Congressional Update

News for members of Congress and their staffs – April 2023

Werfel begins work as 50th IRS Commissioner

Danny Werfel began work in March as the 50th commissioner of the Internal Revenue Service.

Werfel, who was confirmed by the Senate on March 9, was sworn into office on March 13 by Deputy Commissioner for Services and Enforcement Doug O'Donnell, who served as acting commissioner since November.

"After taking the oath of office a short time ago, I feel incredibly grateful and humbled to have the chance to lead such an amazing group of dedicated public servants at a pivotal moment in IRS history," Werfel told IRS employees. "This role culminates a lifetime of commitment to public service for me."

As commissioner, Werfel returns to the federal government, where he first began work at the Office of Management and Budget (OMB) in the late 1990s. He spent more than 15 years in the federal government, eventually serving as controller of OMB. He came over to the IRS to temporarily serve as acting commissioner in 2013. Next, Werfel served as a leader of Boston Consulting Group's Public Sector practice, first covering North America and then as a global leader.

"Following the passage of the Inflation Reduction Act, we have a unique opportunity to make improvements for the IRS and the nation," Werfel wrote to IRS employees. "I am excited by this opportunity as well as the chance to work with you again."

Werfel's term will run through Nov. 12, 2027.

IRS offers special Saturday hours for face-to-face help at many Taxpayer Assistance Centers across the nation

Many IRS Taxpayer Assistance Centers (TACs) will offer in-person assistance without an appointment on Saturdays, April 8 and May 13, 9 a.m. to 4 p.m., local time. TACs providing **these Saturday hours**, will accept walk-ins for all services they routinely offer, except for making cash payments. Tax return preparation and filing is not a service provided at IRS TACs.

To receive TAC services during regular operating hours, Monday through Friday, 8:30 a.m. to 4:30 p.m. local time, taxpayers should call the IRS Appointment Line at 844-545-

5640. To learn more about visiting a TAC, visit **IRS.gov/appointments**. The page has a link to a TAC locator tool, tips on preparing for an appointment and links to common online services.

Encourage Taxpayers to use IRS online tools to avoid delays and get tax help

Easy-to-use and available anytime, the IRS website can help taxpayers file and **pay taxes**, find information about their **accounts**, **determine eligibility for tax credits** and **get answers to tax questions**.

And when it comes time to file, the IRS encourages taxpayers to **e-file** and choose **direct deposit** to get their refunds as quickly as possible.

Available IRS tools to help taxpayers through tax filing season
The IRS recommends trying the following self-help resources available to taxpayers 24/7 for a smooth and easy tax filing experience.

- IRS.gov offers a variety of online tools to help taxpayers answer common tax questions. For example, taxpayers can search the **Interactive Tax Assistant**, **Tax Topics** and **Frequently Asked Questions** to find answers.
- The **Earned Income Tax Credit (EITC) Assistant** allows taxpayers to check eligibility for this valuable credit. Taxpayers can also calculate how much EITC they may get and find answers to EITC questions.
- IRS **Online Account** gives taxpayers secure access to personal tax account information, including balance, payments and tax records with the previous year's adjusted gross income information.
- The IRS offers basic tax information in **several languages** to help taxpayers get the information they need to file a federal tax return and pay any tax owed.
- **IRS Free File** provides eligible taxpayers who want to prepare their own returns free tax preparation, and the **Volunteer Income Tax Assistance or Tax Counseling for the Elderly programs** offer free tax help from certified volunteers at thousands of sites across the country.
- The **Where's My Refund?** tool on IRS.gov and the **IRS2Go app** allow taxpayers to check the status of their refund within 24 hours after the IRS accepts their e-filed tax return. Where's My Refund? updates once every 24 hours, usually overnight, so taxpayers don't need to check more than once a day
- The **Tax Withholding Estimator** can help taxpayers determine the right amount of tax to have withheld from their paycheck. Taxpayers should submit a new Form W-4 to their employer if they need an adjustment.
- The **IRS Services Guide** and the **Let Us Help You** page on IRS.gov can help taxpayers find additional ways to get help.

