Congressional Update

News for members of Congress and their staffs – February 2025

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The 2025 filing season is underway, IRS.gov has tools and resources for smooth filing

The IRS began accepting and processing 2024 tax returns Monday, January 27. The deadline to file a 2024 return or request an **extension of time to file** is Tuesday, April 15. An extension of time to file is not an extension of time to pay and taxpayers must pay all taxes due by April 15 to avoid a penalty for filing late. Taxpayers **outside of the country** and **disaster victims** may have additional time to file past the April deadline.

Most refunds are issued in less than 21 days; EITC refunds for many available starting March 3

Many factors can affect refund timing after IRS receives a tax return. Although the IRS issues most refunds in less than 21 days, the IRS cautions taxpayers not to rely on receiving a refund by a certain date, especially when making major purchases or paying bills. Some returns may require additional review and may take longer. The easiest way to check a refund's status is by viewing their **individual online account** or using **Where's My Refund?** on IRS.gov or the **IRS2Go** app.

Under the federal Protecting Americans from Tax Hikes (PATH) Act, the IRS cannot issue Earned Income Tax Credit (EITC) and Additional Child Tax Credit (ACTC) refunds before mid-February. This includes the entire refund, not just the part of the refund related to EITC/ACTC. **Where's My Refund?** should show an updated status by February 22 for most early EITC/ACTC filers. The IRS expects most EITC/ACTC related refunds to be available in taxpayer bank accounts or on debit cards by March 3, if they chose direct deposit and there are no other issues with their tax return. Some taxpayers will have access to their refund sooner depending on the financial institution's process.

Speed up refunds with direct deposit

Direct deposit is the best way to receive a tax refund. Historically, check recipients are 16x more likely to experience issues with a treasury disbursed check. Issues could include payee claims of non-receipt, forgery, theft and returned for bad address, as compared to an electronically delivered payment. With direct deposit, refunds are automatically deposited into the taxpayer account, and are faster, safer and more secure. Don't have a bank account? Learn how to open an account at an **FDIC-Insured bank** or with the **National Credit Union Locator Tool**.

Online tools and resources only at IRS.gov

Taxpayers should make **IRS.gov** their first stop to find the online **tools** to help them get the information they need. The tools are easy-to-use and available anytime. Millions of people use them to help file and pay taxes, find information about their accounts and get answers to tax questions. Visit the **Let Us Help You** page on IRS.gov for more tools and resources.

Filing options available at IRS.gov

IRS Free File: Free guided tax preparation software available to individuals and families with adjusted gross income of $84k or less in 2024.

Free File Fillable Forms: Part of the IRS Free File program, has no income limit and is for those individuals comfortable completing their own tax return.

Direct File: Eligible taxpayers in participating states can prepare and file their federal tax return online for free directly and securely with the IRS. Taxpayers have access to live chat support from IRS staff. Individuals interested in Direct File can **check their eligibility now**. While Direct File doesn't prepare state returns, if you live in a participating state, Direct File guides taxpayers to a state-supported tool to prepare and file their state tax return for free.

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs: IRS certified volunteers are available in communities nationwide to provide

free tax assistance to low-to-moderate income (generally under $67,000 in adjusted gross income) and elderly taxpayers (age 60 and older). For additional information visit **IRS.gov/VITA**.

MilTax: A Department of Defense program generally offering free return preparation and electronic filing software for federal income tax returns and up to three state income tax returns for all military members, and some veterans, with no income limit.

Individuals looking for a tax professional can visit **IRS Directory of Federal Tax Return Preparers with Credentials and Select Qualifications** to find tax preparers who currently hold professional credentials recognized by the IRS.

IRS provides information and resources in as many **languages** as possible and an **alternative media center** for people with disabilities, including the Accessibility Helpline at 833-690-0598.

