Congressional Update

News for members of Congress and their staffs – January 2023

Delay for implementation of $600 reporting threshold for third-party payment platforms' Forms 1099-K

The IRS has announced a delay in reporting thresholds for third-party settlement organizations set to take effect for the upcoming tax filing season. As a result of this delay, third-party settlement organizations will not be required to report tax year 2022 transactions on a Form 1099-K to the IRS or the payee for the lower, $600 threshold amount enacted as part of the American Rescue Plan of 2021.

The IRS also has released guidance outlining that calendar year 2022 will be a transition period for implementation of the lowered threshold reporting for third-party settlement organizations (TPSOs) that would have generated Form 1099-Ks for taxpayers.

Fact Sheet-2022-41 Frequently asked questions about Form 1099s has more details.

"The IRS and Treasury heard a number of concerns regarding the timeline of implementation of these changes under the American Rescue Plan," said Acting IRS Commissioner Doug O'Donnell. "To help smooth the transition and ensure clarity for taxpayers, tax professionals and industry, the IRS will delay implementation of the 1099-K changes. The additional time will help reduce confusion during the upcoming 2023 tax filing season and provide more time for taxpayers to prepare and understand the new reporting requirements."

IRS issues frequently asked questions about clean vehicles credits for new, previously owned and commercial clean vehicles

The Inflation Reduction Act of 2022 (IRA) makes several changes to the new clean vehicle credit for qualified plug-in electric drive motor vehicles, including adding fuel cell vehicles. The IRA also added a new credit for previously owned and commercial clean vehicles. Additional information was published in Fact Sheet (FS-2022-42) on IRS.gov that includes frequently asked questions.

Frequently asked questions released about energy efficient home improvements and residential clean energy property credits

IRS released frequently asked questions (FAQs) about energy efficient home improvements and residential clean energy property credits in Fact Sheet FS-2022-40.

The Inflation Reduction Act of 2022 (IRA) amended the credits for energy efficient home improvements and residential energy property. These FAQs provide details on the IRA's changes to these tax credits, information on eligible expenditures, and provides examples of how the credit limitations work.

IRS issues standard mileage rates for 2023; business use increases 3 cents per mile

IRS issued the 2023 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2023, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 65.5 cents per mile driven for business use, up 3 cents from the midyear increase setting the rate for the second half of 2022.
- 22 cents per mile driven for medical or moving purposes for qualified active-duty members of the Armed Forces, consistent with the increased midyear rate set for the second half of 2022.
- 14 cents per mile driven in service of charitable organizations; the rate is set by statute and remains unchanged from 2022.

2023 tax season approaches: Gather, organize all tax documents before filing

Gathering and organizing all annual tax records makes preparing a complete and accurate tax return easier. This helps taxpayers avoid common errors that lead to processing delays that may slow refunds. Taxpayers should have all their tax information available before filing to ensure the return is complete and accurate.

The IRS has a Get Ready page available to help people “Get Ready” for the 2023 tax filing season when they file their 2022 federal tax returns. The IRS reminds people to make sure to file an accurate tax return and use electronic filing with direct deposit to avoid possible delays.

One of the key records 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. Another key record is Form 1095-A, Health Insurance Marketplace Statement. Taxpayers use information on Form 1095-A to reconcile advance Premium Tax Credits for Marketplace coverage. Each year, some filers fail to reconcile the amount of their Advance Premium Tax Credits with their final credit amount. This results in processing delays that slow tax refunds and may also affect future advance credit payments. Other important records to have before preparing and filing a return include:

- Forms 1099 from banks, issuing agencies and other payers, including unemployment compensation, dividends, pension, annuity or retirement plan distributions.
- Form 1099-MISC and W-2, or other income statements for workers in the gig economy.

- Form 1099-INT for interest received.
- Other income documents and records of digital asset transactions.

Ensure tax records are complete before filing

The IRS cautions employees and other people in this category who may be receiving a Form 1099 for the first time – especially early filers who typically file a tax return during the month of January or early February – to be careful and make sure they have all of their key income documents before submitting a tax return. A little extra caution could save people additional time Inand effort related to filing an amended tax return, and if they have untaxed income on a Form 1099 that isn't reflected on the tax return they initially file, that could mean they need to submit a tax payment with an amended tax return.

Online Account securely provides tax account information and filing information

Taxpayers who access Online Account can securely view their personal tax information. Individuals who have not set up an Online Account yet should act soon to create an account. People who have already set up an Online Account should make sure they can still log in successfully.

