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United States Senate
COMMITTEE ON SMALL BUSINESS
WASHINGTON, DC 20510-6350

May 23, 2000

The Honorable Charles O. Rossotti
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, DC 20224

Dear Commissioner Rossotti:

On May 26, 1999, the Senate Committee on Small Business initiated its "IRS Paperwork Unpopularity Poll," which developed out of our discussion during the Committee's April 12, 1999, hearing on tax filing and reporting burdens facing small businesses.

Having reached the end of this year-long project, I am writing to inform you of the results of the poll so you can begin the review and revision process we discussed at the hearing. As of May 15, 2000, the Committee received 516 votes for the forms, schedules, instructions, publications, letters, and notices most in need of common-sense review and revision by the Internal Revenue Service (IRS).

Out of the votes the Committee received over the past year, the five most often cited IRS forms and related schedules are:

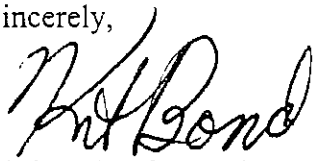
1. Form 1040 — U.S. Individual Income Tax Return
2. Form 941 — Employer's Quarterly Federal Tax Return
3. Form 4562 — Depreciation and Amortization
4. Form 940 — Employer's Annual Federal Unemployment (FUTA) Tax Return
5. Form 1065 — U.S. Partnership Return of Income

Enclosed for your information is a compilation of the comments and recommendations that we received from the poll's participants concerning these forms. I have also included a list of the IRS publications, letters, and notices cited by the poll participants along with any specific comments.

Your willingness to examine these forms and documents is a testament to the IRS' overall efforts to provide greater service to America's taxpayers. It is also an important step toward reducing the tax filing and recordkeeping burdens that small businesses and the self-employed encounter every day.

Thank you for your assistance with this important project. I look forward to continuing to work with you and the new Small Business/Self-Employed Division Commissioner, Joe Kehoe, to reduce the tax burdens imposed on small-business taxpayers across the nation.

Sincerely,



Christopher S. Bond
Chairman

Enclosure

cc: Joe Kehoe
Commissioner, IRS Small Business/Self-Employed Division

UNITED STATES SENATE COMMITTEE ON SMALL BUSINESS

Christopher S. Bond, Chairman

"IRS Paperwork Unpopularity Poll"
Most Unpopular IRS Forms/Schedules, Publications, Letters & Notices
Through May 15, 2000

May 23, 2000

UNITED STATES SENATE COMMITTEE ON SMALL BUSINESS

"IRS Paperwork Unpopularity Poll"

Most Unpopular IRS Forms/Schedules, Publications, Letters & Notices

Through May 15, 2000

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UNITED STATES SENATE COMMITTEE ON SMALL BUSINESS

"IRS Paperwork Unpopularity Poll"

Most Unpopular IRS Forms/Schedules, Publications, Letters & Notices

Through May 15, 2000

IRS Forms/Schedules

FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
Form 11C — Occupational Tax and Registration Return for Wagering		
11C	1	[No specific comments received].
Form 433-A — Collection Information Statement for Individuals		
433-A	1	[No specific comments received].
Form 433-B — Collection Information Statement for Business		
433-B	3	• The bureaucratic language makes it unintelligible. • Revise or possibly delete. Information requested, pertaining to income and expenses, we tend to duplicate information. A business should be required to provide a copy of their most recent income and expenses and not be required to complete this form. The only information needed, when a business needs an installment agreement is just the information on page 1 and 2 then request the business attach a copy of their business income and expenses or a copy of their most recent form 1120. These forms can provide a better projection of a businesses operation and cash flow rather than trying to break it down for the IRS employee on a month to month basis.
Form 656 — Offer in Compromise		
656	1	• This form is useless. Needs to be omitted. The IRS won't except most offers anyway.
Form 720 — Quarterly Federal Excise Tax Return		
720	2	• Too Complicated.

* Specific comments and recommendations were not received for all votes cast.

Form/Schedule Number	Votes Cast	Comments*
		• I want to start a business but this is the one form that confuses me the most. The idea of having to guess how much I'll be earning and getting penalties if I'm wrong. That is enough to think maybe I should just forget about a business of my own. I'll have enough to worry about in running things, much less how much I think or don't think I'll make.
Form 730 — Tax on Wagering		
730	1	[No specific comments received].
Form 940 — Employer's Annual Federal Unemployment (FUTA) Tax Return		
940 940-EZ 940-V	16 1 2 19	• The computation of the tentative credit area is daunting. You have to enter all states in which you have employees (15 in our case), and then the experience rate for each state, which can change throughout the year. ALL of this for a "tentative" credit. • Instructions are unclear. Who to send to is unclear. • ALL IRS forms dealing with small businesses, including but not limited to 940, 941, 8109, 1120S, I-9 et al. Ridiculous, the time small business starting up have to deal with tax issues, when there are other things that need to be done. • Too complicated. • I am a tax accountant, and I find it hard to get the public to understand the reasoning behind the monthly payments and the yearly filing if they are also paying a state unemployment tax. • In part II of form 940 it is to much information requested & not being a tax expert it is too complicated. • This form is very muddy, not clear and hard to fill out. • Much too complicated with its references to our state tax requirements. • Repeats information provided throughout the year. Eliminate this form. • This schedule has a most unusual feature. After going through the complex set of calculations required for a small business in DC with employees in Maryland and Virginia, with some payments ontime and others unfortunately late, the taxpayer is finally asked for a record of tax liabilities by quarter. After all my calculations (about 3 hours for the entire form) these numbers did not add up with the total I owed. This is incredibly confusing. The sequence of the form needs to be reworked. • Instructions are unclear. • Instructions are unclear. • The form contradicts itself and the IRS employee could not answer my questions and was confused

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		herself. Part I and Part II need to be simplified. • (940-EZ) Instructions unclear. • (940-V) Not clear about when this is used compared to 8901B filed at the bank. • (940-V) Any of the vouchers, actually. There is no space provided to indicate that payment has been by EFTPS.
Form 941 — Employer's Quarterly Federal Tax Return		
941 941 (Schedule B) 941C 941-M 941TEL 941-V	15 5 1 1 2 1 25	• Instructions are unclear, confusing and the social security and medicare calculations never equal the deduction amount listed in publication 15, Circular E. • The whole payroll system is too complicated! • Way too much info to fill out and should only be done 2 times a year. • Way too confusing for anyone without a degree or a CPA. Trying to figure out if I have a credit or owe money is difficult. My monthly liability and my quarterly liability is always just a few cents different. It's a lot of useless paperwork to find I've overpaid by $0.12! • Instructions are unclear and incomplete. • The form or instructions should tell where to find a Federal Tax Deposit Coupon (Form 8109) rather than state that you need to file Form 8109 if your tax for the quarter is over $1000.00. Form 8109 is obviously difficult to come by and we employers are penalized when we don't use one. Where can we get a form 8109 and where can we deposit funds with said form? I was penalized $191 plus because I didn't file the 8109 for my new (and only) employee. I filed a 941 in a timely manner with the correct amount of tax, but because I couldn't locate any 8109's to file I was penalized. Yet even today, I have searched your web sites and the CD-ROM for 1998 which I have in my possession and no 8109 can be found. It would be nice if, on the 941 instructions, you would direct the employer to WHERE to the 8109... not just say that we need one... because I don't have a CLUE as to where to find one and will probably be penalized! over and over and over again for filing the wrong form.... BUT WHERE IS THE 8109. • There is no help to know WHERE to deposit federal taxes! How in the world is anyone supposed to know if a bank is authorized to take federal deposits unless you call every bank within a hundred miles and ask? We are a very small business and we cannot afford to pay a tax accountant to handle all this stuff. I also work a full-time job of my own and am trying to take care of the books for my husband. Even with business software, the IRS rules surrounding this form are so complicated it makes my head spin. The Connecticut state form I filed is so simple. We are required to mail the check to a certain place. Why can't the IRS make it easier on small businesses? We have one employee. It is no wonder people end up breaking the law! Pick one place for each state and tell us where to deposit the taxes!!

* Specific comments and recommendations were not received for all votes cast.

FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		• Looking at the form you can't tell if form 941-B is required. This should be included on the label. • ALL IRS forms dealing with small businesses, including but not limited to 940, 941, 8109, 1120S, I-9 et al. Ridiculous, the time small business starting up have to deal with tax issues, when there are other things that need to be done. • We are management consultants working with small to medium sized companies and it appears this form 941 causes the most problems. Approximately 60% of the time we get involved, the IRS has taken the company to task (or bankruptcy or locked up) and a good portion of the time, the problem is due to improperly filling out a 941 form. Of course, this is never a good reason to work with company as far as the IRS is concerned. • Too complicated. Thank God I have a computer program which does it for me. • Rules are too complicated and change so frequently it is almost impossible to keep up! • Now that you need to do it electonic (by phone) what's the need for the form. • Being completely new at the business, I have found all tax forms a bit intimidating. I find myself growing increasingly confused over the times I am to file and how I am to file. Form 941, though innocent in appearance, is the most confusing. The instructions are much to unclear and the time to file is completely baffling! It would be much easier if help was readily available to instruct new businesses on how to file their taxes. For instance, a class could be offered on understanding tax forms for small businesses. Changing the tax form itself will not help much at all. You will always have some that will not understand no matter how simple you make it because they are an audible learner. • (Schedule B) I have to run about 70 reports from my accounting system to fill in Schedule B--one for each day. Can you imagine? I have to run individual reports to tell the IRS what I owe them on each individual day of the quarter! As the owner of a small business, I spend at least 16-20 hours a month trying to comply with tax laws and tax forms (at the end of quarters--add another 8-16 hours). It is definitely the largest tax on my time (no pun intended). I feel like the IRS confiscates my time as well as my money. I just did a time calculation--I spend about 15% of my time yearly completing tax forms — 15%! I could be growing business and hiring new employees with that time. • (Schedule B) Complicated, completely un-necessary, and very time consuming. • (Schedule B) Not needed. • (Schedule B) As a new small business employer (3 employees), I find it difficult to decipher all the forms, schedules, etc., without the added expense of consulting an accountant. In addition, the time required results in an added expense. Please consolidate, and/or simplify forms, schedules, etc. • (Schedule B) I am the Office Manager for a small Family Medical Practice. I spend 40% of my time performing payroll duties and figuring tax liabilities....as well as trying to sort out the forms, dates, how much to pay, etc. It is particularly frustrating that it is necessary to spend more time with forms then with

