



# IRS Congressional Update

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News for members of Congress and their staffs.....August 2018

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## Some veterans can now claim refund of taxes paid on disability severance payments

As a result of the Combat-Injured Veterans Tax Fairness Act of 2016, veterans who –

- Separated from military service after January 17, 1991,
- Received a one-time, lump-sum, disability severance payment, and
- Included that payment as income on their return

may be entitled to a refund.

Most such veterans will receive a letter from the Department of Defense explaining that, to claim the tax refund, they must file an Amended U.S. Individual Tax Return, [Form 1040X](#). The letter will include a simplified method for making the claim.

Veterans who may be eligible for a refund, but who do not receive a letter from DoD, should visit the [Defense Finance and Accounting Service \(DFAS\)](#) website and [IRS.gov](#) for more information.

There is a time limit. Veterans must file their claim (Form 1040X) by the latter of:

- 1 year from the date of the Department of Defense notice, or
- 3 years after the due date for filing the original return for the year the disability severance payment was made, or
- 2 years after tax was paid for the year the disability severance payment was made.

Frequently Asked Questions and their answers are available on [IRS.gov](#).

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## Paycheck Checkup

IRS continues to encourage all taxpayers to check their withholding and estimated tax payments to ensure they don't have any surprise tax bills next year. These short YouTube videos cover the basics, please share.

- **Paycheck Checkup:** [English](#) | [Spanish](#) | [ASL](#)
- **IRS Withholding Calculator Tips:** [English](#) | [Spanish](#)
- **Do I Need to Fill Out a New W-4? :** [English](#) | [Spanish](#) | [ASL](#)

Those who need more than the basics can use IRS Publication 505, Tax Withholding and Estimated Tax. Pub 505 is available on [IRS.gov](#) (PDF) or by calling IRS at 1-800-TAX-FORM.

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## With hurricane season underway, IRS warns of scams related to natural disasters

Sadly, when hurricanes or other disasters strike, scammers try to take advantage of people's generosity by soliciting donations to bogus charities. Scams normally start with unsolicited contact by phone, social media, email or in-person. Scammer's tactics include:

- Impersonating legitimate charities to get money or personal information
- Creating bogus websites that look like a legitimate charity
- Claiming to be working on behalf of the IRS to help victims file disaster loss claims and get refunds
- Setting up fake charities

The IRS urges people to check out an organization before they donate. A database of IRS recognized charitable and non-profit organizations is available on our website at [Tax Exempt Organization Search](#). Donations to organizations in our database may be tax deductible.

When contributing to a legitimate charity for any purpose, **do not**:

- Send or give cash – contribute by check or credit card to have a record of your donation
- Give out financial information, credit card or bank account number, in response to unsolicited contacts
- Provide personal information like your Social Security Number or date of birth

If fraud is suspected, report it. See the [Report Phishing and Online Scams](#) page on the IRS website for more information. Or visit the Federal Trade Commission's [FTC Complaint Assistant](#) page.

The IRS is here to help people affected by a disaster. Our toll-free disaster assistance number is 866-562-5227. Trained assistants will answer disaster related tax questions. More information can be found on the [disaster relief](#) page on IRS.gov.

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## Important ITIN Reminders

Some [Individual Taxpayer Identification Numbers \(Español\)](#) will expire on December 31, 2018, before constituents will need them to file a tax return in 2019. Constituents who need to should renew their ITIN **now**.

ITINs expiring at the end of the year include:

- Those not used on a federal tax return at least once in the last three years, and
- Those issued before 2013 with middle digits 73, 74, 75, 76, 77, 81, or 82 (Example: (9XX-73-XXXX)).

To renew their ITIN in time for next year, constituents should submit a [Form W-7, Application for IRS Individual Taxpayer Identification Number](#), or [Form W-7\(SP\), Solicitud de Número del Identificación Personal del Contribuyente del Servicio de Impuestos Internos](#).

ITINs with middle digits 70, 71, 72, 78, 79 or 80 that expired in 2016 & 2017 can also be renewed.

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Along with their Form W-7 constituents will need to:

- Attach their original identification documents or copies certified by the issuing agency along with any other required attachments, and
- Select the reason for needing the ITIN as outlined in the Form W-7 and W-7(SP) instructions.

More information is available in the [ITIN Expiration Frequently Asked Questions \(Español\)](#) and [ITIN Fact Sheet](#) on the IRS website.

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## Low Income Taxpayer Clinics celebrate 20 years of service to taxpayers

Today, there are 134 clinics across the nation.

