

Center for Agricultural Law & Taxation

The Scoop

September 13, 2017



Agenda

- E-Services issues
- Updated Notice -2017-47
- Hurricane Relief
- FS-2017-11, September 2017 Reconstructing Records
- 1098-T
- Private Debt Collection
- Iowa Forms W-2 and 1099 Misc.
- IRS Seeks Applications for Advisory Committee for the Tax Exempt and Government Entities Division
- Tax Reform – Key Issues

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Agenda

- I-9 Changes
- TIGTA Report – “cloud first”
- Marketplace Seller Voluntary Disclosure Initiative

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E Services

- The IRS will be sending out two Quick Alerts about important changes taking place with e-Services
- A new e-Services platform launched next week
- Please don't confuse this with the routine outage that takes place during the Labor Day holiday
- On Thursday, September 7, the moving of e-Services to a new platform began that will complete a multi-year upgrade and some products will be unavailable
- A redesigned e-Services landing page will launch. If you go to the old landing page, you will be automatically redirected to the new page

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E Services

- New e-Services User Agreement
- In late October, IRS will roll out a new user agreement
- All registered users must accept its terms to have access to e-Services and its products
- You will need to read and sign it when it comes out
- It also addresses an emerging industry called Intermediate Service Providers
- Intermediate Service Providers are privately owned companies offering software and/or services to e-Services users, including helping users access taxpayer transcripts

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E Services

- The new user agreement requires tax professionals using Intermediate Services Providers to ensure that the company is not storing their username, password or PIN, and they must notify their clients that they are using an Intermediate Service Provider to access tax information
- Registration through Secure Access
 - Starting in late October, all e-Services users must register through Secure Access, a rigorous authentication process, to validate their identity and meet a new two-factor authentication requirement

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E Services

- It is called two-factor authentication because all returning users must first enter their credentials (username and password) and then enter a security code sent to the user
- To assist users who either cannot use a cell or lack cell service, the IRS is adding a new feature to its IRS2Go app
- This app can be used on many types of mobile devices, including smart phones and tablets
- For existing e-Services users who cannot authenticate through Secure Access, IRS will have an exception process through their help desk

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E Services

- However, even if you validate your identity through the help desk, you will still need a mobile phone or the IRS2Go app to obtain a security code each time you login to e-Services
- IRS also have FAQs about Secure Access and e-Services Users and Tips for Successfully Authenticating Your Identity through Secure Access
- Additionally, they will be scheduling some webinars that will demonstrate the registration process for users and they will have experts on hand to answer technical questions

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E Services – E mail

- Due to system updates, the IRS has changed your username for IRS online services
- No action is required on your part
- Your new username is: XXXXXXXXXXXX
- Please use your new username anytime you login to the following applications on IRS.gov:
 - • Get Transcript
 - • View your tax account
 - • Identity Protection PIN (IP PIN)
 - • Online Payment Agreement (OPA)
 - • e-Postcard (Form 990-N Electronic Filing System)
 - • Qualified Intermediary System (QI/WP/WT)

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E Services – E mail

- Want to choose a different username? You can change your username from the "Profile" page after logging in as XXXXXXXXXXXX in the applications
- Your password has not changed
- About this message:
- IRS sent you this automated email because they changed your IRS online services username
- For your security, the IRS will never contact you for personal or financial information in an email

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E Services – E mail

- These are Valid E-Mails but watch the sender
mailto:IRS.online.services@irs.gov this is the valid address
- IRS Online Services may be sending you an email; email is the common communication method with Secure Access registered users
- Sorry for any anxiety this may have caused, but with the updates come better security.
- If you receive an email with a new username it is because of duplications in the system. Example: If your and someone else's username is "JaneDoe," it might be changed to "JaneDoe01", "JaneDoe02", "JaneDoe03", etc. to avoid technical issues

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E Services

- What is happening? Some tax pros will use their e-Services username to sign in to IRS Secure Access applications
- Who is affected by this? This affects tax pros who have an e-Services account (whether active or inactive) AND they have a personal account through Secure Access for tools such as Get Transcript Online or IP PIN
- What is new? When you sign in to Secure Access, you will see a message that tells you to use your e-Services USERNAME
- However, you should still use your Secure Access PASSWORD
- Note: Only people who have an e-Services account and a personal account will see this message

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Updated N-2017-47

- Notice 2017-47 initially provided penalty relief to certain partnerships that filed untimely returns or requests for extensions of time to file those returns
- This updated notice now applies to both partnerships and real estate mortgage investment conduits (REMICs), which are treated as partnerships for purposes of subtitle F of the Internal Revenue Code (dealing with procedure and administration)

