Congressional Update

News for members of Congress and their staffs – December 2023

IRS outlines 2024 filing season improvements

Following a dramatically improved 2023 filing season thanks to Inflation Reduction Act (IRA) investments, the U.S. Department of the Treasury and the IRS announced additional **improvements taxpayers will experience next filing season**, including:

- Improved digital service through the Where's My Refund? tool.
- Better phone and in-person service.
- The launch of the Direct File pilot.
- The launch of IRS Energy Credits Online to expand access to IRA clean energy credits.

Treasury and the IRS also announced meeting the first goal of the **Paperless Processing Initiative** three months ahead of schedule. Taxpayers are now able to digitally submit all correspondence and responses to notices.

IRS announces delay in Form 1099-K reporting threshold for third-party platform payments

Following feedback from taxpayers, tax professionals and payment processors and to reduce taxpayer confusion, the IRS released **Notice 2023-74** (PDF) announcing a **delay of the new $600 Form 1099-K reporting threshold** for third-party settlement organizations for calendar year 2023.

As the IRS continues to work to implement the new law, the agency will treat 2023 as an additional transition year. This will reduce the potential confusion caused by the distribution of an estimated 44 million Forms 1099-K sent to many taxpayers who wouldn't expect one and may not have a tax obligation. As a result, reporting won't be required unless the taxpayer receives over $20,000 and has more than 200 transactions in 2023.

Avoid a surprise next year; review tax withholding now before time runs out

With 2023 rapidly coming to a close, the IRS encourages taxpayers to review their tax withholding as soon as possible to avoid a potential surprise when they file their tax return next year.

Although it's best for taxpayers to verify withholding early in the year, an adjustment made in the final weeks of 2023 could still help to avoid an unexpected result, such as a big refund or a balance due, when filing taxes next year.

With only a few weeks left in the year, the IRS encourages people who haven't checked their withholding recently to do it soon so they can make any withholding adjustments needed. The IRS has several ways to help.

Determine the correct tax withholding

The **Tax Withholding Estimator**, available in multiple languages, can help taxpayers determine if they have too much income tax withheld and how to adjust tax withholding. In other cases, it can help taxpayers see if they should withhold more or make an **estimated tax payment** to avoid a tax bill when they file their 2023 tax return.

The tool offers workers, retirees, self-employed individuals and other taxpayers a simple-to-use, mobile-friendly way to calculate the correct amount of income tax they should have withheld from wages and pension payments based on their complete set of facts and circumstances.

Taxpayer options to pay as they go

People generally **pay taxes throughout the year**. Employers typically withhold income tax from their employees' paychecks and pay it to the IRS on the employee's behalf. However, about 70% of taxpayers withhold too much every year, resulting in a refund.

The IRS reminds individuals earning income that's not subject to withholding – such as from rental properties, **gig economy work** or **self-employment –** to consider making quarterly estimated tax payments to avoid a balance due or penalties when filing.

Taxpayers may send estimated tax payments with **Form 1040-ES** by **mail** or **pay online**, by phone or from their mobile device using the **IRS2Go app**. Taxpayers may also make estimated tax payments through their Online Account where they can see additional information such as their payment histories and other tax records. Individuals may create an account by going to **IRS.gov/account**.

Other items may affect 2023 taxes

Common and unforeseen life events can be a trigger to make withholding adjustments. They include:

- **Life changes such as marriage or childbirth** – Getting married or the birth of a child are just a couple of life events that can affect a taxpayer's refund or how much they owe.

- **IRS Publication 4128, Tax Impact of Job Loss** (PDF) explains how this unfortunate circumstance can create new tax issues, such as receiving **unemployment compensation**.

- **Disasters, such as wildfires and hurricanes** – 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 a major disaster area.

The IRS reminds taxpayers that a refund is not guaranteed. When taxpayers have too much tax withheld, they get that money back as a refund when they file their tax return. People who got a refund last year may want to consider lowering their withholding to increase their take-home pay, rather than again paying too much.

If eligible, the fastest way to receive a tax refund is by filing electronically and choosing Direct Deposit. The IRS issues most refunds within 21 days or less from an error-free and paperless tax return. Some refunds may take longer for **different reasons**.

For more information about estimated taxes and tax withholding, see **Tax Withholding**.