In July, the Low Income Taxpayer Clinic (LITC) program celebrated 20 years of service to constituents. Originally enacted as part of the IRS Restructuring and Reform Act of 1998, the program today consists of 134 LITCs in 48 states and the District of Columbia. For the most recent 4-year period (final data is only available through 2016), LITCs:

- Represented more than 100,000 low income taxpayers with IRS controversies; and
- Educated more than 450,000 low income taxpayers along with those for whom English is a second language about their rights and responsibilities under the tax code.

To be eligible for LITC assistance, constituents are considered low income if their income doesn't exceed 250 percent of the federal poverty level.

LITCs must have at least one staff member who is authorized to represent constituents before the IRS. In addition, all LITCs must have a staff member or a *pro bono* panel member who is admitted to practice before the United States Tax Court to handle litigation matters.

To learn more about [eligibility requirements](#) and locate clinics in each state, visit the [LITC website](#).

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## Tax Reform Outreach and Guidance on IRS.gov

Our [tax reform website](#) has been reorganized to make your job easier. Now, when searching for the latest tax reform content, you'll find it quickly based on the type of taxpayer: individuals, businesses or tax exempt entities.

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## NTA releases mid-year report to Congress/launches Tax Reform Changes website

National Taxpayer Advocate Nina E. Olson has released her statutorily mandated [mid-year report to Congress](#). The report presents a review of the 2018 Filing Season, identifies the priority issues the Taxpayer Advocate Service (TAS) will address during the upcoming fiscal year, and contains the IRS's

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responses to each of the 100 administrative recommendations the Advocate made in her 2017 Annual Report to Congress.

The most significant challenge the IRS faces in the upcoming year is implementing the Tax Cuts and Jobs Act of 2017 (TCJA), which, among other things, requires programming an estimated 140 systems, writing or revising some 450 forms and publications, and issuing guidance on dozens of TCJA provisions. Ms. Olson expresses confidence that the IRS will implement the law successfully. “Make no mistake about it. I have no doubt the IRS will deliver what it has been asked to do,” she writes in the preface to the report.

Also, in light of the Tax Cuts and Jobs Act, TAS has launched a new website, [Tax Reform Changes](#), that lists key tax return items under current law (2017), shows which ones have been impacted by the TCJA, and illustrates how the changes will be reflected on tax year 2018 returns filed in 2019. Your constituents can navigate the website by viewing key tax return topics or seeing them illustrated on a 2017 Form 1040. The line-by-line explanations allow constituents to see how the new law may change their tax filings and consider how to plan for these changes.

To learn more about TAS’s areas of focus for FY 2019, visit [www.TaxpayerAdvocate.irs.gov/2019ObjectivesReport](http://www.TaxpayerAdvocate.irs.gov/2019ObjectivesReport).

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## Tax return copies and transcripts

Constituents should [keep a copy of tax returns for at least three years](#). If a constituent is unable to locate copies of previous year tax returns, they should check with their software provider or tax preparer first. Tax returns are available from IRS – for a fee.

Even if they have a copy of their tax return, some constituents need a [transcript](#) for a mortgage, college financial aid application or other reason.

To get a transcript, constituents can –

- Order online using the [Get Transcript](#) tool on IRS.gov. Users must authenticate their identity with the Secure Access process.
- Order by mail using [Get Transcript by Mail](#) or calling 800-908-9946.
- Complete and send either [4506-T](#) or [4506T-EZ](#) to the IRS.

Transcripts are free and available for the current tax year and the past three years. A transcript usually displays most line items from the tax return and any related forms and schedules. It doesn’t reflect any changes the constituent or the IRS may have made to the original return.

Constituents needing a transcript should plan ahead. Delivery times for online and phone orders are five to 10 days. Constituents should allow 30 days to receive a transcript ordered by mail.

Constituents who need an actual copy of a tax return can get one for the current tax year and as far back as six years. A constituent will complete and mail [Form 4506](#) to request a copy of a tax return. They should mail the request to the appropriate IRS office listed on the form and allow 75 days to receive the copies by mail. The current fee per copy is \$50.

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## Links

- [Passport Revocations](#)
- [For new tax on some private colleges, stepped-up basis may apply to property sold at a gain; new basis rule may limit tax impact](#)
- [Tax reform allows people with disabilities to put more money into ABLE accounts, expands eligibility for Saver's Credit](#)
- [Summer tips for temporary jobs, marriage, deductions and credits](#)

## IRS on YouTube

- [Individual Tax Identification Number](#)
- [Monitoring Your Outsourced Payroll Duties on EFTPS](#)
- [IRS Letter CP2000: Proposed Changes to Your Tax Return](#)
- [Paycheck Checkup](#)

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## IRS on Social Media

[YouTube](#)

[Twitter](#)

[LinkedIn](#)

[IRS2Go Mobile App](#)

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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 [Taxpayer Advocate Service](#).

