



IRS Congressional Update

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

Guidance on business expense deductions

In October, the IRS issued guidance on the business expense deduction for meals and entertainment following recent changes to the tax law. Individuals, or their employees, may continue to deduct 50 percent of the cost of business meals if present and the food or beverages are not considered lavish or extravagant. The meals may be provided to a current or potential business customer, client, consultant or similar business contact.

Until the proposed regulations are effective, taxpayers can rely on guidance in [Notice 2018-76](#). Updates on the implementation of the Tax Cuts and Jobs Act can be found on the [Tax Reform page](#) of IRS.gov.

Limited time to elect out of new 100 percent depreciation deduction for 2017

Businesses that placed qualifying property in service during 2017 but choose not to claim the new 100 percent depreciation deduction have a limited time to file the required election with the IRS. The new 100 percent deduction allows businesses to write off most depreciable business assets in the year they are placed in service. Because the deduction is retroactive and applies to qualifying property acquired and placed in service after Sept. 27, 2017, it may affect many 2017 tax returns.

For more information, see [IRS Fact Sheet 2018-09](#).

It's time for a paycheck checkup if you have dependents

The [new tax law](#) includes a Credit for Other Dependents — those who can't be claimed for the Child Tax Credit. This new credit offers up to \$500 per eligible dependent and begins phasing out at \$400,000 for joint filers and \$200,000 for other taxpayers.

This change can affect your tax situation. Doing a paycheck checkup now, using the [IRS Withholding Calculator](#), can save you from an unexpected tax bill or penalties next year.

“Other dependents” are qualifying children and relatives that you claim on your tax return, including:

- Dependent children who are age 17 or older at the end of 2018.
- A parent you support.

Don't forget to check your state withholding too.

National Taxpayer Advocate blog highlights issues affecting taxpayers and their rights

Subscribe to the blog today.

The National Taxpayer Advocate examines, on a regular basis, the impact of governmental action on the ability of taxpayers to comply with the tax laws and resolve their disputes in a way that affords them all the rights to which they are entitled, including minimal burden. By using the topics covered in the Annual Reports to Congress as a basis for blog discussions, the National Taxpayer Advocate hopes to increase the transparency of U.S. tax administration. Each posting explores issues covered in the Reports, provides additional background information, and describes new developments.

The views expressed in this blog are solely those of the National Taxpayer Advocate. The National Taxpayer Advocate is appointed by the Secretary of the Treasury and reports to the Commissioner of Internal Revenue. However, the National Taxpayer Advocate presents an independent taxpayer perspective that does not necessarily reflect the positions of the IRS, the Treasury Department, or the Office of Management and Budget.

[Subscribe to the NTA's Blog](#) and receive updates on the latest blog posts from National Taxpayer Advocate Nina E. Olson. Additional blogs from the National Taxpayer Advocate can be found at www.taxpayeradvocate.irs.gov/blog.

Educational letters sent to paid tax preparers

The IRS expanded the refundable credit paid preparer compliance program to include the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), Additional Child Tax Credit (ACTC), and the American Opportunity Tax Credit (AOTC).

Outreach and education are important parts of a tiered strategy to improve the accuracy of refundable credit claims. They are important tools to help paid tax preparers complete accurate returns. We focus on providing preparers with various educational resources including the [EITC Central Preparer Toolkit](#) to help them understand tax law and their due diligence responsibilities.

One tier in IRS' outreach and educational efforts includes sending [letters](#) to paid tax preparers with a high likelihood of refundable credit errors.

The letters are sent based on the previous filing season behavior prior to the start of the next filing season. The letters list the primary issues identified on the tax returns prepared, tax law changes that affect the paid tax preparer and due diligence requirements. The IRS continues to monitor the paid tax preparer's future returns claiming these credits. If improvement does not occur, the paid tax preparer may be subject to further compliance actions.

Paid tax preparers must comply with all due diligence requirements. Failure to do so can result in a penalty of \$520 per failure for tax returns filed in 2019, a due diligence audit, suspension or termination of e-filing privileges.

An opportunity for your constituents to help in their community

As the IRS prepares for the 2019 filing season, IRS partners are also preparing to recruit and train volunteers to help prepare tax returns for free in communities across the country. This is where you, your staffers and your constituents can help. Volunteers are always needed. Those who volunteer will provide free tax return preparation services for taxpayers who qualify for the Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs.

