

Tax Forms and Publications Recommendations
July 11, 2012

Forms Reviewed:

- 1) 2159 and Instructions
- 2) 668-W(c)(DO) and Instructions
- 3) Increasing 941 E-filing

Form 2159 and Instructions

- Part 1, "Acknowledgement Copy"
 - **Recommendation** – Add a box to show when an employee is paid semi-monthly to the "I am paid every:" section.
 - Current – The section lists a box for "week" "two weeks" "month" and "other"
 - **Purpose** – An increasing amount of employees are now paid semi-monthly, so this should be reflected on the form.

- Part 1, "Acknowledgement Copy"
 - **Recommendation** – Change the "two weeks" box to read "bi-weekly" in the "I am paid every:" section.
 - **Purpose** – This language reflects the more commonly used "bi-weekly" designation.

- Part 1, "Acknowledgement Copy"
 - **Recommendation** – Reword the "I am paid every:" section to read "I am paid:".
 - **Purpose** – If the above two changes are accepted, this change will need to be made to make it grammatically correct, as well as change "week" to "weekly" and "month" to "monthly."

- Part 1, "Acknowledgement Copy"
 - **Recommendation** – Change the word "payment" to "payments" in the "I agree to have \$ ____" sentence
 - Current - "I agree to have \$ ____ deducted from my wage or salary payment beginning ____ until the total liability is paid in full.
 - **Purpose** – Making this plural will clarify to the employee that the agreed deduction is per pay, not just one payment.
 - Proposed – "I agree to have \$ ____ deducted from my wage or salary payments beginning ____ until the total liability is paid in full.

- Part 2, “Instructions to Employer”
 - **Recommendation** – Tell the employer exactly what parts (1, 2, and/or 3) should be returned
 - **Current** – The fourth bullet under “What You Should Do” says “After you and your employee have completed and signed the form, please return it (*all parts*) to IRS.
 - **Purpose** – Part 1 is titled “Acknowledgement Copy” Part 2 is titled “Employer’s Copy” and Part 3 is titled “Taxpayer’s Copy.” Only Part 1 says “Return to IRS” at the bottom, but the instructions as listed above tell the employer to return all parts (1, 2, and 3).

Form 668-W(c)(DO)

- Part 1, Page 2, “If Money is Due This Taxpayer” section
 - **Recommendation** – Add “after the employee has constructively received this levy from you” in the first paragraph.
 - Current – To claim exemptions, the taxpayer must complete and sign the Statement of Exemptions and Filing Status on Parts 3, 4, and 5 and return Parts 3 and 4 to you within 3 work days after you receive this levy.
 - **Purpose** – Oftentimes, employers will send the levy to employees and the employee does not receive it that day. This may lead to disagreement and the employer and employee arguing over when the employee received the levy and when the 3 work days should have started. Adding in the new language will benefit both the employee and employer because both will be able to identify the specific day the levy was received.
 - Proposed – To claim exemptions, the taxpayer must complete and sign the Statement of Exemptions and Filing Status on Parts 3, 4, and 5 and return Parts 3 and 4 to you within 3 work days after the employee has constructively received this levy from you.

- Part 1, Page 2, “If Money is Due This Taxpayer” section
 - **Recommendation** – In the third paragraph that begins with “When you send us your check,” state that the check writer can list the taxpayer’s name, identifying numbers, kind of tax, and tax periods shown on Part 1, and LEVY PROCEEDS on a detachable stub.
 - Current – Paragraph tells the check writer she is not permitted to put this information on a detachable stub.
 - **Purpose** – Computer generated checks limit the amount of information that can be printed on the memo section, where this information is currently requested to be written.
 - Proposed – Please write on the check, or the corresponding detachable stub, the taxpayer’s name, identifying number(s), kind of tax, and tax periods shown on Part 1, and the words “LEVY PROCEEDS.”

- Part 1, Page 2, “Instructions for Figuring the Amount Exempt from this Levy” section
 - **Recommendation** – Bold the second to last sentence in (1.).
 - Current – Don’t use the information on the taxpayer’s Form W-4, Employee’s Withholding Allowance Certificate, to determine the amount that is exempt from this levy.
 - **Purpose** – The information contained in this sentence is very important for employers and the subcommittee believes it should be highlighted for the reader.
 - Proposed – **Don’t use the information on the taxpayer’s Form W-4, Employee’s Withholding Allowance Certificate, to determine the amount that is exempt from this levy.**

- Part 1, Page 2, “Instructions for Figuring the Amount Exempt from this Levy” section
 - **Recommendation** – Add “for” in the first sentence in (3.).
 - Current – The amount the taxpayer needs to pay support, established by a court or an administrative order...”
 - **Purpose** – The existing sentence reads difficult. This language makes it clearer.
 - Proposed – The amount the taxpayer needs to pay for support, established by a court or an administrative order...”