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		my staff. Just recently I took out too much Medicare Tax on an employee by $10.00. I did not catch it until I did my quarterly report for the 1st quarter. I could not find a simple solution as what to do other than reimburse her. I searched for a solution but could not find one in the publication that came with the form. Most of the time the directions are confusing..and need to be simple and direct. I hope something changes soon. Thank-You. • (941TEL) It takes longer to complete the form and telephone it in than it does to complete the regular Form 941. Why am I spending more time to save the IRS time! • (941TEL) My complaint rests with the fact that there are no standardized procedures across financial institutions making EFT payments; some require that you input the tax due date, others request the payroll check date, etc. In addition, these financial institutions are allowed to hold funds (trust moneys) until the IRS due date and earn interest. Our company has been hit with IRS penalties for failure to pay on a timely basis when we DID make timely payments but the funds were not deposited with the IRS by the financial institution due to a failed communication regarding this "holding period."
Form 966 — Corporate Dissolution or Liquidation		
966	1	• Complicated.
Form 990-C (Schedule C) — Farmers' Cooperative Association Income Tax Return — Dividends and Special Distributions		
990-C (Schedule C)	1	[No specific comments received].
Form 1040 — U.S. Individual Income Tax Return		
1040 1040 (Schedule A) 1040 (Schedule C) 1040 (Schedule D) 1040 (Schedule SE) 1040 V	14 2 16 25 6 1 64	• The entire tax structure is too complicated. It should be a simple matter to say how much i earned minus any simple deductions then go to a table to tell me how much I owe or should have paid. Plugging figures back and forth after they are multiplied here and divided there is insane. Simplicity should be the rule and not the extreme exception. • It should not be necessary to hire a lawyer or accountant to comply with tax laws. The IRS doesn't know how to fill out this form. • For individuals and small business, 1040 and most schedules. Last year, I paid the US about $17,000 in taxes. I also paid an accountant $350 to fill out the forms. Every year, I make a stab at filling out these forms and always, I give up and give the accountant his money. I am an engineer, actually worked as a

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		rocket scientist once, and these forms are just too much to deal with. Suppose there was a one-page form I could fill out, but my taxes would be $350 more? I'd do it! If 20 million people did that, the US treasury would swell by a lot of money, and it would be more acceptable to me. • Electronic filing is a joke. Why would I want to pay an extra fee to file electronically. If the IRS wants 80% of the returns filed this way, they better make it so I can do it without paying a fee, and still allow me to use whatever software I currently use to prepare it. It saves them a lot of transcription cost to have me file electronically; why shouldn't they cover the fee? Security is something of an issue too. They need to make sure they provide a court acceptable means of verifying they have received a return, or else I will need to continue mailing with return receipt required. • This form is more complicated than it has to be. I would like to see a 1040 form that is easier to understand. • Needs to be more easily tied in with 1040 forms for people who receive 1099 income in addition to salaried income. It is too easy to misreport income. • On form 1040, I recommend redesigning the State and Local Tax Refund Line to include an indented space for the gross amount received, similar to the format of the Pension, IRA, and Social Security Benefit lines. In addition, there should be a check-off box to use if the reason for none of that refund being taxable to be the result of having used a standard deduction in the year that the refund is coming from. (i.e. Gross ____ !_! Prior Std.Ded.). Also, on page 2 of the 1040, there should be separate lines for Estimated Payments and Prior Year Overpayments Applied in order to more easily track these amounts. Finally, there should be an automatic POA (Power of Attorney) for the preparer of the tax return so we receive copies of any IRS notices when they are issued. (Now I prepare one for every client every year, and mail them April 30, August 31, and October 31 after the respective tax return groups are filed.) The taxpayer can have a box to initial if they want to decline the automatic POA if you want a passive approach, or require their initials to approve the POA if you want an active approach. • I don't understand half the terminology on the form. I have no earthly idea what to do with the majority of the form. I am a very well educated person, but I am clueless when it comes to trying to read any of these forms. • Too lengthy and it's difficult to follow sometimes. There still persists some duplicate information requested, although that has been minimized somewhat in the recent past. Tax preparation software is a must at the very least for anyone filling out this form. The major problem is finding which form or schedule to use based on your circumstances and sometimes these schedules and forms are not consistent with the 1040 long form's "information flow." • Too complicated. The forms SHOULD be understood to the point of completion without paying out more money to have an accountant do the filing. I loathe these forms!

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		• Both my husband and I are small business owners, and every year I am astonished and get very irate at how the credits and payments on the 1040 highly favor the traditional employee, and penalize the self-employed. Our AGI is under $25,000, yet we are usually unable to take advantage of any credits (lines 41-48) unless we spend part of the year working as employees. Why is this so? We have two children in college, yet can't take the Education Credits. Our (higher) tax is added on after the credits section. Why are self-employed persons (sole proprietors, especially), not allowed these credits? • (Schedule A) Too complicated and unclear. • (Schedule A) It should not be necessary to hire a lawyer or accountant to comply with tax laws. The IRS doesn't know how to fill out this form. • (Schedule C) The form is overly complicated because a lot of the information needed comes from other work form a schedules. if you do not have them then it becomes a big problem. the instructions are not clear. I sometimes think a lawyer wrote the instructions. • (Schedule C) While the total income and expenses is not a problem, I am never sure if I put everything in the right place. • (Schedule C) Too complicated, instructions are incomplete. • (Schedule C) As a technology consultant, I find my expenses fit very poorly into the categories as described on the form. You need to expand the descriptions to better describe what expenses go into what category. • (Schedule C) Too complicated. • (Schedule C) Office expense, and office supplies, are they the same i get them confused, for tracking records it is a pain. • (Schedule C) Schedule C is a nightmare for truly small home based business. The whole idea of a small home based business is to work at a career that you enjoy while making a living. Schedule C take a person to many forms and rules and codes. It would make better sense to put a dollar limit or define a Home business as a business with under 100,000 gross and exempt these businesses from filing a schedule C. Most end up paying no taxes. I suggest a flat tax on small businesses of under $100,000 operating out of a home office. Let me report all income generated and pay a flat 1 percent. I will spent less time thinking about tax forms and requirements and expense write-offs. The IRS will actually collect taxes from small business instead of spending a lot of money on forms, schedules and booklet. Currently the IRS is spending money so small business of this nature have no taxes due after filing all the forms. What makes sense getting 1 percent of everything or spending a lot of money and getting nothing? • (Schedule C) Incorporation of depreciation and section 179 expense into schedule c is difficult to understand. • (Schedule C) Should re-enact income averaging, because many entrepreneurs have 3 or 4 years of very

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		low income and then when they finally make it, the government (Fed, local, whatever - doesn't matter) takes 75% of the income (39.6% federal, 8.5% California state, 15.3% FICA & medicaid - that's 63.4%). With sales tax rates of 8.25%, gasoline taxes, travel-related taxes, capital gains taxes, Medi-cal, and numerous other fees (taxes), there's nothing left to reinvest in the business. • (Schedule C) Instructions are complicated as well as conflicting. An example is the section regarding vehicle repair. You are not allowed include anything that would improve, increase the vehicle value or prolong the life of the vehicle. So I assume rebuilding an engine, or putting oil into the vehicle is prohibited. But, instructions tell you to deduct the cost of the repair inc. labor, supplies, etc. I suggest you read line 10 through line 21. You will not only be confused when you are done, you will have read three or four other forms/publications/instructions. The IRS needs to be clear and concise, I don't have time to read all this conflicting stuff. • (Schedule C) We are a small business with 4 employees. One quarter of our workforce is directed toward documentation, tax form preparation and timely filing. (Please don't forget that the state and local government require as much or more from us in the way of documentation and forms). The amount of information and paper that needs to be stored for possible future audit has become a large expense for us. 1040 Schedule C is not a form that a small business owner can fill out without professional help. Again, another expense. So, not only is one quarter of our workforce devoted making sure the necessary documentation is on file and taxes are paid but, much of our income is allotted to making sure the paper, electronic files, storage, postage, etc. are paid for also. An interesting number would be not the number of forms we fill out but the actual hours and dollars we spend collecting taxes for and processing forms for government agencies. • (Schedule C) I am not sure which category to put certain deductions in. • (Schedule C) I do not mind paying taxes, I mean everyone needs to pay taxes. But the amount of things I have to keep track of and trying to fill out this form, not knowing where to put what. This is ridiculous. I HAVE to pay some one to do my taxes. I do not have a choice. • (Schedule C) It's difficult to know where to put certain information. For instance, where does web-hosting go? This form and it's accompanying forms need to be revised so they can account for internet selling, which is much like catalogue selling but just not on paper. I called the IRS and even they couldn't answer my questions on E-retail business expenses. • (Schedule D) Part IV of this form is especially complex, incomprehensible, and excruciating to anyone who prepares their own taxes. Part II column (f) and (g) are also confusing. • (Schedule D) This form has too much going on. Can't we get a schedule D-EZ? • (Schedule D) Why is it necessary to go through 54 lines to report capital gains distributions. There has to be a better way. Either D-EZ or a worksheet and separate line on Form 1040 like it used to be.

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		• (Schedule D) Why do I have to fill this out if I only have capital gains distributions form mutual funds? Seems like a ridiculous waste of time. • (Schedule D) Can't understand it! • (Schedule D) Form is too complicated for average taxpayer. Instructions are confusing. • (Schedule D) Schedule D, unclear, complicated. An exercise in futility designed by behind the scenes schemers. • (Schedule D) The calculations on page two of the form to determine the tax due is a nightmare. • (Schedule D) Too complex. • (Schedule D) This form is too complicated to try to figure out, and the instructions are unclear. Actually, I would like to see this form disappear completely. We should not have to pay tax on money that we have already paid a tax on. • (Schedule D) Let's make it easy enough for a person with a PHD! Too many lines should be made much simpler. • (Schedule D) Too complicated. • (Schedule D) Trying to enter section 1250 gains with a negative capital loss is a bear. Where is it supposed to go; is it on 4797? Your instructions are unclear. It is hard to know what to do with sec 1250 *income.* • (Schedule D) The math is to complicated. • (Schedule D) Too time consuming for routine transactions. • (Schedule D) This form couldn't be more complex. It's totally redundant. The IRS has all the information in their possession. • (Schedule D) On my 1099-B, I have to enter Proceeds from Broker and Barter Exchange Transactions on Schedule D, but I don't know where to enter it. It's very unclear. Also, I did not receive any forms/booklet from the IRS for the past two years, and cannot find any now. Why did you stop mailing out info? • (Schedule D) In my opinion, every member of congress should be required to fill out this horror. It is totally incomprehensible. I would actually rather pay the higher rate than have to deal with this nightmare. The instructions are virtually useless and it is way too complicated. One gets immediately lost. • (Schedule D) The split between capital gains and losses is unduly difficult. All gains and losses should be treated equally regardless of the length of time the underlying investment is held. • (Schedule SE) It should not be necessary to hire a lawyer or accountant to comply with tax laws. The IRS doesn't know how to fill out this form. • (Schedule SE) Instructions unclear, seems to be written by the Mad Hatter in Alice In Wonderland. • (Schedule SE) To complicated, I need to spend my time running my business. The IRS should setup a

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		system that is like the "automatic withdrawal" the banks have now. I would gladly allow the government take out what they need. If it kept me out of trouble and made it easier. • (Schedule SE) Instructions are unclear, need revise.
Form 1040-ES — Estimated Tax for Individuals		
1040-ES	7	• The format of the form is fine. Due dates for estimated tax payments are confusing to taxpayers. Quarterly due dates - April, July, October, and January would be much easier to remember and calculate. • My opinion is that they ALL have to be revised!! I can't even begin to understand what they are saying in this form and will have to talk to my accountant to be able to see clearly. I went to an IRS/NYS tax seminar and came out more confused than when I went in - even they weren't sure of what they were talking about!! They stated that 75% of all new businesses fail in the first few years -- after this seminar, I knew WHY! Way too much paperwork and confusion!! • Only allows for regular payments of estimated tax, which requires an accurate estimate of year-end profit. For either a newer business whose income has not leveled off or for a business finding new growth, the year-end profit can not be calculated accurately enough to avoid an underpayment penalty. • Perhaps we were misinformed by our tax accountant, but we were told to figure the estimated tax for our new full-time business that we had to use last years taxes! That is totally unfair! Last year we were working a total of 3 jobs and this year we are trying to make a go of our business full time. Having to pay the taxes for this year based on what we made last year is a very heavy burden financially. The logical solution would be to take out a percentage of what we are making quarterly. • I recently started my own business last November (1998). My first estimated tax payment was due 15 days after the end of the fourth quarter and my second payment was due 15 days after the end of the first quarter. So I had my business on a quarterly schedule only to find out that the next two payments are due 15 days BEFORE the end of the quarter. So I was late on my second quarter payment, and it puts me at a disadvantage of trying to guess what I am going to do in the third quarter for my third quarter payment. It would help me to have the Estimated taxes due on a regular quarterly schedule. • It's too complicated. Website doesn't provide precise info. The language from IRS is so vague.
Form 1065 — U.S. Partnership Return of Income		
1065 1065 (Schedule A)	10 1	• A smaller, less involved version is needed for simple small partnerships. • I am very happy to have a chance to vent my anger about the way a Partnership must file their returns, but

