Congressional Update

News for members of Congress and their staffs – January 2022

Gather and 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 special page available to help people "Get Ready" for the 2022 tax filing season when they file their 2021 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. Each year, some filers 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. Information on Form 1095-A is used to reconcile advance Premium Tax Credits for Marketplace coverage on Form 8962 (.pdf). Each year, some filers fail to reconcile the amount of their advance premium credits with their final credit amount. This results in processing delays that slow tax refunds while the IRS writes to the taxpayer requesting Form 8962. Filing your return without reconciling your advance payments 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, distributions from a pension, annuity or retirement plan
- Forms 1099-K, 1099-MISC, W-2 or other income statement for workers in the gig economy
- Form 1099-INT for interest received
- Other income documents and records of virtual currency transactions

IRS issues information letters to Advance Child Tax Credit recipients and recipients of the third round of Economic Impact Payments; taxpayers should hold onto letters to help the 2022 Filing Season experience

For the 2021 tax year, taxpayers should also gather and keep:

- IRS Letter 6419, 2021 Total Advance Child Tax Credit Payments, to reconcile advance Child Tax Credit payments, and

- IRS Letter 6475, Your 2021 Economic Impact Payment, to determine eligibility to claim the Recovery Rebate Credit

Combining direct deposit with electronic filing is the fastest way for taxpayers to receive their refund. The IRS issues more than 9 out of 10 refunds in less than 21 days. However, it's possible that some tax returns may require further review and could take longer.The easiest way to ensure that filing a tax return goes smoothly is to prepare a complete and accurate return.

The IRS also reminds eligible taxpayers who normally don't file a tax return – and didn't file a 2020 tax return – that they may be eligible for the Child Tax Credit, the Earned Income Tax Credit and stimulus payments (Recovery Rebate Credit by filing a 2021 tax return.

Online Account securely provides tax account information on IRS.gov Helps provide important filing information

Taxpayers who access Online Account can securely gain entry to the Child Tax Credit Update Portal to see their payment dates and amounts. Taxpayers will need this information to reconcile their advance Child Tax Credit payments with the Child Tax Credit they can claim when they file their 2021 tax returns. Eligible individuals claiming a 2021 Recovery Rebate Credit can log in to their online account to see their Economic Impact Payment amounts so they can accurately claim the credit when they file.

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:

- View the amounts of their Economic Impact Payments
- Access Child Tax Credit Update Portal for information about their advance Child Tax Credit payments
- 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

Individuals may want to consider adjusting their withholding if they owe taxes or will receive a large refund on their 2021federal tax return. Changing withholding can help avoid a tax bill or let individuals keep more money each payday.

Life changes – 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.

People also need to consider estimated tax payments. 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 final quarterly estimated tax payments for tax year 2021 are due on January 18, 2022.

Estimated tax payments are normally due the 15th of April, July, October and January. Individuals can log in to their Online Account to make a payment online or go to IRS.gov/payments.

IRS tools and resources for the filing season

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

Online Account Access: Registered users can access their individual account information, including their balance, payments, tax records and more. 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.

Coronavirus Tax Relief: This page provides information about, and resources for, the 2021 Child Tax Credit, Recovery Rebate Credits and other coronavirus tax relief.

Interactive Tax Assistant: Based on user input, this tool provides answers to tax law questions specific to the user's circumstances. No login is required and use is anonymous, the user's input is discarded when they're done.

What is Taxable and Nontaxable Income? Where taxpayers can find out what income is taxable and nontaxable.

Credits and Deductions: Information on how credits and deductions work, what credits and deductions are available and who can claim them.

Forms and Instructions: A library of IRS forms, instructions, and publications on virtually any tax topic, many available in multiple languages and accessible formats.

Frequently Asked Questions and Answers: Here, taxpayers can get plain language answers to the most frequently asked questions and access FAQs 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 for free.

