Congressional Update

News for members of Congress and their staffs – February 2024

Tax-filing season began January 29; IRS focuses on improvements to help taxpayers

The IRS began accepting and processing 2023 tax returns on Monday, January 29, 2024.

Taxpayers will continue to see helpful changes at the IRS following on-going transformation work. Building on the success of the 2023 tax season that saw significant improvements following passage of the Inflation Reduction Act, the 2024 filing season will continue to reflect a continued focus on improving services to taxpayers.

Some new and expanded tools and resources include:

- Expanded in-person service that meets taxpayers where they are by opening or reopening **Taxpayer Assistance Centers (TACs)**. **The IRS will also offer extended hours at many TACs nationwide.**

- Increased help available on the **toll-free line** and an expanded customer call back feature designed to significantly reduce wait times.

- Enhanced paperless processing that will enable taxpayers to submit all correspondence, non-tax forms and responses to notices digitally. It also allows taxpayers to e-File 20 additional tax forms electronically. Paperless processing will enable up to 125 million paper documents to be submitted digitally per year.

- An enhanced IRS **Individual Online Account** that includes chat, the option to schedule and cancel future payments, revise payment plans and validate and save bank accounts.

- A pilot tax filing service, Direct File, that gives eligible taxpayers another choice to file their 2023 federal tax returns online, for free, directly with the IRS. The pilot rolls out in phases and is expected to be more widely available in mid-March. Find more about **Direct File** pilot eligibility, scope and the participating states by visiting the Direct File website.

For most taxpayers, the deadline to file their personal federal tax return, pay any tax owed or request an extension to file is Monday, April 15, 2024. People who owe taxes should still pay by April 15 to avoid late-payment penalties, as an extension to file a return is not an extension to pay taxes owed. Taxpayers living in Maine or Massachusetts have until April 17, 2024, due to the Patriot's Day and Emancipation Day holidays. If a taxpayer resides in a **federally declared disaster area** they also may have additional time to file. Taxpayers with questions about their due date to file and pay federal taxes should go to **irs.gov** for more information.

Free filing options for taxpayers

Through **IRS Free File** Guided Tax Software, taxpayers can select and use commercial software to prepare and file their federal income taxes online if they earned $79,000 or less in 2023. For taxpayers who are comfortable completing their own tax forms, **IRS Free File Fillable Forms** may be a good option. Through the **Volunteer Income Tax Assistance (VITA)** and **Tax Counseling for the Elderly (TCE)** programs, volunteers are available in communities nationwide to provide free tax assistance to low-to-moderate income and elderly taxpayers. A Department of Defense program, **MilTax** generally offers free return preparation and electronic filing software for federal income tax returns and up to three state income tax returns for all military members and their families, military retirees and some veterans, regardless of rank or income.

Tips to help people file in 2024

The IRS encourages taxpayers to take steps now to **"Get Ready"** to file their 2023 individual federal tax return. Filers should organize and gather tax records including Social Security numbers, Individual Taxpayer Identification Numbers, Adoption Identification Numbers and this year's **Identity Protection Personal Identification Numbers (IP PIN)**. Filing an accurate return helps taxpayers avoid refund delays or later IRS mailings about a problem.

People should report all their **taxable income** and wait to file until they receive all income related documents. This is especially important for people who may receive various Forms 1099 from banks or other payers reporting **unemployment compensation, dividends, pensions, annuities or retirement plan** distributions. If a taxpayer receives a **Form 1099-K**, they can visit IRS.gov to **help** them determine if that money should be reported as income on their federal tax return.

People should plan to **file electronically** with **direct deposit**. This is still the fastest and easiest way to file and receive a refund. You can even use direct deposit if you are one of the few people still filing by paper.

Most refunds issued in less than 21 days; EITC refunds for many available starting February 27

Many factors can affect the timing of a refund after the IRS receives a return. Although the IRS issues most refunds in less than 21 days, taxpayers should not rely on receiving a refund by a certain date. Some returns may require additional review and may take longer. Taxpayers can check their refund's status by using **Where's My Refund?** on IRS.gov or the **IRS2Go** app.

