

SSA/IRS

# Reporter

THIRD QUARTER 2023

## Social Security Administration

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### Internal Revenue Service

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## Child Support Services developments

The Office of Child Support Services (OCSS), formerly the Office of Child Support Enforcement, is developing a new way for employers to benefit from sending and responding to electronic Income Withholding for Support Orders (e-IWOs) and National Medical Support Notices (e-NMSNs).

### e-IWO and e-NMSN Background

OCSS launched e-IWO in 2008 and has processed over 16 million IWOs! Receiving IWOs electronically is efficient, cost-effective, and supports virtual work environments.

e-NMSN is modeled after e-IWO. It's been available to child support agencies, employers, plan administrators, third-party providers, and unions since 2021.

### e-IWO and e-NMSN Online

Currently, employers must have internal servers to participate in e-IWO and e-NMSN.

Employers without access to internal servers will be able to use e-IWO and e-NMSN Online to receive and respond to IWOs and NMSNs on OCSS's Child Support Portal. e-IWO Online will be available in the fall of 2023, and e-NMSN Online will be available in late 2023 or early 2024.

### e-IWO and e-NMSN Benefits

- Reduce mistakes associated with manual processing
- Support remote work arrangements by lessening the need for staff to process paperwork at a physical location
- Reduce postage and handling costs

- Automate notification to child support agencies when an employee leaves their company
- Implement IWOs and NMSNs quicker, so families receive child support and health care coverage sooner
- Receive automated notification from child support agencies when their agency no longer mandates or enforces medical support

For more information about e-IWO and e-NMSN, contact [eIWOMail@acf.hhs.gov](mailto:eIWOMail@acf.hhs.gov) or [eNMSNmail@acf.hhs.gov](mailto:eNMSNmail@acf.hhs.gov). **HHS**

## IRS to provide more options for filing 941-X, other forms in 2024

The IRS is continuing its efforts to modernize its core technology infrastructure to enable better service and improve data security. It is also developing more options for employers to file forms in 2024, including electronic filing of Form 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund*. Here is a rundown of some of the areas the IRS is working on for next year.

### Electronic filing options

The IRS said it will provide an e-filing option for amended employment tax returns. The IRS created a Fact Sheet to announce its Paperless Processing Initiative, which will begin in 2024 and allow e-filing of 20 more forms (including Form 941-X) [[FS-2023-18](#), August 2023].

In the What's New sections of drafts of [Form 8453-EMP](#), *e-File Declaration for Employment Tax Returns*, and [Form 8879-EMP](#), *e-File Authorization for Employment Tax Returns*, the agency said it expects to make e-filing available for amended employment tax returns. In addition to Form 941-X, the agency also expects to implement e-filing capabilities for Forms 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*; 943-X, *Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund*; and 945-X, *Adjusted Annual Return of Withheld Federal Income Tax or Claim for Refund*, as part of its Modernized e-File (MeF) program.

### Mobile filing is planned

The IRS plans to enable taxpayers to submit mobile-friendly forms, including Forms 941-X, 943-X and 945-X, for filing season 2024 [[IR-2023-126](#), 7-14-23].

The IRS is also testing a mobile application prototype, Inform Me, that has the capability to scan a paper IRS form, notice or other document. The app will recognize the document and pull up related information and guidance on IRS.gov to help taxpayers answer their questions. After user testing is complete, the IRS will determine the timeframe for full deployment.

### Digital Intake expands

The IRS said it is continuing "to make significant progress scanning and e-filing paper returns" as part of its Digital Intake program. In March, the IRS had announced the expansion of the program from just Forms 940 to include Forms 941, *Employer's Quarterly Federal Tax Return* and 1040, *U.S. Individual Income Tax Return*. **PAYO**

## IRS reminds employers to take advantage of WOTC

The IRS encourages businesses to take advantage of the Work Opportunity Tax Credit (WOTC) [[IRS Tax Tip 2023-62](#), 5-4-23]. The WOTC is a federal tax credit available to employers that hire workers who are in groups that face significant barriers to employment. The WOTC is available for wages paid to certain individuals who begin work on or before December 31, 2025.

