Congressional Update

News for members of Congress and their staffs – May 2023

IRS releases Strategic Operating Plan detailing decade of change

The **IRS unveiled its Strategic Operating Plan**, an ambitious effort to transform the tax agency and dramatically improve service to taxpayers and the nation during the next decade. The **150-page report** outlines the agency's historic plans to make fundamental changes following funding from last year's Inflation Reduction Act. The plan clearly defines that the IRS will use resources over the short and long term to:

- Rebuild and strengthen IRS customer service activities.
- Add capacity to unpack the complex filings of high-income taxpayers, large corporations and complex partnerships.
- Update various outdated systems in IRS core operations.

Reminder: Face-to-face IRS help available on Saturday, May 13, at many IRS Taxpayer Assistance Centers

Many IRS Taxpayer Assistance Centers (TACs) will offer face-to-face help without an appointment on Saturday, May 13, 9 a.m. to 4 p.m. Taxpayers can find the **TAC locations offering this service** on IRS.gov. They should check the site for up-to-date information before heading to an office. To receive TAC 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.

The **Contact Your Local IRS Office** page on IRS.gov has a link to find a TAC, tips for preparing for an appointment and links to several common online services. The Taxpayer Advocate office is proud to partner with the IRS for the Saturday events and will be available to provide assistance.

Employers: Watch out for Employee Retention Credit schemes

The IRS and tax professionals continue to see third parties aggressively promoting **Employee Retention Credit** schemes on radio and online.

Filers should carefully review the ERC guidelines before trying to claim the credit and be wary of offers promising tax savings that are too good to be true. Tax professionals are also reporting receiving undue pressure from clients to claim the ERC as a result of these scams.

These promoters push ineligible people to file a claim for the credit while charging the filer either large upfront fees or a fee that is contingent on the amount of their refund. Plus, the promoters may not inform taxpayers that they must reduce the wage deductions they claimed on the business' federal income tax return by the amount of the credit.

The IRS has been **warning about this scheme** since **last fall**, but there continue to be attempts to claim the ERC made by ineligible filers during the 2023 tax filing season. This is a valuable credit for those who qualify but claiming it improperly could result in taxpayers having to repay the credit along with potential penalties and interest.

Options for taxpayers with a tax bill they can't pay

Taxpayers who can't pay their tax bill by the tax deadline shouldn't panic. The IRS offers **several options to help them meet their obligations**.

Online payment plans

Taxpayers who owe but cannot pay in full by the deadline don't have to wait for a tax bill to set up a payment plan. They can apply for a payment plan at **IRS.gov/paymentplan**. These plans can be either short- or long-term.

- Short-term payment plan – The payment period is 180 days or less, and the total amount owed is less than $100,000 in combined tax, penalties and interest.
- Long-term payment plan – The payment period is longer than 180 days, paid in monthly payments, and the amount owed is less than $50,000 in combined tax, penalties and interest.

Offers in compromise

An **offer in compromise** lets taxpayers settle their tax debt for less than the full amount they owe. It may be an option if they can't pay their full tax liability or doing so creates a financial hardship. The IRS considers a taxpayer's unique set of facts and circumstances when deciding whether to accept an offer.

Taxpayers can see if they're eligible and prepare a preliminary proposal with the **Offer in Compromise Pre-Qualifier Tool**.

Never mind the myths; find tax facts at IRS.gov

With the April 18 deadline behind us, the IRS wants to debunk common myths with facts about filing taxes, finding refund information and adjusting withholding.

Filing myths and facts

Myth: Taxpayers don't need to report income if they didn't receive a Form 1099-K this year.

Fact: Taxpayers must report all income unless the law excludes it. This is true whether or not taxpayers receive a **Form 1099-K** or other reporting forms. It's important to report all income to avoid receiving a notice or bill from the IRS. This includes income from:

- Goods created and sold on online platforms.
- Investment income.
- Part-time or seasonal work.
- Self-employment or other business activities.
- Services provided through mobile apps.

Money received as a gift or for reimbursement doesn't require a Form 1099-K. Taxpayers can minimize receiving one of these forms in error by asking friends or family members to correctly designate those types of electronic payments as nonbusiness-related transactions when possible. Taxpayers can learn more at **Form 1099-K Frequently Asked Questions** (.pdf). The IRS will continue to share information about changes to 1099-K reporting for tax year 2023 that will be in effect for the 2024 tax season.

Myth: If a taxpayer requests an extension, they don't need to do anything until Oct. 16.

