See the Instructions for Form 709 for exceptions. If the due date falls on a Saturday, Sunday, or legal holiday, you can file the return on the next business day.

Extensions of time to file. File Form 8892 by the regular due date (or the extended due date if a previous extension was granted) of Form 709. However, to avoid a possible late filing penalty in case your request for an extension is not granted, you should file Form 8892 early enough to allow the IRS to consider your application and reply before the Form 709 regular or extended due date.

Unless the donor has died, do not file this form before January 1 of the year following the year of the gift tax return. The form cannot be processed before then.

Where To File

If you live in the United States, file Form 8892 at the following address:

Internal Revenue Service Center
Cincinnati, OH 45999

If you live in a foreign country, U.S. possession, or have an APO or FPO address, file Form 8892 at the following address:

Internal Revenue Service Center
Philadelphia, PA 19255

Private delivery services. You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following.

- DHL Express (DHL): DHL Same Day Service, DHL Next Day 10:30 am, DHL Next Day 12:00 pm, DHL Next Day 3:00 pm, and DHL 2nd Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

How To Complete the Form

If you are applying for an extension of time to file your income and gift tax returns by using Form 4868 and need to make a payment of gift tax, complete Parts I and II only and sign the form.

If you are filing Form 8892 to request an extension of time to file your gift tax return, complete Parts I and III, sign the form, and complete the Return Label in the Notice to Applicant. If you are making a payment along with the extension request, also complete Part II.

Filing Form 709

You may file Form 709 any time before the extension expires. But remember, Form 8892 does not extend the time to pay taxes. If you do not pay the amount due by the original due date, you will owe interest. You may also be charged penalties.

Interest. You will owe interest on any tax not paid by the original due date of your return even if you had a good reason for not paying on time. The interest runs until you pay the tax.

Penalties. The late payment penalty is usually ½ of 1% of any tax not paid by the regular due date. It is charged for each month or part of a month the tax is unpaid. The maximum penalty is 25%.

You might not owe the penalty if you had reasonable cause for paying late. Attach a statement to your Form 709, not Form 8892, explaining the reason.

Late filing penalty. A penalty is usually charged if your return is filed after the due date (including extensions). It is usually 5% of the tax not paid by the original due date for each month or part of a month your return is late. The maximum penalty is 25%. You might not

IF...	AND...	THEN...
You file Form 4868	Do not expect to owe gift tax	Do not use Form 8892
You file Form 4868	Expect to owe gift tax	Use Form 8892 to pay gift tax
You previously filed Form 4868	Are filing Form 2688 to request an additional extension for your Form 1040	Do not use Form 8892
You previously filed Form 4868	Are requesting an additional extension for Form 709 but not Form 1040	Use Form 8892
You need to extend the time to file Form 709	You are not requesting an extension for your Form 1040	Use Form 8892

owe the penalty if you have reasonable cause for filing late. Attach a statement to your Form 709, not Form 8892, explaining the reason.

Specific Instructions

Part II—Payment of Gift (and/or Generation-Skipping Transfer) Tax

Complete Part II only if you are making a payment of gift and/or GST taxes due with Form 8892 and are applying for an extension of time to file your gift tax return. The only GST tax you can pay with Form 8892 is the tax on a direct skip reported on Form 709.

Line 3. Enter the calendar year for which you are paying the gift and/or GST taxes due. Do not enter the year you are filing Form 8892.

Paying by check or money order. Make your check or money order payable to the "United States Treasury." Do not send cash. Write your social security number (SSN), daytime phone number, and the calendar year from line 3 above, followed by "Form 709." Enclose your payment with Form 8892, but do not staple or attach your payment to the form.

Part III—Application for Extension of Time To File Form 709

Complete Part III only if you are applying for an extension of time to file Form 709 but are not applying for an extension of time to file your income tax return. You must complete the "Signature and Verification" portion of this form. See *Signature and Verification* below.

