Congressional Update

News for members of Congress and their staffs – May 2021

IRS has refunds totaling $1.3 billion for people who have not filed a 2017 federal income tax return

Unclaimed income tax refunds worth more than $1.3 billion await an estimated 1.3 million taxpayers who did not file a 2017 Form 1040 federal income tax return.

"The IRS wants to help taxpayers who are due refunds but haven't filed their 2017 tax returns yet," said IRS Commissioner Chuck Rettig. "Time is quickly running out for these taxpayers. There's only a three-year window to claim these refunds, and the window closes on May 17. We want to help people get these refunds, but they will need to quickly file a 2017 tax return."

Those experiencing homelessness can get Economic Impact Payments and other tax benefits; permanent address not required

IRS is continuing an ongoing effort to help those experiencing homelessness during the pandemic by reminding people who don't have a permanent address or a bank account that they may still qualify for Economic Impact Payments and other tax benefits.

While Economic Impact Payments continue to be made automatically to most people, the IRS can't issue a payment to eligible Americans when information about them isn't available in the tax agency's systems.

To help people experiencing homelessness, the rural poor and other historically under-served groups, the IRS urges community groups, employers and others to share information about Economic Impact Payments and help more eligible people file a tax return so they can receive everything they're entitled to. IRS.gov has a variety of information and tools to help people receive the Economic Impact Payments.

"The IRS has been continuing to work directly with groups inside and outside the tax community to get information directly to people experiencing homelessness and other groups to help them receive Economic Impact Payments," said IRS Commissioner Chuck Rettig. "The IRS is working hard on this effort, enabling millions of people who don't normally file a tax return to receive these payments. But we need to do more, and we appreciate all the help we've been receiving from national and local groups to assist in this effort to reach the people who desperately need this help."

Economic Impact Payments, also known as stimulus payments, are different from most other tax benefits; people can get the payments even if they have little or no income and even if they don't usually file a tax return. This is true as long as they have a Social Security number and are not being supported by someone else who can claim them as a dependent.

The IRS needs information from people who don't usually file a tax return – even if they did not have any income last year or their income was not large enough to require them to file. The only way for the agency to have that information is for people to file a basic 2020 tax return with the IRS. Once that return is processed, the IRS can quickly send stimulus payments to an address selected by the eligible individual. People do not need a permanent address or a bank account. They don't need to have a job. For eligible individuals, the IRS will still issue the payment even if they haven't filed a tax return in years.

People in this group can still qualify for the first two Economic Impact Payments when they file their 2020 return by claiming the Recovery Rebate Credit. There's a special section on IRS.gov that can help: Claiming the 2020 Recovery Rebate Credit if you aren't required to file a tax return. For the current third round of payments, people who are experiencing homelessness usually qualify to receive $1,400 for themselves. If they are married or have dependents, they can get an additional $1,400 for each of their family members.

Filing a 2020 federal income tax return that provides very basic information about the person is something that can be done electronically using a smartphone or a computer. When the IRS receives the return, it will automatically calculate and issue the Economic Impact Payments to eligible individuals.

Permanent address not required

People can claim an Economic Impact Payment or other credits even if they don't have a permanent address. For example, someone experiencing homelessness may list the address of a friend, relative or trusted service provider, such as a shelter, drop-in day center or transitional housing program, on the return filed with the IRS. If they are unable to choose direct deposit, a check or debit card for the tax refund and the third Economic Impact Payment can then be mailed to this address.

Individuals experiencing homelessness can receive the EITC

A worker experiencing homelessness can get an Earned Income Tax Credit (EITC). To get the credit, federal law requires that a worker live in the U.S. for more than half of the year and meet other requirements. This means living in a home in any of the 50 states or the District of Columbia. Therefore, individuals experiencing homelessness, including those who reside at one or more homeless shelters, can meet that requirement.

File for free

The fastest and easiest way to claim the 2020 Recovery Rebate Credit and Earned Income Tax Credit (EITC) or to get the third Economic Impact Payment is to file a return electronically using IRS Free File. People can use a smartphone or computer to visit IRS.gov and click the File Your Taxes for Free link.

Through the Free File system, anyone who qualifies for the EITC also qualifies to use brand-name software to prepare and electronically file their return for free. The IRS urges anyone experiencing homelessness who has a smartphone or access to a computer to take advantage of this service.

