Congressional Update

News for members of Congress and their staffs – July 2021

IRS unveils online tool to help low-income families register for monthly Child Tax Credit payments

The Treasury Department and the Internal Revenue Service unveiled an online Non-filer Sign-up tool designed to help eligible families who don't normally file tax returns register for the monthly Advance Child Tax Credit payments, scheduled to begin July 15.

This tool, an update of last year's IRS Non-filers tool, is also designed to help eligible individuals who don't normally file income tax returns register for the $1,400 third round of Economic Impact Payments (also known as stimulus checks) and claim the Recovery Rebate Credit for any amount of the first two rounds of Economic Impact Payments they may have missed.

Developed in partnership with Intuit and delivered through the Free File Alliance, this tool provides a free and easy way for eligible people who don't make enough income to have an income tax return-filing obligation to provide the IRS the basic information needed — name, address, and Social Security numbers — to figure and issue their Advance Child Tax Credit payments. Often, these are individuals and families who receive little or no income, including those experiencing homelessness and other underserved groups. This new tool is available only on IRS.gov.

"We have been working hard to begin delivering the monthly Advance Child Tax Credit to millions of families with children in July," said IRS Commissioner Chuck Rettig. "This new tool will help more people easily gain access to this important credit as well as help people who don't normally file a tax return obtain an Economic Impact Payment. We encourage people to review the details about this important new effort."

The Non-filer Sign-up tool is for people who didn’t file a tax return for 2019 or 2020 and who didn’t use the IRS Non-filers tool last year to register for Economic Impact Payments. The tool enables them to provide required information about themselves, their qualifying children age 17 and under, their other dependents. The tool also asks for their direct deposit bank information so the IRS can quickly and easily deposit the payments directly into their checking or savings account.

No action needed by most families

Eligible families who already filed or plan to file 2019 or 2020 income tax returns should not use this tool. Once the IRS processes their 2019 or 2020 tax return, the information will be used to determine eligibility and issue advance payments. Families who want to claim other tax benefits, such as the Earned Income Tax Credit for low- and moderate-income families, should not use this tool and instead file a regular tax return. For them, the fastest and easiest way to file a return is the Free File system, available only on IRS.gov.

Public-private partnership plays vital role

Intuit developed the Non-filer Sign-up tool for the IRS and delivers this tool through its participation in the Free File Alliance. Intuit has a long history of working closely with the IRS on innovative solutions, including last year's Non-filers: Enter Payment Info Here tool. In addition, for many years, Intuit has offered Free File Fillable Forms, also delivered through the Free File Alliance. This is the electronic version of IRS paper forms, which provides all taxpayers with the option to electronically file for free. There are no income restrictions for using this option to file a 2020 tax return.

Watch out for scams

The IRS urges everyone to be on the lookout for scams related to both Advance Child Tax Credit payments and Economic Impact Payments. The IRS emphasized that the only way to get either of these benefits is by either filing a tax return with the IRS or registering online through the Non-filer Sign-up tool, exclusively on IRS.gov. Any other option is a scam.

Watch out for scams using email, phone calls or texts related to the payments. Be careful and cautious: The IRS never sends unsolicited electronic communications asking anyone to open attachments or visit a nongovernmental website.

About the Advance Child Tax Credit

The expanded and newly advanceable Child Tax Credit was authorized by the American Rescue Plan Act, enacted in March. Normally, the IRS will calculate the payment based on a person's 2020 tax return, including those who use the Non-filer Sign-up tool. If that return is not available because it hasn't yet been filed or is still being processed, the IRS will instead determine the initial payment amounts using the 2019 return or the information entered using the Non-filers tool that was available in 2020.

The payment will be up to $300 per month for each child under age 6 and up to $250 per month for each child age 6 through 17.

To make sure families have easy access to their money, the IRS will issue these payments by direct deposit, as long as correct banking information has previously been provided to the IRS. Otherwise, people should watch their mail around July 15 for their mailed payment. The dates for the Advance Child Tax Credit payments during 2021 are July 15, August 13, September 15, October 15, November 15 and December 15.

