The 28th Annual Tax Practitioner/Fall IRS Seminar on October 26, 2022

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Commissioner Charles Rettig Keynote Speech

By: Michelle Buchner, MST Student

Charles Rettig, the 49th commissioner of the IRS, was the keynote speaker at the 2022 Fall IRS Practitioner Seminar. Since he took office in 2018, the IRS has faced many challenges which included the implementation of the Tax Cuts and Jobs Act (largest tax reform since 1986) and the COVID-19 pandemic. He is most proud of how the IRS came together during the unprecedented COVID-19 economic shutdown. Despite the physical closure of the IRS offices, IRS employees found a way to support taxpayers and responded to many of the 220 million phone calls received, collected over $4.1 trillion in annual revenue for the federal government in 2021, and processed Economic Impact Payments providing $1.5 trillion in relief to taxpayers.

Prior to serving as commissioner, Rettig was a tax controversy litigation lawyer in Los Angeles. Compared to his predecessors who he notes were Ivy League graduates, he came from humble beginnings attending public school in the LA area and UCLA as a commuter student. His wife, a Vietnam refugee, has also opened his eyes to the many challenges the IRS faces with limited reach to non-English speaking communities. Rettig wanted to fix this disparity since the IRS deals with more people in the US than any other among government agencies. In 2021, Form 1040 was published in a language other than English and today is published in four languages, the EIP materials went out in 35 different languages and the non-English IRS website pages have received 90 million visits to date. Although he is proud of these achievements, he noted that there are 170 languages spoken in the U.S., so the IRS has a long way to go to serve all the people in the U.S.

As his time in office comes to an end, he sees the new Commissioner’s responsibilities to continue the upgrade of the IRS by continuing to hire and train new IRS employees and continuing to upgrade online systems to provide taxpayers more access to online services. He also indicated that compliance challenges in the areas of foreign sourced income and virtual currency need to be addressed. As for what’s next for Commissioner Rettig, he would like to continue to support underserved communities in any way he can during his retirement.

Some Facts about the IRS Shared by Commissioner Rettig

- Collects over $4.1 trillion annual revenue, which is 96% of the country’s revenue.
- 83,000 employees work at the IRS.
- COVID-19 Economic Impact Payment materials were provided in 35 different languages.
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Settle for Less with the IRS

by Inessa Zlobina, MST Student

The basics and tips about offers in compromise was presented at the 28th Annual Tax Practitioner and IRS Fall Seminar held in Los Gatos on October 26, 2022, by Donna Beeman, Area Manager, Stakeholder Liaison, IRS.

Miss Beeman explained that an offer in compromise or OIC, is an agreement between the taxpayer and the IRS that settles the tax debt for less than the full amount owed. The government, like other creditors, encounters situations where an account receivable can't be collected in full, or there's a legitimate dispute as to how much is actually owed.

The goals of the OIC program are to achieve a resolution that is in the best interests of both the taxpayer and the government. Generally, this means to collect what can be reasonably expected at the earliest possible time and at the least cost to the government, as well as to secure revenue that may not be collected through any other means. The program aims to provide the taxpayer a fresh start towards future voluntary compliance with all filing and payment requirements being met.

There are three types of offers. The first one involves doubt as to collectability. This is when taxpayers are unable based on a financial analysis, to pay their liability in full. This is the most common type of offer.

The second type involves doubt as to liability. Taxpayers basically doubt the accuracy of their tax liability. These offers are often routed to examination after they are received.

The third type involves the effective tax administration where the taxpayer owes the amount and they have enough in assets and income to pay the liability in full. But, due to special circumstances, requiring full payment would create an economic hardship or simply be inequitable.

Before taxpayers start investing time to do the paperwork necessary to submit an offer, they want to check out the IRS Offer in Compromise Pre-Qualifier Tool to make sure they are eligible to file one (https://irs.treasury.gov/oic_pre_qualifier/).

Onward from April 2022, a taxpayer must use the latest version of Form 656. Taxpayers are strongly encouraged to study the Form 656 Booklet Offer in Compromise booklet that addresses everything a taxpayer needs to know for a successful decision. That booklet includes the Form 656, Form 433-A (OIC) and Form 433-B (OIC).

Miss Beeman strongly recommended to use five instructional videos explaining how to prepare Forms 656, 433-A, and 433-B (https://www.irsvideos.gov/oic).
The OIC program currently does not have the ability to receive original offer applications electronically. All offer applications must be submitted by mail, and must contain the taxpayer's original signature, that's very important.

The success of the OIC program will be assured only if taxpayers make adequate compromise proposals consistent with their ability to pay, and the IRS makes prompt and reasonable decisions.