



September 18, 2023

Andres Garcia
Internal Revenue Service
1111 Constitution Avenue, NW - Room 6526
Washington, DC 20224
pra.comments@irs.gov

Re: Proposed Collection: Comment Request for U.S. Employment Tax Returns and Related Forms, OMB Number 1545-0029

Dear Andres:

Thank you for the opportunity to comment on the IRS's proposed collection regarding U.S. employment tax returns and related forms. PayrollOrg,¹ formerly the American Payroll Association, brings to the IRS's attention its primary concerns:

1. Filing employment tax forms electronically,
2. The IRS's ability to process forms electronically,
3. Electronic signatures on all employment tax returns and related forms, and
4. Posting of employers' unredacted transcripts.

E-Filing and IRS Processing of Employment Tax Returns

The two forms of greatest priority for the Modernized e-File (MeF) system for PayrollOrg members are the Form 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund*, and Form 945-X, *Adjusted Annual Return of Withheld Federal Income Tax or Claim for Refund*. The IRS reported it plans to create MeF capabilities for these forms in 2024. PayrollOrg would be pleased to assist the IRS in this project, such as review of draft instructions and testing/piloting of the service.

Other forms that PayrollOrg requests for MeF services include the Form 2678, *Employer/Payer Appointment of Agent*, and the Form 8922, *Third-Party Sick Pay Recap*.

¹Established in 1982, PayrollOrg is a non-profit organization serving the interests of more than 20,000 payroll professionals nationwide. One of the PayrollOrg's core missions is providing representation for payroll professionals at the federal, state, and local levels. This is done primarily through PayrollOrg's Government Relations Task Force in which members educate government and community leaders about the payroll industry and the best practices associated with paying workers.



Electronic Signatures

To date, the IRS has focused on individual taxpayers and professional tax preparers for purposes of electronic signatures on certain tax forms, some of which are only temporary allowances. PayrollOrg recommends that the IRS allow for electronic signatures on employment tax returns and related forms. PayrollOrg shares the IRS's concerns about security risks, however, technology exists today that would allow for secure electronic signatures.

Employer Transcripts

Employers must be able to reconcile payroll accounts on a regular basis. Employers and IRS agents need to view employer returns and related forms in one location in the IRS's electronic systems. This will allow employers to notice if the IRS has not yet processed a return, i.e., when a corrected return is not in an employer's record or in an incorrect order. Complete transcripts also will allow IRS agents to review employers' full records to determine accurate tax liability.

The following is a specific list of items that PayrollOrg requests of the IRS regarding employer records:

1. Expand the downloading format for transcripts via the IRS portal to text, comma separated values, or Excel. These are more common formats for most employers.
2. Add employers account status, such as in good standing, under review by collections, or subject to liens. For example, when payroll professionals accept new jobs, they need to find their employers' federal tax information. The same is true for IRS agents new to employers' accounts or newly hired by the IRS.
3. Make visible taxable wages and tips for purposes of social security and Medicare as reported on Forms 941 and 941-X. This should include the Schedule B liability amounts.
4. List the original and corrected wages by the version number and date for purposes of employment taxes as reported by employers to the IRS on Form 941-X. The data should separately identify the amounts for social security, Medicare, and federal income taxes. Often, IRS agents are only able to provide total tax amounts for Federal Insurance Contributions Act requirements. A consolidated amount is ineffective for IRS agents and employers to accurately determine employment taxes and settle accounts.
5. Add a legend to the IRS portal to easily cross reference the coding system used by the IRS on transcripts. A legend can help create consistency of terms for employers, such that they can better communicate with the IRS.
6. Identify activity on transcripts by form/return type and version number. When employers file multiple forms for the same tax period, the forms must be reviewed in order of submission. For example, when employers file multiple Forms 941-X for the same quarter,

the order of filing is important for accuracy. In addition, activity on one form type may impact the filing of a different form type. For example, activity on a Form W-2 may create a need to file a Form 941-X.

7. Report who and what caused an employer's mailing address change. When an employer uses an address for one form that is different than the address on another form, this should not automatically cause the employer's address on record to change. Yet, in practice, this often occurs. In some instances, an employer's address on record is changed to an address not associated with that employer. Tracking who made the change and why, can help fix the problem.
8. When the IRS implements a new program mandated by Congress, indicate on employers' transcripts how payments and credits in the program were applied. An easily read breakdown of how the IRS applied the funds can help employers and IRS agents understand what occurred, especially to determine errors. For example, the COVID-19 pandemic relief measures required quick and retroactive measures that, unfortunately, caused inconsistent interpretation by the IRS, employers, and tax professionals. Correcting inevitable errors has been difficult because employers and IRS agents were missing information.
9. Make visible in employers' transcripts how penalty assessments were calculated. Generally, the IRS provides details on penalty assessments in employer notices. However, this information is not included in transcripts.
10. Add IRS correspondence capabilities to the IRS portal to improve communication between employers and IRS agents.

To discuss these comments further, please contact me at 202-669-4001 or ajacobsohn@payroll.org.

Sincerely,



Alice P. Jacobsohn, Esq.
Director, Government Relations

For: Government Relations Task Force
Federal Issues Subcommittee
IRS Forms Workgroup
Chairs Rebecca Harshberger, CPP; Jon Schausten, CPP; and Mindy Mayo, CPP