



IRS Congressional Update

News for members of Congress and their staffs.....March 2017

Check the status of your refund with Where's My Refund?

Expecting a refund? You can check on it using [Where's My Refund?](#) on [IRS.gov](#) or the [IRS2Go Mobile App](#) within 24 hours after the IRS receives your e-filed return or four weeks after you mailed a paper return. Where's My Refund? includes a tracker that displays progress through 3 stages:

1. Return Received
2. Refund Approved
3. Refund Sent

When the IRS processes your tax return and approves the refund, you can see your expected refund date.

While the IRS issues most refunds in less than 21 days, it's possible your refund may take longer. Many different factors can affect the timing after the IRS receives your return, including the time it takes for your financial institution to post the refund to your account or for you to receive it by mail.

Where's My Refund? is updated once every 24 hours, usually overnight, so you don't need to check more often. Keep in mind that IRS phone and walk-in representatives can only research the status of your refund:

- 21 days after you filed electronically;
- six weeks after you mailed your paper return; or
- if Where's My Refund? directs you to contact the IRS.

The IRS2Go app is free and available on Google Play, the Apple App Store or Amazon.

If you don't have Internet access, you can call the refund hotline at 800-829-1954.

Have questions? Visit [2017 Tax Season Refund Frequently Asked Questions](#) on [IRS.gov](#)

Use IRS Free File Software on Smart Phones or Tablets

Taxpayers now may use their smart phones or tablets to electronically prepare and file their federal and state tax returns through IRS Free File. The IRS and its private-sector partners who offer their brand-name software products for free now support a new design that allows for the use of desktops, laptops, mobile phones and tablets.

You may access the products using mobile devices in two ways: 1. Use the IRS app, [IRS2Go](#), which has a link to the Free File Software Lookup Tool or, 2. use the device's browser to go to [www.IRS.gov/freefile](#) and select the [Free File Software Lookup Tool](#) or "Start Free File Now" to find the software product that matches your situation. The IRS2Go app is available for

Android and iOS devices.

Teleconferences on March 9 and 15 for new congressional aides

Reminder: we are hosting one-hour teleconferences for new congressional aides. Veteran caseworkers who would like a refresher on IRS resources are also invited to attend. Topics include disclosure, IRS online services, disaster tax relief, free volunteer tax preparation and more. Call in on 888 331-8226 and use access code 43 68 754 on March 9 at 10 a.m. EST or March 15 at 2 p.m. EST.

Congressional Affairs Program webpage

We are expanding the section of our website dedicated to the Congressional Affairs Program, irs.gov/congress, to better connect with you. Please send any suggestions you may have for content to your local District Liaisons.

Extensions for time to file

Reminder: tax deadline is April 18

Need more time to prepare your federal tax return? This [link](#) provides information on how to apply for an extension of time to file. Please be aware that an extension of time to file your return does not grant you any extension of time to pay your taxes. **April 18** is the deadline for most to [pay taxes owed](#) and avoid penalty and interest charges.

Low Income Taxpayer Clinic Program Report is now available

The IRS [Low Income Taxpayer Clinic \(LITC\) Program Office](#) has issued its annual Program Report. The [LITC Program Report](#) describes how LITCs provide representation, education and advocacy for taxpayers who are low income or speak English as a second language. During 2015, LITCs represented 18,751 taxpayers in disputes with the IRS, and provided consultation or advice to an additional 18,810 taxpayers. LITCs helped taxpayers secure more than \$4.3 million in tax refunds and eliminate over \$64 million in tax liabilities, penalties, and interest. Overall, more than 1,800 volunteers contributed to the success of LITCs. The full report contains more details about the LITC Program and more extraordinary stories about the services that LITCs provide. See the report and a list of available locations at www.taxpayeradvocate.irs.gov/about/litc.

OTHER IMPORTANT REMINDERS:

- Consolidated List of [Dirty Dozen Tax Scams](#) affecting taxpayers
 - New [Form 990-EZ](#) with "help" icons to assist tax-exempt filers
 - The Latest [Criminal Investigation News](#)
 - 2017 [Statistics on Filing Season](#) Tax Returns
 - Share the video: [Welcome to Free File](#)
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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](#).



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Need more time to file? Get an extension

[Español](#) | [中文](#) | [한국어](#) | [TiếngViệt](#) | [Русский](#)

This page provides information on how to apply for an extension of time to file. Please be aware that an extension of time to file your return does not grant you any extension of time to pay your taxes.

April 18 is the deadline for most to **pay taxes owed** and avoid penalty and interest charges.

Payment options available to those who owe taxes

It's easier than ever to pay taxes electronically. For those unable to pay on time, several **quick and easy solutions** are available.

Taxpayers who choose to pay by check or money order should make the payment out to the "United States Treasury." To help ensure that the payment gets credited promptly, also enclose a **Form 1040-V** payment voucher. Also print on the front of the check or money order: "2016 Form 1040," name, address, daytime phone number, and Social Security number.

Taxpayers can view their federal tax account balances online. It's safe, secure and available on the "**Finding out How Much You Owe**" page on IRS.gov. They can also access payment options or apply for an installment agreement on this page.

IRS and Department of Education, Office of Federal Student Aid - Statement about the Data Retrieval Tool

Privacy Concerns Force Tool to Remain Offline; Students, Parents and Borrowers Should Use Other Options to Provide Financial Data on Applications.

To protect sensitive taxpayer data, the IRS and FSA announced today the Data Retrieval Tool on [fafsa.gov](#) and [StudentLoans.gov](#) will be unavailable until extra security protections can be added. While we are working to resolve these issues as quickly as possible, students and families should plan for the tool to be offline until the start of the next FAFSA season.

