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**Today's Topic:**

**November 2020  
Tax Roundtable**

[IRS reminder to non-filers: Nov. 10 is 'National EIP Registration Day;' Community partners can help people sign up for Economic Impact Payment](#)

IR-2020-253, November 9, 2020 – The Internal Revenue Service today urged anyone who doesn't normally file a tax return and has not yet received an Economic Impact Payment (EIP) to take advantage of "National EIP Registration Day," on Tuesday, Nov. 10.

[IRS provides certainty regarding the deductibility of payments by partnerships and S corporations for State and local income taxes](#)

IR-2020-252, November 9, 2020 — The Internal Revenue Service (IRS) today issued Notice 2020-75, which announces rules to be included in forthcoming proposed regulations.

[IRS provides guidance on certain distributions from terminating 403\(b\) plans](#)

IR-2020-251, November 5, 2020 — The Department of the Treasury and the Internal Revenue Service today issued guidance for employers and employees with terminating 403(b) plans that fund benefits through 403(b)(7) custodial accounts.

[Many college students may still qualify for an Economic Impact Payment; review the guidelines and register by Nov. 21 at IRS.gov](#)

IR-2020-250, November 5, 2020 — The Internal Revenue Service today urged any eligible self-supporting college student who doesn't need to file a tax return to register by November 21 so they can receive an Economic Impact Payment before the end of the year.

[Security Summit partners warn taxpayers of new COVID-related text scam](#)

IR-2020-249, November 4, 2020 — The Internal Revenue Service, state tax agencies and the tax industry today warned of a new text scam created by thieves that trick people into disclosing bank account information under the guise of receiving the \$1,200 Economic Impact Payment.

[IRS makes it easier to set up payment agreements; offers other relief to taxpayers struggling with tax debts](#)

IR-2020-248, November 2, 2020 — The Internal Revenue Service today announced a number of changes designed to help struggling taxpayers impacted by COVID-19 more easily settle their tax debts with the IRS.

- IRS Partnership initiative
- <https://www.irs.gov/individuals/become-an-irs-partner-to-help-in-your-community>
- IRS hiring - high quality people
- Call personnel stepped into FEMA
- 2020-248 - Darren Guillot instrumental in coming up with this  
<https://www.irs.gov/newsroom/irs-makes-it-easier-to-set-up-payment-agreements-offers-other-relief-to-taxpayers-struggling-with-tax-debts>
- New Form 12153 in Sept 2020 – CDP or CAP  
<https://www.irs.gov/pub/irs-pdf/f12153.pdf>
- TIGTA study on high income non-filers  
<https://www.treasury.gov/tigta/auditreports/2020reports/202030015fr.pdf>
- IRS Is prioritizing them for SFRs and Will consider criminal action
- Multiple language initiatives - and results
- Notes about the homeless and disenfranchised
- IRS perspective  
<https://www.irs.gov/a-closer-look>
- Digitization management system
- Automated call-back
- Secure 2-way messaging
- Tax Professional online account coming
- IRS call center helped FEMA
- Dept of Justice 3 terrorism financing sites shut down by IRS and seized funds from al queda, hamas, isis  
<https://www.irs.gov/compliance/criminal-investigation/global-disruption-of-three-terror-finance-cyber-enabled-campaigns>
- And silk road over a billion dollars IRS CID drugs and assassination  
<https://www.wired.com/story/feds-seize-billion-stolen-silk-road-bitcoin/>
- <https://www.irs.gov/compliance/criminal-investigation/united-states-files-a-civil-action-to-forfeit-cryptocurrency-valued-at-over-one-billion-us-dollars>

<https://www.irs.gov/newsroom/update-on-500-per-child-payments-for-federal-beneficiaries>

Non-filers tool - <https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>

October 23, 2020

As part of an effort to help people who were unable to provide their information in time to receive Economic Impact Payments for their qualifying children, the Internal Revenue Service announced today that federal beneficiaries who didn't register to receive \$500 per child payments earlier this year now have additional time.