Under the federal Protecting Americans from Tax Hikes Act, the IRS cannot issue Earned Income Tax Credit (EITC) and Additional Child Tax Credit (ACTC) refunds before mid-February. **Where's My Refund?** shows an updated status by February 17 for most early EITC/ACTC filers. The IRS expects most EITC/ACTC related refunds to be available in taxpayer bank accounts or on debit cards by February 27 if they chose direct deposit and there are no other issues with their tax return.

IRS tools and resources for the filing season

Visit **IRS.gov** to find online **tools** to help get information needed to file a complete an accurate return. The tools are easy-to-use and available anytime. Check out a few resources below:

- IRS Individual Online Account: Individuals with a Social Security number or an Individual Taxpayer Identification Number can log-in or sign-up for an IRS Individual Online Account to securely access information about their federal tax account. They can view balance and payment options, view and approve power of attorney and tax information authorizations from their tax professional and get a transcript of their most recently filed return that includes their Adjusted Gross Income.

- Interactive Tax Assistant**:** This tool provides answers to several tax law questions specific to individual circumstances. Based on input, taxpayers can determine if they should file a tax return, what their filing status is, if someone qualifies as a dependent, if a type of income is taxable, if they are eligible to claim a credit or if an expense is deductible.

- Credits and Deductions: This page allows taxpayers to find out what credits and deductions are available, how they work and who can claim them.

- Choosing a tax pro**:** People can use the **IRS Directory of Federal Tax Return Preparers with Credentials and Select Qualifications** to find a preparer who is skilled in tax preparation. Choosing the wrong tax return preparer hurts taxpayers

every year. Check out how to **avoid unethical "ghost" return preparers** for more information.

- Let Us Help You**:** This page provides support for common concerns, like how to understand and respond to a letter from the IRS, or how to amend a return. Taxpayers can also get help with identify theft or tax scam concerns, payment options, penalty issues and more.

- Forms, Instructions and Publications**:** This is a library of IRS forms, instructions and publications on myriad tax topics, many available in multiple languages and accessible formats.

- Frequently Asked Questions and Answers: Here, taxpayers can get plain language answers to the most frequently asked questions on a variety of tax topics.

Stay connected with the IRS

There are several ways taxpayers can **stay updated** on important tax information that may help with tax planning. The official IRS website is IRS.gov. Taxpayers can also download the **IRS2go Mobile App**, watch IRS YouTube videos, subscribe to IRS e-Newsletters or follow the IRS on Twitter, Facebook, LinkedIn and Instagram. Taxpayers can access these social media channels to follow the IRS for the latest updates on tax changes, scam alerts, initiatives, products and services.

Taxpayer Assistance Centers continue offering additional opportunities for face-to-face services

IRS TACS restart special Saturday openings

The IRS will offer special **Saturday hours** at many Taxpayer Assistance Centers (TACs) across the country. These openings will be from 9 a.m. to 4 p.m., on February 24, March 16, April 13 and May 18. IRS staff will provide all services routinely provided at each office. Cash payments cannot be accepted during these Saturday events.

Many TACs are offering additional service hours during the work week

In addition to the Saturday hours, many TACs will offer extended office hours on Tuesdays and Thursdays that began January 23 and end on April 16, to give visitors additional time to get the help they need during the work week. The normal array of

services will be provided during these extended hours. Those who need to make a cash payment must have an appointment.