Employee Retention Credit resources

The IRS has several Employee Retention Credit (ERC) resources to help taxpayers check eligibility, get answers to questions and learn how to withdraw a claim:

- Revised ERC Eligibility Checklist – The IRS recently updated its **interactive question-and-answer tool for ERC** and **Publication 5887** (PDF), a printable edition for partners. The checklist can help employers figure out if they may be eligible for the credit.
- **ERC webinar** – The webinar, which was live on Nov. 2, 2023, presents the latest information on the ERC claim moratorium and options for withdrawing or correcting previously filed claims.
- **Frequently asked questions about the Employee Retention Credit** – Get information about eligibility topics, how to withdraw an ERC claim and more.

IRS delivers new capabilities to Tax Pro Account as part of effort to improve technology

As part of an effort to improve its technology, the IRS has expanded **Tax Pro Account** capabilities by offering tax professionals access to new services to help their clients. A critical part of the nation's tax system, tax professionals provide vital services to taxpayers, and the Strategic Operating Plan highlights the need to improve technology and services for both tax professionals and taxpayers. These improvements help create a comprehensive, user-friendly self-service option for all.

New additions to Tax Pro Account, available through IRS.gov, help tax professionals manage their active client authorizations on file with the Centralized Authorization File database. Other enhancements allow tax professionals to view their client's tax information, including balance due amounts. Tax Pro Account users can now also withdraw from their active authorizations online in real time.

Since its initial launch in July 2021, more than 260,000 people have used Tax Pro Account. The IRS.gov webpage has been viewed over 2.7 million times.

Looking ahead, the IRS plans to further improve and expand Tax Pro Account capabilities and engage with the tax professional community as these efforts progress. As part of the transformation efforts, the IRS will continue to add new technology and expand its relationship with the tax professional community. The ongoing improvements to Tax Pro Account are part of a larger effort.

8th annual National Tax Security Awareness Week focused on raising awareness among taxpayers, tax pros on security tips to protect against identity theft, scams

The IRS, along with its Security Summit partners in state tax agencies and the nation's tax industry, held a special week focusing taxpayer and tax professional awareness on protecting sensitive financial information against identity thieves as the holidays and the 2024 tax season approach.

The **8th annual National Tax Security Awareness Week** took place this year from Nov. 27-Dec. 1, marking an annual campaign by the **Security Summit**, a coalition of the IRS, state tax administrators, tax software companies, the tax professional community and others in the larger tax community. The group formed in 2015 to combat tax-related identity theft through better public-private sector coordination and strengthen internal protections and raise awareness about security threats.

With the holiday shopping season underway and tax season fast approaching, the Security Summit partners are alerting taxpayers and tax professionals to take extra steps to protect their financial and tax information during this critical period. During the holiday season, people face the heightened risk of identity theft as criminals ramp up efforts to trick people into sharing sensitive personal information, including through email, text messages and social media. Identity thieves can use the information to try filing false tax returns and stealing refunds.

Get prepared for the upcoming filing season

With tax season rapidly approaching, remind your constituents about the important steps they can take now to help "**get ready**" to file their 2023 federal tax return, such as:

- Create an IRS online account.
- Gathering and updating tax records.
- Withholding enough tax from paychecks.
- Establishing direct deposit for refunds.

Ordering tax forms, instructions and publications

The fastest and easiest way to get the latest tax forms, instructions and publications is to download them from IRS.gov. Forms are free, available 24/7 and usually online weeks before paper versions are available.

Taxpayers can download and view popular tax publications and forms, including Form 1040 instructions, on mobile devices such as a tablet at no charge. Other versions, such as eBook, PDF and HTML, are also available online. Visit IRS.gov for a listing of all **eBook publications**.

Taxpayers can still order a paper copy of any current-year form, instructions, or publication (except Publication 17, Your Federal Income Tax) on **www.irs.gov/orderforms** or by calling **800-TAX-FORM (829-3676).** Taxpayers generally receive their orders within 10 business days. The IRS will send unavailable products as soon as they become available.

Tax Forms Outlet Program (TFOP) for forms and publications

Congressional offices can order forms and publications via the TFOP. The IRS will ship the ordered products and quantities requested as soon as they're available. Any congressional office can order and reorder forms and publications as needed by emailing the **TFOP administrator**.

