Congressional Update

News for members of Congress and their staffs – August 2022

Still need to file? IRS.gov is the source for summertime tax help; agency encourages people to file before October 17 deadline

With millions of taxpayers still waiting to file their returns, the IRS reminds everyone to file as soon as possible and to take advantage of helpful filing tools on IRS.gov.

Summer may be a busy time for many, but it's a great time to start tax planning - whether you still need to file a 2021 tax return or start planning for next year's tax season. The IRS website is the fastest and most convenient way to get tax-related information and help. The online tools are available any time, so taxpayers can use them at their convenience.

Here's some important reasons for taxpayers to visit IRS.gov this summer:

Get tax information 24/7

Taxpayers can use IRS.gov to:

- View the filing page to get information on most federal income tax topics.
- Access the Interactive Tax Assistant tool for answers to many tax law questions.
- Sign into their individual IRS online account to view their balance and tax records, manage communication preferences, make payments and more.
- Find the most up-to-date information about their tax refunds using the Where's My Refund? tool. Taxpayers can check the status of their refund 24 hours after the IRS acknowledges receipt of an e-filed return.

Taxpayers can also download the official IRS mobile app, IRS2Go, to check their refund status, make payments, find free tax preparation assistance, sign up for helpful tax tips and more.

Adjust withholding now to avoid tax surprises next year

Now is also a great time for taxpayers to check their withholding to avoid a tax surprise next filing season. Life events like marriage, divorce, having a child or a change in income can affect taxes.

The IRS Tax Withholding Estimator on IRS.gov helps employees assess their income tax, credits, adjustments and deductions, and determine whether they need to change their withholding. If a change is recommended, the estimator will provide instructions to update their withholding with their employer either online or by submitting a new Form W-4, Employee's Withholding Allowance Certificate.

File electronically

Qualified taxpayers who requested an extension to October 17 or missed the April 18 deadline can still prepare and e-file returns for free with IRS Free File.

- The IRS accepts electronically filed returns 24/7.
- If taxpayers have all required information to file an accurate return there's no reason to wait until October 17.
- Taxpayers will receive a refund faster by choosing direct deposit. Taxpayers who missed the April 18 deadline and owe taxes should file and pay electronically as soon as possible to reduce penalties and interest.
- Taxpayers can make payments or set up payment plans online.

Taxpayer information available in many languages

Many IRS webpages are now available in Spanish, Vietnamese, Russian, Korean, Haitian Creole and Chinese. Some of the multilingual resources include the Taxpayer Bill of Rights, e-file resources and many tax forms and publications.

Access the Alternative Media Center

At the online Alternative Media Center (AMC), taxpayers will find a variety of forms and publications to help them use assistive technology such as screen reading software, refreshable Braille displays and screen magnifying software. Taxpayers can download and view tax forms, instructions and publications in PDF, HTML, eBraille and in text and large print formats.

Not every product is available in all formats. For example, tax forms are not available in HTML format. Other formats are available as follows:

- For paper copies of tax forms or instructions or publications in Braille or large print call 800-829-3676.

For tax notices in Braille, large print, audio, or electronic formats, complete Form 9000, Alternative Media Preference (PDF) and mail with a tax return or as a standalone form or call 800-829-1040.

More helpful links:

- Gig Economy Tax Center
- Child and Dependent Care Credit
- About Form W-2

Form 1040-X electronic filing enhancements available

The IRS recently announced that more forms can now be amended electronically. These include:

- Corrections to the Form 1040-NR, U.S. Nonresident Alien Income Tax Return

- Forms 1040-SS, U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico)
- Forms 1040-PR, Self-Employment Tax Return – Puerto Rico.

"This initiative has come a long way from 2020 when we first launched the ability to file amended returns, which was an important milestone to help taxpayers and the tax community," said IRS Commissioner Chuck Rettig. "This new feature will further help people needing to make corrections. This development will also assist the IRS with its inventory work on the current backlog of amended returns. This is another tool we're using to help get us back on track."