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Updated N-2017-47

- Partnerships and REMICs that filed certain untimely returns or untimely requests for extension of time to file those returns for the first taxable year that began after December 31, 2015, by the fifteenth day of the fourth month following the close of that taxable year will receive relief from the penalty for failure to timely file

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IRS Gives Tax Relief to Victims of Hurricane Irma; Like Harvey, Extension Filers Have Until Jan. 31 to File; Additional Relief Planned

- Hurricane Irma victims in parts of Florida and elsewhere have until Jan. 31, 2018, to file certain individual and business tax returns and make certain tax payments
- The relief parallels that granted last month to victims of Hurricane Harvey
- This includes an additional filing extension for taxpayers with valid extensions that run out on Oct. 16, and businesses with extensions that run out on Sept. 15

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IRS Gives Tax Relief to Victims of Hurricane Irma; Like Harvey, Extension Filers Have Until Jan. 31 to File; Additional Relief Planned

- The IRS is offering this relief to any area designated by the Federal Emergency Management Agency (FEMA), as qualifying for individual assistance
- Parts of Florida, Puerto Rico and the Virgin Islands are currently eligible, but taxpayers in localities added later to the disaster area, including those in other states, will automatically receive the same filing and payment relief
- The current list of eligible localities is always available on the disaster relief page on IRS.gov

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IRS Gives Tax Relief to Victims of Hurricane Irma; Like Harvey, Extension Filers Have Until Jan. 31 to File; Additional Relief Planned

- The tax relief postpones various tax filing and payment deadlines that occurred starting on Sept. 4, 2017 in Florida and Sept. 5, 2017 in Puerto Rico and the Virgin Islands
- As a result, affected individuals and businesses will have until Jan. 31, 2018, to file returns and pay any taxes that were originally due during this period.
- This includes the Sept. 15, 2017 and Jan. 16, 2018 deadlines for making quarterly estimated tax payments

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IRS Gives Tax Relief to Victims of Hurricane Irma; Like Harvey, Extension Filers Have Until Jan. 31 to File; Additional Relief Planned

- For individual tax filers, it also includes 2016 income tax returns that received a tax-filing extension until Oct. 16, 2017
- The IRS noted, however, that because tax payments related to these 2016 returns were originally due on April 18, 2017, those payments are not eligible for relief
- A variety of business tax deadlines are also affected including the Oct. 31 deadline for quarterly payroll and excise tax returns
- Businesses with extensions also have the additional time including, among others, calendar-year partnerships whose 2016 extensions run out on Sept. 15, 2017 and calendar-year tax-exempt organizations whose 2016 extensions run out on Nov. 15, 2017

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IRS Gives Tax Relief to Victims of Hurricane Irma; Like Harvey, Extension Filers Have Until Jan. 31 to File; Additional Relief Planned

- In addition, the IRS is waiving late-deposit penalties for federal payroll and excise tax deposits normally due during the first 15 days of the disaster period
- The IRS automatically provides filing and penalty relief to any taxpayer with an IRS address of record located in the disaster area
- Thus, taxpayers need not contact the IRS to get this relief
- However, if an affected taxpayer receives a late filing or late payment penalty notice from the IRS that has an original or extended filing, payment or deposit due date falling within the postponement period, the taxpayer should call the number on the notice to have the penalty abated

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IRS Gives Tax Relief to Victims of Hurricane Irma; Like Harvey, Extension Filers Have Until Jan. 31 to File; Additional Relief Planned

- In addition, the IRS will work with any taxpayer who lives outside the disaster area but whose records necessary to meet a deadline occurring during the postponement period are located in the affected area
- Taxpayers qualifying for relief who live outside the disaster area need to contact the IRS at 866-562-5227
- This also includes workers assisting the relief activities who are affiliated with a recognized government or philanthropic organization

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FS-2017-11, September 2017

Reconstructing Records

- IRS issued a summary on reconstructing records

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1098-T: Box 1 Will Be Required for Tax Year 2018 Reporting

- The Internal Revenue Service (IRS) is not planning to grant any further relief from the Box 1 reporting requirement on the Form 1098-T
- Colleges and universities will still be allowed to use the Box 2 reporting method for 2017 (forms filed in early 2018)
- Institutions are expected—without further guidance from the IRS—to report amounts paid for qualified tuition and related expenses in Box 1 of the 2018 Form 1098-T (furnished to students and the IRS in early 2019)