For more information, visit IRS.gov/childtaxcredit2021, or read FAQs on the 2021 Child Tax Credit and Advance Child Tax Credit Payments.

IRS announces two new online tools to help families manage Child Tax Credit payments

Child Tax Credit Eligibility Assistant helps families determine whether they qualify for Child Tax Credit payments

Update Portal helps families monitor and manage Child Tax Credit payments

IRS launched two more new online tools designed to help families manage and monitor the advance monthly payments of Child Tax Credits under the American Rescue Plan. These two new tools are in addition to the Non-filer Sign-up Tool, which helps families not normally required to file an income tax return to quickly register for the Child Tax Credit.

The new Child Tax Credit Eligibility Assistant allows families to answer a series of questions to quickly determine whether they qualify for the advance credit.

The Child Tax Credit Update Portal allows families to verify their eligibility for the payments and if they choose to, unenroll, or opt out from receiving the monthly payments so they can receive a lump sum when they file their tax return next year. This secure, password-protected tool is available to any eligible family with internet access and a smart phone or computer. Future versions of the tool planned in the summer and fall will allow people to view their payment history, adjust bank account information or mailing addresses and other features. A Spanish version is also planned.

Both the Child Tax Credit Eligibility Assistant and Child Tax Credit Update Portal are available now on IRS.gov.

“IRS employees continue to work hard to help people receive this important credit,” IRS Commissioner Chuck Rettig said. “The Update Portal is a key piece among the three new tools now available on IRS.gov to help families understand, register for and monitor these payments. We will be working across the nation with partner groups to share information and help eligible people receive the advance payments.”

More features coming to the Update Portal soon

Coming soon, families will be able to use the Child Tax Credit Update Portal to check the status of their payments. With a new feature, people will be able to update their bank account information for payments starting in August. In early August, a feature is planned that will allow people to update their mailing address. Then, in future updates planned for this summer and fall, they will be able to use this tool for things like updating family status and changes in income.

For more information see the FAQs, which will continue to be updated.

Update Portal allows people to unenroll

Instead of receiving these advance payments, some families may prefer to wait until the end of the year and receive the entire credit as a refund when they file their 2021 return. In this first release of the tool, the Child Tax Credit Update Portal now enables these families to quickly and easily unenroll from receiving monthly payments.

The unenroll feature can also be helpful to any family that no longer qualifies for the Child Tax Credit or believes they will not qualify when they file their 2021 return. This could happen if, for example:

- Their income in 2021 is too high to qualify them for the credit.
- Someone else (an ex-spouse or another family member, for example) qualifies to claim their child or children as dependents in 2021.
- Their main home was outside of the United States for more than half of 2021.

Accessing the Update Portal

To access the Child Tax Credit Update Portal, a person must first verify their identity. If a person has an existing IRS username or an ID.me account with a verified identity, they can use those accounts to easily sign in. People without an existing account will be asked to verify their identity with a form of photo identification using ID.me, a trusted third party for the IRS. Identity verification is an important safeguard and will protect your account from identity theft.

Anyone who lacks internet access or otherwise cannot use the online tool may unenroll by contacting the IRS at the phone number included in your outreach letter.

Who is getting a monthly payment

In general, monthly payments will go to eligible families who:

- Filed either a 2019 or 2020 federal income tax return.
- Used the Non-Filers tool on IRS.gov in 2020 to register for an Economic Impact Payment.
- Registered for the advance Child Tax Credit this year using the new Non-Filer Sign-Up Tool on IRS.gov.

An eligible family who took any of these steps does not need to do anything else to get their payments.

Normally, the IRS will calculate the advance payment based on the 2020 income tax return. If that return is not available, either because it has not yet been filed or it has not yet been processed, the IRS is instead determining the payment using the 2019 tax return.

Eligible families will receive advance payments, either by direct deposit or check. Each payment will be up to $300 per month for each child under age 6 and up to $250 per month for each child ages 6 through 17. The IRS will issue advance Child Tax Credit payments on these dates: July 15, Aug. 13, Sept. 15, Oct. 15, Nov. 15 and Dec. 15.