Fact: **It's important to remember that an extension to file isn't an extension to pay tax due.** For tax year 2022, tax balances were due on April 18. Taxpayers who requested a six-month extension to file their taxes have until Oct. 16, 2023, to file their 2022 federal income tax return. If a taxpayer requests an extension, the IRS encourages them to file their income tax return when they're ready instead of waiting until the Oct. 16 extension deadline.

Any taxpayer, regardless of income, can request an extension to file using **IRS Free File** at IRS.gov.

If taxpayers are in an area affected by a Federal Emergency Management Agency-declared disaster, they should check **Tax Relief in Disaster Situations** to get the latest updates on any postponed deadlines.

Refund myths and facts

Myth: Calling or visiting the IRS in person is the best way to speed up a refund.

Fact: The quickest and best way to check the status of a refund is through the Where's My Refund? tool at IRS.gov or via the IRS2Go mobile app. Although some taxpayers mistakenly believe speaking with the IRS by phone or visiting in-person at an IRS Taxpayer Assistance Center will speed up their tax refund, Where's My

Refund? has the most up-to-date information available. Taxpayers with limited internet access can call the automated IRS Refund Hotline at **800-829-1954**. Taxpayers should call the IRS tax help line (**800-829-1040**) about refund status only if Where's My Refund? directs them to do so.

Myth: Where's My Refund? isn't accurate because there's no deposit date or the refund amount is less than expected.

Fact: The IRS generally issues most refunds in less than 21 days, but a refund may take longer for various reasons, including if a return is incomplete or needs additional review. This delay could also be caused by transposed numbers or when a tax return is affected by identity theft or fraud. The IRS encourages taxpayers to use the **Where's My Refund?** tool to check the status of a refund daily. The system generally only updates data once a day – usually overnight.

There are different factors that could cause a tax refund to be smaller or larger than expected. Sometimes it's due to Child Tax Credit amounts, delinquent taxes or past due child support. The IRS will mail taxpayers a letter that explains if it made these adjustments. The Department of Treasury's Bureau of the Fiscal Service has more information on **potential reduced refunds**.

Taxpayers should only call the IRS tax help line to talk to a representative if it's been more than 21 days since they e-filed their tax return, or more than six weeks since they mailed it.

Myth: Tax transcripts are a secret way to get a refund deposit date.

Fact: Ordering a tax transcript won't help taxpayers understand the timing of their tax refund, nor will it speed up refund processing. Transcripts help verify past income and tax filing status for various loan applications and help with tax preparation. The **Where's My Refund?** tool remains the fastest and most accurate way to check refund status.

Withholding myth and facts

Myth: Taxpayers don't need to adjust withholding for 2023 if they received a refund this year.

Fact: **Taxpayers should frequently check their withholding and adjust it accordingly.** For taxpayers who receive a paycheck from an employer, withholding is the amount of federal income tax the IRS withholds from the paycheck. Adjusting tax withholding with an employer is easy. Taxpayers can use the **Tax Withholding Estimator** tool on IRS.gov to help determine if they're withholding the right amount.

Taxpayers should also check withholding when there's a change in jobs, income or other life events like marriage or divorce, childbirth, an adoption or home purchase.

The IRS encourages taxpayers to always find the most accurate and up-to-date information at IRS.gov.

To avoid other common misconceptions about taxes, the IRS reminds taxpayers to visit the **Dirty Dozen tax scams for 2023.**

Home energy credits: Good for the environment and your wallet

Taxpayers who make energy improvements to their homes can take advantage of **tax credits** for a portion of their qualifying expenses. **IRS.gov/homeenergy** has full details, including a comparison chart to help homeowners determine if the credits apply to expenses they already paid or will apply to planned improvements.

IRS Revises Form 8940, Request for Miscellaneous Determination, to allow electronic filing

As part of ongoing efforts to improve service for the tax-exempt community, the IRS revised **Form 8940**, Request for Miscellaneous Determination, and its instructions, to allow electronic filing.

Beginning April 3, 2023, the IRS made available the electronic version of Form 8940 that exempt organizations use to make miscellaneous determination requests online at **Pay.gov**. The IRS will provide a 90-day grace period during which it will continue to accept paper versions of Form 8940 (Rev. 6-2011), but after this grace period, exempt organizations must submit the form electronically.

