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INSIDE THIS ISSUE

Government Employees Who Receive Returns or Return Information Subject to Disclosure Restrictions

Rev. Rul. 2022-7

The IRS has issued a guidance stating that government employees who receive returns or return information pursuant to disclosures under Code Sect. 6103(c), are subject to the disclosure restrictions, like all designees who receive returns or return information pursuant to taxpayer consent. Further, government employees who receive returns or return information pursuant to disclosures under Code Sec. 6103(k)(6) or (e), other than Code Sec. 6103(e)(1)(D)(iii) (relating to certain shareholders), are not subject to the disclosure restrictions with regard to the returns or return information received.

Background

Section 2202 of the Taxpayer First Act (TFA), P.L. 116-25, amended Code Sec. 6103(a)(3) and (c) to limit redisclosures and uses of return information received pursuant to the taxpayer consent exception. Code Sec. 6103(c), as amended by the TFA, explicitly prohibits designees from using return information for any reason other than the express purpose for which the taxpayer grants consent and from redisclosing return information without the taxpayer's express permission or request. Further, Code Sec. 6103(a)(3), as amended by the TFA, imposes disclosure restrictions on all recipients of return information under Code Sec. 6103(c). The TFA did not amend Code Sec. 6103(e) or (k)(6), or Code Sec. 6103(a) with respect to disclosures under Code Sec. 6103(e) or (k)(6).

Disclosure Restrictions

The IRS cited seven situations where disclosure restrictions of Code Sec. 6103(a) would or would not be applicable with regard to returns or return information received as a result of disclosure under:

- Code Sec. 6103(c) with the consent of the taxpayer (taxpayer consent exception),
- Code Sec. 6103(e) as a person having a material interest, but not under Code Sec. 6103(e)(1)(D)(iii) relating to disclosures to certain shareholders (material interest exception), or
- Code Sec. 6103(k)(6) for investigative purposes (investigative disclosure exception).

Effect on Other Documents

Rev. Rul. 2004-53, I.R.B. 2004-23, has been modified and superseded.

Eligibility Requirements Waived for Individuals in Certain Countries Claiming Foreign Earned Income Exclusion

Rev. Proc. 2022-18

The IRS has provided a waiver for any individual who failed to meet the foreign earned income or deduction eligibility requirements of Code Sec. 911(d)(1) because adverse conditions in a foreign country precluded the individual from meeting the requirements for the 2021 tax year. Qualified individuals may exempt from taxation their foreign earned income and housing cost amounts.

Relief Provided

The countries for which the eligibility requirements have been waived for 2021 are Iraq, Burma, Chad, Afghanistan and Ethiopia. Accordingly, an individual who left the following countries beginning on the specified date will be treated as a qualified individual with respect to the period during which that individual was present in, or was a bona fide resident of the country: (1) Iraq on or after January 19, 2021; (2) Burma on or after March 30, 2021; Chad on or after April 17, 2021; (4) Afghanistan on or after April 27, 2021, and; (5) Ethiopia on or after November 5, 2021. Individuals who left the above mentioned countries must establish a reasonable expectation that he or she would have met the requirements of Code Sec. 911(d)(1) but for those adverse conditions. Further, individuals who established residency, or were first physically present in Iraq, after January 19, 2021, are not eligible for the waiver. Taxpayers who need assistance on how to claim the exclusion, or how to file an amended return, should consult the section under the heading "Foreign Earned Income Exclusion" at https://www.irs.gov/individuals/international-taxpayers/us-citizens-and-resident-aliens-abroad; consult the section under the heading How to Get Tax Help at the same web address; or contact a local IRS office.

Tax Court Proposes Amendments to Rules of Practice and Procedure

Tax Court Press Release

The Tax Court has proposed amendments to its Rules of Practice and Procedure. All of the proposed amendments reflect the court's ongoing commitment to simplify and modernize the rules, to make them more easily understood, and to conform the rules more closely to the Federal Rules of Civil Procedure where appropriate.

Proposed New Rules

The court has proposed three new rules:

- Rule 63, Intervention;
- Rule 92, Identification and Certification of Administrative Record In Certain Actions; and
- Rule 152, Brief Of An Amicus Curiae.

These new rules are intended and designed to fill gaps in the court's existing Rules of Practice and Procedure that have been identified by Judges of the Tax Court and by various Courts of Appeals (e.g., proposed Rules 63 and 152) or reflect important developments in the court's jurisprudence (proposed Rule 92).