See IRS.gov for the **full statement** and explanation of other options.

2017 Low Income Taxpayer Clinics (LITCs) announced

The IRS LITC Program Office administered by the Office of the Taxpayer Advocate **announced** its updated list of clinics that have been awarded funding by the LITC grant program for 2017. **Publication 4134, Low Income Taxpayer List**, includes the languages each clinic serves in addition to English. LITCs assist low income individuals who have a tax dispute with the IRS and

provide education and outreach to individuals who speak English as a second language (ESL).

Clinics participating in the LITC program provide:

- **Representation** for individuals in disputes with the IRS including audits, appeals, collection matters, and federal tax litigation (LITCs can also help taxpayers respond to IRS notices and correct account problems);
- **Education** about taxpayer rights and responsibilities; and
- **Advocacy** on behalf of low income and ESL taxpayers.

Read the latest [LITC Program Report](#) and learn more about the [Low Income Taxpayer Clinic](#) program on the Taxpayer Advocate Service [website](#).

IRS seeks volunteers for Taxpayer Advocacy Panel through April 24

The IRS [announced](#) it is seeking civic-minded volunteers to serve on the Taxpayer Advocacy Panel (TAP), a federal advisory committee that listens to taxpayers, identifies major taxpayer concerns and makes recommendations for improving IRS service and customer satisfaction.

“In trying to comply with an increasingly complex tax system, taxpayers may find they need different services than the IRS is currently providing,” said Nina E. Olson, National Taxpayer Advocate. “The TAP is vital because it provides the IRS with the taxpayer’s perspective and suggestions for improvement. This helps the IRS deliver better service to assist taxpayers in meeting their tax obligations.”

Applications for the TAP will be accepted through April 24, 2017. Interested individuals must apply online at www.usajobs.gov. For additional information, visit www.improveirs.org and select the “Join TAP” tab or call 888-912-1227 and select option 5. Those interested can also contact the TAP staff at taxpayeradvocacypanel@irs.gov. Callers outside the U.S. and U.S. territories should call 202-317-3087 (not a toll-free call).

Future State initiative ties into many IRS activities

The IRS has many efforts underway to improve taxpayer service, enforcement and operations in an environment of limited resources and rapid changes in technology. The IRS is thinking about the entire taxpayer service and enforcement mission in new ways — in a transformative way that will be cost-effective for taxpayers.

Our [Future State](#) efforts continue to evolve, and continuing to get feedback from many sources play a critical part of these efforts to help improve tax administration in a rapidly evolving world. These changes are all part of improving IRS operations to better serve taxpayers and support the nation's tax system.

IRS Data Book helps by providing key IRS stats

The 2016 [Data Book](#) describes activities conducted by the IRS from October 1, 2015, to September 30, 2016, and includes information about returns filed, taxes collected, enforcement, taxpayer assistance and the IRS budget and workforce, among other categories. This edition also contains charts that show trends, such as the decline in the number of audits and increases in the use of online resources and volunteer tax assistance.

OTHER IMPORTANT REMINDERS:

- IRS Has [Refunds Totaling \\$1 Billion for People Who Have Not Filed](#) a 2013 Federal Income Tax Return
- Save time, [make an appointment](#)
- Get [prior year tax information](#) from IRS
- Streamlined applications for exempt status digitized and [publicly available](#)
- IRS Can [Help Taxpayers Get Form W-2](#)
- IRS Releases [100th eBook](#); Another Way for Taxpayers to Get Helpful Information
- Here's the latest [Social Media Toolkit](#)

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Private collection of some overdue federal taxes started in April

The IRS began sending letters to a relatively small group of taxpayers whose overdue federal tax accounts are being assigned to one of [four private-sector collection agencies](#). The [new program](#), authorized under federal law, enables these designated contractors to collect, on the government's behalf, unpaid tax debts. Usually, these are unpaid individual tax obligations that are not currently being worked by IRS collection employees and often were assessed by the tax agency several years ago.

Taxpayers being assigned to a private firm would have had multiple contacts from the IRS in previous years and still have an unpaid tax bill.

"The IRS is taking steps throughout this effort to ensure that the private collection firms work responsibly and respect taxpayer rights," said IRS Commissioner John Koskinen. "The IRS also urges taxpayers to be on the lookout for scammers who might use this program as a cover to trick people. In reality, those taxpayers whose accounts are assigned as part of the private collection effort know they have a tax debt."

How to know it's really the IRS calling or knocking on your door

Many taxpayers have encountered individuals impersonating IRS officials – in person, over the telephone and via email. Don't get scammed. We want you to understand [how and when the IRS contacts taxpayers](#) and help you determine whether a contact you may have received is truly from an IRS employee.

The IRS initiates most contacts through regular mail delivered by the United States Postal Service.

However, there are special circumstances in which the IRS will call or come to a home or business, such as when a taxpayer has an overdue tax bill, to secure a delinquent tax return or a delinquent employment tax payment or to tour a business as part of an audit or during criminal investigations.

If an IRS representative visits you, he or she will always provide two forms of official credentials called a pocket commission and a [HSPD-12](#) card. HSPD-12 is a government-wide standard for secure and reliable forms of identification for federal employees and contractors. You have the right to see these credentials.

Low Income Tax Clinic Grant application period

The application period for Low Income Taxpayer Clinic (LITC) grants for calendar year 2018 is now open and will run through June 20, 2017.