TFOP partners can order the following products:

- Form 1040 booklet, which includes Form 1040-SR (for seniors) and Schedules 1-3.
- Instructions for Forms 1040 and 1040-SR.
- Form 1040 (Spanish) booklet, which includes Form 1040-SR (SP) and Schedules 1-3 (SP).
- Instructions for Forms 1040 (SP) and 1040-SR (SP).
- Publication 1132, Reproducible Copies of Federal Tax Forms and Instructions.
- Publication 4604 (EN/SP), Use the Web for IRS Tax Products and Information (PDF). This is a useful handout that helps educate taxpayers about web-based IRS help and provides information about how to get forms.

Online ordering of information returns and employer returns

Businesses and employers needing blank forms W-2 and 1099 should order now. January 31 is the filing deadline for forms W-2 and 1099-NEC, Nonemployee Compensation. Forms can be ordered online at **IRS.gov/forms-instructions**.

Quantity limits:

- 100 each for forms, with one copy of the corresponding instructions automatically included.
- Five each for instructions and publications.

Some forms are printed two or three to a sheet; order the number of forms needed, not the number of sheets.

E-file information returns

The Department of the Treasury and the IRS issued final regulations amending the rules for filing **information returns** and other documents electronically (e-file). These regulations require certain filers to e-file beginning in 2024.

These amended regulations (outlined in **Treasury Decision 9972**) reduce the 250-return threshold enacted in prior regulations to generally require electronic filing by filers of 10 or more information returns in a calendar year beginning in 2024 for tax year 2023.

Filers need to combine all information return types they file to determine if they meet the 10-return threshold and the requirement to file electronically applies to them.

To ensure taxpayers can comply with the final regulations, the IRS has platforms that make electronic filing easier for those who have traditionally filed paper information returns. Taxpayers can find more information at **irs.gov/infoReturn**.

Employers can electronically file forms W-2, W-2c, W-3 and W-3c by visiting the **Social Security Administration's Employer W-2 Filing Instructions and Information** website.

Beware of fake charities; check before donating

With tragic crises and natural disasters happening around the globe, many are responding to the call to give what they can to help. The IRS warned taxpayers to be wary of criminals soliciting donations and falsely posing as legitimate charities. When fake charities scam unsuspecting donors, the proceeds don't go to those who need the help, and those contributing to these fake charities can't deduct their donations on their tax return.

"We all want to help innocent victims and their families," said IRS Commissioner Danny Werfel. "Knowing we're trying to aid those who are suffering, criminals crawl out of the woodwork to prey on those most vulnerable – people who simply want to help. Especially during these

challenging times, don't feel pressured to immediately give to a charity you've never heard of. Check out the charity first and confirm it is authentic."

Those who wish to make donations should use the **Tax-Exempt Organization Search (TEOS)** tool on IRS.gov to help find or verify qualified, legitimate charities.

With the TEOS tool, people can:

- Verify the legitimacy of a charity.
- Check its eligibility to receive tax-deductible charitable contributions.
- Search for information about an organization's tax-exempt status and filings.

In addition, the IRS urges anyone encountering a fake or suspicious charity to see the FBI's resources on **Charity and Disaster Fraud**.

Fake charities

Criminals commonly set up bogus charities to take advantage of the public's generosity during international crises or natural disasters. Typically, they seek money and personal information, which they use to further exploit victims through **identity theft**.

Fake charity promoters may use emails, fake websites, or altered or spoofed caller IDs to make it look like a real charity is calling to solicit donations. Criminals often target seniors and groups with limited English proficiency.

Here are some tips to protect against fake charity scams:

- **Verify first.** Scammers frequently use names that sound like well-known charities to confuse people. Potential donors should ask the fundraiser for the charity's exact name, website and mailing address so they can independently confirm the information. Use **TEOS** to verify if an organization is a legitimate tax-exempt charity.
- **Don't give in to pressure.** Scammers often pressure people into making an immediate payment. In contrast, legitimate charities are happy to get a donation at any time. Donors shouldn’t feel rushed.
- **Don't give more than needed.** Scammers are on the hunt for both money and personal information. Taxpayers should treat personal information like cash and not hand it out to just anyone.
- **Be wary about how a donation is requested.** If a charity asks for donations via gift cards or money wire, it’s a scam. It's safest to pay by credit card or check — and only after verifying the charity is real.