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
1065 (Schedule D) 1065 (Schedule K-1) 1065 (Schedule M-2)	1 1 1 14	I will be even more impressed if you can do something to make it easier for the many small partnerships out there. My business is very simple: My partner and I clean floors for other businesses. At the moment, we have a contract with only one local grocery store. I try to handle the accounting part of our business, which is extremely easy until you bring 1065 and all of its counterparts into the picture. I have read so many publications but they all start to blend together after awhile. They are just too hard for people such as my partner and I, to understand. I have noticed that the Schedule C for Sole Proprietorships has a lot of help for deductions and how to fill out forms. Comparing the partnership forms (and sometimes no forms) to the Sole Proprietorship forms, I would say that you need an accountant for the partnership where you could do everything yourself for the sole proprietorship. This is unacceptable to those of us who can't afford an accountant. Thank you for your time and I look forward to some major improvements. • Although the information needed is not difficult to obtain the format is very confusing as to were specific items should be placed. It is hard to figure out what forms should be filled out in addition to the Schedule A, B, K, L, M-1, M-2, 4562, 8825 and the many other forms needed to simply report income and expenses. Here is an idea to simplify things: Use the 1065 form boxes A - I and then under income list all the different types of income and the appropriate form. Have the totals from the income forms displayed under income. Do the same thing with types of deductions(expenses) . Total the two columns and subtract one from another and there you have it a simple way to figure profit(loss). It rally doesn't take a lot of thought to simplify this mess. FOR example: INCOME: 1: Rental Real Estate. Form 8825 2: Other rental activity. Form 9888 3: Income from tool sales (except hammers). Form 9811 4: Income from American Indian Made Hammers. Form 9811-NA 5: Income form all other hammers. Form 9811-AO ... 46: Total of all income Do the same for expenses. Deduct expenses from income to give total income: Even by IRS's estimates it takes over 5 weeks at 40 hours a week to fill out all these forms. What a huge waste of time for both the taxpayers and IRS that has to decipher these things. You guys in the House need to stop changing the rules each year. This mess the IRS is forced to create is a direct result of the annual changes made by the legislature. Think of it this way, if you let my business spend more time making money and less time

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		filling out your confusing forms, we could make more money and you'll get more tax money to spend. Business owners would be happy and government would be happy. Think about the benefits of simplifying the forms. You can still give tax breaks to your contributors with the special interest forms but don't make everyone fill out all the special case tax forms. • This form does not clearly speak to LLC type businesses. It does not clearly spell out how one is to declare losses from the LLC on the 1040 form. The analysis portion of the form is also very cryptic and there is no indications on the form or instruction as to what values could be negative in all cases. • We use this form as part of an LLC. However, we are a small start up business and cannot afford a lot of time to review every aspect of a 1065 and we have very little earnings to report, yet we have to spend a lot of time and worries in an attempt to undestand all the criteria for this form and sub forms. Small businesses using an LLC and the Partnership aspect for IRS reporting, do not have the time nor the monies for CPA's to handle all this paper work and all the concerns. We can not even afford medical insurance, yet we have to have a costly CPA do our Tax Returns. We pay our Local Taxes on forms that are very easy to use and calculate. Sure, If I where making a million dollars a year, had insurance, then we would hire a CPA, with out a doubt. But getting to that point is the KEY. • It should not be necessary to hire a lawyer or accountant to comply with tax laws. The IRS doesn't know how to fill out this form. • I've spent hours on this one. It seems to be very specific to the real-estate and the petroleum industries and asked a lot of questions that took quite a bit of research on my part to answer and that ultimately ended up in my entering a zero in the blank. Also, the words "attach schedule" without specifying a schedule number can be kind of scary. • Far too complicated and the instructions are unclear. • Instructions are incomplete. IRS suggest to order (and pay for) specific government publications (to better understand the form). This information is public property and must be available -at no extra cost- on the internet. To wit, it is OK to pay for a booklet, which costs money to print. But it really should be available also on the internet -for free-! Take customs duty classifications: either buy the very expensive book, or (now) call a Customs agent (wonderful! and they ARE helpful). BUT why not have it also on line? [Finally, Form 1065 is too complicated]. • (Schedule D) Too complicated to follow in any type of sequence.... • (Schedule K-1) What a mess! Too complicated with data coming from all over and going to other places. I just give it my best shot. I use Turbotax and let the machine do most of the work. Even with a computerized program, it's too complex. • (Schedule M-2) Needs better instructional material about some items. For example, if a partnership is a partner in another partnership, does its distributive share lines 3,4, and 7, Form 1065, Schedule M-2 as

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		shown on its K-1 from that partnership go on its own form 1065, Schedule M-2?
Form 1065B (Schedule K-1) — U.S. Large Partnership Return of Income — Partner's Share of Income, Credits, Deductions, etc.		
1065B (Schedule K-1)	1	• I have found the instructions and the form itself rather complicated as well as excessive. I have a bachelor's degree in Economics and do my own taxes and I have for the past 9 years, but this years when faced with the fact that I was going to have to do this Form 1065 I felt frustrated and powerless. I would like to see the form itself simplified.
Form 1066 (Schedule D) — U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return — Capital Gains and Losses		
1066 (Schedule D)	1	[No specific comments received].
Form 1096 — Annual Summary and Transmittal of U.S. Information Returns		
1096	1	• Unclear as to what is required when the same form is used to accompany multiple submissions, like the 1099 and the W-2, copy G. I don't seem to have either of those.
Form 1099-B — Proceeds From Broker and Barter Exchange Transactions		
1099-B	1	[No specific comments received].
Form 1099-DIV — Dividends and Distributions		
1099-DIV	1	• Form too complicated. SIMPLIFY!, SIMPLIFY!, SIMPLIFY!.
Form 1099-MISC — Miscellaneous Income		
1099-MISC	5	• This form hasn't changed in years, the instructions aren't precise enough, nor are the boxes to choose from. Also, the cutoff for 1099's has been $600 for years. Shouldn't it be tied to the CPI or some other method of inflation adjustment?

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		• Supposed to withhold income from payments made to people who provide labor and do not supply their ID number. Do not know when multiple services add up to more than $600, and by then the person has been paid & disappeared without being able to get ID number. Need to allow more than $600 total. • The filling requirements are not clearly stated. It appears that a copy of the form needs to be filled with IRS by Feb 28 (mail) or by March 31 (electronically). Nowhere did it state that filing electronically takes several hurdles and realistically can only be done by larger companies. On the other hand, individuals can file forms electronically without first clearing several hurdles. Hence, by simply stating that the copy of the 1099-misc can be filed electronically, I had the notion that it could be done without much trouble. I have now missed the Feb 28 mail deadline. Furthermore, I was able to download instructions for the 2000 1099-misc form, but not for the 1099-misc form. I must say that the downloading works fine and the IRS deserves credit for this. The 1999 1099-misc download was just not very helpful in regard to my specific problem. • IRS requires this form to be "printed on special paper, special inks, and within precise specifications." I as a small business owner only issue maybe a few 1099-MISC forms a year. The requirement for printing the forms I think is an excessive burden. The forms should be allowed to be hand-filled or as a minimum printed on a regular inkjet printer. • It is tedious and demanding to determine which business associates meet the requirements for 1099 and which don't - the reporting limits are too low and often require tracking down Soc Sec Numbers or Tax ID numbers for Vendors or Service businesses, often for only a single payment. It is often difficult to tell which businesses are corporations and which are not.
Form 1099-R — Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.		
1099-R	1	• No one knows how to fill out form 1099-R. Box 7 with the codes is especially tough because some combinations of codes are permitted and other are not e.g. 8 & 1 are OK but 8 & 2 are not ...
Form 1116 — Foreign Tax Credit		
1116	1	• Asks for too much detailed information!

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Form/Schedule Number	Votes Cast	Comments*
Form 1120 — U.S. Corporation Income Tax Return		
1120 1120 (Schedule A) 1120 (Schedule D) 1120 (Schedule L) 1120 (Schedule M-1)	6 2 1 1 1 11	• To complicated, Unclear, I have been searching your web site for a list of terms or definitions that may help me to understand the 1120 instructions and the 1120 form. I have not been able to find any thing as of yet. • We need an "EZ" version of the 1120/1120A - one similar to the 1040EZ. A form where we simply put in our total expenses, our total income then our tax due (or refunded) :) Small companies like mine - one owner, no employees - are heavily burdened by the complexity and confusing language of even the 1120A - I've already spent more than 40 hours filling and re-filling mine out, trying to figure out what the different terms mean, and I sure don't have the money to pay an accountant (or a translator!! *laughing!*) to understand what the heck all of these terms mean. • This is a long onerous return that does nothing except pro rate the tax liability across owners of Subchapter S businesses. I need to file it despite being 100% owner of such a corporation. The only reason I need the corporation is that the IRS pressures major corporations that use consultants or contractors to treat them as employees. In order to help preserve the contractor type nature of the relationship, corporations respond by only dealing with corporations. As a result, operating as a sole proprietorship results in lost business. The need for a corporation also results in the need to pay myself via a payroll, with withholding calculations, 941 and 940 filings, etc. None of this would be necessary if it were not difficult for larger firms, who are typically my customers, to convince the IRS that consultants like myself are not employees. The process is so onerous, that an IRS employee once told me that he advises everyone who asks NOT to go into business for themselves simply due to the time involved in dealing with the IRS. None of the laws or forms give any consideration to the idea of a one man business, except for Schedule C which is rendered useless by the IRS pressuring companies to declare consultants to be treated as employees. Note that much of this is due to the Tax Law, as opposed to IRS implementation. For this, one must blame Congress. • (Schedule A) 9a Check all methods used for valuing closing inventory: List Regulations sections but no explanation in layman terms on the meaning. 9e Ask about the rules of section 263A. Again does not explain what this is. • (Schedule A) It is not clear how or when you are supposed to use the line for additional Sec. 263A costs. • (Schedule D) Too complicated and requests unnecessary information. Information could just be a one line item; same a interest & dividends. • (Schedule M-1) Unclear why Officers salaries should be treated differently and held out here in a way that forces a reconciliation with the books (which count this as payroll in a small corporation). Also why are we treating a new small corp as a personal holding company? Pre IPO you would expect there to be a