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1098-T: Box 1 Will Be Required for Tax Year 2018 Reporting

- Box 2 reporting will not be an option for the 2018 Form
- New federal regulations addressing Form 1098-T reporting requirements are not expected until later this year
- Institutions of higher education will be expected to make a good faith effort to report the required amounts in Box 1 for tax year 2018 (filed in early 2019) based on existing rules and instructions

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Private Debt Collection

- IRS May Expand Private Debt Collection Program
- Earlier this year, the IRS rolled out its private debt collection program, which was authorized by the Fixing America's Surface Transportation (FAST) Act
- The program enables four private-sector collection agencies to collect, on the government's behalf, unpaid income tax debts of individual taxpayers
- At a recent IRS Nationwide Tax Forum, Mary Beth Murphy, commissioner of the IRS Small Business/Self-employed Division, indicated that the IRS may expand the program to other types of tax debt, such as penalties and business tax liabilities
- This is scheduled to occur in 2019 as the program matures
- Reported by Thompson Reuters

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IRS Provides Penalty Relief for Partnerships that Filed Late Returns in 2017

- The Internal Revenue Service issued guidance providing penalty relief for certain partnerships that did not file the required returns by the new due date for tax years beginning in 2016
- Partnerships file Form 1065 or Form 1065-B or request an automatic extension by filing Form 7004
- The Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 changed the date by which a partnership must file its annual return

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IRS Provides Penalty Relief for Partnerships that Filed Late Returns in 2017

- For calendar year partnerships, the due date for filing the annual return or request for an extension changed from April 15 (April 18 in 2017) to March 15
- Notice 2017-47 provides penalty abatement for these partnerships, provided:
 - (1) the partnership filed the returns with the IRS and furnished copies to the recipients (as appropriate) by the date that would have been timely, or
 - (2) the partnership filed Form 7004 to request an extension of time to file by the date that would have been timely

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IRS Provides Penalty Relief for Partnerships that Filed Late Returns in 2017

- Taxpayers who qualify for relief under Notice 2017-47 will not be treated as having received a first-time abatement under the IRS's administrative penalty waiver program. Additional details are available in Notice 2017-47
- The new deadlines were provided in the instructions for Form 1065 and the instructions for Form 1065-B
- For calendar year partnerships, the due date for filing a return after receiving an extension is Sept 15

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Iowa Important News For Tax Year 2017

- What changed?
- In order to give small businesses additional time to comply with W-2/1099 filing requirements, the Iowa Department of Revenue (IDR) proposed the following changes to tax year 2017 filing requirements:
- Businesses with fewer than 50 W-2s will not be required to file W-2s for tax year 2017
- No entities will be required to file 1099s for tax year 2017

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Iowa Important News For Tax Year 2017

- These are the same requirements in place for tax year 2016. The proposed change delays the filing requirement for businesses with fewer than 50 W-2s out to tax year 2018
- What am I required to file?
 - Businesses with 50 or more Iowa W-2s in tax year 2017 must electronically file by 1/31/2018
 - Businesses with 50 or more Iowa W-2s in tax year 2016 who received a filing extension for tax year 2016 must electronically file on or before 1/31/2018

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Iowa Important News For Tax Year 2017

- What is optional?
- Any business registered with an Iowa withholding permit and/or filing using a bulk filer may submit 1099 and w-2s with no Iowa withholding information for tax year 2017
- IDR will not issue permits and Business eFile Numbers (BENs) for purposes of electronically filing 1099s or W-2s with no withholding

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Iowa Important News For Tax Year 2017

- Can IDR make filing easier?
 - The Department will work with software vendors to register and test software prior to the 1/31/2018 filing deadline
 - As a result, IDR will be able to guide businesses who are required to file W-2s for tax year 2017 to a list of vendors who have completed testing, offer their software services for sale, and who support the IA W-2 and 1099 file formats
 - Look for an email bulletin announcing the list is available on the IDR website later this fall

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Iowa Important News For Tax Year 2017

- When will I know if the IDR proposal was approved?
 - Stay tuned in to these email bulletins for updates about Iowa's W-2/1099 filing program. When more information is available, IDR will notify you here

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IRS Seeks Applications for Advisory Committee for the Tax Exempt and Government Entities Division

