INTERNAL REVENUE SERVICE

INTERNAL REVENUE SERVICE ADVISORY COUNCIL (IRSAC)

PUBLIC MEETING

9:00 a.m.

Thursday, November 9, 2023

7th Floor Auditorium

Internal Revenue Service

1111 Constitution Avenue, NW

Washington, D.C. 20224

ATTENDEES

IRSAC Members

MARTIN ARMSTRONG, IRSAC Chair

ANNETTE NELLEN, IRSAC Vice Chair

AMANDA AGUILLARD

JOSEPH BENDER

SHARON BROWN

JEREMIAH CODER

SAM COHEN

ALISON FLORES

CHRISTINE FREELAND

AIDAN HUNT

JOHN KELSHAW

JODI KESSLER

MASON KLINCK

STEVEN KLITZNER

ANTHONY MASSOUD

SUSAN NAKANO

T. CHARLES PARR

LUIS PARRA

PHILLIP POIRIER

SETH POLONER

ATTENDEES

JEFFREY PORTER
DAWN RHEA
BRAYAN ROSA-RODRIGUEZ
NANCY RUOFF
JON SCHAUSTEN
TARA SCISCOE
PAUL STERBENZ
KATHRYN TRACY
WENDY WALKER
SEAN WANG
KATRINA WELCH
BRIAN YACKER

IRS Speakers
DANIEL WERFEL
LIA COLBERT
MELVIN HARDY
EDWARD KILLEN
KEVIN MOREHEAD
HOLLY PAZ
HAP TRICE

AGENDA

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P R O C E E D I N G S

(9:05 a.m.)

Opening Remarks

MR. HARDY: Good morning, everyone. Welcome to the 2023 Internal Revenue Service Advisory Council Public Meeting.

My name is Melvin Hardy, and I am the Director of the National Public Liaison, and it is my privilege to welcome you here today; and without further ado, I will turn it over to our Chair and Vice Chair Martin and Annette.

Chair's Welcome

MR. ARMSTRONG: Thank you, Mel.

Well, on behalf of our 2023 Internal Revenue Service Advisory Council, or IRSAC, I'd like to welcome all of you to our 2023 IRSAC Public Meeting.

The IRSAC's purpose is to provide an organized public forum to IRS officials and representatives of the public to discuss tax administration issues.

The IRSAC reviews existing tax policy and administrative issues and makes recommendations to achieve efficient and effective tax administration.

Today's 2023 Public Meeting Report includes our submission of one general report, 22 subgroup reports, and 121 recommendations for the IRS to consider.

At this time, I also want to acknowledge that the IRSAC is in receipt of one public comment and this was provided by Philip Hwang, Vice President of Optima Tax Relief.

Each member of the IRSAC has received a copy of Mr. Hwang's comment, and this public comment will be part of today's public meeting records.

Next, we'll welcome comments by Annette Nellen, Vice Chair of our 2023 IRSAC.

Vice Chair's Welcome

MS. NELLEN: Thank you, Martin.

I want to thank all the members of IRSAC as well as today the members of the public here who came to hear this report. Thank you very much for being here, and we look forward to presenting this report to all of you today. Thank you.

MR. HARDY: All right. Ladies and

gentlemen, it is my privilege and honor to introduce you to the 50th Commissioner of the Internal Revenue Service, Mr. Daniel Werfel.

(Applause.)

Commissioner's Remarks

MR. WERFEL: Thank you.

I want to welcome all the members of IRSAC, and thank everyone, including members of the public, for being here at this meeting. Of course, special thanks to IRSAC's leadership, Martin Armstrong, Annette Nellen. I know it's been a busy year, and I'm excited to hear the input from IRSAC.

I know that you're looking into many tax policy and administration issues, and I want to thank you for your work in presenting the report today. You know, I am still feeling a little bit early in my journey. I'm on my eighth-month mark, and I'm learning a lot, and one thing that I've absolutely seen and seen over and over again is that the IRS cannot be successful in our mission alone.

It's absolutely critical that we work side by side with partners, that we get input from our partners, and that we work collectively to work through a lot of challenging issues that we have in terms of implementing and administering this very complicated tax system that we have.

At the same time, I think there's a strong reason for optimism. We stand at a crossroads: after more than a decade of not having the funds necessary to put in the investments needed to strengthen our capacities across the IRS or to make needed changes to serve our mission.

We now have the funding to do all of those very important steps. In very plain language, I think there are three significant areas that we can and should be focused on.

First, taxpayers that need to reach the IRS should be able to reach the IRS and with funding, we can ensure that that is a reality. We can do that by opening and expanding our walk-in centers, making sure they're fully staffed, the staff is fully trained, and they are doing creative things, like Saturday hours, and pop-up walk-in centers in remote locations to meet taxpayers where they are.

It means that we're fully staffing our call center and again training the staff on the latest tax law changes and the common questions that come in. It means that we're modernizing the call center benchmarked against private sector benchmarks and benchmarks of other effective call centers and public sector organizations around the world and that means things like voice recognition and chat bots and call-back options. In fact, this week in an event with Secretary Yellen looking at the upcoming filing season, we talked about the fact that with this coming filing season, virtually every taxpayer that calls in on our [1-800-829-]1040 and other key customer service lines will be presented with a callback option if we anticipate the wait being any longer than 15 minutes.

While we indicate and feel strongly that this filing season a 15-minute wait will be rare, if it does happen, there will be a callback option. So we like to say that the era of hours-long waits on the IRS phone lines is over; and that's a critical important step and paradigm shift in the way we can allow people to reach us when they need to reach us so that we can help them with this very complicated Tax Code and tax system that we have.

And then obviously there are digital channels, website improvements, improvements to smart phone apps that can create an increasingly more user-friendly digital environment for an emerging generation of taxpayers to reach us that way. All of that can be looked at through the lens of before and after being well-funded and not being well-funded. I think both last filing season, and certainly this filing season, we're aiming to and I think we'll be successful in demonstrating how we're using the funds to make ourselves more accessible.

The second area is in enforcement. The reality is, when you're underfunded for 12 years, you fall behind in keeping pace with the tax system in a way that ensures that we are making taxpayers pay what they owe and, in particular, what I think we've learned as an organization is you particularly fall behind the more complicated the filing is and the more the taxpayer has the resources to hire lawyers and accountants to be creative in terms of how they set up their finances potentially to shield income.

In many cases these taxpayers are doing what they're supposed to do in finding a tax advantage status and staying within the lines, but in many cases they're not; and so we have to have the capacity to identify those cases where taxpayers are doing the right thing, wealthy taxpayers, our large corporations, our complex partnerships versus where there is tax evasion or tax avoidance that’s too aggressive and they've read too much into the gray and need to be pulled back a bit. Without the right investments, we can't do that.

Now we can, and we're putting together a multidimensional approach which involves not just hiring accountants and auditors to help us make sure that we're keeping pace with our largest and most complex filers but it means investing in analytic tools, subject matter expertise, and other tools and capacities that allow us again to distinguish where we need to focus our enforcement efforts on areas that have grown so complex that in the 12 years of under-funding we've fallen behind.

And the third area is making sure that in the growing risk of tax scams and schemes that increasingly exploit vulnerable populations that we're not on our heels. An underfunded IRS doesn't have the ability to step in and disrupt these scams, support victims when they're unfortunately victimized, and do what we need to do to hold the perpetrators accountable.

A well-funded IRS can do potentially all of those things, and these present stark choices for whether you want an IRS that's funded or not. Obviously if you're watching the news, this is the big debate right now that's going on across the United States and in the national dialogue is, what it means to have a well-funded IRS versus a not well-funded IRS. For me, I think the choice is pretty clear as I've just laid it out because what a well-funded IRS means is that you'll be able to more increasingly and more successfully reach us.

It means we'll be able to keep pace with our most complex filers and make sure that the tax gap doesn't grow but shrinks, and we'll be able to support taxpayers and prevent them from being victimized by bad actors that would exploit the complexity of the tax system in order to line their own pockets.

We want to make sure that that doesn't happen, especially at the expense of vulnerable populations around the United States.

That's the choice in terms of IRS funding, and I also think there's another key point here. We also need to invest with IRS funding to make that all happen in our foundations and our infrastructure, and that means that we have to support our employees, invest in them, make sure that they have the environment, the training, the tools, the career path, the work-life balance to be as productive as they can be to meet this important mission; and so I think a well-funded IRS can support and nurture a productive workforce.

The other thing that we can do is strengthen our overall operations, modernize, move to a paperless environment, and really critical, shore up our data security posture and our data security controls.

We with Inflation Reduction Act money and something that I've been directing ever since I became Commissioner in March, a much more robust set of actions and steps to strengthen our data security at every level, things like policies around removable data, number of users or access points, all of that.

When you have the resources, you can study, you can assess, you can identify the risks and the gaps and then you can close them. So the list of actions that the IRS has undertaken in particular around data and data security and data custody have been numerous, and we recently published as part of our quarterly update to our financial report all the steps and accomplishments that we've taken with Inflation Reduction Act funds to strengthen our data security posture.

I would also say that I hope that IRSAC sees in our April 6th Plan, our Strategic Plan, your fingerprints. A lot of what is in that plan is reflective of the input of this advisory group, and I would anticipate as we move to update the Strategic Plan, it's an annual plan, and, believe it or not, it's almost time to start thinking about what that plan looks like next year; and so this is a very well-timed public report because while we don't anticipate major swings in new directions because we think the plan that was released last April, the long, what I call our public to-do list, there's nothing in there that seems, in my opinion, controversial or on the wrong course.

There is some honing, some reprioritization. We've gotten increasing numbers of feedback discussions, and a report like this will help us make sure that we're not missing anything on our to-do list that needs to move up to the top or that something that's on our to-do list already that can be adjusted or accelerated. All of that is in play based on the progress that we've been able to make to date.

So with that, I will sit back down and turn it back to you to present the report. I'm very excited to hear the findings and the recommendations.

Thank you.

(Applause.)

MR. ARMSTRONG: Thank you, Commissioner, for your presence today and for your opening remarks.

Next will begin the review of our General Report followed by a review of our reports from our Information Reporting, LB&I, SB/SE, TE/GE, and W&I Subgroups.

General Report overview

MS. WALKER: Good morning. Thank you, Martin, and thank you to the Commissioner and everyone else joining us today.

My name is Wendy Walker. I'm a tax professional with Sovos in Ohio. I'm the Chair of the Information Reporting Subgroup.

I'm going to be reviewing the General IRSAC Report issue to be addressed with lawmakers.

The IRS receives substantial funding through the Inflation Reduction Act of 2022. The funds are earmarked to be spent over a 10-year period and for taxpayer services, increasing enforcement activities, funding operational activities, and for modernizing business systems.

IRS funding was meant to accompany appropriations the agency receives from Congress every year, but for Fiscal Year 2023, Congress did not appropriate any funds for business systems modernization. And despite the record increases in inflation, budgets for taxpayer services and operations remained the same as Fiscal Year 2022.

Throughout 2023, we see how Congress raised several bills that seek to claw back some or all of the IRS funding. Most recently, the House passed a bill that seeks to claw back $14 billion of that money. Ongoing annual appropriations culminated in significant problems for taxpayers and the IRS during the COVID-19 pandemic when the IRS was unable to deliver all of the necessary services and also faced the challenge of implementing several tax law changes in a very short period of time.

Frankly, backlogs, delays in processing returns, even answering the telephone, these problems all existed long before the pandemic and the shortage of IRS resources and delays in technology used to administer the tax law directly impacts tax professionals, like myself, and everyone in this room and around the country.

I spend, as so many tax professionals do, hours upon hours waiting on the phone to talk to the IRS or send letter after letter trying to resolve a penalty notice that often should never have been issued.

There is perhaps a misperception by our lawmakers that the IRS has enough funding to conduct their many activities of the agency while also updating decades of old technology, replacing thousands of retired employees and progressing other initiatives forward.

IRSAC recommends that the Commissioner and IRS leaders work together to formally conduct a meaningful analysis for lawmakers that articulates the following: (1) advances in increasing annual appropriations to the taxpayer services account, increases in the annual appropriations should be secured for taxpayer services to ensure that the IRS can deliver at least an 85 percent level of service during the filing season without having to rely on IRS funding to supplement where there are gaps.

Number 2, the benefits of restoring annual appropriations to the business systems modernization account so that to assure that the IRS can continue to modernize the systems and processes.

And Number 3, the analysis should articulate the benefits of adjusting annual appropriations to include inflation-related increases so that the IRS does not need to rely on supplemental funding coming from bills of the IRA just to shore up those types of gaps.

Thank you. And now I'd like to introduce the next presenter, Seth Poloner.