For those who need to talk to someone, the IRS has hired an additional 5,000 customer service representatives to help staff its toll-free customer service line. IRS TACs are another resource for individuals who need more than online tools. Anyone who needs face-to-face service should **make an appointment** or check for **special Saturday hours** before visiting.

April 18 tax filing deadline in 2023

The **filling deadline to submit 2022 tax returns and pay tax owed** is Tuesday, April 18, 2023, for most taxpayers. By law, Washington, D.C. holidays affect tax deadlines for everyone in the same way as federal holidays. The due date is April 18, instead of April 15, because of the weekend and the District of Columbia's Emancipation Day holiday, which falls on Monday, April 17.

Taxpayers who need more time to file may request an **extension.** An extension of time to file isn't an extension to pay taxes owed. People needing an extension should file an electronic Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, by the April 18 filing deadline. These taxpayers will have until Monday, October 16, 2023, to file their 2022 tax return.

Taxpayers in **disaster areas** may have an extended tax deadline.

Estimated Tax Payments

As taxpayers earn or receive income throughout the year, they should pay federal taxes either through withholding or estimated tax payments. If the amount of income tax withheld from a salary or pension isn't enough, or if there's income such as from self-employment, interest, dividends or capital gains, taxpayers may have to make estimated tax payments.

The first quarterly estimated tax payment for the 2023 tax year is due by April 18, 2023. The next payments are due June 15, September 15, 2023, and January 16, 2024. If sufficient payments aren't made on time, penalties may apply.

Taxpayers can use the **Tax Withholding Estimator** to estimate their withholding and see how it affects their refund, take-home pay or tax due.

The **Pay As You Go, So You Won't Owe** guide provides more information on withholding, estimated taxes and ways to avoid the estimated tax penalty.

Digital intake initiative: Form 940 scanning off to strong start; other forms to start soon

As part of ongoing transformation efforts, the IRS has begun a **successful expansion of digital scanning**. In a major step in the new Digital Intake scanning initiative, the IRS

has already scanned more than 120,000 paper Forms 940 since the start of 2023 — a twenty-fold increase compared to all of 2022. This effort will expand soon to include scanning of forms 1040 and 941. The scanning effort is part of a multi-form, multi-solution scanning initiative known as Digital Intake.

IRS issues renewed warning on Employee Retention Credit claims

The IRS urges people to carefully **review the Employee Retention Credit (ERC) guidelines** before trying to claim the credit, as promoters continue pushing ineligible people to claim it. The IRS and tax professionals continue to see third parties aggressively promoting these ERC schemes on radio and online.

These promoters charge large upfront fees or a fee contingent on the amount of the refund. The promoters may not inform taxpayers that wage deductions claimed on the business' federal income tax return must be reduced by the amount of the credit.

The Dirty Dozen represents the worst of the worst tax scams

Continuing an ongoing public awareness effort, the IRS launched its 2023 Dirty Dozen campaign. The annual **Dirty Dozen** is a list of 12 scams and schemes alerting taxpayers and the tax professional community about threats that jeopardize personal finances as well as risk identity theft and data loss. Some items on the list are new and some make a return visit.

The list includes the warning about promoters of improper Employer Retention Credit claims, and fake charities and scams aimed at taxpayers at home, including phishing and smishing. The list also highlights information, including spearphishing, intended to help businesses and tax professionals avoid falling victim. Rounding out the campaign are schemes aimed at high-income filers and bogus tax avoidance strategies, among others.

As part of the Dirty Dozen awareness effort, the IRS provides information on how to report scams and abusive tax schemes.

IRS is hiring! Learn more about available opportunities

IRS job announcements are on USAJobs.gov, and the agency also hosts numerous **virtual and in-person hiring events** each month. These information sessions and job fairs provide job seekers with insights about some of the most interesting positions the IRS offers.