Proposed Amendments to Existing Rules

These include the proposed amendments to Rule 21 (Service of Papers), Rule 25 (Computation of Time), Rule 34 (Petition), Rule 121 (Summary Judgment), and Rule 147 (Subpoenas). Finally, the court has proposed conforming amendments to existing Rules and to Form 6, Ownership Disclosure Statement, and Form 10, Notice of Change of Address.

Comment Requests

The Tax Court has invited public comment on the proposed amendments. Comments must be received by May 25, 2022, and may be emailed to Stephanie A. Servoss, Clerk of the Court, at Rules@ustaxcourt.gov, or addressed to the Clerk of the Court at United States Tax Court, 400 Second Street, N.W., Room 111, Washington, D.C. 20217. Taxpayers are requested to contact Public Affairs Office at (202) 521-3355 for any further questions.

REFERENCE KEY

USTC references are to ***U.S. Tax Cases***
Dec references are to ***Tax Court Reports***

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Partial Payment Installment Agreement Administration Needs Improvement – Treasury IG

The department found that the IRS "has not provided taxpayers with adequate information on PPIAs on its public website or with the instructions pertaining to the form used to request an installment agreement, nor has the IRS created an effective means for taxpayers to request PPIAs or appeal rejected PPIAs as required by law," the March 16 report states.

PPIAs were established as part of the American Jobs Creation Act of 2004 and allows taxpayers to make regular monthly payments to the IRS. These payments do not satisfy the entire tax liability in full, but once the terms of the PPIA are fulfilled, the IRS cannot collect on the remainder of the tax debt as the collection status will have expired. Taxpayers must, at the two-year mark, submit updated financial information for manual review to determine what, if any changes, need to be made in the monthly payment amount based on the updated financial status.

From fiscal year 2016 to FY2020, PPIAs accounted for less than 2 percent of new installment agreements, which TIGIA states "may be due to the lack of information provided to taxpayers or outreach efforts aimed at increasing awareness of PPIAs." It notes that the IRS website does not contain information on PPIAs or how to request a PPIA. The Form 9465 (Installment Agreement Request) and its instructions also do not mention the PPIA.

TIGTA also found that, based on analysis of collection default data, that the IRS is "establishing PPIAs for amounts that taxpayers cannot afford," adding that the default rate for PPIAs, at 23 percent, is higher than all other types of installment agreements, "and in some years, the amount defaulted was greater than the amount placed into PPIAs."

Part of this is due to a lack of complete financial information available to the agency, which the audit report notes is not maintained in IRS systems for PPIAs.

"When a PPIA is established without a complete financial analysis, there is a higher risk that taxpayers are not paying the maximum amount they can afford," the report states. "There is also a higher risk that the taxpayer cannot afford the payments in the agreement."

IRS agreed to a number of recommendations made by TIGTA, including improving the availability of information that is available, considering changes to the instructions for Form 9465, extending documentation retention requirements, and remind collections employees on the need to conduct and document a full financial analysis.

The report also found that cases deemed currently not collectible could have benefited from using the PPIA option. It highlighted four cases in FY 2020 that were "closed not collectible," but if PPIAs were used before collection status expired, more than $79,000 in funds could have been collected.

"TIGTA projects that the 16,025 taxpayers who had tax liabilities closed as uncollectible could have entered PPIAs and paid a total of over $319 million before their respective collection statues expired."

IRS has partially agreed to revise its closed not collectible procedures.

Population Figures Provided for Calculating Low-Income Housing Tax Credits

State and local housing credit agencies that allocate low-income housing tax credits and states and other issuers of tax-exempt private activity bonds have been provided with a listing of the proper population figures to be used when calculating the 2022:

- calendar-year population-based component of the state housing credit ceiling under Code Sec. 42(h)(3)(C)(ii);
- calendar-year private activity bond volume cap under Code Sec. 146;
- and exempt facility bond volume limit under Code Sec. 142(k)(5).

These figures are derived from the estimates of the resident populations of the 50 states, the District of Columbia and Puerto Rico, which were released by the Bureau of the Census on December 21, 2021. The figures for the insular areas of American Samoa, Guam, the Northern Mariana Islands and the U.S. Virgin Islands are the midyear population figures in the U.S. Census Bureau's International Database.

Notice 2022-12

IRS Highlights Criminal Investigation Law Enforcement

FS-2022-18; FS-2022-19

The IRS has released a fact sheet to spotlight the role of IRS Criminal Investigation (CI) and the budget constraints it faces. The CI unit has recently been called upon to provide its unique expertise to assist with interagency efforts to enforce sanctions related to Russia's invasion of Ukraine. This included investigating Russian oligarchs and those who facilitate the illegal movement of money or assets on their behalf. CI cyber agents have also previously been engaged in investigative efforts involving cryptocurrency transactions associated with Russian-based entities for the past several months.