Line 6. The maximum extension we will grant for Form 709 is 6 months. If you are filing Form 8892 to request an initial extension, we will give you a 6-month extension. If you are filing Form 8892 to request an extension beyond the 4-month extension of your Form 1040 (received by filing Form 4868), we will give you an additional 2 months. If you request an additional 2-month extension for your Form 1040 and it is granted, you do not need to file Form 8892.

Except when the donor has died (see below), any extension granted on Form 8892 will end on October 15 of the applicable year, unless the due date falls on a Saturday or Sunday, in which case the due date will be the next business day. Enter the applicable day and year in the space indicated.

If the donor died during the tax year, Form 709 may be due before April 15. See the Instructions for Form 709 to determine the due date. In this case, we will not grant an extension of more than 6 months from the initial due date. Enter the requested extended due date in the space indicated. Also enter the donor's date of death.

Line 7. Explain in detail why it is impossible or impractical to file Form 709 by the regular due date (or the extended due date if a previous extension was granted). We cannot accept incomplete reasons, such as "illness" or "practitioner too busy," without an adequate explanation.

Signature and Verification. This form must be signed by the taxpayer. However, see below. The duplicate copy does not need an original signature.

Others who can sign for you. Anyone with a power of attorney can sign Form 8892 for you. Attorneys, CPAs, and enrolled agents can sign for you without a power of attorney. Also, a person in a close personal or business relationship to you can sign without a power of attorney if you cannot sign. There must be a good reason why you cannot sign, such as illness or absence. Attach an explanation.

Notice to Applicant and Return Label. You must complete the Return Label to receive the Notice to Applicant. We will use it to tell you if your application has been approved. Do not attach it to your Form 709—keep it for your records.

If the post office does not deliver mail to your street address, enter the P.O. box number instead.

Note. If you changed your mailing address after you filed your last return, use Form 8822, Change of Address, to notify the IRS of the change. Showing a new address on Form 8892 will not update your record. You can get Form 8822 by calling 1-800-829-3676.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need the information to determine your eligibility for an extension of time to file a United States Gift (and Generation-Skipping Transfer) Tax Return. If you apply for an extension of time to file, you are required by the Internal Revenue Code sections 6001 and 6011 to provide the information requested on this form.

Code section 6109 requires you to provide your social security number (SSN) or individual taxpayer identification number (ITIN). Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws.

We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

If you fail to provide this information in a timely manner, or provide incomplete information, your application for an extension of time to file may be denied and you may be liable for interest and penalties. If you willfully provide false or misleading information, you may be subject to criminal prosecution.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances.

The estimated average time is:

Learning about the law or the form . . . . . 13 min.

Preparing the form . . . . . 13 min.

Copying, assembling, and sending the form to the IRS . 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Avenue, NW, IR-6406, Washington, DC 20224. Do not send the tax form to this address. Instead, see *Where To File,* on page 2.

Form **4868**
Department of the Treasury
Internal Revenue Service

Application for Automatic Extension of Time To File U.S. Individual Income Tax Return

For calendar year 2004, or other tax year beginning , 2004, ending , .

OMB No. 1545-0188

2004

Part I Identification

1 Your name(s) (see instructions)

Address (see instructions)

City, town or post office, state, and ZIP code

2 Your social security number

3 Spouse's social security number

Part II Individual Income Tax

4 Estimate of total tax liability for 2004 . $

5 Total 2004 payments . . . . . .

6 **Balance due.** Subtract 5 from 4 . .

7 Amount you are paying. . . . . ▶

Confirmation Number

If you file electronically, you will receive a confirmation number telling you that your Form 4868 has been accepted. Enter the confirmation number here and keep it for your records . . . . . ▶

For Privacy Act and Paperwork Reduction Act Notice, see page 4. Cat. No. 13141W Form **4868** (2004)

Communications and Liaison, National Public Liaison

Tax Hints—Practitioner's Guide to the Filing Season is only available for download from our Website. We cannot provide printed copies.

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http://www.irs.gov/taxpros/index.html

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

IRS Department of the Treasury Internal Revenue Service
Publication 4437 (Rev.02-05)
Catalog Number 39500F
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