Information Reporting Subgroup Report overview

MR. POLONER: Thank you, Wendy.

Good morning and thank you for your time. I'm Seth Poloner, a tax attorney from New York, and a member of the Information Reporting Subgroup, and I'm going to present one of our subgroup's topics today.

I will be discussing withholding tax issues related to transactions governed by Section 302 of the Internal Revenue Code.

Section 302 provides rules for determining when a distribution and/or redemption for stock is treated as a dividend or, instead, as a payment in exchange for stock.

Such a distribution paid by U.S. corporations to a non-U.S. taxpayer is subject to withholding tax if treated as a dividend and is not subject to the U.S. withholding tax if treated as a payment in exchange for stock.

To determine dividend versus exchange treatment, Section 302(b) provides a number of tests which generally require comparison of the shareholder's overall interest in the corporation before the distribution and its overall interest in the corporation after the distribution.

It is virtually impossible for a withholding agent required to withhold on dividends to know whether any particular shareholder of a U.S. public corporation meets any of the Section 302 tests for exchange treatment.

Therefore, in 2007 Treasury proposed regulations establishing an escrow and certification procedure for withholding agents to determine whether the withholding required on distributions paid in connection with stock for which there is an established financial market.

The 2007 proposed regulations have never been finalized.

Unfortunately, the proposed regulations, escrow and certification procedure, is unduly burdensome for both the withholding agents and taxpayers, consumes significant resources, and rarely results in actual withholding tax.

The overwhelming majority of public market transactions in Section 302 tests produced in exchange as opposed to dividend result and the escrow withholding is reversed.

The certification calculations are often complex, especially in the context of (audio glitch) of hypothetical redemption tests provided by the Supreme Court in *Commissioner v. Clark* and taxpayers do not understand them.

This leads to confusion, potential errors, inconsistent application of the rules, and increased time and expense incurred in determining the certification results, and rarely results in any benefit to the Treasury.

(Inaudible,) cash-out mergers, and potential 304 transactions are each subject to different calculations which makes administering the certification process difficult for withholding agents and confusing for taxpayers.

In addition, the process entails many manual steps. Withholding agents need to know systems to process 302 payments as dividends even when the payments are cross-fed otherwise from a non-tax perspective.

` Research around the corporate shares is often required to obtain the necessary information in order to prepare certifications. Operations groups must track the number of days the last report to determine whether the escrow funds may be released.

Funds classified as exchange proceeds are required pursuant to the proposed regulations to be reported on Form 1042-S whereas proceeds from non-Section 302 transactions are generally not reported on Form 1042-S.

To address these issues and provide a better taxpayer and withholding agent experience, the IRSAC's primary recommendation is that the IRS dispense with the escrow and certification procedure and instead provide that withholding agents can presume that a public market's transaction is an exchange not subject to withholding tax unless the withholding agent has actual knowledge otherwise.

If such a presumption is not provided, the IRSAC recommends that the IRS address several practical operational and interpretational issues with the proposed regulations.

(1) The proposed regulations require withholding and reporting on presumed fund persons that have not provided a Form W-8 even if they provide a 302 certification certifying exchange treatment. It is not clear whether they should be required.

The IRSAC recommends that withholding agents should not be required to withhold on presumed fund persons that have not provided a Form W-8 but that have provided a Section 302 certification certifying exchange treatment.

(2) The proposed regulations require reporting on Form 1042-S even if the non-U.S. person

certifies exchange treatment. It is not clear why this should be required when proceeds are otherwise generally not reported on Form 1042-S.

The IRSAC recommends that reporting on Form 1042-S not be required if the non-U.S. person provided Section 302 certifications certifying exchange treatment.

(3) The proposed regulations do not permit qualified intermediaries to act as the withholding agents with respect to Section 302 transactions. It's not clear why this is the case.

The IRSAC recommends that a qualified intermediary be permitted to act as a withholding agent with respect to Section 302 transactions.

(4) It is not entirely clear from the proposed regulations whether withholding agents must obtain the 302 certification from a foreign partnership with respect to the partnership's holdings or whether it is required to obtain individual certifications from the partners of the foreign partnership.

The latter is difficult given that the

withholding agent often has no relationship with the partners.

The IRSAC recommends that the IRS provide guidance on this point.

(5) It is not clear whether Section 302 certification signature under penalties of perjury may be provided electronically.

The IRSAC recommends that the IRS make explicitly clear that a Section 302 certification under penalties of perjury may be provided electronically.

(6) The proposed regulations require a Section 302 certification accompanied by instructions but there is no standard form of IRS-approved certification and instructions document which leads to inconsistent application of the rules and taxpayer confusion.

The IRSAC recommends that the IRS consider developing a standard form or IRS-approved certification and instructions document.

Finally, withholding agents have no guidance with respect to distributions in connection with stock that is not traded on an established financial market.

The IRSAC recommends that guidance be provided with respect to such distributions.

Thank you for your time today and I will now introduce our next speaker, Dawn Rhea from the LB&I Subgroup. Thank you.

LB&I Subgroup Report overview

MS. RHEA: Good morning. Thank you, Seth.

My name is Dawn Rhea. I'm an attorney and partner at Weaver. I serve as a member of the LB&I Subgroup.

As incredible as it may seem, 2024 is approaching at the speed of a bullet train and with that speed, so, too, begins the required Corporate Transparency Act beneficial ownership reporting which is effective January 1st, 2024.

The Corporate Transparency Act was actually enacted in 2021 as part of the National Defense Authorization Act and it's considered the most significant modification to anti-money laundering rules since the Patriot Act.

The Corporate Transparency Act has

incredibly strict deadlines to report these required beneficial ownership information. Specifically, reporting entities formed on or after January 1st, 2024, have a deadline of 30 calendar days which is marked by the earlier of the entity receiving notice that its creation has become effective or the Secretary of State where it filed first provides public notice that the entity has been created.

We note that solely for the reporting entities that are created on or after January 1st, 2024, FinCEN has proposed a slight increase in this initial reporting deadline. That limited extension is solely again for 2024 and goes from 30 to 90 days.

However, for some domestic reporting entities compliance with these reporting deadlines, outside of the very limited extension for one year, may be significantly hampered by the EIN application process, which an EIN is required for CTA reporting for these domestic entities.

Many entities, especially in the technology sector, are created in the U.S. to transact business in the U.S. but may not have been created by an individual that has a Social Security Number, such as a foreign national.

Without an individual with a Social Security Number, these entities are incredibly limited as to how they can actually apply for an EIN. These entities cannot use the IRS online system nor can they use a call system. That call system is specifically for foreign entities.

Rather, these entities must request an EIN by mail or fax. Yes, mail or fax. The EIN requested by mail or fax may take weeks to be received if at all actually.

Given the strict Corporate Transparency Act deadline for these initial reporting entities created on or after January 1st, 2024, IRSAC recommends the expansion of the phone EIN request system that already exists.

However, it currently only serves entities formed outside the U.S. to include these domestically created entities that may not have a responsible person that has a Social Security Number.

Further, the IRSAC recommends that the IRS provide these EIN applicants who have to file for their EIN by mail or fax some sort of way that they can check on the status of their application through maybe online tools or over the phone because none of that exists currently.

Thank you for your time and consideration of these recommendations.

It is my pleasure to introduce Steve Klitzner.

SB/SE Subgroup Report overview

MR. KLITZNER: I'm Steve Klitzner. I am the Chair of the SB/SE Subgroup. I'm a tax attorney and my area of practice is limited to IRS problem resolution.

This is Issue 6, Field Collection Customer Service, and this is an issue that we created and the IRS accepted. I think it's important because two objectives of the Strategic Operating Plan that apply here are dramatically improving service to taxpayers as well as quickly resolving taxpayer issues.

We're dealing now not with ACS, the 800 number. We're dealing with local revenue officers who are dealing with taxpayers, and communication is key to resolving these cases effectively. There does not appear to be any uniform, consistent policy concerning return telephones and regarding to faxes.

There are often long delays in some cases when there's a change of revenue officer, and this causes taxpayer frustration and can lead to continuing nonpayment and noncompliance.

There are some provisions in the Internal Revenue Manual that apply here, but despite those provisions, revenue officers and managers are not routinely following them. Many voice messages contain limited information to assist the taxpayer. All calls are not being timely returned. Revenue officers are transferring, retiring, and often there's no one timely assigned to these cases which leads to taxpayer confusion, frustration, inhibits taxpayer ability to comply with requests and stay compliant.

We have several recommendations. First, revenue officers should return telephone calls within two business days and their voice messages should contain not only their name but also their fax number, their working hours, the known telephone number and fax number of their group manager.

Correspondence, the same thing. Revenue officers should include their working hours, their fax number, and the information concerning their group manager.

Voice messages should advise if the revenue officer is on vacation, if they're on leave, or will be out of the office for more than three days, and, if so, when they'll return.

If a revenue officer or group manager is retiring or transferring, the voice message should reflect that with details on alternative contacts and the revenue officer when leaving or being transferred should fully document his or her file for the next person taking over the case.

There should be overlap in this transfer so that the prior revenue officer can discuss the case with the new revenue officer to make sure there's a smooth transition.

If the group manager's retiring or transferring, expedite the process of selecting a permanent replacement.

Now the IRS does not use e-mail very well, but they are starting to do so and with, I think, a great deal of success. Continue to explore and use e-mail and extend interim guidance that you're currently using which was a temporary program.

Now since we introduced this topic, the Collection Department has made some changes, has listened to us, and we have included a customer service module in the continuing professional education for new revenue officers, and they have issued a communication to all field Collection employees reiterating the IRM requirements regarding voice mail and return phone calls along with the reminder of the critical job elements by the class. So we're very happy that they've been fully receptive and this is my third and final recommendation.

The IRSAC and I would say that the IRS has been tremendously receptive. This has been a great honor to serve, and I really hope I made a difference. Thank you.

Next speaker, TE/GE, Tara Sciscoe.

TE/GE Subgroup Report overview

MS. SCISCOE: Good morning. I am Tara Sciscoe, an employee benefits attorney from Indianapolis, and I'm here to speak on behalf of the TE/GE Subgroup.

Today I will be discussing recommendations from employee plans on self-correction guidance for retirement plan failures under the employee plans compliance resolution system, just commonly referred to as EPCRS.

Section 305 of the SECURE 2.0 Act of 2022 significantly expanded the Self-Correction Program under EPCRS, commonly referred to as SCP, to include most inadvertent eligible failures, regardless of when the error occurred, so long as the error is corrected within a reasonable time period.

Section 305 directs the IRS to update EPCRS within two years of the date of enactment of SECURE 2.0 in part to provide additional guidance on the required correction methods for eligible inadvertent failures.

Due to this legislative expansion of the

Self-Correction Program, many errors that historically could only be corrected by filing the error with the IRS and paying a filing fee can now be self-corrected by the retirement plan's sponsor.

The IRS asked the IRSAC for recommendations on items to address in the updated EPCRS and how it can keep better informed on how employers are using the Self-Correction Program.

The IRSAC believes that clear correction parameters and guidance in EPCRS encourages plan sponsors to establish practices and procedures designed to ensure compliance as well as to timely identify and correct plan errors when they occur despite such practices and procedures.

The IRSAC has three specific recommendations for the IRS with respect to updating EPCRS per Section 305 of the SECURE 2.0.

First, the IRSAC recommends that the IRS provide guidance in the updated EPCRS on the following items: guidance permitting direct transfers between unlike plans to correct failures involving contributions that are inadvertently made to the wrong retirement plan; guidance permitting the use of the Department of Labor Lost Earnings Calculator as a reasonable alternative method for calculating lost earnings; expansion of the self-correction methods by retroactive plan amendments, including where it may result in cutbacks to participants' benefits or rights if there's clear evidence that the participants received the benefits and rights that were communicated to them and could not reasonably have expected greater benefits or rights guidance on correction methods for under-payments of mandatory employee contributions which are common to governmental retirement plans; guidance on how to correct a required minimum distribution failure when a deselected vendor fails or refuses to make required minimum distributions but the retirement plan sponsor has no control over the plan assets; and guidance on the correction of overpayment errors in light of the new requirements under Section 301 of SECURE 2.0, including how these new rules apply to governmental employers that are not subject to the changes that impact ERISA plans; and, finally, to reorganize EPCRS to group all the guidance that is related to a particular error in a single place for ease of practitioner reference.

Our second recommendation: the IRSAC recommends that Employee Plans examine what type of plan errors are currently being filed under EPCRS's Voluntary Correction Program, the program where retirement plan sponsors have to file the failure with the IRS and pay a fee, commonly referred to as VCP, to determine what additional guidance may be needed for plan sponsors to self-correct these same errors. This is because the Voluntary Correction Program is frequently used by plan sponsors when EPCRS does not address a correction approach for that particular type of failure or when the plan sponsor wants to use a correction method that is not set forth in EPCRS.