Further, the IRS released a snapshot of recent IRS-CI work. This includes investigating the case of a Russian bank founder sentenced for evading taxes, investigating a $1.3 billion tax shelter scheme and seizing $3.6 billion of stolen cryptocurrency in the fiscal year 2021. Today, CI devotes only about six percent of its investigative time to cybercrimes or cryptocurrency.

The Service also highlighted the return on CI investments. An average of $1.8 million annually in tax deficiency is identified by IRS-CI per special agent, such that the ratio of tax deficiency to labor cost is 8:1. Last year, IRS-CI identified $10.4 billion from tax fraud and financial crimes, with a budget of just $636 million. That is more than a 16:1 return. Additionally, CI agents successfully worked to convict more than 1,200 sophisticated financial criminals. The IRS also issued a table providing a glance at the CI statistics for 2021.

Additional Examples

The IRS has released additional examples of the types of cases that IRS Criminal Investigation (CI) has led or been significantly involved in over the last few years. IRS-CI is the only federal law enforcement agency authorized to investigate Title 26 (federal criminal tax) violations. Despite having 25 percent less staff over the course of the decade, CI has consistently delivered strong results. An increase in funding would help to add more investigations to the pipeline.

The first category of cases includes money laundering, narcotics, counterterrorism and national security investigations. IRS-CI is the largest user of Bank Secrecy Act data to identify significant financial criminal activity. An example was the case of Alfredo Vasquez-Hernandez who was sentenced to 22 years in prison for his role in a $1 billion trafficking conspiracy.

The second category of cases includes cybercrimes and cryptocurrency investigations. Since 2014, CI Cyber Crimes has proportionately grown in both resources and results. In fiscal year 2021, CI was responsible for the seizure of cryptocurrency valued at more than $3.5B. To date in fiscal year 2022, CI has already surpassed that amount.

Finally, the third category includes tax investigations. Priority areas include abusive tax schemes, employment tax fraud, non-filers and identity theft. Highlighted cases include a federal jury convicting a California businessman of criminal charges related to a $1 billion renewable fuel tax credit scheme.

Current Plan Liability Rates Set for March 2022

For pension plan years beginning in February 2022, the IRS has released:

- the 30-year Treasury bond weighted average interest rate,
- the unadjusted segment rates,
- the adjusted rates, and
- the minimum present value segment rates.

Corporate Bond Rate

The three 24-month average corporate bond segment rates applicable for March 2022 (without adjustment for the 25-year average segment rate limits are as follows):

- 0.87 for the first segment rate,
- 2.64 for the second, and
- 3.28 for the third.

March 2022 Adjusted Segment Rates

The March 2022 adjusted segment rates for plan years beginning in 2021 are:

- 4.75 for the first,
- 5.36 for the second, and
- 6.11 for the third.

The rates for plan years beginning in 2022 are:

- 4.75 for the first,
- 5.18 for the second, and
- 5.92 for the third.

March 2022 Pre-ARP Adjusted Segment Rates

The March 2022 Pre-ARP adjusted segment rates for plan years beginning in 2021 are:

- 3.32 for the first,
- 4.79 for the second, and
- 5.47 for the third.

30-Year Treasury Weighted Average

For plan years beginning in March 2022, the 30-year Treasury weighted average securities rate is 2.09, with a permissible range of 1.89 to 2.20.

The rate of interest on 30-year Treasury securities for February 2022 is 2.25 percent.

The minimum present value segment rates under Code Sec. 417(e)(3)(D) for February 2022 are:

- 1.88 for the first segment rate,
- 3.35 for the second, and
- 3.70 for the third.

Notice 2022-14

FAQs for Payment by Indian Tribal Governments and Alaska Native Corporations to Individuals Finalized

