

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



**Today's Topic:**

**May 2019  
Tax Roundtable**

- You can find today's handout in the Board

<http://irsexams.com/board/index.php?/topic/956-taxmamas-tax-roundtables/>

- And at the TaxMama site

[http://taxmama.com/tax-quijs/taxmamas-tax-roundtables-2018/](http://taxmama.com/tax-quips/taxmamas-tax-roundtables-2018/)

Congress passed a bill Taxpayer First Act of 2019 (04/09/19)  
<https://www.congress.gov/bill/116th-congress/house-bill/1957>

It STILL hasn't passed the Senate

And no, there's no Extender Bill yet.

**Shown Here:**

**Introduced in House (03/28/2019)**

Taxpayer First Act of 2019

This bill modifies requirements for the Internal Revenue Service (IRS) regarding its organizational structure, customer service, enforcement procedures, management of information technology, and use of electronic systems.

The bill includes provisions that

- establish the IRS Independent Office of Appeals to resolve federal tax controversies without litigation;
- require the IRS to develop a comprehensive customer service strategy;
- continue the IRS Free File Program;
- exempt certain low-income taxpayers from payments required to submit an offer-in-compromise;
- modify tax enforcement procedures that address issues such as the seizure of property, issuing a summons, joint liability, referral for private debt collection, and contacting third parties;
- establish requirements for responding to Taxpayer Advocate Directives;
- permanently authorize the Volunteer Income Tax Assistance Matching Grant Program;
- modify procedures for whistle-blowers;
- establish requirements for cybersecurity and identity protection;
- prohibit the rehiring of certain IRS employees who were removed for misconduct;
- allow the IRS to require additional taxpayers to file returns electronically; and
- increase the penalty for failing to file a return.

The bill requires the IRS Commissioner to appoint a Chief Information Officer, modifies the requirements for managing information technology, and authorizes streamlined critical pay authority for certain IRS information technology positions.










The bill also requires the IRS to implement

- an Internet platform for Form 1099 filings,
- a fully automated program for disclosing taxpayer information for third-party income verification using the Internet, and
- uniform standards and procedures for the acceptance of electronic signatures.

I told you about this resource that lets you convert PDFs to Excel files and vice versa – and other resources – lots of free tools  
<https://www.investintech.com/resources/freetools/>

### Free PDF Tools & Resources

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**Do you know when to renew your enrollment?**

SSN Ending	Renewal Cycle	Renewal Application Period		Renewal Cycle Expiration	
		EA	ERPA	EA	ERPA
7, 8, 9 & No SSN	2018-2021	November 1, 2020 through January 31, 2021	April 1, 2021 through June 30, 2022	March 31, 2021	September 30, 2021
0, 1, 2, 3	2019-2022	November 1, 2021 through January 31, 2022	April 1, 2022 through June 30, 2022	March 31, 2022	September 30, 2022
4, 5, 6	2020-2023	November 1, 2022 through January 31, 2023	April 1, 2023 through June 30, 2023	March 31, 2023	September 30, 2023

**Continuing Education (CE) Requirements for New Enrollees**

The CE requirement is slightly different for newly enrolled EAs and ERPAs applying for their first renewal.

Generally, newly enrolled EAs will not need 72 hours of CE because they will not have been enrolled for all three years of the cycle. The 16 hour yearly minimum may not apply to them for at least one of the three years of the cycle.

Two hours of Ethics or Professional Conduct are required for each enrollment year during the enrollment cycle regardless of when enrollment began. The 2 hours of Ethics are included in the annual CE requirements in the chart below.

**Circular 230 page 12, §10.6 (e)(2)(iii)(A)**

"...an individual who received initial enrollment during an enrollment cycle must complete two hours of qualifying continuing education credit for each month enrolled during the enrollment cycle. Enrollment for any part of a month is considered enrollment for the entire month."

**CE Requirements for an Enrollee's First Renewal Cycle**

SSN Ending	Year of Enrollment	Calendar Month Enrollment Granted												Renewal Cycle
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
7, 8, 9 & No SSN	2018	72	70	68	66	64	62	60	58	56	54	52	50	2018-2021
	2019	48	46	44	42	40	38	36	34	32	30	28	26	
	2020	24	22	20	18	16	14	12	10	8	6	4	2	
0, 1, 2, 3	2019	72	70	68	66	64	62	60	58	56	54	52	50	2019-2022
	2020	48	46	44	42	40	38	36	34	32	30	28	26	
	2021	24	22	20	18	16	14	12	10	8	6	4	2	
4, 5, 6	2020	72	70	68	66	64	62	60	58	56	54	52	50	2020-2023
	2021	48	46	44	42	40	38	36	34	32	30	28	26	
	2022	24	22	20	18	16	14	12	10	8	6	4	2	

1) I have a bookkeeping client who is a sole member of an LLC who was set up last year by a payroll provider as an employee and he was issued a W2.

I prepared his tax return for 2018. I have sent him information that he is to take draws and inform his payroll provider. They even set up a SEP or Simple IRA deduction for him.