### Details on the WOTC

The IRS has information available on its [WOTC](#) webpage, which includes a list of the targeted groups. Employers must obtain certification that an individual is a member of the targeted group before claiming the credit. Eligible employers must file Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit, with their state workforce agency within 28 days after the eligible individual starts work. Employers do not submit Form 8850 to the IRS.

*Wage limits.* In general, the WOTC is equal to 40% of up to \$6,000 of wages (\$2,400) paid to, or incurred on behalf of, an individual who is in their first year of employment, is certified as a member of a targeted group and performs at least 400 hours of service for an employer. The rate is lowered to 25% for individuals who perform fewer than 400 but at least 120 hours of service for an employer. For certain qualified veterans, up to \$24,000 in wages may be taken into consideration for the credit.

*Limitations on the credits.* The credit is limited to the amount of the business income tax liability or social security tax owed. A taxable business may apply the credit against its business income tax liability. Normal carry-back and carry-forward rules apply. For qualified tax-exempt organizations, the credit is limited to the amount of employer social security tax owed on wages paid to all employees for the period the credit is claimed.

*Claiming the credit.* Eligible businesses claim the WOTC on their federal income tax return. The credit is generally based on wages paid to qualified workers during the first year of their employment. The credit is available once for each new hire. Employers cannot claim the WOTC for rehiring employees.

While the credit is not available to tax-exempt organizations for most groups of new hires, a special rule allows them to claim the WOTC for hiring qualified veterans. Qualified tax-exempt organizations will claim the credit on Form 5884-C, *Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans*, as a credit against the employer share of social security tax. The credit will not affect the employer's social security tax liability reported on its employment tax return. **PAYO**

## IRS encourages employees to check withholding

The IRS is encouraging employers to tell employees to review their federal income tax withholding. Employees can use the [IRS's tax withholding estimator](#) to make sure the correct amount is being withheld from their paychecks. The online tool guides users step-by-step through the process of checking their withholding and provides recommendations.

### When to check?

The IRS has said taxpayers should check their withholding annually and when major life changes occur, such as a new job or other paid work, a major income change, marriage, divorce, birth or adoption of a child or a home purchase. The IRS recommends anyone who changed their withholding this year or received a large refund or tax bill after they filed their 2022 return do a paycheck checkup. Employees who need to adjust their tax withholding should fill out a new Form W-4, *Employee's Withholding Certificate*, and submit it to their employer.

### Who should not use the Tax Withholding Estimator?

The IRS also recommends that taxpayers in these situations not use the estimator:

- Taxpayers who have a pension but not a job. Instead, these individuals should use Form W-4P, *Withholding Certificate for Periodic Pension or Annuity Payments*, to estimate this tax withholding.
- Nonresident aliens. These individuals should use Notice 1392, *Supplemental Form W-4 Instructions for Nonresident Aliens*.
- Employees with complex tax situations. People with more complex tax situations should refer to Publication 505, *Tax Withholding and Estimated Tax*. This includes taxpayers who owe alternative minimum tax and people with long-term capital gains or qualified dividends.

## Payroll professionals should review publications

The IRS also encouraged payroll professionals to review their withholding calculations to ensure they are following the rules outlined in Publication 15 (Circular E), *Employer's Tax Guide*, and the additional withholding guidance in Publication 15-T, *Federal Income Tax Withholding Methods*. Reviewing these publications helps to verify that the proper amount is being withheld from employees' pay. **PAYO**

## National Taxpayer Advocate issues mid-year report to Congress

National Taxpayer Advocate Erin M. Collins recently released her statutorily mandated [Fiscal Year 2024 Objectives Report to Congress](#). The report says the tax return filing season generally ran smoothly this year, urges the IRS to prioritize a broad array of technology upgrades and sets forth key objectives of the Office of the Taxpayer Advocate for the upcoming fiscal year. These objectives include [17 systemic advocacy objectives](#), [four case advocacy and other business objectives](#) and [five research objectives](#). The report aims to provide Congress with insights and recommendations to enhance the tax system and better serve taxpayers. Read the report to learn more about how these objectives can improve the tax experience for business taxpayers and tax professionals.