The LITC program is a federal grant program administered by the Office of the Taxpayer Advocate at the IRS. The LITC program awards matching grants of up to \$100,000 per clinic per year to qualifying organizations to develop expand or maintain an LITC. An LITC must provide services for free or for no more than a nominal fee. [Publication 3319, 2018 LITC Grant Application & Guidelines](#), is available on IRS.gov.

Seven tax tips to help determine what makes a gift taxable

Taxpayers who give money or property to others may wonder about the federal gift tax and if it applies. Most gifts are not subject to the gift tax. The IRS offers [seven tax tips](#) about the gift tax and giving.

Small business startups: new option for claiming research credit

Small businesses should note recent [IRS interim guidance](#) explaining how eligible small businesses can take advantage of a new option enabling them to apply part or all of their research credit against their payroll tax liability, instead of their income tax liability. Before 2016, taxpayers could only take the research credit against their income tax liability.

[Notice 2017-23](#), provides guidance on a new provision included in the Protecting Americans From Tax Hikes (PATH) Act enacted in December 2015. This new option will be available for the first time to any eligible small business filing its 2016 federal income tax return this tax season. Those who already filed still have time to choose this option.

Sharing Economy Tax Center now available on IRS.gov

If you use one of the many online platforms available to rent a spare bedroom, provide car rides or to connect and provide a number of other goods or services, you're involved in what is sometimes called the sharing economy.

An emerging area of activity in the past few years, the sharing economy has changed how people commute, travel, rent vacation accommodations and perform many other activities. Also referred to as the on-demand, gig or access economy, the sharing economy allows individuals and groups to utilize technology advancements to arrange transactions to generate revenue from assets they possess - (such as cars and homes) - or services they provide - (such as household chores or technology services). Although this is a developing area of the economy, there are tax implications for the companies that provide the services and the individuals who perform the services.

The IRS encourages taxpayers participating in the sharing economy to understand the potential tax issues affecting them and can do so on the [Sharing Economy Tax Center](#). The IRS is providing additional information to help people, and [many tax professionals can assist](#) with tax issues and questions related to this emerging area.

OTHER IMPORTANT REMINDERS:

- [Letter 12C](#) – request for information to reconcile advance payment of the Premium Tax Credit
 - [Where's My Refund?](#) - It's quick, easy and secure
 - [Check your tax withholding](#)
 - Here's the latest [Social Media Toolkit](#)
 - Foreign [Certified Acceptance Agents](#) can help with W-7 / ITIN application
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Online tax payment options available for taxpayers and businesses

The IRS offers **payment options** that allow your constituents to pay their tax bill securely online, over the phone or with a mobile device, either immediately or through installments. It's simple to make payments using IRS electronic payment options.

One popular payment methods is IRS **Direct Pay**, allowing taxpayers to make a payment directly from their checking or savings account at no cost. Other options include the Electronic Tax Payment System **EFTPS** and **debit or credit cards**. Credit card payment processors charge a processing fee.

IRS2Go, the official mobile app of the IRS, is the right tool for those who prefer using a mobile device to make a payment. Download IRS2Go from Google Play, the Apple App Store or the Amazon App Store to access Direct Pay or make a debit or credit card payment.

Individuals and businesses that need more time can apply for monthly installment agreements through the **Online Payment Agreement** tool on IRS.gov. In order to apply, individual taxpayers must owe \$50,000 or less in combined individual income tax, penalties and interest and have filed all required returns. Businesses must owe \$25,000 or less in payroll taxes and have filed all required returns.

The IRS also offers various ways to view tax account **balances**.

Four tips for employers who use a payroll service

Payroll services provide valuable benefits to employers including helping them meet their **payroll tax responsibilities**. However, employers should remember that they are ultimately responsible if payroll tax responsibilities are not met.

Tips for employers who use a payroll service:

1. Payroll taxes must be deposited regularly with the U.S. Treasury using the **Electronic Federal Tax Payment System**. You can register with EFTPS and use it yourself or your payroll service may register for you and use EFTPS on your behalf.
2. If a payroll service registers your business, you will receive an EFTPS inquiry PIN. Use this PIN to view your account and verify that your payroll tax deposits are being made.
3. Don't let your payroll service change your address of record with the IRS. Any correspondence or other contact from IRS should come directly to you to resolve errors as soon as possible.
4. If you suspect your payroll service isn't fulfilling its obligations, contact the IRS. You can file a complaint using **IRS Form 14157, Complaint: Tax Return Preparer**. Check the box on line one marked "Payroll Service Provider."

To learn more, visit **Outsourcing Payroll and Third Party Payers**.

Filing Season Highlights

As of May 5, 2017, more than 132 million tax returns were processed and more than 101 million refunds issued, totaling over \$281 billion. This is significant, considering the new law requiring IRS to delay Earned Income Tax Credit and Additional Child Tax Credit refunds until Feb. 15.

All the latest **filing season** data is available online. In addition, on April 14, the Commissioner shared with IRS employees the following highlights:

- IRS call site employees had answered more than 11 million calls from taxpayers. And for the second year in a row, the level of service on IRS toll-free help lines topped 70 percent – a vast improvement from 2015.
- In 2016, the number of people who identified themselves as victims of identity theft dropped 50 percent from the previous year. Last year, IRS systems stopped \$6.5 billion in fraudulent refunds on nearly 1 million tax returns -- that alone is more than half the annual IRS budget.
- During the last few years, demand at IRS Taxpayer Assistance Centers grew so much that, in some areas, people lined up hours before the center opened. This year, IRS expanded the service-by-appointment system, which has helped resolve over half of all taxpayer issues up front without an in-person visit and helped save valuable time for taxpayers who needed walk-in assistance.

