Congressional Update

News for members of Congress and their staffs – July 2023

Time's running out: Taxpayers missing $1.5 billion in refunds for 2019 must file by July 17

The IRS encourages nearly 1.5 million people across the nation to submit a tax return to **claim their refunds for tax year 2019** by the July 17, 2023, deadline.

Clean vehicle and home energy credits information

Contractors who build or substantially reconstruct qualified energy-efficient homes may be **eligible for tax credits** up to $5,000 per home. The amount of the credit depends on factors, including the type of home, its energy efficiency rating and the date someone buys or rents it. Visit IRS.gov for more information about how to qualify, credit amounts, how to claim the credit and more.

- **News release**: **Going green could help taxpayers qualify for expanded home energy tax credits**
- **New IRS.gov page**: **Guidance for builders of energy-efficient homes**
- **Fact Sheet**: **IRS updates frequently asked questions related to new, previously owned and qualified commercial clean vehicle credits**
- **Clean vehicle reference chart**: **Publication 5724-G**

IRS Free File available until October 18

The IRS reminds low- to moderate-income taxpayers, especially those who don't normally file a tax return, that they can still use IRS Free File to prepare their own federal tax return to potentially receive **overlooked tax credits or refunds.** The IRS's **Free File** program, available only at IRS.gov, allows taxpayers who made $73,000 or less in 2022 to file their taxes electronically for free using brand-name software provided by commercial tax-filing companies.

Small business owners: Improvements coming soon

There's good news for small business owners; **improvements to IRS phone service and online options are coming**. These customer service upgrades will make it easier and more convenient to file online and respond to notices.

Small business taxpayers can expect to see these customer service upgrades soon:

- Expanded online service tools
- More ways to respond to notices and file documents
- Simplified, mobile-friendly forms
- Improved processing times and faster refunds

Understand the Form 1099-K

The IRS redesigned the **Understanding Your Form 1099-K** page on IRS.gov. The redesigned page is easier to understand and navigate.

The page separates information for personal items sold versus selling goods, renting property and providing services. It includes important topics such as:

- What shouldn't be reported on Form 1099-K
- What to do if your form is incorrect
- Who gets the form

Helpful information for military personnel

Military members and their families have **special tax benefits available to them**.

- **MilTax** is a Department of Defense program that generally offers free return preparation and e-filing software for all military members and some veterans, with no income limit. This includes federal tax returns and up to three state income tax returns for each qualified user.
- Many military bases offer **free tax preparation** and filing assistance during the tax filing season. Some also offer free tax help after the April tax filing deadline. Service members may want to check with their installation's legal office for more information.
- **Combat pay** is partially or fully tax-free. Service members serving in support of a combat zone or in a qualified hazardous duty area may also qualify for this exclusion. In addition, U.S. citizens or resident aliens, such as spouses, who worked as contractors or employees of contractors supporting the U.S. armed forces in designated combat zones, may qualify for the **foreign earned income exclusion**.
- Members of the military, such as those who serve in a combat zone or are serving in contingency operations outside the United States, can **postpone most**

tax deadlines. Those who qualify can get **automatic extensions** of time to file and pay their taxes.

- The **Earned Income Tax Credit** is worth up to $6,935 for tax year 2022. Low- and moderate-income service members who receive nontaxable combat pay can use a **special computation method** that may boost the EITC, meaning they may owe less tax or get a larger refund.
- **Dependent care** assistance programs for **military personnel** are excludable benefits and not included in the military member's income.
- Members of the armed forces on active duty may be eligible to deduct unreimbursed **moving expenses** if their move was due to a military order and permanent change of station. Also, allowances paid to move members of the U.S. armed forces for a permanent change of station are not taxable.

IRS **Publication 3, Armed Forces' Tax Guide**, is a free booklet filled with valuable information and tips designed to help service members and their families take advantage of all the **tax benefits** allowed by law.

Both spouses normally must sign a joint income tax return, but if one spouse is absent due to certain military duties or conditions, the other spouse may be able to sign for him or her. As a reminder, the IRS has a special page on IRS.gov with **Tax Information for Members of the U.S. Armed Forces**.

Tax Withholding

The IRS encourages taxpayers to perform a quick "paycheck checkup" by using the **Tax Withholding Estimator** to check if they have the right amount of withholding for their personal situation.

Consumer Alerts on Tax Scams

Note that the IRS will never:

- Call to demand immediate payment using a specific payment method, such as a prepaid debit card, gift card or wire transfer. Generally, the IRS will first mail taxpayers a bill if they owe any taxes.
- Threaten to immediately bring in local police or other law-enforcement groups to have taxpayers arrested for not paying.
- Demand that taxpayers pay taxes without giving them the opportunity to question or appeal the amount the IRS says they owe.
- Ask for credit or debit card numbers over the phone.

IRS.gov has more information on **tax scams and consumer alerts** and **phishing scams**, including suspicious emails and identity theft.

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

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.

Taxpayers can appeal when they disagree with an IRS decision

When taxpayers disagree with the IRS's decision on their tax situation, they can submit a written request to have the IRS Independent Office of Appeals review the decision. Appeals aims to resolve tax disputes outside the courtroom in a way that's fair and impartial and encourages voluntary compliance with tax law.

Here's what to expect after requesting an appeal of a tax matter

If a taxpayer disagrees with an IRS decision, they may be able to avoid the time and expense of a court trial by asking the IRS Independent Office of Appeals to review their case. This office is separate from the rest of the IRS. Appeals officers will review cases submitted by taxpayers, then meet with them informally and consider their and the IRS's positions in a fair and unbiased manner.

Business travelers should check out these deductions before hitting the road

Many people travel for their job — whether to an occasional conference or year-round. Whatever their time on the road, business travelers should know how and when to deduct business travel expenses.

Payers may receive notices CP2100 and 2100A if they filed an information return with errors

When banks, credit unions, businesses and other payers file information returns with data that doesn't match IRS records, the IRS sends them a CP2100 or CP2100A notice. The notices inform payers that the information returns they submitted have a missing or incorrect taxpayer identification number, name or both.

Additional information on IRS.gov

- **Tax professionals: Four special events added to the 2023 IRS Nationwide Tax Forums**
- **IRS releases guidance on elective payments and transfers of certain credits under the Inflation Reduction Act**

- **IRS submits Direct File report to Congress; Treasury Department directs pilot to evaluate key issues**
- **Make a career change for the better; find out where you fit in at the IRS**
- **Important details to understand when the IRS might contact a taxpayer**
- **Publication 5731-A: More taxpayers will be receiving Form 1099-K, Payment Card Third Party Network Transactions** (pdf)
- **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**
- **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

YouTube – Twitter – Facebook – LinkedIn – Blog

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.