The National Taxpayer Advocate submits two reports to Congress each year: the Annual Report to Congress in January and the Objectives Report to Congress in June. You can find these reports and others on the [Taxpayer Advocate Service](#) home page. **TAS**

## SSA's Business Services Online access and registration has changed

On March 25, 2023, SSA updated how employers sign up for and access a Business Services Online (BSO) account for our wage reporting services. For more information on these changes, we recommend new and existing users visit our [BSO welcome page](#) and/or review our [Quick Reference Guides](#) prior to the 2024 filing season to ensure they can access our services.

### A new authorization process is coming

We are replacing the current registration and authorization process for BSO wage reporting. The new process will allow you to fully manage access for your users.

Each employer will designate an employer officer who has authority to act on behalf of the employer. This person will be responsible for delegating roles within your organization and will be able to provide authorization to 3rd party users.

We plan to pilot the new authorization process to a small number of employers and organizations before rolling out to the entire wage reporting community. **SSA**

## Credit for Builders of Energy-Efficient Homes

Contractors who build or substantially reconstruct qualified energy-efficient homes may be eligible for tax credits up to \$5,000 per home. The amount of the credit depends on factors including the type of home, its energy efficiency and the date when someone buys or rents it. More information available on [irs.gov](https://www.irs.gov) [New Energy Efficient Home Credit for businesses](#). **IRS**

## Disaster assistance and emergency relief for individuals and businesses

Special tax law provisions may help taxpayers and businesses recover financially from the impact of a disaster, especially when the federal government declares their location to be a major disaster area. Depending on the circumstances, the IRS may grant additional time to file returns and pay taxes. Both individuals and businesses in a federally declared disaster area can get a faster refund by claiming losses related to the disaster on the tax return for the previous year, usually by filing an amended return.

The IRS also offers [audio presentations](#) on Planning for Disaster. These presentations discuss business continuity planning, insurance coverage, recordkeeping and other tips to stay in business after a major disaster.

### Get the latest tax relief guidance in disaster situations

Recent special tax law provisions may help taxpayers recover financially from the impact of a major disaster in their location.

### Tax relief help for the Coronavirus

IRS is providing a variety of tax relief for those affected by the Coronavirus. For the latest updates, check the Coronavirus Tax Relief page.

### Preparing for Disasters

Are your home and/or business ready if a disaster strikes? Get information and suggestions on paperless recordkeeping, documenting assets and valuables.

### Around the Nation

This section of our website provides IRS news specific to local areas, primarily disaster relief or tax provisions that affect certain states.

### Tax Topic 515, Casualty, Disaster, and Theft Losses

Casualty losses can result from the destruction of or damage to your property from any sudden, unexpected and unusual event such as a flood, hurricane, tornado, fire, earthquake or even volcanic eruption.

### For Individuals

#### FAQs for Disaster Victims

This section provides guidance for those affected by disasters and answers to frequently asked questions.

#### Reconstructing Your Records

Reconstructing records after a disaster may be essential for tax purposes, getting federal assistance or insurance reimbursement. After a disaster, taxpayers might need certain records to prove their loss. The more accurately the loss is estimated, the more loan and grant money there may be available.

## Disaster Planning Video Presentations

- [Disaster Loss Deductions](#)
- [IRS Disaster Assistance](#)
- [Planning for Business Continuity after a Disaster](#)
- [Reconstructing Records after a Disaster](#)

## For Tax Professionals

### Disaster Relief Resource Center for Tax Professionals

Through this resource center, we address many of the questions received from tax professionals. We've included information published by the IRS, along with links to IRS partners who may offer additional assistance. Many of our partners have provided various resources to help the payroll and practitioner community recover and get re-established in the event of a natural disaster.

## For Charitable Organizations

### Disaster Relief Resources for Charities and Contributors

After a disaster or in other emergency hardship situations, people may be interested in using a charitable organization to help victims. The IRS provides several resources to help them accomplish this goal.

### Publication 3833, Disaster Relief, Providing Assistance Through Charitable Organizations

This publication describes how members of the public can use charitable organizations to provide assistance to victims of disasters or other emergency hardship situations. **IRS**



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Comments may be sent to:

Editors: Stephen M. Yuhas, [Stephen.M.Yuhas@irs.gov](mailto:Stephen.M.Yuhas@irs.gov)  
and Horis Carlton, [Horace.Carlton@irs.gov](mailto:Horace.Carlton@irs.gov)