The IRS urges any family who hasn't yet filed their 2020 return – or 2019 return – to do so as soon as possible so they can receive any advance payment they're eligible for. At the same time, the agency cautions that tax returns must be processed by June 28 to be reflected in the first batch of monthly payments scheduled for July 15, so eligible families filing now will likely receive payments in the following months. Even if monthly payments begin after July, the IRS will adjust the monthly amounts upward to ensure that people still receive half of their total eligible Child Tax Credit benefit by the end of the year.

Filing soon will also ensure that the IRS has their most current bank account information, as well as key details about qualifying family members. This includes people who don't normally file a tax return, such as families experiencing homelessness and people in underserved groups.

For most people, the fastest and easiest way to file a return is by using IRS Free File, available only on IRS.gov. Besides qualifying them for these advance payments, using Free File will also enable them to claim other family-oriented tax benefits, if eligible, such as the Earned Income Tax Credit and the Recovery Rebate Credit/Economic Impact Payments.

New tool helps non-filers register

For families who don't normally file an income tax return, another easy option is to register for these advance payments using the new Non-filer Sign-up Tool, introduced recently, and available only on IRS.gov. Among other things, the tool asks users to supply current bank information, along with key details about themselves and their qualifying children. The tool then automatically fills in a very basic 2020 federal income tax return that is electronically sent to the IRS. The new tool was developed in partnership with Intuit and the Free File Alliance.

Child Tax Credit Eligibility Assistant unveiled

Before filing a return or using the Non-filer Sign-up Tool, families unsure of whether they qualify for either the credit or the advance payments may want to check out another new tool—the Child Tax Credit Eligibility Assistant. By answering a series of questions, the tool helps people determine if they qualify for the credit and the payments.

The IRS emphasized that because the Child Tax Credit Eligibility Assistant requests no personalized information, it is not a registration tool, but merely an eligibility tool. Nevertheless, it can still help an eligible family determine whether they should take the next step and either file an income tax return or register using the Non-filer Sign-up Tool.

Personal help available

IRS and its partners are helping families register for the payments using the Non-filer Sign-up Tool. During late June and early July, free events are taking place in Atlanta, Brooklyn, Detroit, Houston, Las Vegas, Los Angeles, Miami, Milwaukee, Philadelphia, Phoenix, St. Louis and Washington, D.C. Details are be available on IRS.gov.

Child Tax Credit 2021

The IRS has created a special Advance Child Tax Credit 2021 page, designed to provide the most up-to-date information about the credit and the advance payments. It's at IRS.gov/childtaxcredit2021.

Among other things, it provides direct links to the Non-Filer Sign Up Tool, the Child Tax Credit Update Portal, the Child Tax Credit Eligibility Assistant, a set of frequently asked questions and other useful resources.

Child Tax Credit changes

The American Rescue Plan raised the maximum Child Tax Credit in 2021 to $3,600 for children under the age of 6 and to $3,000 per child for children ages 6 through 17. Before 2021, the credit was worth up to $2,000 per eligible child.

The new maximum credit is available to taxpayers with a modified adjusted gross income (AGI) of:

- $75,000 or less for singles,
- $112,500 or less for heads of household and

- $150,000 or less for married couples filing a joint return and qualified widows and widowers.

For most people, modified AGI is the amount shown on Line 11 of their 2020 Form 1040 or 1040-SR. Above these income thresholds, the extra amount above the original $2,000 credit — either $1,000 or $1,600 per child — is reduced by $50 for every $1,000 in modified AGI. In addition, the credit is fully refundable for 2021. This means that eligible families can get it, even if they owe no federal income tax. Before this year, the refundable portion was limited to $1,400 per child.

Help spread the word

The IRS urges community groups, non-profits, associations, education organizations and anyone else with connections to people with children to share this critical information about the Child Tax Credit as well as other important benefits. Among other things, the IRS is already working closely with its community partners to ensure wide access to the Non-filer Sign-up Tool and the Child Tax Credit Update Portal. The agency is also providing additional materials and information that can be easily shared by social media, email and other methods.