The IRS encourages congressional offices to follow the annual Get Ready campaign and share IRS messages with their constituents. The campaign includes:

- Webpage on IRS.gov with the latest **Get Ready** information.
- Latest **news releases** and **tax tips** that anyone can subscribe to and share.
- IRS **social media** messages.

Disaster tax relief information

IRS: California wildfire victims qualify for tax relief; various deadlines postponed to October 15

The Internal Revenue Service announced on January 10 **tax relief for individuals and businesses in southern California** affected by wildfires and straight-line winds that began on January 7.

IRS reminder to disaster area taxpayers with extensions: All or parts of 14 states, 2 territories need to file 2023 returns by February 3; others have until May 1

IRS on January 3 **reminded disaster-area taxpayers who received extensions** to file their 2023 returns that, depending upon their location, their returns are due by February 3 or May 1.

Access retirement funds in a disaster

The SECURE 2.0 Act makes it easier for qualified individuals **impacted by a federally declared major disaster to access their retirement savings**.

Farmers and fishers: March 3 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 3, 2025.

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 preceding tax year. Those who choose not to file by March 3, 2025, should have made an estimated tax payment by January 15, 2025, to avoid an estimated tax penalty.

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

Form W-2 and Form 1099-R (what to do if incorrect or not received)

If your **Form W-2, Wage and Tax Statement** and/or **Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.** aren't available to you by January 31, 2025, or if your information is incorrect on these forms, **contact your employer/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 assistance** for hours of operation). When you call, please have the following information available:

- Your name, address (including ZIP Code) and taxpayer identification number
- **Your employer/payer's name** and address (including ZIP Code).

The IRS will contact the employer/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 a letter containing instructions for you.

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

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?**

IRS offers office hours for help with the pre-filing registration process for elective payment and transfer of clean energy and CHIPS credits

The IRS is offering office hours (through Microsoft Teams) to help entities with the pre-filing registration process on the **IRA/CHIPS Pre-filing Registration Tool**. Pre-filing registration is a required step for applicable entities and eligible taxpayers to take advantage of **elective payment or transfer of credits** available in the Inflation Reduction Act and CHIPS Act. Representatives from the IRS will be available to answer your pre-filing registration questions.

Qualifying businesses, tax-exempt organizations, or entities such as state, local and tribal governments can take advantage of certain business tax credits even if they don't have taxable income to which the credits can be applied.

Registration for office hours is open. Registration is required and can be completed by clicking on the links on this **page**.

IRS and the Coalition Against Scam and Scheme Threats announce 2025 filing season changes aimed at increasing fraud detection

The IRS and partners in the Coalition of Scam and Scheme Threats (CASST) **released changes for the 2025 filing season** designed to help protect taxpayers from becoming victims of a scam or scheme and preventing tax professionals from having their credentials compromised.

The changes to protect taxpayers include a new form involving the Fuel Tax Credit that's designed to make it harder for well-meaning taxpayers to be **misled into claiming** the credit by promoters. The IRS is also stepping up review on a variety of "other withholding" claims on Form 1040 that have been targets of scammers and schemers. And the IRS is reaching out to taxpayers who have potentially been using "ghost preparers" to prepare tax returns. These preparers don't identify themselves on the tax return, which is a red flag for taxpayers to be misled into a scam or scheme.

National Taxpayer Advocate 2024 annual report to Congress

National Taxpayer Advocate Erin M. Collins recently released her **2024 Annual Report to Congress**, finding overall improvement in IRS taxpayer service but also highlighting persistent challenges, particularly delays in processing Employee Retention Credit (ERC) claims and resolving Identity Theft Victim Assistance cases.

Most Serious Problems

By law, the Advocate's report is required to identify the ten **most serious problems** taxpayers are experiencing in their dealings with the IRS and to make administrative and legislative recommendations to address those problems. In addition to ERC and IDTVA processing delays, the report identifies eight other serious taxpayer problems, including the following:

- Continuing delays in IRS return processing are frustrating taxpayers and causing refund delays.
- Taxpayer service is often not timely or adequate.
- Continuing challenges in employee recruitment, hiring, training and retention are hindering the IRS's ability to achieve transformational change in taxpayer service and tax administration.

