Congressional Update

News for members of Congress and their staffs – January 2024

Encourage taxpayers to Get Ready now to file their 2023 return

The **Get Ready** campaign is an annual communication and outreach effort that encourages taxpayers to take steps now to file timely and accurately in 2024. Planning ahead can help people file an accurate tax return and avoid delays in processing that can slow tax refunds.

Gather and organize tax records. Individuals should have all their tax and income information available before filing to ensure the return is complete and accurate. Having a copy of last year's return handy can serve as a guide when getting ready to file.

A key record to have before filing is all **Forms W-2** from employers. Filers should not use the information from their final pay statement(s) to prepare and file their tax return. Doing so can cause processing and refund delays because information on a final pay statement often differs from the information on a Form W-2 received by the IRS.

Other important documents include the 1095-A, Health Insurance Marketplace Statement, Forms **1099-MISC** or other income statements for workers in the gig economy, **Forms 1099-INT** for interest received, and Forms 1099 from banks, issuing agencies and other payers.

Log in or set up IRS Online Account. Taxpayers and ITIN holders can securely access their tax records and many IRS services by creating or logging in to their online account at **IRS.gov/account**. With an online account, taxpayers can:

- Make or schedule payments.
- View tax owed and payment history.
- Request transcripts.
- View or apply for payment plans.
- See digital copies of some IRS notices.
- View key data from their most recently filed tax return, including adjusted gross income.
- View and approve power of attorney and tax information authorization requests from tax professionals.

Use direct deposit. The fastest way for individuals to get their tax refund is by filing electronically and choosing **direct deposit**. Direct deposit gives individuals access to their refund faster than a paper check.

Those without a bank account can learn how to open an account at an **FDIC-insured bank** or through the national **Credit Union Locator Tool**. Veterans should review the **Veterans Benefits Banking Program** for access to financial services at participating banks.

Prepaid debit cards and mobile apps may allow direct deposit of tax refunds. They must have routing and account numbers associated with them that taxpayers can enter on their tax return. The mobile app provider or financial institution can confirm which numbers to use.

IRS tools and resources for the 2024 filing season. Tax information, resources and account management tools are available 24 hours a day. On **IRS.gov** taxpayers will find:

- **Interactive Tax Assistant** — Based on user input, this anonymous tool provides answers to tax law questions specific to the user's circumstances.
- **What is Taxable and Nontaxable Income?** — Find out what income is taxable and nontaxable.
- **Credits & Deductions** — Learn how credits and deductions work, what credits and deductions are available and who can claim them.
- **Forms and Instructions** — Access a library of IRS forms, instructions and publications on virtually any tax topic, many in multiple languages and accessible formats.
- **Frequently Asked Questions** — Get plain language answers to the most frequently asked questions on a variety of topics.
- **Free File** — Select and use commercial software to prepare and file federal income taxes online for free. Taxpayers comfortable preparing their own taxes can use **Free File Fillable Forms**, regardless of income, to file their tax returns either by mail or online.
- **Volunteer Income Tax Assistance/Tax Counseling for the Elderly** — Find organizations that provide free tax help for eligible persons that include working families, the elderly, the disabled and people who speak limited English.
- **Directory of Federal Tax Return Preparers** — Search for tax preparers in their area who hold professional credentials recognized by the IRS.
- **Where's My Refund?** — Check the status of a refund within 24 hours after the IRS accepts an e-filed return or four weeks after mailing a paper return.
- **Payments** — Pay by direct debit from a bank account or choose an approved payment processor to pay by credit or debit card for a fee. Also apply for a payment plan and learn about the IRS Offer in Compromise program.

The IRS provides information and resources in as many **languages** as possible and **enhanced services** for people with disabilities, including through the Accessibility Helpline at 833-690-0598.

Visit the Get Ready webpage at **IRS.gov/getready** for additional resources.

The IRS encourages congressional offices to follow the annual Get Ready campaign and share IRS messages with their constituents. The campaign includes:

- A **special page** on IRS.gov with the latest Get Ready material.
- A series of **news releases** and **tax tips** anyone can **subscribe** to and share.
- IRS **social media** messages.

IRS helps taxpayers by providing penalty relief on nearly 5 million 2020 and 2021 tax returns; restart of collection notices in 2024 marks end of pandemic-related pause

In a major step to help people who owe back taxes, IRS announced **new penalty relief for approximately 4.7 million individuals, businesses and tax-exempt organizations** that were not sent automated collection reminder notices during the pandemic.

The IRS will be providing about $1 billion in penalty relief. Most of those receiving the penalty relief make under $400,000 a year.