Volunteering with VITA and TCE is a rewarding way to make a difference in the community. The programs help low-to-moderate income earners, seniors, people with disabilities, those who speak limited English, Native Americans and many others who need help with free tax return preparation.

Volunteers will have the opportunity to select their volunteer role. They can choose to be a greeter, a reviewer, a tax preparer and more. Once they pick their role, they will receive free IRS training to become an IRS-certified volunteer. This training will include the new tax reform, so that volunteers can help taxpayers take full advantage of the new tax benefits to which they are entitled.

Once training is complete and their site opens, volunteers will help provide tax preparation service to taxpayers – generally those who make \$55,000 or less – who do not have the ability to prepare their own tax returns. The hours are flexible, so volunteers can volunteer as their schedules permit. Last year, volunteers prepared over 3.5 million tax returns for taxpayers. Many of these returns resulted in refunds that help generate local economic activity in your state.

Prospective volunteers can find more details about volunteering for the VITA and TCE programs on the [IRS tax volunteer](#) website, and then submit their contact information as instructed on the site. This information will be sent to the local IRS area office and appropriate sponsoring partners for further contact. With sites conveniently located in churches, community centers, libraries and senior centers across the country, there's surely one nearby that can use some help.

Please help spread the word with your constituents of this rewarding way to make a difference! For more details about the VITA and TCE programs go to [IRS Free Tax Prep](#).

IRS offers a variety of ways to pay taxes

It may seem an odd time of year to be talking about paying taxes. Last year's returns were filed months ago, next year's returns aren't due until months from now. But at any given time, millions of Americans have an outstanding tax bill. And the key to keeping it

to a minimum, and avoiding IRS collection efforts, is to pay as much as you can whenever you can. So here are some options.

[IRS Direct Pay](#): Constituents can make online direct debit payments from their bank account. The system is easy to use, there's no cost and payments can be scheduled up to thirty days in advance. The option to receive email notifications of payments is provided.

[Debit or Credit Card](#): Payments can be made online or by phone through authorized payment processors. The processors charge a fee for this service. Find the payment processors and their telephone numbers on [IRS.gov/payments](https://www.irs.gov/payments).

[IRS2Go Mobile App](#): Pay on the go with the IRS mobile app. It provides access to IRS Direct Pay and payments by debit or credit card. Download the IRS2Go app from Google Play, Apple App Store or Amazon App Store.

[Electronic Federal Tax Payment System](#): It's used mostly by businesses but individuals can use it too. Enrollment is required but once enrolled, constituents can schedule multiple online direct debit payments up a year in advance and make spot payments by phone. Learn more at [EFTPS.gov](https://www.eftps.gov) or call 1-800-555-4477.

[Check or Money Order](#): They should be made out to the U.S. Treasury and include the constituent's SSN and the year and tax where they want the payment applied (e.g. 2017 1040). Mail them to the address on the tax bill.

[Cash \(At a Retail Partner\)](#): There is a \$3.99 fee per payment, payment amounts are limited to \$1,000 per day.

Can't Pay Now? Constituents can:

- Apply for a [payment plan](#)
- Consider an [offer in compromise](#) -- a way to settle tax debt for less than the full amount
- Request a [temporary delay in collection](#) until their financial situation improves

Individual Retirement Accounts – required distributions

A taxpayer cannot keep retirement funds in their account indefinitely. Someone with an IRA generally must start [taking withdrawals](#) from their IRA when they reach age 70½. Roth IRAs do not require withdrawals until after the death of the owner.

For traditional IRAs (including Simplified Employee Pension and Savings Incentive Match Plan for Employees IRAs), the deadline for taking the first required minimum distribution (RMD) is April 1 of the year following the calendar year in which the account holder reaches age 70½.

Additional Links

- [Charles P. Rettig becomes the 49th Commissioner of the IRS](#)
 - [Individual Taxpayer Identification Number reminders](#)
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IRS on Social Media

[YouTube](#)

[Twitter](#)

[LinkedIn](#)

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[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 [Taxpayer Advocate Service](#).