Now this week he hired an employee and has hired me to do his payroll. Told him he cannot have two separate payroll providers.

What to do?



I hope you have a microphone – let's talk about this.

### Note to IRS:

Could you please ask someone to write an article for the IRS website on this topic?

This is a good place to put it.

<https://www.irs.gov/businesses/small-businesses-self-employed/paying-yourself>

I have nowhere to prove to people that when you're self-employed, you should NOT be getting paychecks and W-2s from your own business. The issue comes up all the time.

It affects both Schedule C filers AND partnerships.

Points to touch on:

- How self-employed (sched c or LLC) gets compensated
- How partnerships get compensated
- Why not permitted to be on payroll
- Consequences of putting yourself on payroll when you shouldn't be
- How to fix it/unravel it once it's been done for a year or two



2) I just accepted the position of treasurer in a business league. I asked them for copies of prior years 990s and no ones knows if they have been done. Today i was told their CPA told them not to worry. Aren't 501 c 6 orgs required to submit annual filings? What to do?

- 1) *TaxMama Responds*
- The CPA is irresponsible!
- <https://www.irs.gov/charities-non-profits/exempt-organizations-annual-reporting-requirements-filing-procedures-late-filing-of-annual-returns>
- If an organization whose gross receipts are less than \$1,000,000 for its tax year files its Form 990 after the due date (including any extensions), and the organization doesn't provide reasonable cause for filing late, the Internal Revenue Service will impose a penalty of **\$20 per day** for each day the return is late.
- The **maximum penalty is \$10,000, or 5 percent of the organization's gross receipts**, whichever is less. The penalty increases to \$100 per day, up to a maximum of \$50,000, for an organization whose gross receipts exceed \$1,000,000.

An organization that fails to file the required information return (Form 990, Form 990-EZ, or Form 990-PF) or *e-Postcard* (Form 990-N) for **three consecutive tax years** will automatically lose its tax-exempt status.

**You can find previous filings here, if any**

<http://foundationcenter.org/find-funding/990-finder>

The IRS has a thorough resource for you:

<https://www.irs.gov/charities-non-profits>

And all kinds of training materials!

<https://www.irs.gov/charities-non-profits/educational-resources-and-guidance-for-exempt-organizations>

An organization that normally has \$50,000 or more in gross receipts and that is required to file an exempt organization information return must file either Form 990, *Return of Organization Exempt from Income Tax*, or Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*.

The return is due on the 15th day of the 5th month after the end of the organization's fiscal year. (For example, the 2008 return of an organization whose fiscal year ends on June 30, 2009, would be November 15, 2009.)

The due date may be extended for six months, without showing cause, by filing Form 8868 before the due date.

An organization will only be allowed an extension of 6 months for a return for a tax year. Small organizations - those whose annual gross receipts are normally less than the threshold- are not required to file an annual return, but may be required to file an annual electronic notice - e-Postcard.

<https://www.irs.gov/charities-non-profits/form-990-series-which-forms-do-exempt-organizations-file-filing-phase-in>

- **IRS Small Business Week**

<https://www.irs.gov/newsroom/small-business-week>

- [Taxpayers can get tax info on social media](#)
- [Credit benefits employers providing paid family and medical leave](#)
- [Employers: Consider benefits of filing payroll taxes electronically](#)
- [Changes to depreciation limits on luxury automobiles](#)
- [Home office deduction benefits small business owners](#)
- [Common questions about recordkeeping for small businesses](#)
- [Taxpayers may be eligible for a qualified business income deduction](#)
- [An estimated tax payment could help avoid a penalty](#)
- [Tax law changes business expensing](#)
- [100-percent depreciation deduction for businesses](#)
- [Tax law offers 100-percent, first-year 'bonus' depreciation](#)
- [How to protect your private tax data](#)

- **IRS Hurricane Preparedness Week**

- <https://www.irs.gov/newsroom/irs-promotes-disaster-readiness-and-hurricane-preparedness-week>

- **Backup key documents**

- Taxpayers can help themselves recover from a disaster by keeping key documents in a safe place. These include bank statements, tax returns and insurance policies stored securely in a waterproof container. Have a duplicate set of key documents stored safely away from the originals.
- Many financial institutions provide statements and documents electronically, making retrieval of that information easier. Original paper documents can be scanned and downloaded to an external hard drive, flash drive, CD or DVD.

### EINs and responsible parties

- Beginning May 13, only individuals with tax identification numbers – either a Social Security number (SSN) or an individual taxpayer identification number (ITIN) – may request an employer identification number. This new requirement, which was first announced by the IRS in March, will provide greater security to the EIN process by requiring an individual to be the responsible party and will also improve transparency.
- An EIN is a nine-digit tax identification number assigned to sole proprietors, corporations, partnerships, estates, trusts, employee retirement plans and other entities for tax-filing and reporting purposes.
- The change prohibits entities from using their own EINs to obtain additional EINs. The new requirement applies to both the paper Form SS-4, Application for Employer Identification Number, and online EIN applications.