

Municipal Digest

Fall/Winter 2015

Information on IRS Programs and Resources for Municipal Government Agencies

Local IRS offices assist taxpayers

IRS Taxpayer Assistance Centers (TACs) are a source for personal tax help for individuals in your community who believe their tax issue cannot be handled online or by **phone**, and want face-to-face tax assistance. Taxpayers may be asked to provide valid photo identification and a Taxpayer Identification Number, such as a Social Security number, to receive services.

Most TACs operate on a first-come, first-served basis. We may not be able to assist all customers during peak demand periods, particularly those who arrive later in the day. Many questions can be resolved online without waiting in line. On **IRS.gov**, taxpayers can:

- Get official IRS **forms and publications**
- Set up a **payment plan**
- Order a **transcript** of your tax return
- Make a **payment**
- Check on your **refund**
- Find answers to many of your **tax questions** (face-to-face help is available on only a limited set of topics)

Appointment Service Process

Selected TACs now operate by appointment. Through an effective appointment process, taxpayers will know in advance that they can get the service they need without waiting. Serving taxpayers in scheduled appointments should eliminate long lines that sometimes occur at many TAC locations and help ensure the taxpayer's issue is resolved. Click on the **map or state links** on IRS.gov to see if your local TAC is participating in the appointment process.

Federal Tax Return Preparation

Tax return preparation services are not available at TAC offices. Individuals can take advantage of free tax preparation using **Free File or Free File Fillable Forms** or through a Volunteer Income Tax Assistance/Tax Counseling for the Elderly **site in your community**. For detailed information on services offered at each TAC location, click on the **map or state links** on IRS.gov and then click on the Services Provided link for the TAC in your area.

Tax forms can be viewed, downloaded and printed from IRS.gov anytime. A limited number of printed tax products are available at some TACs; however the **Publication 17, Your Federal Income Tax**, and certain other products are no longer available at TACs.

In-person Document Review Provided for Form W-7 Applicants

Participating TAC locations will review passports and national ID cards for those who submit **Form W-7, Application for IRS Individual Taxpayer Identification Number** in person.

Locate a Taxpayer Assistance Center

To view a list of all TACs in your state, click on the **map or state links** on IRS.gov. To search for the TAC closest to you, enter your 5-digit ZIP Code into the Office Locator.

NOTE: The maximum search distance available in the Office Locator is 100 miles. If a Taxpayer Assistance Center is not within 100 miles of the ZIP Code you entered, use the **map or state links** to locate the office closest to you.

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Contents

Local IRS offices assist taxpayers	1
Year-round tax help available in 6 languages.....	2
For Colleges and Universities: IRS waives penalties for missing or incorrect Taxpayer Identification Numbers	2
IRS seeks tax volunteers	2
Help us spread the word about the Earned Income Tax Credit.....	3
EITC Awareness Day 2016 is January 29	3
The Basics: What is EITC?.....	3
IRS offers 10 key tax facts about home sales.....	4
Latest U.S. Population Migration Data released	4

Useful Links

Municipal Agency Partnering Program (MAPP)
EITC resources for municipalities
IRS.gov homepage
Tax forms & pubs
Find your local IRS office
Tax information for local governments
Identity protection
Disaster relief
Taxpayer Advocate Service



Year-round tax help available in 6 languages

The IRS reminds taxpayers in your community that a wide range of publications and online resources are available in six languages on our web site, IRS.gov.

IRS.gov features online resources in Chinese, Korean, Russian and Vietnamese, as well as English and Spanish. These multilingual resources are available throughout the year, not just during tax season.

Available resources include our cornerstone **Taxpayer Bill of Rights** document, **Publication 1, Your Rights as a Taxpayer**. The publication outlines the 10 key provisions that make up the Taxpayer Bill of Rights, including the right to: be informed, quality service, pay no more than the correct amount of tax, challenge the IRS's position and be heard, appeal an IRS decision in an independent forum, finality, privacy, confidentiality, retain representation and a fair and just tax system.

Also available in English and Spanish is **Publication 17, Your Federal Income Tax**. This comprehensive tax guide for individuals can be a worthwhile year-round reference for anyone working on their current return, as well as those planning for the years ahead. Other online resources are designed to help taxpayers understand the audit process, the collection process, the special rules that apply to taxpayers abroad and how to respond to IRS bills and notices. There is also information on tax fraud, including tips on spotting a phone scam, currently the most widespread tax-related scam.

To access these multilingual online resources, open the "Language" option in the top right-hand corner of IRS.gov or look for the "Other Languages" section at the bottom of each page of the website.

See tax information in **Spanish, Chinese, Korean, Russian, and Vietnamese**.

For Colleges and Universities: IRS waives penalties for missing or incorrect Taxpayer Identification Numbers

The IRS is waiving penalties assessed against any college, university or other educational institution for **Forms 1098-T** that were filed with an incorrect or missing taxpayer identification number (TIN). The IRS is granting this relief for tax years 2012, 2013 and 2014.

