

Servicewide Key Messages for Tax Professionals December 2010

Tax return preparers perform a vital function in assisting taxpayers in meeting their tax obligations. As a tax professional, you have a vested interest (as both a taxpayer and a tax preparer) in the protection of the integrity of the tax filing system. We are committed to providing tax professionals with the information and tools you need to prepare timely, accurate, and complete tax returns for their clients.

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Final regulations discontinue paper coupons for federal tax deposits

Final regulations published in the Federal Register Dec. 7, 2010, eliminates the rules for making federal tax deposits by paper coupons. Effective Jan. 1, 2011, depositors are required to make federal tax deposits [electronically](#).

IRS continues efforts to ensure accurate return preparation

On Nov. 22, 2010, the Internal Revenue Service sent out more than 10,000 letters to tax return preparers nationwide to remind them of their obligation to prepare accurate tax returns on behalf of their clients. The letter includes an enclosure to remind tax return preparers of their responsibilities and consequences of filing incorrect returns. Visit [IRS Letters and Visits to Return Preparers - Filing Season 2011](#) for more information.

New IRS e-File Requirements

Starting Jan. 1, 2011, paid preparers who prepare income tax returns for individuals and trusts, such as Forms 1040, 1040A, 1040EZ, and 1041, and who expect to file 100 or more of these returns in 2011 are required to file these returns electronically. Tax return preparers who are members of a firm must electronically file if the firm's preparers, in the aggregate, expect to file 100 or more of these income tax

returns in 2011.

To comply with the new law, a tax return preparer who is subject to the electronic filing requirement and does not already provide this service for clients must become an authorized IRS e-file Provider, which means he, she, or the firm, if the preparer is a member of a firm, must obtain an electronic filing identification number. It takes up to 45 days to obtain an EFIN so return preparers who have not started the process should start immediately. Refer to the [Become an Authorized e-File Provider](#) page and [Frequently Asked Questions](#) for more guidance.

New PTIN requirements

Starting Jan. 1, 2011, all paid tax return preparers must have a preparer tax identification number. Preparers who already have a PTIN, but obtained it prior to Sept. 28, 2010, must renew it through the new IRS PTIN sign-up system. Existing PTIN holders who register through the new system will generally be reassigned their same numbers.

PTIN use is now mandatory, not optional, on federal returns. Sign up for or renew your PTIN [now](#). It only takes about 15 minutes, and costs \$64.25 annually. The PTIN requirement is part of a larger effort by the IRS to regulate the tax return preparation industry. To keep up with the latest information on the new requirements, the IRS urges tax preparers to subscribe to [e-News for Tax Professionals](#).

New subscription service delivers payroll information

E-News for Payroll Providers is a new, free e-mail subscription service geared toward payroll professionals, small business owners and others who prepare payroll, file payroll tax forms and deposit payroll taxes. [Subscribe](#) to e-News for Payroll Providers to receive the latest information about recent legislative changes, IRS news releases, and special announcements affecting the payroll industry.

Small Business Health Care Tax credit

The Small Business Health Care Tax credit is worth up to 35 percent of a small business' health insurance premium costs in 2010 or 25 percent for tax-exempt employers. Do any of the small employers you serve qualify for this new credit?

In general, they qualify if the employer:

- paid at least half the cost of single health care coverage for their employees in 2010, and
- has fewer than 25 full-time equivalent employees receiving wages averaging less than \$50,000 per year.

If you think a customer may qualify, visit the [Small Business Health Care Tax Credit for Small Employers](#) page to view more information on eligibility requirements, figuring the credit and get answers to frequently asked questions.

Small Business Jobs Act of 2010 contains new tax provisions

In September, President Obama signed the Small Business Jobs Act of 2010, enacting into law numerous tax breaks. The SBJA contains some tax provisions that take effect this year. Other tax

provisions will be implemented during the next several years.

Several of the provisions are designed to encourage investment and provide access to capital for businesses. For example, the law allows for certain general business credits to be carried back five years and makes some no longer subject to alternative minimum tax. It also allows for taxpayers starting an active trade or business, to elect as a deduction, certain start-up expenditures.

Get more information about the Small Business Jobs Act tax [provisions](#).

Tax package mailing ends following e-File growth

With the continued growth in electronic filing and to help reduce costs, [individual](#) and [business](#) taxpayers will no longer receive certain paper tax packages in the mail. The IRS sent a postcard to individuals and businesses in early October, explaining how to get the tax forms and instructions needed to file future returns.

Taxpayer Advocate Service is here to help

TAS is your – and your client’s – voice at the IRS. We will do everything we can to get your client’s problem resolved and will stay with you every step of the way. We have offices in every state, the District of Columbia, and Puerto Rico, and our services are always free.

First, try to resolve your client's account-related IRS problem through normal channels. However, TAS can help if your client:

- is experiencing financial difficulty due to an IRS problem.
- is facing an immediate threat of adverse action.
- has tried repeatedly to contact the IRS, but no response has been received by the date promised.

For more information, visit our [website](#) or our [tax toolkit](#).

TIGTA responsibilities

The Treasury Inspector General for Tax Administration is responsible for overseeing the IRS and for protecting the integrity of federal tax administration. TIGTA protects the IRS's ability to collect tax revenue as well as IRS employees, facilities and infrastructure. They also investigate allegations of IRS employee misconduct and wrongdoing; external attempts to corrupt or impede the internal revenue laws through bribery; the use of fraudulent IRS documentation to advance criminal activity; and attempts to impersonate of IRS officials, whether in person, in mailings and other documents, or via the Internet.

Additionally, TIGTA investigates all threats of violence against IRS employees and infrastructure. As tax professionals often stand on the front line of defense against efforts to corrupt the integrity of federal tax administration, TIGTA also investigates allegations of impropriety within the tax preparer community. TIGTA investigations in this area primarily focus on the overstatement of preparers' qualifications on IRS Form 2848.

Since the rollout of the IRS' Preparer Tax Identification Number program, TIGTA has worked closely with the IRS to ensure that program's integrity, including the investigation of fraudulent PTIN applications. If

you have information about what you believe to be serious misconduct by an IRS employee, or are aware of a threat against an IRS employee, facility or system, please contact one of TIGTA's [local offices](#) (or TIGTA's [Complaint Hotline](#)).