FS-2022-23; IR-2022-68

The IRS has issued final frequently asked questions (FAQs) for payments by Indian Tribal Governments and Alaska Native Corporations to individuals under COVID-Relief Legislation. These reflect updates to the Draft FAQs, released in May 2021, based on input from tribal government and Alaska Native Corporations leaders. For purposes of these FAQs, references to tribal members include other eligible recipients of COVID relief payments, such as a tribal member's dependents. In addition, the answers in FAQs 1-14 relating to the tax treatment and information reporting of payments made from Tribes to tribal members should be considered to apply equally to payments made from ANCs to their shareholders and other eligible recipients, such as an ANC shareholder's dependents.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136), enacted on March 27, 2020, provided a number of emergency relief programs that benefit Indian Tribal Governments (Tribes) and tribal members. The Consolidated Appropriations Act, 2021 (CAA) (P.L. 116-260), enacted on December 27, 2020, extended certain COVID-related tax provisions, and provides for appropriations for COVID-19 emergency response and relief for the fiscal year ending September 30, 2021, including additional funds for Tribes. The American Rescue Plan Act of 2021 (ARP) (P.L. 117-2), enacted on March 11, 2021, also extended previous programs, and added new relief provisions that benefit Tribes and tribal members. These programs allow Tribes to provide emergency relief payments to tribal members and their families for necessary expenses resulting from the COVID-19 pandemic.

IRS Updates FAQs on Third-Round Economic Impact Payment

The IRS has updated its frequently asked questions (FAQs) on the third-round Economic Impact Payment. The FAQs revisions are:

- Third-round Economic Impact Payment — Topic A: General Information
- Third-round Economic Impact Payment — Topic B: Eligibility and Calculation of the Third Payment
- Third-round Economic Impact Payment — Topic C: Plus-Up Payments
- Third-round Economic Impact Payment — Topic D: EIP Cards
- Third-round Economic Impact Payment — Topic E: Requesting My Payment
- Third-round Economic Impact Payment — Topic F: Social Security, Railroad Retirement and Department of Veterans Affairs benefit recipients
- Third-round Economic Impact Payment — Topic G: Receiving My Payment
- Third-round Economic Impact Payment — Topic H: Reconciling on Your 2021 Tax Return
- Third-round Economic Impact Payment — Topic J: Payment Issued but Lost, Stolen, Destroyed or Not Received

The IRS has issued these FAQs to provide general information to taxpayers and tax professionals as expeditiously as possible.

FS-2022-22; IR-2022-67

IRS Reminds Taxpayers About Avoiding Common Errors on Tax Returns and Deadline for IRA and 401(k) Withdrawals

IR-2022-61; IR-2022-62; IR-2022-69

The IRS has reminded taxpayers to avoid common errors when filing their tax returns. Taxpayers also need to be aware of the virtual currency question when filing and of the April 1 deadline for IRS and 401(k) withdrawals.

Common Errors

The IRS has reminded taxpayers how to avoid common errors on their tax returns. This filing season, the IRS is seeing signs of several common errors, including taxpayers claiming incorrect amounts of the Recovery Rebate Credit and Child Tax Credit. Taxpayers should refer to Letter 6419, 2021 Total Advance Child Tax Credit Payments, and Letter 6475, Economic Impact Payment (EIP) 3 End of Year, they received to prepare a correct tax return. Claiming incorrect tax credit amounts can delay IRS processing and lead to adjusted refund amounts. Further, the IRS provided a list of other easy ways to avoid common mistakes being seen so far this tax season. Some of these easy ways include:

- Filing Electronically-Taxpayers should file electronically to reduce mistakes. Using tax software should help prevent math errors, but taxpayers should always review their tax returns for accuracy.
- Using the correct filing status-The Interactive Tax Assistant on IRS.gov can help taxpayers choose the correct filing status.
- Answering the virtual currency question-Forms 1040 and 1040-SR ask whether at any time during 2021, a person received,

sold, exchanged or otherwise disposed of any financial interest in any virtual currency. Taxpayers should check either "Yes" or "No".

- Reporting all taxable income- Underreporting income may lead to penalties and interest. Organized tax records help avoid errors that lead to processing delays and may also help to find overlooked deductions or credits.
- Including unemployment compensation- Although a special law allowed taxpayers to exclude unemployment compensation from taxes in 2020, it was only for that year. Unemployment compensation received in 2021 is generally taxable, so taxpayers should include it as income on their tax returns.
- Double-checking name, birth date and Social Security number (SSN) entries- Taxpayers must correctly list the name, SSN and date of birth for each person they claim as a dependent on their individual income tax return. If a dependent or spouse does not have and is not eligible to get a SSN, list the Individual Tax Identification Number (ITIN) instead.

Other ways to avoid mistakes include double-checking routing and account numbers, mailing paper returns to the right address, signing and dating the return, keeping a copy and requesting an extension, if needed. However, while an extension grants additional time to file, tax payments are still due April 18 for most taxpayers.

