

IRS NEWS FOR TAX PROFESSIONALS

August 2020

► UPCOMING WEBINARS

August 13: **Understanding the e-Services Transcript Delivery System**

- Register here: <https://www.webcaster4.com/Webcast/Page/1148/36244>

Check [Webinars for Tax Practitioners](#) or [Webinars for Small Businesses](#) for updates.

► OUTREACH CONNECTION

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► HOT TOPICS

[IRS statement on interest payments](#)

- **Did your client get a refund that's higher than expected? It might be due to interest paid on their refund.**
- Interest on individual 2019 refunds reflected on returns filed by July 15, 2020 will generally be **paid from April 15, 2020 until the date of the refund**. Interest payments may be received separately from the refund.

[IRS debunks tax refund myths](#)

- With the July 15 tax deadline now past, the IRS reminds all taxpayers that there is no secret way to find out when a refund will be issued.
- Most taxpayers have already filed their federal tax return, and many have already received their refund. Those that have not are understandably eager for details about when their refund will arrive. When it comes to tax refunds, a few common myths keep circulating and misinforming taxpayers.

[IRS creates new Enterprise Digitalization and Case Management office](#)

- The IRS announced the creation of the new **Enterprise Digitalization and Case Management office**, which will spearhead IRS efforts to empower taxpayers and IRS employees to rapidly resolve issues in a simplified digital environment.
- The office's efforts will support overall IRS modernization and implementation of long-term changes stemming from the [Taxpayer First Act](#).

► CHARITABLE CONTRIBUTIONS

[Temporary changes regarding charitable contributions](#)

- Individuals and businesses may take advantage of temporary changes this year involving charitable contributions.
- Individuals may deduct qualified contributions of up to 100 percent of their adjusted gross income in 2020, while a corporation may deduct qualified contributions of up to 25 percent of its taxable income. Contributions that exceed that amount can carry over to the next tax year. For 2020, a special rule is also in effect allowing enhanced deductions by businesses for contributions of food inventory for the care of the ill, needy or infants.

► PEOPLE FIRST INITIATIVE

[Taxpayers need to resume payments by July 15](#)

- As the IRS continues to reopen its operations across the country, taxpayers who were in payment agreements and skipped any payments from March 25 and July 15 should start paying again to avoid penalties and possible default on their agreements.
- **See also:** [Have an installment agreement or payment plan? Payments should resume starting July 15](#)

► IRS OPERATIONS AND SERVICES

[IRS Operations During COVID-19: Mission-critical functions continue](#)

This page is updated as IRS operations and services change. Please check back often.

Updated August 3, 2020

- **IRS Working to Reduce CAF Backlog; Make Future Digital Improvements:** We are working hard to reduce the backlog of third-party authorizations. However, due to site closures relating to COVID-19 concerns, we currently are exceeding our five-business day target for approval. Our current time frame for authorization approval is approximately 15 business days. Please consider the additional approval time and plan accordingly. We request you do not submit duplicate authorizations as duplicate filings will only cause further delays. We expect to have full staffing in place soon and reduce the wait time.

Also, the IRS acknowledges the burden on taxpayers and the tax professional community to apply physical signatures to forms, especially during these unprecedented times. The IRS is working on a solution to accept digital signatures on Forms 8821 and 2848 by early 2021. The IRS will continue to work on accepting digital transmissions of these forms in support of the [Taxpayer First Act](#).

► SCAMS

[IRS unveils "Dirty Dozen" list of tax scams for 2020](#)

- The IRS announced its annual "Dirty Dozen" list of tax scams with a special emphasis on aggressive and evolving schemes related to coronavirus tax relief, including Economic Impact Payments.

[J5 reflects on two-years pursuing global tax cheats](#)

- Leaders from five international tax organizations are marking the two-year anniversary of the formation of the Joint Chiefs of Global Tax Enforcement (J5) this week.
- The J5 includes the Australian Taxation Office (ATO), the Canadian Revenue Agency (CRA), the Dutch Fiscal Information and Investigation Service (FIOD), Her Majesty's

Revenue and Customs (HMRC) from the UK and the Internal Revenue Service Criminal Investigation Division (IRS-CI) from the US.

► IN CASE YOU MISSED IT

[IRS says a Paycheck Checkup helps avoid tax surprises](#)

- The IRS reminds taxpayers that using the [IRS Tax Withholding Estimator](#) to do a [Paycheck Checkup](#) can help them have the right amount of tax withheld and avoid surprises when filing next year.
- Because income taxes are [pay-as-you-go](#), taxpayers are required by law to pay most of their tax as income is received.

[National Taxpayer Advocate Erin Collins delivers her first report to Congress](#)

- National Taxpayer Advocate Erin M. Collins released her first report to Congress, identifying taxpayer challenges arising from the COVID-19 pandemic, the CARES Act, and the IRS's implementation of the Taxpayer First Act as priority issues the Taxpayer Advocate Service plans to focus on in the coming year.

[Electronic Tax Administration Advisory Committee releases annual report to Congress](#)

- The Electronic Tax Administration Advisory Committee (ETAAC) released its annual report to Congress, featuring recommendations that focus on the prevention of identity theft and refund fraud.