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		period when there are limited investors who hold significant blocks to stock.
Form 1120S — U.S. Income Tax Return for an S Corporation		
1120S	9	• This is my first year as a small business owner. I have always completed my own personal taxes and find it to me time consuming but fairly clear. This form, and I assume the others for business, are apparently designed for professional tax preparers. The form references sections which I have no idea where to locate (i.e. 1362d3b ....etc....). I am one of the two primary "money makers" form my business, which quite frankly is not profitable at this time. I can not afford to spend my "valuable" time preparing the IRS forms nor can I afford to employ a professional. I currently have a specific question about this form - line 19 other deductions - but can not find a list of what "other deductions" are. Can I deduct the cost of doing business - i.e. the telephone, forms printing, paper, etc... It is not clear from the instructions. • Too complicated. Why can't the IRS ask questions in simple terms like a tax advisor or these cheap tax software packages use? It seems that the forms are focused on things you can't deduct instead of telling you things you can deduct. I read over the forms and was unsure where to list the fees I pay to the credit card companies for my small business. Also, the way I read the form, I need to take a $50 startup cost and spread this out over 5 years. It seems that this should be something I could write off my first year. A lot of new businesses fail. If you allowed them to write off the costs in the year they occur, maybe so many new businesses wouldn't fail. • I've completed the form 1120s and want to send it in. However, I have no return envelope (I think they stopped sending them out) Anyway,there is no address on the form. I simply don't know where to send the completed form. I have to make a trip to the library to find the correct address and I'm not sure they have it. After twenty minutes of looking through all these web pages, I still can't find the address. I suggest they make it easy to find the correct addresses. Even a paragraph or two on the web pages would do it. • The computation of depreciation adjustment seems pointless. Why not just calculate depreciation the way you want it to begin with? • Instructions are too complicated and uninformative. For example, read the instructions and try to figure out where to put utility expenses, such as phone and electric, on the 1120S. • Page 1 contains a lot of obscure information on lines 22-27 for those few Subchapter S corps that pay taxes rather than flowing everything through to the owners. Conversely, lines 7-20 contain so few lines for expenses that most companies incur that an extensive supplemental schedule must be prepared to support line 19. Common expenses such as Utilities, Insurance, Office Supplies, and Royalties (there are a lot of franchisees out here in the real world) should be on the first page.

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Form/Schedule Number	Votes Cast	Comments*
		• ALL IRS forms dealing with small businesses, including but not limited to 940, 941, 8109, 1120S, I-9 et al. Ridiculous, the time small business starting up have to deal with tax issues, when there are other things that need to be done. • The IRS's own time estimates for filling out the 1120S and Schedules D and K-1 is just under 75 *HOURS*. Even if it were realistic (it's always much more in reality), that's one full work week for me. • The entire return is too complicated. • Everything else is reported in 1099 format. I've heard that the CPA community has pushed for 1099 format as well. Why don't you listen to them?
Form 1120-W — Estimated Tax for Corporations		
1120-W	1	[No specific comments received].
Form 2210 — Underpayment of Estimated Tax by Individuals, Estates, and Trusts		
2210	5	• This form is way to complicated, and requires the analysis of data in odd time intervals. Instead of quarterly, for example, you need data for periods ending in May and August. And the form is complex, and not easily understood. • I always annualize my income tax payments and this form is extremely difficult to complete. • Extremely complicated. I am a CPA and tax preparer and only try to complete this form with computer software help. • This form must have massive use among taxpayers and yet it is so complicated with its duplication of information that very few can complete it correctly. Obviously this is why You offer to compute it for the taxpayers. • This form is far too complicated for an individual who had uneven income during the year. Regulations should be changes to simply ask, "What was your total income for the calendar/tax year, and did you pay enough taxes by January 15th of the following year to cover all your income?"
Form 2290 — Heavy Vehicle Use Tax Return		
2290	1	• Instructions need to be back inside form.

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
Form 2553 — Election by a Small Business Corporation		
2553	2	• Many of us small businesses who incorporate are never planning on stock, but the IRS wants to know principal shareholder info, etc. We need a separate form for small incorporations that are not offering stock in their companies! • After reviewing this form (and the instructions) on four separate occasions, during the course of 2 1/2 months, I finally figured out that I only had to complete page 1 of this multi-page document. I am a college graduate (UNL 1996) and have also worked as a design engineer for nearly 15 years, it ought not take me over 12 hours to figure out how to fill out a form. At most, I should have needed no more than 3 hours to understand the instructions.
Form 2688 — Application for Additional Extension of Time to File U.S. Individual Income Tax Return		
2688	1	• As a CPA working with closely-held businesses on a daily basis I feel their frustrations related to income tax compliance. One means of painlessly reducing some of this frustration would be to eliminate the additional extension filings for individual and partnership tax returns (forms 2688 and 8800). These forms provide no additional, meaningful information to the IRS and simply require additional paperwork, fees and complication. It appears the only reason for the continued existence of these forms is as a means of assessing additional penalties in the event of noncompliance. In taking this recommendation even one step further, many states have adopted paperless extension procedures. These procedures only require the filing of extension requests in the event there is a payment due. Otherwise a taxpayer is granted an automatic six or seven month extension. For federal income tax purposes individuals, partnerships and corporations are required to file "automatic" extension forms (4868, 8736, 7004). Many of the taxpayers filing these forms are not even required to pay tax (partnerships and most S corporations). By adopting provisions similar to many states (California being one) that do not require the filing of extension requests unless a payment is due and that also do not require a second "additional" extension, compliance requirements would be greatly simplified for individuals and small business owners. There should be no reason that anyone (including Congress, the IRS and taxpayers) would object to this change.
Form 2848 — Power of Attorney and Declaration of Representative		
2848	1	• As a CPA firm we had to send this form in to give the IRS information on and error on their part, we were not requesting any info on taxpayer we were only furnishing them with information to correct their

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		account. Client signed form and we signed it and faxed it to the IRS practitioner hotline. They sent it back to us because the client failed to put his title on this form. Now my question is if Donald Duck had signed this form and put his title on it would it have gone through or what difference does it make if they receive a power of attorney do they know who is authorized to sign it. No they are just playing games to show how powerful they are and how very much they do not want to do any work at all. We are always trying to work with them to correct their errors but they go out of their way to cause more problems. The real problem is their total abuse of power even in the smallest way.
Form 3115 — Application for Change in Accounting Method		
3115	3	• I have been doing my own taxed for years without any problem. This year we changed from a cash basis to a "modified accrual" accounting basis. I downloaded Form 3115 and its instructions from the IRS Website and was stunned by the length and complexity of this form. I had to contact an accountant to even begin to understand how to fill this out! Why should a business even have to "apply" for permission to change its accounting method? Why not just have a section on Schedule C that says "Accounting method changed this year from [check boxes or codes] to [ditto]." And I was aghast at the indication that I might be CHARGED A FEE for the "privilege" of changing my accounting method! Why should I have to pay the government to be able to do this? What does it cost *the government* when I change my accounting method, that would require a fee? This form is completely outrageous and overly complex and needs to be simplified or eliminated. • Instructions are unclear AND incomplete. • In my case, all I need to do is change from a cash basis accounting to accrual basis. This should be a pretty simple change. While I realize the need for some supporting documentation, this form requires way too much research into specific legal arenas. The time estimates on completing the form should be a big enough flag to show that this form needs some serious work. While there already seems to be too many IRS forms, this one may need to be broken down into different, more specific forms. It tries to cover too many possible scenarios. Thanks for asking for our input. I hope this helps.
Form 4562 — Depreciation and Amortization		
4562	23	• I have a degree in Accounting, with honors, from the University of Texas (though I don't practice accounting) and I have to read the rules on depreciation at least 3 times every year and then just pray that I'm interpreting them correctly. Too many categories, too many exceptions, too many methods.

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		• The depreciation forms are getting to complicated. Need to be simplified. We need to have information at the beginning of the year such as travel expenses, mileage per mile and the amount allowed for food when we are out of town. This takes a lot of time to figure and then we have to go back and redo it all when the changes finally come out. Like right now we do not know what our mileage rate or the meal allowance is for 1999. Why do we have to do our records twice? • Too complicated. • VERY COMPLICATED!!!!! and disbursement of assets is not easy to understand. • There is never enough room to enter the requested data on this form. However, the instructions are so confusing that you really don't know what to enter in!! There is way too much crammed in on this form - It should be broken out to cover just Autos and another to cover Equipment that is depreciating. Maybe a 4562-EZ. • The form may not be the problem, it's number of times the way depreciation and Amortization is calculated is changed by the IRS. There is not always a proper place to put the correct amount or type of depreciation I am doing for older property, because the rules have changed. There have been years that I have just not taken this deduction because I can't figure out where to fit it in on the form. • I run a one person consulting business. I usually can take a Section 179 for depreciation. It would be great if I could skip this form and include the depreciation directly on Schedule C. • Too complicated to calculate and to know what assets are depreciable or not, and to know which method to use, etc. • Very complicated and TIME consuming. a. Difference between dep. as to amort. b. figuring out it's reporting time table. c. What type of property or equipment it is. d. Trying to find your specific item in the chart in the back of the manual. Not always definitive nor very conclusive. Vague at best. e. Section 179 deductions; allowed deduction compared to profit/loss formula. Note: actual the whole pub is a pain, I spend as much time on this form as I do completing the rest of my 7-9 forms and doing state. • No matter which depreciation method you elect you are required to make all calculations TWICE, using two different depreciation rates! First for Form 4562, then again for Form 1120S, Schedule K1. I would rather have a lower overall depreciation rate than be required to do all the calculations twice. • Too complicated, beyond comprehension. One of the reasons I must use an accountant to do my taxes. Note: the reporting requirements for employees is so time-consuming, this is the main reason I've never hired anyone to help me in my photography business. If this was greatly simplified, I be more inclined to take on some help and I'm certain I could grow my business in a minute! • Absolutely mind bogling. I can't get the IRS help lines, my software and account to agree on the definitions! • Way Too Complicated! Must we have both GDS and ADS? Isn't there anything better...

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Form/Schedule Number	Votes Cast	Comments*
		• After reading the instructions, I still do not know what "Section 179 Property" or "Listed Property" is. My business is very small. I bought a piece of equipment that I would like to expense, but the terminology is such that I'm going to seek help from a professional for the first time! • Too complicated. • I have tried to use this form to help my wife write off the phone and office equipment for her business. I'm an engineer and my wife does medical transcription. I was completely stumped by the instructions for this form. It makes reference to "section 179", without ever explaining what this is. There are parts on "listed property", with only vague explanations of what this is. There are references to MACRS Depreciation, with no explanation what this is. Both my wife and I have bachelor's degrees, but this form is way beyond us. This is obviously part of the Accountants Full Employment Act. All we want to do is to write off a cell phone and a keyboard, for Pete's sake! • I have a small home business and use my computer, internet and cell phone for my business but I have no idea how and IF I should use this form. I was told I need it but I can NOT figure out HOW to use it. • Depreciation rules are absolutely out of control. This stuff is completely impossible for anyone to figure out. • This form SUCKS!!! I can't believe all the crap I had to go through with half-year depreciations, quarter-year depreciations, several different depreciation options, and all sorts of math done on oddball endpoints. Make the dates and schedules one size fits all! Particularly galling is that off-the-shelf computer software is not Section 179 deductible, despite the fact that in our Information Age economy it serves exactly the same function as an industrial machine.
Form 4626 — Alternative Minimum Tax — Corporations		
4626	1	[No specific comments received].
Form 4797 — Sales of Business Property		
4797	3	• Depreciation allowed or allowable since depreciation. Where do you get this info???? • I am selling a rental property. This form is a complete mystery. Which section do I fill in? How do I determine if it is a section 1255 property, 1250, 1245??? Reference is made to a section 50(c)??? where? What is section 179 expense deduction? I have your publications, but can't decipher. • Extra form that maybe could be combined with Form 4562 or as additional income/loss on Schedule C.