For the most up-to-date information on the Child Tax Credit and advance payments, visit Advance Child Tax Credit Payments in 2021.

Special ZIP Code data

Special information is available by individual ZIP Codes to help identify locations where children who may be eligible to be claimed for the expanded and newly-advanceable Child Tax Credit but who had not been claimed on a recent tax return. The data can be used to help organizations focus their outreach efforts seeking to sign up non-filers for monthly Child Tax Credit payments.

- By ZIP Code: Number of Children under Age 18 with a Social Security Number Who Are Not Found on a Tax Year 2019 or 2020 Tax Return but who Appear on a Tax Year 2019 Form 1095 and Associated Number of Policy Holders
- Estimated Counts of Children Unclaimed for CTC by ZIP Code 2019

Resumption of collection activity

From April 1, 2020, through July 15, 2020, the IRS's People First Initiative (PFI) suspended most of IRS collection activities, such as issuing levies and filing notices of federal tax lien. This initiative provided relief to taxpayers suffering economic effects resulting from the pandemic. When the PFI expired, revenue officers in IRS's Field Collection organization resumed initiating collection actions on the cases assigned to them. However, the IRS has continued to keep its systemic and automated lien and levy programs idle since April 2020. With the recent progress the country has made in controlling the COVID-19 pandemic, economic activity is returning to normal. Therefore, IRS plans to return to its normal collection casework processes later this summer to support integrity in the nation's tax system.

The majority of compliance operations are already running normally. Balance due notices are generally automatically sent to taxpayers after the tax filing deadline to those the IRS believe have a tax bill. Beginning June 15, 2021, the IRS expects to begin following up with taxpayers who failed to respond to prior notices. Taxpayers (some with 2020 or 2019 tax liabilities) will be notified that they have 30 days (45 if out of the country) to respond or pay their tax bills. Taxpayers who fail to respond to these additional letters could be subject to levies or Notice of Federal Tax Lien filings beginning August 15, 2021.

As these programs resume, the IRS realizes many taxpayers continue to face economic hardship and offers many programs to help, including payment agreements and Offers in Compromise. Also, if the IRS determines a taxpayer cannot pay their tax debt, a temporary delay of the collection process can be granted and the account will be reported as currently not collectable. If the tax liability is paid in full, the taxpayer has entered into an installment agreement, has a pending Offer in Compromise, or the taxpayer's IRS balance has been found to be currently not collectible, collection actions will be suspended.

IRS collection programs to resume are:

- Notifications to the U.S. Department of State to exercise their authority to revoke the passports of taxpayers with seriously delinquent tax debt that they fail to pay will resume on July 15, 2021. The IRS resumed certifying tax debt as seriously delinquent to the U.S. State Department in mid-March 2021. (Being certified to the State Department prevents a taxpayer from renewing or obtaining a new passport.)

- Automated levies in coordination with other state and federal agencies including:

    - Federal Payment Levy Program, State Income Tax Levy Program, and the Municipal Tax Levy Program – start July 15, 2021

    - Alaskan Permanent Fund Dividend Program – start August 15, 2021

- Balance due notices (including final notices) will start being mailed by the Automated Collection System (ACS) in June 2021. Systemic levies and Notices of Federal Tax Lien will be issued starting August 15, 2021, if taxpayers fail to pay, establish a payment plan, or reach agreement with the IRS that the taxes are uncollectible.

More information on the collection process and how to avoid a levy is available on IRS.gov.

IRS announces 'Dirty Dozen' tax scams for 2021

Americans urged to watch out for tax scams during the pandemic

The IRS began its "Dirty Dozen" list for 2021 with a warning for taxpayers, tax professionals and financial institutions to be on the lookout for these 12 nefarious schemes and scams.

