



Congressional Update



News for members of Congress and their staffs – July 2022

IRS encourages taxpayers with October filing extensions and others who still need to file 2021 tax returns to file electronically when ready

The IRS encourages taxpayers who have yet to file their 2021 tax return – including those who requested an extension of time – [to file a complete and accurate return electronically as early as possible](#) once they have all their information together. There's no need to wait until the October 17 deadline.

Even if people have an extension to file until October, sending the tax return earlier can help get them a refund quicker or save them money if they owe by avoiding additional interest and penalties.

Anyone who didn't file and owes tax should file a return as soon as they can and pay as much as they can to reduce penalties and interest. Electronic filing options, including [IRS Free File](#), are still available through October 17 to prepare and file returns electronically.

Some people may choose not to file a tax return because they didn't earn enough money to be [required to file](#). They may [miss out on receiving a refund](#). They can [file electronically](#) even if they didn't file for an extension and, if due a refund, choose [direct deposit](#). Generally, they won't receive a penalty.

People may be waiting to file because they need help or more information, have a more complicated tax situation, or owe taxes. The IRS has resources to help taxpayers file an accurate return, but don't wait until the last minute and risk missing the October deadline.

Tools on the IRS website are easy to use and available 24 hours a day. Millions of people use them to find information about their accounts, get answers to tax questions and file and pay taxes. The online tools include important special steps related to [Economic Impact Payments](#) and [Advance Child Tax Credit payments](#).

Here's a tip to help with e-filing a 2021 tax return for those still waiting on the IRS to process their 2020 tax return: to [validate and successfully submit an electronically filed tax return to the IRS](#), taxpayers need their adjusted gross income, or AGI, from their most recent tax return. Those waiting on their 2020 tax return can still file their 2021 return by entering \$0 for their 2020 AGI on their 2021 tax return. If using the same tax preparation software as last year, this field will auto-populate.

Taxpayers – including extension filers – [who haven't filed a 2021 tax return](#) yet can file electronically any time before the October deadline and avoid the last-minute rush to file.

IRS continues work on inventory of tax returns; original tax returns filed in 2021 to be completed this week

Following intensive work during the past several months, the IRS said that processing on a key group of individual tax returns filed during 2021 will be completed by the end of this week.

Due to issues related to the pandemic and staffing limitations, the IRS began 2022 with a larger than usual inventory of paper tax returns and correspondence filed during 2021. The IRS took a number of steps to address this, and the agency is on track to complete processing of originally filed Form 1040 (individual tax returns without errors) received in 2021.

Business paper returns filed in 2021 will follow shortly after. The IRS continues to work on the few remaining 2021 individual tax returns that have processing issues or require additional information from the taxpayer.

As of June 10, the IRS had processed more than 4.5 million of the more than 4.7 million individual paper tax returns received in 2021. The IRS has also successfully processed the vast majority of tax returns filed this year: More than 143 million returns have been processed overall, with almost 98 million refunds worth more than \$298 billion being issued.

IRS employees continue working hard to process these and other tax returns filed in the order received. The IRS continues to receive current and prior-year individual returns and related correspondence as people file extensions, amended returns and a variety of business tax returns.

To date, more than twice as many returns await processing compared to a typical year at this point in the calendar year, although the IRS has worked through almost a million more returns to date than it had at this time last year. And a greater percentage of this year's inventory awaiting processing is comprised of original returns which, generally, take less time to process than amended returns.

To work to address the unprocessed inventory by the end of this year, the IRS has taken aggressive, unprecedented steps to accelerate this important processing work while maintaining accuracy. This effort included significant, ongoing overtime for staff throughout 2022, creating special teams of employees focused solely on processing aged inventory, and expediting hiring of thousands of new workers and contractors to help with this ongoing effort.

Additionally, the IRS has greatly improved the process for taxpayers whose paper and electronically filed returns were suspended during processing for manual review and correction – referred to as error resolution. Last filing season, an IRS tax examiner could correct an average of 70 tax returns with errors per hour. Thanks to new technology implemented this filing season, 180 to 240 returns can now be corrected per hour. As of June 12, 2021, there were 8.9 million tax returns in error resolution. As of June 10, 2022, there were just 360,000 returns awaiting correction.

The IRS will continue its intense effort to make progress on processing these paper returns in the months ahead.

"IRS employees have been working tirelessly to process these tax returns as quickly as possible and help people who are waiting on refunds or resolution of an account issue," said IRS Commissioner Chuck Rettig. "Completing the individual returns filed last year with no errors is a major milestone, but there is still work to do. We remain focused on doing everything possible to expedite processing of these tax returns, and we continue to add more people to this effort as our hiring efforts continue this summer."

Rettig emphasized that adding sustained funding increases for the IRS will help the agency add more employees to process tax returns and answer phones as well as help improve technology and ensure fair enforcement of the tax laws.

