



# Taxes & Business:

Bringing a New Voice to Policymakers



**alliantgroup, former Commissioner Mark Everson and top middle-market CPA Firm Partners attend Roundtable Discussion**

*with*

**IRS Commissioner Douglas Shulman and LB&I Commissioner Heather Maloy**

## **IRS shows commitment to working with middle-market CPA firms and businesses**

November 16, 2010 (Washington, D.C.) –

14 of alliantgroup's CPA firm partners convened in Washington, D.C. for an unprecedented meeting with IRS Commissioner Douglas Shulman, LB&I Commissioner Heather Maloy and other IRS decision-makers. alliantgroup Vice Chairman Mark W. Everson requested the meeting with IRS Commissioner Doug Shulman to develop a better working relationship between the IRS and mid-market CPA firms and businesses in these difficult economic times. Vice Chairman Everson viewed the meeting as important and necessary as this sector has rarely had an opportunity to engage in dialogue with IRS decision makers.

## Roundtable Discussion Attendees for the IRS:

- **IRS Commissioner Douglas Shulman**
- **LB&I Commissioner Heather Maloy**
- **LB&I Deputy Commissioner Paul Denard**
- **Advisor to LB&I Commissioner Deborah Palacheck**
- **LB&I Division Counsel Linda Kroening**

## Attendees for Industry:

- **Dhaval Jadav** (CEO, [alliantgroup](#))
- **Shane Frank** (COO, [alliantgroup](#))
- **Jeremy Fingeret** (Managing Director, [alliantgroup](#))
- **Sonny Grover** (EVP, [alliantgroup](#))
- **Dean Zerbe** (National Managing Director, [alliantgroup](#))
- **Mark Everson** (Vice Chairman, [alliantgroup](#); former IRS Commissioner)
- **Jim Ramstad** (Sr. Advisor, [alliantgroup](#); former senior member of House Ways & Means Committee and IRS Oversight Committee)
- **Ken Kanter** (J.H. Cohn LLP)
- **Joshua Hayes** (Eide Bailly LLP)
- **Clarence Kehoe** (Anchin, Block & Anchin LLP)
- **Ron DeSoiza** (O'Connor Davies Munns & Dobbins, llp)
- **Kevin Keane** (O'Connor Davies Munns & Dobbins, llp)
- **Rick Thompson** (Sikich LLP)
- **Alan Alport** (Blackman Kallick)
- **Bruce Hall** (Watkins Meegan)
- **Chuck Mullen** (Apple Growth Partners)
- **Jeff Resnick** (The Resnick Druckman Group LLC)
- **Gregory Margarit** (Boulay, Heutmaker, Zibell & Co. P.L.L.P.)
- **Greg Porter** (Berntson Porter & Company, PLLC)
- **George Hillegass** (Gifford Hillegass & Ingwersen, LLP)
- **Ryan Losi** (Piascik & Associates)

## Topics Covered During the Roundtable Discussion Included the Following:

- **The Economy's Impact on Small and Medium-Sized Businesses:** The general consensus was that 2008 and 2009 were very bad but business has picked up in 2010. However, businesses are scared to spend, hire and expand because credit is still tight and there is still a tremendous amount of uncertainty in the current business environment.
- **Compliance Issues:** Too many compliance issues are being thrust upon CPAs. In the face of rising compliance requirements and downward fee pressure (from clients) due to economic conditions, it is becoming increasingly difficult for middle market CPA firms to keep up with technical compliance issues in complex areas like international tax (amongst others).
- **Application of Penalties:** CPA firm attendees requested that the IRS use discretion in the application of penalties with regard to compliance issues. Taxpayers are scared of penalties and therefore reluctant to come forward with compliance issues due to the cost of compliance or fear of penalties. The upshot of this is that taxpayers are more concerned with avoiding penalties than getting to the right answer. Both the IRS and CPA firm attendees agreed that this was the wrong answer and that a better solution needed to be reached.
- **Preparer Tax Identification Number ("PTIN"):** CPA firm attendees and Commissioner Shulman had an exceedingly productive dialogue regarding the pros and cons of the newly enacted PTIN registration system. In essence, the IRS wants to take further steps to use this system to track good and bad work (and conversely, good and bad tax return preparers). Although non-signers are being asked to procure PTIN numbers; the next step will be to associate non-signers with the files of the respective signers with whom they work. This system will be expanded to provide greater information to the Service. As such, the Service wants even non-signers to register. Commissioner Shulman was open to the idea of having groups of preparers or a single point of contact at a CPA firm complete the registration process to ease compliance issues.
- **Uncertain Tax Positions ("UTP"):** This is a milestone tax issue that is at the forefront of every CPA's mind. The bottom line - taxpayers need more guidance on UTP. At present, C-Corporations with \$100 million in assets (or more) have to comply with the various compliance and disclosure requirements put forth by the IRS. In the near future, pass-through entities with \$10 million or greater in assets may be required to comply with these disclosure requirements. Various CPA firm attendees suggested that the UTP disclosure requirements should only apply to C-Corporations with \$100 million or more in assets (as is the present case). IRS Commissioners Shulman and Maloy were incredibly open to receiving written requests as they are developing a "FAQ" document for the public with regard to UTP. Some of the current issues being reviewed by the IRS are NOLs (which are created by UTPs), transition rules, and the ranking of UTP issues.

Overall, the meeting was certainly productive as both sides agreed that a follow-up meeting between middle-market CPA firms, small and medium-sized businesses and the IRS would be beneficial to all parties. It is critical that IRS decision-makers on a regional and industry level be looped into the discussion as they are ultimately the instrument of change and where the 'rubber meets the pavement.' The IRS was very interested in hearing what [alliantgroup's](#) middle-market CPA partners had to say as this was a market segment which had been ignored by previous administrations.

[alliantgroup](#) will be in contact with all of you towards the end of the year or the early part of next year with regard to information concerning the details of the regional meetings.

***This is definitely a good start !***