Due to the unprecedented effects of the COVID-19 pandemic, the IRS temporarily suspended the mailing of automated reminders to pay overdue tax bills starting in February 2022. These reminders would have normally been issued as a follow up after the initial notice. Although these reminder notices were suspended, the failure-to-pay penalty continues to accrue for taxpayers who did not fully pay their bills in response to the initial balance due notice.

Given this unusual situation, the IRS is taking several steps in advance of resuming normal collection notices for tax years 2020 and 2021 to help taxpayers with unpaid tax bills, including some people who have not received a notice from the IRS in more than a year.

To help taxpayers as the normal processes resume, the IRS will be issuing a special reminder letter starting next month. The letter will alert the taxpayer of their liability, easy ways to pay and the amount of penalty relief, if applied. The IRS urges taxpayers who are unable to pay their full balance due to visit **IRS.gov/payments** to make arrangements to resolve their bill.

The IRS is also taking steps to waive the failure-to-pay penalties for eligible taxpayers affected by this situation for tax years 2020 and 2021. The IRS estimates 5 million tax returns -- filed by 4.7 million individuals, businesses, trusts, estates and tax-exempt organizations -- are eligible for the penalty relief. This represents $1 billion in savings to taxpayers, or about $206 per return.

As a first step, the IRS has adjusted eligible individual accounts and will follow with adjustments to business accounts in late December to early January, and then trusts, estates and tax-

exempt organizations in late February to early March 2024. Nearly 70 percent of the individual taxpayers receiving penalty relief have income under $100,000 per year.

Employers who received questionable ERCs can repay at discounted rate through new voluntary program

As part of an ongoing initiative aimed at combating dubious Employee Retention Credit (ERC) claims, the IRS launched a new **voluntary disclosure program** to help businesses who want to pay back the money they received after filing ERC claims in error. The new disclosure program is part of a larger effort at the IRS to stop aggressive marketing around ERC that misled some employers into filing claims. The special disclosure program runs through March 22, 2024, and the IRS added provisions allowing repayment of 80% of the claim received. Additional details can also be found in the related **fact sheet**.

IRS sends 20,000 letters disallowing improper ERC claims

As part of continuing efforts to combat dubious Employee Retention Credit (ERC) claims, the IRS is sending an initial round of more than **20,000 letters** to taxpayers notifying them of disallowed ERC claims. The IRS is rejecting claims for entities that did not exist or did not have paid employees during the period of eligibility.

Business Tax Account expands to S-corporations and partnerships

As part of continuing transformation work, the IRS recently launched the second phase of a new online self-service tool for businesses that expands the Business Tax Account capabilities and eligible entity types. As a result, individual partners of partnerships and individual shareholders of S corporation businesses are now eligible for a Business Tax Account, in addition to sole proprietors.

Available at **IRS.gov/businessaccount**, the new Business Tax Account is a key part of the agency's continuing service improvement initiative.

IRS is rolling out a new Direct File pilot

The IRS published the latest executive column, "**A Closer Look**," from the IRS Direct File team, highlighting the Direct File pilot, featuring a new tax filing service that will allow eligible taxpayers to file their taxes online, for free, directly with the IRS.

"We're eager to introduce Direct File in 2024," said the Direct File team. "We invite you to continue to follow our progress as we approach tax filing season, and we hope you'll consider whether Direct File could be the right tax filing option for you and your family." Read more **here**. Read the Spanish version **here**.

Taxpayers should make sure they're withholding enough tax; last quarterly payment for 2023 due Jan. 15, 2024

Individuals may want to consider **adjusting their withholding** if they owe taxes or will receive a large refund on their 2023 federal tax return. Changing withholding can help avoid a tax bill or let individuals keep more money each payday. **Life events** – like getting married or divorced, welcoming a child or taking on a second job – may also be reasons to change withholding.

Taxpayers may want to consider completing a new Form W-4, Employee's Withholding Certificate, each year and when personal or financial situations change. Individuals who receive a substantial amount of nonwage income should make quarterly estimated tax payments. Nonwage income may come from:

- Self-employment.
- Investments.
- Taxable Social Security benefits.
- Pensions and annuities, in some instances.

The last quarterly payment for 2023 is due on Jan. 17, 2024. Estimated tax payments are normally due the 15th of April, July, October and January. Individuals can log in to their **IRS Online Account** to make a payment online or go to **IRS.gov/payments**.

Pre-filing Season Awareness Events conducted by TAS

The Taxpayer Advocate Service (TAS) will host Pre-filing Season Awareness Events through March 2024 within local communities to help taxpayers get ready for the upcoming filing season. During these events, TAS will share tips to avoid common return preparation errors to help avoid unnecessary processing and refund delays this tax season.