"Taxpayers and tax professionals deserve the absolute highest-quality service from the nation's tax system," Rettig said. "Long-term and consistent funding for the agency is critical to ensuring the IRS is prepared for future tax seasons. It's also critical for the IRS to be ready to answer the call for the nation during the next crisis, just as the agency did delivering three rounds of historic stimulus payments and advance Child Tax Credit payments *during the pandemic*."

The IRS reminds millions of taxpayers who have not yet filed their 2021 tax returns this year – including those who requested an extension until October 17 – to make sure they file their returns electronically

with direct deposit to avoid delays. People who use e-file avoid the delays facing those who file paper returns; e-filed returns with no errors are typically processed in 21 days.

The IRS also urges people to file as soon as they are ready. There is no need to wait until the last minute before the October 17 extension deadline. Filing sooner avoids potential delays for taxpayers, and it also assists the larger ongoing IRS efforts to complete processing tax returns this year.

Additional details on processing and other operations are available on a [special page](#) on IRS.gov

The IRS' Continued Efforts to Improve Service to Diverse Communities

The IRS published its latest executive column, "[A Closer Look](#)", which features IRS Commissioner, Chuck Rettig, discussing how the IRS has prioritized enhancing services for the many diverse communities that comprise the United States. "Over the course of the past few years, during the pandemic, IRS employees have demonstrated our respect for all people by successfully expanding our outreach into multiple languages and in historically underserved communities across the country," said Rettig. "We have made a significant difference in the lives of millions of people." Read more [here](#). Read the Spanish version [here](#).

National Taxpayer Advocate issues midyear report to Congress; expresses concern about continued refund delays and poor taxpayer service

National Taxpayer Advocate Erin M. Collins released her statutorily mandated [midyear report](#) to Congress. The report expresses concern about continuing delays in the processing of paper-filed tax returns and the consequent impact on taxpayer refunds.

IRS expands voice bot options for faster service, less wait time

Assistance for eligible taxpayers in setting up or modifying payment plans now available; more functions planned in 2022 to help taxpayers obtain account information

[Voice Bot Video](#)

The IRS announced expanded voice bot options to help eligible taxpayers easily verify their identity to set up or modify a payment plan while avoiding long wait times.

"This is part of a wider effort at the IRS to help improve the experience of taxpayers," said IRS Commissioner Chuck Rettig. "We continue to look for ways to better assist taxpayers, and that includes helping people avoid waiting on hold or having to make a second phone call to get what they need. The expanded voice bots are another example of how technology can help the IRS provide better service to taxpayers."

Voice bots run on software powered by artificial intelligence, which enables a caller to navigate an interactive voice response. The IRS has been using voice bots on numerous toll-free lines since January, enabling taxpayers with simple payment or notice questions to get what they need quickly and avoid waiting. Taxpayers can always speak with an English- or Spanish-speaking IRS telephone representative if needed.

Eligible taxpayers who call the Automated Collection System (ACS) and Accounts Management toll-free lines and want to discuss payment plan options can authenticate or verify their identities through a personal identification number (PIN) creation process. Setting up a PIN is easy: Taxpayers will need their most recent IRS bill and some basic personal information to complete the process.

"To date, the voice bots have answered over 3 million calls. As we add more functions for taxpayers to resolve their issues, I anticipate many more taxpayers getting the service they need quickly and easily," said Darren Guillot, IRS Deputy Commissioner of Small Business/Self Employed Collection & Operations Support.

Additional voice bot service enhancements are planned in 2022 that will allow authenticated individuals (taxpayers with established or newly created PINs) to get:

- Account and return transcripts.
- Payment history.
- Current balance owed.

In addition to the payment lines, voice bots help people who call the Economic Impact Payment (EIP) toll-free line with general procedural responses to frequently asked questions. The IRS also added voice bots for the Advance Child Tax Credit toll-free line in February to provide similar assistance to callers who need help reconciling the credits on their 2021 tax return.

The IRS also reminds taxpayers about numerous other available [self-service options](#).

SOI Tax Stats – Advance Child Tax Credit Payments in 2021

Three tables providing data through December 31, 2021, on [advance payments of the Child Tax Credit](#) are now available on the IRS Statistics of Income's Tax Stats webpage. The tables provide data on Advance Child Tax Credit payments classified by size of adjusted gross income, filing status and state.

The Dirty Dozen represents the worst of the worst tax scams

Compiled annually, the "[Dirty Dozen](#)" lists a variety of common scams that taxpayers may encounter any time, but many of these schemes peak during filing season as people prepare their returns or hire someone to help with their taxes. Don't fall prey.

"These tax avoidance strategies are promoted to unsuspecting folks with too-good-to-be-true promises of reducing taxes or avoiding taxes altogether," said IRS Commissioner Chuck Rettig. "Taxpayers should not kid themselves into believing they can hide income from the IRS. The agency continues to focus on these deals, and people who engage in them face steep civil penalties or criminal charges."