This year's "Dirty Dozen" will be separated into four separate categories: pandemic-related scams like Economic Impact Payment theft; personal information cons including phishing, ransomware and phone 'vishing'; ruses focusing on unsuspecting victims like fake charities and

senior/immigrant fraud; and schemes that persuade taxpayers into unscrupulous actions such as Offer In Compromise mills and syndicated conservation easements.

The agency compiled the list into these categories based on who perpetuates the schemes and who they impact. In addition to today's scams the IRS will highlight the other schemes over the next three days.

The IRS urges all taxpayers to be on guard, especially during the pandemic, not only for themselves, but also for other people in their lives.

"We continue to see scam artists use the pandemic to steal money and information from honest taxpayers in a time of crisis," said IRS Commissioner Chuck Rettig. "We provide this list to alert taxpayers about common scams that fraudsters use against their victims. At the IRS, we are dedicated to stopping these criminals, but it's up to all of us to remain vigilant to protect ourselves and our families."

Taxpayers are encouraged to review the "Dirty Dozen: list in a special section on IRS.gov and should be alert to these scams during tax filing season and throughout the year.

Disaster preparedness

The Internal Revenue Service reminds everyone that now is a good time to create or review emergency preparedness plans for surviving natural disasters. In the last year, the Federal Emergency Management Agency (FEMA) declared major disasters following hurricanes, tropical storms, tornados, severe storms, flooding, wildfires and an earthquake. Individuals, organizations and businesses should take time now to make or update their emergency plans.

Secure key documents and make copies

Taxpayers should place original documents such as tax returns, birth certificates, deeds, titles and insurance policies inside waterproof containers in a secure space. Duplicates of these documents should be kept with a trusted person outside the area of the taxpayer. Scanning them for backup storage on electronic media such as a flash drive is another option that provides security and portability.

Document valuables and equipment

Current photos or videos of a home's or business's contents can help support claims for insurance or tax benefits after a disaster. All property, especially expensive and high-value items, should be recorded. The IRS disaster-loss workbooks in Publication 584 can help individuals and businesses compile lists of belongings or business equipment.

Employers should check fiduciary bonds

Employers who use payroll service providers should ask the provider if it has a fiduciary bond in place. The bond could protect the employer in the event of default by the payroll service provider. The IRS reminds employers to carefully choose their payroll service providers.

Rebuilding documents

Reconstructing records after a disaster may be required for tax purposes, getting federal help or insurance reimbursement. Those who have lost some or all their records during a disaster can visit IRS's Reconstructing Records webpage as one of their first steps.

IRS stands ready

After FEMA issues a disaster declaration, the IRS may postpone certain tax-filing and tax-payment deadlines for taxpayers who reside or have a business in the disaster area. There is no need to call the IRS to request this relief. The IRS automatically identifies taxpayers located in the covered disaster area and applies filing and payment relief. Those affected by a disaster and have tax-related questions can contact the IRS at 866-562-5227 to speak with an IRS specialist trained to handle disaster-related issues.

Taxpayers who do not reside in a covered disaster area, but suffered losses from a disaster should call 866-562-5227 to find out if they qualify for disaster tax relief and to discuss other available options.

Find complete disaster assistance and emergency relief details for both individuals and businesses on our Around the Nation webpage on IRS.gov. The FEMA Prepare for Disasters webpage includes information to Build a Kit of emergency supplies.

Related items:

- Publication 2194, Disaster Resource Guide for Individuals and Businesses PDF
- Publication 583, Starting a Business and Keeping Records
- Small Business Administration
- Disasterassistance.gov
- Ready.gov

Here's how saying "I do" can affect a couple's tax situation

The arrival of summer is also the start of wedding season. Marriage changes many things and taxes is one of them. Newlyweds should know how tying the knot can affect their tax situation.

Here's a tax checklist for newly married couples:

- **Name and address changes**
  - **Name**. When a name changes through marriage, it's important to report that change to the Social Security Administration (SSA). The name on a person's tax return must match what is on file at the SSA. If it doesn't, it could delay any tax refund. To update information, taxpayers should file Form SS-5, Application for a Social Security Card. It's available on SSA.gov, by calling **800-772-1213** or at a local SSA office.

