Congressional Update

News for members of Congress and their staffs – May 2024

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IRS delivers strong 2024 tax filing season; expands services for millions of people on phones, in-person and online with expanded funding

With the April tax filing deadline come and gone, the IRS **highlighted a variety of improvements that dramatically expanded service for millions of taxpayers** during the 2024 filing season.

Through Inflation Reduction Act funding, the IRS continued to expand taxpayer service levels not seen in more than a decade with double-digit gains occurring in critical areas. Compared to a year ago, the IRS answered over 1 million more taxpayer phone calls this tax season, helped over 170,000 more people in-person and saw 75 million more IRS.gov visits fueled by a new and expanded Where's My Refund? tool.

“Taxpayers continued to see major improvements from the IRS during the 2024 tax season,” said IRS Commissioner Danny Werfel. “A well-funded IRS is like night and day for taxpayers. With the help of more funding and added resources, service for taxpayers this filing season eclipsed levels seen during the past decade. This tax season meant real-world improvements for people looking for help, whether calling, visiting in-person or using IRS.gov.”

“We still have much more work to do, both to finish the 2024 tax season as well as put in place continued improvements made possible by Inflation Reduction Act funding,” Werfel said. “But this filing season marks another important chapter where we’ve improved service for taxpayers, continuing an accelerating trend in the story of transforming the IRS.”

Here are major filing season numbers in 10 key areas. These numbers, generally from late March and early April, reflect the historic 2024 tax season taking place at the IRS:

- **Improved phone service**. Continuing a trend seen last year following the addition of 5,000 new telephone assistors, the IRS level of service on its main phone lines reached more than 88%. That’s above the 87% level seen last year and more than a five-fold increase from the phone service levels seen during the pandemic era period, when the level of service was at just 15% in 2022.

- **More calls answered.** The IRS answered more taxpayer calls on its live assistor lines this year, a 16.8% increase from 2023. IRS assistors handled 7,608,000 calls, up from 6,513,000 the year before. IRS automated lines handled another approximately 7 million calls, 280,000 more than the previous year.

- **Faster response times.** Taxpayers waited, on average, just over three minutes for help on the IRS main phone lines. This is down from four minutes in 2023 and 28 minutes in filing season 2022.

- **More callback options.** The IRS offered callback options on 97% of the phone lines this filing season. The agency offered call back for over 4 million taxpayers this tax season, more than double the 1.8 million calls in 2023. This option, offered when phone lines were busy, saved taxpayers nearly 1.4 million hours of wait time on the phones.

- **More in-person help.** The IRS helped 170,000 more taxpayers in-person this filing season than in 2023. IRS employees at Taxpayer Assistance Centers (TACs) served 648,000 taxpayers this year, up from 474,000 in 2023, a 37% increase.

- **Expanded in-person hours**. The IRS added extended hours at 242 TAC locations across the nation, generating more than 11,000 extra service hours for taxpayers during the 2024 filing season. In addition to extended service hours, IRS also offered taxpayer assistance on Saturdays in more than 70 locations.

These evening and Saturday hours made it more convenient for thousands of hard-working taxpayers to get help.

- **Additional free help at volunteer sites.** The IRS saw tax return preparation work at volunteer sites increase to more than 2.3 million returns this tax season, up 200,000 from last year following work at Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites.

- **More taxpayers file for free.** In addition to volunteer sites, the IRS saw more taxpayers file for free this year; in all, there were over 450,000 more returns filed between volunteer sites, Direct File and IRS Free File. The new Direct File pilot, offered on a limited basis in 12 states, generated more than 60,000 tax returns after opening widely in mid-March. At the same time, the IRS partnership with the Free File partners offering free private-sector software via IRS.gov saw growth with more than 2 million tax returns filed, an increase of 11.2% or more than 200,000 more Free File returns than 2023**.**

- **Higher usage of IRS.gov.** Driven by increased use of the expanded information on the Where's My Refund? for the 2024 filing season, IRS.gov saw large increases in traffic. The website had nearly 500 million visits, an 18% increase. And Where's My Refund? accounted for more than 275 million of those visits, up 62 million from 2023 representing a 29% increase.

- **More chatbot use.** The IRS saw more use of its virtual assistant tool on key IRS.gov pages. There were 832,000 uses this filing season, up nearly 150% from 330,000 uses in 2023.

"These numbers illustrate the strength of this year's filing season, but the IRS needs to continue working hard to make more improvements and continue transforming to serve taxpayers – not just through the April tax deadline but throughout the year and into the future," Werfel said.