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Form/Schedule Number	Votes Cast	Comments*
Form 5500 — Annual Return/Report of Employee Benefit Plan		
5500 5500-C/R 5500-EZ	3 2 1 6	• Oh my God! I WAS going to start a cafeteria plan for my employees. The idea was that they could buy eyeglasses and other medical supplies with before tax dollars, and also incorporate a 401k. I have 5 employees including myself. I just STARTED to read the instructions for from 5500 c/r, wxyz and all the rest. It's not worth it. The LAW is too complicated. And the form/instructions are even worse. I'm a literate guy, but this part of the law is set up so that no one except businesses with thousands of employees could do it, and I suspect that with that many, it's not worth it either. All I want to do is to offer a matching 401k, medical/dental insurance, and reimbursement of medical expenses for my employees without spending $5000 a year for the paperwork. Is that so much to ask? The cafeteria plan is a great idea, but it would cost too much to implement it, and I'd be terrified I'd make an innocent error and end up owing more than the gross national product of Switzerland. • Needs to be simple and ask questions in a language that can be understood. Forget the technical jargon. Also the instructions are also unclear. You need to educate an elementary school teacher on how it works and have that person then rewrite the instructions. • Very difficult to understand and top heavy calculations require a rocket scientist to figure out the possible permutations. • (5500-C/R) It is totally incomprehensible! The instructions--file 5500C one year, 5500R some other year--make no sense. This form is overkill for small businesses with only a few employees. Please: make it simple! • (5500-C/R) Too complicated; instructions are unclear. I am a small business owner with two employees and a Money Purchase Pension and a Profit Sharing plan. I do all of our tax reporting and have found that everything related to corporate tax filings (S-corp) and employer filing is relatively easy to work through. This is our first year with the retirement plan. I reviewed last year's form as preparation for doing this year's form when it is available and it is very daunting. I found many lines on the form to be unclear. I could not understand what the IRS is asking for. For me, clear descriptions of each line, including what is being asked for and, as applicable, what it is used for, would greatly clear up my questions. I am also a big fan of examples. Try to find a couple of different business types and work through a hypothetical filing, including "why" certain answers are giving. A reasonable astute person can infer lots of information from a well worked example. • (5500-EZ) Instructions are not clear and no notice is given when this form is required by IRS. Why is this info necessary in the first place?

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Form/Schedule Number	Votes Cast	Comments*
Form 5884 — Work Opportunity Credit		
5884	1	[No specific comments received].
Form 6198 — At-Risk Limitations		
6198	1	• Part IV-Deductible loss. It doesn't clearly tell you where to list that amounted loss on your 1040. If you loss is listed on 1040 line 12 it shows as adjusted gross income.
Form 6251 — Alternative Minimum Tax — Individual		
6251	13	• This form needs better instructions on how to calculate the various preferences, especially ISO's. • TOO COMPLICATED. • This is a parallel and independent tax system of its own, nearly as complicated as the original! At least, let us have a flat tax for the AMT, with a lower rate and no loopholes! • 1. no one understands it. 2. no one can explain it. 3. it does no good. 4. it is not indexed, in a couple of years everyone will pay. 5. don't change it, get rid of it. • AMT causes us to maintain 3 sets of data; regular tax info (eg depreciation), AMT info (eg different depreciation and book data (GAAP data). If individual taxpayers are middle class income people, essentially income from salary and wages, & under $150,000/year, eliminate the AMT considerations for them and their children. • This tax is out of control. It is becoming unfair and is now applying to individuals that were never intended to be covered by this tax. • It is more of the insult of having to pay more taxes. Even if it costs me a lot to run my business and make it grow. But my reward for growth is an increase in taxes because someone else either took advantage of the system or greed once again found a way into my income. • The Alternative Minimum Tax computation is the most egregious of all the tax law inconsistencies. Taxpayers are unable to plan for proper minimization of this provision and most are unaware of its existence. Many otherwise middle class taxpayers are captured by this provision made to capture taxes from the wealthy rich who otherwise would pay no taxes. It has failed when it only captures middle class taxpayers. • Definitely too complicated. Unable to understand how/why you get to the end result. • Very complicated and should be done away with that common person does not understand it and it is a

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		gimmick of the govt to catch the common person into paying more taxes just because the complication of the form and no one even the accountants don't understand it.
Form 8027 — Employer's Annual Information Return of Tip Income and Allocated Tips		
8027	1	[No specific comments received].
Form 8109 — Federal Tax Deposit Coupon		
8109	6	• Instruction need to be modified in order to CLEARY state who I make the check out to, and where I mail it. Every place I looked all I could find was: "Mail or deliver deposits with completed deposit coupons to an authorized financial institution or a Federal Reserve bank...." That's all fine and dandy, but how do I find a FRB, or other financial institution. There's not listing of them, there's no pointer to them, nothing. Considering getting taxes is the most important thing, shouldn't you make that process soooooooo easy? • The form or instructions should tell where to find a Federal Tax Deposit Coupon (Form 8109) rather than state that you need to file Form 8109 if your tax for the quarter is over $1000.00. Form 8109 is obviously difficult to come by and we employers are penalized when we don't use one. Where can we get a form 8109 and where can we deposit funds with said form? I was penalized $191 plus because I didn't file the 8109 for my new (and only) employee. I filed a 941 in a timely manner with the correct amount of tax, but because I couldn't locate any 8109's to file I was penalized. Yet even today, I have searched your web sites and the CD-ROM for 1998 which I have in my possession and no 8109 can be found. It would be nice if, on the 941 instructions, you would direct the employer to WHERE to the 8109... not just say that we need one... because I don't have a CLUE as to where to find one and will probably be penalized! over and over and over again for filing the wrong form.... BUT WHERE IS THE 8109? • This is a difficult form to obtain. It is not obvious to a new business owner that they are needed. Forms sent by mail indicate payments can be mailed and give directions to do so (Cat no 14625L). Form 8109 should be pre-printed, but in a shorter time (not short enough to file on time) the IRS is willing to send a few blank ones. It is not possible to obtain blank ones from the bank; the bank will be fined if they pass out blank forms. It is not possible to download the forms, blank or otherwise, from the Internet. The result, penalties due to late payment or mailed instead of deposited. The amount of money on my deposit checks is very small, smaller than the penalties. • ALL IRS forms dealing with small businesses, including but not limited to 940, 941, 8109, 1120S, I-9 et al. Ridiculous, the time small business starting up have to deal with tax issues, when there are other things

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		that need to be done. • The Form itself is not a problem, but I spent over two hours trying to identify and locate the information about who to pay this to and where. I finally had to go online for this information as the form discusses FTD's are local FRB's that I should be paying your Web-site suggests I can just send it to the IRS. How much more confusing and obtuse could they have made this? • Why have a booklet in the first place? If its really necessary, why not describe in simple, easy to identify English what the tax types are. On the front of the form, the user is asked to identify the type of tax. Most of us are so busy we have no idea what a 945 or 1120 tax is. This is because modern computerized accounting systems that you buy off the shelf specify things like FICA and FUTA in their nomenclature. So why don't you print something like 941.
Form 8300 — Report of Cash Payment Over $10,000 Received in a Trade or Business		
8300	1	• Completion of this form is a great burden for small business. It takes 20 to 30 minutes just to get all the information and fill it out. Then we take time having a supervisor review the form to make sure it is correctly filled out. Then, about a year after we file the form, we get a notice from the IRS that the form was incomplete (some little item was inadvertently omitted or filled out incorrectly). Or, we get a notice saying that the EIN or social security number which our customer gave us is incorrect. This is a completely unnecessary form, which takes way too much time, and is just another instance of government pretending to go after criminals but instead making life difficult for the rest of us. This form should be totally abolished. It penalizes the innocent businessman - not the drug dealer. The drug dealer's business associates don't file the form.
Form 8594 — Asset Acquisition Statement Under Section 1060		
8594	1	• Too confusing. Instructions are not clear enough.
Form 8606 — Nondeductible Individual Retirement Accounts		
8606	2	• Form is fine but information is often hard to obtain from holder of IRA account (bank, investment company, employer). • Too complicated. Why not have a separate form for Roth conversions?

* Specific comments and recommendations were not received for all votes cast.

Form/Schedule Number	Votes Cast	Comments*
Form 8716 — Election to Have a Tax Year Other Than a Required Tax Year		
8716	1	• Instructions are unclear for line 4 information.
Form 8824 — Like-Kind Exchanges		
8824	1	• Line instructions are very unclear.
Form 8829 — Expenses for Business Use of Your Home		
8829	6	• We have two businesses in our family - his and hers. There's no indication whether we should combine our square footage and usage or file separate forms. • Directions for this form should be given line for line. Each line should have a brief example. Instructions for lines 10,11,12 are vague. Give some a examples of other deductions (line 19 I believe). • Should exclude health care professionals and former homes which convert to State licensed Residential Care Facilities. IRS auditors erroneously misuse this form to penalize/discriminate against start-up facilities which show only business expenses and no profits. To misuse Form 8829 against a health care professional is demeaning and insulting to their training and profession. • Cannot locate the instructions to do the form!! • Instructions very difficult to decifer regarding deductions and percentages, especially for utilities. • Instructions are too complicated and unclear in explaining the difference between direct and indirect expense items for deduction... it is too difficult to judge whether or not something falls under direct of indirect.
Form 8832 — Entity Classification Election		
8832	1	• It's the year 2000 for starters and most DBA's that receive file for an EIN the decide to go Corporate need this form but are confused because they will always file after 1997 as the form states.
Form SS-4 — Application for Employer Identification Number		
SS-4	3	• You need to separate the information on obtaining a number for an estate and that of a business

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		application. Also if you want to give "real" customer service reinstate the phone # to secure the EIN at once. • I am starting a Limited Liability Company and have been trying to get a simple EIN. I have read every single line of instruction and my application has been rejected 3 times. The instructions that are sent back are different from the ones supplied with the form for LLCs. My current understanding is that an LLC needs to file for 2 separate EINs. One applying as a sole proprietorship (which I am not), and a second because I need to hire employees as an LLC. That makes no sense at all. This is a confusing mess, and the directions are not clear. Why not add a box to the form that says "LLC" and clear up the whole mess.
Form W-2 — Wage and Tax Statement		
W-2	1	• Very difficult to decipher who can take what exemptions based on the instructions. Doesn't cover full-time students, doesn't clearly tell you how to deduct yourself if you are a business owner.
Form W-8BEN — Certificate of Foreign Status of Beneficial Owners for United States Tax Withholding Form W-8IMY — Certificate of Foreign Intermediary, Foreign Partnership, or Certain U.S. Branches for United States Withholding		
W-8BEN W-8IMY	1	• These forms are very difficult to understand and use. The instructions are overly-detailed and confusing. Most people will not know the Treaty article number applicable. In addition, it will be difficult or near impossible to get third-party foreign-based agents to fill out the W-8IMY form. These forms replaced the old Form 1001 and instead of simplifying that fairly difficult form, the IRS has now created an entire series of badly numbered and named forms that are significantly more difficult to use.
Form W-9 — Request for Taxpayer Identification Number and Certification		
W-9	2	• Neither form or instructions make it clear how a corporation is supposed to respond to this request. We do know that our customer should not be withholding from amounts paid to us, but this is not the same as being exempt. 9 out of ten times, because we are a small business (even though a C-corp), when we respond to a W9 request - we end up getting a 1099. This tells me the instructions are not clear and that companies don't know what to do with the information when they get it. I'm just waiting to deal with the mess when some dufus withholds on us when they aren't supposed to do so. • This form needs to be eliminated. I consider it a prime example of how bureaucracy works. The problem in the 1970s was that tax protesters were submitting fake tax id numbers to confuse the IRS's efforts. To