Additionally, the following forms now have electronic checkboxes to indicate a superseding return is being filed:

- Form 1040/1040-SR
- Form1040-NR
- Form1040-SS/1040-PR

A superseded return is one that's filed after the originally filed return, but submitted before the due date, including extensions.

Other electronic amendment options include:

- Changes to filing status or to add a dependent who was previously claimed on another return.
- Forms 1040 and 1040-SR can still be amended electronically for tax years 2019, 2020 and 2021 along with amended Form 1040-NR and corrected Forms 1040-SS and Form 1040-PR for tax year 2021.
- In general, taxpayers still have the option to submit a paper version of the Form 1040-X and should follow the instructions for preparing and submitting the paper form.
- Filers can also still use the "Where's My Amended Return?" online tool to check the status of electronically filed 1040-X.

For more details, see the IRS News Release.

2022 IRS Nationwide Tax Forum for Tax Professionals

The 2022 IRS Nationwide Tax Forum for Tax Professionals runs through August 18 and offers 32 webinars — including a keynote address by IRS Commissioner Chuck Rettig, updates on tax law, cybersecurity, practitioner ethics and more.

The 2022 virtual event is being held over a five-week period from July 19 through August 18. Webinars will be livestreamed on Tuesdays, Wednesdays and Thursdays of each week.

Participants are encouraged to view the Forum schedule and course descriptions to plan their experience.

For more information and to register, visit IRS Nationwide Tax Forum.

“A Closer Look,” features Director of the IRS Whistleblower Office

IRS published its latest executive column, “A Closer Look,” which features John Hinman, Director of the IRS Whistleblower Office, discussing how his team, working closely with other areas in the IRS, enhances tax enforcement through the valuable contributions of whistleblowers. “I’m proud of the work the Whistleblower Office has done and will continue to do, and it’s clear to see the program is working,” said Hinman.

“Whistleblower information that the IRS can act on is an important component of effective tax administration and contributes to identifying noncompliance and reducing the tax gap.” Read the Spanish version here.

IRS Criminal Investigation (IRS-CI) marks 4-year partnership with J5 to target tax criminals

Four years ago, the IRS Criminal Investigation joined forces with government agencies from the United Kingdom, Australia, the Netherlands, and Canada to form the Joint Chiefs of Global Tax Enforcement, known as the J5. This team shares intelligence, pools resources and conducts operations to combat tax crimes across the globe.

This month, the J5 was on hand in San Juan, Puerto Rico, to support Puerto Rico’s Office of the Commissioner of Financial Institutions (OCIF) when it announced it had issued a cease-and-desist order and suspended operations of Euro Pacific International Bank. Two years prior, the J5 launched Operation Atlantis – a Global Day of Action – to obtain information on suspect financial institutions that may be involved in financial crimes like offshore tax evasion and money laundering. Part of that operation included targeting Euro Pacific International Bank. While OCIF’s decision was independent of the J5, the J5 welcomed the result and highlighted the importance of international cooperation when combatting financial crimes.

To learn more about the J5, visit the J5 LinkedIn page and the Joint Chiefs of Global Tax Enforcement page on IRS.gov.

Below are the links to IRS Criminal Investigation recent cases

- Star Woman Sentenced to 14 Months for Making False Statements to Obtain $11 Million in Government Contracts Designated for Service-Disabled Veteran Businesses
- DC Solar owner sentenced to over 11 years in prison for billion-dollar Ponzi scheme
- Michael Avenatti pleads guilty to federal fraud and tax charges that allege he stole millions of dollars from clients
- Bergen County woman sentenced to 21 months in prison for embezzling money from guided tour company and subscribing to false tax returns

- Michigan man sentenced for defrauding business opportunity buyers of more than 5 million dollars

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

National Taxpayer Advocate, Erin M. Collins, issues mid-year report to Congress

National Taxpayer Advocate Erin M. Collins recently released her FY 2023 Objectives Report to Congress. The report includes an assessment of the 2022 filing season and identifies key objectives the Taxpayer Advocate Service (TAS) will pursue during the upcoming fiscal year.