Get free help from IRS partners

Alternatively, anyone who qualifies for the EITC or does not have a filing requirement but is filing to get an Economic Impact Payment also qualifies for free tax help from a trained community volunteer tax preparer. Through VITA (Volunteer Income Tax Assistance) and TCE (Tax Counselling for the Elderly), volunteers prepare basic tax returns at thousands of tax help sites nationwide.

Please note that some VITA/TCE sites are not operating at full capacity and others are not opening this year. To find the nearest location, visit the Free Tax Return Preparation site on IRS.gov, or call 800-906-9887. VITA/TCE site availability is updated throughout the filing season, so check back if there aren't any sites listed nearby.

What to expect for refunds this year

The IRS issues more than 9 out of 10 refunds in less than 21 days for electronically filed returns. However, it's possible a filer's tax return may require additional review and take longer. Where's My Refund? has the most up-to-date information. The tool is updated daily so taxpayers don't need to check more often.

IRS phone and walk-in representatives can research the status of the refund if:

- It's been 21 days or more since electronically filing the return,
- It's been more than 6 weeks since mailing a paper return or
- The Where's My Refund? tool directs the taxpayer to contact the IRS.

Taxpayers can use the tool to start checking on the status of their return within 24 hours after the IRS has received an e-filed return or 4 weeks after the taxpayer mailed a paper return. Where's My Refund? has a tracker that displays progress through 3 stages:

1. Return Received,
2. Refund Approved and
3. Refund Sent

Taxpayers will get personalized refund information based on the processing of their tax return. The tool will provide an actual refund date as soon as the IRS processes the tax return and approves the refund.

Here's how people can pay their federal taxes

The extended May 17 deadline for individuals to file and pay their federal income tax is fast approaching. While paying taxes is not optional, people do have options when it comes to how they pay taxes. The IRS offers a variety of ways to pay taxes.

Some taxpayers must make quarterly estimated tax payments throughout the year. This includes sole proprietors, partners and S corporation shareholders who expect to owe $1,000 or more when they file. Individuals who participate in the gig economy might also have to make estimated payments. The April 15, 2021, deadline to pay estimated taxes did not change.

Here are five ways for people to pay their taxes:

- Pay when they e-file using their bank account, at no charge, using electronic funds withdrawal.
- Use IRS Direct Pay, which allows taxpayers to pay electronically directly from their checking or savings account for free. They can choose to receive email notifications about their payments when they pay this way. Taxpayers should watch out for email schemes. IRS Direct Pay sends emails only to users who request the service.
- Pay using a payment processor by credit card, debit card or digital wallet options. Taxpayers can make these payments online, by phone or through the IRS2Go app.
- Make a cash payment at more than 60,000 participating retail locations nationwide. To pay with cash, visit IRS.gov and follow the instructions.
- Pay over time by applying for an online payment agreement. Once the IRS accepts an agreement, the taxpayers can make their payment in monthly installments.

Extension of time to file

Need more time to prepare a federal tax return? The IRS provides information on how to apply for an extension of time to file.

Please be aware that:

- An extension of time to file the return does not grant an extension of time to pay the taxes.
- Taxpayers should estimate and pay any owed taxes by their regular deadline to help avoid possible penalties and interest.
- The taxpayer must file an extension request no later than the regular due date of the return.

A Closer Look: Narrowing the Tax Gap

In the latest issue of A Closer Look, IRS Commissioner Chuck Rettig discusses how the Tax Gap is computed and what the IRS is doing to narrow it. “Our mission statement reflects our values: We put ‘service’ first, making it easier for Americans to understand and satisfy their tax obligations as the most important thing the IRS can do to affect the Tax Gap,” Rettig said.

A Closer Look: The IRS Independent Office of Appeals

In a recent issue of A Closer Look, Andrew Keyso, chief of the Independent Office of Appeals, discusses what taxpayers can do if they disagree with an IRS audit or collection decision.

“I’d like to remind taxpayers that they can have their case reviewed by an Appeals officer who is independent of the IRS compliance function that made the initial determination in their case. I’m a big believer in a strong appeals function within the IRS,” said Keyso.

The Volunteer Taxpayer Advocacy Panel announced vacancies in 34 locations

The Taxpayer Advocacy Panel (TAP), a federal advisory committee, is seeking volunteers to serve on the 2022-2024 panel. The TAP offers its members a unique opportunity to participate in the improvement of both the U.S. tax administration system and the organization of the IRS. The civic-minded volunteers listen to taxpayers, identify major taxpayer concerns and make recommendations for improving IRS service and customer satisfaction.