Taxpayers who have an Online Account may:

- Verify if their name and address is correct. They should notify IRS if their address has changed. They must notify the Social Security Administration of a legal name change to avoid a delay in processing their tax return.
- View key data from your most recent tax return and access additional records and transcripts
- View details of your payment plan if you have one
- View 5 years of payment history and any pending or scheduled payments

Taxpayers should make sure they're withholding enough tax; last quarterly payment for 2022 due Jan. 17, 2023

Individuals may want to consider adjusting their withholding if they owe taxes or will receive a large refund on their 2022 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 might think about 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 like self-employment income, investment income, taxable Social Security benefits and in some instances, pension and annuity income should make quarterly estimated tax payments. The last quarterly payment for 2022 is due on January 17, 2023. 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.

Speed refunds with direct deposit

The fastest way for taxpayers to get a tax refund is by filing electronically and choosing direct deposit. Direct deposit is faster than waiting for a paper check in the mail. It also avoids the possibility that a refund check could be lost or stolen or returned to the IRS as undeliverable.

Taxpayers who don't have 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 see the Veterans Benefits Banking Program for access to financial services at participating banks.

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

IRS tools and resources for the 2023 filing season

Tax information, resources and account management tools are available 24 hours a day. On IRS.gov taxpayers will find:

- IRS Online Account Access: Registered users can securely access their personal tax information, including tax return transcripts, payment history, certain notices, prior-year adjusted gross income and power of attorney information. A person may select the sign-in button to login to an existing account or set up a new one.
- Get Transcript: With an online account, taxpayers can view their tax account and tax return transcripts online. With or without an online account, taxpayers can order copies of their tax records for delivery by mail.
- Interactive Tax Assistant: Based on user input, this tool provides answers to tax law questions specific to the user's circumstances. The system doesn't require login, is anonymous and discards users' input when they're done.
- What is Taxable and Nontaxable Income?: This is where taxpayers can find out what income is taxable and nontaxable.
- Credits & Deductions: Visitors will find information on how credits and deductions work, what credits and deductions are available and who can claim them. For example, for tax year 2022, taxpayers may qualify for temporarily expanded eligibility for the premium tax credit. Also, taxpayers who take the standard deduction and don't itemize for tax year 2022 cannot a claim charitable deduction.
- Forms and Instructions: This is a library of IRS forms, instructions and publications on virtually any tax topic, many available in multiple languages and accessible formats.
- Frequently Asked Questions: Here, taxpayers can get plain language answers to the most frequently asked questions on a variety of topics.
- Free File: Here, eligible individuals can select and use commercial software to prepare and file their federal income taxes online free.
- Volunteer Income Tax Assistance Locator: This tool helps taxpayers find organizations that provide free tax help for taxpayers with low incomes (generally $60,000 or less), the elderly, the disabled, and people who speak limited English.

- Directory of Federal Tax Return Preparers: This tool allows individuals and businesses to search for tax preparers in their area who hold professional credentials recognized by the IRS.
- Where's My Refund?: Taxpayers can use this tool to check the status of their refund within 24 hours after IRS receives their e-filed return or four weeks after mailing a paper return.
- Payments: Here, taxpayers can pay by direct debit from their bank account or choose an approved payment processor to pay by credit or debit card for a fee. They can also apply for a payment plan and learn about the IRS Offer in Compromise program.

As part of its ongoing effort to improve online access, 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.

Stay connected with the IRS

The official IRS website is IRS.gov. The IRS has several ways taxpayers can stay updated on important tax information that may help with tax planning. They can download the IRS2go Mobile App, watch IRS YouTube videos, subscribe to IRS e-Newsletters or follow the IRS on Twitter, Facebook, LinkedIn and Instagram for the latest updates on tax changes, scam alerts, initiatives, products and services.

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). Tax Forms Outlet Program partners can order the forms online at IRS.gov/forms-instructions.

Beginning with tax year 2020, taxpayers must use Form 1099-NEC to report payments of nonemployee compensation previously reported in box 7 on Form 1099-MISC. Taxpayers shouldn't order Form 1099-MISC for reporting NEC. The separate instructions for filers and issuers for Form 1099-NEC are available in the Instructions for Forms 1099-MISC and 1099-NEC (.pdf).

Quantity limits:

- 1,000, each, for forms, with one copy of the corresponding instructions automatically included.
- 25, each, for instructions and publications.

The IRS prints some forms two or three to a sheet; partners should order the number of forms they need, not the number of sheets.

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.