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		hold them to the possible penalties of perjury, this form was instituted. The maintenance of this form consumes forests for the paper and probably hundreds of millions of dollars in wasted human time. It should be eliminated.
Other IRS Forms		
Other	9	• Forms are just too complicated the tax laws are insanely complex. All of them are difficult and insanely burdensome. I have a form in need 8109-C that is simply not available online. Why can't I just pick up the phone and call ???? It's a change of address for business. • The S Election process is extremely misleading and detrimental to small businesses who are unaware of the time frame and the process. It appears that when one files the SS-4 to get an EIN number, that you are checking a box for S Corporation. You do not realize that you must file another form to actually elect. If you miss the election deadline, or are unaware of it, then you cannot pass through losses for your small business, which will almost always suffer a loss in its beginning. Why not use the SS-4 EIN number request form as the form applicable for making the election? It would be so much more straightforward and FAIR. • Form 1042. For trusts and estates, payment should be integrated with the Form 1041. • The child tax credit worksheet form is very confusing & I'm still not clear on what to fill out. the worksheet or form 972 or what.... Haven't been able to get a 972 form. • I feel that there are many many instances where the incredible paper trail of tax work could and should be minimized. One suggestion that would work with the existing form system would be to have ALL of the information that is relevant to personal and/or business taxes on one CD-ROM (or set). With the addition of some simple programming a person could be led step by step through each form down to a "tax trail" (as seen on your website) for each individual line. There could be on-line links to updated FAQs or even a e-mail question service with perhaps a 3 hour turn around time on most questions. Lastly it should incorporate a on-line e-filing, electronic payment, and a verification e-mail stating that everything was received and in order. To see this sort of system would greatly ease the existing paper mess that most people now face. It would also support the existing form system so there would be minimal filing changes. I hope this helps! • Form 1041 should have an EZ form with a schedule D. Many trusts just don't have that much going on in them to have to fill out so much paperwork. • I don't know which forms are the worst offenders yet, I'm just getting started. Let me say, though, just trying to figure out WHICH forms I need to file, and where I can get them is a pretty tough task. I find very little help, especially for LLCs.

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FORM/SCHEDULE NUMBER	VOTES CAST	COMMENTS*
		• It's not necessarily forms but the regulations. I've spent 1.5 hours trying to find all of the codes and regulations on the IRS home page to figure out if our very small business' 401(K) plan is top heavy. We match an equal percentage for all employees so this seems ridiculous. And I still haven't found all of the major items referenced. • Taxpayers should be able to print ALL forms with a laser printer. Its inconvenient to send off for the pre-printed forms. I've had to reorder forms 1096 and 1099misc several times because I can't get my software to line up and print in the pre-printed boxes. And the multiple part paper doesn't feed straight. • Thank you for the opportunity to participate in this survey. As a small business owner I think the small business classifications for employers under the term EZ, should have a separate employer package, complete with one full form, sent during the initial assessment and establishment of a Federal EIN. I also think that all the taxes should be deposited all at the same time, regardless of amount and perhaps that should change from quarterly to bi-annually, if the quarterly amounts are not substantial enough. I would like to mention the State of California's employer package is more user friendly for a small business employer making tax deposits. I just spent three hours researching whether or not I needed to deposit a 940 FUTA tax of 32.04 by 4/30 to make the quarterly deadline. Discovering that I only deposit 940 quarterly tax if it is over $100 in the quarter, and to deposit it when it reaches that amount, begs me answer your inquiry. Wish I could bill someone for the hours spent or have even a tax credit for time required to read the information booklets. Yes it is all complicated and time consuming, you just need to visit this page to see for yourself. You have the power at your discretion to use the resources available to you to make the system function. It is a mark of your ability to gather those resources and make the system work for the 21st century. Speed is king and the small business will never survive without being able to respond rapidly, to market conditions and even the IRS. Small business owners of tomorrow with thank the people responsible for the system architecture of the government who understands and can interface with the small business, pc user. Thanks so far... • Form 8379 Injured Spouse: The last 3 years I filled the IRS has miss placed or lost my form. I don't recieve my return until Aug. if I am lucky. This is so unfair because my husband before I met him had kids it takes me about 6 months to receive my return. So I am punished for something I had nothing to do with. This system needs some new way of being handled. Think if you had to wait for your. How long do you want to wait? Also I can not file e-mail or any quick way so I am punished for something my husband did before getting married. Its my recommending people dont get married and they won't get the shaft from the IRS have babies live together and file separate you will get your money faster and all of it.

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IRS Publications

Publication Number	Votes Cast	Comments*
Publication 5 — Appeal Rights and Preparation of Protests for Unagreed Cases		
5	1	• This would require a Tax Lawyer to understand.
Publication 15 — Circular E, Employer's Tax Guide		
15	9	• Charts create a short fall in amount paid when used directly. • Ok - Why is it I never find the answer to a question in this publication - Oh yea, it is in Pub 15A - Come on - give us the info in one publication with a good index and examples that are real life. • It is extremely difficult to sort out which things apply to a specific business. You have to read every word to decide if it applies to you -- and then it's not clear. I would suggest a "tree structure" questionnaire which guide one to the correct forms and filing dates. • Need an overview in the front to explain the different taxes. • Circular E and its Supplement could be much more clear cut in stating what exactly is required and when. An EASY TO READ summary would be highly useful. • Please cut out the legaleze! Make it much easier to read. And, please, please, please put in examples! Perhaps a program that will offer specific answers to questions a taxpayer would have. Something along the lines of a Taxcut or Turbotax program clone that will help you to file your quarterly taxes would be helpful. • It is very unclear. I can not do this myself I have to pay someone because it is so confusing.
Publication 334 — Tax Guide for Small Business		
334	14	• Should be easier to understand "plain English." • Does not contain all of the answers, unclear, needs many examples, we are not accountants. • It seems to ignore consultants and writers. • Too general. Need several types for different types of business. • Let the people know what they are reading. Some of the pages are in greek. • Sales tax from state/local: Instructions to Schd C, line 23: You MUST include these to gross sales line 1. Under the DO NOT: It's not included in gross receipts or sales. Pub 535 also says do not, So, you "Must"

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PUBLICATION NUMBER	VOTES CAST	COMMENTS*
		then you "Should not". ????????????? Which one????? • When a small corporation starts up it is to be expected that it may be several years before a number of investors are found. Meanwhile the founders hold a significant amount of the OUTSTANDING stock. The IRS leans very heavily toward treating you as a personal holding company during this time, even though the founders may hold only a fraction of the AUTHORIZED stock. Not only is this explained vaguely, it implies you are attempting to engage some loophole (which is not explained and is probably entirely not applicable to small business investors). Don't assume bad intent and provide a clearer test to discover those seeking a loophole. • *PLEASE!!* produce a publication for small businesses operating as S-Corporations. Help us to understand when we act like a C-Corporation and when we act more like a sole prop or partnership. Things like: Distributing corporate income; Employee vs. Employer vs. Owner vs. Self employed. I was able to infer a lot of information from Pub. 334, even tho it was for sole proprietors. I also get a lot out of Pub 542, but it is difficult to understand how the S-corp is treated differently. I think it would be very helpful to having Pub 542 for S-Corporations as well. • I would like to have received from both the Federal (IRS) and State(Maryland)agencies, a complete schedule, clearly marked in checklist form, as to what forms were expected when we were newly incorporated. That would make it easier for non-accountants, like me, to comply with the regulations. • This publication and the forms it represents needs to be made simpler for very small business needs, there is so much paper to fill out when it could all be done so simply for a sole proprietorship with no employees, I don't understand why you all need to make everything so complicated?
Publication 463 — Travel, Entertainment, Gift, and Car Expenses		
463	3	• This also relates to Publication 463 - Travel, Entertainment, Gift and Car Expenses. I have both Publication 463 and 535 regarding travel expenses and I had a hard time with the many different explanations of actual costs reimbursement vs. using the various standard per-diem rates and trying to figure out when I had to use the 50% rule and when I did not. I was also confused about when I could count meals as expenses and when I could not. It seemed to say that I had to work such that I had to stop for sleep to get meal reimbursement, yet I work many days where I travel about an hour away, work 12 hours, and travel an hour back. This makes for a 14 to 16 hour day in which I have to buy three meals on the road and feel that should be valid for meal reimbursement. Or maybe I was just reading the publications wrong. • Overly wordy. Need outlined information (not textbook). Also need to give common examples of "gray" areas that you get the most inquires on.

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Publication Number	Votes Cast	Comments*
Publication 505 — Tax Withholding and Estimated Tax		
505	3	• Tell me what you need from me, right up front. I would love to give it to you and save time. The document could be about 1/3 the length if it got rid of all the extraneous dislogic. I spent 2 hours on the phone with several different IRS representatives trying to decipher whether my corporation actually had to make monthly deposits, or quarterly deposits. • Very unclear, and much of the stuff in it doesn't apply to me, and it's hard to find the stuff that does.
Publication 533 — Self-Employment Tax		
533	5	• Confusing.
Publication 535 — Business Expenses		
535	5	• This also relates to Publication 463 - Travel, Entertainment, Gift and Car Expenses. I have both Publication 463 and 535 regarding travel expenses and I had a hard time with the many different explanations of actual costs reimbursement vs. using the various standard per-diem rates and trying to figure out when I had to use the 50% rule and when I did not. I was also confused about when I could count meals as expenses and when I could not. It seemed to say that I had to work such that I had to stop for sleep to get meal reimbursement, yet I work many days where I travel about an hour away, work 12 hours, and travel an hour back. This makes for a 14 to 16 hour day in which I have to buy three meals on the road and feel that should be valid for meal reimbursement. Or maybe I was just reading the publications wrong. • In reading SchC Instructions from 1040 to reading Pub 583 which sends you to Pub 535 is unclear in many areas. Since I work with business accounts I would like to make them more aware of the accuracy in their recording expenses for their business. The publications seem to leave them in confusion. In the area of Office expense vs Other expense has left them placing expenses in even other accounts that have no relevance to each other. I have had to call IRS myself for information and have received different answers on the same question. Maybe if the books listed examples (other than Pub 583) it would make it easier for all. On another note: I want to thank the IRS offices for trying to be very helpful as well as very cordial. I would like to work with the IRS by helping other businesses understand the accuracy and importance of their record keeping as well as being honest. • Needs to be updated for additional/new expenses. IE: computers, internet, e-mail etc. people use in their

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Publication Number	Votes Cast	Comments*
		small businesses. • Unclear - what is the difference between "supplies" and "other expenses", and "other expenses"? • This needs to be revised to tell where the costs go of selling via the internet. Hosting fees, registration of a domain, store-front type software, fee's, etc all need to be addressed.
Publication 536 — Net Operating Losses		
536	1	• Overall very confusing as to eligibility, and application methods.
Publication 537 — Installment Sales		
537	1	• Same reasons as above [with respect to Form 4797] — I am selling a rental property. This form is a complete mystery. Which section do I fill in? How do I determine if it is a section 1255 property, 1250, 1245??? Reference is made to a section 50(c)??? where? What is section 179 expense deduction? I have your publications, but can't decipher. Also reference is made to Publication 8582, which I can't find online.
Publication 538 — Accounting Periods and Methods		
538	1	• Needs more examples. The entire publication is difficult to understand. Definitely need to elaborate on the "Valuing Inventory" section. In general, I found the examples the most valuable in all publications.
Publication 547 — Casualties, Disasters, and Thefts (Business and Nonbusiness)		
547	1	• Unclear, does not address the issues I need and there should be some examples.
Publication 560 — Retirement Plans for Small Business		
560	3	• I started a SEP plan in 1997. After setting the plan in force, every year at tax time, I found that I had over funded the plan, causing me time and frustration figuring out what the amount would be for the following year. Not to mention the aggravation in reporting the amount overfunded. I do not plan on funding my SEP this year due to the problems faced in the past.