Legislative Recommendations: The "Purple Book"

The National Taxpayer Advocate's **2025 Purple Book** proposes 69 legislative recommendations intended to strengthen taxpayer rights and improve tax administration. Among the recommendations:

- Authorize the IRS to establish minimum competency standards for federal tax return preparers and revoke the identification numbers of sanctioned preparers.
- Expand the U.S. Tax Court's jurisdiction to hear refund cases.
- Enable the Low Income Taxpayer Clinic (LITC) program to assist more taxpayers in controversies with the IRS.
- Allow the limitation on theft loss deductions in the Tax Cuts and Jobs Act to expire so scam victims are not taxed on amounts stolen from them.

Research Studies

The report contains three TAS research studies offering insight into challenges facing taxpayers and practitioners and recommending ways to improve IRS services and processes.

- Identity theft filters and unpaid refunds.
- IRS telephone service performance measures.

- Challenges in obtaining Individual Taxpayer Identification Numbers (ITINs).

Other Report Highlights

The report also contains a taxpayer rights and service assessment that presents performance measures and other relevant data, a description of TAS's case advocacy and systemic advocacy operations, and a discussion of the 10 federal tax issues most frequently litigated in court last year.

Visit TAS's **2024 Annual Report to Congress** for more information.

IRS criminal investigation reveals its top 10 cases of 2024

IRS Criminal Investigation (IRS-CI) released its "Top 10 Cases" of 2024, detailing cases involving some of the largest money laundering, drug trafficking, embezzlement, and tax evasion schemes of 2024.

IRS-CI's top 10 cases of 2024 represent the most high-profile and impactful cases of 2024, and highlights cases against defendants who committed millions of dollars in fraudulent activity, defrauded investors, funneled money to terrorist organizations and committed other financial crimes.

"Each year, I'm amazed with the variety of cases that make our top 10 list," said IRS-CI Chief Guy Ficco. "Our agents know how to follow the money, and they use their investigative prowess to target criminals who prey on unsuspecting victims, funnel narcotics into the U.S., and steal from others for personal gain."

Examples of IRS-CI's Top 10 Cases of 2024 include:

Two tax shelter promoters sentenced for billion-dollar SCE tax scheme; two more CPAs plead guilty - Certified Public Accountant Jack Fisher and Attorney James Sinnott and their co-conspirators sold over $1.3 billion in fraudulent tax deductions as part of a syndicated conservation easement scheme, leading to a tax loss to the IRS of over $450 million. Fisher was not only a pioneer in the conservation easement industry, but also one of its biggest promoters across the country. Fisher and Sinnott each made millions of dollars promoting and selling their tax shelters to wealthy taxpayers. The two men also used fraudulent deductions generated by their tax shelters on their own personal income tax returns to reduce the taxes they owed on the millions they earned. Fisher and Sinnott were sentenced in January 2024 to 25 and 23 years in prison, respectively.

Binance CEO plead guilty to federal charges in $4 billion resolution - In June, Changpeng Zhao, the founder and former CEO of Binance, the world's largest cryptocurrency exchange, was sentenced to four months in prison for failing to maintain an effective money laundering program. Binance Holdings Limited, the entity that operates Binance.com, pleaded guilty in November 2023 and agreed to pay a $4.3 billion financial penalty to resolve a criminal investigation into violations related to the Bank Secrecy Act and the International Emergency Economic Powers Act and failure to register as a money transmitting business. Between August 2017 and October 2022, Binance executed more than 1.67 million virtual currency trades on its Binance.com platform between U.S. citizens, users in sanctioned jurisdictions, and blocked users.