Relief for these three years is being given in light of recent legislation that provides relief to educational institutions from future penalties for missing or incorrect TINs if the educational institution certifies under penalty of perjury that it has complied with regulations governing solicitation of payee TINs. Although this legislation permits this certification, it does not remove the requirement to properly solicit payee TINs.

For tax year 2012, each educational institution that was previously assessed such penalty will receive a letter from the IRS informing them of the IRS' decision. Affected institutions that did not receive a letter by Oct. 1, 2015, should respond to the IRS using the original penalty assessment notice. The IRS is not assessing penalties for incorrect or missing TINs for tax years 2013 and 2014.

IRS seeks tax volunteers



If you are looking for an opportunity to make a difference, consider becoming a tax volunteer. The IRS is looking for people who will provide free tax help in 2016. You will receive all the tax training you need so you can help others file their tax return.

The IRS sponsors two programs that offer free tax help across the country. These are the **Volunteer Income Tax Assistance and Tax Counseling for the Elderly** programs. In 2015, VITA and TCE volunteers prepared more than 3.7 million tax returns at no cost for people with low-to-moderate incomes.

Here are some good reasons why you should become a VITA or TCE volunteer:

- **No prior experience needed.** You'll receive specialized training and can serve in a **variety of roles**, including Greeter/Screeners, Tax Preparer, Quality Reviewer, Computer Specialist, or Site Coordinator. If you are fluent in another language, you may be able to help those who speak that language.
- **Free tax law training and materials.** You'll learn how to prepare basic tax returns and learn about tax deductions and credits that benefit eligible taxpayers. These include credits such as the Earned Income Tax Credit, Child Tax Credit and Credit for the Elderly.
- **Volunteer hours are flexible.** Volunteers generally serve an average of three to five hours per week. The programs are usually open from mid-January through the tax filing deadline in April. A few sites are open all year.
- **VITA and TCE sites are often nearby.** More than 12,000 sites were set up in neighborhoods all over the country this year. They are often set up in community centers, libraries, schools, shopping malls and similar places. Chances are good that you can volunteer at a site near you.

To find out more, visit IRS.gov and type "tax volunteer" in the search box. If you'd like to become a volunteer, you will need to submit your volunteer interest information on IRS.gov at **IRS Tax Volunteers**.

Help us spread the word about the Earned Income Tax Credit

Did you know that workers in your community can receive up to \$6,242 by claiming EITC, Earned Income Tax Credit, on their 2015 tax returns? Think of the financial boost EITC provides to families and individuals in your community, as well as the **impact to your local economy**.

Four out of five working people who qualify for EITC file and claim it. But, many miss this opportunity to boost their income. Each year there is an approximately one-third turnover of taxpayers who qualify for EITC. Workers move in and out of EITC eligibility based on their filing status, number of qualifying children and their financial situation. This requires continuous promotion of this beneficial credit.

How Can You Help Get the Word Out?

By working together and reaching out to eligible individuals, we can ensure more money is available to members of your community and bring EITC dollars into your local economy. Help inform your residents who have **earned income** about EITC through both widespread and targeted communications so they get the benefit they earned.

- Our **Quick EITC Outreach kit (pdf format)** provides easy-to-do ideas to get the word out about EITC and highlights key products to help.
- Share video, audio, and print PSAs or public service announcements, YouTube clips; online video and audio clips through community cable TV programs and bulletin boards. **Find available products here.**
- **Use our audio files as on hold messages** while callers wait to speak by phone with a municipal department representative.
- Leverage EITC messages through social media and Internet outlets such as Facebook, Twitter and your website. **Find available products here.**
- Add a **banner ad** or **badge** to your Facebook or website.

- Spread the word with written information in your newsletters or mailings or play EITC PSAs through your cable or closed circuit channels.
 - **PSAs**
 - **Fact Sheets**
 - **Stuffers or Small Flyers**
 - **Customize a Stuffer or Small Flyer with Your Information**
- Hang **EITC Posters** in public places.
- Join in **EITC Awareness Day** - Increasing EITC awareness is important at all times. But having this one day, where EITC is highlighted through more than one national and local channel, increases the likelihood that your community member hears about it, maybe once, twice, or more. It also increases the chance he or she will make an effort to find out more about EITC.

Also see:

Our **Targeted Messages - Why Me?** Why should you do this? What's my role as a revenue agency, vendor regulatory and/or licensing agency, communication manager, school, real estate tax or housing authorities or...?

More Resources:

Tried and True Tips - Suggestions and best practices from successful EITC campaigns to find out what other government agencies, offices, employers, and public schools are doing to spread EITC awareness

Basic EITC Marketing and Communication Materials - More ideas and tools for increasing EITC Awareness

Information on State and Local Government EITC Programs

EITC Awareness Day 2016 is January 29

Each year the IRS invites state and local governments, community organizations, elected officials, schools, employers, and other interested parties to join a national grassroots effort on EITC Awareness Day to spotlight EITC.