Reminders for taxpayers

- Taxpayers should visit **Contact your local office** to determine participating TAC locations that are offering these special services. Walk-in customers are welcome but taxpayers can call 844-545-5640 to make an appointment, if preferred.
- If a taxpayer needs a sign language interpreter or help with foreign language interpretation, the IRS encourages them to make an appointment. Taxpayers who need sign language interpreter services, can call TTY/TDD 800-829-4059 to make an appointment. IRS can also arrange for language interpretation in many languages through an over-the-phone professional translation service.
- IRS.gov is the fastest and easiest way for taxpayers to get the help they need. IRS **Publication 5136**, IRS Services Guide, lists many key IRS.gov tools and services.
- Tax return preparation isn't a service offered at IRS TACs. Taxpayers can get available **tax filing options** on IRS.gov.
- In-person identity verification services are required to get tax account-related service. Visitors must bring two forms of identification, with one being a current government-issued photo ID. They should also bring a copy or digital image of the tax document they have questions about.
- To receive services during regular operating hours, Monday through Friday, 8:30 a.m. to 4:30 p.m., people should call 844-545-5640 to make an appointment.

Farmers and fishers: March 1 filing and payment due date

Those with income from a farming or fishing business can avoid making any estimated tax payments by filing their return and paying their entire tax due on or before **March 1, 2024**.

This rule generally applies if farming or fishing income was at least two-thirds of the taxpayer's total gross income in either the current or preceding tax year. Those who choose not to file by March 1, 2024, should have made an estimated tax payment by January 16, 2024, to avoid an estimated tax penalty.

Additional information is available in IRS **Publication 225, Farmer's Tax Guide, and IRS Tax Topic 416, Farming and Fishing Income**.

What taxpayers should do if Forms W-2 or Forms 1099-R are incorrect or not received

If a taxpayer receives an incorrect **Form W-2, Wage and Tax Statement** and/or **Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.** or the forms aren't available to them by January 31, 2024, they should contact their employer/payer.

If taxpayers haven't received the missing or corrected form by the end of February, they can call the IRS at **800-829-1040** for assistance (see **Telephone and Local Assistance** for hours of operation). Callers should have the following information available:

- Name, address (including ZIP code), phone number, taxpayer identification number and dates of employment.
- Employer or payer's name, address (including ZIP code) and phone number.
- If known, employer/payer's identification number.

The IRS will contact the employer or payer for the taxpayer and request the missing or corrected form. The IRS will also send the taxpayer a **Form 4852**, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., along with an instruction letter.

Those who don't receive the missing or corrected form in sufficient time to file their tax return may estimate their wages or payments and any taxes withheld and report them on Form 4852 to complete their return.

If they receive the missing or corrected Form W-2 or Form 1099-R after they file their return and the information differs from their estimates, they must file **Form 1040-X**, Amended U.S. Individual Income Tax Return. Additional information on filing an amended return is in **Topic No. 308** and **Should I File an Amended Return?**

IRS launches Simple Notice Initiative redesign effort

Work is underway on the **Simple Notice Initiative**, a sweeping effort to simplify and clarify about 170 million letters sent annually to taxpayers. Part of the larger transformation work taking place at the IRS with Inflation Reduction Act funding, the Simple Notice Initiative will review and redesign hundreds of notices with an immediate focus on the most common notices that individual taxpayers receive. The redesign work will accelerate during the 2025 and 2026 filing seasons, improving common IRS letters going out to individual taxpayers and then expanding into notices going to businesses.

Employee Retention Credit – Voluntary Disclosure Program

If you claimed and received the Employee Retention Credit (ERC), but you are ineligible and need to repay the ERC, this **page** will help you figure out if you can apply for the Employee Retention Credit Voluntary Disclosure Program (ERC-VDP) and how to do that.

The ERC-VDP is open through March 22, 2024. The program requires you to:

- Voluntarily pay back the ERC, minus 20%,
- Cooperate with any requests from the IRS for more information, and
- Sign a closing agreement.

If you need help checking your eligibility for the credit itself, use the Employee Retention Credit Eligibility Checklist and see the Frequently asked questions (FAQ) about the ERC.

For additional information see the Frequently asked questions focused on ERC-VDP.

Work with a trusted tax professional if you need help or advice on this process or on the ERC.

