Congressional Update

News for members of Congress and their staffs – February 2022

Refund timing and what to expect as IRS begins the 2022 tax-filing season

The IRS began accepting and processing 2021 tax returns on Monday, Jan. 24, 2022. The filing deadline to submit 2021 tax returns or request an extension to file is Monday, April 18, 2022, for most taxpayers. This is also the deadline to pay any tax owed. An extension to file a tax return is not an extension to pay taxes owed.

The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia for everyone except taxpayers who live in Maine or Massachusetts who have until April 19, 2022 to file, due to Patriots Day; disaster victims have later filing deadlines in some locations.

The IRS's Free File program allows taxpayers with 2021 Adjusted Gross Income of $73,000 or less to file their taxes electronically free using software provided by commercial tax filing companies. More information is available on IRS.gov Free File.

The IRS encourages everyone to have all the information they need in hand to make sure they file a complete and accurate return, including Letter 6419 that lists the total amounts of advance Child Tax Credit payments received and Letter 6475 for the third round of Economic Impact Payments. People can also access their IRS Online Account for the total amounts of both payments they received in 2021. Having all information available when preparing the 2021 tax return can reduce errors and avoid delays in processing.

Letter 6419 will help eligible taxpayers who received advance Child Tax Credit payments receive the second half of the credit and those who didn't receive advance Child Tax Credit payments claim the full credit. Letter 6475 will help taxpayers who didn't receive a third Economic Impact Payment in 2021, or got less than the full amount, determine if they're eligible to claim the Recovery Rebate Credit.

To speed refunds, the IRS urges taxpayers to file electronically with direct deposit information as soon as they have everything they need to file an accurate return. If the return includes errors or is incomplete, it may require further review that could slow the tax refund. Taxpayers can check the status of their refund using Where's My Refund? within 24 hours after the IRS accepts their e-filed tax return or up to four weeks after they mailed a paper return.

IRS tools and resources for the filing season

The IRS has a special news release that provides special tips to help make this filing season easier for people. The IRS also is continuing to look for more ways to help taxpayers and tax professionals this filing season; additional details will be available on IRS.gov.

In addition, tax information, resources and account management tools are available 24/7 on IRS.gov. Taxpayers will find:

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.

Tax Counseling for the Elderly Locator: AARP Foundation Tax-Aide provides in-person and virtual tax assistance free of charge with a special focus on taxpayers who are over 50 or have low-to-moderate income. Tax-Aide volunteers are located nationwide and are trained and IRS-certified every year

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.

Online Account Access: Registered users can access their individual account information, including their balance, payments, tax records, tax return transcripts and more. Select the sign-in button to login to an existing account or set up a new one.

Get Transcript: Taxpayers can view their tax account and tax return transcripts online.

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.

Where's My Amended Return?
Check the status of your amended tax return (Form 1040-X), for this year and up to three prior years.

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

Given the unusual circumstances around this year's tax season, the 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 can also be found on the IRS multimedia center. The center 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. These tools can help you get the latest updates on tax changes, scam alerts, initiatives, products and services.

Recovery Rebate Credit

Missing a stimulus payment? Find out how you may be eligible to claim a Recovery Rebate Credit on your 2020 or 2021 federal tax return if you didn't get an Economic Impact Payment or got less than the full amount.

The IRS issued the first and second rounds of Economic Impact Payments in 2020 and early 2021. The first two rounds were advance payments of the 2020 Recovery Rebate Credit claimed on a 2020 tax return.

The IRS issued the third round of Economic Impact Payments starting in March 2021 and continued through December 2021. The third round — including plus-up payments —were advance payments of the 2021 Recovery Rebate Credit claimed on a 2021 tax return.

Most eligible people already received the payments, but people who are missing stimulus payments should review the information below to determine their eligibility and if they need to claim a Recovery Rebate Credit for tax year 2020 or 2021.

The IRS also issued a special reminder for parents of children born in 2021, guardians and other eligible people who did not receive all of their third-round EIPs that they can claim up to $1,400 per person through the 2021 Recovery Rebate Credit

Farmers and fishers: March 1 filing and payment due date

Those with income from a farming or fishing business can avoid making any estimated tax payments by filing their return and paying their entire tax due on or before **March 1, 2022**.

This rule generally applies if farming or fishing income was at least two-thirds of the taxpayer's total gross income in either the current or the preceding tax year. Those who choose not to file by March 1, 2022, should have made an estimated tax payment by January 15, 2022, to avoid an estimated tax penalty.

Additional information is available in IRS Publication 225, Farmer's Tax Guide and IRS Tax Topic 416, Farming and Fishing Income.

What to do if your Form W-2 or Form 1099-R is incorrect or not received

If your Form W-2, Wage and Tax Statement or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, and such, aren't available to you by January 31, 2022, or if your information is incorrect on these forms, **contact your employer or payer**.