The IRS could also survey the Employee Plans' audit team to identify whether or when they're auditing retirement plans they are finding that the self-correction methods are being appropriately used and what self-correction methods are being used or whether further correction methods are being required.

The third recommendation: the IRSAC believes that requesting comments from plan sponsors, EPCRS updates continues to be the best mechanism to gather information on how employers are currently using the Self-Correction Program.

Thank you.

The next speaker will be Alison Flores from the W&I Subgroup.

W&I Subgroup Report overview

MS. FLORES: Thank you, Tara.

` My name is Alison Flores. I'm a tax attorney from Kansas City, Kansas, and I serve on the W&I Subgroup.

Today I'll be going over recommendations for our notices and communications issue.

In its Strategic Operating Plan, the IRS plans a strategic shift away from a situation where filing and communications are paper-based and inconvenient for taxpayers towards electronic filing and communication options that are simpler and will make it easier to interact with the IRS.

The Return Integrity Verification Operations function, or RIVO, asked the IRSAC to supply input on taxpayer behavior surrounding notices and current technology.

Their goals are to increase usage of the Documentation Upload Tool, or DUT, as well as decrease duplicate submissions through mail, fax, and DUT.

So, here's some background on this issue. In 2021 the IRS launched the DUT to enable digital correspondence for the Automated Questionable Credit Program. Since then, the IRS has expanded this program with many different flavors.

Initially the IRS updated letters and notices to include an enclosure with QR codes to encourage participation with the DUT. Currently in some of the letters the letter references the choice to use the DUT and provides the website the taxpayers may use to respond.

There's also a video available on YouTube showing how to use the tool. However, many taxpayers continue to send the same information through multiple channels to the IRS and usage of this tool is not as widely increased as the IRS would hope.

When taxpayers send documentation through multiple channels, the IRS must match that information submitted in response to one notice through multiple channels to the taxpayer and consolidate that information before reviewing that documentation.

It appears some taxpayers believe that supplying information through all available options could provide a faster outcome. In fact, doing so causes duplication in IRS inventory reports and delays processing the taxpayer's refund.

In the context of RIVO notices, when the IRS holds a taxpayer's refund, the taxpayer may find their situation more urgent and may try to contact the IRS multiple times over the correspondence period to ensure their refund is on track.

We also want to note the Digital Divide may continue to be a problem with some taxpayers continuing to rely on mailing their correspondence as well as taxpayers may understand the DUT as a place to upload their proof separately from the response they mail to the IRS.

Another thing we felt strongly about was that confirmation that the IRS received a taxpayer's response is particularly beneficial to the elderly and low-income and those who speak English as a second language.

So, we have the following recommendations to address these issues.

The first, provide taxpayers with a time- and date-stamped receipt as proof of their submission through DUT.

Second, collaborate with the Taxpayer Experience Office to understand the challenges taxpayers face navigating IRS processes and identify global changes to the DUT that would increase taxpayer usage and make the DUT more user-friendly.

The RIVO Program has already done some work revising notices but continuing to clearly showcase the new upload option and delineating next steps for the taxpayer would also be helpful.

Next, we may suggest serving whether to see it's beneficial to rename the Documentation Upload Tool and redesign the landing page or the splash page so it clearly names itself as an online response option that taxpayers receiving IRS letters and notices may use to respond.

Next, enable taxpayers to retrieve and view digital copies of their submissions through their taxpayer online account and see what step of their process their notice is in, develop programming and modernize the underlying systems to take documents sent through DUT and automatically attach them to the taxpayer's account.

Next, incorporate a direct path to the DUT from the taxpayer online account and tax professional online account and digitally provide a copy of the taxpayer's notice as an authenticated service to streamline this process.

Next, build an interface meant for taxpayer representatives to allow them to upload documents on behalf of taxpayers through the DUT, provide them date-stamped receipts and a method for them to access digital copies of the information. This may be particularly helpful for those taxpayers in the Digital Divide or those who speak English as a second language or are not familiar with technology.

Last, when a taxpayer phones the IRS, we would hope there's a way to use technology to identify whether they have an open notice under the RIVO Program and route their call to an assister who knows what the conversation will be about.

I want to thank you for your time this morning, and next I'll turn it back over to Commissioner Werfel for a response.

Commissioner's Response

MR. WERFEL: Well, thank you, and thank you for each of these presentations, very precise, clear, concrete recommendations across the board, and I know that you'll be engaging with the Commissioners and others throughout the rest of the morning to really kind of flesh out these recommendations and make sure that there's alignment, and I look forward to working with the team here at the IRS on digesting them and looking forward to implementing them.

You know, each presentation certainly resonated with me. I certainly appreciate the opening point about our budget and about the fact that our base budget is not at a level to fund the current tax system.

The analogy that I use often is we have to keep the current trains running and that costs a certain amount of money and if we don't have the resources in place people will back up on the platforms, trains will break down, and the system will not function.

We also have to therefore modernize the entire system because the trains are old and they break down and the tracks are old and they break down; and if you're borrowing from the modernization budget to pay to keep the current trains running, you will have achieved the trains running for a couple of years, but then you will exhaust the resources. You'll no longer be able to keep the trains running and you will not have modernized and that is not going to make anyone happy because it means that, as our tax system moves forward, people won't be able to be served and supported by the IRS.

So, it's an absolutely critical point and certainly having your voice and inspiring us to figure out the most plain language, concrete way to make that case is appreciated.

Before I turn it back for the rest of the session, I do want to recognize the 11 IRSAC members who are departing the committee after this meeting and so that they are Martin Armstrong, IRSAC's Chair.

(Applause.)

MR. WERFEL: Steven Klitzner.

(Applause.)

MR. WERFEL: Charles Parr.

(Applause.)

MR. WERFEL: Luis Parra.

(Applause.)

MR. WERFEL: Sure you want to leave?

(Laughter.)

MR. PARRA: Thank you.

MR. WERFEL: Thank you so much. This is terrific, this is so terrific. I do have a giant poster of the Taxpayer Bill of Rights right above my desk. This is special. Thank you so much. Thank you.

(Applause.)

MR. WERFEL: Phillip Poirier.

(Applause.)

MR. WERFEL: Seth Poloner.

(Applause.)

MR. WERFEL: Nancy Ruoff.

(Applause.)

MR. WERFEL: Paul Sterbenz.

(Applause.)

MR. WERFEL: And Kathryn Tracy.

(Applause.)

MR. WERFEL: All right. And I also want to recognize Jeremiah Coder and Sharon Brown who are attending this meeting virtually. So, thank you.

(Applause.)

MR. ARMSTRONG: So, before the Commissioner leaves, if we can get down in front here.

(Photos Taken.)

(Applause.)

(Recess.)

MR. ARMSTRONG: All right. Welcome back.

At this time, we'll continue the report of the issues, and we'll begin with the LB&I Subgroup.

LB&I Subgroup Report

MR. MASSOUD: Good morning, everyone. My name is Anthony Massoud, and I am the Vice President of Corporate Finance and Tax with the Van Metre Companies.

I'll be presenting Issue Number 1, which is Increase Use of Pre-Filing Agreements and Other Tax Certainty Programs. This can be found on Page 46 of the report.

Pre-Filing Agreements, or PFAs, and other similar tax certainty programs are programs in which the IRS and taxpayers work together to resolve their complicated tax issues before the taxpayer files their return.

The IRS's LB&I Division established the PFA Program with the objective of proactively resolving taxpayer issues that taxpayers are likely to dispute in post-filing audit.

This also coincides with Objective 2 of the IRS's Inflation Reduction Act's Strategic Operating Plan which is to quickly resolve taxpayer issues when they arise.

Specifically, Initiative 2.4 addresses the expansion of Tax Certainty and Issue Resolution Programs by taxpayer participation resolving complex taxpayer issues and reducing post-filing compliance activities for taxpayers that participate.

Although LB&I has offered the program for many years, PFAs are unfortunately rarely used. The IRSAC has defined obstacles impacting the potential success of PFAs and is making recommendations to address these issues.

Currently LB&I likens to either a determination of facts or the application of well-established legal principles to known facts.

This limitation as to which issues are eligible for consideration for PFA seems to be one of the most impactful in terms of lead into long usage.

Increasing the scope of qualified issues for consideration should be a priority for LB&I in order to expand the program.

Another issue to consider is to simply make the program more widely known. Although no formal study was conducted, frequent inquiries about PFAs to fellow tax professionals illustrated how little known the program really is.

If there were separate ones regularly marketing PFAs to a strategically selected target audience for the program to grow.

Lastly, a major barrier to PFAs is the user fee of a $181,500.

The IRSAC understands that the Office of Management and Budget determined the program's flat fee. Taxpayers seem willing to spend that amount of money on well-established legal principles.

The IRSAC recommends reassessing the fee structure for PFAs and similar tax certainty programs.

To summarize, the three recommendations are as follow: increase the scope of PFA qualified issues for consideration by LB&I; advertise and market PFAs to strategically selected target audiences of corporate tax departments, CPAs, and law firm personnel highlighting advantages of the program; and reassessing the fee structure for PFAs and similar tax certainty programs.

This concludes my presentation on this

issue. Thank you for your time.

I'd like to introduce the next speaker, Charles Parr.

MR. PARR: Thank you, Anthony, and good morning.

It's my pleasure to present Issue Number 2 under LB&I which is Issuance of Section 174 Guidance.

The Jobs Act introduced significant changes to Section 174 and here, six years on, taxpayers and their advisors are struggling with provisions that became effective for taxable years beginning after December 31, 2021.

Our report, which may be found on Page 49 of the Annual Report, was prepared before issuance of Notice 2023-63 on September 8th, and many of the contents of the notice addressed what we had within our Issue Number 2 paper.

There are, however, seven particular issues that we do not feel were addressed or could be addressed more fully. Two in particular do dovetail in with Section 11, Request for Comments, and to begin with, Section 1101.1, Scope of Section 174, there are a couple of issues with respect to that that we would appreciate more specific guidance.

In particular, whether general administrative and operating costs are allocated or should be allocated to the capitalized and amortized research and expenditure costs and, if so, what methodology should be incorporated. Are there reasonable harbor methods that could be adapted and, if so, are these methods going to be considered change of accounting method and, if so, it may need additional guidance on that.

Second, what documentation or workpapers should be required by taxpayers to demonstrate the compliance with Section 174, and then there's some additional suggestions that we would offer.

First of all, should funded research and funded software development be excluded from Section 174 amortization? Next, should taxpayers not be subject to underpayment penalties on quarterly estimated tax if the add-back or the amounts that are going to be capitalized and amortized are equal to the prior year amounts for qualified research expenses?

Next, we would request the Service consider providing a safe harbor if estimated tax payments are based on the same amounts as would be determined under Accounting Standards Codification, ASC-730, Book Research and Development Amounts.

Last, as far as Point Number 7, which is not included in our report, there seems to be a common misunderstanding among taxpayers and their advisors as to whether Section 41 of the Internal Revenue Code is still relevant. Section 41 was not amended in TCJA, and we think it would be helpful if the Service could provide some guidance that this is still a relevant provision under the Internal Revenue Code; and that both it and Section 174 may apply with respect to research and development and research and experimentation expenses.

And so, I thank you for your attention, and it's my pleasure to introduce Katrina Welch, who will speak to the third issue.

` MS. WELCH: Thanks, Charles.

Hello, everyone. I'm Katrina Welch. I'm the Subgroup Chair for LB&I.

So, I'll be addressing Issue 4, Accelerate Issuance of IRS Form 6166, Certificate of Residency.

Taxpayers are experiencing significant delay in getting these certificates. This is negatively impacting them, and they're not getting their treaty benefits. Ultimately, Treasury bears the cost because these taxpayers will take foreign tax credits.

We recommend faster issuance of these certificates so that the taxpayers can get these treaty benefits, and the best way forward is electronic processing of Form 8802, Application for the Certificate. This supports the Strategic Operating Plan, Objective 1, and Initiatives 1.2 and 1.5.

Objective 1, improve services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible.

Initiative 1.2, expanding digital services and digital utilization such that taxpayers are able to file all documents electronically.

Initiative 1.5, IRS will explore providing taxpayers the option to file certain tax returns directly with the IRS online.

Now with the IRS implementing this Strategic Operating Plan, we urge the IRS to allow taxpayers to file these 8802 applications before December 1st and the IRS could start processing immediately and be able to issue these certificates as soon as possible after January 1st. This ties in with Initiative 1.7, the IRS will provide taxpayers greater upfront clarity and certainty.

