



# Congressional Update

News for members of Congress and their staffs – November 2024

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## IRS ramps up work on ERC claims, processes 400,000 claims worth about \$10 billion

With roughly **400,000 claims** – or roughly \$10 billion worth of eligible claims – now being processed, the IRS said that Employee Retention Credit (ERC) claims are still moving forward. As the agency works to manage a substantial number of claims from the intricate pandemic-era credit, work on small businesses and others is still ongoing. A significant number of the ERC claims came in during a period of aggressive marketing by promoters, leading to a large percentage of improper, ineligible claims.

The IRS encourages businesses that have received ERC payments to recheck eligibility requirements and consider the second **Employee Retention Credit (ERC) Voluntary Disclosure Program (VDP)** to resolve improper claims without penalties or interest. The second ERC-Voluntary Disclosure Program will run through Nov. 22, 2024, and allow businesses to correct improper payments at a 15% discount and avoid future audits, penalties, and interest.

## Share refundable tax credit information with employees

Businesses can share **refundable tax credit** information with employees and others to help the IRS reach people who can benefit from tax credits.

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Many taxpayers are eligible for refundable tax credits but don't claim them. For example, the IRS estimates four of every five eligible taxpayers claim the Earned Income Tax Credit, but millions of eligible taxpayers don't claim it and miss out on this valuable credit.

## **Disaster victim resources on IRS.gov**

IRS.gov has [information](#) disaster victims may need as they recover, including information about disaster-related tax relief and extensions to file and pay.

## **IRS releases 2022 tax gap projections; voluntary compliance rate among taxpayers remains steady**

IRS released the [tax gap projections for tax year 2022](#), a detailed analysis showing the nation's projected gross tax gap at \$696 billion. This reflects the difference between projected 'true' tax liability and the amount of tax that is actually paid on time.

## **What taxpayers should do if they receive a Form 1099-K**

[Form 1099-K, Payment Card and Third Party Network Transactions](#), is an IRS form that is used to report certain payment transactions.

It is important for taxpayers to understand [why they received a Form 1099-K](#), then use the form and their other records to help figure and report their correct income on their tax return. It is also important for taxpayers to know what to do if they [received a Form 1099-K but shouldn't have](#).

All income, including from part-time work, side jobs or the sale of goods is taxable income. Taxpayers must report all income on their tax return unless it's excluded by law, whether they receive a Form 1099-K, a Form 1099-NEC, Form 1099-MISC or any other information return.

[What to do with Form 1099-K](#) provides information to help taxpayers understand what to do with the form.

## **IRS Energy Credits Online Tool Now Accepts Clean Vehicle Returns**

The Internal Revenue Service (IRS) is excited to announce an enhancement to the [IRS Energy Credits Online](#) tool. Clean vehicle dealers and sellers can now cancel, return, and void time of sale reports.

Dealers/sellers can void a time of sale report for vehicles not placed in service up to 48 hours after submission.

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Dealers/sellers can use the new functionality to indicate a clean vehicle was returned by the purchaser after the void period has passed or to indicate the previously submitted time of sale report needs to be cancelled.

## **IRS Criminal Investigation (IRS-CI) recognized at Financial Crimes Enforcement Network (FinCEN) Tenth Annual Law Enforcement Awards**

**FinCEN recognized IRS-CI personnel in the Fraud and Cybercrime categories, highlighting two major investigations that used Bank Secrecy Act (BSA) data to successfully pursue and prosecute criminals.**

On October 8, 2024, IRS-CI personnel attended the FinCEN Tenth Annual Law Enforcement Awards ceremony where agents were recognized for their work on the OneCoin investigation, a case out of the Newark Field Office, and the Washakie Renewable Energy, LLC investigation out of the Phoenix Field Office. The FinCEN award program, which began in 2015, recognizes agencies that have successfully used Bank Secrecy Act (BSA) data to support criminal prosecutions. The program directly supports FinCEN's ongoing efforts to better track and measure the value of BSA reporting and associated outcomes. Senior Treasury and FinCEN leadership, as well as law enforcement officials, participated in the ceremony.

