Congressional Update

News for members of Congress and their staffs – June 2022

Here's how taxpayers can resolve common after-tax day issues

For most people, the deadline to file and pay federal income tax this year has passed. If a taxpayer is due a refund, there's no penalty for filing late. However, those who owe taxes and have missed the deadline without requesting an extension should file quickly to limit penalties and interest.

Here are some tips that address some of the most common after-tax-day issues.

Check refund status

Taxpayers can check on a refund using the Where's My Refund? tool. It's available on IRS.gov and the IRS2Go app. This tool requires the taxpayers's Social Security number or Inidividual Taxpayer Identifciation Number, tax filing status, and the exact amount of the refund claimed on the tax return. The tool updates once daily, so there's no need to check more often. Taxpayers without access to a computer can call 800-829-1954.

Review withholding

All taxpayers are encouraged to review their withholding using the Tax Withholding Estimator on IRS.gov. This will help ensure employers are withholding the right amount of tax from employee paychecks. Doing this now will help avoid an unexpected amount of tax due and possibly a penalty when taxpayers prepare and file taxes next year.

Taxpayers can use the results from this tool to help complete a new Form W-4 and adjust employer income tax withholding. Taxpayers who receive pension income can use the results to complete and submit Form W-4P.

Review payment options

Taxpayers who owe taxes can review all payment options online. These include:

- Paying taxes owed or making a partial payment through Online Account or with IRS Direct Pay
- Paying by debit card, credit card or digital wallet
- Applying online for a payment plan

Carefully consider the need to amend a tax return

Taxpayers may find an error or information was left off a tax return after filing. The IRS strongly recommends taxpayers use the Interactive Tax Assistant, Should I File an Amended Return? to help determine if an error needs correction or if there's a need for other changes to a return already filed.

Common errors taxpayers should fix:

- Filing status
- Income

- Deductions
- Credits

Taxpayers usually don't need to file an amended return to fix a math error or for a missing form or schedule. Normally, the IRS will correct the math error and notify the taxpayer by mail. Similarly, the agency will send a letter requesting any missing forms or schedules.

The IRS issues most refunds in fewer than 21 days for taxpayers who filed electronically and chose direct deposit. However, some returns have errors or need more review and may take longer to process.

Taxpayers expecting a refund shouldn't file an amended return before the processing of the original return

Possible causes for refund delays:

- The return has errors, is incomplete or is affected by identity theft or fraud.
- The return needs a correction to the child tax credit or recovery rebate credit amount.
- The return has a claim filed for an earned income tax credit, additional child tax credit, or includes a Form 8379, Injured Spouse Allocation (PDF).
- The time it takes a taxpayer's bank or credit union to post the refund to the taxpayer's account.

If the IRS requires more information, the taxpayer will receive a mailed notice.

IRS updates feature on Where's My Refund?

The Internal Revenue Service made an important enhancement to the Where's My Refund? online tool that allows taxpayers to check the status of their refund for the current tax year and two previous years.

They can select any of the three most recent tax years to check their refund status. They'll need their Social Security number or ITIN, filing status and expected refund amount from the original filed tax return for the tax year they're checking.

Previously, Where's My Refund? only displayed the status of the most recently filed tax return within the past two tax years. This only applies to the online tool. Those calling the refund hotline are still limited to the current year tax return.

Using Where's My Refund?, taxpayers can start checking the status of their refund within:

- 24 hours after e-filing a tax year 2021 return.
- Three or four days after e-filing a tax year 2019 or 2020 return, and
- Four weeks after mailing a return.

The IRS reminds taxpayers that Online Account continues to be the best option for finding their prior year adjusted gross income, balance due or other type of account information.

Please direct your constituents to Where's My Refund? for more information.

A Closer Look - Expanding Child Tax Credit access to Puerto Rico

In the most recent executive column, A Closer Look, IRS Taxpayer Experience Officer, Ken Corbin, discusses how the IRS is working to better serve residents of Puerto Rico. This year marks the first time

in history that many families with children in Puerto Rico will be eligible to claim the Child Tax Credit. This article is also available in Spanish.

Estimated Tax Payment Due June 15

Who must pay estimated tax

Generally speaking, individuals, sole proprietors, partners and S corporation shareholders must make estimated tax payments if there's an expectation of owing $1,000 or more in taxes upon filing, Corporations must make estimated tax payments if there's an expectation of owing $500 or more.

Taxpayers may have to pay estimated tax for the current year if their tax was more than zero in the prior year. See the worksheet in Form 1040-ES, Estimated Tax for Individuals, or Form 1120-W, Estimated Tax for Corporations, for more details on who must pay estimated tax.