Following recent IRS programming updates, anyone who registers using the [Non-Filers: Enter Info Here](#) before the 3 p.m. Eastern November 21 extended due date will receive an EIP, if eligible. This includes federal beneficiaries who already received an EIP but did not receive a supplemental \$500 payment for qualifying children.

This additional time allows them to enter information on their qualifying children using the Non-Filers tool on IRS.gov.

Those eligible to provide this information include people with qualifying children who receive Social Security retirement, survivor or disability benefits, Supplemental Security Income (SSI), Railroad Retirement benefits and Veterans Affairs Compensation and Pension (C&P) benefits and did not file a tax return in 2018 or 2019.

The IRS also urges anyone who didn't have a requirement to file a tax return in 2018 or 2019 to register for an Economic Impact Payment by using the Non-Filers tool before the November 21 deadline.

As a reminder, anyone using the Non-Filers tool can speed the arrival of their payment by choosing to receive it by direct deposit. Those not choosing this option will get a check. Beginning two weeks after they register, people can track the status of their payment using the [Get My Payment](#) tool, available only on IRS.gov.

- <https://www.irs.gov/newsroom/irs-makes-it-easier-to-set-up-payment-agreements-offers-other-relief-to-taxpayers-struggling-with-tax-debts>

"We want people to know our IRS employees are committed to continue helping taxpayers wherever possible, including offering many options for those struggling to pay their tax bills," said Darren Guillot, the IRS Small Business/Self-Employed Deputy Commissioner for Collection and Operations Support. Guillot discussed the new relief options in a new edition of IRS "[A Closer Look](#)."

Taxpayers who owe always had options to seek help through payment plans and other tools from the IRS, but the new IRS Taxpayer Relief Initiative is expanding on those existing tools even more.

The revised COVID-related collection procedures will be helpful to taxpayers, especially those who have a record of filing their returns and paying their taxes on time. Among the highlights of the Taxpayer Relief Initiative:

- Taxpayers who qualify for a short-term payment plan option may now have up to 180 days to resolve their tax liabilities instead of 120 days.
- The IRS is offering flexibility for some taxpayers who are temporarily unable to meet the payment terms of an accepted Offer in Compromise.
- The IRS will automatically add certain new tax balances to existing Installment Agreements, for individual and out of business taxpayers. This taxpayer-friendly approach will occur instead of defaulting the agreement, which can complicate matters for those trying to pay their taxes.
- To reduce burden, certain qualified individual taxpayers who owe less than \$250,000 may set up Installment Agreements without providing a financial statement or substantiation if their monthly payment proposal is sufficient.
- Some individual taxpayers who only owe for the 2019 tax year and who owe less than \$250,000 may qualify to set up an Installment Agreement without a notice of federal tax lien filed by the IRS.
- Additionally, qualified taxpayers with existing Direct Debit Installment Agreements may now be able to use the Online Payment Agreement system to propose lower monthly payment amounts and change their payment due dates.



- <https://www.irs.gov/newsroom/irs-makes-it-easier-to-set-up-payment-agreements-offers-other-relief-to-taxpayers-struggling-with-tax-debts>

Installment Agreement options are available for taxpayers who cannot full pay their balance but can pay their balance over time. The IRS expanded Installment Agreement options to remove the requirement for financial statements and substantiation in more circumstances for balances owed up to \$250,000 if the monthly payment proposal is sufficient. The IRS also modified Installment Agreement procedures to further limit requirements for Federal Tax Lien determinations for some taxpayers who only owe for tax year 2019.

In addition to payment plans and Installment Agreements, the IRS offers additional tools to assist taxpayers who owe taxes:

**Temporarily Delaying Collection** — Taxpayers can contact the IRS to request a temporary delay of the collection process. If the IRS determines a taxpayer is unable to pay, it may delay collection until the taxpayer's financial condition improves.