By way of background, many of our treaty partners also require the IRS certificate to show that the taxpayer is a U.S. resident for federal tax, and the IRS requires taxpayers to file the 8802 application but not before December 1st of the year prior to the year they want certified. Then the IRS issues the certificate on January 1st or later and it's valid through that December 31st.

This usually takes about eight to 12 weeks. So, some taxpayers don't get their certificates until March. The processing time could even be longer if the return's filed but it's not posted by the time that the certificate review happens.

This is common for large taxpayers. For

example, regulated investment companies. Their returns are several hundred pages, and they're required to be paper filed.

The certificate receipt delay could be further delayed even by a simple clerical error by an IRS agent. This could be happening with just even a simple typo with the taxpayer's name. The taxpayer would have to get this fixed before they could get the treaty relief. This is especially concerning with manual processing of these 8802 applications, and without a streamlined way for the request, a correction or check on the status, this could cause additional delays.

The certificate receipt delay could result in a permanent treaty benefit loss where the income is received before the taxpayer can get the certificate to the withholding agent, especially in certain countries where, if you need to get the certificate to the withholding agent before the income payment date, and these countries don't allow any retroactive relief through reclaims, and even where the taxpayer can get relief post the income event, the time is short.

In some markets a taxpayer will get an interest payment on January 15th. They have to get the certificate to the withholding agent by January 31st to get that lower treaty rate.

This is worse for taxpayers where you don't get the certificate to the custodian before the first quarter dividends are paid, which is usually around March 15th, and, last, again, the treaty relief costs will be borne by the Treasury where the taxpayers take these foreign tax credits for the foreign tax that's been withheld. For tax-exempt investors, including people with U.S. retirement accounts that invested through funds, they're going to bear this cost directly through lower returns.

As a result, we have four recommendations.

(1) Prioritize electronic filing of the Form 8802, Application for United States Residency Certification.

(2) Accelerate the Form 8802 submission date to be before December 1st and begin processing applications on a rolling basis once received so that they are ready to be issued as soon as possible after

January 1st.

(3) Engage and educate other countries' competent authorities so they're aware of the IRS timeline for issuing these certificates, and advocate for grace periods for taxpayers to provide certificates to claim these treaty benefits.

And (4) Create a streamlined method for taxpayers to request a correction or check the Form 8802 status electronically.

Thank you.

And now I will welcome Holly Paz, our Commissioner for LB&I, to address us. Thanks.

MS. PAZ: Thank you.

First, I want to start off by thanking the subgroup. Thank you to Katrina, Charles, Dawn, Anthony, and Jeremiah, who could not be here in person today, for all your great work.

As you have heard, the subgroup took on a number of diverse and complex issues which we greatly appreciate. I'll say a little bit about each one of them that we just heard about.

First, on the Pre-Filing Agreements, we

agree wholeheartedly that Pre-Filing Agreements are a great way to reach a cooperative agreement on difficult issues and avoid having to expend examination resources on those issues and increase tax certainty for taxpayers. As Anthony noted, that's very consistent with the Strategic Operating Plan, Initiative 2.4, which focuses on increasing pre-filing and tax certainty options for taxpayers.

I think the subgroup has identified some of the drivers of the decrease in the number of Pre-Filing Agreements that we have seen. You know, the eligibility criteria, the user fee, and also just lack of knowledge; I think those are all components, and I think the recommendations are very, very good recommendations that we're definitely interested in pursuing. So, appreciate that.

On Section 174, I know there were very productive conversations between the subgroup and Chief Counsel throughout the process of developing the report, and as Charles noted, some of that is addressed in the Notice.

It's very helpful to hear what issues the subgroup continues to think are still in need of guidance. So, we will work with Chief Counsel and with Treasury in that regard to follow up on those issues.

As you noted, there are Requests for Comments out there on that guidance. I think the subgroup's perspective is very, very helpful and will be well received by Chief Counsel and Treasury.

In regard to the residency certificates, you know, this is an issue that we've heard quite a lot about from our taxpayer base. We recognize that it is a pain point.

As Katrina noted, it's very much a goal in the Strategic Operating Plan to move our manual processes into electronic processes and to permit electronic filing of documents that currently can only be filed on paper.

So, we very much support that end-goal of moving that process into an electronic environment and are interested in pursuing that. We think that will greatly improve the experience for taxpayers and also take the comment about the timing. So, appreciate the number of recommendations in the certificate of residency area.

Thank you to the subgroup. We enjoyed our discussions and really think the recommendations this year are very helpful, clear actionable suggestions, and appreciate it and look forward to working with folks who will be returning next year.

Charles, thank you for your service. We will miss you next year, but look forward to continued engagement, particularly as we work to execute on the Strategic Operating Plan. There are a number of high priority areas, like the increasing pre-filing and tax certainty options as well as expanding enforcement. It will be very beneficial for us to have our subgroup's input as we continue to work to meet those goals.

Thank you.

(Applause.)

MR. ARMSTRONG: All right. Thank you.

The next subgroup will be Information Reporting.

Information Reporting Subgroup Report

MS. WALKER: I'm Wendy Walker. I'm the Chair of the Information Reporting Subgroup. I'm a tax professional from Columbus, Ohio, and I want to thank you all for joining us from Chief Counsel's Office today.

Today I am reading out Issue 1, Section 6050W Guidance is Needed for Filers of Form 1099-K. This starts on Page 25 of your report, and note that this is one of two Form 1099-K issues that you'll hear about today. This issue and the recommendations that I'm going to present are related to the companies that are required to issue and file Forms 1099-K.

Section 6050W requires a payment settlement entity that is a third-party settlement organization, or TPSO, to issue and file Form 1099-K for payments settled over a third party payment network.

The American Rescue Plan Act of 2021 changed the de mininis requirement for TPSO filers from $20,000 paid over 200 transactions to the current $600 and no transaction limit.

This change is effective through 2023 terms. This is expected to bring millions of additional information returns to taxpayers and to the IRS.

Section 6050W also requires payment settlement entities that are not TPSOs that settle payment card transactions to issue and file Forms 1099-K for all transactions with no de minimis threshold.

As it is common in the payment industry, when there are multiple parties involved in the payment process, Treasury Regulation Section 1.6050W-1(a)(4)(ii) indicates that the payment settlement entity that makes payment in settlement of the multiple transaction is the party that should file the return.

Business payment options have evolved significantly since Congress enacted Section 6050W through the Housing and Economic Recovery Act of 2008 and there are now a variety of payment methods, technologies, and actors involved in the payment process.

The current Treasury regulations applicable to Section 6050W lack sufficient clarity regarding key terminology that many filers need in order to determine whether they should issue and file Form 1099-K.

Additionally, examples in the current version of the regulations are outdated. They do not accurately depict the processors that occur in today's world. The lack of clarity and real-life examples result in many businesses that are issuing Forms 1099-K in error or not issuing Forms 1099-K as required.

With the substantial change in the de minimis threshold and the millions more returns expected, IRSAC recommends that the IRS and Treasury work together to update the regulations as follows.

(1) Clarify the definition of account for purposes of 6050W(d)(3)(A) and Treasury Reg. Section 1.6050W-1(a)(2); clarify the discrepancy between statute in Section 6050W(d)(3)(A) and Treasury Reg. Section 1.6050W-1(c)(3) with respect to the use of the term "providers" versus "persons."

(3) Define the term "substantial" by providing a baseline number for purposes of Treasury Reg. Section 1.6050W-1(c)(3).

(4) Define the meaning of "guarantee" for

purposes of Section 6050W(d)(3)(c).

And (5) Add examples in the Treasury Regulations to include scenarios of an arrangement that constitutes a guarantee for purposes of 6050W; and, last, update the regulations with practical examples illustrating who's required to report when there are multiple payment settlement entities all required to report this payment transaction.

Thank you. Now I'd like to turn it over to the next presenter for the Information Reporting Subgroup, Susan Nakano.

MS. NAKANO: Thank you, Wendy, and good morning, everybody.

I am Susan Nakano, an information reporting specialist at a large U.S. bank in Chicago, and I am also a member of the Information Reporting Subgroup.

I'm discussing Issue Number 2, that all corrections of state information on information returns should be included in the Combined Federal / State Filing Program.

The IRSAC makes the following recommendation regarding the Combined Federal / State Filing Program, but first some background.

Payers must provide information reporting, such as Form 1099s, not only to the IRS, but also to states on the terms in the form and by the time required by those states. The Combined Federal / State Filing Program, CF/SF, significantly simplifies information reporting filing to states helping payers file information returns in a compliant manner to both the IRS and to states.

When a state participates in CF/SF and the filer triggers CF/SF, information returns filed with the IRS are also provided to state departments of revenue.

Why is this important? Information reporting helps close tax gaps. The Treasury Inspector General for Tax Administration, or TIGTA, reports that taxpayer compliance is significantly higher, thereby reducing the tax gap, where there is information reporting through W-2s and 1099s.

This is not only taxpayers knowing that the payments were reported to the departments of revenue but also that the IRS and state departments of revenue with information reporting in hand can identify and pursue tax collection.

The federal tax gap in 2021 was $688 billion. Add to that that states also have their own individual tax gaps. CF/SF allows a payer to send one form to the IRS and know it will be shared with participating states. CF/SF is currently used by approximately 30 states for 11 forms.

Of the 5.6 billion information returns projected to be filed for Tax Year 2023, five billion of those are potentially issued by the CF/SF program. CF/SF boasts payer state compliance efforts in that through no additional efforts state filing requirements can be satisfied. CF/SF is a valuable tool.

The IRSAC recommends removing barriers to state filing. One barrier that the IRSAC recommends addressing is that while corrections to amounts on the federal fields on information returns are forwarded to participating states just as originals are, a correction to the state fields is the only correction is not supposed to be sent to the IRS. So, CF/SF is unavailable for those correction filings.

The state fields typically provided on the Forms 1099 are the payment amounts attributable to the state and the state withholdings associated with the payment. These values are important to the personal income tax returns of the taxpayers.

When those amounts are corrected, the states should be made aware so that the amounts ultimately reconcile.

Because the corrected values may not be sent to the state through CF/SF, the payer trying to follow the law must now direct file corrections to states. This means that a payer uses one method for providing some returns to states, but it must use another method to provide corrections to those same returns to states. This makes maintaining compliance with the state requirements much more complex.

CF/SF is helpful to payers to maintain information reporting compliance. The IRSAC would like to see the service expanded to improve compliance and help reduce the overall tax gap.

The IRSAC makes the following

recommendations in this year's report.

First, the IRS should provide all originals as well as all corrections to states through the Combined Federal / State Filing Program.

Second, the IRS should expand the form types that can be filed through the Combined Federal / State Filing Program, such as consider adding Forms 1098 or 1099-C.

And, finally, the IRSAC has also previously suggested that the IRS should explore the timing and timeliness of providing information returns to states.

And with that, we look forward to hearing from Mr. Hap Trice.

MR. TRICE: I just want to say thanks very much for your recommendations. Of course, you know, the whole purpose of IRSAC is to give the IRS and Chief Counsel real-world view and your expertise and we certainly do appreciate that.

I know that some of your recommendations are being thought about and some of the issues related to 6050W are being considered.

So, I don't have any direct response to what you actually are saying at this time, but I do appreciate your input. It's valued and it's, you know, widely known and considered by the folks who can, you know, actually evaluate your comments.

So, appreciate it very much.

MR. ARMSTRONG: Thank you, Hap. Give him a hand.

(Applause.)

MR. ARMSTRONG: Our next subgroup is SB/SE.

SB/SE Subgroup Report

MR. HUNT: Good afternoon, everyone. Madam Commissioner, we are really honored to have you here, and we appreciate all your enthusiasm for our subgroup.

We hope you all appreciate our report here.

My name is Aidan Hunt, information technology professional in public sector higher education at the University of North Carolina at Chapel Hill where I graduated this May.

My report is on Accepting Tax Payments in Cryptocurrencies via Third Party Providers, and this is a topic that the SB/SE proposed. They're looking at using a similar approach to the way that we currently accept credit and debit card payments through three contractors, ACI, Link2Gov, and WorldPay. Basically, those providers have stayed away from the IRS all of the complexities of processing credit card payments, dealing with the acquiring bank, completing the settle-up process for that; they just send the IRS daily transfer of all the funds that have been collected.

And so, we're looking at using a similar approach to accept cryptocurrencies where all the complexities of managing web addresses, actually receiving and liquidating the cryptocurrency, all that would be handled by vendors that would compete based on the lowest price. Similar to credit cards, these would be zero-cost procurements for the IRS.

So, the IRS is not going to be writing a check here. Instead, they will select whichever vendors are willing to offer the lowest fees to the taxpayer and on the whole, we strongly support this proposal.