When and how to pay estimated tax

For estimated tax purposes, the year is divided into four payment periods. However, some taxpayers may find it easier to pay estimated taxes weekly, bi-weekly or monthly. Alternative payment periods are allowed if enough tax is paid by the end of the quarter.

Using an electronic payment option available on IRS.gov/payment is the easiest way for individuals, small businesses, self-employed individuals and gig workers to pay federal taxes. It's fast, easy and secure.

- Taxpayers can use the Electronic Federal Tax Payment System (EFTPS) for all federal tax payments, including federal tax deposits, installment agreement payments and estimated tax payments. In addition, by using the EFTPS, taxpayers can access the payment history that shows the date and amount of each payment.
- Individual taxpayers can create an IRS Online Account to make estimated tax payments. Using this account, taxpayers can see the payment history, any pending payments and other useful tax information.
- Individual taxpayers can also make an estimated tax payment by using Direct Pay.
- Individual and business taxpayers can also make an estimated tax payment by using debit, credit card or digital wallet.

The 2022 Form 1040-ES, Estimated Tax for Individuals, can help taxpayers estimate first quarterly tax payments. While making payments electronically is strongly encouraged, taxpayers may also send estimated tax payments with Form 1040-ES by mail.

Corporations must deposit payments using EFTPS. Additional information is available in Publication 542, Corporations.

Resources:

- Estimated Tax Payments | ASL: IRS YouTube video
- Small Business Tax Workshop: Eight interactive lessons designed to help new small business owners learn their tax rights and responsibilities. Available in English, Spanish, Chinese-simplified, Chinese-traditional, Korean, Russian, Vietnamese and Haitian Creole. More information on the IRS YouTube channel.
- Self-Employed Individuals Tax Center: A resource for sole proprietors and others who are in business for themselves. This site has many useful tips and references to tax rules a self-

employed person may need to know. Available in English, Spanish, Vietnamese, Chinese-traditional, Chinese-simplified, Korean, Russian and Haitian-Creole.

- Small Business and Self-Employed Tax Center: Features links to a variety of useful tools, a downloadable tax calendar and common forms with instructions. Available in English, Spanish, Vietnamese, Chinese-simplified, Chinese-traditional, Korean, Russian and Haitian Creole.
- Gig Economy Tax Center: Helps people quickly find answers to tax questions, as well as helpful tips and tax forms for business taxpayers. Available in English, Spanish, Vietnamese, Chinese-simplified, Chinese-traditional), Korean, Russian and Haitian Creole.
- E-News for Small Businesses: A free electronic mail service that offers tax information for small business owners and self-employed individuals, including reminders, tips and special announcements.

Virtual currency guidance now available in multiple languages

IRS tax guidance is now available in multiple languages for individuals and businesses with transactions involving virtual currencies.

Fiscal year 2021 Data Book describes agency's activities; IRS provides additional details on recent audit data

The IRS has issued the Data Book detailing the agency's activities during fiscal year 2021 (October 1, 2020 – September 30, 2021) as well as new information on recent audit data. In addition to describing work performed during the pandemic, the IRS Data Book comprises 33 tables describing a variety of IRS activities from returns processed, revenue collected and refunds issued to the number of examinations conducted and the amount of additional tax recommended as well as budget and personnel information. The Data Book provides point-in-time estimates of IRS activities as of September 2021. For additional context, the IRS also released a related, lengthier discussion of recent audit data.

IRS Criminal Investigation co-leads the J5 International Tax Enforcement Summit in London

The Joint Chiefs of Global Tax Enforcement (J5) is a world-leading operational alliance between the UK, USA, Canada, Australia and the Netherlands, dedicated to combatting international tax crime and money laundering and those who facilitate it. The Chiefs are Simon York, Her Majesty's Revenue and Customs; Jim Lee, Internal Revenue Service; Eric Ferron,Canada Revenue Agency; Niels Obbink, Dutch Fiscal Information and Investigation Service; and Will Day,Australian Taxation Office.

J5 Hosts Crypto 'Challenge' focused on non-fungible tokens (NFTs) and decentralized exchanges (DEX)

LONDON – The J5 brought together investigators, cryptocurrency experts and data scientists in a coordinated push to track down individuals and organizations commiting tax crimes around the world.

The event, known as 'The Challenge,' includes experts from each country with the mission of optimizing the use of data acquired from a variety of open and investigative sources available to each country, including offshore accounts information. This focus was on non-fungible tokens (NFTs) and decentralized exchanges (DEX). The J5 recently released a red flag indicator document warning various industries of potential areas of concern when dealing with NFTs.