**Offer in Compromise** — Certain taxpayers qualify to settle their tax bill for less than the amount they owe by submitting an Offer in Compromise. To help determine eligibility, use the [Offer in Compromise Pre-Qualifier](#) tool. Now, the IRS is offering additional flexibility for some taxpayers who are temporarily unable to meet the payment terms of an accepted offer in compromise.

**Relief from Penalties** — The IRS is highlighting [reasonable cause assistance](#) available for taxpayers with failure to file, pay and deposit penalties. First-time [penalty abatement relief](#) is also available for the first time a taxpayer is subject to one or more of these tax penalties.

All taxpayers can access important information on IRS.gov. Many taxpayers requesting [payment plans, including Installment Agreements](#), can apply through IRS.gov without ever having to talk to a representative.

Other requests, including this new relief, can be made by contacting the number on the taxpayer's notice or responding in writing. However, to request relief, the IRS reminds taxpayers they must be responsive when they receive a balance due notice.

"If you're having a tax issue, don't go silent. Please don't ignore the notice arriving in your mailbox," Guillot said. "These problems don't get better with time. We understand tax issues and know that dealing with the IRS can be intimidating, but our employees really are here to help."

My first question is about “SFR-Substitute for Return” and how can clients find out if the IRS has filed one by looking at the account transcripts. Also, if the IRS filed an SFR, do they need to file an actual return if they are considering filing bankruptcy in hopes the tax debt would be discharged?

My first question is about “SFR-Substitute for Return” and how can clients find out if the IRS has filed one by looking at the account transcripts.

Roger Nemeth at TaxHelpSoftware provides an entire list right on the website (about 69 pages of codes)

<https://taxhelpsoftware.com/irs-transaction-codes/>

CODE	From Account Transcript	Pocket Guide Definition	IRM Master File Codes Definition
150	Substitute tax return prepared by IRS	Return Filed & Tax Liability Assessed or Entity Created by TC 150	A tax liability assessed from the original return establishes a tax module. *BMF: Assessment may be Credit for Form CT-1, 720 and 941. See TC 976-977 for amended return.



Also, if the IRS filed an SFR, do they need to file an actual return if they are considering filing bankruptcy in hopes the tax debt would be discharged?

An SFR is not considered an actual tax return in the event of bankruptcy. So, yes. A tax return must be filed.

The Chief Counsel Notice states that if the debtor files a Form 1040 after the Service made an assessment, then it is only a return for bankruptcy purposes to the extent it reported new, previously unassessed liabilities. **If the debtor files a return after the assessment of a substitute for return under IRC § 6020(b), only the additional income and tax on the return filed after the SFR is subject to discharge.**

There is an excellent article here, by attorney Nicholas Gebelt that answers all your questions -

<https://www.southerncaliforniabankruptcylawblog.com/2015/04/03/discharging-income-taxes-in-bankruptcy-after-a-substitute-for-return-is-filed/>

My second question is regarding a client that hasn't filed taxes in 5 years (2015 to 2019) and now wants to file and get caught up. His average wages per year were around \$27K, single and no dependents. He is going to owe money due to the penalty for not having health insurance from 2015 to 2018. Is there a chance that the IRS will accept a hardship exemption even though he never really applied through the marketplace. He just assumed he couldn't afford it.

No. To get that hardship exemption, he had to follow the procedures. BUT, you can certainly try.

However

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No. To get that hardship exemption, he had to follow the procedures.  
BUT, you can certainly try.

<https://www.healthcare.gov/health-coverage-exemptions/forms-how-to-apply/>

Fill out the forms. Do NOT send them in. When the IRS sends a penalty notice, reply with a copy of the filled in form.

However, the IRS doesn't have the power to collect that balance due.

They may only collect it from refunds.

So make sure your client doesn't have any refunds for the next years after filing these returns.

# QUESTIONS

- You can find today's handout in the Board after the session

<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/>