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Publication Number	Votes Cast	Comments*
		• Unable to understand--too difficult, and requires the advice and services of an attorney specializing in retirement plans to set up/administer a retirement plan. I am an employer with 3 full-time employees, and would like to set up a retirement plan, but the cost of setting up/administering the plan is almost prohibitive.
Publication 583 — Starting a Business and Keeping Records		
583	2	• Not enough information for single person home-based businesses. This is one of the largest growing factions of business and some examples would be helpful. In my research, which included IRS publications, SCORE website, questioning other small single-owner businesses, there seemed to be no clear guidance that fit my own circumstances which are not unusual for a home-based business. Would specifically like to see an example using freelance commercial designer/artist.
Publication 587 — Business Use of Your Home		
587	3	• Unclear. • It is very complicated to read, and should be revised. Instead of using square feet of space in formula, should use amount of rooms in an in-home business. • Here is a perfect example of what I was saying above. This publication only helps those who file schedule C with form 8829. Where does a partnership deduct the use of their home?
Publication 594 — The IRS Collections Process		
594	1	• Completely unclear as to what the IRS can and cannot do to the taxpayer, you need to have a degree to understand it at all.
Publication 925 — Passive Activity and At-Risk Rules		
925	1	• The basic concept of "passive" and "at-risk" rules are just foreign to Americans. The program as it is came in in 1987 and has been a wonderful tax practitioner job security program. For that I' grateful, but it isn't simplification.

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Publication Number	Votes Cast	Comments*
Publication 931 — Deposit Requirements for Employment Taxes		
931	3	• Really complicated, in fact the whole process is too complicated. We need a flat tax and we need it bad. The current tax reporting requirements on small businesses take too long and waste valuable productivity hour. • The explanation is so convoluted that I have to think it through every time I read it (I am a college graduate). Why not just say there are 5 days, or 4 days, or 72 hours, or something simple instead of the complicated jargon currently used? Or just make it simple: Your tax deposit is due within 7 calendar days of your payday. • The form or instructions should tell where to find a Federal Tax Deposit Coupon (Form 8109) rather than state that you need to file Form 8109 if your tax for the quarter is over $1000.00. Form 8109 is obviously difficult to come by and we employers are penalized when we don't use one. Where can we get a form 8109 and where can we deposit funds with said form? I was penalized $191 plus because I didn't file the 8109 for my new (and only) employee. I filed a 941 in a timely manner with the correct amount of tax, but because I couldn't locate any 8109's to file I was penalized. Yet even today, I have searched your web sites and the CD-ROM for 1998 which I have in my possession and no 8109 can be found. It would be nice if, on the 941 instructions, you would direct the employer to WHERE to the 8109... not just say that we need one... because I don't have a CLUE as to where to find one and will probably be penalized! over and over and over again for filing the wrong form.... BUT WHERE IS THE 8109
Publication 946 — How To Depreciate Property		
946	5	• I have a degree in Accounting, with honors, from the University of Texas (though I don't practice accounting) and I have to read the rules on depreciation at least 3 times every year and then just pray that I'm interpreting them correctly. Too many categories, too many exceptions, too many methods. • Unclear, methods of calculating impossible for one person to figure out without the aid of a costly professional. • This publication is extremely unclear. In some places it leads you to believe that certain property should be in one class and can be depreciated by one method, while in other places it tells you that the same property MUST be listed in another class and MUST be depreciated using another method. • Recapture rules are confusing. • The guide is as bad as the depreciation law itself.

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Publication Number	Votes Cast	Comments*
Publication 1036 — Income Tax Withholding and Advanced Earned Income Credit		
1036	1	• Language is confusing and not concise. calculations and tables are horrible.
Publication 1345 — Handbook for Electronic Return Originators		
1345	1	• Many of the requirements hinder use of electronic returns. Why must e-filed returns have more detailed information than those filled on paper!
Publication 2053 — Quick and Easy Access to IRS Tax Help and Forms/Fax Forms List		
2053	1	• This Publication implements a system of making certain forms more difficult to obtain. Though nearly every employer must file W-3, W-2, 1099,1096, and Tax deposit forms ONLY on the special forms printed with Red and blue ink, they are no longer available or limited at local offices, downloaded or copied forms are not allowed. They used to be sent at year end automatically or were available locally. Now they must be ordered in advance before the time when a business may know how many they need etc... This has lead me to ordering extra copies and copies of every form I think I might need, where before I only got what I needed plus a few extras. Eliminate all of the "Required Forms" which have the special colors, etc..
Publication 3106 — Overview of Image Reimbursements Program		
3106	1	[No specific comments received].
Other IRS Publications		
Other	4	• All are confusing, and apply for so many different situations. • Generally, I think that a new business should be provided with a short 2 page document, outlining specific tasks that need to be completed, when, and the consequences of not performing the tasks on time. Also, a new business should be provided with a realistic way to calculate projected tax liabilities for the year, down to the extreme details. In general the tax forms and information appear to be created by people who have a vast and detailed knowledge of the tax system. I and most other small business owners do not have

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PUBLICATION NUMBER	VOTES CAST	COMMENTS*
		the same knowledge, nor do I want to. I am a fairly bright person. I'm no genius. I've had to really spend a lot of time and concentration understanding the tax system, just to make sure my accountant had all the correct information. If my business fails it will not be because I did not have talent or drive, a work ethic or ambition. It will fail because I couldn't overcome the burden of tax information overload. I would be more than happy to relay more of my experiences as someone attempting to run a small business. It definitely needs to be done before all innovation is squashed by large corporate interest, just because they can afford to pay a good accountant. • As the population ages large print publications should be made available, even if at cost. • For what you have to try to explain the publications are fairly well organized.

* Specific comments and recommendations were not received for all votes cast.

IRS Letters and Notices — Education/General

Education/General Notice Number	Votes Cast	Comments*
Notice CP 108 — Tax Deposit was Received but with Incomplete Coupon		
CP 108	3	• [Name deleted] in Central Florida could never get the tax deposit coupons to scan in correctly - In 3 years we have almost always received a notice that the qtr of the deposit could not be read so they guessed where to put it - usually getting it correct but what a waist! • I am constantly sent this letter even though I fill the form out correctly.
Notice CP 145 & 147 — Credit From One Account was Applied to Another Account		
CP 145 & 147	1	• Unclear.
Notice CP 138 & 149 — Overpayment was Applied to Balance Due on Another Account		
CP 138 & 149	1	• The policy of applying proceeds/overpayments/refunds to unrelated accounts or accounting periods or refunding perceived overpayments without consulting the taxpayer leads to "Cascading Errors" (I was told that this was the name for it at the IRS). For Example, due to an error a misapplied 941 payment may be perceived as an overpayment and refunded - by the time the taxpayer figures out the payment was for the following liability period, the payment is late, the payroll account has a penalty, etc... A subsequent refund from a 1020 payment may be applied to the penalty at the same time that the taxpayer makes a payment by mail. By allowing unrelated funds to be comingled, the accounts get so convoluted there is no way sort it out with any confidence.
Notice CP 261, 262, 264 & 265 — Notices Concerning S-Corporation Status		
CP 261, 262, 264 & 265	5	• Clients are not receiving this notice. We have had to call the IRS to see if corp. was approved. • Way to cumbersome and hard too understand. Please, Please give small business some relief from these time wasting reporting requirements. I would love to pay my fair share of taxes. We need a flat tax.

* Specific comments and recommendations were not received for all votes cast.

Education/General Notice Number	Votes Cast	Comments*
Notice CP 521 — Installment Payment is Due		
521	1	• [No comments]
Letter 3071 — Tip Rate Determination and Education Program		
Letter 3071	2	• [No specific comments received].
Other Education/General Letter or Notice		
Other	12	• We have used the FSC election in the past. When we switched from a small FSC to a regular FSC, the notice that acknowledged the change did not clearly say that any change had occurred. The notice puts the word (small) in parentheses regardless of which election you make, which is very confusing. • The letter and notices that you described are pretty easy to read and understand. • Any letter or notice that goes out should be written in newspaper level language. We Americans are essentially illiterate. When it comes to governmentese, it is more difficult to understand what we need to do. I realize that part of the problem is the legal requirements, but Congress, with all it's lawyer-politicians, could certainly fix the problem of skirmishes with the defense lawyer crowd, if they have the backbone to do so. • Many businesses receive notices from the IRS about information that has already been sent to the service. An example of this is when estimated tax payments are made and they have to send a letter with a copy of the front and back of checks so that IRS can trace them. The small business often has to pay the accountants bill for doing this. Why can't the accountant bill the IRS when it is helping them, when clearly it has to do with an IRS problem and the small business is not getting any benefit for paying the accountant the fee. • We always send our tax return and qt. certified, return receipt. The IRS sent us a threatening letter assessing us a penalty and interest for being late. We expended time and money to write the IRS, send them a copy of the certified receipt and the return receipt. Later we get a letter telling us that we would not be fined this time. I wanted a letter of apology for their incompetence. If we did not spend the money to send a certified letter we would have been assessed a penalty and interest. It cost both the IRS (which is the taxpayer) and us to show the IRS their error. • IRS form letters and notices are garbage. They have so much unrelated verbiage that it makes them very confusing. It is difficult if not impossible to determine what is relevant and what is not. Information

* Specific comments and recommendations were not received for all votes cast.

EDUCATION/GENERAL NOTICE NUMBER	VOTES CAST	COMMENTS*
		specific to the problem must be included in the letter to make it intelligible. • I am unfamiliar with the form numbers shown, but have received various notices due to the IRS crediting payments to the wrong quarter. The notices were totally unintelligible and I ultimately had to go to Problem Resolution to get the matter cleared up. • CP: 14 Notice of Underpayment of Estimate Taxes. The IRS notice never shows how they compute penalty and what date they show for receiving payments. Plus the fact that a taxpayer who forgets to make payment on date and then makes in later in month is out of luck; but if you are in position to make payments through payroll withholding the IRS considers these as made through out the year even if you did it on a December 31 bonus check. I have taxpayer who paid 90,320 in taxes for 1998 and is getting billed for 109 because he made one estimate payment late by 25 days. • No comment !! However nothing with the IRS is user friendly. • Notice of Change to Your Return - You have an amount due IRS. This notice shows penalty due for late payment of 941 PR Tax deposit. About half way through the letter the reason for the change is vaguely explained. All deposits for the quarter are listed in chronological order. There is no indication as to which payment was late. Could there be an asterisk, or some sign to show how IRS determined the penalty, late fee, whatever? Could the reason for the penalty be stated in the first paragraph instead of the 4th? • Do away with all those prior year interest rates in your collection notices. Very confusing to the poor and the senior citizens. • The IRS officers on the phone lines are always very pleasant, and eager to explain the wording of the forms in simpler terms.

