

New York State Department of Taxation and Finance
New York State Society of Enrolled Agents (NYSSEA)
Discussion Topics for May 9, 2018

1. Letter DTF-973.56-O – Request for W-2/1099 withholding
 - a. Clients think the preparer has done something wrong. We know that these letters are generated when there is a mismatch between withholding stated on the tax return and withholding reported by employers, but the taxpayers don't.
 - b. Most of us do not charge for follow-up, but end up spending considerable time preparing responses and explaining to our clients why NYS is asking for information that they "already have."
 - c. Are there particular variables or parameters/taxpayer profiles that are more likely to receive these letters?
 - d. Some of the letters show up in our online services account, but not all
 - e. Is there any way to shorten the 90-day review time?
 - f. Is there a particular problem with 1099-R withholding?
 - g. Could we opt to transmit PDFs of the W-2 and 1099 forms with the e-filed tax returns, or upload the documents pro-actively via our online services accounts (before the DTF-973.56-O letters are generated)?
 - h. Why are there so many problems with matching withholding? Can something be changed for the employers/payers that will ease this burden on individual income tax filers?
2. Schedule A, Schedule C, Schedule E audits
 - a. Review the best and most efficient format for presenting supporting documentation (Are we looking primarily for substantiation of amounts for initial review?). What would your examiners consider the ideal presentation package for the following?
 - Medical expenses
 - Job-related expenses
 - Schedule C
 - Schedule E
3. Electronic signatures for e-file signature forms
4. E-file Married Filing Separate returns with NRA spouse with no US tax ID number
 - a. For federal e-filing, there is a box to check, and the returns can be e-filed
5. Online or faxed power of attorney
 - a. Some members report problems with delays in processing
6. Form 1099-G – online access with additional security
 - a. Could we have additional options for verifying other than payments from a prior-year return?
 - b. When we get error messages, we don't know whether it's our data entry or whether the system is temporarily "down." Is there a way to highlight where the problem lies?
7. NYS Resident Filing Requirement – federal AGI + NY additions > \$4000.
 - a. Why \$4000 when standard deduction = \$8000 Single/\$11200 HOH/\$16050 MFJ
 - b. The burden falls on seniors with Social Security and small pensions. End up with negative taxable income.
 - c. Different requirements for non-residents & part-year residents refer to exceeding the standard deduction.
8. IT-237 – Claim for Historic Homeownership Rehabilitation Credit

- a. Members report this form is “ignored” and they are asked to file amended returns submitting the form that was already submitted with the original tax return.
- 9. NYS penalties – withholding taxes
 - a. Members suggest staggered penalty rates, 1-10 days 2%, 11-20 days 4%, 12-30 days 6%
 - b. Suggests that there is no incentive to pay late deposits quickly when deposit due date is missed inadvertently
- 10. Will Union Dues be 100% deductible on 2018 NYS returns (contained in the budget released April 2017 and mentioned in NYS practitioner updates presented in late 2017/early 2018)
- 11. Is there any additional guidance on TCJA-related changes?
- 12. How enrolled agents are grouped/perceived by NYSDTF (2/15/18 e-blast)
<https://content.govdelivery.com/accounts/NYTAX/bulletins/1db1af3>
- 13. NYS Property Tax Credit Lookup – Can we improve this to include prior-year credit checks received in current tax year + property tax credit checks for current tax year issued in a subsequent calendar year?
<https://www.tax.ny.gov/pit/property/credit-lookup.htm>

Special thanks from NYSSEA for all of the communication throughout the year, particularly with the roll-out of the new website. Our members are very pleased with the new website and our ability to see much more correspondence online.

Special thanks from NYSSEA for the changes to tax preparer inquiry sent with the Letter DTF-973.56-O.

Do you have any questions for us?