Using electronic payment and agreement options for taxpayers who owe can help avoid penalties and interest

With the tax deadline approaching, the IRS reminds taxpayers they can avoid late filing and interest penalties by submitting their tax return and any payments due by April 18. For struggling taxpayers who can't pay by the deadline, the IRS offers several different options to help.

The IRS provides multiple ways for people to file for an extension, get information to help file their tax return and learn about payment options if they have trouble paying by the April 18 deadline.

Eligible individuals and families who earned $73,000 or less in 2022 can use **IRS Free File**, available only on IRS.gov, to electronically file their taxes. All taxpayers, regardless of income, who need more time to file a return can use IRS Free File as an easy and quick way to **electronically file for a six-month extension** before April 18, 2023. An extension will help to avoid penalties and interest for **failing to file on time** and gives taxpayers until Oct. 16, 2023, to file. However, they still must pay what they owe by the April 18 deadline.

Except for eligible victims of recent **natural disasters**, who have until Oct. 16 to make various tax payments, taxpayers who can't pay the full amount of taxes they owe by April 18 should file and pay what they can to reduce total penalties and interest.

There are several ways to make electronic payments, and there are options for a payment plan or agreement.

The **Tax Time Guide** provides more information about payment options.

What taxpayers should do when they receive Form 1099-K

Form 1099-K, Payment Card and Third Party Network Transactions, is an IRS form that is used to report certain payment transactions.

If taxpayers receive a Form 1099-K, they should use that information with their other tax records to determine their correct tax liability. Taxpayers must report all their income on their tax return unless it's excluded by law, regardless of whether they receive a Form 1099-K.

Taxpayers will receive Form 1099-K for business transactions, including income from:

- A business the taxpayer owns.
- Self-employment.
- Activities in the gig economy.
- The sale of personal items and assets.

Money received as a gift or for reimbursement does not require a 1099-K. Taxpayers can minimize the chance of an error by asking friends or family members to correctly designate that type of payment as a non-business-related transaction. The taxpayer should also make a note of what the payment was for and who sent it.
Good **recordkeeping** is key.

What to do when a Form 1099-K is incorrect

Some taxpayers may have received a Form 1099-K for the sale of personal items, or Form 1099-K may have been issued in error – such as for transactions between friends and family, or expense sharing.

If the information is incorrect on the Form 1099-K, taxpayers should contact the issuer immediately. The issuing organization's name appears in the upper left corner on the form. Taxpayers should keep a copy of all correspondence with the issuer for their records.

If a taxpayer receives a Form 1099-K in error and the taxpayer cannot obtain a corrected Form 1099-K, the taxpayers should follow the IRS' updated guidance at **Understanding Your Form 1099-K**.

1099-K reporting threshold for tax year 2023

The American Rescue Plan of 2021 changed the reporting threshold requirement for payment apps, also known as third-party settlement organizations. The IRS announced that the new Form 1099-K reporting threshold **will start in tax year 2023**.

- The old threshold was $20,000 and 200 transactions per year. This applies to tax year 2022 and prior years.
- The new threshold is more than $600. This applies to tax year 2023 and future years.

The threshold change means some people may receive a Form 1099-K who have not received one in the past. There are no changes to what counts as income or how tax is calculated.

IRS Criminal Investigation (IRS-CI) enlists the public's assistance in slamming the next scam

Scammers prey on taxpayers' vulnerabilities, during National Consumer Protection Week IRS-CI asked the public to slam the next scam.

"Our investigators see myriad scams each year. These range from phishing attempts where unsuspecting individuals are prompted to share their personal information to fraudsters who prey on our elderly citizens' vulnerabilities," said IRS-CI Chief Jim Lee.

“Offers that promise instant wealth or unrealistic tax exemptions are empty promises. Slam the next scam and report to law enforcement.”

Phishing scams are still prevalent. Anyone who receives an unsolicited email shouldn’t enter their personal information or click links. Scammers have become much more sophisticated; emails and texts may look legitimate, even though they’re not.