IRS Tax Publications in Braille and Text Formats

Many IRS tax publications are available in text (.txt) and Braille ready (.brf) file formats. You can [download these files and find more information](#) on our Braille and Text Formats online at IRS.gov.

Getting married this summer?

Here are some steps to make your first joint income tax return less stressful.

Name Change? Make sure that the names you enter on your first tax return match the names and social security numbers on file with the **Social Security Administration**.

Are you withholding enough? No matter when you get married this year, even on December 31, you're considered to have been married for the entire year for tax purposes. To make sure you're having enough taxes taken out of your paychecks, **check your withholding**. If both you and your spouse work, your combined income may place you in a higher tax bracket.

Address change? Be sure to **notify the IRS**, the **U. S. Postal Service**, your employer, banks or other payers that may send you year-end tax statements.

Additional tips are available online.

Disaster preparedness

Make time to **prepare now for hurricanes and other natural disasters**. By taking a few steps before disaster strikes, you can reduce the stress of filing claims and rebuilding after a catastrophic event.

In the case of a federally declared disaster, affected taxpayers can call 866-562-5227 to speak with an IRS specialist trained to handle disaster-related issues.

- Taxpayers can request copies of previously filed tax returns and attachments, including Forms W-2, by filing **Form 4506, Request for Copy of Tax Return**. Alternatively, order transcripts showing most line items through the Get Transcript link on IRS.gov, by calling 800-908-9946 or by using **Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript** or **Form 4506-T, Request for Transcript of Tax Return**.
- Create electronic copies of documents and keep a duplicate set of key documents. Keep documents including bank statements, tax returns and insurance policies in a safe place. If original documents are only available on paper, scan them into an electronic format and store them on DVD, CD or cloud storage.
- Photograph or videotape the contents of your home, especially items of higher value. Documenting these items ahead of time will make it easier to claim insurance and tax benefits if a disaster strikes. The IRS has a disaster loss workbook, **Publication 584**, which can help taxpayers compile a room-by-room list of belongings.

Reminders/Links

- What to do when an [IRS letter](#) arrives in your mailbox
- Tips about [filing late and paying penalties](#)
- Tips [for taxpayers who owe](#) taxes
- Tips for [amending your tax return](#)
- Spring 2017 **Statistics of Income Bulletin**

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New phone scam claims bogus certified letters

Beware of a **new scam** linked to the Electronic Federal Tax Payment System (EFTPS), where individuals impersonating IRS personnel call to demand an immediate tax payment through a prepaid debit card. This scam is being reported across the country, so taxpayers should be alert to the details.

In the latest variation, the caller claims to be from the IRS and tells the victim about two certified letters purportedly sent to the taxpayer in the mail but returned as undeliverable. The impersonator then threatens arrest if a payment is not made through a prepaid debit card. The scammer also tells the target taxpayer that the card is linked to the EFTPS system when, in fact, it is controlled by the fraudulent caller. The taxpayer is also warned not to contact their tax preparer, an attorney or their local IRS office until after the tax payment is made.

“This is a new twist to an old scam,” said IRS Commissioner John Koskinen. “Just because tax season is over, scams and schemes do not take the summer off. People should stay vigilant against IRS impersonation scams. People should remember that the first contact they receive from IRS will not be through a random, threatening phone call.”

For more information, check out these IRS videos:

Tax Scams: [English](#) | [Spanish](#) | [ASL](#)

Private Collection of Overdue Taxes: [English](#) | [Spanish](#)

Summer Series Aimed at Raising Security Awareness Among Local Tax Professionals

The IRS will begin a special 10-week series on July 11 aimed at raising computer security awareness for local tax professionals across the nation following a series of sophisticated email scams. In these schemes, fraudsters use emails in hopes of tricking tax preparers into clicking on links that appear to be from a friend, customer or company.

This joint outreach effort, called “Don’t Take the Bait,” will be conducted by the IRS in conjunction with state tax agencies across the nation and the private-sector tax industry. It’s critical that tax professionals remember basic security tips to protect themselves as well as the taxpayers they serve. More information is available on IRS.gov in the [Protect Your Clients, Protect Yourself](#) section.

IRS adds new features to Taxpayer Online Account

The IRS has added several new features to the [online account tool](#). Taxpayers may now view up to 18 months of payment history, view payoff amounts and tax balance due amounts for individual tax years and more.

Is my residential rental income taxable and/or are my expenses deductible?

IRS has a new [online tool](#) that will help you determine if your residential rental income is taxable and/or if your basic expenses associated with the rental property are deductible.

To determine whether you're subject to passive activity loss limitations or whether depreciation of property is applicable in your situation, please refer to [Publication 527, Residential Rental Property \(Including Rental of Vacation Homes\)](#), and the [Instructions for Schedule E \(Form 1040\), Supplemental Income and Loss](#), for additional information.

Information you'll need:

- Type of rental payment(s) received.
- Type of rental expense(s) paid.
- The number of days rented and the number of personal use days, if any.

Tax tips regarding charity-related travel expenses

Many individuals donate time and effort to charities during the summer months, volunteering as a camp counselor or helping to build affordable housing or assisting victims of a flood or hurricane. If you travel while volunteering for a charity, you may be able to lower your taxes. Here are some tax tips that you should know about deducting charity-related travel expenses:

Out-of-pocket expenses — You may be able to deduct some of your costs including travel. They must be necessary while you are away from home. All costs must be:

- unreimbursed,
- directly connected with the services,
- expenses you had only because of the services you gave, and
- not personal, living or family expenses.

