Congressional Update

News for members of Congress and their staffs – August 2023

Building on filing season 2023 success, IRS continues to improve service, pursue high-income individuals evading taxes, modernize technology

Thanks to Inflation Reduction Act (IRA) resources, the **IRS delivered dramatically improved service in filing season 2023**. Through the end of the filing season, the IRS:

- Answered 3 million more calls,
- Cut phone wait times to three minutes from 28 minutes,
- Served 140,000 more taxpayers in-person,
- Digitized 80 times more returns than in 2022 through the adoption of new scanning technology,
- Cleared the backlog of unprocessed 2022 individual tax returns with no errors,
- Launched two new digital tools, and
- Enabled a new direct-deposit refund option for taxpayers with amended returns.

The IRS is building on this progress, focusing on critical work across the agency in achieving world-class service, strengthening enforcement against high-income individuals who don't pay taxes owed and modernizing core technology infrastructure to enable better service and improve data security.

Improving taxpayer service

The IRS is focused on helping taxpayers get it right the first time — helping them claim the credits and deductions they're eligible for and avoiding back-and-forth with the agency when errors arise. To help taxpayers get it right, the IRS is working toward taxpayers being able to seamlessly interact with the agency in the ways that work best for them on the phone, in-person and online. The IRS is expanding in-person service and meeting taxpayers where they are, particularly those in underserved and rural communities. The IRS continues to expand Taxpayer Assistance Centers across the country, while also starting a special series of events to help taxpayers living in areas not close to the agency's in-person offices.

- **Community Assistance Visits:** In these new Community Assistance Visits, the IRS will set up a temporary Taxpayer Assistance Center to give taxpayers from underserved areas an opportunity to meet face-to-face with IRS customer service representatives. The IRS conducted the first event in June in Paris, Texas, in partnership with the United Way, and has plans to hold similar events in more states. The IRS held two additional July events in Alpena, Michigan, and Hastings, Nebraska. Other events are planned for

Twin Falls, Idaho, Juneau, Alaska, Lihue, Hawaii, Baker City, Oregon, and Gallup, New Mexico.

- **Opening Taxpayer Assistance Centers:** Currently, the IRS has opened or reopened 35 Taxpayer Assistance Centers since the passage of the Inflation Reduction Act:
    1. Lincoln, Neb., May 23, 2023
    2. La Vale, Md., May 15, 2023
    3. Altoona, Pa., May 8, 2023
    4. Fredericksburg, Va., May 1, 2023
    5. Parkersburg, W.Va., May 1, 2023
    6. Bend, Ore., April 17, 2023
    7. Greenville, Miss., April 10, 2023
    8. Trenton, N.J., April 10, 2023
    9. Bellingham, Wash., April 3, 2023
    10. Augusta, Maine, March 30, 2023
    11. Jackson, Tenn., March 28, 2023
    12. Joplin, Mo., March 28, 2023
    13. Colorado Springs, Colo., March 27, 2023
    14. Glendale, Ariz., March 27, 2023
    15. Cranberry Township, Pa., March 22, 2023
    16. La Crosse, Wis., March 20, 2023
    17. Charlottesville, Va., March 17, 2023
    18. Queensbury, N.Y., March 9, 2023
    19. Santa Fe, N.M., Feb. 27, 2023
    20. Longview, Texas, Jan. 17, 2023
    21. Overland Park, Kan., Jan. 17, 2023
    22. West Nyack, N.Y., Jan. 5, 2023
    23. Binghamton, N.Y., Jan. 3, 2023
    24. Casper, Wyo., Jan. 3, 2023
    25. Fort Myers, Fla., Dec. 19, 2022
    26. Grand Junction, Colo., Dec. 19, 2022
    27. Rockford, Ill., Dec. 12, 2022
    28. Hagerstown, Md., Dec. 1, 2022
    29. DASE (Guaynabo), Puerto Rico, Nov. 28, 2022
    30. Johnson City, Tenn., Nov. 28, 2022
    31. Prestonsburg, Ky., Nov. 28, 2022
    32. Vienna, Va., Nov. 28, 2022
    33. Greensboro, N.C., Nov. 22, 2022
    34. Bloomington, Ill., Nov. 21, 2022
    35. Ponce, Puerto Rico, Nov. 14, 2022

Taxpayers expect the same functionality with their online accounts that they experience with their bank or other financial institution. In the next five years, taxpayers will be able to securely file all documents and respond to all notices online and securely access and download their data and account history. The IRS has hit or has in progress several milestones toward this goal.