Charity fraud takes place when an organization falsely claims to be a nonprofit organization or misappropriates funds intended for a charity. Before people donate goods, services or money, they should ensure an organization is legitimate and verify its tax exemption status.

Fraudsters prey on U.S. taxpayers who may owe a debt to the IRS. Be wary of advertisers who say they can settle tax debt for pennies on the dollar. Taxpayers who owe a tax debt should reach out to the IRS directly to determine their options.

It’s tax season, which is also the season for return preparer fraud. Taxpayers are ultimately responsible for their tax bills, no matter who prepares them, so they should research and choose a tax preparer wisely.

Seniors should be extra cautious. Criminals often target senior citizens through predatory phone calls, emails and phishing attempts.

Recent IRS Criminal Investigation cases

- **CEO of Atlanta engineering firm pleads guilty to failing to pay payroll taxes**
- **Ericsson to plead guilty and pay over 206 million dollars following breach of 2019 FCPA Deferred Prosecution Agreement**
- **Philadelphia woman sentenced to 100 months in prison for operating fraudulent debt relief scheme**
- **Man sentenced to 30 months in federal prison for defrauding investors of 2 companies, evading taxes**
- **Riverside County tax preparer pleads guilty to knowingly preparing false tax returns that caused over $3 million in losses to IRS**
- **Central Valley man pleads guilty to nearly $9 million cow manure Ponzi scheme**
- **Former owner and CEO/CFO of recycling company sentenced to 33 months for federal tax crime**
- **Texas man sentenced to 42 months in prison for role in scheme to fraudulently obtain over 30 million dollars in COVID-19 relief loans**

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

Some things taxpayers getting ready to file should know

With the 2023 tax filing season in full swing, taxpayers should be sure to visit IRS.gov for updated resources and tools to help with their 2022 tax return.

What the Right to Quality Service means for taxpayers

All taxpayers should know their rights, especially when they're working with the IRS on a tax matter. IRS employees should also be familiar with knowing, observing and protecting taxpayers' rights. The Taxpayer Bill of Rights lists and defines 10 fundamental rights of every taxpayer. On this list is the Right to Quality Service.

IRS Free File can handle many complicated tax returns

IRS Free File helps millions of taxpayers file their federal and state tax returns free every year. While many eligible taxpayers are already taking advantage of this tax preparation software, other taxpayers may not realize that they're eligible to use IRS Free File – or that it can be used for complicated returns.

Taxpayers should know that an extension to file is not an extension to pay taxes

Taxpayers who aren't able to file by the April 18, 2023, deadline can request an extension before that deadline, but they should know that an extension to file is not an extension to pay taxes. If they owe taxes, they should pay them before the due date to avoid potential penalties and interest on the amount owed.

Filing season information and resources for military members and veterans

The IRS offers a variety of tax resources and information to help members of the military community navigate their unique and sometimes complex tax situations. Reviewing these resources before filing can make completing an accurate tax return easier.

The IRS offers easy and convenient options to make federal tax payments

Anyone who needs to pay their federal tax bill has several ways to send a payment to the IRS quickly and securely. Knowing the options to make payments helps taxpayers meet their tax obligations.

People may want to file a tax return - even if they aren't required to do so

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.

Taxpayers can approve power of attorney or tax information authorization requests online

Taxpayers can quickly review, approve and sign power of attorney and tax information authorization requests through their IRS Online Account.

Additional information on IRS.gov

- IRS revises frequently asked questions about Form 1099-K
- Where's My Refund?
- Inflation Reduction Act of 2022
- Resources and Guidance for Puerto Rico families that may qualify for the Child Tax Credit
- Plug-in Electric Drive Vehicle Credit at a Glance
- IRS releases frequently asked questions about energy efficient home improvements and residential clean energy property credits
- 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 during COVID-19
- Tax relief in disaster situations
- 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

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.