In addition to the miscellaneous requests exempt organizations previously made using Form 8940, they'll also now use the same form for these miscellaneous requests:

- Government entities requesting voluntary termination of exempt status under section 501(c)(3) (previously a letter request)
- Canadian registered charities requesting inclusion in Tax Exempt Organization Search database of organizations eligible to receive tax-deductible charitable contributions (Pub. 78 data) or a determination on public charity classification (previously a letter request)
- Private foundations giving notice only of intent to terminate private foundation status under section 507(b)(1)(B) (previously provided on Form 8940 or by general correspondence)

News Release IR-2023-70 has additional details.

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**.

IRS Criminal Investigation Chief signs 30x30 pledge

IRS Criminal Investigation's (CI) Chief Jim Lee signed a pledge committing CI to the 30x30 initiative, led by the Policing Project at New York University's School of Law.

CI values diversity in its workforce and recognizes that unique experiences and backgrounds can make CI a better law enforcement agency. The 30x30 pledge aims to increase the number of women police recruits nationally to 30% of the total law enforcement workforce by 2030.

There are about 25% women who are sworn law enforcement officers of the CI workforce, higher than the national average of 13%. Women comprise around 36% of CI's total workforce and nearly 44% of CI's senior-level positions. Over the next several years, CI plans to increase those numbers.

Research indicates that when compared to male counterparts, women create higher positive public safety outcomes, use less force, fire their weapons in the line of duty less often and often achieve better outcomes for crime victims. By joining the 30x30 initiative, CI will gain access to data analytics that will help recruit and retain women as CI special agents.

Below are the links to IRS Criminal Investigation recent cases

- **Bulgarian woman charged for role in multibillion-dollar cryptocurrency pyramid scheme "OneCoin" and extradited from Bulgaria to the United States**
- **Carnegie man sentenced to 6½ years for $3.8 million paycheck protection program fraud**
- **Twenty-two individuals charged with drug trafficking in the municipalities of Sabana Grande, San Germán, Lajas, and Cabo Rojo, Puerto Rico**
- **Fentanyl trafficking kingpin sentenced to 22 years in federal prison for overseeing a sprawling drug and money laundering conspiracy**
- **Former Warren County businessman sentenced to three years in prison for fraudulently obtaining 1.8 million dollars in COVID-19 loans meant for small businesses**

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

IRS is hiring! Learn more about available opportunities

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

Currently, the IRS is highlighting these priority positions:

- **Internal Revenue Agent (examiner) - direct hire (12 Month Register)**
- **Revenue Officer - direct hire (12 Month Register)**
- **Internal Revenue Agent (GS 05-12)**

IRS releases fiscal year 2022 Data Book

The **IRS issued its annual Data Book** detailing the agency's activities during fiscal year 2022 (Oct. 1, 2021, to Sept. 30, 2022), including revenue collected and tax returns processed. In many areas, the statistics in the **2022 Data Book** reflect the impact that past resource constraints had on the agency's ability to provide adequate taxpayer service and address compliance issues, including audits of higher-income taxpayers, partnerships and large corporations. **The IRS also issued a statement** about the examination coverage rates in the 2022 Data Book.

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

Every taxpayer has the right to pay no more than the correct amount of taxes

The IRS works to make sure taxpayers pay no more than the correct amount of tax.

Mistakes happen: Here’s when to file an amended return

Even after making every effort to file a complete and accurate tax return, mistakes can happen. When a taxpayer realizes that the tax return they filed has a math error, missing income or other mistake, they may wonder if they need to correct it by filing an amended return.

Understanding digital asset reporting and tax requirements

All taxpayers filing 2022 tax year Forms 1040 and 1040-SR must check a box indicating whether they received digital assets as a reward, award or payment for property or services or disposed of any digital asset they held as a capital asset through a sale, exchange or transfer.

IRS.gov offers tax help in a variety of languages

The IRS strives to serve to all taxpayers, no matter where they live, their background or what language they speak. To help fulfill that goal, the IRS translates tax information and provides help to taxpayers in many commonly spoken languages.

All income is taxable, including gig economy and tip income

It's important for taxpayers to file a federal tax return that has a complete and correct reporting of their income — which may mean including income from sources other than regular wages from an employer. Income from gig economy activities and tip income are two common sources of such income.

Additional information on IRS.gov

- **Time running out to claim $1.5 billion in refunds for tax year 2019, taxpayers face July 17 deadline**
- **Important details to understand when the IRS might contact a taxpayer**
- **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**
- **Credits for New Clean Vehicles Purchased in 2023 or After | Internal Revenue Service (irs.gov)**
- **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

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IRS 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.