Congressional Update

News for members of Congress and their staffs – December 2022

Steps Taxpayers Can Take Now to Get a Jump on Taxes

The IRS launched its annual Get Ready campaign to encourage taxpayers to take steps now to get ready to file 2022 federal tax returns.

This year, the Get Ready campaign focuses on three main themes:

- gathering tax records,
- knowing what's new for the 2022 tax year, and
- reviewing and signing up to use IRS online tools and resources.

Get Ready covers several key areas that affect different taxpayers, such as:

- Check withholding: Some people may have life events like getting married or divorced, welcoming a child, or taking on a second job, and may need to adjust their withholding. Other taxpayers may need to consider estimated tax payments due to non-wage income from unemployment, self-employment, annuity income or even digital assets. The last quarterly payment for 2022 is due on January 17, 2023. The Tax Withholding Estimator on IRS.gov can help wage earners determine if there is a need to adjust their withholding, consider additional tax payments, or submit a new Form W-4 to their employer. For more information about estimated tax payments or additional tax payments, visit payment options at IRS.gov/payments.
- Individual Taxpayer Identification Number (ITIN): Some taxpayers need to renew an expiring ITIN.
- Tax Credits: Credit amounts change each year like the Child Tax Credit (CTC), Earned Income Tax Credit (EITC) and Dependent Care Credit which reverted to pre-Covid levels. Some taxpayers may qualify for the temporarily expanded eligibility for the Premium Tax Credit, while others may qualify for a Clean Vehicle Credit through the Inflation Reduction Act of 2022. Identify whether any tax credits for which you qualify call for a withholding adjustment by using the Interactive Tax Assistant on irs.gov.

Refunds may be smaller. There won't be an additional stimulus payment with a 2023 tax refund because there were no Economic Impact Payments for 2022. Taxpayers who don't itemize and take the standard deduction, won't be able to deduct their charitable contributions.

Using the irs.gov online tools to file electronically and choosing direct deposit remains the fastest way to receive a refund. Online tools are easy to use and available to taxpayers 24 hours a day. They provide key information about tax accounts and a convenient way to pay taxes.

IRS.gov provides information in many languages and enhanced services for people with disabilities, including the Accessibility Helpline. Taxpayers who need accessibility assistance can call 833-690-0598.

The IRS.gov/getready webpage helps taxpayers easily find helpful resources like Publication 5348, Get Ready to File, Publication 5349, Year-Round Tax Planning is for Everyone, news releases, and more. These resources raise taxpayer awareness about practices like compiling documents, including Forms W-2 from employers, Forms 1099 from banks or other payers, Form 1099-K for third-party payments, 1099-MISC from non-wage income, Form 1099-INT if you were paid interest, your income statement if you worked in the gig economy, as well as records of digital asset transactions.

Taxpayers should review their tax records to accurately report the income they earned. For tax year 2022, more taxpayers will receive Form 1099-K for third-party payments to merchants for goods and services exceeding $600. If they received a Form 1099-K reflecting income they didn't earn, they should call the issuer. The IRS cannot correct it.

Ensuring their tax records are complete before filing can also help taxpayers avoid errors that lead to processing delays. When claiming a refund on behalf of a decedent, taxpayers should remember to submit Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer. They should also obtain Form 1095-A, Health Insurance Marketplace Statement, to report their enrollment in a qualified health plan through the Marketplace, claim a premium tax credit, or reconcile their advance credit payments.

When they have all their documentation, taxpayers are in the best position to file an accurate return and avoid processing or refund delays or IRS letters.

Please share the IRS' Get Ready page and Publications 5348 and 5349 with your constituents to help them Get Ready to file their taxes.

IRS announces job openings to hire over 700 new employees across the country to help taxpayers in person

In addition to the more than 4,000 people recently hired to fill critical customer service representative positions, the Internal Revenue Service recently announced they are seeking to hire over 700 new employees to help taxpayers at Taxpayer Assistance Centers (TACs) across the country.