Employee Retention Credit Voluntary Disclosure Program webinar on Feb. 8

The webinar **Employee Retention Credit Voluntary Disclosure Program** will take place on Feb. 8 at 2 p.m. EST. Learn about the advantages of the program, how to apply and who qualifies, and other ERC resources available from the IRS. To register for this webinar and for additional information on future webinars hosted by the IRS, visit the Webinars for tax practitioners website.

Two new Technical Guides published

Exempt Organizations and Government Entities published two new Technical Guides (TG). These guides are comprehensive, issue-specific documents that update and combine the **Audit Technique Guides (ATG)** with other technical content. Once completed, the TGs replace corresponding ATGs.

The two latest TGs are:

- **TG 48: Unrelated Business Income Tax**
- **TG 14: Credit Unions and Mutual Reserve Funds IRC Section 501(c)(14)**

TG 48 provides information on unrelated business income (UBI) and unrelated business income tax (UBIT). The UBIT provisions are found in Sections 511 through 515.

TG 14 discusses the distinct tax exemption criteria of credit unions under Section 501(c)(14)(A) and mutual reserve fund organizations described under Sections 501(c)(14)(B) and (C).

IRS TEGE offers free 10-course workshop

The IRS offers a free 10-course online training workshop to assist Section 501(c)(3) tax-exempt organizations and those who would like to apply for federal tax-exempt status.

The workshop is free at **stayexempt.irs.gov**. It provides interactive instruction for both existing Section 501(c)(3) organizations and those seeking tax-exempt status. Participants will learn the benefits, limitations and expectations for Section 501(c)(3) organizations.

This virtual workshop includes 10 topics of interest to Section 501(c)(3) tax-exempt organizations:

Applying for Section 501(c)(3) Status This course discusses eligibility, the benefits of exemption, applying and what you should do while waiting for a determination letter.

Maintaining 501(c)(3) Tax-Exempt Status This course discusses activities that can jeopardize an organization's Section 501(c)(3) tax-exempt status.

Employment Issues If your organization has employees or volunteers, it may have tax responsibilities. This course explains how to report employee wages and the rules about volunteer gifts.

Required Disclosures This course discusses which documents must be provided upon request and the penalties for noncompliance.

Form 990 Overview Course Most tax-exempt organizations must file an annual Form 990-series return. This course offers tips on which form to file, how to prepare during the year and how to avoid automatic revocation.

Unrelated Business Income This course discusses how to determine if your tax-exempt organization has taxable income and how to report it.

Political Campaigns and Charities: The Ban on Political Campaign Intervention Political campaign activity can jeopardize a Section 501(c)(3) organization's exempt status. This course provides examples of prohibited activities and explains steps an organization should take to avoid an inadvertent violation.

Charitable Gaming for Exempt Organizations Exempt organizations often generate income through gaming. This course discusses gaming rules, documentation and possible tax implications.

Can I Deduct My Charitable Contributions? This course explains what is deductible, what records to keep and how to report contributions.

Protect Your Social Security Numbers This course explains why you should not include Social Security numbers on publicly disclosed IRS documents such as the Form 990.

National Taxpayer Advocate delivers 2023 Annual Report to Congress

Last month, National Taxpayer Advocate Erin M. Collins released the **2023 Annual Report to Congress,** describing 2023 as a year of "extraordinary transition for the IRS and therefore for taxpayers." The report credits the IRS with substantially improving taxpayer services and developing plans to transform the taxpayer experience in the coming years, but it identifies paper processing as an area of continuing weakness.

This year's report shares both good news and bad news. The magnitude of the IRS's successes exceeded the areas of weakness in 2023, and most metrics showed the IRS made significant improvement from the depths of the COVID-19 pandemic. The IRS virtually eliminated its backlog of unprocessed original individual income tax returns (Forms 1040) and substantially improved telephone service.