In the Fraud Category IRS-CI used BSA reporting which was critical in the development of the case, and successful prosecution. [Washakie Renewable Energy, LLC](#), a Utah biodiesel company, and its owners engaged in a conspiracy to claim more than \$1 billion in refundable renewable fuel tax credits. Five individual co-conspirators were sentenced in April of 2023 to a combined 75 years in federal prison for their roles in the scheme. The Department of Justice Tax Division prosecuted the case out of the District of Utah

In the Cybercrime category, BSA data was used to unravel a cryptocurrency scheme that defrauded millions of victims around the world and resulted in billions of dollars in losses. Investigators collected and analyzed bank records, interviewed witnesses, and unraveled a sprawling international fraud and money laundering scheme. This fraudulent cryptocurrency scheme was one of the largest fraud schemes that the United States Attorney's Office for the Southern District of New York has ever prosecuted including (among others) the [cofounder](#) who was sentenced to 20 years in prison in September of 2023, and a [former lawyer](#) who helped launder approximately \$400 million in illicit proceeds connected to the scheme, who was sentenced to 10 years in prison in January of 2024.

"The cases recognized today demonstrate the true value of BSA reporting provided by financial institutions," said FinCEN Director Andrea Gacki. "As these cases exemplify,

this data is crucial to helping law enforcement detect and prosecute criminals who would misuse the financial system for their own gain. It truly takes the combined efforts of law enforcement and the financial industry to protect our country from serious financial crimes.”

**Below are links to recent IRS Criminal Investigation cases:**

- [Rio Grande Valley tax preparers sent to prison for \\$3M tax fraud scheme](#)
- [Mexican national gets 6 years in prison for leading \\$25 million tax fraud scheme](#)
- [Oregon woman sentenced to federal prison for multimillion-dollar drug treatment fraud scheme](#)
- [Suburban Chicago tax professional admits stealing more than \\$1.1 million in client funds](#)
- [Businessman sentenced in tax scheme, ordered to pay \\$38.9 million in restitution](#)
- [Hollywood Hills man who operated Orange County drug treatment facilities found guilty of paying nearly \\$2.9 million in kickbacks](#)
- [Nevada man convicted of \\$11.2 million COVID-19 fraud](#)
- [Wynn Las Vegas forfeits \\$130 million for illegally conspiring with unlicensed money transmitting businesses](#)
- [Home health care company operators sentenced to prison in \\$5.5 million kickback scheme and tax evasion](#)
- [Pennsylvania business owner sentenced to prison for tax evasion](#)
- [Two men sentenced to years in prison for a conspiracy to defraud a professional athlete](#)
- [Ohio man sentenced for tax evasion, money laundering and operating an illegal gambling business](#)
- [Fifteen gang members and their associates sentenced for drug and gun crimes](#)
- [Macon mother and son sentenced for roles in decade-long business theft](#)
- [North Carolina clinic owner is sentenced to 52 months in prison for defrauding Medicaid](#)

For the latest on IRS-CI cases, follow on **X @IRS\_CI** or via the [IRS-CI LinkedIn](#) page.

**Additional information on IRS.gov**

- [IRS encourages all taxpayers to sign up for an IP PIN for the 2025 tax season](#)
- [Retirement topics - Required Minimum Distributions \(RMDs\)](#)
- [Treasury and IRS issue final regulations identifying syndicated conservation easement transactions as abusive tax transactions](#)
- [IRS announces extension of time for certain applicable entities to make an](#)

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- [elective payment election on Form 990-T](#)
  - [IRS launches 2024 Nationwide Tax Forum Online: Tax professionals can now access new online seminars](#)
  - [IRS reminds eligible 2021 non-filers to claim Recovery Rebate Credit before time runs out](#)
  - [Make a career change for the better; find out where you fit in at the IRS](#)
  - [Need to respond to a letter or notice? Use the Document Upload Tool](#)
  - [Where's My Refund?](#)
  - [Inflation Reduction Act of 2022](#)
  - [Resources and guidance for Puerto Rico families that may qualify for the Child Tax Credit](#)
  - [Get your tax record](#)

[Help on IRS.gov](#)

[Filing – Payments – Refunds – Credits and Deductions – Forms and Instructions – Tax Questions](#)

[IRS in other languages](#)

[Basic tax information is available in 21 languages, including English](#)

[IRS on social media](#)

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[IRS2Go](#) is the official mobile app of the IRS, available in both English and Spanish.

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The *IRS Congressional Update* is a monthly newsletter prepared by IRS Legislative Affairs. For information on resolving taxpayer account issues, visit the [Taxpayer Advocate Service](#).