Congressional Update

News for members of Congress and their staffs – September 2021

Families received August Child Tax Credit payments; still time for low-income families to sign up

Millions of American families received their Advance Child Tax Credit (CTC) payment for the month of August This second batch of advance monthly payments, worth about $15 billion, was sent to about 36 million families on Aug. 13 across the country. The majority of advance payments are issued by direct deposit. The third monthly payment will be issued September 15.

It's not too late for low-income families to sign up for advance CTC payments. The IRS urges anyone who normally isn't required to file a tax return to explore the tools available on IRS.gov, such as the Eligibility Assistant and the Non-filers Sign-up Tool. Families who need to use the Non-filer Sign-up tool should see IRS Publication 5538, a step-by-step guide for the tool that can help people get advance Child Tax Credit payments and Economic Impact Payments. It's available in several languages.

2021 Child Tax Credit and Advance Child Tax Credit Payments: e-Posters, Toolkits and User Guides

To help people understand and receive this benefit, the IRS has developed materials in several languages. All materials, in English and other languages, are posted on a special Advance Child Tax Credit 2021 resource page.

Child Tax Credit: New update address feature available with IRS online portal; make other changes by October 4 for October payment

The Internal Revenue Service has launched a new feature allowing any family receiving monthly Child Tax Credit payments to quickly and easily update their mailing address using the Child Tax Credit Update Portal. This feature will help any family that chooses to receive their payment by paper check avoid mailing delays or even having a check returned as undeliverable.

Sept. 15 deadline for third-quarter estimated tax payment

September 15, 2021, is the deadline for third-quarter estimated tax payments for the 2021 tax year. See Who Must Pay Estimated Tax for more information.

Oct. 15 deadline for extension filers nears

The October 15, 2021, filing deadline for taxpayers who requested an extension to file their 2020 tax return is quickly approaching. Taxpayers should remember they can file whenever they're ready and don't have to wait until Friday, October 15, 2021.

These tools are available at IRS.gov to help people with their taxes:

- **IRS Free File and other electronic filing options.** Taxpayers can file their tax return electronically for free through IRS Free File. Other electronic filing options include using a free tax return preparation site, commercial software or an authorized e-file provider.
- **Direct deposit for refunds.** The fastest way for taxpayers to get their refund is to file electronically and use direct deposit. Refunds can be deposited in up to three accounts. Taxpayers can also use their refunds to purchase up to $5,000 in U.S. Series I Savings Bonds.
- **Online payment options.** If an extension filer owes taxes, they should pay as much as possible by the October 15 deadline to reduce interest and penalties. IRS Direct Pay allows individuals to securely pay from their checking or savings accounts. Visit IRS.gov for additional payment options.
- **Account information and tax records.** Individual taxpayers can visit IRS.gov to manage their account. This includes viewing their balance and payment history, paying taxes and accessing tax records through Get Transcript.

These people may have more time to file their tax return:

- Military members serving in a combat zone or a contingency operation in support of the armed forces generally get more time to file.
- People who have a valid extension and are in – or affected by – a federally declared disaster may be allowed more time to file.

Taxpayers should keep a copy of their tax return and all supporting documents for at least three years.

Work Opportunity Tax Credit

Giving someone a work opportunity may translate into a business tax credit for your client and greater stability for a family.

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers for hiring individuals from certain targeted groups who have consistently faced significant barriers to employment. The WOTC joins other workforce programs that incentivize workplace diversity and improve access to good jobs for American workers. The Consolidated Appropriation Act 2021 authorized the extension of the WOTC until December 31, 2025.

Here’s what taxpayers need to know about higher education tax credits

As a new school year begins, students are considering what classes they need to take and how much the classes will cost, whether it's community college, a trade school, a four-year university or an advanced degree. The good news is tax credits can help offset these costs.

These credits reduce the amount of tax someone owes. If the credit reduces tax to less than zero, the taxpayer could even receive a refund.

Taxpayers who pay for higher education in 2021 can see these tax savings when they file their tax return next year. If taxpayers, their spouses or their dependents take post-high school coursework, they may be eligible for a tax benefit.

There are two credits available to help taxpayers save money on higher education, the American Opportunity Tax Credit and the Lifetime Learning Credit. Taxpayers use Form 8863, Education Credits, to claim the credits.

Here are some important things taxpayers should know about these credits

The American Opportunity Tax Credit is:

- Worth a maximum benefit of up to $2,500 per eligible student.
- Only for the first four years at an eligible college or vocational school.
- For students pursuing a degree or other recognized education credential.
- Partially refundable. People could get up to $1,000 back.

The Lifetime Learning Credit is:

- Worth a maximum benefit of up to $2,000 per tax return, per year, no matter how many students qualify.
- Available for all years of postsecondary education and for courses to acquire or improve job skills.
- Available for an unlimited number of tax years.

To be eligible to claim either of these credits, a taxpayer or a dependent must have received a Form 1098-T from an eligible educational institution. There are exceptions for some students.

Taxpayers can use the Interactive Tax Assistant tool on IRS.gov to find out if they're eligible for these credits.

