Congressional Update

News for members of Congress and their staffs – March 2022

IRS Tax Time Guide is a resource to help file an accurate tax return

While taxpayers shouldn't file late, they also shouldn't file prematurely. Those who file before they receive all the proper tax reporting documents risk making a mistake that may lead to processing delays. Organized tax records make preparing a complete and accurate tax return easier and may help taxpayers find overlooked deductions or credits.

Typically, year-end forms arrive by mail – or are available online – in January. Taxpayers should review them carefully. If any of the information shown is inaccurate or not available, taxpayers should contact the payer right away for a correction or to ensure they have their current mailing or email address. Supporting documents taxpayers may receive include but aren't limited to:

- Forms W-2 from employer(s)
- Forms 1099 from banks, issuing agencies and other payers that include information, such as unemployment compensation, dividends and distributions from a pension, annuity or retirement plan
- Form 1099-K, 1099-Misc, W-2 or other income statement if they worked in the gig economy
- Form 1099-INT if they received interest payments
- Other income documents and records reporting virtual or crypto currency transactions
- Form 1095-A, Health Insurance Marketplace Statement, to reconcile advance Premium Tax Credits for Marketplace coverage
- Letter 6419, 2021 Total advance Child Tax Credit Payments, to reconcile advance Child Tax Credit Payments.
- Letter 6475, 2021 Economic Impact Payment, to determine eligibility to claim the Recovery Rebate Credit

Individuals can use their IRS Online Account to securely access information about their federal tax account, including payments and tax records. This includes:

- The total amounts of Economic Impact Payments issued for tax year 2021
- The total amount of advance Child Tax Credit payments
- Their adjusted gross income from their last tax return
- The total of any estimated tax payments they made and refunds applied as a credit

Once taxpayers have collected all their tax documents and information, they're ready to consider how they will file. Filing electronically and choosing direct deposit is the safest and fastest way to receive a refund. Although the IRS delivers most refunds in 21 days, it could take longer if the tax return includes errors, is incomplete or requires further security review.

The Tax Time Guide series is a resource to help taxpayers file an accurate tax return. Additional help is available in Publication 17, Your Federal Income Tax.

New IRS resource page provides special tax filing season alerts

During this tax season, taxpayers face a number of issues due to critical tax law changes that took place in 2021 and ongoing challenges related to the pandemic. The IRS continues to share updated information for people filing tax returns this filing season as well as those who have previous year tax returns awaiting processing by the IRS. A special new alerts page has been created to cover a variety of information and developments for people preparing their tax return, awaiting processing of a return or refund and the latest updates on IRS letters, or notices.

IRS Taxpayer Assistance Centers offering special Saturday hours

This year, the IRS is providing taxpayers with more time for in-person help at many Taxpayer Assistance Centers (TACs) across the country. They're opening for special Saturday hours from 9 a.m. to 4 p.m., on March 12, April 9 and May 14.

During the special Saturday openings, people can receive walk-in help on all services, except for accepting cash payments. The IRS's Contact Your Local Office site lists all services provided at specific TACs. Foreign language interpreters will be available. IRS staff will schedule appointments for a later date for deaf or hard of hearing individuals who need sign language interpreter services.

The IRS follows Centers for Disease Control and Prevention social distancing guidelines for COVID-19, and availability may change without notice. People must follow these guidelines and wear face masks at these events.

IRS News Release 2022-26 has additional information and is available in multiple languages.

To receive services during regular operating hours, Monday through Friday, 8:30 a.m. to 4:30 p.m., people should call the IRS Appointment Line at 844-545-5640.

Taxpayers needing help with tax return preparation may consider going to a local IRS Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) site or seeking a paid preparer.

Child and dependent care credit increased for 2021

The American Rescue Plan increased the amount of the credit and eligible expenses for child and dependent care, modified the phase-out of the credit for higher earners and made it refundable.

For 2021, the top credit percentage of qualifying expenses increased from 35% to 50%.

In addition, eligible taxpayers can claim qualifying child and dependent care expenses of up to:

- $8,000 for one qualifying child or dependent, up from $3,000 in prior years, or
- $16,000 for two or more qualifying dependents, up from $6,000 before 2021.

