

The first item under IRS updates is the latest information on the fee to be charged to apply for or renew a PTIN. The “new” information is that the fee will be \$50 and the renewal will be on an annual basis. CAUTION: the \$50 is just the IRS fee. The vendor will charge an additional amount. That amount has not been announced.

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## IRS Updates and News Releases

### IRS Releases Proposed Regulations Related to Fees for Preparer Tax Identification Numbers

The Internal Revenue Service today released [Proposed Regulations \(REG-139343-08\)](#) that would establish a fee for individuals who apply for a preparer tax identification number (PTIN). Proposed regulations that were issued in March would require certain tax return preparers to obtain a PTIN. The IRS is working to finalize those proposed regulations, which are the first of a series of steps planned to increase [oversight of federal tax return preparation](#).

The proposed regulations (REG-139343-08) would establish a fee of \$50, payable to the IRS, to cover technology costs, as well as compliance and outreach efforts associated with the new PTIN program. The proposed regulations would also provide for an additional fee (expected to be substantially lower than \$50) to be charged by the third-party vendor chosen to operate the new online system. That fee amount is expected to be announced soon, as well as additional details about the launch of a new online application system. These fees could change in future years as program costs are reevaluated. Agencies are directed by the Office of Management and Budget (OMB) to charge user fees to recover the cost of services that convey special benefits beyond those available to the general public, such as the authority to prepare federal tax returns for compensation.

Tax professionals and other interested parties have until Aug. 23, 2010, to submit comments regarding the proposed regulations. The official publication date of these proposed regulations is July 23.

Here are a couple of updated FAQs posted to IRS.gov.

#### [Will the recommendations apply to individuals who only prepare payroll or other non-1040 series returns? \(revised 7/20/10\)](#)

All paid tax return preparers will be required to obtain a preparer tax identification number (PTIN). If the preparer is not an attorney, certified public accountant, or enrolled agent, the preparer will need to satisfy the competency test and continuing education requirements. The initial two tests will be for individuals who prepare Form 1040 series returns. Additional guidance for individuals who do not prepare any Form 1040 series returns and who are not an attorney, CPA, or enrolled agent will be provided when testing is implemented.

#### [The two competency tests are described as covering: 1\) Wage & non business 1040 and 2\) Wage and Small Business 1040. What does small business include? And how would this impact those who prepare other business returns? \(posted 7/20/10\)](#)

For competency testing purposes, small business will include Form 1040 Schedules C, E and F and various other 1040 related forms. Appendix I of the Return Preparer Review report contains a detailed list. Additional guidance for individuals who do not prepare any Form 1040 series returns and who are not an attorney, CPA, or enrolled agent will be provided when testing is implemented. The IRS plans to add a third test with regard to business tax rules after the three-year implementation phase is completed.

## **IRS Requests Public Input on Expanded 1099 Information Reporting Requirement.**

The Internal Revenue Service today invited [public comment](#) on how to most effectively carry out a law change that, starting in 2012, will require businesses to report a wider range of payments to contractors, vendors and others, usually on Form 1099. These comments will help the IRS issue guidance that implements this provision in a manner that minimizes burden and avoids duplicate reporting. Under a proposed regulation, many business purchases made with credit or debit cards would be exempt from the new reporting requirement because they are already reported by banks and other payment processors. The IRS seeks comments on additional circumstances in which duplicate reporting might otherwise occur and on rules that would prevent such duplicate reporting.

The change, enacted in March but not effective until 2012, expanded existing reporting requirements to include a business's payments related to goods and other property, and payments to most corporations. With some exceptions, payments to corporations are currently exempt from this requirement.

There are three ways to submit comments.

- Email to: [Notice.Comments@irs.counsel.treas.gov](mailto:Notice.Comments@irs.counsel.treas.gov). Include "[Notice 2010-51](#)" in the subject line.
- Mail to: Internal Revenue Service, CC:PA:LPD:PR ( [Notice 2010-51](#)), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.
- Hand deliver to: CC:PA:LPD:PR ( [Notice 2010-51](#)), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC, between 8 a.m. and 4 p.m., Monday through Friday.

The deadline is Sept. 29, 2010. Further details are in [Notice 2010-51](#), posted today on IRS.gov.

## **SSA/IRS Summer Issue 2010 Now Available.**

[The Summer issue of the SSA/IRS Reporter](#) is now available. This issue includes articles on the benefits of qualified joint ventures for family businesses and disaster assistance and emergency relief for individuals and businesses.

## **IRS TAX Map**

The [IRS Tax Map](#) will help you find numerical lists of IRS Forms, Publications, and an alphabetical list of tax topics for which basic tax information is given. It's a good quick reference to get familiar with an unknown form or topic.

## **Headliner Explains Limitations on Home Mortgage Interest Deductions**

[Headliner Volume 299](#) explains the limitations on home mortgage interest deductions.

Acquisition indebtedness is used to acquire, construct, or substantially improve a residence, and cannot exceed \$1,000,000. Home equity indebtedness is any debt other than acquisition indebtedness and cannot exceed \$100,000.