If you still haven't received the missing or corrected form by the end of February, you may call the IRS at 800-829-1040 for assistance (see Telephone and Local Assistance for hours of operation). When you call, please have the following information available:

- Your name, address (including ZIP code), phone number, taxpayer identification number and dates of employment,
- **Your employer or payer's name**, address (including ZIP code) and phone number and
- If known, your employer/payer's identification number.

The IRS will contact the employer or payer for you and request the missing or corrected form. The IRS will also send you a Form 4852, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., along with an instruction letter.

If you don't receive the missing or corrected form in sufficient time to file your tax return, you may estimate your wages or payments made to you and any taxes withheld and report them on Form 4852 to complete your return.

If you receive the missing or corrected Form W-2 or Form 1099-R after you file your return and the information differs from your estimates, you must file Form 1040-X, Amended U.S. Individual Income Tax Return. For additional information on filing an amended return, see Topic No. 308 and Should I File an Amended Return?

Small business tax workshop now available in seven languages

The IRS's Small Business Tax Workshop is now available in seven languages other than English, including: Spanish, Chinese, Russian, Haitian Creole, Vietnamese and Korean. This free workshop helps small business owners learn about their rights and tax responsibilities.

TE/GE 2021 Accomplishments Letter

IRS Tax Exempt and Government Entities released a Fiscal Year 2021 Accomplishments Letter. Highlights of TE/GE's accomplishments during the last fiscal year include:

- Ensured the safety of employees as they continued to work remotely and required safety protocols when employees reported to the office.
- Continued enforcement efforts through collaboration with other IRS divisions to identify cross-division compliance issues, developed cases with signs of civil and criminal fraud, and conducted examinations of abusive tax avoidance transactions.
- Worked with the Lean Six Sigma (LSS) program and completed the launch of the TE/GE examination process, bringing consistency across five TE/GE functions. The examination LSS team implemented most of the recommendations for process improvements and will implement the remaining recommendations in early 2022. A new LSS team was established to look for process efficiencies in the compliance check process.
- Enhanced data collection and analysis capabilities will provide a better selection of returns for examination and focused outreach efforts.
- Provided, under our Small Entity Compliance Initiative, tax education through virtual outreach, including presentations at Nationwide Tax Forums, translating materials into multiple languages, and creating new online resources to foster compliance.
- Introduced electronic filing of most of the returns filed by exempt organizations and employee plans.
- Hired 120 individuals through fiscal year 2021, conducted 245 interviews to fill 132 additional revenue agent positions and prepared for a larger hiring campaign in fiscal year 2022.

The TE/GE Fiscal Year 2022 Program Letter, which explains priorities for the current fiscal year and the Compliance Program and Priorities webpage provides information about additional compliance initiatives.

IRS releases 2021 Progress Update, detailing challenging year; new 'A Closer Look' available

The IRS released its 2021 Annual Report describing the agency's work delivering taxpayer service and compliance efforts during the pandemic, while highlighting efforts by IRS employees to help taxpayers during the past year. In a special edition of "A Closer Look," IRS Commissioner Chuck Rettig gives a progress update and touches on some of the ongoing challenges of 2021. "As the 2022 filing season approaches, more work remains for us to help taxpayers as well as tax professionals," Rettig said.

Flexible Options Evolve From Challenging Times

In another executive column, "A Closer Look," features Harrison Smith, Co-Director, IRS Enterprise Digitalization and Case Management Office, discussing how the immediate need to minimize in-person contact to protect taxpayers and employees led the IRS to take steps toward increasing digital interactions. "As difficult as these last months have been, we've found demands from challenging times can evolve into opportunities to meet taxpayers' needs and to better serve their representatives," said Smith. "Never was this more evident than during this pandemic."

National Taxpayer Advocate Delivers Annual Report to Congress: Focuses on the challenges taxpayers experienced in 2021 and concerns with the upcoming filing season

On January 12, National Taxpayer Advocate Erin M. Collins released her 2021 Annual Report to Congress, calling calendar year 2021 "the most challenging year taxpayers and tax professionals have ever experienced." The report says tens of millions of taxpayers experienced delays in the processing of their returns, and with 77 percent of individual taxpayers receiving refunds, "processing delays translated directly into refund delays."

"While my report focuses primarily on the problems of 2021, I am deeply concerned about the upcoming filing season," Ms. Collins added in releasing the report. "Paper is the IRS's Kryptonite, and the agency is still buried in it." As of late December, the IRS had backlogs of 6 million unprocessed original returns (Forms 1040), 2.3 million unprocessed amended returns (Forms 1040-X), more than 2 million unprocessed employer's quarterly tax returns (Forms 941 and 941-X), and about 5 million pieces of taxpayer correspondence – with some of these submissions dating back at least to April and many taxpayers still waiting for their refunds nine months later.