Missed the April tax-filing deadline? File quickly to avoid penalties and interest; those owed a refund also shouldn't forget to file

The Internal Revenue Service today encouraged taxpayers who missed the April tax-filing deadline to file a tax return as soon as they can.

The IRS offers **different resources** to help those who may be unable to pay their tax bill in total. Those who missed the deadline to file but owe taxes should file quickly to minimize penalties and interest.

Taxpayers should keep in mind that payments were still due by the April 15 deadline, even if they requested an extension of time to file a tax return. An extension to file is not an extension to pay.

Direct File pilot officially closes after more than 140,000 taxpayers successfully use system in 12 states

IRS announced the **closure of the Direct File pilot** with several hundred thousand taxpayers across 12 states signing up for Direct File accounts, and 140,803 taxpayers filing their federal tax returns using the new service.

By design, the Direct File Pilot started out small, and in mid-March the IRS incrementally ramped up availability of the option. During the final days and weeks of the filing season, there was steadily increasing interest from taxpayers in pilot states using the new tool. By the final week of the filing season, Direct File processed more than 5,000 accepted returns each day, bringing the total number of returns filed to more than 140,000.

“From the very beginning of the Direct File pilot, we wanted to test new ways to give taxpayers an easy, accurate and free way to file their taxes online directly with the IRS,” said IRS Commissioner Danny Werfel. “We saw a strong response from the pilot, and Direct File’s users generally found it fast and easy to use. This is an important part of our effort to meet taxpayers where they are, give them options to interact with the IRS in ways that work for them and help them meet their tax obligations as easily and quickly as possible. We will be reviewing the results of the pilot and gathering feedback to help us determine our future course involving Direct File. We anticipate making an announcement about future plans later this spring.”

Transcript Delivery Service (TDS) Authorization Changes

As part of the IRS’ effort to continue combatting identity theft and protecting taxpayers’ personal information, we’re making changes which will impact how tax professionals receive transcripts via the TDS.

Beginning April 8, 2024, tax professionals must call the Practitioner Priority Service (PPS) to request transcripts to be deposited into their Secure Object Repository (SOR). While PPS has been the primary avenue for these requests, other IRS toll-free lines will no longer offer the SOR as a delivery method.

Additionally, tax professionals need to pass the current required authentication and also verify their Short Identification (ID). The Short ID is a unique 8-10 alphanumeric code which is systemically assigned when an IRS account is established. This Short ID is visible when the tax professional logs in to their e-Services SOR.

If identity can't be verified, transcripts will only be mailed to the address of record. PPS assistors cannot resolve issues with ID.Me identity proofing or the status of an ID.Me account.

IRS releases fiscal year 2023 Data Book

The **IRS issued its annual Data Book** detailing the agency's activities during fiscal year 2023 (Oct. 1, 2022 – Sept. 30, 2023), including revenue collected and tax returns processed. Highlights of this year's **Data Book** include:

- During Fiscal Year (FY) 2023, the IRS collected nearly $4.7 trillion in gross taxes, processed almost 271.5 million tax returns and other forms, and issued about $659.1 billion in tax refunds.
- In FY 2023, nearly 60.3 million taxpayers were assisted by calling or visiting an IRS office.
- IRS.gov received more than 880.9 million visits and taxpayers downloaded about 538.1 million files.
- In FY 2023, the IRS closed 582,944 tax return audits, resulting in $31.9 billion in recommended additional tax.

Employee Retention Credit

The IRS continues to warn businesses and others to stay clear of unscrupulous and aggressive promoters of questionable claims for the Employee Retention Credit (ERC). Incorrect claims put unsuspecting taxpayers in jeopardy of penalties, interest, audit and other issues.

Learn how to spot and resolve a questionable ERC claim.

Check out the interactive **ERC Eligibility Checklist** or **printable guide** (PDF) to learn about common areas of misinformation and links to facts and examples.

Report digital asset income, including cryptocurrency, on tax returns

Any income earned from digital asset transactions must be reported on your federal tax return.

Detailed reporting requirements are available in the **Instructions for Form 1040 and Form 1040-SR** and on the **Digital Assets page** on IRS.gov.

Tips on filing Form 990

Most exempt organizations described in section 501(c) must submit an annual Form 990-series return. The **Form 990 Overview Course** explains which forms to file, when they're due and the public disclosure of 990 returns, and offers tips on preparing the annual filing. Exempt organization officers and board members should review all of the courses available in the StayExempt.irs.gov **Virtual Small to Mid-Sized Tax-Exempt Workshop**.

The Dirty Dozen represents the worst of the worst tax scams

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

For a detailed description of each scam, please refer to **Dirty Dozen.**

IRS Criminal Investigation (CI) investigated nearly $9 billion related to COVID fraud

Four years after the enactment of CARES Act, CI has investigated 1,644 tax and money laundering cases related to COVID fraud potentially totaling $8.9 billion.