"This is an important priority to provide more service at the IRS for the upcoming filing season," said Ken Corbin, the Service's Taxpayer Experience Officer and Wage and Investment Commissioner. "We are working to have more than 270 walk-in sites properly staffed to provide the help taxpayers need and deserve. This will be the first time in a decade our walk-in sites will be fully staffed."

This increase in staffing is part of much wider IRS improvements enabled by the Inflation Reduction Act funding approved in August 2022, and additional updates on the implementation of the landmark 10-year legislation will be provided soon.

IRS employees not only serve the agency but are imperative for the nation's tax administration, which collects nearly 96% of the nation's revenue needed to fund nearly all federal government programs. The work we do supports the nation's most vital initiatives, from homeland security and U.S. defense to Social Security as well as programs and projects including parklands and forests, roads and bridges, libraries, museums, schools and more.

For these 700 openings, the technical positions needed are Individual Taxpayer Advisory Specialists who provide face-to-face assistance in IRS TAC offices and the Initial Assistance Representatives, responsible for greeting and determining the needs of taxpayers visiting TAC offices. Applications for the

available positions were accepted through November 2022. The IRS is looking to fill as many positions as possible in time for the 2023 filing season.

Doug O'Donnell to serve as acting IRS Commissioner

Outgoing IRS Commissioner Chuck Rettig recently announced that Doug O'Donnell, IRS Deputy Commissioner for Services and Enforcement, has been selected to serve as acting IRS commissioner. Commissioner Rettig's term ended on November 12, 2022.

IRS Commissioner Charles Rettig's final message

IRS Commissioner Chuck Rettig reflects on four years of working alongside IRS employees to serve our country.

Security Summit focuses special week on identity theft to protect taxpayers, tax professionals as holiday and tax seasons approach

The Internal Revenue Service, along with state tax agencies and the nation's tax industry, warned taxpayers and tax professionals to take extra steps to protect their financial and tax information as the holidays and tax season approach. These alerts are part of a special week focusing attention on empowering taxpayers to protect sensitive financial information against identity thieves.

Now in its seventh year, the annual National Tax Security Awareness Week takes place from November 28 - December 2. The event is part of a larger effort that continues by the Security Summit, the coalition of the IRS, the states and the nation's tax software and tax professional community. The group formed in 2015 to combat tax-related identity theft by strengthening protections against fraud and raising security awareness.

IRS Independent Office of Appeals' 2023 priorities focus on taxpayer service

The IRS Independent Office of Appeals released its focus guide for fiscal year (FY) 2023. The focus guide outlines the taxpayer service initiatives over the coming year. Appeals is taking important steps to expand communications with external stakeholders and improve taxpayer access to Appeals.

Ordering tax forms, instructions and publications

The fastest and easiest way to get the latest tax forms, instructions and publications is to download them from IRS.gov. Forms are free, available 24/7 and they're usually online weeks before paper versions are available.

Taxpayers can download and view popular tax publications and forms, including Form 1040 instructions, on mobile devices such as a tablet at no charge. Other versions such as eBook, PDF and HTML are also available online. Visit IRS.gov for a listing of all eBook publications.

Taxpayers can still order a paper copy of any current-year form, instruction or publication (except Publication 17, Your Federal Income Tax) on www.irs.gov/orderforms or by calling **800-TAX-FORM (829-3676).** Taxpayers generally receive their orders within 10 business days. If a product isn't available when they place their order, the IRS will send it as soon as it becomes available.

Tax Forms Outlet Program (TFOP) for forms and publications

All of the IRS's TFOP partners receive Form 8635, Order Form for Tax Forms Outlet Program. The IRS will ship the ordered products and quantities requested as soon as they are available. Any congressional office can order and reorder as needed forms and publications by emailing the TFOP administrator.