Value of time or service — You cannot deduct the value of your time or services that you give to charity. This includes income lost while you serve as an unpaid volunteer for a qualified charity.

Travel you can deduct — The types of expenses that you may be able to deduct include:

- air, rail and bus transportation,
- car expenses,
- lodging costs,
- cost of meals, and
- taxi or other transportation costs between the airport or station and your hotel.

Travel you can't deduct — Some types of travel don't qualify for a tax deduction. For example, you can't deduct your costs if a significant part of the trip involves recreation

vacation.

For more on these rules, see [Publication 526, Charitable Contributions](#).

National Taxpayer Advocate Reviews Filing Season and Identifies Priority Areas and Challenges in Mid-Year Report to Congress

Statutorily mandated report addresses priorities for FY 2018

National Taxpayer Advocate Nina E. Olson released her [mid-year report to Congress](#) that reviews the 2017 Filing Season, identifies priority issues the Taxpayer Advocate Service will address during the coming year, and contains IRS's responses to each of the 93 administrative recommendations the Advocate made in her 2016 Annual Report to Congress. Some of the 2018 priorities include private debt collection implementation, U.S. passport revocations and denials and transparency in the Offshore Voluntary Disclosure programs.

The National Taxpayer Advocate is required by statute to submit two annual [reports](#) to the House Committee on Ways and Means and the Senate Committee on Finance. The first, or mid-year, report must identify the objectives of the Office of the Taxpayer Advocate for the fiscal year beginning in that calendar year. For more information about Taxpayer Advocate Service, visit www.TaxpayerAdvocate.irs.gov.

Interest rates remain the same

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis. For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points.

The interest rates for [the calendar quarter beginning July 1, 2017](#) are:

- 4 percent for overpayments (3 percent in the case of a corporation);
- 1 1/2 percent for the portion of a corporate overpayment exceeding \$10,000;
- 4 percent for underpayments; and
- 6 percent for large corporate underpayments.

An individual or small business that owes \$10,000 in tax, for example, would accrue approximately \$400 per year in interest.

Correspondence examination digital pilot program

The IRS Taxpayer Digital Communications (TDC) Secure Messaging pilot program has started with correspondence examinations involving Schedule A and some other issues. During the pilot, the IRS will invite approximately 8,000 taxpayers under correspondence examinations to communicate with the IRS using secure messaging through digital communication channels.

The pilot program is by invitation only. Taxpayers and their tax professionals with valid powers of attorney can participate only if the client receives a marketing insert or letter saying they are eligible.

Reminders/Links

- Video tax tip: Tax-Related Identity Theft in [English](#) | [Spanish](#) | [ASL](#)
 - [How to know it's really the IRS](#) calling or knocking on your door
 - The latest Social Media toolkit: [Publication 5244](#)
 - [Renew now](#) for ITINs set to expire by the end of year
 - Letter Rulings: [electronic payment of user fees replaces paying by check](#)
 - IRS approves [first group of Certified Professional Employer Organizations](#)
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Hurricane Harvey

Victims of Hurricane Harvey may qualify for tax relief. For important details, see IRS news release [IR-2017-135](#). (Español: [IR-2017-135SP](#))

All taxpayers need to look out for possible fake charity scams emerging due to Hurricane Harvey. Taxpayers should seek out recognized charitable groups for their donations. See IRS news release [IR-2017-137](#). (Español: [IR-2017-137SP](#))

401(k)s and similar employer-sponsored retirement plans can make loans and hardship distributions to victims of Hurricane Harvey and members of their families. For important details, see IRS news release [IR-2017-138](#). (Español: [IR-2017-138SP](#))

In response to shortages of undyed diesel fuel caused by Hurricane Harvey, the IRS will not impose a penalty when dyed diesel fuel is sold for use or used on the highway. This relief applies in the areas and counties for which the Environmental Protection Agency issued waivers for Texas Low Emission Diesel Fuel. For important details, see IRS news release [IR-2017-139](#). (Español pending: [IR-2017-139SP](#))

For the latest tax news related to Hurricane Harvey, go to www.irs.gov/HurricaneHarvey.

“Don’t Take the Bait” campaign continues

The August edition of the Congressional Update introduced the IRS’s “Don’t Take the Bait” campaign to combat identity theft refund fraud and protect the nation’s taxpayers. The campaign is focused on raising awareness of the critical need for tax professionals to increase their computer security and be cautious when reviewing their inboxes – specifically the successful email scams that identify themselves as a friend, customer or company (spear phishing).

Tax professionals must remember they have an obligation to their customers and a legal requirement under federal law to protect taxpayer information. To help tax professionals increase computer security, the IRS, in collaboration with its Security Summit partners, has issued the following news releases so far.

- [IR-2017-117](#), Security Summit Launches Education Campaign Aimed at Tax Pros; Warns Against Phishing Epidemic with “Don’t Take the Bait” series
 - [IR-2017-119](#), Don’t Take the Bait, Step 1: Avoid Spear Phishing Emails
 - [IR-2017-120](#), Don’t Take the Bait, Step 2: Be Alert to Account Takeover Tactics
 - [IR-2017-123](#), Don’t Take the Bait, Step 3: Security Summit Safeguards Help Protect Individuals; Renew Focus on Curbing Data Breaches and Business Identity Theft
 - [IR-2017-125](#), Don’t Take the Bait, Step 4: Defend against Ransomware
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- [IR-2017-127](#), Don't Take the Bait, Step 5: Prevent Remote Access Takeover Attacks
- [IR-2017-130](#), Don't Take the Bait, Step 6: Watch Out for the W-2 Email Scam

To follow “Don't Take the Bait” and see other security awareness campaigns directed at taxpayers and tax professionals, visit the [Security Summit](#) page on IRS.gov.