- **Individual Account:** The IRS is deploying enhanced capabilities for Individual Online Account, including secure messaging, live chat and virtual assistant. Taxpayers will also be able to validate their bank accounts and save multiple accounts. The IRS made

virtual assistant and live chat available to taxpayers in May and will launch the validate bank account information feature by the end of September.

- **Tax Professional Account:** The IRS is deploying enhanced capabilities for the Tax Professional Online Account, including account authorization management and payment viewing by the end of September, and live chat and secure two-way messaging in fiscal year 2024.
- **Business Online Account:** The IRS is launching Business Online Account, enabling businesses to view outstanding balances, make payments online and conduct a business tax check. Business Online Account will initially be available for sole proprietors by the end of September.
- **IRS.gov improvements:** By filing season 2024, the IRS will make significant improvements to the ability to access and find information on IRS.gov. Some of these improvements include home page updates, filing season content updates and more intuitive global site navigation.
- **Application-to-application launch for 1099 filing:** With this launch, bulk filers, third-party transmitters and software developers will be able to transmit from their system to IRS Information Return Intake System (IRIS) bulk filings of Forms 1099. Bulk filers will soon be able to transmit hundreds of thousands of 1099s at once via the new platform. This is an important milestone to note because it shows how quickly the IRS can build on its new technology products. The IRS just launched the 1099 tool in January and is already significantly expanding its capabilities.
- **Respond to notices online:** During the 2023 filing season, taxpayers were able to respond to 10 of the most common notices for credits like the Earned Income and Health Insurance Tax Credits online, saving them time and money. By mid-August, the IRS will provide the capability for taxpayers to respond digitally to an additional 53 notices and letters. These updated IRS notices and letters will provide a URL for the taxpayer to submit their response digitally, instead of mailing the response to the IRS.
- **Enable taxpayers to submit mobile-friendly forms:** The IRS is enabling taxpayers to submit mobile-friendly forms. Electronic versions of forms 941-X (amended form processing), 943-X (amended form processing), 945-X (amended form processing), 4626, 7203, 7205, 7207, 7208, 7210, 8332, 8985, 8986, 1116 Schedule B, 1116 Schedule C, 1118 Schedule L, 1120S Schedule B1 and 8936 Schedule A will be available to taxpayers for filing season 2024. This is also an important milestone because it ties into the IRS's goal of meeting taxpayers where they are and allowing them to interact with the IRS in the ways that work best for them. An estimated 15% of Americans rely solely on mobile phones for their Internet access. They don't have broadband at home, so it's important to make forms available in mobile-friendly formats.

Ensuring high-income taxpayers pay taxes owed

The IRS is working to ensure high-income filers pay the taxes they owe. Prior to the Inflation Reduction Act, more than a decade of budget cuts prevented the IRS from keeping pace with the increasingly complicated set of tools that the wealthiest taxpayers use to hide their income and evade paying their share. The IRS is now taking swift and aggressive action to close this gap, making delinquent taxpayers pay up. In just the last few months, the IRS closed about 175 delinquent tax cases for millionaires, generating $38 million in recoveries. This is just the start. The IRS will continue to go after delinquent taxpayers as it ramps up enforcement capabilities through the IRA.

Pursuing tax-evading millionaires. In recent months, IRS Criminal Investigation has closed a lengthy list of cases where wealthy taxpayers have been sentenced for tax evasion, money laundering and filing false tax returns. Instead of paying taxes, these evaders spent money owed to the government on gambling at casinos, vacations and the purchase of luxury goods. For example, in one case the person was ordered to pay more than $6 million in restitution. In addition to this, there are other highlights:

- **High-dollar scheme in Puerto Rico** — The IRS recently identified about 100 high-income individuals claiming benefits in Puerto Rico without meeting the residence and source rules involving U.S. possessions. These wealthy individuals are attempting to avoid U.S. taxation on U.S. source income, and many of these cases may proceed to criminal investigation.
- **Pension arrangements in Malta** — As part of IRS efforts to go after unlawful offshore tactics, IRS and Treasury issued proposed rules in June that define Maltese personal retirement schemes used to avoid U.S. taxes as listed transactions. The IRS is already working to identify taxpayers who improperly use Malta-U.S. Treaty rules to improperly claim exemptions. The IRA will enable us to forcefully find tax avoiders who leverage these offshore schemes.