Despite the unprecedented backlogs, the report credits the Internal Revenue Service for performing reasonably well under difficult circumstances. Since the start of the pandemic, the IRS, in addition to its traditional work, has implemented significant programs enacted by Congress. Among other things, it has issued 478 million stimulus payments (referred to as Economic Impact Payments or "EIPs") totaling $812 billion and has sent Advance Child Tax Credit (AdvCTC) payments to over 36 million families totaling over $93 billion.

The report says "[t]he imbalance between the IRS's workload and its resources has never been greater." Since fiscal year (FY) 2010, the IRS's workforce has shrunk by 17 percent, while its workload – as measured by the number of individual return filings – has increased by 19 percent. The report reiterates

the National Taxpayer Advocate's longstanding recommendation that Congress provide the IRS with sufficient funding to serve taxpayers well.

The report also contains:

- A discussion of the ten Most Serious Problems encountered by taxpayers in their dealings with the IRS, including a section titled "At a Glance" that provides concise summaries of the ten most serious problems.
- Numerous administrative recommendations the IRS can implement to address taxpayer problems (e.g., the use of scanning technology so paper tax returns can be machine read and not require manual data transcription by employees – technology many state tax agencies have been using for more than a decade);
- A taxpayer rights assessment that presents performance measures and other relevant data;
- A discussion of the ten federal tax issues most frequently litigated in the courts during the preceding year;
- A description of TAS's case advocacy operations during FY 2021; and
- A summary of key TAS systemic advocacy accomplishments.

As part of the report, Ms. Collins also released the fifth edition of the National Taxpayer Advocate's "Purple Book," which presents 68 legislative recommendations designed to strengthen taxpayer rights and improve tax administration. The Purple Book is widely used by congressional offices to develop legislative proposals. Ms. Collins highlights ten legislative recommendations for particular attention in her Purple Book introduction and in the report's preface.

Please visit https://www.taxpayeradvocate.irs.gov/AnnualReport2021 for more information.

The Taxpayer Advocate Service welcomed 2022 by launching our website en Español

The National Taxpayer Advocate, Erin Collins, recently announced in her blog that TAS is welcoming 2022 by launching its website in Spanish. TAS redesigned the website to continue its commitment to advocacy by providing enhanced products and services to taxpayers.

The Advocate stated that making TAS's website available in Spanish helps individuals get the information they need, learn about their taxpayer rights, discover what TAS can do to assist taxpayers, find available resources, get tax news and information, learn about Low Income Taxpayer Clinics, read important information in her blog, and navigate the IRS by using TAS's digitally interactive Taxpayer Roadmap, and read updates on the IRS all in a way taxpayers can easily understand.

TAS continually improves its website enhancements to better serve all taxpayers.

Georgia Taxpayer Advocate Service offices merged into the Atlanta City Center office

The Taxpayer Advocate Service (TAS) merged two of its offices in Georgia into one office, the Atlanta City Center location, effective January 17, 2022. The two TAS offices in Atlanta were in close proximity of each other with only one having walk-in access. To ensure all taxpayers and representatives have in-person TAS assistance, TAS consolidated these offices into one with walk-in access in support of taxpayer's right to he heard.

This merger has minimal effect on congressional referrals generated from Georgia Senators and Representatives. Previously, congressional referrals were handled by both the Atlanta Campus and Atlanta City Center offices, and now all congressional referrals will be handled by the Atlanta City Center office.

The Atlanta City Center office is located at the following address. Due to the on-going pandemic, the walk-in service is currently not available.

Taxpayer Advocate Service
401 W. Peachtree Street
Room 510, Stop 202-D
Atlanta, GA 30308

The Local Taxpayer Advocate is Philip Oyofo. He can be reached at the following numbers or email address.

Telephone: (404) 338-8099
Fax: (855) 822-1232
Email address: Philip.A.Oyofo@irs.gov

This merger will allow TAS to continue to provide constituents with outstanding service while advocating on their behalf.

IRS-CI counts down the top 10 cases of 2021

In early January, IRS Criminal Investigation (IRS-CI) counted down the top 10 cases of 2021 on its Twitter account. These high-profile cases listed below have all the makings of a made-for-TV movie.

10. **Albuquerque couple sentenced to federal prison in Ayudando Guardians case**
    Susan Harris and William Harris were sentenced to 47 and 15 years in federal prison, respectively. They stole funds from Ayudando Guardians Inc., a nonprofit organization that provided guardianship, conservatorship and financial management to hundreds of people with special needs.

9. **Rochester man going to prison and ordered to pay millions in restitution for his role in Ponzi scheme that bilked investors out of millions of dollars**
    John Piccarreto Jr. was sentenced to 84 months in federal prison and ordered to pay restitution of $19,842,613.66 after he was convicted of conspiracy to commit mail fraud and filing a false tax return. He conspired with others to obtain money through an investment fraud Ponzi scheme.