Volunteer Income Tax Assistance Locator: This tool helps taxpayers find organizations that provide free tax help for the elderly, the disabled, people who speak limited English and taxpayers with low incomes.

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?: Using this tool, taxpayers can check the status of their refund within 24 hours after IRS receives their e-filed return or 4 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 through as many devices as possible, including the IRS2Go Mobile App.

Stay connected with the IRS

The official IRS website is IRS.gov. The IRS has several ways you 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. Follow IRS for the latest updates on tax changes, scam alerts, initiatives, products and services.

The Taxpayer Advocate Service is hosting nationwide Pre-Filing Season Awareness outreach

Each year, tens of millions of taxpayers struggle with filing an accurate and complete federal tax return. Throughout the month of January 2022, the Taxpayer Advocate Service (TAS) is hosting a nationwide pre-filing season awareness outreach campaign to provide guidance to taxpayers who prepare their own returns. Sessions will focus on how to file accurate tax returns and avoid common filing errors as well as tax return processing problems that may result in refund delays.

Topics include tax tips about when and how to properly claim family-related credits and how to avoid common tax return errors such as those caused by using their final pay statements, or pay stubs, rather than Forms W-2, Wage and Tax Statement, to determine the total wages and withholdings. TAS will also share information about available self-help tools, IRS Free File options, local Volunteer Income Tax Assistance sites, and available IRS.gov resources.

Local taxpayer advocates in every state, plus Puerto Rico and the District of Columbia, are holding these outreach events, either in-person or virtually, for their local communities. Hosting these events at the beginning of the tax return filing season will help taxpayers learn how to avoid delays *before* they file their federal tax returns.

You and your constituents can learn about planned events by visiting TAS's website. As TAS schedules these events, it will update the event calendar. If you or your constituents don't see an event planned in your area, revisit the website periodically for updates. There's a link on the calendar to the Pre-Filing Season Tax Tip article for taxpayers who can't attend an event.

If your office would like to co-host a pre-filing season awareness event for your constituents, please contact your Local Taxpayer Advocate.

How IRS Collection is helping taxpayers during the pandemic

The IRS recently published a post on "A Closer Look," which features Small Business/Self-Employed Collection Director Fred Schindler discussing how his office helps taxpayers – particularly those who owe taxes – meet their payment obligations. The article is also available in Spanish.

Understanding disaster relief tax law and contribution deductibility

The IRS offers online training for charitable organizations that help with disaster relief. Disaster Relief – Parts 1 and II discuss how charities may provide disaster relief, deductibility of contributions and tax

treatment of relief recipients. Organizational leadership and volunteers should complete the Tax-Exempt Organization Workshop for important information on the benefits, limitations and expectations of tax-exempt organizations.

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

- Tips to help taxpayers choose a reputable tax return preparer
- Tax benefits of making a business accessible to workers and customers with disabilities
- Tax professionals should review data safeguards
- New online identity verification process for accessing IRS self-help tools

Additional information on IRS.gov

- Join us for EITC Awareness Day on Friday, January 28, 2022
- IRS issues standard mileage rates for 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
- Advance Child Tax Credit
- Coronavirus tax relief and Economic Impact Payments
- Get up-to-date status on affected IRS operations and services during COVID-19
- Tax relief in disaster situation
- Tax treatment of unemployment compensation
- Third Economic Impact Payments
- IRS joins leading nonprofit groups to highlight special charitable tax benefit available through Dec. 31
- Recovery Rebate Credit
- 30 years in prison for billion-dollar Ponzi scheme
- Online vendor sentenced in $5 million postage fraud scheme
- Pharmacy owner sentenced to 41 months in prison for role in multimillion-dollar illegal kickback scheme and evading taxes on over $33 million of income
- Atlanta restaurateur sentenced for willful failure to remit payroll taxes
- Cleveland man sentenced for laundering drug trafficking proceeds by purchasing and leasing vehicles

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

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.