IRS Letters and Notices — Adjustment

ADJUSTMENT NOTICE NUMBER	VOTES CAST	COMMENTS*
Notice CP 101, 102, 104, 121A, 122A, 124A, 131A & 132 — Math Error (Balance Due)		
CP 101, 102, 104,	5	• Make it easier to understand.

* Specific comments and recommendations were not received for all votes cast.

ADJUSTMENT NOTICE NUMBER	VOTES CAST	COMMENTS*
121A, 122A, 124A, 131A & 132		• Notices that show amounts due usually don't show the amounts were calculated. When someone sends you a bill, you want to be able to review whether it is correct.
Notice CP 111, 112, 114 & 133 — Math Error (Overpayment)		
CP 111, 112, 114 & 133	1	• [No specific comments received].
Notice CP 124 & 131 — Math Error (Overpayment or Balance Due)		
CP 124 & 131	1	• [No specific comments received].
Notice CP 210, 220, 230 & 240 — Correction; Taxpayer's Request for Adjustment		
CP 210, 220, 230 & 240	7	• The adjustment forms that you send the public are impossible to read. I am a tax preparer and sometimes I get a little confused. • Confusing.
Notice CP 2000 — Taxpayer's Return Information does not Match Employer's Information Return		
CP 2000	2	• Why does it take 6 pages to say "Our records don't agree. Please reconcile your figures with what we have on file"??? • I am a payroll tax analyst. Prior to that, I worked in the payroll tax compliance area. The IRS has apparently begun auditing dependent care amounts reported in Box 10 on form W-2. If the taxpayer fails to note that a form 2441 is required, the IRS disallows the exclusion for the amount of dependent care reported. The notice is very unclear that this is the case. I believe this is an employer issue because the employees blame the employer for reporting the amounts "incorrectly." A small employer may not have the resources to examine the total issue to arrive at a satisfactory answer for the taxpayer.
Other Adjustment Letter or Notice		
Other	4	• Send notices before sending checks. Clients receive checks and do not know what the checks are for.

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ADJUSTMENT NOTICE NUMBER	VOTES CAST	COMMENTS*
		• Notices with changes in taxable income don't give adequate indication as to the reason for the change. The taxpayer must spend time and money (with their tax advisor) to even figure out what the change is. Sometimes the advisor has to use "trial and error" techniques to determine what the change is for. It is time consuming and expensive. Unfortunately many taxpayers just throw up their hands and pay the notice because it is so frustrating. • Payment deficiency notices for 941 deposits never contain the IRS record of payments received, without which the payee has know idea of where the discrepancy lies. Nearly every time I receive a payment deficiency or error notice I have to call up and request the IRS record of payments received and where they are applied. Why not make access to payment histories available online to businesses instead of requiring 2 or 3 individual contacts to obtain the information prior to responding to a notice? • 1099 correction: very confusing instructions. If one way, you check correct, then fill in 0's. Another correction is just sending in corrected.

IRS Letters and Notices — Audit

AUDIT NOTICE NUMBER	VOTES CAST	COMMENTS*
Letter 525 — Proposed Tax Change Giving Taxpayer 30 Days to Reply		
Letter 525	3	• Audit procedure needs to take into consideration married filling separate return status before changing tax returns. In most cases when both spouses are filling Schedule D the letter only deals with one return and individuals can wind up paying taxes on the same item on each return.
Letter 531 — Notice of Deficiency; Without Adequate Information, Tax will be Assessed in 90 Days		
Letter 531	4	• Confusing.

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AUDIT NOTICE NUMBER	VOTES CAST	COMMENTS*
Letter 565 — Request for Additional Information		
Letter 565	4	• Don't make the audit forms so scary. Some of these old people might have a heart attack just by getting a letter from the IRS. Make the forms so they can read!!!! • Doesn't always give clear indication of what to do, and who to call (haven't got one lately, however).
Letter 692 — IRS Consideration of Additional Information after Examination Report		
Letter 692	3	• After an audit I was informed that the IRS will not change my tax bill for that year. In fact they should have owed me. Instead on the form it said that they reserved the right at another time to evaluate the findings again. It sounded like: even though we think you are okay we are keeping an eye on you and you probably did something wrong. You are guilty we just can't prove it yet.
Other Audit Letter or Notice		
Other	1	• Often the taxpayer receives a letter that says, "we have changed your tax return. You owe $x." More helpful would be a letter that says that you may owe more tax for these specific reasons. The CP2000 Notice is a very effective way to communicate to the taxpayers and has a marvelous responsive collection record. Some of the language could be soften or simplified, but it is an effective and efficient tool for collections.

IRS Letters and Notices — Penalty & Interest

PENALTY & INTEREST NOTICE NUMBER	VOTES CAST	COMMENTS*
Notice CP 162 — Penalty Assessed for Untimely Filing by Partnership		
CP 162	5	• This notice fails to say what type of penalty is being assessed or how it is calculated. It wouldn't hurt to

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PENALTY & INTEREST NOTICE NUMBER	VOTES CAST	COMMENTS*
		refer to the Code Sec. • The penalties are far too expensive for small businesses that have many partners. My business went under before it even started (we made no income and none of the partners claimed any losses of the business) but I was still charged $50/partner for each month late. By April, I had already forgotten I was even supposed to file and thought that it would be "no big deal" because we hadn't claimed any losses or made any income from the business. • This letter is not complicated. The part we don't understand is why the penalties are SO HIGH. We have no problem with the fact that we have to pay taxes and we understand all the verbage we get when we call. What we don't understand is why the penalty is so high. We are paying our taxes. We are a Ma & Pa organization with Ma and Pa doing most of the work. We are a labor intensive business and Mr&Mrs homeowner don't always pay as they should; taking them to court is often more costly and takes longer than the irs would understand. Therefore, money is tight certain times of the year. If Ma or Pa gets sick and are out of work, things will get behind. When we write letters and explain that we are not trying to get out of paying, just want some leway, we are scolded and then fined more. We are at the point of giving up on the great American dream. There are people in our city who pay no taxes,! don't claim their money and since we are honest, we are treated like dirt. kinda makes you wonder..... ride a good horse to death just because he is up and running... who wins???
Notice CP 166 — Penalty Assessed Due to Insufficient Funds for Electronic Fund Transfer		
CP 166	1	• With taxes so high some business have trouble paying there taxes especially like our business [when] times are bad.
Notice CP 267 & 268 — Payment was Offset to Another Account		
CP 267 & 268	7	• This totally confuses everything unnecessarily and probably costs more than it collects by misapplying refunds or payment which may originally be in error. • I have found three instances this year alone where the IRS has misused their power with this Notice. • Unclear what I am suppose to do.
Other Penalty & Interest Letter or Notice		
Other	8	• Notices with penalty computations or change in taxable income. The notices are unclear as to how the

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PENALTY & INTEREST NOTICE NUMBER	VOTES CAST	COMMENTS*
		penalty was computed. Unable to verify the computation is correct. • Letter requesting clarification are received by IRS (I have the Signed Return Receipts) but are either unanswered or the replies have no relationship to the inquiry. Is there someone at the IRS capable of answering questions or at least admitting that the organization cannot respond to the inquiry? • The forms marked Penalty and Interest are just fine. • When a minor owes less than $100, the penalty for late filing and late paying is the amount of tax plus interest. I have seen a minor with a $97 total tax liability get hit with the penalty of $97 interest. That penalty is usurious. Even a pawn shop operator would be embarrassed to take money from children like that! • General notices on penalty and interest should give exact description of how the amount was calculated. I have never been able to exactly recalculate a penalty of interest amount. • Just got a penalty notice and don't have a clue what its for. I would lose more productive time tracking it then its worth so I just pay the ransom. • Do not include prior year interest rates on notices; it confuses people. • I can't believe why I have to pay penalties and interest while I'm sending monthly payments, and show good intent. Why penalties & interests, for self-employed such as myself with an income lower than 10,000.00 yearly ?

IRS Letters and Notices — Collection

COLLECTION NOTICE NUMBER	VOTES CAST	COMMENTS*
Notice CP 128 — Balance Due After Credit or Payment to the Account		
CP 128	4	• IRS never credits any payments on notices so one never knows the real balance due. ALSO if they are going to charge interest & penalties by the month a *monthly* statement should be sent out just like any other creditor does.

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Collection Notice Number	Votes Cast	Comments*
Notice 156 & 157 — Installment Payment Due on Form 2290 — Highway Use Tax		
CP 156 & 157	1	• [No specific comments received].
Notice CP 160, 161, 163, 171 & 187 — Balance Due on an Account		
CP 160, 161, 163, 171 & 187	6	• Have seen cases all too often where levy notice is the first notice received even though it should be about the fourth in a progression of notices. • Confusing. • The form or statement we receive does not indicate what you need to do; and if there is an error, it does not state who you need to contact.
Notice CP 501, 503, 504 & 523 — Balance Due (Follow-up to First Notice)		
CP 501, 503, 504 & 523	1	• CP: 504 is for business, why do they send it to individuals - the form is bogus and they are never signed by an IRS employee. The form is also misleading, and don't tell the truth. Ask me I will tell you about all the bogus entries on this bogus CP Notice.
Notice CP 515 & 518 — IRS has No Record of a Return for a Certain Quarter or Year		
CP 515 & 518	6	• Seems like they need better record keeping. • IRS has no record of a return for a certain quarter or year. Sometimes the IRS says they have no idea why they need another copy of a previously filed return! • A small business may operate at a loss for several years and build a fairly large loss carryover. We understand the logic that an annual return must be filed. We believe, however, that quarterly returns should not be filed until the business uses up its loss carryovers and that should be the first point that a quarterly return is filed. Reduce paperwork. Perhaps a very short electronic notice of intent to not file could be sent if something has to be on record (either via a web page or via internet EDI).

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Collection Notice Number	Votes Cast	Comments*
Other Collection Letter or Notice		
Other	1	• Once a lien has been satisfied by debtor, the IRS should be required to send notice of "release of lien" to ALL debtor clients that received the original "notice of lien". No explanation or apology (written or verbal) is given and no interest or penalty for IRS withholding funds belonging to Small Business owners due to such mistakes. Been there done that! • It is confusing when and why an employer is penalized for paying a tax by mail or in person at the IRS when it is supposed to be paid at the bank and alternatively when I am penalized for paying it at the bank when it is supposed to be mailed in. IT IS EXTREMELY FRUSTRATING TO BE PENALIZED FOR MAKING A GOOD FAITH EFFORT TO PAY DUE ONLY TO SUBTLE DIFFERENCES IN THE TIMING OF THE PAYMENT AND THE FORM OR SOURCE OF THE LIABILITY OR PENALTY. I HAVE BEEN PENALIZED FOR MAKING A PAYMENT THE SAME DAY I RECEIVED A PENALTY NOTICE BECAUSE I MADE IT DIRECTLY TO THE BANK. I HAVE BEEN PENALIZED FOR MAKING A PENALTY DIRECTLY TO THE IRS IN PERSON INSTEAD OF USING A BANK. ANY PENALTY, PAYMENT OR DEPOSIT MADE IN PERSON AT AN IRS OFFICE SHOULD NOT BE SUBJECT TO ANY PENALTY FOR IMPROPER PAYMENT LOCALE. ELECTRONIC DEPOSITING IS ABHORRENT TO US AS A SMALL BUSINESS DUE TO ADVERSE IMPACTS ON CASH FLOW AND PAYMENT PLANNING.

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