However, many taxpayer service challenges remained, especially in areas that required IRS employees to process tax returns and taxpayer correspondence. Nearly half a million taxpayers waited on average 19 months for the IRS's help resolving their identity theft issues. The IRS experienced continuing backlogs in processing amended individual income tax returns, amended business tax returns, and correspondence. These processing delays caused delays in taxpayers receiving their refunds. Additionally, the IRS struggled to balance employees between answering phones and processing correspondence. Though the IRS's telephone service improved overall, taxpayers still struggled to get help. The IRS's own metrics that define its telephone service success exclude the majority of calls from its calculation. For taxpayers who filed eligible Employee Retention Credit claims, they often waited six months or longer to receive their credits or refunds. The IRS must reduce the processing backlog of the claims while ensuring that it does not pay fraudulent or non-qualifying claims.

Most Serious Problems

By law, the Advocate's report is required to identify the ten **most serious problems** taxpayers are experiencing in their dealings with the IRS and to make administrative and legislative recommendations to address those problems. Before cataloging

taxpayer challenges, Collins praised the IRS for taking notable strides forward. However, paper processing is an area of continuing weakness. The areas in which taxpayers continued to experience delays were primarily those that required employees to process tax returns and taxpayer correspondence, including:

- Extraordinary delays in assisting victims of identity theft;
- Delays in processing amended tax returns and taxpayer correspondence;
- Challenges in receiving telephone assistance despite overall improvements; and
- Employee Retention Credit (ERC) processing.

Administrative Recommendations

At the end of each of the ten most serious problem sections in the report, the National Taxpayer Advocate makes administrative recommendations to address the problems. Among her key recommendations:

- Prioritize the improvement of online accounts for individual taxpayers, business taxpayers, and tax professionals to provide functionality comparable to that of private financial institutions;
- Improve the IRS's ability to attract, hire, and retain qualified employees;
- Ensure all IRS employees – particularly customer-facing employees – are well-trained;
- **Upgrade the back end of the Document Upload Tool (DUT) to fully automate the processing of taxpayer correspondence;**
- Enable all taxpayers to e-file their federal tax returns; and
- Extend eligibility for first-time penalty abatement to all international information return penalties.

Legislative Recommendations: The "Purple Book"

The National Taxpayer Advocate's **National Taxpayer Advocate 2024 Purple Book** proposes 66 legislative recommendations intended to strengthen taxpayer rights and improve tax administration. Among the recommendations:

- Require the IRS to timely process claims for credit or refund;
- Authorize the IRS to establish minimum standards for paid tax return preparers and revoke the identification numbers of sanctioned preparers;
- Expand the U.S. Tax Court's jurisdiction to adjudicate refund cases;
- Extend the reasonable cause defense for the failure-to-file penalty to taxpayers who rely on return preparers to e-file their returns; and
- Enable the Low Income Taxpayer Clinic (LITC) program to assist more taxpayers in controversies with the IRS.

Research Studies

On or about January 31, TAS will publish two research studies and detail the design of a third study on the following topics at **www.TaxpayerAdvocate.irs.gov**:

- Two-year bans on eligibility for refundable tax credits are often imposed without following required procedures;
- A review of online accounts offered by state and foreign tax agencies can help the IRS improve its own online accounts; and
- IRS procedures for withholding tax refunds in suspected identity theft cases may be harming legitimate taxpayers.

Other Report Highlights

This year's report also contains:

- A taxpayer rights and service assessment that presents performance measures and other relevant data;
- A description of TAS's case advocacy and systemic advocacy operations;
- A summary of key TAS advocacy accomplishments;
- A discussion of the ten federal tax issues most frequently litigated in court last year; and
- An At a Glance section, which provides concise summaries of the ten most serious problems.

Visit **www.TaxpayerAdvocate.irs.gov/AnnualReport2023** for more information.

Subscribe to receive the National Taxpayer Advocate's blog about key issues in tax administration

Erin M. Collins joined the Taxpayer Advocate Service (TAS) in March 2020 as the National Taxpayer Advocate. She is the "Voice of the Taxpayer" within the IRS and before Congress. TAS serves as a "safety net" for taxpayers by advocating for resolution of individual and business taxpayer issues within the IRS. Erin identifies and works toward systemic changes for all taxpayers while protecting Taxpayer Rights.