These cases include a wide range of criminal activity, including fraudulently obtained loans, credits and payments meant for American workers, families and small businesses. As of Feb. 29, 795 people have been indicted for their alleged COVID-related crimes and 373 individuals have been sentenced to an average of 34 months in federal prison. During the last four years, CI has obtained a 98.5% conviction rate in prosecuted COVID fraud cases.

"The work by IRS Criminal Investigation provides a vital role in protecting against fraud and serves a key part in the agency's wider efforts to ensure fairness in the nation's tax system," said IRS Commissioner Danny Werfel. "Protecting taxpayers against fraud in pandemic-era programs is just one example of the important role that CI plays in the law enforcement community. A healthy budget for the IRS helps us get the job done, and the work of CI provides a critical safety net to protect the nation against fraud."

Looking ahead, CI's ongoing fraud-protection work will be bolstered by the additional funding the IRS received through the Inflation Reduction Act, which is providing the agency with additional resources to ensure fair enforcement of the laws as well as improved taxpayer service, new technology and wider IRS transformation efforts.

"In the last year alone, we have opened nearly 700 new COVID fraud investigations that collectively add up to $5 billion in potential fraud," said CI Chief Guy Ficco. "While COVID may no longer be top of mind to the average American when they wake up, the fraud committed through these different programs is very much top of mind to CI. Our special agents continue to seek out fraudsters who stole money from government loan programs for their personal gain."

Below are the links to IRS Criminal Investigation recent cases

- **Miami cryptocurrency exchanger sentenced to prison for running unlicensed money transmitter business**
- **Columbus man faces 20 to 23 years in prison as part of narcotics guilty plea involving killing of another Columbus resident**
- **Toledo area man sentenced to 94 months in prison for COVID fraud**
- **Michigan business owner sentenced to three years in prison for money laundering and obstructing the IRS**
- **Rochester woman pleads guilty to defrauding the IRS and NYS Tax Department during COVID**
- **Former Orange County education official pleads guilty to embezzling nearly 16 million dollars from school district that employed him**
- **Tax preparer sentenced to 3 years in 6.7 million dollar tax fraud**
- **Romance scammer sentenced to 10 years in federal prison, ordered to pay $2.2m in restitution**
- **Former O.C. tax preparer sentenced to 10 years in federal prison for leading scheme to swindle IRS and states out of millions of dollars**
- **Silk Road drug trafficker charged with laundering drug proceeds through cryptocurrency**

For the latest on IRS-CI cases, follow on Twitter **@IRS_CI** or via the **IRS-CI LinkedIn** page.

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

Filing a federal tax return even if it's not required could put money in taxpayers' pockets

Some people choose not to file a tax return because they aren't legally required to file, but they could be missing out on refundable tax credits or an income tax refund.

Options for taxpayers who need help paying a tax bill

Taxpayers who were unable to pay their tax bill by the April 15, 2024, deadline shouldn't panic – the IRS is here to help. There are several options to help taxpayers meet their obligations.

Taxpayers have the right to pay no more than the correct amount of tax

The IRS works hard to make sure taxpayers pay no more than the correct amount of tax. Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly. This is one of 10 basic rights known collectively as the Taxpayer Bill of Rights.

Tax help for new parents

Parents have special tax situations and benefits. Tax breaks for parenting expenses can result in a lower tax bill and a higher refund. Here are some key things new parents need to know.

Additional information on IRS.gov

- **IRS reminder to U.S. taxpayers living, working abroad: File 2023 tax return by June 17; those impacted by terrorist attacks in Israel have until Oct. 7**
- **Tax relief in disaster situations**
- **IRS reminds eligible 2020 and 2021 non-filers to claim Recovery Rebate Credit before time runs out**
- **Make a career change for the better; find out where you fit in at the IRS**
- **Need to respond to a letter or notice? Use the Document Upload Tool**
- **Where's My Refund?.**
- **Inflation Reduction Act of 2022**
- **Resources and guidance for Puerto Rico families that may qualify for the Child Tax Credit**
- **Get an Identity Protection PIN (IP PIN)**
- **Get up-to-date status on affected IRS operations and services due to COVID-19**
- **Get your tax record**

Help on IRS.gov

Filing – Payments – Refunds – Credits and Deductions – Forms and Instructions – Tax Questions

IRS in other languages

Basic tax information is available in 21 languages, including English

IRS on social media

YouTube – X – Instagram – Facebook - LinkedIn

Follow TAS on social media

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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 the Taxpayer Advocate Service.