We need your help to capture the attention of those eligible for EITC and motivate them to explore whether they qualify. We also want to lead them to no-cost options for tax return help (volunteer tax assistance and Free File), direct them to additional credits they are entitled to, and make sure they get it right.

EITC Awareness Day 2016 is Friday, January 29. Please plan to join us and check the **Cities, Counties, and Municipal Agencies** page on IRS's **EITC Central** for more information.

The Basics: What is EITC?

The Earned Income Tax Credit, or EITC, is a benefit for working people with low to moderate income. To qualify, you must meet certain requirements and file a tax return, even if you do not owe any tax or are not required to file. EITC reduces the amount of tax you owe and may give you a refund.

Who Qualifies?

To **qualify for EITC** you must have earned income from working for someone or from running or owning a business or farm and meet basic rules. And, you must either have a child that meets all the qualifying child rules or meet additional rules for workers without a qualifying child.

Income Limits and Table

Income and family size determine the amount of the EITC. The income amounts and the amount of EITC are adjusted for inflation each year. See the **EITC Income Limits, Maximum Credit Amounts and Tax Law Updates** for the current and previous years.

EITC Assistant

Use the **EITC Assistant** to see if you qualify. The EITC Assistant helps you find out your filing status, if your child is a qualifying child, if you are eligible, and estimate the amount of the credit you may get.



IRS offers 10 key tax facts about home sales

Whether they are moving across town or across the country, upsizing or downsizing, individuals in your community should keep these **ten tax facts** in mind if they sell their home this year:

- 1. Exclusion of Gain.** You may be able to exclude part or all of the gain from the sale of your home. This rule may apply if you meet the eligibility test. Parts of the test involve your ownership and use of the home. You must have owned and used it as your main home for at least two out of the five years before the date of sale.
- 2. Exceptions May Apply.** There are exceptions to the ownership, use and other rules. One exception applies to persons with a disability. Another applies to certain members of the military. That rule includes certain government and Peace Corps workers. For more on this topic, see **Publication 523, *Selling Your Home***.
- 3. Exclusion Limit.** The most gain you can exclude from tax is \$250,000. This limit is \$500,000 for joint returns. The **Net Investment Income Tax** will not apply to the excluded gain.
- 4. May Not Need to Report Sale.** If the gain is not taxable, you may not need to report the sale to the IRS on your tax return.
- 5. When You Must Report the Sale.** You must report the sale on your tax return if you can't exclude all or part of the gain. You must report the sale if you choose not to claim the exclusion. That's also true if you get **Form 1099-S, *Proceeds from Real Estate Transactions***. If you report the sale, you should review the **Questions and Answers on the Net Investment Income Tax** on IRS.gov.
- 6. Exclusion Frequency Limit.** Generally, you may exclude the gain from the sale of your main home only once every two years. Some exceptions may apply to this rule.
- 7. Only a Main Home Qualifies.** If you own more than one home, you may only exclude the gain on the sale of your main home. Your main home usually is the home that you live in most of the time.
- 8. First-time Homebuyer Credit.** If you claimed the first-time homebuyer credit when you bought the home, special rules apply to the sale. For more on those rules, see **Publication 523**.
- 9. Home Sold at a Loss.** If you sell your main home at a loss, you can't deduct the loss on your tax return.
- 10. Report Your Address Change.** After you sell your home and move, update your address with the IRS. To do this, file **Form 8822, *Change of Address***. You can find the address to send it to in the form's instructions on page two. If you purchase health insurance through the **Health Insurance Marketplace**, you should also notify the Marketplace when you move out of the area covered by your current Marketplace plan.

Additional IRS Resources:

Publication 5152: Report changes to the Marketplace as they happen - [English](#) | [Spanish](#)

IRS YouTube Videos:

- Premium Tax Credit: Changes in Circumstances – [Spanish](#) | [ASL](#)

Latest U.S. Population Migration Data released

The state and county-level **migration data for 2013-2014** for the United States is now available on IRS's **Tax Stats** site.

Migration data is based on year-to-year address changes reported on individual income tax returns filed with the IRS. The data presents migration patterns by state or county for the entire United States and is available for inflows (the number of new residents who moved to a state or county and where they migrated from) and outflows (the number of residents leaving a state or county and where they moved to).

The data is available for filing years 1991 through 2014 and includes:

- Number of returns filed, which approximates the number of households that migrated
- Number of personal exemptions claimed, which approximates the number of individuals
- Total adjusted gross income, starting with filing year 1995
- Aggregate migration flows at the state level, by the size of adjusted gross income (AGI) and age of the primary taxpayer, starting with filing year 2011.

Beginning with data for 2011–2012, Statistics of Income has introduced a number of enhancements to improve the data's overall quality, as well as provide a new series of information. For more information, see "**SOI Migration Data: A New Approach.**"