Taxpayers who give money or goods to a charity can **claim a deduction** if they itemize, but these donations only count if they go to a qualified tax-exempt organization recognized by the IRS.

IRS Criminal Investigation issues red flags, tips to avoid falling victim to pig butchering schemes during International Fraud Awareness Week

IRS Criminal Investigation (CI) special agents are seeing pig butchering schemes pop up across the globe. Flirtatious strangers use social media to lure unsuspecting romantic partners, who serve as the "pigs," to invest in cryptocurrency trading platforms. When victims attempt to cash out, criminals seize their funds.

"Cryptocurrency scammers have become more sophisticated with their schemes. It's a shame to watch people hopelessly invest their savings in crypto and earn returns on their deposits – to never see the money again. This International Fraud Awareness Week, we don't want additional victims to get butchered," said CI Chief Jim Lee.

CI investigators warn that U.S. taxpayers are currently the most targeted population for pig butchering schemes. Thus far, the highest identified loss in one of these schemes is $2 million, but average losses are hundreds of thousands of dollars. If you meet someone on a dating website or app and they urge you to invest in crypto, it is likely a scam.

Individuals should be aware of these red flags:

- A long-lost contact or stranger sends you a message on social media.
- You are urged to send money to an investment platform that is similar but does not match the platform's official website address. This is called typo-squatting.
- You have an online romantic interest who asks you to send payment to them or an investment platform in cryptocurrency.
- You embark on an online romantic relationship, and your love interest guarantees profits or big returns if you invest with them.
- A romantic interest reaches out to you through an online messaging application like WhatsApp with account numbers so you can transfer of funds.

If you or someone you know is a victim of pig-butchering, please contact local law enforcement or one of **CI's 20 field offices**.

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 IRS Criminal Investigation recent case:

- **Luzerne County woman sentenced to 10 months imprisonment for preparing and submitting numerous false Economic Injury Disaster Loan (EIDL) applications In Covid-19 fraud scheme**
- **Charlotte woman in charge of 1.9 million dollar debt collection scheme is sentenced to prison**
- **Cryptocurrency founder "Bruno Block" sentenced to four years in prison**
- **Buffalo woman previously convicted of defrauding hurricane victims with COVID fraud**
- **Former Miami-Dade corrections sergeant sentenced for COVID-19 relief fraud**
- **Glendale man sentenced for laundering millions in fraudulently obtained jobless**

benefits

- **Former CEO of Sunwest Management ordered to pay over $74 million in restitution to more than 1,400 victims**
- **San Bernardino County man sentenced to 17 years in prison for leading drug trafficking efforts, including smuggling into jails**
- **California lawyer sentenced for multiple crimes including the illegal distribution of 157 million dollars in diverted prescription drugs**
- **CEO of company providing homes for parolees and probationers sentenced to 17 years in prison for bank fraud, wire fraud, witness tampering, and other offenses**

For the latest on IRS-CI cases, 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

Clean vehicle credits can help car buyers pay less at the dealership

Taxpayers who buy a qualifying new or used clean vehicle may be able to transfer their tax credits to the dealer in exchange for a financial benefit – such as a lower cost – starting Jan. 1, 2024.

Tax pros: Become authorized as an IRS e-file provider in just a few simple steps

To file their clients' federal tax returns electronically, a tax professional needs to become an authorized e-file provider. The process takes only a few steps. E-filing is the most secure and accurate way to file returns, and it saves time.

Employers should certify employees before claiming the Work Opportunity Tax Credit

Employers who hire people from certain groups can reduce the tax they owe when they claim the Work Opportunity Tax Credit on their federal tax return. This credit encourages employers to hire workers certified as members of any of 10 groups facing barriers to employment.

Signing up to be an IRS-certified volunteer is a great way to help people

IRS-certified volunteers are the unsung heroes of tax filing season. Every year, they step up to help taxpayers successfully file their tax returns. Anyone who wants to make a difference in their community, learn about tax preparation and earn continuing education credits should consider volunteering.

Additional information on IRS.gov

- IRS Direct File Update: Free, secure, IRS-run, electronic filing option on track to be available in 2024 as a limited pilot
- Tax relief in disaster situations
- Qualified charitable distributions allow eligible IRA owners up to $100,000 in tax-free gifts to charity
- 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.