In her report, the National Taxpayer Advocate expresses concern about continuing delays in the processing of paper-filed tax returns and the consequent impact on taxpayer refunds. At the end of May, the agency had a backlog of 21.3 million unprocessed paper tax returns, an increase of 1.3 million over the same time last year.

The report also points out that most individual taxpayers receive refunds. “At the end of the day, a typical taxpayer cares most about receiving his or her refund timely,” Collins wrote. “Particularly for lower income taxpayers who receive Earned Income Tax Credit benefits, tax refunds may constitute a significant percentage of their household income for the year. Thus, these processing delays are creating unprecedented financial difficulties for millions of taxpayers and outright hardships for many.” Among business taxpayers, many have been waiting extended periods to receive Employee Tax Retention Credits for which they are eligible, in addition to their regular refunds.

As detailed below, taxpayer challenges this year have included return processing delays, correspondence processing delays, and difficulty reaching the IRS by phone.

Return processing delays

Last year, about 17 million taxpayers filed their returns on paper. Before the pandemic, the IRS typically delivered refunds to paper-filers within four to six weeks. Over the past year, refund delays on paper-filed returns have generally exceeded six months, with delays of ten months becoming more common.

The report says the IRS has failed to make progress in eliminating its paper backlog because, “its pace of processing paper tax returns has not kept up with new receipts.” During the month of May, the IRS processed an average of about 205,000 individual income tax returns (Forms 1040) per week. Its Form 1040 backlog at the end of May stood at 8.2 million, with millions more paper tax returns not yet classified or expected to arrive before the extended filing deadline of October 17. The report says the IRS would have to process well over 500,000 Forms 1040 per week – more than double its current pace – to eliminate the backlog this year.

Forms 1040 are just one component of the paper tax returns processing backlog. Millions of business tax returns and amended tax returns (both individual and business) are also

filed on paper. As of late May, overall backlog has increased by seven percent over the past year.

Correspondence Processing Delays

When a taxpayer receives a notice and is requested to respond or chooses to respond, the taxpayer must generally do so by mail. Through May 21, the IRS processed five million taxpayer responses to proposed adjustments. It took an average of 251 days to do so – more than eight months. That is more than triple the processing time of 74 days in fiscal year 2019, the most recent pre-pandemic year.

There are currently over 336,000 taxpayers who could not file their returns or receive their refunds because identity thieves had already filed a return using their identifying information. These taxpayers must submit affidavits and other documentation to substantiate their identities. They now generally must wait at least a year to receive their refunds.

Difficulty reaching the IRS by phone

During the 2022 filing season, the IRS received about 73 million telephone calls. Only one out of ten calls reached an IRS employee. Compared with the 2021 filing season, IRS employees answered less than half as many calls, but the percentage of calls answered remained about the same because they also received less than half as many calls. The time the average taxpayer spent waiting on hold rose from 20 minutes to 29 minutes.

TAS objectives for FY 2023

As required by law, the Advocate's report identifies TAS's key objectives for the upcoming fiscal year. The report describes 14 systemic objectives, six case and other business objectives, and three research objectives. In light of the challenges taxpayers have been facing over the last two years, TAS will be placing heavy emphasis on working with the IRS to improve the processing of tax returns and taxpayer service. Among the objectives the report identifies are the following:

- Automating the processing of paper tax returns
- Reducing barriers to e-filing tax returns
- Improving the IRS's hiring and training processes
- Improving telephone service

IRS responses to National Taxpayer Advocate administrative recommendations

The National Taxpayer Advocate is required by statute to submit a year-end report to Congress that, among other things, makes administrative recommendations to resolve taxpayer problems. Section 7803(c)(3) of the Internal Revenue Code authorizes the National Taxpayer Advocate to submit administrative recommendations to the IRS Commissioner and requires the IRS to respond within three months. Under this authority, the National Taxpayer Advocate annually transmits to the IRS Commissioner all administrative recommendations proposed in her year-end report for response. The National Taxpayer Advocate made 88 administrative

recommendations in her 2021 year-end report. The IRS has agreed to implement 61 (or 69%) of the recommendations in full or in part. The IRS's responses are published on the TAS website at https://www.taxpayeradvocate.irs.gov/arc-recommendations-tracker.