Taxpayers can visit the **TAS website** to learn more about the events in their area.

IRS Independent Office of Appeals releases fiscal year 2024 priorities

The IRS Independent Office of Appeals released its **Focus Guide** for fiscal year 2024. The **guide** (PDF) highlights where Appeals will be improving taxpayer service in its mission to resolve tax disputes in a fair and impartial manner without the need for litigation.

IRS Criminal Investigation (CI) released FY23 Annual Report highlighting more than 2,600 investigations, $37.1 billion identified from tax and financial crimes.

The **FY23 Annual Report** issued in December, details statistics, as well as important partnerships and significant criminal enforcement actions from the past fiscal year, which began Oct. 1, 2022, and ended Sept. 30, 2023.

"IRS Criminal Investigation plays a vital role for tax administration and law enforcement, and the results from the past year dramatically illustrate the results," said IRS Commissioner Danny Werfel. "Criminal Investigation's work has identified tens of billions of dollars on issues including tax fraud, money laundering and cybercrimes. The work of Criminal Investigation employees – who often put themselves in harm's way to get the job done – continues to make a difference in helping uphold tax laws and protect taxpayers."

CI is the only federal law enforcement agency that spends 100% of its time on financial investigations. The agency uses data analytics to identify and investigate some of the most complex financial crimes. During FY23, CI investigators queried Bank Secrecy Act (BSA) data in over 89.6% of its investigations, and 14% of CI's investigations were initiated based on BSA information. Additionally, CI's team seized over 1.7 petabytes of digital data from over 3,300 computer devices in support of investigations during the fiscal year.

In FY23, CI saw significant wins from partnerships both within and outside the U.S. In July 2023, a CI investigation, with assistance from the Joint Chiefs of Global Tax Enforcement, led to the indictment and arrest of an international tax advisor accused of concealing millions of dollars of income for high income Americans. CI's participation in the Joint Criminal Opioid and Darknet Enforcement Task Force played a major part in the success of Operation SpecTor. This operation netted 288 arrests and the seizure of 117 firearms, 850 kilograms of drugs that included 64 kilograms of fentanyl or fentanyl-laced narcotics and $53.4 million in cash and virtual currencies.

"Following the money is what we have done for more than 100 years," said CI Chief Jim Lee. "This report is a reflection of the tremendous work our agency has accomplished in an ever-changing, challenging financial crime landscape. Tax and other financial crimes know no borders, and our team will continue to uncover and dismantle egregious acts and criminal organizations. I could not be prouder of our team and our results."

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:

- **U.S. Treasury announces largest settlements in history with world's largest virtual currency exchange Binance for violations of U.S. anti-money laundering and sanctions laws**.
- **Longtime employee of Harford County manufacturer sentenced for a $20 million kickback scheme**.
- **Foreign national sentenced to 40 months custody for $5 million unemployment fraud scheme**.
- **Massachusetts commercial fisherman sentenced to prison for tax evasion**.
- **Former Massachusetts State Senator arrested for COVID fraud**.
- **Pharmacy owners and doctor convicted for $145M health care fraud, money laundering, and tax evasion scheme**.
- **Maryland man charged with committing $11.5 million in COVID-19 pandemic fraud**.
- **Former San Francisco venture capitalist convicted of multiple fraud and money laundering charges**.
- **Former Malibu Resident sentenced to more than 15 years in prison for conning investors with bogus promises of discounted Alibaba IPO shares**
- **New York man admits tax evasion over several years**.
- **Bitwise founders Irma Olguin Jr. and Jake Soberal charged for $100 million fraud scheme**.
- **Westwood man sentenced to over 9 years in prison for long-running surety bond scam that caused over $5 million in losses**.

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

Taxpayers, tax pros and businesses can stay up to date with IRS e-News

The IRS has newsletters for a variety of tax topics and audiences. Anyone can sign up for these automatic email updates to get IRS information, news and tips.

Additional information on IRS.gov

- **Join us for Earned Income Tax Awareness Day on Friday, January 26, 2024**
- **IRS opens free IRA and CHIPS Pre-filing Registration Tool for organizations to register to monetize clean energy credits**
- **IRS announces plans for new leadership structure; adjustments align with new priorities, agency transformation work**

- IRS issues standard mileage rates for 2024; mileage rate increases to 67 cents a mile, up 1.5 cents from 2023
- 401(k) limit increases to $23,000 for 2024, IRA limit rises to $7,000.
- IRS provides tax inflation adjustments for tax year 2024
- Tax relief in disaster situations
- Qualified charitable distributions allow eligible IRA owners up to $100,000 in tax-free gifts to charity.
- 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.