This means that the maximum credit in 2021 of 50% for one dependent's qualifying expenses is $4,000, or $8,000 for two or more dependents.

When figuring the credit, employer-provided dependent care benefits, such as those provided through a flexible spending arrangement (FSA), must be subtracted from total eligible expenses.

As before, the more a taxpayer earns, the lower the credit percentage. But under the new law, more people will qualify for the new maximum 50% credit rate. That's because the adjusted gross income level at which the credit percentage is reduced is raised substantially from $15,000 to $125,000. AGI is the amount shown on Forms 1040 and 1040-SR, Line 11.

Above $125,000, the 50% credit percentage is reduced as income rises, plateauing at a 20% rate for taxpayers with an AGI above $183,000. The credit percentage level remains at 20% until reaching $400,000 and is then phased out above that level. It is completely unavailable for any taxpayer with AGI at or above $438,000.

In 2021, for the first time, the credit is fully refundable. The credit is claimed on Form 2441. Also, see Publication 503 for details.

Extension of time to file

Need more time to prepare your federal tax return? The IRS provides information on how to apply for an extension of time to file. Please be aware that:

- An extension of time to file your return doesn't grant you an extension of time to pay your taxes.
- You should estimate and pay any owed taxes by your regular deadline to help avoid possible penalties and interest.
- You must file your extension request no later than the regular due date of your return.

Free tax return preparation for qualifying taxpayers

The IRS's Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs offer free basic tax return preparation to qualified individuals.

VITA and TCE sites are generally located at community and neighborhood centers, libraries, schools, shopping malls and other convenient locations across the country. To locate a VITA or TCE site near you, use the VITA Locator Tool or call 800-906-9887.

Free File: Do your federal taxes free

With the IRS Free File, eligible individuals can select and use commercial software to prepare and file their federal income taxes online free. If congressional offices would like to embed the new Free File YouTube video on their webpages, here's how:

- On a computer, go to https://www.youtube.com/watch?v=y1BnCv2kFtA
- Under the video, click *SHARE*
- Click *Embed*
- From the box that appears, copy the HTML code
- Paste the code into your blog or website HTML

Tax assistance resources for Native Americans

The Indian Tribal Government webpage, Volunteer Tax Assistance Resources for Indian Country, provides resources that help taxpayers situated in or near Indian Country prepare their income tax returns.

The webpage lists several free programs the IRS provides to help taxpayers prepare their tax returns, including the Volunteer Income Tax Assistance (VITA), Tax Counseling for the Elderly (TCE) and IRS Free File programs.

The webpage includes a link to a locator tool for IRS VITA and TCE sites and a list of sites operating in or near Indian Country, which typically are staffed with IRS trained volunteers familiar with tax issues affecting Indian tribal members.

Stay connected with the IRS

IRS continues to urge people to monitor the official IRS website on IRS.gov. Late developments are also available through IRS social media channels, which are also on the IRS multimedia center. The center has several ways people can stay updated on important tax information that may help with tax planning. Download the IRS2Go mobile app, watch IRS YouTube videos, subscribe to IRS e-Newsletters or follow the IRS on Twitter, Facebook, LinkedIn and Instagram. These tools can help taxpayers get the latest updates on tax changes, scam alerts, initiatives, products and services.

Low Income Taxpayer Clinics 2021 Program Report and 2022 Clinic List released

The Low Income Taxpayer Clinic (LITC) Program Office has issued Publication 5066, Low Income Taxpayer Clinics 2021 Program Report. This report describes how LITCs provide representation, education and advocacy for taxpayers who are low-income or speak English as a second language. During the 2020 grant year, LITCs represented nearly 20,000 taxpayers dealing with an IRS tax controversy and provided consultations or advice to another 18,000 taxpayers. LITCs helped taxpayers secure more than $5.8 million in tax refunds and reduced or corrected taxpayers' liabilities by more than $116 million. See the publication for more details, including case success stories that highlight the effect that LITCs have on the lives of low-income taxpayers and their families.

Need help finding an LITC to assist your constituents?