You may **subscribe** to receive the National Taxpayer Advocate's blogs about key issues in tax administration in your inbox or read **previous blogs**.

IRS Criminal Investigation (CI) uses financial investigative techniques to combat human trafficking.

CI leverages its financial expertise to combat human trafficking by targeting the illegal flow of money to and from the organizations behind this criminal activity. The agency investigates an average of 20 human trafficking cases each year accounting for an estimated sum of $10 million in laundered funds.

“Human trafficking – like many crimes – involves a web of financial trails. Our special agents use the same financial expertise they use to unravel tax cases to take down criminal enterprises that force or coerce people to prostitute themselves or work against their will,” said CI Chief Jim Lee.

January was National Human Trafficking Prevention Month, and CI joined forces with its federal law enforcement partners to issue information about human trafficking indicators and announce federal initiatives to combat this heinous crime. During the past three fiscal years, CI special agents spent thousands of hours investigating alleged human trafficking activity with federal law enforcement partners.

In June 2023, CI worked alongside federal partners to **indict four individuals** on criminal charges for their roles in an alleged sex trafficking operation that recruited women from Russia and other Eastern European countries to work as sex workers in the United States. In April 2023, **Sumalee Intarthong, aka Alice Spencer Warren, was sentenced** for her role in a large-scale Thai sex trafficking organization that required victims to prostitute themselves to pay a bondage debt of $40,000 to $60,000 for their travel from Thailand to the United States. The organization moved tens of millions of dollars in illegal proceeds from the United States to Thailand and elsewhere.

CI investigative support led to the **November 2021 superseding indictment** of Apollo Carreon Quiboloy, the leader of a Philippines-based church, for operating a sex trafficking scheme that coerced girls and young women to have sex with the church’s leaders under threats of eternal damnation. A previous indictment alleged Quiboloy and other church leaders were involved in a labor trafficking scheme that brought church members to the U.S. on fraudulent visas and forced the members to solicit donations for a bogus charity.

CI is the criminal law enforcement arm of the IRS, responsible for conducting financial crime investigations, including tax fraud, narcotics trafficking, money-laundering, public corruption, healthcare fraud, identity theft and more.

Below are links to recent IRS Criminal Investigation cases:

- **Two tax shelter promoters sentenced for billion-dollar SCE tax scheme; two more CPAs plead guilty**
- **Reynoldsville, PA resident sentenced to 60 months in prison for violating federal narcotics and firearms laws**
- **Detroit man sentenced to 200 months for armed drug trafficking and money laundering**
- **Man charged for 2 million dollar COVID-19 relief fraud scheme**
- **Maryland tax preparer sentenced to more than two years in federal prison for preparing false tax returns**

For the latest on CI cases and alerts, follow on X (formerly Twitter) **@IRS_CI** or via the **IRS-CI LinkedIn** page.

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

Tax credits and deductions for individuals

Tax credits and deductions change the amount of a person's tax bill or refund. People should understand which credits and deductions they can claim and the records they need to show their eligibility.

Choosing a reputable tax preparer is vital to tax security

As people get ready for tax filing season, it's important that they select tax return preparers with the skills, education and expertise to prepare tax forms properly. Taxpayers are ultimately responsible for all the information on their tax return, regardless of who prepares it.

Additional information on IRS.gov

- **IRS ramps up new initiatives using Inflation Reduction Act funding to ensure complex partnerships, large corporations pay taxes owed, continues to close millionaire tax debt cases**
- **IRS opens free IRA and CHIPS Pre-filing Registration Tool for organizations to register to monetize clean energy credits**
- **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**
- **Where's My Refund?**.
- **Inflation Reduction Act of 2022**
- **Resources and guidance for Puerto Rico families that may qualify for the Child Tax Credit**
- **Accessing the IRS - Understanding the Identity Verification Process (irsvideos.gov)**
- **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 – Twitter – Instagram – Facebook - 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 the Taxpayer Advocate Service.