Cracking down on millionaire non-filers — The IRS continues to intensify work around wealthy individuals who don't file tax returns. These are particularly egregious cases where, instead of filing their taxes and paying their fair share, these people used the money to make lavish purchases. In one recently closed case, an individual used funds owed to the government to buy a Maserati and Bentley. The IRS will continue to work with its law enforcement partners to hold these individuals accountable.

Modernizing technology

On the technology side, the IRS is modernizing its decades-old technology to drive the agency's efforts to provide world-class customer service and protect taxpayers' data.

- **Mail sorting machines:** The IRS is in the process of replacing decades-old mail sorting machines. These new machines will allow the IRS to quickly open and prepare mail for processing, which will result in the IRS processing paper returns and delivering refunds faster. The IRS plans to replace at least six mail sorting machines in Kansas City, Ogden and Austin.
- **Scanners:** The IRS will replace 205 old scanners to improve its ability to quickly process the volume of incoming paper. All told, the IRS has funding for 698 modernized scanners. These include high-capacity, desktop and handheld scanners so that IRS employees can use them in various situations.
- **Digitization:** The IRS also continues to make significant progress scanning and e-filing paper returns. As of filing season, the IRS scanned about 480,000 forms —470,000 Forms 940 and 10,000 Forms 1040 and 941. In the three months since filing season, the IRS scanned more than 250,000 additional forms. The IRS scanned about 484,000 Forms 940, 210,000 Forms 941 and 38,000 Forms 1040. Digitization has far-reaching implications for how the IRS can improve service. The IRS is currently testing a mobile application prototype, Inform Me, built with the capability to scan a paper IRS form, notice or other document. The app recognizes the document and displays related information and guidance on IRS.gov to help taxpayers get their questions answered

and get it right. The app is undergoing user testing with IRS's industry partners and at this summer's Nationwide Tax Forums. After user testing is complete, the IRS will determine the timeframe for deployment.

For more information, see the **Strategic Operating Plan**.

IRS ends unannounced revenue officer visits to taxpayers; major change to end confusion, enhance safety as part of larger agency transformation efforts

As part of a larger transformation effort, IRS announced a **major policy change** that will end most unannounced visits to taxpayers by agency revenue officers to reduce public confusion and enhance overall safety measures for taxpayers and employees.

Taxpayers who make extra cash selling goods or providing services should keep good records

Taxpayers who sell items or provide services and receive income by payment card or through a payment app may get a Form 1099-K reporting those transactions. These taxpayers should keep good records of these sales throughout the year. The IRS has a new plain language e-poster and video on the topic:

- **Publication 5731-B: Are you making money selling things or providing a service?**
- **YouTube: Are you making extra cash selling stuff or providing a service?**

National Taxpayer Advocate issues mid-year report to Congress; highlights filing season challenges and focuses on strategic priorities

On June 21, the National Taxpayer Advocate submitted her **Fiscal Year 2024 Objectives Report to Congress**. The report includes an assessment of the 2023 filing season and identifies key objectives the Taxpayer Advocate Service will pursue during the upcoming fiscal year.

The mid-year report says the tax return filing season generally ran smoothly but urges the IRS to prioritize a broad array of technology upgrades and summarizes the objectives of the Office of the Taxpayer Advocate for the upcoming fiscal year.

Current and past reports are on the Taxpayer Advocate Service's **website**.

IRS Whistleblower Office releases FY22 Report to Congress; the office collected more than $172 million from whistleblower information

The IRS Whistleblower Office recently released its **Fiscal Year 2022 Annual Report**, including information showing a 10-year history of awards, the whistleblower claim processing flowchart, average claim processing time by major process, an analysis of length of time for various claim processes and a five-year analysis of claims built and submissions received.

In addition, **the report** included more information on administrative priorities for the Whistleblower Program. In fiscal year 2022, the Whistleblower Office made 132 awards to whistleblowers totaling more than $37.8 million (before sequestration). This included 26 awards under IRC section 7623(b). Proceeds collected were more than $34.5 million.