Former Army civilian employee sentenced to 15 years in federal prison for $100 million fraud scheme - Janet Yamanka Mello was sentenced in July to 15 years in federal prison and required to pay more than $140 million in restitution for stealing nearly $109 million from youth programs and failing to pay more than $32 million in taxes. Mello was a civilian financial program manager for the Army's Installation Management Command where she designed the funding policy used to process grant applications. She created a fake business and used it to apply for millions of dollars from the 4-H Military Partnership Grant program. Once Mello received a grant check, she deposited it into her bank account and then spent it on clothing, jewelry, vehicles and real estate. Her lavish spending that drew the attention of IRS-CI special agents, and the IRS-CI investigation helped stop the final multimillion dollar grant payment to her.

Former Los Angeles politician José Huizar sentenced to 13 years in federal prison for racketeering conspiracy and tax evasion - José Luis Huizar was sentenced in January 2024 to 13 years in federal prison for using his position as a former Los Angeles city councilmember to enrich himself and his associates and evade taxes. Huizar was also ordered to pay $443,905 in restitution to the City of Los Angeles and $38,792 in restitution to the IRS. For years, Huizar perpetrated a bribery scheme that sought nearly $2 million in bribes from real estate developers and their proxies to support obtain cash bribes, casino gambling chips, prostitution services, political contributions, flights, hotels, meals, etc. In exchange for these benefits, Huizar took official acts and gave favorable treatment towards the projects of the paying real estate developers.

Bitcoin Fog operator sentenced for money laundering conspiracy - A dual Russian-Swedish national, Roman Sterlingov, was sentenced in November to 12 years and six months in federal prison for his role operating the longest-running bitcoin money laundering service on the darknet. He was also ordered to pay a monetary judgement of

more than $395 million, forfeit assets valued at $1.76 million and forfeit his interest in the Bitcoin Fog wallet, equivalent to approximately 1,345 bitcoin. Bitcoin Fog gained notoriety as a go-to money laundering service for criminals seeking to hide their illicit proceeds from law enforcement. The bulk of cryptocurrency infused into Bitcoin Fog came from darknet marketplaces and was tied to illegal narcotics, computer crimes, identity theft, and child sexual abuse material. Bitcoin Fog processed transactions involving more than 1.2 million bitcoin, valued at approximately $400 million at the time the transactions occurred.

IRS-CI is the law enforcement arm of the IRS, responsible for conducting financial crime investigations, including tax fraud, narcotics trafficking, money-laundering, public corruption, healthcare fraud, identity theft and more. IRS-CI special agents are the only federal law enforcement agents with investigative jurisdiction over violations of the Internal Revenue Code, obtaining a 90% federal conviction rate. The agency has 20 field offices located across the U.S. and 14 attaché posts abroad.

Click this link for all 10 of IRS-CI's top cases of 2024.

For the latest on IRS-CI cases, follow on X **@IRS_CI** or via the **IRS-CI LinkedIn** page.

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

File Form 1099 series information returns for free online

Business taxpayers can file electronically any Form 1099 series information returns for free with the IRS Information Returns Intake System. The IRIS Taxpayer Portal is available to any business of any size.

Essential tax tips for marriage status changes

A taxpayer's filing status generally depends on their being married or unmarried on the last day of the year – which means that a taxpayer's marital status as of December 31, 2024, determines their tax filing options for all of 2024.

Additional information on IRS.gov

- **Tax relief in disaster situations**
- **IRS initiates Fast Track Settlement pilot programs in effort to make**

Alternative Dispute Resolution faster and easier
- IRS reminds eligible 2021 non-filers to claim Recovery Rebate Credit before time runs out
- Need to respond to a letter or notice? Use the Document Upload Tool
- Where's My Refund?
- Resources and guidance for Puerto Rico families that may qualify for the Child Tax Credit
- Get an Identity Protection PIN (IP PIN)
- Processing status for tax forms
- Get your tax record

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 – X – Instagram – Facebook - LinkedIn

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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.