We have a few recommendations for how to make that most effective.

One is we believe that as the IRS has done a great job of helping taxpayers compare fees with the credit card options, there's a very clear table. It's very clear exactly what the costs of using that service are and what the other alternatives are.

We think that's a model for the crypto-currency payments, but due to the complexities of the way you can price conversions, you can either do a spread or a percentage fee.

We believe it would be best to standardize all vendors on a single benchmark price for Bitcoin and whatever other currencies they accept. For example, those maintained by providers like CoinMarketCap, Intercontinental Exchange, or the CME Groups, Bitcoin Future Index, and we believe that all providers should use that as the standard exchange rate and, in turn, apply whatever percentage fee they feel is right for their business.

Another recommendation is we know that the Colorado Department of Revenue and Utah State Tax Department do accept cryptocurrency payments through one contractor, and it provides a good convenience. There are some drawbacks to the type of contract they have. Basically under that model, you've got to open an account with that provider, open a hosted wallet, which is basically like a bank account for cryptocurrency.

You've got to store your coins there, you know, agree to all their terms, privacy, that sort of thing before you can even make the payment, and we believe that a model should, you know, not require taxpayers to really consent to do any other business with this entity, similar to the credit card payment. You should just provide your cryptocurrency and, you know, all your information should be limited to the tax payment itself.

Additionally, we know that, you know, the Treasury Department is very interested in, you know, regulating a lot of the cryptocurrency industry in terms of anti-money laundering and we do think it's important to coordinate to make sure that those restrictions don't accidentally impact this service.

For example, you know, these tax payments could potentially be very large amounts, and so we want to make sure that, you know, the IRS as providers are, you know, sort of known trusted entities and would not be subject to those types of limitations on making those payments and we want to make sure that we're not requiring SSNs only or something that would exclude international taxpayers.

And our final point, you know, we feel that this will be, you know, not only is this something that there's demand in the industry for. Section 6311, I believe, states that the IRS can basically accept any commercially acceptable means of payment and we believe cryptocurrency is a commercially acceptable means of payment.

We reference a 2021 Deloitte study that said 85 percent of senior retail leaders agree that crypto-currency and digital currency payments will be ubiquitous in five years.

So we believe there's clear demand for this, but, in particular, our international taxpayers stand to benefit the most because cryptocurrency is not restricted to single country or denomination bank accounts and this can allow electronic payments from literally anywhere in the world, even countries where the U.S. has no financial relationships with and yet U.S. citizens in those countries are still required to pay taxes.

And lastly, you know, inspired by this approach, we actually believe that the IRS should consider creating another opportunity to work with a vendor to accept foreign currency payments using native channels, such as the European Union Separate Payment Network, UPI in India, Ali Pay in China, you know, ways that are very convenient for taxpayers in those countries, take that currency, convert it to USD, similar to what's being proposed here for crypto, and then send that to the IRS, and we believe that that could, you know, take a significant weight off the shoulders of, you know, U.S. ex-patriots or other international taxpayers on the smaller side of things that don't have the resources to, you know, make those conversions and may not maintain a bank account in the U.S. and, you know, we want to make sure that paying the taxes is as painless as possible.

So we believe that this proposal by the BOD will strongly complement Strategic Operating Plan 1.10 which is plainly titled Make Payments Easy, and so we're proud to see that the IRS is working to, you know, make payments easier, to add an option that's going to resonate with younger taxpayers, make it easier for those who hold crypto to make those payments which is, you know, a group that we want to increase compliance with, and, lastly, increase, you know, convenience and accessibility for international taxpayers.

So thank you to the BOD and everyone and our next speaker will be Christine Freeland, my colleague on the SB/SE Subgroup.

(Applause.)

MS. FREELAND: Thank you, ladies and gentlemen.

Good morning. I'm Christine Freeland, a CPA from Chandler, Arizona, and a member of the SB/SE Subcommittee.

Our second issue today is the Impact on Taxpayers of Modifying Form 709, United States Gift and Generation-Skipping Transfer Tax. Say that three times fast.

SB/SE Division requested feedback on creating a separate amended return of 709X.

So, for some background and history, Form 709 reports asset transfers subject to federal gift and GST reporting and calculates tax due, if any.

Of the almost 250,000 returns filed in each of the years 2019 and '20, more than 99 percent had no tax due.

Currently taxpayers use the same form for amendments and original filings. However, original returns are filed at the Kansas City, Missouri, Service Center and amended returns are filed at the Covington, Kentucky, Center.

This creates a time-consuming and a time-delaying process for reviewing amended returns as the original returns have to be matched with the amended returns.

Multiple use of the form creates confusion and challenges of ensuring accuracy of the amended returns. The current instructions for the amended return are minimal, causing the amended return to be filed without the proper documentation.

Due dates of the 709 are the same as the 1040 individual tax return and the 1040 extension also extends the 709 automatically, also.

So, the IRSAC recommends create a new Form 709X with complete instructions especially regarding proper documentation.

(2) In keeping with the Strategic Operating Plan, move 709 and the proposed 709X to the MEF, the Modern e-filing Platform.

And (3) Consider making the 709 a supplemental form to the 1040. This would make the taxpayers more aware of the gift tax filing requirement as the 709 appears to be an under-filed return.

Those are our recommendations and with that I'm going to turn it over to our committee member, Jeff Porter.

(Applause.)

MR. PORTER: Good morning. I'm Jeff Porter and I'm a CPA from Huntington, West Virginia, and I'm a member of the SB/SE Subgroup, and I'll be reporting on the second 1099-K Issue from IRSAC this year.

So, the American Rescue Plan decreased the de minimis threshold for reporting on third party settlement organizations from an excess of $20,000 on 200 or more transactions to any qualifying transaction in excess of $600.

The IRS requested the IRSAC to provide recommendations on how personal transactions reported on a 1099-K should now be reported on an individual's Form 1040.

As background, Section 6050W requires a payment settlement entity to report the gross amount of reportable transactions to each payee and to the IRS. This reporting is provided on a Form 1099-K.

TPSOs must report all payments processed for a customer for the year if the payments for goods or services for the year exceed $600. Prior to 2022, this exception was higher and a TPSO had to issue a Form 1099-K if they processed over $20,000 in payments during the year for a customer and there were over 200 transactions.

The reduced filing threshold is expected to result in millions of additional 1099-Ks to be filed with the IRS and to provide it to taxpayers in 2023. If a taxpayer utilizes multiple TPSO, they could receive multiple 1099-Ks each year.

These small businesses will use the same TPSO for their business transactions which could include multiple businesses and also for personal transactions.

In addition, there are multiple forms in which the transactions could be reported, so Schedule 1, 8949, Schedule D, Schedule C, Schedule E, and Schedule F.

IRS information technology systems are designed to match information returns, such as W-2s and 1099s, to the individual's tax returns. If a match is not possible, the IRS is likely to send a CP-2000 Notice to the taxpayer proposing tax, interest, and penalties or seeking additional information. With the many possibilities of forms and schedules on the tax return for the 1099-K information to be reported, the possibility of a taxpayer receiving multiple Forms

1099-K and the possibility of personal items being included on a 1099-K, the likelihood of a CP-2000 being generated is much greater than with other Forms 1099.

On most information reporting forms, the amount reported on a 1099-K is not reported directly on an individual's Form 1040 and most likely will not apply to the amount's reported as gross receipts on the 1040.

So, on this schedule or form to reconcile the Forms 1099-Ks to the actual reportable income would provide taxpayers the opportunity to explain discrepancies at the time of filing and thus providing more useful information on the original return.

So, the IRSAC makes the following recommendations to the IRS.

Number 1, create a new schedule or form to reconcile the Form 1099-K to the actual reportable income on the individual's Form 1040.

Number 2, the new form should provide the ability to indicate personal items included in Form 1099-K that are not considered income.

Number 3, if the amounts reported on the Form 1099-K include amounts that are reportable on multiple forms and schedules, the new form should provide the ability to indicate the amounts and form where it is reported on the individual's Form 1040.

Number 4, if the amounts reported on a Form 1099-K include amounts that are not income, such as sales tax collected, maybe tips collected, the new form should provide the ability to indicate those on the reconciliation.

And then Number 5, the instructions to the new form should clearly indicate the new form is not required to be completed if there are no personal items included in the 1099-K or the amounts are not reported on multiple forms or schedules within the individual's Form 1040.

Thank you, and I'll now introduce our next topic speaker, Annette Nellen.

(Applause.)

MS. NELLEN: Thanks, Jeff.

Good morning. I am Annette Nellen. I'm a professor at San Jose State University and a CPA and attorney and member of the SB/SE Subgroup and Vice Chair of the IRSAC.

I'm going to talk about Issue 4 on Page 79, Modifying Form 2290, Heavy Highway Vehicle Use Tax Return.

The SB/SE Division requested IRSAC's feedback on creating an amended return for Form 2290. Form 2290 is used to compute and pay tax due under Code Section 4481 on certain use of heavy highway vehicles which are vehicles with a gross weight of 55,000 pounds or more.

This form is also used for address changes and amended returns.

Multiple uses of the same form can create confusion and challenges for processing and ensuring accuracy of returns.

After a review of the forms and meeting with IRS experts involved in examining Form 2290, the IRSAC determined that taxpayer compliance and IRS processing can be improved via creation of a Form 2290X as well as having taxpayers alert the IRS to address changes using existing change of address forms.

Changes to Form 2290 and instructions would also be warranted due to these other changes.

The Form 2290, Heavy Highway Vehicle Use Tax Return, is an annual form due by August 31st to report and pay the annual excise tax on heavy highway vehicles for the annual period that actually ends June 30th.

The Form 2290 includes two copies of Schedule 1, Schedule of Heavy Highway Vehicles, to make it simple for the IRS to return one copy marked Stamped as proof of filing and payment and filers make that Schedule 1 in order to register vehicles in a state, the District of Columbia, Canada, or Mexico.

All taxpayers with 25-mile vehicles must e-file and the IRS encourages all filers to e-file. E-filing enables them to get that stamped Schedule 1 back within a few minutes.

If a filer mails a Form 2290, such as due to reporting incorrect VIN, Vehicle Identification Number, Form 2290 with the amended return box checked is filed, generally the office has to find the initial return to verify the amended return.

Form 2290 also includes a box on Page 1 to check if a taxpayer's address has changed since the last form was filed. The Form 2290 instructions do not make any reference to the standard IRS forms for reporting an address change which are Forms 8822 and 8822B.

A filer using a 2290 to change their address might think that they have alerted the IRS to an address change for all taxpayers but that's not correct.

Our recommendations for Objective 1 of the IRS Strategic Operating Plan, Improving Taxpayer Services.

First, Form 2290X, Amended Heavy Highway Vehicle Use Tax Returns, should be created. It should include a section for the filer to explain the reason for the amended return and note that the filer may also attach supporting documentation and those forms and schedules and the Form 1040X as a model of what that should be.

It should list the most common reasons for filing and allowing taxpayers to check boxes to what those reasons might be for that filing.

The instructions should be clear that Form 2290X is not used to report a vehicle acquired after the annual filing of Form 2290 but instead Form 2290 is filed to report and pay tax on any new vehicles.

Second, the Form 2290 instruction to be modified to explain when Form 2290X should be filed and the time frame for doing so, the recommendation, the address change check box should be removed from Page 1 of Form 2290.

The instructions should be updated to remind the filer to use the current address and if there has been an address change, they should file Form 8222 or 8222B as appropriate to report that change so it's done for all tax purposes.

Finally, on Form 2290 instructions to remind filers what to do if the name for the truck registration does not tie to the EIN or name on Form 2290 and the importance of the taxpayer's name and EIN used on the Form 2290 or 2290X to actually match.

Thank you and our next presenter from the SB/SE Group is John Kelshaw.

(Applause.)

MR. KELSHAW: Hello, everybody. There's a fan crowd here. Thank you very much.

(Applause.)

MR. KELSHAW: My name is John Kelshaw. I'm an enrolled agent. People are probably tired of hearing this. I worked at the IRS for almost 40 years, retired now, and I'm very happy and proud to be on the IRSAC. I think that we can make a difference.

So, my particular issue deals with paid preparer due diligence penalties, and I thank Commissioner Colbert for accepting this. This wasn't one of the IRS topics. This was a topic that we put through hoping that they would consider and address because it affects paid tax preparers throughout the country, and a lot of preparers are aware there's penalties but not aware of all of the ramifications and the challenges involved.

In 2021, this issue was included in the IRSAC report and it dealt with the training module that the IRS had, and the issue here is not only training but it's awareness that has to be given to the preparers out there, and these penalties do affect people who do a large amount of returns and especially in the earned income credit and other type credit areas. So we want to get awareness out there to let you know what's possibly coming and what's already out.