- The Internal Revenue Service is seeking applications for vacancies on the Advisory Committee on Tax Exempt and Government Entities (ACT)
- Vacancies exist in the following customer segments:
- Employee Plans – two vacancies (with additional experience in federal, state and local governments preferred)
- Exempt Organizations – one vacancy (with additional experience in tax-exempt bonds preferred)
- Tax Exempt Bonds – one vacancy (with additional experience in exempt organizations preferred)

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IRS Seeks Applications for Advisory Committee for the Tax Exempt and Government Entities Division

- Members are appointed by the Department of the Treasury and serve three-year terms, beginning in June 2018
- Applications will be accepted through September 18, 2017
- The ACT is an organized public forum for the IRS and representatives who deal with employee plans, exempt organizations, tax-exempt bonds, and federal, state, local and Indian tribal governments. The ACT allows the IRS to receive regular input on administrative policy and procedures of the Tax Exempt and Government Entities Division (TE/GE)

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IRS Seeks Applications for Advisory Committee for the Tax Exempt and Government Entities Division

- Applications can be made by completing the ACT Application Form (Form 12399-C)
- Applications should reflect the proposed member's qualifications
- Members of the ACT may not be federally registered lobbyists
- A notice published in the Federal Register, dated August 17, 2017, contains more details about the ACT and the application process
- Incomplete applications will not be processed
- Applications should be sent by:
 - Email at tege.advisory.comm@irs.gov, or Fax at (888) 269-741

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Tax Reform – Key Issues

- Cutting and simplifying individual taxes
- Estate tax and Alternative Minimum Tax - repeal
- 3.8% NIIT and .9% payroll tax – repeal
- State and local income tax deduction – repeal
- Mortgage interest and charitable deductions – saved
 - Lower cap on mortgage interest deduction to \$500,000 a possibility (help to pay for corporate tax cut)
- Corporate tax cut could range from 15% (Trump), 20% (House Republicans) to 25% (some lawmakers)

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Tax Reform – Key Issues

- Pass-through business – special tax rate (Trump)
- Repatriation – about 2.6 trillion in corporate profits overseas – taxes at 3.5%-8.75% payable over 8 years (current corporate tax rate 35%)
- Territorial system – no longer a tax on foreign profits – the system would replace the worldwide tax system
- Early September – target to release a framework but NOT legislation
- Federal taxes Weekly Alert 08/17/2017

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Form I-9 Changes – January 2017

- Changes September 18, 2017
 - Form asks for “other last names”
 - One key change is that users must enter N/A in any fields that they previously would have left blank
 - For example, if there is nothing to enter in the fields asking for a middle initial, or apartment number or Social Security number, those fields can no longer be left blank

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Form I-9 Changes – January 2017 – Foreign Workers

- Another modification lessens the administrative burden on foreign workers
- If the new hire attests to being a foreign national authorized to work in the U.S., he or she can provide either an alien registration number, Form I-94 admission number or foreign passport number
- Previously, foreign nationals authorized to work were required to provide both an I-94 number and foreign passport information

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Form I-9 Changes – January 2017

- The new form allows for up to five preparers and/or translators to each sign and date the form in his or her own field
- The prior form had one field for potentially multiple preparers and translators to fit their signatures in
- "The employee [now] needs to affirmatively check a box indicating that he or she did not use a preparer or translator if that's in fact the case
- This is an important double check for all employers to ensure that this box is completed by the new hire."

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Form I-9 Changes – January 2017

- The employer representative verifying employment eligibility must be in the physical presence of the person being verified and must also see the original documents being presented
- By Jan. 22, 2017, employers must use only the new version, dated 11/14/2016
- A dedicated area for including additional information rather than having to add it in the margins has been made available
- The revised Form I-9 is also easier to complete on a computer

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Form I-9 Changes – September 2017

- New form will be required to be used dated 07/17/2017 –form and instructions



Employment Eligibility Verification
Department of Homeland Security
U.S. Citizenship and Immigration Services

Instructions Start Over Print

USCIS
Form I-9
OMB No. 1615-0047
Expires 08/31/2019

▶ **START HERE:** Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation *(Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)*

Last Name (Family Name) ①	First Name (Given Name) ①	Middle Initial ①	Other Last Names Used (if any) ①
Address (Street Number and Name) ①		Apt. Number ①	City or Town ①
		State ①	ZIP Code ①
Date of Birth (mm/dd/yyyy) ①	U.S. Social Security Number ①	Employee's E-mail Address ①	Employee's Telephone Number ①