Understanding employee vs. contractor designation

IRS reminds small businesses of the importance of [understanding and correctly applying the rules](#) for classifying a worker as an employee or an independent contractor. For federal employment tax purposes, a business must examine the relationship between it and the worker. The IRS Small Business and Self-Employed [Tax Center](#) on the IRS website offers helpful resources.

[Worker classification](#) is important because it determines if an employer must withhold income taxes and pay Social Security, Medicare taxes and unemployment tax on wages paid to an [employee](#). Businesses normally do not have to withhold or pay any taxes on [payments to independent contractors](#). The earnings of a person working as an independent contractor are subject to [self-employment tax](#).

The [general rule](#) is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work, not *what* will be done and *how* it will be done. Small businesses should consider all evidence of the degree of control and independence in the employer/worker relationship. Whether a [worker](#) is an [independent contractor or employee](#) depends on the facts in each situation.

Consequences of misclassifying an employee

Classifying an employee as an independent contractor with no reasonable basis for doing so makes employers liable for employment taxes. Certain employers that can provide a reasonable basis for not treating a worker as an employee may have the opportunity to avoid paying employment taxes. See [Publication 1976, Section 530](#), Employment Tax Relief Requirements, for more information.

IRS seeking tax volunteers

Learn to prepare taxes and make a difference in your community at the same time. How can you make a difference? Simple. Volunteer to help your community by preparing taxes free of charge with the Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) Programs.

You will receive training to provide free tax help for low-to-moderate income individuals and families who need assistance preparing their tax returns. As a volunteer, you will join the thousands of others who each year prepare millions of tax returns at thousands of tax sites nationwide.

How does this program work? As a committed tax volunteer, you'll be assigned to work with a sponsoring organization, first to receive training and then to begin volunteering at a location in your community. Training is offered both online and in the classroom. Tax sites are generally open nights and weekends and the hours are flexible. You will surely find a volunteer site close to you.

Interested?

For additional information and next steps, submit your inquiry now using the [VITA/TCE Volunteer and Partner Sign Up](#) and you will be one step closer to becoming a [VITA or TCE tax volunteer](#) and giving back to your community. We will share your volunteer interest with sponsoring organizations in your area for follow-up contact.

Tips to keep in mind on income taxes and selling a home

Homeowners may qualify to exclude from their income all or part of any gain from the sale of their main home. Below are tips to keep in mind when selling a home:

Ownership and use. To claim the exclusion, the homeowner must meet the ownership and use tests. This means that during the five-year period ending on the date of the sale, the homeowner must have:

- Owned the home for at least two years and
- Lived in the home as their main home for at least two years.

Gain. If there is a gain from the sale of their main home, the homeowner may be able to exclude up to \$250,000 of the gain from income or \$500,000 on a joint return in most cases. Homeowners who can exclude all the gain do not need to report the sale on their tax return.

Loss. A main home that sells for lower than purchased is not deductible.

For more, see [tips to keep in mind on income-taxes-and-selling-a-home](#).

Taxpayer Advocate Blog

National Taxpayer Advocate Nina Olson is writing a weekly [blog](#) (<https://taxpayeradvocate.irs.gov/about/nta-blog>) to raise public and congressional awareness about current challenges in tax administration. In recent posts, Ms. Olson has discussed her concerns about several IRS initiatives, including the Private Debt Collection program, passport revocations under the FAST Act and the IRS Appeals process as well as the adequacy of the "Allowable Living Expense" standards the IRS uses to evaluate the ability of financially struggling taxpayers to pay their tax debts. To receive the National Taxpayer Advocate's weekly blog posts automatically, [subscribe here](#).

Reminders/links

- IRS YouTube video - Do you participate in the sharing economy -- also called the gig, on-demand or access economy? Learn what tax issues may affect you. [English](#) | [ASL](#)
-

- [Tax Information for Students](#)
 - [Estimated Tax Due September 15](#)
 - Reminder for taxpayers who filed for an extension - [returns are due on October 16](#)
-

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IRS Congressional Update

News for members of Congress and their staffs.... October 2017

Overview of disaster assistance and emergency relief for individuals and businesses

Special tax law provisions may help taxpayers and businesses recover financially from the impact of a disaster, especially when the federal government declares their location to be a major disaster area. Depending on the circumstances, the IRS may grant additional time to file returns and pay taxes. Both individuals and businesses in a federally declared disaster area can get a faster refund by claiming losses related to the disaster on the tax return for the previous year, usually by filing an amended return.

After the devastation of Hurricanes **Harvey**, **Irma** and **Maria**, the IRS is reminding taxpayers that the agency is here to help, including offering a special toll-free number (866-562-5227) to taxpayers in federally-declared disaster areas that's staffed with IRS specialists trained to handle disaster-related issues. The IRS can assist individuals and businesses reconstruct records after a disaster. Taxpayers can use **Get Transcript**, **Form 4506-T** and **Form 4506** to request tax account transcripts and copies of returns.

Disaster Preparedness

Planning what to do in case of a disaster is an important part of being prepared. The Internal Revenue Service encourages taxpayers to safeguard their records. Some **simple steps** can help taxpayers and businesses protect financial and tax records in case of disasters. For more information, check **Ready.gov**.