Even though they did address the training issue and training module, we think there's still some considerable issues that have to be addressed and concerns.

One thing we're looking at is consistent treatment and 6695(g) is the section that we're talking about and that was originally input in 1997 and dealt with earned income credit because when that started coming out, there were a lot of problems that caused the IRS to have issues when it came to processing, and then to be quite honest, it was a lot of fraud and shenanigans going on with people, you know, doing things they shouldn't do. So they put in 6695(g) for the earned income credit.

Subsequent to that they added the Child Tax Credit, the additional Child Tax Credit and the Other

Dependent Credit and then they added the American Opportunity Credit and then they finally got around to Head of Household where there seemed to be issues across the board.

So, what does that mean? It means that if you don't do your due diligence as a paid preparer and we'll get into that in a second, you could be subject to penalties of up to $500 per issue. That's adjusted for inflation. So, for example, in 2022, the penalty was $560, I believe, per penalty and you could have four on a return for a total of $2,200 just on one case.

The IRS comes out and does audits and they usually do 25 to 50 audits. So you could be looking at a total penalty as a preparer of $56,000 up to over a $100,000 which a lot of people are unaware of and, needless to say, they can't pay.

So, we recommended that several things come into play. The revenue agents out in the field have a certain check sheet that they look at when they go and they ask the questions, but that doesn't mean that everybody's going to get the same result.

Some people, just because of personalities, make different decisions based upon their professional acumen and the personal interaction with who you're dealing. So there has to be some consistency between Exam and Appeals because it will eventually end up in Appeals.

So, for example, what is the average penalty? Why should I care? The average penalty for the years 2021 and 2022 assessed against paid preparers who were audited was $65,420. That's a lot of money. Okay. So that's the average for those two years.

What does that mean? The IRS has an algorithm where they look at the returns that you do that contain these four issues and then they pull them out for audit. They never actually look at the actual return before they audit the preparer. They then audit the preparer and determine if there's issues involved and if there is, they can assess these penalties.

So, the no-change rate is only three percent. So, what does that mean? If you're going to get one of these audits, you're probably going to get hit with a penalty. That's what that means.

The other problem is a lot of these preparers who were involved deal with low-income clients. They don't write everything in the file. They know them like family. So, they may just write same as last year. That's not going to cut it because the IRS says what? Each year stands on its own. So, you have to document the files.

So, what we're looking for are four suggestions, if possible.

One is with regards to these audits. Under COVID everything was pretty much done either through correspondence or through virtual Teams or Zoom. We think that what they should do in SB/SE and we hope they will do is open more avenues to do it, either face-to-face, virtual, or telephonic.

From some experience with this after I left the IRS, doing the telephonic or by Zoom isn't the best way to do it and not in the best interests of the preparer because you can't -- when the revenue agent asks you for documentation, you may have files full of documentation. So you're either going to have to mail that or you're going to have to show it to him on Zoom.

It's really better to have them face-to-face so you can let him see the computer you used, the program you used, and what questions were asked because the question you may ask is did the person live with you to claim the earned income credit? The answer will be yes.

The IRS comes out and does their audit and they're going to say how long did they live with you and if you don't document that you met the required period of time, we've seen where they failed on that.

So, we think there needs to be a lot more education and some training but to give you the option if you want that revenue agent to come sit next to you, you should have that, same as Appeals did.

The second thing we think we should do is that Appeals and Exam should have the same basic training with regards to these penalties. Appeals and Exam have different things they're supposed to do within the context of tax administration, right?

Exam's supposed to make sure you pay the right amount of tax. Then what? Appeals comes in and says, well, hazards of litigation. We want to make sure that everything's fair.

So, if that's the case, they should be on a level playing field with regards to this issue as to what the rules are. So, they've never been very good about this. Exam and Appeals have both said that they're going to review their training material, but I think it would be good if there was one set or one pack of material that they all used so they'd all be on the same page.

The third thing they recommended was that the letters that go out to these tax practitioners, the language is a little scary to some, to be quite honest. People get these letters, and it says you did this or you didn't do this and you're going to get punished and not exactly those terms but that's what they get from these letters. Nobody wants a letter from the IRS to begin with, let alone saying you may owe $60,000 when you're only making $20 an hour preparing returns.

So, we're hoping that the taxpayer-centric notices with regards to Section 2.3 of the Operating Plan could be toned down a little bit and maybe use some more information as to what you need to do to avoid the penalty instead of what's going to happen if you get the penalty.

And the last thing we talked about that recommended was to increase what they call knock and talk visits. Now nobody usually likes the IRS to show up at your door, but they have these knock and talk visits where they come out and if you show up on one of the IRS reports that you may have issues with the earned income credit or some of these areas, they come out. They may sit down with you. They say, look, you're having some issues here. You may want to ask these questions in response to the credit or head of household so that you know where the problem lies. So that way if you do continue the bad habits, then you can get the penalty, but give them the information to be more upfront that they have a problem.

So those are the four recommendations. We appreciate your time, and at this point I would like to introduce the Commissioner of SB/SE and a long-time friend, Lia Colbert.

(Applause.)

MS. COLBERT: And I'm thanking you all, if you can hear me, -- can you all hear me? They can hear me.

Hi, everybody. You guys, I am so proud of the SB/SE Subgroup. I'm mad at Mel because we had a ton of recommendations and I thought he'd give SB/SE more time and he did not.

(Laughter.)

MS. COLBERT: But I do want to just take a minute because Edward's already here and I know you're ready to get to the TE/GE Subgroup, but this is an amazing subgroup. You gave some deep, thoughtful, really strong recommendations that are actionable for SB/SE and where we needed a little bit of gas in the tank about where we were thinking of heading. We weren't quite sure, and your recommendations helped to validate a path and then actually shored up things we hadn't even begun to think about yet.

It just was incredibly invaluable and just special the time you all took to engage because what you just heard report outs were not the only things that the SB/SE Subgroup helped us with this year.

Think about ERC and being around the table with us to help us get that full perspective about the experience with ERC claims and also about notices that we're thinking about doing in the collection space.

We were able to actually call a huddle and get some just-in-time feedback about the way we were leaning with some of the notice revisions we were doing, just a really powerful, powerful set of brains in this room that really helped SB/SE be stronger.

Our taxpayers are going to be better served. We're going to do some deep reflections on the totality of the recommendations. I have to embarrass Steven. Thank you just a tonnage for your stellar leadership for the SB/SE Subgroup. It's really the right mindset and the right leadership and I'm really grateful for your leadership of all the efforts.

So, thanks to the whole team. That's as fast as I could do it, Mel. But thank you. I know I need to yield the floor. Thank you all very, very much.

(Applause.)

MR. ARMSTRONG: That is going to be a tough act to follow.

So next up will be TE/GE.

TE/GE Subgroup Report

MR. BENDER: It's always a tough time following Lia.

(Laughter.)

MR. BENDER: Good morning, Commissioner, Members of the IRS, Fellow IRSAC Members, and Members of the Public. My name is Joe Bender. I'm a tax attorney and senior tax partner of Difede, Ramsdell and Bender, a law firm based here in D.C. I'm also a member of the Tax-Exempt/Government Entity Subgroup of the IRSAC.

I'm presenting our recommendations relating to the Non-Bank Trustee Program.

By way of background, in order to be a fiduciary or custodian of fiduciary accounts, such as medical savings accounts, health savings accounts, 401(a) accounts, IRAs, and similar accounts, the entity traditionally had to be an insurance company or a bank.

However, a third category was created under the Non-Bank Trustee Program. If an entity qualified as a non-bank trustee, it could be a fiduciary of those fiduciary accounts without having to meet the requirements of being a bank or an insurance company.

The requirements to be a non-bank trustee are significantly less burdensome than qualifying as a bank or an insurance company. That provided an opportunity for a smaller organization, such as religious organizations, labor associations, financial service companies, and state governments, to qualify and act as custodians of fiduciary accounts.

Additionally, and this is pretty important, those non-bank trustees would allow participants to invest in non-traditional investments, such as private REITs, non-public investments, and other alternative investment structures, that banks and insurance companies traditionally do not handle.

That being said, there are relatively few entities that have taken advantage of the Non-Bank

Trustee Program. As of a year ago, October 2022, there are 70 entities that were approved to be non-bank trustees.

For the period of 2018 through 2023, only 30 non-bank trustee applications were submitted to the IRS for filing, or an average of six per year.

From the IRS's standpoint, each non-bank trustee is audited at least once every five years. Historically, though, these audits have established that there has been substantial compliance with the Non-Bank Trustee Rules.

Additionally, the IRS notes that applications to the Non-Bank Trustee Program have been declining.

Accordingly, the IRS has asked IRSAC for feedback on how the Non-Bank Trustee Program is operating, any recommended suggestions for change, and whether the program should continue.

The IRSAC recognizes that applications to the Non-Bank Trustee Program have been declining and that there's certainly a cost to the IRS in administering the program in terms of use of IRS resources.

The IRSAC also recognizes that, while relatively small, the Non-Bank Trustee Program does provide an opportunity for certain organizations to fill the role of fiduciary or custodian for fiduciary accounts and that these organizations likely would not or could not qualify as banks or insurance companies and continue to fulfill that role.

Accordingly, the IRSAC recommends, Number 1, that the IRS continue the Non-Bank Trustee Program with regard to established non-bank trustees.

Second, we suggest that the IRS monitor the Non-Bank Trustee Program and determine whether the cost of the application of that program outweigh the benefits of that program.

Third, in order to save resources going forward, we suggest that the IRS examine whether there could be some sort of self-certification program undertaken by these non-bank trustees that would reduce the audit resources utilized by the IRS.

Those are our recommendations. I would like to introduce Brian Yacker, another member of the TE/GE

Group.

MR. YACKER: Thank you, Joe.

I am Brian Yacker. I am a nonprofit tax partner at Baker Tilly located in Orange County, California, and I am to present TE/GE Issue Number 3, Recommendations for More Effective Engagement between IRS and Exempt Organizations.

I am going to stick to the script this time and not go off the script here.

So, the IRS asked IRSAC for suggestions for improving the level of engagement between TE/GE and the diverse fund population of domestic exempt organizations. To improve engagement, the IRS wants to identify the different approaches it could take to best engage with the many different types of exempt organizations.

As way of background, there are many different types of exempt organizations with whom the IRS, particularly TE/GE, must engage. Generally, the differences between charitable organizations and other exempt organizations but also the differences within each charitable sector. For instance, there are many different types of charitable organizations, including social service organizations, youth athletic leagues, hospitals, religious organizations, and so many other different types of charitable organizations.

There are also many organizations within the tax-exempt center and it's a fact that there are three different types or three different versions of the funding they need: the 990N for very small exempt organizations, the 990EZ, and then, of course, the full 990.

There are also other types of exempt organizations that use Form 990, particularly churches and public universities or public schools.

There are also differences within the exempt sector regarding the financial sophistication of the exempt organizations, ranging from exempt orgs that are in the all-volunteer realm with little to no financial expertise to exempt organizations with financial requirements akin to the Fortune 500 and having the staff to reflect that.

Finally, there are different levels of awareness that many different types of exempt organizations possess for the wealth of resources that are available on irs.gov.

Similar resources that are publicly available for free in the public domain include the Architect Guides, the EO Snapshots, the Internal Revenue Manual, the EO Textbooks, and many other great resources that reside in the Charity Section of the IRS's website.

So, with that, I have a few recommendations. First off, we recommend that the IRS more prominently promotes and highlights the available resources that reside on irs.gov. Again, there are such great resources there and the IRS really needs to better promote the availability of those resources.

In addition to the resources, there are some recommendations we have regarding particular resources. First off, promote the monthly EO Newsletter. It's such a great resource available. Most exempt organizations are not aware that it is available on the IRS's website.

If you update the IRS Business Master File to make sure it's updated on a more timely basis and then consider making it less clunky news, maybe moving the legend or types of things it will make it easier to use, more accessible.

And for the timely and complete update, ensure that taxes and organizations search is more timely updated so that that's a place where exempt organizations can go to find important information.

And, finally, snapshots to include further topics within the exempt org area. It just seems like for the past year or two that the snapshots are focused on private foundation issues. So, it's a tremendous resource, a tremendous resource.

Consider providing additional resources on irs.gov, including the filing deadlines for information tax returns. Of course, for example, organizations, what the heck is the Form 8940? It's a very important form, but I would say 89 percent of the exempt organizations have no idea what that 8940 is or what its purpose is. Highlight the public disclosure obligations, public inspection obligations of exempt organizations, and also maybe go through the process of IRS examinations of exempt organizations. It is a very intimidating thing in this world.