8. **Orlando sisters sentenced in $25 million tax fraud scheme**

    Petra Gomez and her co-conspirator sister, Jakeline Lumucso, were sentenced to eight and four years in federal prison, respectively. They operated a tax preparation business with five locations in central Florida that filed more than 16,000 false tax returns for clients from 2012 to 2016 with a total estimated loss to the IRS of $25 million.

7. **Russian bank founder sentenced for evading exit tax upon renouncing U.S. citizenship**
Oleg Tinkov, aka Oleg Tinkoff, renounced his U.S. citizenship in an effort to conceal large, reportable stock gains by the multibillion-dollar publicly traded company he founded. He was ordered to pay more than $248 million in taxes and sentenced to time served and one year of supervised release.

6. **Ontario man who ran multimillion-dollar unlicensed bitcoin exchange business sentenced to three years in federal prison**
Hugo Sergio Mejia was sentenced to three years in federal prison and required to forfeit all assets derived from running an unlicensed business that exchanged bitcoin for cash, and vice versa, totaling at least $13 million, often for drug traffickers. He charged commissions for the transactions and established separate companies to mask his true activity.

5. **Owner of bitcoin exchange sentenced to prison for money laundering**
Rossen G. Iossifov, a Bulgarian national, was sentenced to 121 months in federal prison for participating in a popular online auction and sales website scheme. The scheme used websites such as Craigslist and eBay to falsely advertise high-cost goods (typically vehicles) that didn't exist. Once victims sent payment for the goods, the conspiracy engaged in a complicated money laundering scheme where U.S.-based associates would accept victim funds, convert these funds to cryptocurrency and transfer the cryptocurrency to foreign-based money launderers.

4. **Ex-pastor of Orange County church sentenced to 14 years in federal prison for orchestrating $33 million con that defrauded investors**
Kent R.E. Whitney, the ex-pastor of the Church of the Health Self, was sentenced to 14 years in federal prison and ordered to pay $22.66 million in restitution to victims. The church-based investment scam defrauded investors of $33 million. At his direction, church representatives appeared on television and at live seminars to make false and misleading claims to lure investors to invest in church entities. Investors then received fabricated monthly statements reassuring them the church had invested the funds when little to no money ever was invested.

3. **Kansas man sentenced to 12 years for $7.3 million payday loan fraud, $8 million tax evasion**
Joel Tucker was sentenced to 12 years and six months in federal prison and ordered to pay more than $8 million in restitution to the IRS. Tucker sold false information or fictitious debts to payday loan businesses and didn't file individual or business federal tax returns for multiple years.

2. **DC Solar owner sentenced to 30 years in prison for billion dollar Ponzi scheme**
Jeff Carpoff, the owner of California-based DC Solar, was sentenced to 30 years in federal prison and forfeited $120 million in assets to the U.S. government for victim restitution. Carpoff created a Ponzi scheme that involved the sale of thousands of manufactured mobile solar generator units that didn't exist. He committed account and lease revenue fraud, and purchased a sports team, luxury vehicles, real estate and a NASCAR team.

1. **San Fernando Valley family members sentenced to years in prison for fraudulently obtaining tens of millions of dollars in COVID relief**
The Ayvazyan family received sentences ranging from 10 months probation to 17.5 years in prison for crimes ranging from bank and wire fraud to aggravated identity theft. The family used stolen and fictitious identities, and phony payroll records and tax documents to submit 150 fraudulent applications to the Small Business Administration for COVID relief funds. They then used the funds they received to purchase luxury homes, gold coins, jewelry,

designer handbags and more. Richard Ayvazyan and his wife, Terabelian, cut off their ankle monitoring devices and fled before their sentencing hearing and are currently fugitives.

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

- Here are reasons people who don't normally file should file a 2021 tax return
- Taxpayers must report gig economy earnings when filing taxes
- It's important for taxpayers to know the difference between standard and itemized deductions
- Taxpayers can visit IRS.gov anytime for answers to tax questions

Additional information on IRS.gov

- 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
- Advance Child Tax Credit
- 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 issues Frequently Asked Questions and Answers for 2021 Recovery Rebate Credit
- IRS updates FAQs for 2021 Child Tax Credit and Advance Child Tax Credit Payments
- Get ready for taxes
- South Florida bookkeeper for international enterprise that operated sexually exploitive "Child Modeling" websites pleads guilty
- Archdale, North Carolina, man is sentenced to almost three years in prison for COVID-19 relief fraud
- Serial tax fraudster sentenced to more than 19 years in federal prison
- Former Netflix executive sentenced to 30 months for bribes and kickbacks from Netflix vendors
- Pueblo cattle investment operator sentenced to federal prison for wire fraud and money laundering

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.