The Challenge was first hosted in 2018 by the Dutch Fiscal Intelligence and Investigation Service (FIOD) in Utrecht with the aim of tracking down those who make a living facilitating and enabling international tax crime. The following year, the U.S. hosted this event in Los Angeles, California, focused on cryptocurrency. In 2021, the COVID-19 pandemic caused the Challenge to be held virtually where the focus was on financial technology companies. Teams made up of particpants from each country used various analytical tools and new data from this event to generate leads and find cryptocurrency tax offenders.Working within existing treaties, each country provided real data sets generating connections that would have taken individuals years to make the same connections.

These events have proven very successful in generating significant leads for the organizations to investigate. BitClub Network, a multi-million-dollar Ponzi scheme where thousands of people were scammed into buying into a bogus mining pool, is one of the first successes.

"These Challenges were something new to our organization when we were first introduced to them a few years ago," said IRS Criminal Investigations Chief, Jim Lee. "But I am confident saying today that we have a good number of cases in our pipeline that we would never have had without the work done at these Challenges. It is a model I hope to replicate in other mission areas because of the success and the focus on partnerships."

Her Majesty's Revenue & Customs hosted the event in London from May 9 – 13. The aim was to establish new ways to combat tax fraud and money laundering in the wake of emerging threats inherent in the blockchain technology related to NFTs & DEX. Most NFT exchanges and DEX lack robust Know Your Customer (KYC) features to stop criminal actors from using them as a haven for tax fraud and money laundering. During this event, J5 organizations found leads based on established investigation blueprints. At the end of the last day, the various groups presented their final findings and a plan for how to continue the investigation for the next six months.

"NFT's are the modern, digital way of trade-based money laundering. A rising issue is that the platforms involved in the trade in NFT's are not yet obliged to execute KYC-measures. Since there is little to no control, criminals have – as we say in The Netherlands – free play," said Fiscal Information and Investigation Service Chief and General Director, Niels Obbink,. "These technological developments in the field of decentralised finance underline the need for international cooperation. The J5 fosters this cooperation."

This event is one of several J5 events being held in London in May. The J5 is also hosting a Global Financial Institutions Summit to bring together the world's most influential leaders in financial crime and tax crime compliance from both public and private sectors. Innovative collaboration and ambition are key to tackling international tax crime. This event will open a dialogue on shared vision, common goals and new opportunities to encourage breakthrough thinking and recommendations for future direction while building key strategic relationships.

For more information about the J5, please visit IRS.gov/j5

Below are the links to IRS Criminal Investigation recent cases

- DC Solar CFO sentenced to 6 years in prison for billion dollar Ponzi scheme

- New Mexico man sentenced to nearly 22 years in federal prison for fraud, money laundering, and obstruction conspiracies
- Former Brooklyn resident pleads guilty to three million dollar tax return and COVID-relief fraud schemes
- Cumberland County man sentenced to 14 years in prison for conspiring to commit wire fraud, money laundering, and tax evasion in connection with romance fraud scheme
- Pennsylvania man pleads guilty to 11 million dollar tax fraud conspiracy

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

2023 Low Income Taxpayer Clinic (LITC) grant application closes June 16, 2022

We need the help of all representatives to identify community organizations that could benefit from an LITC grant in 2023 and 2024. The IRS recruitment efforts don't stop once an application period closes and will continue in preparation for the next application period.

Please refer any organizations interested in applying for an LITC grant to Karen Tober at Karen.Tober@irs.gov or by phone at 202-317-4095.

The IRS Announce 2022 funding for LITC grant recipients

The IRS announced that more than $12.1 million in matching grants were awarded to 131 organizations across the country for development, expansion, or continuation of qualified LITCs for the 2022 grant year. The grant year runs from January 1 to December 31.

Here's a complete list of 2022 grant recipients, the cities and states where they are located, and the amounts awarded by the IRS.

Visit the LITC page for more information about the program.

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

- Important tax reminders for people selling a home (May 19, 2022)
- Filing payroll taxes electronically is a smart business move (May 12, 2022)
- Employers should choose their third-party payroll service provider wisely to prevent fraud (May 11, 2022)
- Registration is now open for the 2022 IRS Nationwide Tax Forum for Tax Professionals (May 10, 2022)
- A look back at National Small Business Week 2022 (May 9, 2022)
- Small businesses can benefit from the work opportunity tax credit (May 5, 2022)
- Tax tips for students working summer jobs (July 2021)

Additional information on IRS.gov

- Use the IRS Tax Withholding Estimator to make sure withholding is right for 2022
- IRS Careers
- Recovery Rebate Credit
- Where's My Refund?
- The Child Tax Credit helps families with qualifying children get a tax break and you may be able to claim the credit even if you don't normally file a tax return
- Taxpayers who haven't yet filed their tax return still have time to file to get their full Child Tax Credit. Visit ChildTaxCredit.gov for details

- Tax scams and consumer alerts
- Get up-to-date status on affected IRS operations and services during COVID-19
- Tax relief in disaster situation
- Get ready for taxes

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

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.