IRS Criminal Investigation (CI) and The Joint Chiefs of Global Tax Enforcement (J5) Celebrate 5 years

The Joint Chiefs of Global Tax Enforcement (known as the J5) are committed to combatting transnational tax crime through increased enforcement collaboration.

In 2018, this dynamic collaborative tax enforcement group was formed by Australian Taxation Office (ATO), the Canada Revenue Agency (CRA), the Fiscale Inlichtingen- en Opsporingsdienst (FIOD), HM Revenue & Customs (HMRC), and Internal Revenue Service Criminal Investigation (IRS-CI).

Five years ago, the J5 set a goal to:

- Enhance existing investigations and intelligence programs.
- Identify significant targets for new investigations.
- Improve the tactical intelligence threat picture now and in the future.
- Lead the wider community in developing strategic understanding of the methods, weaknesses and risks from offshore tax crime and cybercrime.
- Raise international awareness that the J5 works together to reduce transnational tax crime, cybercrime, and money laundering; and create uncertainty for those who seek to commit such offenses.

Over the last 5 years, the J5 collectively have initiated hundreds of investigations, seized millions of dollars, made dozens of arrests, created red flag indicators for various types of crime and begun some of the most ambitious public-private partnerships with the largest banks in the world.

Below are links to IRS Criminal Investigation recent cases:

- **Connecticut dentist admits evading taxes**

- **Utah woman found guilty of 10-million dollar PPP loan fraud**
- **Former president of beauty career training school sentenced to federal prison**
- **Brooklyn, NY, consultant for Amazon sellers sentenced to home detention and fine for role in bribery scheme**
- **New York man sentenced for sexual exploitation of children and distribution of child pornography**
- **International tax advisor arrested for helping to conceal over $100 million of income for high-net-worth U.S. taxpayers**
- **Former Wausau investment advisor sentenced to 8 years for 1.9-million dollar Ponzi scheme**
- **Central Valley man sentenced to over 6 years in prison for $9 million cow manure Ponzi scheme**
- **Korean national sentenced to 2 years and 9 months in prison for "bust out" bank fraud scheme**

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

IRS Free File available until Oct. 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 interview-based tax preparation software." provided by commercial tax-filing companies.

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.

2023 IRS Nationwide Tax Forums for Tax Professionals

The **IRS Nationwide Tax Forums** kicked off its five-city program in July, providing tax professionals with multiple opportunities to learn more about changes to tax law and IRS transformation efforts. During each of the five three-day forums, tax professionals will experience an ambitious program during a historic time for the tax community.

The three remaining tax forums will take place in the following cities:

- **Washington, D.C. area**: Aug. 8-10
- **San Diego:** Aug. 22-24 **(sold out)**
- **Orlando:** Aug. 29-31

The standard registration rate for the 2023 IRS Nationwide Tax Forums is $299. This rate is available now and ends two weeks before the start of each forum. For a closer look at the tax forums, **watch a short video** about the program, as well as the **5 Things to Know segment** on Tax Talk Today. For additional information and to register, visit **www.irstaxforum.com**.

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

Tax tips for new parents

Children are expensive. Whether someone just brought a bundle of joy home from the hospital, adopted a teen from foster care, or is raising their grandchild, there are several tax breaks that can help.

Accessible tax info and forms available with the IRS Alternative Media Center

The IRS serves taxpayers by providing tax information in a variety of formats and languages. The IRS Alternative Media Center offers accessible products to help people who use assistive technology, such as screen reading software, refreshable Braille displays, screen magnifying software and voice recognition software.

Subscribe to IRS on social media and e-news to stay up to date

It's easy to stay up to date on tax information year-round with IRS verified social media accounts and e-news services. Taxpayers can get tips, guidance and the latest tax law news delivered to their social media feed or inbox.

Additional information on IRS.gov

- **Taxpayers see wave of summer email, text scams; IRS urges extra caution with flood of schemes involving Economic Impact Payments, Employee Retention Credits, tax refunds**
- **Employee Retention Credit**
- **Tax relief in disaster situations**
- **Make a career change for the better; find out where you fit in at the IRS**
- **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**
- **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.