

# Welcome to TaxMama's® Place - Home of the



**Today's Topic:**

**May Tax Roundtable**

The IRS is testing the Taxpayer Digital Communications (TDC) Secure Messaging program to streamline correspondence audits. The TDC program focuses on audits involving Schedule A Itemized Deductions, the Child Care Credit and the Education Credit, which are processed by the IRS Philadelphia Campus. For approximately 19,000 of these audits, taxpayers and their tax professionals with valid powers of attorney (POA) can communicate with the IRS using secure messaging.

This program is by invitation only. If your client is under audit with the Philadelphia Campus and the audit letter says the client can use secure messaging to reply to the IRS, encourage your client to sign up using the website provided in their letter. Once your client registers via IRS Secure Access, you will be able to register under your own SSN and complete the request access verification process.

Before you can participate as a tax professional, your power of attorney must be filed on the IRS Centralized Authorization File (CAF) system. After you authenticate and the IRS verifies your power of attorney, you will have access to your own secure messaging mailbox.

- <https://www.irs.gov/help/alternatives-to-secure-messaging>

In the latest version of the phone scam, criminals claim to be calling from a local IRS TAC office. Scam artists have programmed their computers to display the TAC telephone number, which appears on the taxpayer's Caller ID when the call is made.

If the taxpayer questions their demand for tax payment, they direct the taxpayer to IRS.gov to look up the local TAC office telephone number to verify the phone number. **The crooks hang up, wait a short time and then call back a second time**, and they are able to fake or "spoof" the Caller ID to appear to be the IRS office calling. After the taxpayer has "verified" the call number, the fraudsters resume their demands for money, generally demanding payment on a debit card.

Fraudsters also have been similarly spoofing local sheriff's offices, state Department of Motor Vehicles, federal agencies and others to convince taxpayers the call is legitimate.

IRS employees at TAC offices do not make calls to taxpayers to demand payment of overdue tax bills. The IRS reminds taxpayers it typically initiates most contacts through regular mail delivered by the United States Postal Service.

- Warn your clients not to answer the second call. Call you instead, to verify if they owe anything - or log into their IRS Transcript account - <https://www.irs.gov/individuals/get-transcript>

- <https://www.irs.gov/newsroom/many-tax-exempt-organizations-must-file-information-returns-by-may-15-do-not-include-social-security-numbers-or-personal-data>
- Filing deadline is Tuesday, May 15 for Form 990-series information returns is fast approaching.
- Form 990-series information returns and notices are normally due on the 15th day of the fifth month after an organization's tax-year ends. Many organizations use the calendar year as their tax year, making May 15, 2018 the deadline to file for 2017.
- Small tax-exempt organizations with average annual gross receipts of \$50,000 or less may file an electronic notice called a Form 990-N (e-Postcard). This form requires only a few basic pieces of information. Tax-exempt organizations with average annual gross receipts above \$50,000 must file a Form 990 or 990-EZ, depending on their receipts and assets. Private foundations must file Form 990-PF.

**Question:**

I have a client. Dual member LLC Three Partners. One partner wants to take his "guaranteed payments" as an independent contractor (his LLC) obviously to use expenses from the LLC to bring the taxable portion down.

Is there anything adverse to the law if the operating agreement says that this partner does not draw any guaranteed payments. But his LLC gets paid as a separate contractor on a 1099?

The other partners are okay with it. Just not sure if this is kosher. They are not skirting income so to speak but are trying to run \$\$ thru operating LLC of partners.

## TaxMama Suggests

The guaranteed payments are defined by the partnership agreement.

So if a partner works for the LLC, generating its income, he should be getting a guaranteed payment, which comes off the top of the profits before the income is split by whatever formula the partnership uses to split profits.

Can the partnership issue that person a 1099MISC instead of treating it as a guaranteed payment? Not necessarily. But it can be done.

In the meantime, where are they deducting the amount paid to that partner? As contract labor? Or what?

If they are paying him anyway, why not treat it as a guaranteed payment?

Also, I don't understand what a dual member LLC is – when there are three partners?

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New client

Got copy of last year's tax return from a different preparer.

Client copies. Have no preparer information on them at all. Not self prepared or anything. No signature or info at all.

I sign every original and copy that goes out of here. Kind of like my quality control.

Looks fishy to me. Am I right that the bottom needs something to identify preparer?

Irks me that that type of product is on the street.

Yes, absolutely. A paid preparer **MUST** include their preparer information on the bottom of page 2 of the tax return.

Do they necessarily need to sign the client copy?

No, not required.

Generally, someone is providing preparer information and a PTIN on the tax return is often, also preparing a fraudulent return, including extra deductions and credits. So look at the return carefully.

But they do need to show their preparer information and their PTIN. Anyone not doing that should be reported to the IRS.

However, depending on the state, there may be no state law regulating tax preparers. In PA, there are no such laws. So if the preparer doesn't have a PTIN in the first place, the IRS doesn't really have jurisdiction over tax preparers – only over “tax practitioners” (EAs, CPAs, and attorneys) and AFSPs, who voluntarily sign a statement agreeing to be bound by the IRS rules and regulations.

Folks keep suing the IRS to limit their powers over the general tax preparer population. And they keep winning.



BUT, it's still a good idea to report such a preparer (I cannot call that person a professional).

<https://www.irs.gov/tax-professionals/make-a-complaint-about-a-tax-return-preparer>

Complete [Form 14157-A, Tax Return Preparer Fraud or Misconduct Affidavit](#), **and** [Form 14157, Complaint: Tax Return Preparer](#).