Form I-9 Changes –2017

- There are now three ways for users to complete the Form I-9:
 - Print it and fill it out manually, pen to paper
 - Fill it out electronically, then print and sign it
 - Take note that using the online "smart" version of the form does not qualify as a compliant electronic I-9
 - If the online fillable version is used, it must be printed and signed pen to paper
 - Use an electronic I-9 vendor

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TIGTA Report – 2017-20-032

- In December 2010, the U.S. Chief Information Officer directed all Federal agencies to shift to a “cloud first” policy
- The IRS does not have an enterprise-wide cloud strategy
- Although the IRS formed a working group in July 2016 to develop this strategy, it is not complete and no timeline has been established for completion
- The IRS began using a public cloud service in Calendar Year 2016 to allow public access to certain Form 990, Return of Organization Exempt From Income Tax, data

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Online Marketplace Seller Voluntary Disclosure Initiative

- <http://www.mtc.gov/Nexus-Program/Online-Marketplace-Seller-Initiative>
- The States listed on the next slide will consider applications for voluntary disclosure received by Multistate Tax Commission (MTC) staff during the time period August 17, 2017 through October 17, 2017 from taxpayers meeting certain criteria
-

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States

- | | |
|------------------------|------------------|
| • Alabama | • Massachusetts |
| • Arkansas | • Minnesota |
| • Colorado | • Missouri |
| • Connecticut | • Nebraska |
| • District of Columbia | • New Jersey |
| • Florida | • North Carolina |
| • Idaho | • Oklahoma |
| • Iowa | • South Dakota |
| • Kansas | • Tennessee |
| • Kentucky | • Texas |
| • Louisiana | • Utah |
| | • Vermont |
| | • Wisconsin |

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Online Marketplace Seller Voluntary Disclosure Initiative

- It is targeting online marketplace sellers that use a marketplace provider (such as the Amazon FBA program or similar platform or program providing fulfillment services) to facilitate retail sales into the state
- In order to qualify, marketplace sellers must not have any nexus-creating contacts in the state, other than:
 - (1) inventory stored in a third-party warehouse or fulfillment center located in the state or
 - (2) other nexus-creating activities performed by the marketplace provider on behalf of the online marketplace seller

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The Scoop – Upcoming Dates

- October 4
- October 18
- November 1
- December 13, 2017
- Held at 8:00 am and 12:00 pm Central time

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Up Coming Webinars

<http://www.calt.iastate.edu/calendar-node-field-seminar-date/month>

- Ethics Part 1 and 2 September 1
- Ethics Part 1 and 2 October 6, 2017
- Tax Reform and New Law Update October 17
- New Partnership Audit Rules October 19
- Iowa Farm Leases (Legal Issues) October 12
- Iowa Rural Property (Legal Issues) October 13
- Farm Expenses October 24, 2017
- Farm Income October 26, 2017

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Upcoming Seminars – Mark Your Calendar – Final Dates

- September 21, 2017 Ag Law Seminar, Live and Webinar
- September 22, 2017 Agricultural Business and Tax Planning Seminar, Live and Webinar
- Retirement and Social Security Issues(Webinar) = October 10-11, 2017

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The Schedule is Finalized for the 44th Annual Federal Income Tax Schools

- November 2-3, 2017 – Maquoketa, Iowa – Centerstone Inn and Suites
- November 6-7, 2017 – Le Mars, Iowa – Le Mars Convention Center
- November 8-9, 2017 – Atlantic, Iowa – Cass County Community Center
- November 9-10, 2017 – Mason City, Iowa – North Iowa Area Community College
- November 16-17, 2017 – Ottumwa, Iowa – Indian Hills Community College
- November 20-21, 2017 – Waterloo, Iowa – Hawkeye Community College
- December 11-12, 2017 – Ames, Iowa and Live Webinar – Quality Inn and Suites

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The CALT Staff

William Edwards
Interim Director for the Beginning Farmer Center
Interim Director for the Center for Agricultural Law and Taxation
wedwards@iastate.edu
515-294-6161
473 Heady
518 Farm House Ln
Ames, Iowa 50011

Kristine A. Tidgren
Assistant Director
E-mail: ktidgren@iastate.edu
Phone: (515) 294-6365
Fax: (515) 294-0700



Center for Agricultural Law & Taxation

The CALT Staff

Kristy S. Maitre
Tax Specialist
E-mail: ksmaitre@iastate.edu
Phone: (515) 296-3810
Fax: (515) 294-0700



Tiffany L. Kayser
Program Administrator
E-mail: tlkayser@iastate.edu
Phone: (515) 294-5217
Fax: (515) 294-0700



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