► NEWS FOR INDIVIDUALS

[IRS advice for those who missed the July 15 deadline, file now to avoid bigger bill](#)

- For those who missed the July 15 tax deadline and didn't request an extension, the IRS reminds taxpayers about some important tips, including filing electronically as soon as possible to reduce potential penalties.

► NEWS FOR BUSINESSES and EMPLOYERS

[How to report nonemployee compensation and backup withholding](#)

- There is a new [Form 1099-NEC, Nonemployee Compensation](#) for business taxpayers who pay or receive nonemployee compensation.
- Starting in tax year 2020, payers must complete this form to report any payment of \$600 or more to a payee.

[IRS reminds businesses filing cash transaction reports about e-file option; batch filing now available](#)

- The IRS reminds businesses required to file reports of large cash transactions that e-filing is a fast, easy and secure option for filing their reports. Now, businesses can batch file their reports, which is especially helpful to those required to file many forms.
- Although businesses have the option of filing Form 8300, Report of Cash Payments Over \$10,000, on paper, many have already found the free and secure e-filing system is a more convenient and cost-effective way to meet the reporting deadline. The form is due 15 days after a transaction and there's no charge for the e-file option.
- See also: [Reporting cash transactions helps government combat criminal activities](#)

[What you need to know about “lock-in” letters and employer federal income tax withholding](#)

- Has one of your clients received a “lock-in” letter from the IRS?
- The IRS sends Letter 2800C, also called a “lock-in” letter, to instruct employers to follow a specific federal income tax withholding arrangement for an employee who doesn’t have enough income taxes withheld from their wages. The employee has 60 days from the date of the letter to discuss the determination with the IRS before the withholding arrangement takes effect. Starting 60 days after the date of the letter, the withholding rate in Letter 2800C is locked in and the employer must begin withholding from the employee at that new rate.
- Employers that do not withhold federal income tax from their employee as instructed by a “lock-in” letter will be liable for paying the additional tax required to be withheld. But there are situations in which the employer may withhold at a rate that is different from the rate in Letter 2800C.
- You can find more information at [Withholding Compliance Q&As](#) and view the [Lock-In Letter Video](#).

► COVID-RELATED, CARES ACT, and FFCRA NEWS

BUSINESSES:

[Treasury, IRS issue guidance on reporting qualified sick and family leave wages paid](#)

- The Treasury Department and the IRS provided guidance in [Notice 2020-54](#) to employers requiring them to report the amount of qualified sick and family leave wages paid to employees under the Families First Coronavirus Response Act (FFCRA) on Form W-2.

[IRS is sending letters to those experiencing a delay with advance payment of employer credits](#)

- The IRS has started sending letters to taxpayers who have experienced a delay in the processing of their Form 7200, Advance Payment of Employer Credits Due To COVID-19.
- A taxpayer will receive letter 6312 if the IRS either rejected Form 7200 or made a change to the requested amount of advance payment due to a computation error.

[IRS provides guidance on recapturing excess employment tax credits](#)

- The IRS issued a temporary regulation and a proposed regulation to reconcile advance payments of refundable employment tax credits and recapture the benefit of these credits when necessary.

INDIVIDUALS:

[Major changes to retirement plans due to COVID-19](#)

- Qualified individuals affected by COVID-19 may be able to withdraw up to \$100,000 from their eligible retirement plans, including IRAs, between January 1 and December 30, 2020.

► ECONOMIC IMPACT PAYMENTS

[Economic Impact Payments: Partner and Promotional Materials](#)

- SEE: Reaching People Who Are Eligible for a Payment and Don’t Normally File a Tax Return

EIP RESOURCES

- [Economic Impact Payment Information Center \(EIP FAQs\)](#)

- [Get My Payment FAQs](#)
TIP: When a question is added or updated, it will say “added July 2”, or “updated July 10”. Use Ctrl F to search for the words “added”, “updated”, or “July”. This will help you find new or updated questions.

As we add new questions, sometimes an FAQ gets a new number. Use Ctrl F to find the FAQ using key words for that topic.

► YOUR PRACTICE, YOUR CLIENTS

[Security Summit focuses on tax pro security during coronavirus; new series on working virtually: protecting tax data at home and at work](#)

- The IRS and the [Security Summit](#) partners today urged tax professionals this summer to review critical security steps to ensure they are fully protecting client data whether working in the office or a remote location.

[Working Virtually: Protect tax data at home and at work with the "Security Six;" Part 1 of Security Summit tips for tax professionals](#)

- With cyberthieves active during COVID-19, the IRS and the Security Summit partners today urged tax professionals to review critical security steps to ensure they are fully protecting client data whether working in the office or a remote location.
- During this period, the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) have urged organizations to maintain a heightened state of alert as cybercriminals seek to exploit Covid-19 concerns.

[IRS announces 2021 PTIN fees for tax return preparers](#)

- The IRS announced the annual fee for 2021 that tax return preparers must pay to apply for or renew their Preparer Tax Identification Number (PTIN).
- In final regulations, the IRS set a \$21 fee per PTIN application or renewal (plus a \$14.95 fee payable to a contractor).

► e-NEWS SUBSCRIPTIONS and SOCIAL MEDIA

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[IRS Social Media](#)

- The IRS uses social media tools to share the latest information on tax changes, scam alerts, initiatives, products and services. Connect with the IRS through social media tools.

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- Click on Share
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