Protection from identity theft and fraudulent schemes

With recent reports of large private sector data breaches, IRS offers some precautions to keep personal information safe:

- Monitor your credit. Visit the **Federal Trade Commission** for information on obtaining a free annual credit report.
 - Considering a fraud alert or credit freeze? If you're not sure which is right for you, here are some **things to think about**.
 - Report identity theft and get a recovery plan. The Federal Trade Commission's **guide** helps you report and recover from identity theft.
-

- Never send personal information via email. Also, never respond to emails asking you to verify your password, account number, Social Security number or credit card numbers.
- Never click on links in suspicious emails, open attachments from unknown sources, or forward chain emails.
- Adopt a need-to-know approach to your Social Security number. If a business asks for your SSN, ask what they will do with the information, why they need it, and what will happen if you refuse to provide it.
- Install antivirus software, anti-spyware, and firewall software on your computer systems.

For more information, search for [identity protection tips](#), on IRS.gov.

How does the IRS contact taxpayers?

When the IRS needs to contact a taxpayer, the first contact is normally by letter delivered by the U.S. Postal Service. The IRS doesn't normally initiate contact with taxpayers by email, nor does it send text messages or contact through social media channels.

Depending on the situation, IRS employees may first call or visit with a taxpayer. In some instances, advance notice is provided in writing via a letter or notice, but not always.

For details see [How to know it's really the IRS calling or knocking on your door](#).

Can't pay your taxes?

A settlement offer, called an Offer in Compromise, may be an option. The IRS cannot accept an offer if the taxpayer can afford to pay what they owe from current assets, through monthly installments, or by some other means. Taxpayers should explore all other payment options and file all required returns before considering an Offer in Compromise.

In general, the IRS will approve an Offer in Compromise when the amount offered represents the most we can expect to collect within a reasonable period of time. Taxpayers can use the IRS's online [Offer in Compromise Pre-Qualifier](#) tool to see if they are eligible and prepare a preliminary proposal.

For more information about the IRS's Offer in Compromise program, including how to prepare and submit an application, visit IRS.gov and type [offer-in-compromise](#) in the search box.

Tax guidance available on Bitcoin & other virtual currency

IRS has issued [guidance](#) on the tax treatment of transactions using virtual currencies, such as Bitcoins or other similar currencies.

The sale or other exchange of virtual currencies, or the use of virtual currencies to pay for goods or services, or holding virtual currencies as an investment, generally has tax consequences that could result in tax liability. This guidance applies to individuals and businesses that use [virtual currencies](#).

Reminders/Links

- Individual income tax returns on extension are due October 16.
- [Penalty relief for certain partnerships](#) that filed late in 2017.
- The new [IRS.gov website](#) is now mobile friendly.
- The [Sharing Economy Tax Center](#) is available and informative.

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IRS Congressional Update

News for members of Congress and their staffs... November 2017

What Taxpayers Can Do Now Before Filing Their Return in 2018

While taxpayers will not start filing their tax returns for a few months, there are a few things they can do now to make the process easier next year.

Report name changes. Recently married or divorced taxpayers who change their name should notify the [Social Security Administration](#). They should also notify the SSA if a dependent's name changed. This is to ensure that when the taxpayer files next year, the new name on the tax return matches. A mismatch between the name shown on their tax return and the SSA records can cause problems in the processing of their tax return and may even delay their tax refund.

Renew Individual Taxpayer Identification Numbers. Taxpayers who use an [Individual Taxpayer Identification Number](#) should check to see if their number expired in 2016 or will expire this year. If so, and they need to file a return in 2018, they should apply now to [renew their ITIN](#) to avoid certain disallowed tax credits and processing delays next year. Taxpayers who have not used their ITIN to file a federal return at least once in the last three years will see their number expire Dec. 31, 2017. Also, ITINs with middle digits 70, 71, 72 or 80 will expire at the end of the year. Only taxpayers with expiring ITINs need to take any action. To renew an ITIN, a taxpayer must complete a [Form W-7](#) and submit required documentation. No tax return is required for an application to renew.

Notify IRS of an address change. Four ways to notify IRS of an address change can be found at [Frequently Asked Questions and Answers](#).

Get documentation of tax deductible charitable contributions. Throughout the year, many taxpayers contribute money or gifts to qualified organizations eligible to receive tax-deductible charitable contributions. For more information about records needed to verify a deduction, see [Gifts to Charity: Six Facts About Written Acknowledgements](#)

IRS YouTube Videos

- Changed Your Name after Marriage or Divorce? – [English](#) – [Spanish](#) – [ASL](#)
- Individual Tax Identification Number – [English](#) – [Spanish](#)
- Charitable Contributions – [English](#)

Tax benefits for education

The IRS Data Retrieval Tool is available to use with the 2018–19 Free Application for Federal Student Aid Form. Additional security and privacy protections have been added to address concerns that data from the tool could be used by identity thieves to file fraudulent tax returns. The tool enables users to get their 2015 Tax Return Information for the 2016–17 and 2017–18 FAFSA. The [IRS Data Retrieval Tool](#) remains the fastest, most accurate way to input your tax return information into the FAFSA form.

For more information about tax benefits for education see:

- News Release IR-2017-163, [IRS Reminds Parents, Students to Explore Education Resources on IRS.gov](#)
-

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- News Release IR-2017-161, [Reminder for Parents, Students: Check Out College Tax Benefits](#)
-

Plan to take required minimum distributions from retirement funds

Funds cannot be kept in a retirement account forever. Starting at age 70 ½, a minimum distribution is required each year from an IRA, SIMPLE IRA, SEP IRA, or retirement account. Withdrawals will be included in taxable income except for any part that was taxed before or that can be received tax-free (such as qualified distributions from designated Roth accounts). More than the minimum required amount can be withdrawn.