NTA Erin M. Collins named one of 25 most powerful women in accounting for 2022

TAS is pleased to announce that the American Institute of CPAs (AICPA) and CPA Practice Advisor magazine named National Taxpayer Advocate, Erin M. Collins as one of the most powerful women in accounting for 2022.

Erin is among 25 women selected this year for driving innovation and excellence in the accounting profession, providing guidance and leadership in their organizations, and effectively representing accounting leadership through civic and community outreach.

"As the National Taxpayer Advocate, it is an honor to have my efforts and passion recognized and to be included with this prestigious group of successful women," she says. "But this award is really an acknowledgement of the successful advocacy work of TAS employees, our low-income taxpayer clinicians, and our Taxpayer Advocacy Panel volunteers. The work they do every day on behalf of taxpayers by providing a safety net for those in need and being the voice for taxpayers – that is powerful, and I am honored to serve as their leader."

In receiving this recognition, Erin spoke with the AIPCA and CPA Practice Advisor about her career, life lessons, and the most important issues facing the accounting profession today. Among Erin's observations are the following:

> "Administering tax and accounting regulations and laws is complex and overly burdensome. By minimizing the burdens on individuals, businesses, or other entities, accounting professionals can work towards simplification while preserving the purpose of the regulations and laws. COVID-19 brought numerous challenges and opportunities for the IRS, IRS employees, taxpayers, and practitioners. I am proud to be part of the solutions and strive to protect taxpayer rights and improve taxpayer service."
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> "Serving as the head of the Taxpayer Advocate Service allows me to strive for creativity, think outside the box, and look for ways to improve tax administration by providing administrative and legislative recommendations. But it takes a village, and I am thankful for our ability to collaborate and having a great team."
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> "One key to my success is having a strong support network. A support network can be your family, friends, colleagues, mentors, or members of a professional organization. Just knowing someone is in your corner to bounce off ideas, having a safe and trusted zone, and knowing you will be supported, even if you disagree, is crucial. Mentoring is a big part of a support network – whether you are the mentor or mentee. We need to support each other for all of us to be successful."

For life lessons, Erin recommends stepping outside your comfort zone and being open to setbacks:

> "Mistakes or failures do not define you. How you handle the challenges and mistakes and what you learn from them – that is what defines you, that is what makes you successful. Taking risks allows you to look towards what you can accomplish."
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> "My mantra is to be true to yourself and always follow your true north. The most important thing is to trust your gut and do what you think is right."

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

- People without a filing requirement may miss out on a refund if they don't file a 2021 tax return
- Security Summit: Identity Protection PINs provide an important defense against tax-related identity theft
- Understanding how the IRS contacts taxpayers; Avoiding scams and how to know it's really the IRS reaching out
- People should know if their pastime is a hobby or a business
- IRS online account makes it easy for taxpayers to view their tax info anytime
- Here's what taxpayers need to know about business related travel deductions
- Companies who promise to eliminate tax debt sometimes leave taxpayers high and dry
- All taxpayers should familiarize themselves with the Taxpayer Bill of Rights
- New voice bot options mean faster service and less wait time for taxpayers

Additional information on IRS.gov

- IRS careers
- Recovery Rebate Credit
- Get An Identity Protection PIN (IP PIN)
- Where's My Refund?
- IRS Tax Topic – 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
- Get up-to-date status on affected IRS operations and services during COVID-19

- Tax relief in disaster situation
- Get ready for taxes
- YouTube video: Reminders for Extension Filers
- e-Poster: Still Need to File a 2021 Tax Return?

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.