More information

- Publication 970, Tax Benefits for Education

Taxpayers and tax pros should be ready to verify their identity when calling the IRS

Taxpayers and tax professionals calling the IRS will be asked to verify their identity. This is part of the agency's ongoing efforts to keep taxpayer data secure from identity thieves.

Before calling, everyone should visit IRS.gov to access resources like the Let Us Help You page to get faster answers to their tax questions.

If a taxpayer decides to call, they should know that IRS phone assistors take great care to only discuss personal information with the taxpayer or someone the taxpayer authorizes to speak on their behalf. To make sure that taxpayers do not have to call back, the IRS reminds taxpayers to have the following information ready:

- Social Security numbers (SSN) and birth dates for those who were named on the tax return.
- An Individual Taxpayer Identification Number (ITIN) if the taxpayer has one instead of an SSN.
- Their filing status: single, head of household, married filing joint or married filing separate.

- The prior-year tax return. Phone assistors may need to verify taxpayer identity with information from the return before answering certain questions.
- A copy of the tax return in question.
- Any IRS letters or notices received by the taxpayer.

By law, IRS telephone assistors will only speak with the taxpayer or the taxpayer's legally designated representative.

If taxpayers or tax professionals call about someone else's account, they should be prepared to verify their identities and provide information about the person they are representing. Before calling about a third party, they should have the following information available:

- Verbal or written authorization from the third party to discuss the account
- The ability to verify the taxpayer's name, SSN or ITIN, tax period and tax forms filed
- Preparer Tax Identification Number or PIN if a third-party designee
- One of these forms, which is current, completed and signed:
    - Form 8821, Tax Information Authorization
    - Form 2848, Power of Attorney and Declaration of Representative

A Closer Look: Innovation at Work – Using Technology to Bring the IRS Forward

The IRS published the latest executive column "A Closer Look," which features Nancy Sieger, IRS Chief Information Officer, discussing modernization of services provided to the public, protecting taxpayer data and using technology to make the IRS more accessible. "One of my goals as the CIO is to pursue new and innovative ways of delivering technology such as providing our customers with new capabilities before they know they need them," Sieger said. Read more here. Read the Spanish version here.

A Closer Look: The new Tax Pro Account

In a recent issue of A Closer Look, Dietra Grant, director of the Customer Account Services organization, discusses the new Tax Pro Account, an application on IRS.gov that allows greater online interaction and collaboration between tax pros and taxpayers. "This new, groundbreaking application allows for all-digital interaction between tax professionals and taxpayers on authorizations and sets the stage for several advancements on third-party authorizations in the future," said Grant. A Closer Look is also available in Spanish.

Workshop helps small business owners understand, meet tax obligations

Share the Small Business Virtual Tax Workshop with interested new small business owners. This free workshop, which is available anytime, helps educate small business owners about their taxes and how to meet their tax obligations.

TAS opens new office in Trenton, New Jersey

The Taxpayer Advocate Service (TAS) now has two offices in New Jersey (NJ). In addition to its office in Springfield, TAS has added an office in Trenton. The decision to open the Trenton office followed an analysis of TAS casework that found sufficient case volumes to warrant an additional office.

Darol Tucker is the Local Taxpayer Advocate in the Trenton office. He can be reached at (609) 858-7920 or by email at **Darol.Tucker@irs.gov**. The new office is located at One State Street Square, 50 West State Street in Trenton, NJ; however, walk-in services are suspended at this time due to COVID-19 restrictions. Darol and his staff are ready to virtually serve New Jersey Congressional Members and their constituents, along with taxpayers and representatives who need TAS assistance.
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IRS Tax Tips: Helpful taxpayer information on a variety of topics

- IRS cautions taxpayers about fake charities and scammers targeting immigrants English |Spanish
- Here's why taxpayers should have an IRS online account English | Spanish
- Tax tips for students working summer jobs English | Spanish
- A tip for teachers: Some educator expenses may be tax deductible English | Spanish
- Employers should choose their payroll service provider carefully to protect against fraud English | Spanish
- Here's what taxpayers need to know about higher education tax credits English | Spanish
- Things people do during the summer that might affect their tax return next year English | Spanish
- Here's what taxpayers need to know about paying taxes on their hobby activities English |Spanish

Additional information on IRS.gov

- FAQs available to aid families and small businesses 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
- Publication 5549, IRS User Guide: Child Tax Credit Update Portal (.pdf)
- Tax treatment of unemployment compensation
- Third Economic Impact Payments
- What taxpayers need to know about using the IRS Tax Withholding Estimator
- Stonecrest man sentenced to jail for defrauding the USDA COVID-19 relief program | Internal Revenue Service
- Michigan biodiesel exporter sentenced to prison for tax fraud | Internal Revenue Service
- Nigerian money launderer sentenced to prison for defrauding Texas Employees Retirement System
- U.S. promoter of foreign cryptocurrency companies pleads guilty for role in multimillion-dollar securities fraud scheme

Help on IRS.gov

Filing – Payments – Refunds – Credits & Deductions – Forms & 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 Taxpayer Advocate Service.