Do you have constituents who need help resolving a tax dispute with the IRS? LITCs can:

- Represent taxpayers in audits, appeals and tax collection disputes before the IRS and in court.
- Help taxpayers respond to IRS notices and correct account problems.
- Provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language.

Services are free or for a small fee. Publication 4134 can assist you in locating an LITC in your area that can help your constituents in resolving their tax issues with the IRS. Publication 4134 lists the LITCs by state and includes the clinic name and contact information. It also identifies the languages each LITC serves in addition to English.

LITC coverage and looking to expand in 2023

For the 2022 grant year, the LITC Program made progress and gained coverage in several states. However, we need your help to build on that progress and ensure all eligible taxpayers have access to free or low-cost tax representation, education and advocacy. There are presently no LITCs in Montana,

North Dakota and Puerto Rico. There are unserved counties (only partial coverage) in Arizona, Florida, Idaho, Nevada, North Carolina and Pennsylvania.

The IRS strongly encourages qualifying organizations that can serve taxpayers in these areas to apply. The 2023 grant application period will open on or around May 2, 2022. If you have questions or would like additional information about the LITC Program, including the application process and details about the uncovered counties in states with partial coverage, please contact Karen Tober at Karen.Tober@irs.gov or by phone at 202-317-4095.

IRS Criminal Investigation issues 10 tips to avoid tax season fraud

"IRS-CI is the investigative arm of the IRS, and this tax season, we want to remind U.S. taxpayers about ways they can protect their wallets and personal information," said IRS-CI Chief Jim Lee.

Tips to avoid tax season fraud include:

1. Choose a tax preparer wisely. Look for a preparer who is available year-round.
2. Ask your tax preparer for their IRS Preparer Tax Identification Number. The IRS requires all paid preparers to have one.
3. Don't use a ghost preparer. They won't sign a tax return they prepare for you.
4. Don't fall victim to tax preparers' promises of large refunds. Taxpayers must pay their fair share of taxes.
5. Don't sign a blank tax return. Taxpayers are ultimately responsible for what appears on tax returns filed with the IRS.
6. Make sure you receive your refund. It should be deposited in your bank account, not your tax preparer's.
7. The IRS won't call you threatening legal action. If you receive a call like this, hang up.
8. Don't respond to text messages, emails or social media posts claiming to be the IRS. They may contain malware that could compromise your personal information.
9. Don't click links or open attachments in unsolicited emails or text messages about your tax return. These messages are fraudulent.
10. Protect your personal and financial information. Never provide this information in response to unsolicited text messages, emails or social media posts claiming to be the IRS.

IRS Criminal Investigation recent cases

- Two arrested for alleged conspiracy to launder $4.5 billion in stolen cryptocurrency
- Owner of Cititax Tax Refund stores admits defrauding the IRS out of $7.2 million
- British citizen sentenced to over 11 years in prison for helping design and operate fraudulent investment scheme related to co-working business
- St. Paul man pleads guilty to $841,000 covid relief scheme to defraud the small business administration's paycheck protection program
- San Diego real estate agent sentenced for multimillion dollar Ponzi schemes

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

- IRS Free File can help take the stress out of tax season for seniors and retirees
- Taxpayers must report tip money as income on their tax return
- IRS reminds taxpayers their Social Security benefits may be taxable
- Top things all taxpayers need to remember when filing their 2021 tax return
- IRS resources and services for visually impaired taxpayers
- Understanding taxpayer rights: The right to pay no more than the correct amount of tax

Additional information on IRS.gov

- IRS continues work to help taxpayers; suspends mailing of additional letters
- IRS: Expanded credits for families highlight tax changes for 2021; many people who don't normally file should file this year
- Publication 5486-A, Claiming the Recovery Rebate Credit When You Don't Normally File a Tax return
- Top 5 things to remember when filing income tax returns in 2022
- Families received their December advance Child Tax Credit payment; those not receiving payments may claim any missed payments on the upcoming 2021 tax return
- Tax scams and consumer alerts
- Get up-to-date status on affected IRS operations and services during COVID-19
- Tax relief in disaster situation
- Tax treatment of unemployment compensation
- 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.

IRS on social media

YouTube – Twitter – Instagram – Facebook

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.