TFOP partners can order the following products:

- Form 1040 booklet, which includes Form 1040 SR (for seniors) and Schedules 1-3
- Instructions for 1040 and 1040 SR
- Form 1040 (SP) booklet, which includes Form 1040 SR (SP) and Schedules 1-3 (SP)
- Instructions for 1040 (SP) and 1040 SR (SP)
- Publication 1132, Reproducible Copies of Federal Tax Forms and Instructions
- Publication 4604 (EN/SP), Use the Web for IRS Tax Products and Information (.pdf) (Publication 4604 is a handout that helps educate customers about web-based IRS help and provides information about how to get forms.)

The IRS now sends the TFOP Poster Package via email. You'll receive four 8.5" x 11.5" PDF posters.

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). TFOP 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

Some forms are printed two or three to a sheet; order the number of forms needed, 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.

Know the difference between a hobby and a business

Sometimes knowing the distinction between a hobby and business isn't always clear cut. The IRS has provided resources to help people make the determination.

The following information is available on IRS.gov to help a taxpayer determine if their hobby qualifies as a business:

- Business Activities
- Earning side income: Is it a hobby or a business?

IRS Criminal Investigation (CI) issues tips to avoid falling victim to boiler-room schemes during International Fraud Awareness Week

As part of International Fraud Awareness Week, CI issued the following tips to avoid becoming a boiler-room target.

Don't. Get. Boiled.

- Don't complete online requests for personal information from websites asking if you are interested in investing. Fraudsters use that information to target potential victims.
- Don't take a website at face value. A website shouldn't be the only evidence that a cold-caller represents a legitimate investment company. Fraudsters clone real investment company websites or purport to be from real investment companies that don't have websites.
- Double check employment information. Just because a cold-caller uses the names of legitimate brokers listed on the internet doesn't mean they are affiliated with those brokers.
- Do your own research. Fraudsters use online platforms to generate fictitious performance data for stocks that don't really exist.
- If you find yourself a victim of one of these schemes, do not pay a fee or tax to the fraudsters to withdraw money. You will end up losing more money and then the fraudsters will end communications with you.
- Report fraud to law enforcement. Submit Form 3949-A, Information Referral, if you suspect an individual or a business is committing fraud.

CI is the criminal investigative arm of the IRS, responsible for conducting financial crime investigations, including tax fraud, narcotics trafficking, money-laundering, public corruption, healthcare fraud, identity theft and more. In FY22, CI initiated 25 new boiler-room investigations. Thus far, CI obtained a 100% conviction rate on boiler-room investigations that have been adjudicated.

Below are the links to other IRS Criminal Investigation recent cases

- Home health manager sent to prison for $21m Medicare fraud scheme
- Two Texas men convicted of bribing city officials
- IRS-CI serves as key player in government's response to combatting COVID fraud
- Hispanic heritage helps CI special agents crack cases
- Milwaukee man convicted for scheme to obtain over $80 million in fraudulent tax refunds
- California man sentenced to prison for multimillion dollar tax fraud scheme involving professional athletes and PPP loan fraud

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

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

- An overview of the Taxpayer Bill of Rights
- Everyone should know the facts about how the IRS communicates with taxpayers
- Tax resources and information for U.S. service members and veterans
- Seniors can reduce their tax burden by donating to charity through their IRA
- Employers: beware of third parties promoting improper employee retention credit claim
- Under the Taxpayer Bill of Rights, all taxpayers have the right to finality of IRS matters

- Not too much, not too little - taxpayers should check if their tax withholding is just right
- Taxpayers in declared disaster areas have more time to file tax returns to get COVID penalty relief

Additional information on IRS.gov

- Reminder to IRA owners age 70½ or over: Qualified charitable distributions are great options for making tax-free gifts to charity
- Inflation Reduction Act of 2022
- IRS' five-year Strategic Plan now available in Spanish
- IRS updates tax gap estimates; new data points the way toward enhancing taxpayer service, compliance efforts
- Reminder: Service providers, others may receive 1099-Ks for sales over $600 in early 2023
- Treasury and IRS expand program for approving certain retirement plans
- 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)
- Recovery Rebate Credit
- 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

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.