Please help spread the word to those who may be interested in working with the IRS to improve its products and services. TAP is accepting applications through May 14, 2021, for vacancies in 34 locations. To learn more about the TAP, please view the TAP Recruitment Video or visit www.improveirs.org for additional information about joining the panel.

2022 Low Income Taxpayer Clinic Grant Application Period Opens May 3

As announced in last month’s newsletter, the Low Income Taxpayer Clinic (LITC) Program Office recently offered a supplemental application period. Although that application period is now closed, your constituents will soon have another chance to get involved. The IRS is accepting applications for 2022 LITC grants beginning May 3, 2021. Applications must be received by June 18, 2021.

The mission of LITCs is to ensure the fairness and integrity of the tax system for taxpayers who are low-income or speak English as a second language by:

- Providing pro bono representation on their behalf in tax disputes with the IRS;
- Educating them about their rights and responsibilities as taxpayers; and
- Identifying and advocating for issues that affect these taxpayers.

Now is a great opportunity for qualified organizations to apply and potentially receive matching grants of up to $100,000. At present, the following states do not have an LITC: Nevada, North Dakota, West Virginia and Wyoming. Puerto Rico also does not have an LITC. Additionally, several states have coverage gaps, including Arizona, Florida, Idaho and Pennsylvania. However, the IRS welcomes all applications and will ensure that each application receives full consideration.

Interested parties are encouraged to watch this video about applying for an LITC grant and review Publication 3319, which includes key program guidelines and the most recent grant application package.

To learn more about the LITC program and about how we can work together to identify potential applicants in your community, please reach out to Karen Tober with the LITC Program Office by email at Karen.Tober@irs.gov or by phone at 202-317-4095.

Criminal Investigation pledges continued commitment to investigating COVID-19 fraud as CARES Act reaches one-year anniversary

The IRS Criminal Investigation Division (IRS-CI) marked the one-year anniversary of the Coronavirus Aid, Relief and Economic Security Act by pledging its continued commitment to investigating COVID-19 fraud.

This includes fraud related to:

- Economic Impact Payments
- Paycheck Protection Program
- Employee Retention Credit

IRS-CI encourages the public to share information regarding known or suspected fraud attempts against any of the programs offered through the CARES Act. To report a suspected crime, taxpayers may visit IRS.gov.

Free recorded workshop helps small business owners understand their tax obligations

The Small Business Tax Workshop is composed of eight interactive lessons designed to help new small business owners learn their tax rights and responsibilities.

IRS YouTube channels have helpful videos on a variety of tax topics in multiple languages

Taxpayers can subscribe to three different IRS YouTube channels to get tax information in a short and easy to understand format and see community updates from the agency.

The IRS YouTube channels are:

- IRS Videos
- IRS Videos American Sign Language
- IRS Videos Multilingual

Here are just a few of the helpful videos:

- View account information – This video shows people how to set up an online account to view their tax information on IRS.gov.
- Recovery Rebate Credit – This video explains why eligible people should claim the recovery rebate credit if they didn't get any or the full amounts of the first two Economic Impact Payments.
- Interactive Tax Assistant – This video introduces people to the Interactive Tax Assistant, an online tool that provides answers to several tax law questions specific to an individual's circumstances. Based on their input, the tool can determine if a person has to file a tax return, their filing status, if they can claim a dependent, if the type of income they have is taxable, if they're eligible to claim a credit or if they can deduct expenses.

The channels also offer playlists on specific tax topics, including ones for tax professionals and small business taxpayers.

Additional information on IRS.gov

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

IRS Free File can help people who have no filing requirement find overlooked tax credits and get a refund

IRS letters explain why some 2020 Recovery Rebate Credits are different than expected

IRS suspends requirement to repay excess advance payments of the 2020 Premium Tax Credit; those claiming net Premium Tax Credit must file Form 8962

J5 countries host ‘Challenge’ aimed at FINtech companies

SOI Tax Stats - Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Statistics

Steer clear of typical tax return errors; May 17 deadline nears

Tax Relief in Disaster Situations

Tax Scams/Consumer Alerts

Third Economic Impact Payments

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.