- **Address**. If marriage means a change of address, the IRS and U.S. Postal Service need to know. To do notify the IRS, people should send the IRS Form 8822, Change of Address. Taxpayers should also notify the postal service to forward their mail by going online at USPS.com or their local post office.

- **Withholding**
  - After getting married, couples should consider changing their withholding. Newly married couples must give their employers a new Form W-4, Employee's Withholding Allowance within 10 days. If both spouses work, they may move into a higher tax bracket or be affected by the additional Medicare tax. They can use the Tax Withholding Estimator on IRS.gov to help complete a new Form W-4. Taxpayers should review Publication 505, Tax Withholding and Estimated Tax, for more information.

- **Filing status**
  - Married people can choose to file their federal income taxes jointly or separately each year. While filing jointly is usually more beneficial, it's best to figure the tax both ways to find out which works best. Remember, if a couple is married as of December 31, the law says they're married for the whole year for tax purposes.

- **Scams**
  - All taxpayers should be aware of and avoid tax scams. The IRS will never initiate contact using email, phone calls, social media or text messages. First contact generally comes in the mail. Those wondering if they owe money to the IRS can view their tax account information on IRS.gov to find out.

- **More information**
  - Topic 157, Change Your Address – How to Notify the IRS

Need to amend a tax return?

After filing their tax return, taxpayers may find they made an error or forgot to enter something on it. The IRS strongly recommends taxpayers use the Interactive Tax Assistant, Should I File an Amended Return? to help determine if they should correct an error or make other changes to the tax return they already filed.

Common errors taxpayers should fix are those made about filing status, income, deductions and credits. Taxpayers usually do not need to file an amended return to fix a math error or if they forgot to attach a form or schedule. Normally, the IRS will correct the math error and notify the taxpayer by mail. Similarly, the agency will send a letter requesting any missing forms or schedules.

2021 Low Income Taxpayer Clinic Supplemental Grant awarded to West Virginia University College of Law

The Low Income Taxpayer Clinic (LITC) Program Office is pleased to announce the funding of a new clinic at the West Virginia University (WVU) College of Law. The LITC program funds organizations to represent low-income taxpayers who have a tax controversy with the IRS and educates taxpayers for whom English is a second language about their rights and responsibilities as U.S. taxpayers. The WVU clinic is funded pursuant to the LITC supplemental grant application period that closed in April.

The clinic, which will receive funding from July 1, 2021, through December 31, 2022, will serve the entire state of West Virginia, which was an area without LITC coverage for several years. The clinic will be led by Nicole McConlogue, associate professor and clinic director, who currently teaches in the Litigation and Advocacy Clinic. She joined the faculty at WVU College of Law in 2020 after a clinical teaching fellowship at the University of Baltimore School of Law.

WVU College of Law currently offers a small tax controversy litigation clinic. The LITC grant will allow the school to expand the tax clinic, offering it to more students and thereby allowing it to help more taxpayers. The IRS LITC Program is happy to welcome WVU College to the LITC program and look forward to working with them.

Additional information on IRS.gov

IRS releases Data Book for fiscal 2020 describing agency's activities during pandemic

New FAQs available to aid families and small business under the American Rescue Plan

2020 Recovery Rebate Credit

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 situations

Tax treatment of unemployment compensation

Third Economic Impact Payments

IRS Procurement Office to hire 80 new employees nationwide, including contract specialists

A Closer Look – Get to know the IRS, its people and the issues that affect taxpayers

Florida man sentenced for evading taxes on millions in secret offshore bank accounts

Bank Julius Baer admits laundering over $36 million in bribes in FIFA case

Virginia Beach businessman pleads guilty to $2.5 million tax fraud

Help on IRS.gov

Filing – Payments – Refunds – Credits & Deductions – Forms & Instructions – Tax Questions

IRS in other languages

Spanish - Chinese - Korean - Russian - Vietnamese - ASL (YouTube)

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 Taxpayer Advocate Service.