For a detailed description of each scam noted for 2022, please refer to the list below:

- IR-2022-125, [IRS wraps up 2022 "Dirty Dozen" scams list; agency urges taxpayers to watch out for tax avoidance strategies](#)
- IR-2022-122, [Dirty Dozen: IRS, Security Summit reiterate recent warning to tax professionals and other businesses of dangerous spear phishing attacks](#)
- IR-2022-121, [Dirty Dozen: Scammers use every trick in their communication arsenal to steal your identity, personal financial information, money and more](#)
- IR-2022-119, [Dirty Dozen: IRS urges anyone having trouble paying their taxes to avoid anyone claiming they can settle tax debt for pennies on the dollar, known as OIC mills](#)
- IR-2022-117, [IRS continues with Dirty Dozen this week, urging taxpayers to continue watching](#)
- IR-2022-113, [IRS warns taxpayers of "Dirty Dozen" tax scams for 2022](#)

Gig economy workers: know your tax responsibilities

For gig economy workers, it pays to know their tax obligations. Pre-planning can ensure they're prepared when it's time to file their tax returns.

Just like any other job, money earned through the gig economy is taxable. Money from a gig economy activity is generally taxable even if those who performed the work don't receive a Form 1099-MISC, Form 1099-K, W-2 or other information return.

Here are a few things gig workers can do to throughout the year to avoid surprises at tax time:

- Pay taxes as they go.
- Keep good records.
- Check their withholding now.

More information is available at the [Gig Economy Tax Center](#) on IRS.gov.

IRS Criminal Investigation contributes to Taskforce KleptoCapture

IRS Criminal Investigation (CI) is a premier financial investigative agency and the only federal law enforcement agency that dedicates 100% of its resources to financial investigations. CI's current investigative priorities span across three broad areas: traditional/core-mission tax crimes, tax-related and other financial crimes, and narcotics-related financial crimes.

The Department of Justice initiated Taskforce KleptoCapture in March 2022 to enforce sanctions on Russian oligarchs. CI use its financial and cyber expertise to assist the task force and its international partners with identifying assets and entities tied to individuals on the Special Designated Nationals List, deconflicting of sanctions-related enforcement efforts and developing new sanctions-related investigations. The agency, as part of the Joint Chiefs of Global Tax Enforcement (J5), also helped develop a series of red flag indicators to aid sanctions enforcement efforts. These indicators have been shared with financial institutions and financial investigative units around the world.

Bringing unique capabilities and expertise to sanctions enforcement, CI has:

- Special agents with extensive experience in conducting complex financial investigations involving layers of nominee accounts, shell corporations and cryptocurrency obfuscation.
- Focused case development capabilities through data analytics from specialized units, such as the Applied Analytics Unit and Nationally Coordinated Investigations Unit.
- Strong cyber expertise with two field Cyber Crime Units and HQ Cyber Operations that are dedicated to all things cyber, such as cryptocurrency tracing, blockchain analysis and the darknet.
- Formed robust private and public collaboration with experts in different industries, such as data analytics, cyber and open-source intelligence research.
- A strong international presence: 12 foreign posts to obtain and share information; J5; INTERPOL; and the Five Eyes Law Enforcement Group.

Below are the links to IRS Criminal Investigation recent cases:

- [Brentwood woman sentenced to 81 months in prison for serial tax fraud, wire fraud and aggravated identity theft](#)
- [Vacaville man sentenced to eight years in prison for billion dollar DC Solar Ponzi scheme](#)

- Twelve defendants sentenced for tax felonies and immigration crimes after major undercover operation
- Two Florida men sentenced to ten and six and a half years in prison for roles in massive COVID-19 relief fraud scheme
- Tax return preparer sentenced in fraud scheme involving over 160 victims

The latest on IRS-CI cases is on Twitter [@IRS_CI](#) or on the IRS-CI [LinkedIn](#) page.

IRS Tax Tips: Helpful taxpayer information on a variety of topics

- Some tax considerations for people who are separating or divorcing
- Here's what businesses need to know about the enhanced business meal deduction
- Understanding taxpayer rights: Everyone has the right to finality
- When the lemonade stand makes bank: Young entrepreneurs and taxes
- IRS Free File and other resources available until Oct. 17 for 2021 tax returns
- Taxpayers should check their federal withholding to decide if they need to give their employer a new W-4
- People can protect themselves from tax-related identity theft with an Identity Protection PIN
- Things organizations should know about applying for tax-exempt status

Additional information on IRS.gov

- Electronic Tax Administration Advisory Committee issues annual report to Congress
- Taxpayers now have more options to correct, amend returns electronically
- IRS increases mileage rate for remainder of 2022
- IRS careers
- Recovery Rebate Credit
- Where's My Refund?
- The Child Tax Credit helps families with qualifying children get a tax break and you may be able to claim the credit even if you don't normally file a tax return
- Taxpayers who haven't yet filed their tax return still have time to file to get their full Child Tax Credit. Visit [ChildTaxCredit.gov](#) for details
- Get up-to-date status on affected IRS operations and services during COVID-19
- Tax relief in disaster situation
- Get ready for taxes

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

[YouTube](#) – [Twitter](#) – [Instagram](#) – [Facebook](#) - [Linkedin](#)

IRS2Go is the official mobile app of the IRS, available in both English and Spanish.

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](#).