- Part 1, Page 2, “Instructions for Figuring the Amount Exempt from this Levy” section
 - **Recommendation** - Make this form more readily available online.
 - Current – The second sentence of the last paragraph states “You can get more forms from an IRS office.”
 - **Purpose** – The subcommittee could not find form 668-W(c)(DO) on the IRS site.

- Part 1, Page 2, Instructions for Figuring the Amount Exempt from this Levy” section
 - **Recommendation** – Reword the end of the paragraph to direct the reader to the website before calling.
 - Current – If you are asked to recompute the exempt amount and you don’t have the new year’s exemption table, you may order one by calling 1-800-829-3676. Ask for Publication 1494. This publication is also available at our internet site www.irs.gov.
 - **Purpose** – If the IRS has a goal of moving more taxpayers to electronic filing, it should encourage users to utilize the online options before calling. This will also decrease IRS resources dedicated to this responsibility. Also, more and more businesses are using the internet and the publication is easily accessible online.
 - Proposed – If you are asked to recompute the exempt amount and you don’t have the new year’s exemption table, visit our website at www.irs.gov and download Publication 1494. This publication is also available by calling 1-800-829-3676.

- Part 3 (Return to IRS), middle of the page
 - **Recommendation** – Add language to the middle of the page directing the reader to return the form within 3 days.
 - Current – We figured the interest and late payment penalty to _____.
 - **Purpose** – This information is provided later in the instructions, but should be provided on the actual form to reinforce the 3 day rule.
 - Proposed – We figured the interest and late payment penalty to _____. Complete and return this form to your employer within three days after receipt.

- Part 3, Page 2, “Levy Acknowledgement” section
 - **Recommendation** – Reword the “Your telephone number” line.
 - Current – Your telephone number () _____
 - **Purpose** – Rewording this line will make it consistent with the two lines above it.
 - Proposed – Telephone number of person responding () _____

- Part 3, Page 2, “Levy Results” section
 - **Recommendation** – Remove the third and fourth check boxes.
 - **Purpose** – The third (weekly, bi-weekly, monthly, etc.) and the fourth (approximate amount of each payment) lines do not need their own checkbox because they relate to the checkbox directly above it. Once that box is checked, the frequency and amount can be written in below and no checkbox is needed.

- Part 3, Page 2, “Levy Results” section
 - **Recommendation** – Reword the third line.
 - Current - _____ (weekly, bi-weekly, monthly, etc.)
 - **Purpose** – The new wording will reflect the more pay types currently used.
 - Proposed - _____ (weekly, bi-weekly, semi-monthly, monthly)

- Part 5, Page 2, “Instructions to Taxpayer” section
 - **Recommendation** – Add language in the sixth paragraph, third sentence.
 - Current – If you do not give the completed statement to your employer, then your exempt amount...
 - **Purpose** – This language will reinforce the three day rule.
 - Proposed – If you do not give the completed statement to your employer within 3 work days, then your exempt amount...

- Part 5, Page 2, “Instructions to Taxpayer” section
 - **Recommendation** – Add language in the seventh paragraph, last sentence.
 - Current – You can get more forms from an Internal Revenue Service office.
 - **Purpose** – This language will encourage users to go online to find forms.
 - Proposed – You can get more forms from an Internal Revenue Service office or online at www.irs.gov.

- Part 5, Page 2, “Instructions to Taxpayer” section
 - **Recommendation** – Add language to either paragraph 2, 3, or 7.
 - **Purpose** – Language is needed to inform the reader about new voluntary deductions since it is not on this page.
 - Proposed – “New voluntary deductions may affect the amount of your exemption from the tax levy while it is in effect.”

Form 941 e-Filing

- Consider changing the threshold amount to 100 for when an employer must file forms 94x electronically.
- Consider developing a program that would allow employers to file forms 94x directly with the IRS. Currently, many employers have to pay for these types of programs and the cost can be significant for small employers.
- Consider reducing employer registration requirements for electronically filing forms 94x. Many of these requirements, such as obtaining credit reports and fingerprints of the officers, are burdensome and difficult.