The IRS should consider updating the Treasury Section in irs.gov to reflect separate and focused ideas of services for small, mid-sized, and larger exempt organizations, including references to domestic 501(c)(3) exemptions, allowing organizations to quickly access the information more relevant to them.

Next, consider the change of address cards available to exempt organizations and include permanent website on irs.gov for exempt organizations to change their address of record with the Service. This is a huge problem for exempt organizations, particularly all volunteer-run exempt organizations.

Perhaps requiring exempt organizations to have a new address of record and to be able to log on to the IRS Business Master File for a new address, another one from the faxing or mailing of important notices from the IRS. Develop training sessions like those at the IRS tax forums that appeal to the TE/GE world that focus on the basics of tax exemption, the basics of preparing the 990. That is important information that should be available for most exempt organizations.

And, finally, consider increasing quality partnerships with states, community, federal issues, and nonprofit associations to expand communication channels throughout the exempt org world and look to increase information sharing with those other types of organizations.

With that, I will introduce Nancy Ruoff, who will present our next TE/GE issue.

MS. RUOFF: Good morning. I'm Nancy Ruoff, the Director of the Office of Accounts Reports for the State of Kansas, and Chair for the TE/GE Subgroup.

It's my pleasure to present to you recommendations for Effective Engagement of Section 218 and Section 218A Agreements.

Section 218 and Section 218A of the Social Security Act authorizes the Social Security Administration and state or local government entities or tribal councils to enter into voluntary agreements that specify the Social Security and Medicare coverage for certain state and local government employees and tribal council positions.

Each agreement is unique to the entity. For example, a specific class of employees, such as police officers, can be subject to social security coverage in City A but not in neighboring City B.

Section 218 Agreements were made irrevocable in 1983 and modifications therefore are limited to circumstances, such as consolidations between entities that have conflicting terms in their agreements.

The specificity of each agreement, as you can imagine, increases the complexity of training, compliance, and enforcement of the terms of these agreements.

Each state has an identified state social security administrator who's responsible for ensuring the performance of the state's responsibilities under the agreement.

The IRSAC commends the IRS for partnering and completing outreach through to the National Conference of State Social Security Administrators and providing key resources, such as Publication 963, to support compliance in this area.

Even with this key information and resources available, however, the IRS Office of Federal, State, and Local Governments reports risks identified in field examinations that include entities that are simply unaware that they are under Section 218 Agreement, entities that are incorrectly implementing the terms of their agreement, or have failed to review and update the agreement for modifications that are required by actions that impact the Section 218 coverage.

At the request of the IRS Government Entities Area, IRSAC provides the following recommendations for effective engagements between the IRS and state and local government entities and the Indian Tribal Governments to promote increased awareness and accurate application of existing Section 218 and Section 218A Agreements.

Recommendation Number 1, Identify the most effective method to complete an annual outreach to all named state social security administrators and the Indian Tribal Government contacts responsible for Section 218 and 218A oversight in order to communicate the requirements of Publication 963 and follow key best practices for consideration in fulfilling that responsibility.

Such outreach will assist in mitigating the risk of noncompliance that can occur due to the level of turnover in state government positions.

In addition, identify the most efficient method to provide direct collaboration and training opportunities on the semiannual basis between the IRS and state and local governments and Indian Tribal Council administrators to provide updates, highlight current risks and trends, encourage best practices, increase trust for direct contact with key resources, and invite dialogue on questions from state and local government and Indian Tribal Government administrators.

Also, encourage sharing between states on questions and effective compliance efforts. Consider recording and posting such training sessions, when possible, for future reference.

Next, engage with state level municipal services organizations and with Indian Tribal

Government organizations to include information regarding Section 218 and 218A compliance and agreements in their annual conferences and outreaches. This will increase awareness and understanding of the agreements as well as compliance requirements among the entities covered by the agreements.

Finally, there's a need for an IRS Office of Indian Tribal Governments to answer Section 218A questions and provide ongoing services and support in this area.

Thank you for your partnership and your consideration of this recommendation. It's been my honor to serve on the IRSAC, and at this time I welcome Sam Cohen to the podium.

MR. COHEN: Indian Tribal Governments used to have their own committee but when all the advisory committees were collapsed, tribes were combined with tax-exempt entities and governmental entities. It's been interesting.

My name is Sam Cohen. I'm the Government Affairs and Legal Officer for the Santa Ynez Band of Chumash Indians, and I'm here to address TE/GE Issue

5, which was not an issue requested by the Service. It was an issue that tribal governments requested.

Recommendations for Increasing the Tax Reporting Threshold for Slot Machine Jackpot Winnings.

The current threshold for tax information reporting for slot machine jackpot winnings at casinos was set at $1,200 in 1977 through Treasury Regulation and has been stagnant since then.

Since establishing the $1,200 threshold in 1977, inflation has decreased that value of that threshold resulting in an increased number of Form W-2G reports filed each year.

Failure to index this reporting threshold has placed an unnecessary compliance burden on the player who's the taxpayer, increased administrative costs for tribal and commercial casinos, and creates paperwork backlogs and operational burdens for the IRS.

When accounting for inflation, a comparable jackpot reporting threshold today is estimated to be approximately $5,800.

The IRSAC recommends raising the reporting threshold and subsequently increasing it based on inflation, cost of living adjustments each year.

In the alternative, the IRS should consider incrementally increasing the threshold over a period of three to five years or until such time as the threshold meets an inflation adjusted amount equal to the threshold established in 1977.

Rules in the reporting threshold to reflect inflation will streamline and enhance the quality of information collected and enable the IRS to focus its enforcement resources on those taxpayers most likely to have year-end net slot winnings.

Finally, because this threshold was initially set by regulatory action, such a change should also be made via regulatory action.

As a result, the IRSAC makes the following two recommendations.

(1) Pursue addition to the IRS Priority Guidance Plan to increase the tax reporting threshold for slot machine jackpot winnings to $5,000.

And (2) For calendar years beginning after the first year of a $5,000 threshold, consider periodic increases to increase the threshold to a dollar amount multiplied by the cost-of-living adjustment.

Thank you very much. I'm pleased to introduce the Commissioner.

(Applause.)

MR. KILLEN: Good morning, everyone.

Well, thank you very much. These recommendations were tremendous. I was taking a look at them earlier and, you know, I was really blown away really by the depth and the quality of the recommendations that you all have provided.

You know, IRSAC and the TE/GE Subgroup are just tremendous partners for us in Tax Administration and I say that very sincerely. You know, particularly in the exempt sector, given the diversity of the exempt sector of taxpayers and entities and given the nuances and the unique aspects of this particular body of taxpayers, it is critically important for us to have an equal depth in diversity of stakeholders who partner with us to understand what the issues are and really how we can do a better job.

I mean, that's really why we are here. You know, I can speak personally. That's really why we want to engage with IRSAC, with the TE/GE Subgroup in particular, because we want to do better, and so, we are really, really aided when we get very high quality perspectives and recommendations. It is really much appreciated and I think, you know, I can tell you we will go back and have some very thoughtful conversations within TE/GE around these recommendations. I can personally tell you that we will do that.

Let me just really express general appreciation because, I know that you all are busy people. I know you have a lot going on and so the gift of your time and of your energy and of your talents to help us be better tax administrators is much appreciated.

I know that Nancy Ruoff, you are rolling off and so thank you so much. My understanding is that Sharon Brown is virtual today, but I know she is rolling off, as well, and so we particularly thank you for your gift of your time and of your talents over the last four years and so thank you so much and don't be strangers, please.

We will certainly take these and, you know, it's not just a statement, that these were tremendous recommendations, and so it's sincerely appreciated.

Thank you so much.

(Applause.)

MR. ARMSTRONG: Thank you.

Our next presentation is our Wage and Investment Subgroup.

W&I Subgroup Report

MR. POIRIER: Good morning. My name is Phil Poirier. I'm the Chair of the IRSAC Wage and Investment Subgroup.

I would like to thank Deputy Commissioner Morehead for attending today and for all the other IRS employees who are here. Thank you for positioning us between slot machines and lunch so I understand my mission.

I'm completing my stay on IRSAC, and I just want to call out it has been my privilege to serve with you and the team I've had has been great. Luis

Parra, Mason Klinck, Martin jumped in many times even though he was Chair of IRSAC.

I'd also like to call out the team leaders, the issue team leaders, Kat Tracy, Brayan Rodriguez, and Alison Flores, and I'd like to thank Alison, too, for covering for me for some of the meetings I missed this year.

I'd also like to thank Maria Salazar and everybody else who helped.

Our bias in this subgroup is really on what's happening to the taxpayer and typically it's an individual taxpayer, a small business taxpayer.

You heard from Alison this morning on one of our topics which was notices and correspondence. We're now going to cover the remaining three topics of Forms Modernization that I'll cover, the DYI Product for Prior Year Returns that Kat is going to cover, and then Alison is going to come back up and do Modernizing the ITIN Process because she worked pretty hard on that already.

So, turning to Issue 3 on Forms Modernization, this is on Page 157 of your report.

Today many of the forms used by IRS are fillable pdf forms and one of the limitations is those forms don't work great on mobile devices, and we all know how important mobile devices are.

Consistent with the Strategic Operating Plan, the IRS wants to modernize its forms, including digitizing them, and they've actually formed a Digital Mobile and Adaptive Forms Team to lead this effort and that team's goals are to do things like improving internal workflows, improving access to IRS forms, and ensuring the easy use of those forms.

That team has also identified a number of forms, and they've begun introducing those forms on this new adaptive form like this calendar year. There are a number of criteria they use to select what forms they're picking.

So, taxpayer impact, feasibility and other considerations, and they asked the subgroup for insights or opinions or views on forms that have been selected and any other related items.

So, we were excited to get the preliminary list of prioritized forms. As we went through them, we identified a few forms that we thought could be emphasized in that list, a few forms that were not on the list that we'd recommend the IRS evaluate considering, and a couple of other related items.

So let me hit on the four recommendations. The first recommendation is to publish publicly the set of common evaluation criteria that IRS uses to assess the forms for inclusion in this effort.

We think there are going to be a number of questions from the tax community overall about why did you select that form or what are the criteria you used. It would be good just have that right out front so the IRS is answering that question.

The second recommendation is the forms list is great. There were a couple of forms on there that we wanted to call out as warranting particular attention based on the most recent filing season and those are the Forms 14039 and the Form 8821 A. For both, they're identify theft-related forms that we're seeing a lot of usage on by taxpayers.

The third recommendation is there are a couple of forms we would suggest the IRS evaluate adding to that list. The two forms are the 2848, Power of Attorney, and the Form W-7, Application for an IRS Individual Taxpayer Identification Number or ITIN. We think that those forms warrant consideration, as well.

And then, finally, there were a few forms on the list that were related to the VITA and TCE Program. VITA is the Volunteer Income Tax Assistance Program, TCE is Tax Counseling for the Elderly. They're community tax programs where volunteers do returns for taxpayers.

Some of these forms that were on there were program management forms, not taxpayer-focused forms, and because those are program management forms that the IRS organization was responsible for that area Stakeholder Partnership, Education, and Communication, I think they've already done a lot of work to help the people who are managing these programs.

If it would free up time to take on other taxpayer-focused forms, then we would suggest reprioritizing those forms, and we've identified that in our report for a short period of time in order to deal with the other forms that taxpayers would get more benefit from.

So that concludes my comments on Forms Modernization. Kat is going to come up and talk about hers. Thank you.

MS. TRACY: Thank you, Phil.

Hello. My name is Kat Tracy. I'm an enrolled agent tax professional from Buckeye, Arizona.

Thank you for the opportunity to present the next Wage and Investment Group issue found on Page 142 of the public report, and thank you to everybody who made this lovely item possible, appreciate your work.

The IRS has a high volume of paper-filed, do-it-yourself prior-year tax returns that are filed annually. It wants to reduce the amount of paper it receives and the corresponding processing work by working with the industry to provide a secure way for DIY filers to submit their prior-year tax returns electronically.

At the current time, there is no way for a taxpayer to electronically file their own prior-year tax returns. The return either must be paper filed or a taxpayer needs to seek the assistance of a paid professional to file.

Further, at the current time, all the current year plus two prior years can be electronically filed. All older years must be paper filed.

The IRS requested our initial feedback from IRSAC on their proposed range of potential implementation of the electronic filing of prior-year, self-prepared tax returns starting with this coming year 2024 filing season for fraud prevention requirements.

IRSAC agrees that it is in the national interests of the IRS to reduce the number of paper-filed returns. The IRS, in asking IRSAC's view of the suitable approach to validate taxpayer identity, most important part of the initial range of this DIY solution, and it was concluded that the IP PIN would be used on those tax returns to uniquely identify the taxpayer.