TAS Pre-filing Season Awareness Events

The Taxpayer Advocate Service (TAS) will host local, in-person Pre-filing Season Awareness Events to help taxpayers "Get Ready" for the upcoming filing season. During the in-person events, TAS will share tips on common return preparation errors to help avoid unnecessary processing and refund delays this tax season.

Deducting Charitable Contributions: Understanding Donor Responsibilities

Donors often ask about contribution deductibility. The Can I Deduct My Charitable Contributions? course explains the types of contributions that are deductible, which records to keep and how to report deductible contributions.

The IRS encourages organizational leadership and volunteers to complete the Tax-Exempt Organization Workshop for important information on the benefits, limitations and expectations of tax-exempt organizations.

Community and bilingual volunteers needed to provide free tax help

The IRS is seeking community and bilingual volunteers to train for the upcoming 2023 filling season to provide free tax help across the country. The training is free, and volunteer sites offer flexible in-person or virtual federal tax return assistance to individuals and families nationwide.

EITC Awareness Day is on Friday, January 27, 2023

The 17th annual Earned Income Tax Credit (EITC) Awareness Day is Friday, January 27. Last year, the IRS partnered with more than 1,500 supporters with a combined social reach of more than 2 million. Partners sponsored nearly 220 live events and other activities, such as news releases and articles for EITC Awareness Day.

Along with the EITC, the day promotes awareness of the CTC and the refundable part, the Additional Child Tax Credit, the Credit for Other Dependents and the American Opportunity Tax Credit.

The IRS encourages people to review the eligibility for these important credits before they file.

IRS Criminal Investigation (CI) Partnerships Makes Global Impact

CI hosted the Joint Chiefs of Global Tax Enforcement (J5) in New York City to discuss future operational efforts and highlight recent successes.

The J5 hosted a news conference on December 9 where they detailed preliminary results from an international probe into electronic sales suppression software, which permits businesses to hide sales on their electronic point of sales system to evade paying taxes on incurred sales. The software manipulates records by deleting sales and routing credit card payments through an offshore bank. The system was allegedly first introduced in the United Kingdom and then exported to businesses in the United States and Australia during the COVID-19 pandemic. Thus far, five individuals have been arrested in the UK, and coordinated actions are underway in the United States and Australia to target software suppliers as part of the probe.

The J5 chiefs also participated in the first U.S.-based Global Financial Institutions Summit on tax crime in New York City from December 7-9. The J5 and banking institutions came together to strategically collaborate on how to combat tax crimes. Participants shared information about the current landscape for tax crimes, as well as offshore tax evasion, legislative and regulatory opportunities and cryptocurrency assets. They then used this information to discuss how to prioritize tax crime investigations to maximize effect.

The J5 works together to gather information, share intelligence and conduct coordinated operations against transnational financial crimes. In addition to IRS-CI from the United States, the J5 includes the Australian Taxation Office, the Canada Revenue Agency, the Dutch Fiscal Intelligence and Investigation Service, and His Majesty's Revenue and Customs from the United Kingdom.

Recent IRS Criminal Investigation cases

- Television personalities sentenced to years in federal prison for fraud and tax evasion
- Man sentenced to more than 17 years in prison for attempting to provide material support to ISIS
- San Angelo tax preparer sentenced to 14 years for tax fraud
- Calabasas man sentenced to 17½ years in prison for scamming cannabis vaping business investors out of more than 35 million dollars
- Historic $3.36 billion cryptocurrency seizure and conviction in connection with Silk Road Dark Web fraud

People can find the latest IRS-CI cases on Twitter @IRS_CI or via the IRS-CI LinkedIn page.

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

People and families paying for disability-related expenses should consider an ABLE savings account

Don’t let a tax mistake ruin newlywed bliss

Highlights from 2022 National Tax Security Awareness Week

Here’s a short checklist to help taxpayers choose a tax preparer for the upcoming filing season

Connect to the IRS social media and e-news subscriptions for tax time tips and resources

Reviewing tax credits and deductions now helps set taxpayers up for success at tax time

Additional information on IRS.gov

- IRS reminds those over age 72 to start withdrawals from IRAs and retirement plans to avoid penalties

- IRS updates FAQs about the 2020 unemployment compensation exclusion
- 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
- Help for taxpayers and tax pros: Tax season alerts and planning ahead for 2023
- Accessing the IRS - Understanding the Identity Verification Process (irsvideos.gov)
- Get An Identity Protection PIN (IP PIN)
- Where's My Refund?
- Get up-to-date status on affected IRS operations and services during COVID-19
- Tax relief in disaster situations

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.