For information on calculating the required minimum distribution, when the first distribution must be taken, and more see: [Retirement Topics – Required Minimum Distributions](#).

Reminders

- Don't fall for scams, including those related to recent disasters: See [Reminder to Taxpayers as Scams Continue Across the Nation](#).
 - Make a difference, [become a community tax volunteer](#): Two programs offer free tax help across the country for people with low-to-moderate incomes, senior citizens, persons with disabilities and others.
 - Pay a Tax Bill: [Payment Options](#)
 - Get Answers to Tax Questions: [Individual Tax Assistant](#)
 - 2018 Tax Benefit [Inflation Adjustments](#)
 - Tax Relief for [Victims of Recent Disasters](#)
-

IRS on Social Media

[YouTube](#)

[Twitter](#)

[Tumblr](#)

[IRS2Go Mobile App](#)

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IRS Congressional Update

News for members of Congress and their staffs... December 2017

New Acting IRS Commissioner

David J. Kautter, Treasury's Assistant Secretary for Tax Policy, has been named as Acting IRS Commissioner replacing Commissioner John Koskinen whose term ended November 12, 2017.

IRS and partners urge cyber safety to protect against identity theft during the holidays

As the holidays and the 2018 filing season approach, the IRS, state tax agencies and the tax community urge taxpayers and small businesses to take basic steps to protect themselves and their sensitive data from identity theft.

The second National Tax Security Awareness Week -- led by the [Security Summit](#) partnership between the IRS, states and private sector tax community - has just concluded. The week was part of a continuing effort to raise awareness among individuals and business taxpayers about steps they can take to protect against identity theft.

The focus of the week provided tips to taxpayers and businesses to protect their sensitive data and at the same time support the expanded security steps taken since 2015 by the IRS, the states as well as the nation's software providers and tax professionals.

Each day focused on a different aspect of tax security, highlighted through news releases, social media messages and more than 25 public events across the nation. Tips for taxpayers, small businesses and others included:

- [Online Security - Seven Steps for Safety](#)
- [Don't Take the Bait; Avoid Phishing Emails by Data Thieves](#)
- [Victims of Data Breaches Should Consider These Steps](#)
- [Employers, Payroll Officials, Avoid the W-2 Email Scam](#)
- [Small Businesses: Be Alert to Identity Theft](#)

Act now to reduce or avoid estimated tax penalty for 2017; new webpage can help

Taxpayers who were assessed an estimated tax penalty for tax year 2016 can take steps now to reduce or eliminate the penalty for 2017 and future years.

To help raise awareness about the growing number of estimated tax penalties, the IRS has launched a new "[Pay as You Go, So You Don't Owe](#)" webpage. The page has tips and resources designed to help taxpayers, including those involved in the [sharing economy](#), better understand tax withholding, making estimated tax payments and avoiding an unexpected penalty.

Five facts about charitable contributions

With the holidays around the corner, many people will be making donations to benefit charitable organizations. However, come tax time, the person who made the donation might also benefit. That's because taxpayers who donate to a charity may be able to claim a deduction for the donation on their federal tax return.

Here are five facts about charitable donations:

- **Qualified charities.** A taxpayer must donate to a qualified charity to deduct their contributions. To check the status of a charity, taxpayers can use [Exempt Organizations Select Check](#) on IRS.gov.
- **Itemize deductions.** To deduct charitable contributions, taxpayers must file Form 1040 and itemize their deductions.
- **Getting something in return.** Taxpayers may receive something in return for their donation. This includes things such as merchandise, meals and event tickets. Taxpayers can only deduct the amount of the donation that's more than the fair market value of the item they received.
- **Type of donation.** For donations of property instead of cash, a taxpayer can only deduct the fair market value of the donated item. Fair market value is generally the price they would get if they sold the item on the open market.
- **Donations of \$250 or more.** If a taxpayer donates \$250 or more in cash or goods, they must have a written receipt from the charity.

Taxpayers can also use the Interactive Tax Assistant, [Can I Deduct my Charitable Contributions?](#) This tool helps determine if a charitable contribution is deductible.

More information

[Tax Topic No. 506 – Charitable Contributions](#)

Online courses help charities understand tax issues

Charitable organizations have 24/7 access to online courses on [Stay Exempt](#), an IRS webpage. The IRS created this page to help charities better understand tax issues that affect tax-exempt organizations. It offers courses on a wide range of topics that can help these organizations obtain and maintain their tax-exempt status.

The online courses average less than 30 minutes. There is information to help guide an organization through the application process. They can also find courses that cover how to fully meet annual filing requirements. Aside from 501(c)(3)s, there are also courses geared to other 501 organizations, including veterans organizations, social clubs and fraternal organizations.

Some of the courses available include:

- [Applying for Section 501\(c\)\(3\) Status,](#)
 - [Maintaining 501\(c\)\(3\) Tax-Exempt Status and](#)
 - [Form 990 Overview Course.](#)
-

Reminders

- Make a difference: [Become a Community Tax Volunteer](#).
- Pay a tax bill: [Payment Options](#)
- Get answers to tax questions: [Individual Tax Assistant](#)
- Help others: [Tax Relief in Disaster Situations](#)
- Take action if you're 50 or over: [Retirement Topics - Catch-up Contributions](#)

Take note if you're an employer: Jan. 31 Filing Deadline Now Applies to All Wage Statements and Independent Contractor Forms

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