Given this 2024 target, IRSAC supports the use of the IP PIN. Taxpayers should have the opportunity to electronically file returns that have open due dates based on the statute of limitations.

Since the IRS limits the electronic current audit filing system that tax professionals use to the current year and two prior years, that is causing extra paper-filed tax returns for that last open year on the statute of limitations.

One of the main goals of the IRS is voluntary compliance, taxpayers must file their tax returns and pay their fair share of tax for the taxpayers to be considered for various collections activities, they must file all of the tax years that are still unfiled. While all taxpayers file these years' returns electronically, it would serve all the taxpayers and the IRS well to enable DIY tax return filings for all those open years.

So, in looking at our recommendations and there's a very nice index that shows how all of our IRSAC recommendations tie to the Strategic Operating Plan, Appendix A, and my particular issue is on Page 188.

The first recommendation that we give to the

Service is to work with tax software companies to enable the direct your tax software solution to prepare electronically-filed prior year returns that commences January of 2024 for the previous tax returns' years 2021 and 2022. This issue could enable taxpayers to file the previous tax returns electronically and also the clear message that the IP PIN option is necessary and that ties to the Point 2 Initiative for taxpayer service.

The second recommendation is to begin an approach that is most likely to mitigate fraud and that is regarding the IP PIN and we do, of course, support the IP PIN and that is part of the 4.4 Initiative and ensure data security.

Number 3, have a backup plan. Since this is a brand-new thing that they're going to be trying in January, make sure that things are going smoothly and if they're not, then to have a Plan B.

Lastly, enable taxpayers to be able to electronically file returns with all open due dates based on statute of limitations and to help ensure compliance and collection efforts in electronic filing of all tax years.

For example, for the 2020 year, that this is due on April 15th of 2021, there's taxpayers have three years to file the returns. So due 4/15 of 2024. So right now that 2020 tax return still has to be filed on paper and the 2020 tax returns did include we can collect payments that would be still available to taxpayers and it would reduce the burden on them for them to have to go pay to have that tax return done if they could do it themselves.

The next presenter is also a Wage and Investment Group member, Alison Flores.

MS. FLORES: Thank you.

My name is Alison Flores. I'm a tax attorney from Kansas City, Kansas, and I’ll be presenting our last issue for today on Modernizing the ITIN Process. This is an issue that was brought up by the W&I Subgroup.

The IRSAC believes that the issuance of ITINs is critical to promote taxpayer compliance. It also believes that there is an opportunity to modernize the ITIN application process and in doing so improve taxpayer experience.

In its Strategic Operating Plan, the IRS gives modernizing the ITIN application process as an example of how it will become fully digital and modernized processes to improve the taxpayer experience and organizational efficiency.

So, let's go through a little background. Currently, the IRS partners with over 9,000 Certifying Acceptance Agents, or CAAs, with approximately 400 abroad. This partnership helps facilitate the ITIN application process.

Taxpayers must send both their original application and their ITIN renewal by mail. In most cases this must be accompanied by a tax return. For the IRS processing data, ITIN application or renewal can last up to 11 weeks during filing season. So, you can see the administrative costs to the IRS can be significant.

When the IRS denies or delays an ITIN application, the taxpayer can spend a lot of time and money resolving those issues. One example we did want to call out was the example where you need specific information from a doctor's office or a school to get an application through for a dependent and this is often confusing for taxpayers going from a CAA to their doctor's office, possibly not getting information they need, submitting it to the IRS and then going back in a circle with correspondence.

There are other collateral consequences connected to delayed ITIN issuance. Tax returns are generally accepted proof of income for some state and locally-run programs and, lastly, the state and local tax agencies also use the federal ITIN for state filings.

In practice, not being able to have an ITIN quickly and easily hampers the ability of this group of taxpayers to access local, state, and private economic and social supports.

So, once again, we believe there's this good opportunity to offer insights to the IRS to reduce paper submissions, increase efficiencies, and improve taxpayer experience.

Here are some specific recommendations. First, to develop a prefiling ITIN application procedure that allows new ITIN applicants and ITIN holders with expired ITINs to send Form W-7s separately and to hide their income tax return. That would basically bifurcate those two items.

Second, evaluate the capability of using document upload tools to minimize the use of paper for Form W-7 applications and allow for some means of electronic filing.

Third, digitize the ITIN application process by creating an online portal for applications and supplemental documents, if needed.

Fourth, improve the Acceptance Agent Program and Certifying Acceptance Agent Program Locator online search tool. This is an IRS page that allows people to look up CAA locations.

We suggest using the same ZIP code search mechanism used by the IRS VITA Program which works well on a mobile device if you are Googling and trying to find the address of an office that would help with this process.

Fifth, review the Form W-7 Instructions with the goal of including better plain language instructions and illustrative examples when proper. The example with the documentation from schools and medical offices is the key one we are thinking of here.

Sixth, to build a specialized customer service ITIN unit with consistently and highly trained staff that is diverse, multilingual, and multicultural.

Seventh, work with the Treasury Department's Office of Tax Analysis and other partners to better understand and publish the needs of taxpayers with ITINs by using data and research.

Eighth, target improvements to the wider range of entities assisting taxpayers with this process, such as finding two or three key improvements that would cause more VITA locations to supply CAA services, testing the effect of combined VITA/CAA services by looking at key geographical areas where taxpayers cannot easily reach tax.

We know there's a few VITAs today with CAA services, but they're not located in very many areas.

Also, establish a requirement for all VITA sites to apply for at least one CAA or show a working agreement with the CAA as part of their grant application.

Ensuring that quality assurance on IRS pilots includes multiple test cases with ITIN holders as the primary, secondary, or dependent.

And, lastly, allocate IRS staff on taxpayer assistance centers to perform CAA and uploading services for any of the above improvements that are placed into service.

And I'm happy to conclude that presentation of this last issue and next I will turn this back over to Deputy Commissioner Morehead for comments.

MR. MOREHEAD: Okay. Thank you, IRSAC Team. I really appreciate all of the report-outs today. I know that that is a lot of work that's involved in this.

As Edward just said as I came on, the work that you guys have in your busy jobs to do this work for us is so helpful.

I know that we've already agreed with many of these recommendations, and we'll continue to look over the rest of them as part of this process. We're working through especially these three areas that you guys focused on our behalf around Forms Modernization, the Self-Prepared Prior-Year Returns, and ITIN are three important topics to the W&I Leadership Team.

I have to just take a moment to say thank you, Phil. I know that Phil is leaving and has been the subgroup chair, and we really appreciate his leadership over this process and will miss him as we will also miss some of the other members that are rotating off, Martin Armstrong, Luis Parra, and Kathryn Tracy.

So along with Kathryn and Alison, thank you for your presentations this morning.

The W&I organization is, we like to tell taxpayers, we are the face of the IRS. We are the ones that most of the time the customers that come into the IRS will be dealing with.

It's so important and we constantly look for ways that we can improve the experience of the taxpayers as we're going to be that emblem to American citizens.

So, thank you to you for all the time you spent on this, appreciate the time.

(Applause.)

MR. ARMSTRONG: Thank you, Mr. Morehead, for your feedback and constant support of our W&I Subgroup. Thank you very much.

Closing Remarks

MR. ARMSTRONG: Well, this is the closing of our 2023 IRSAC Public Meeting Report, and it's fair to say that this 2023 calendar year has been quite busy for the IRS and the IRSAC.

I've been privileged to work with 31 subject matter experts that have provided their tax expertise to 23 IRSAC reports that we've reported on today.

The past four years of serving on the IRSAC has been a highlight of my professional career, and I'm forever grateful for the opportunity to contribute to making this nation's tax system more effective and more efficient for everyday taxpayers and the IRS.

I want to sincerely thank each of our IRSAC members, our subgroup chairs, the National Public liaisons, NPL leaders here today, Terry Lemons, Mel

Hardy, John Lipold, and Anna Millikan, Stephanie Burch, and each NPL subgroup liaison that's present today.

I'd also like to thank the Business Operating Divisions / BOD leaders and staff, the National Taxpayer Advocate, and the IRS Commissioner for their tireless engagement, commitment, and support.

I can confidently say that the future of the IRS and the IRSAC is in extremely good hands.

Thank you again for the experience of a lifetime, particularly for a tax practitioner, and the opportunity to serve.

Next, we will receive closing comments from our Distinguished 2023 Vice Chair and our 2024 IRSAC Chair Annette Nellen.

(Applause.)

MS. NELLEN: Thank you, Martin.

The IRSAC members and the many IRS personnel who assisted in providing information, suggestions on logistics have devoted a lot of time and care to ensuring that the IRSAC can provide a high quality work product that will help the IRS to meet its mission to provide top-quality service and enable all taxpayers to meet their tax responsibilities as well as gaining the benefit of numerous tax programs ranging from the EITC to energy credits that are run by the IRS.

I think I speak for all IRSAC members to say that we are proud of our work this year and this report and its recommendations, and we look forward to seeing what comes next with these 2023 recommendations and those of us continuing on the IRSAC look forward to another productive year identifying and developing recommendations in line with the Strategic Operating Plan objectives to improve taxpayer services and tax compliance and modernize any aspects of how taxpayers and the IRS interact.

I also wanted to extend thanks to the members of the press attending today to hear this report and hope that will be meaningful and something you will share with others out in the community.

Also, as we wrap up this year, I'd like to thank many people involved with all of this. The

National Public Liaison folks, Anna Millikan, IRSAC Program Manager; John Lipold, Designated Federal Officer of IRSAC; Mel Hardy, Director of National Public Liaison; also our Subgroup Liaisons from the IRS, Tanya Barbosa with Information Reporting; Stephanie Burch working with LB&I; Tanya Taylor working with SB/SE; Brian Ward working with TE/GE; and Maria Salazar working with W&I.

Also for the Division Commissioners and staff from the Business Operating Divisions, or BODs, who met with the subgroups, all of the issues in the report to provide background information and data and answer many questions.

Also for our IRSAC Subgroup Chairs who did extra work in this report and getting everybody together, big thanks to Wendy Walker, Katrina Welch, Steve Klitzner, Philip Poirier, and Alison Flores, Nancy Ruoff, and, finally, a big thank you to Martin Armstrong, the 2023 IRSAC Chair, for amazing leadership, patience, passion for effective tax system, and attention to detail and for superbly leading and organizing all of the activities and people that led the production of this report and on learning the names of all IRSAC members in the process. Thank you.

MR. ARMSTRONG: Thank you.

MS. NELLEN: Thank you.

(Applause.)_

MS. NELLEN: I'll now turn to Mel Hardy for some closing remarks.

MR. HARDY: Wow! It certainly is very interesting to watch this process. As I said yesterday, each IRSAC, even though a lot of folks continue on, each one has its own personality, its own vibe, and I have to tell you from yesterday's drive around to today John and I were talking about it, we said that it was almost a sort of (audio glitch) in the road today.

It was a good vice, good feeling. So, you know, Martin, Steve, Charles, Luis, Phil, Seth, Nancy, Paul, and last but not least Kat, you all are leaving but you've left a great impact not only to the IRSAC but on tax administration. So we thank you so much for your service. Thank you.

(Applause.)

MR. HARDY: And now I'm looking ahead to 2024. We have some leadership announcements to make. So pay attention. So for the Information Reporting Subgroup the very distinguished Wendy Walker.

(Applause.)

MR. HARDY: For the LB&I Subgroup Chair the incomparable Katrina Welch.

(Applause.)

MR. HARDY: For the SB/SE Subgroup Jeff Porter.

(Applause.)

MR. HARDY: And for the TE/GR Subgroup Chair the very passionate Mr. Brian Yacker.

(Applause.)

MR. HARDY: And with the W&I Subgroup the ever-effortless Alison Flores.

(Applause.)

MR. HARDY: I tease Alison. She's just so calm all the time.

All right. Drum roll, please. As you know, our new Chair is the very brave Annette Nellen. She joined IRSAC --

(Applause.)

MR. HARDY: -- when Rebecca Thompson left IRSAC. John and I asked her would she serve the last year and she graciously accepted and has done a tremendous job. So she will be our Chair for 2024.

And our Vice Chair for 2024 is none other than Christine Freeland.

(Applause.)

MR. HARDY: Ladies and gentlemen, I would be remiss if I adjourned the meeting without recognizing the fact that Luis invited so many wonderful people --

(Applause.)

MR. HARDY: It's duly noted that they came from near and far, near and far. So thank you, thank you, thank you.

Ladies and gentlemen, boys and girls, this concludes the IRSAC 2023 Public Meeting.

Thank you.

(Applause.)

(Whereupon, at 12:19 p.m., the 2023 IRSAC Public Meeting was adjourned.)