## **CPA Disbarred for Failure to Exercise Due Diligence and Compliance Problems**

[The Office of Professional Responsibility \(OPR\) has prevailed in an agency appeal](#) involving issues which include the due diligence responsibilities of a CPA under the Rules of Practice before the IRS (Circular 230). The May 28th decision of the Appellate Authority has upheld the Administrative Law Judge's ("ALJ") disbarment of CPA Tim W. Kaskey found, among other things, that Kaskey failed to exercise due diligence in preparing tax returns for a corporation and its husband and wife shareholders.

## **IRS Opens Dedicated Phone Line for Gulf Oil Spill Victims**

The Internal Revenue Service today announced the opening of a special telephone line for taxpayers affected by the Gulf oil spill. Individuals who have questions about the BP payments or who are experiencing filing or payment hardships because of the oil spill should contact the IRS at [866-562-5227](tel:866-562-5227). The special services phone line will operate weekdays from 7 a.m. to 10 p.m. local time.

In certain cases, the IRS can assist oil spill victims by suspending collection and examination actions. Taxpayers who need this assistance must request it. Others may decide to continue making payments because interest will continue to accrue on outstanding balances, even if some penalties are abated. In addition to postponing collection actions, the IRS continues to have a number of other ways to help taxpayers deal with oil spill issues or other economic hardships, including:

- Added flexibility for missed payments on installment agreements and offers in compromise for previously compliant individuals.
- Consideration of a taxpayer's current income and potential for future income when negotiating an offer in compromise.  
Accelerated levy releases.
- Assistance of the [Taxpayer Advocate Service](#) for those experiencing economic harm and seeking help resolving tax problems that have not been resolved through normal channels.

## **Exempt Organization Update - July 2010**

1. [IRS Issues Prohibited Tax Shelter Final Regulations](#)
2. [IRS Live: Free Webinar on Affordable Care Act](#)
3. [Help Wanted: TE/GE Seeks Candidates for Senior Tax Law Specialist Positions](#)
4. [IRS Invites Public Comment on New Reporting of Payments Made in a Trade or Business](#)
5. [Nine Tax Tips on the Ten Percent Tax on Tanning Services](#)

If you have a technical or procedural question relating to Exempt Organizations, visit the [Charities and Nonprofits](#) homepage on the IRS.gov Web site. If you have a specific question about exempt organizations, call EO Customer Account Services at 1-877-829-5500.

## **National Taxpayer Advocate Submits Mid-Year Report to Congress**

The National Taxpayer Advocate has released a [report to Congress](#) that identifies the priority issues the Taxpayer Advocate Service (TAS) will address during the coming fiscal year.

## Employee Plans News – July 2010

Read the July Special edition of the Employee Plans News for articles on:

- New Form 8955-SSA
- Notice 2010-48
- Heads Up - User Fees to Increase February 1, 2011
- Help Wanted: TE/GE Seeks Candidates for Senior Tax Law Specialist Positions

To read the July 2010 Special Edition, please visit the [Employee Plans News page](#) in the Retirement Plans Community section of the IRS.gov Web site.

If you have a technical or procedural question relating to retirement plans, please visit the [EP Customer Account Services](#) page in the Retirement section of the IRS.gov Web site. If you have a specific concern about your retirement plan, call EP CUSTOMER ACCOUNT SERVICES at 1-877-829-5500.

## IRS Tax Stats Dispatch

[Individual Income Tax Returns, 2008](#) - Publication 1304, Statistics of Income—2008 - Individual Income Tax Returns, is now available in electronic format. The print version will be available in August. The publication includes sections on changes in law, explanation of terms, and the description of the sample, as well as many statistical tabulations. Tables from Publication 1304 are also available and present data for the number of returns filed, sources of income, exemptions, itemized deductions, and tax computations. Data in the tables are presented by size of adjusted gross income, marital status, age, type of tax computation, and rate at which tax was computed.

## Technical Guidance

[Notice 2010-51](#) invites public comments regarding guidance to be provided to payors and other affected persons concerning **new requirements** with respect to the **reporting of payments** made in the course of the payor's trade or business. Section 6041 of the Internal Revenue Code generally requires information returns to be made by every person who makes payments, as defined in section 6041(a), aggregating **\$600 or more in any taxable year** to a single payee in the course of the payor's trade or business; new amendments to section 6041 expand reporting to payments of gross proceeds and payments to corporations.

[Notice 2010-52](#) provides guidance as to the **corporate bond weighted average interest rate** and the permissible range of interest rates specified under § 412(b)(5)(B)(ii)(II) of the Internal Revenue Code. It also provides guidance on the corporate bond monthly yield curve (and the corresponding spot segment rates), the 24-month average segment rates, and the funding transitional segment rates under § 430(h)(2). In addition, this notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008, and the minimum present value segment rates under § 417(e)(3)(D) as in effect for plan years beginning after 2007.

[Revenue Ruling 2010-19](#) provides various **prescribed rates for federal income tax purposes including the applicable federal interest rates**, the adjusted applicable federal interest rates, the adjusted federal long-term rate, the adjusted federal long-term tax-exempt rate. These rates are determined as prescribed by § 1274. The rates are published monthly for purposes of sections 42, 382, 412, 1288, 1274, 7520, 7872, and various other sections of the Internal Revenue Code.