Virtual Currency Question

The IRS has reminded taxpayers that there is a virtual currency question at the top of Forms 1040, 1040-SR and 1040-NR. It asks "At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency?". All taxpayers filing these forms must check one box answering either "Yes" or "No" to this question. Taxpayers who merely owned virtual currency at any time in 2021 can check "No" when they have not engaged in any transactions involving virtual currency during the year, or their activities were limited to:

- Holding virtual currency in their own wallet or account.
- Transferring virtual currency between their own wallets or accounts.
- Purchasing virtual currency using real currency, including purchases using real currency electronic platforms.
- Engaging in a combination of holding, transferring, or purchasing virtual currency as described above.

Further, the IRS also provided a list of the most common transactions in virtual currency that require checking the "Yes" box. Some examples include the sale of virtual currency and the receipt of virtual currency as a result of a hard fork. If a taxpayer received any virtual currency as compensation for services or disposed of any virtual currency that they held for sale to customers in a trade or business, they must report the income as they would report other income of the same type.

April 1 Deadline for Withdrawals from IRAs and 401(k)s

The IRS has reminded retirees who turned 72 during the last half of 2021 that April 1, 2022, is the last day to begin receiving payments from Individual Retirement Arrangements (IRAs), 401(k)s and similar workplace retirement plans. The payments, called required minimum distributions (RMDs), are normally made by the end of the year. However, a special rule allows IRA owners and other participants who were born after June 30, 1949, to wait till April 1, 2022, to take their first RMD. Further, the April 1 RMD deadline only applies to the required distribution for the first year. For all later years, the RMD must be made by December 31. Taxpayers who turned 72 after June 30, 2021 and receive their first RMD (for 2021) in 2022 on or before April 1, must receive their second RMD (for 2022) by December 31. Even though the first distribution is actually the required 2021 distribution, it's taxable in 2022 and reported on the 2022 tax return.

Further, the IRS informed taxpayers that these required distribution rules apply to owners of traditional, SEP and SIMPLE IRAs while the original owner is alive. They also apply to participants in various workplace retirement plans, including 401(k), 403(b) and 457(b) plans. RMDs don't apply to Roth IRAs. An IRA trustee must either report the amount of the RMD to the IRA owner or offer to calculate it.

The April 1 deadline is mandatory for all owners of traditional IRAs and most participants in workplace retirement plans. However, some people with workplace plans can wait longer to receive their RMD. Most participants who are still working for that employer can wait until April 1 of the year after they retire to start receiving these distributions, if their workplace plan allows. Finally, the IRS informed taxpayers that many answers to questions about RMDs can be found https://www.irs.gov/retirement-plans-faqs-regarding-required-minimum-distributions.

Money Received Through Crowdfunding May be Taxable

FS-2022-20

The IRS stated that a crowdfunding website or its payment processor may be required to report distributions of money raised if the amount distributed meets certain reporting thresholds by filing Form 1099-K, Payment Card and Third Party Network Transactions. If Form 1099-K was required to be filed, the crowdfunding website or its payment processor must also furnish a copy of that form to the taxpayer to whom the distributions are made.

Prior to 2022, the threshold for a crowdfunding website or payment processor to file and furnish a Form 1099-K was met if, during a calendar year, the total of all payments distributed to a person exceeded $20,000 in gross payments resulting from more than 200 transactions or donations. For calendar years beginning after December 31, 2021, the threshold is lowered and is met if, during a calendar year, the total of all payments distributed to a taxpayer exceeded $600 in gross payments, regardless of the number of transactions or donations.

The American Rescue Plan Act of 2021 (ARP) (P.L. 117-2) clarified that the crowdfunding website or its payment processor was not required to file Form 1099-K with the IRS or furnish it to the person to whom the distributions are made if the contributors to the crowdfunding campaign do not receive goods or services for their contributions. Crowdfunding is a method of raising money through websites by soliciting contributions from a large number of people.

AFRs Issued for April 2022

Rev. Rul. 2022-8

The IRS has released the short-term, mid-term, and long-term applicable interest rates for April 2022.

Applicable Federal Rates (AFR) for April 2022

Short-Term	Annual	Semiannual	Quarterly	Monthly
AFR	1.26%	1.26%	1.26%	1.26%
110% AFR	1.39%	1.39%	1.39%	1.39%
120% AFR	1.52%	1.51%	1.51%	1.51%
130% AFR	1.65%	1.64%	1.64%	1.63%
Mid-Term				
AFR	1.87%	1.86%	1.86%	1.85%
110% AFR	2.06%	2.05%	2.04%	2.04%
120% AFR	2.24%	2.23%	2.22%	2.22%
130% AFR	2.43%	2.42%	2.41%	2.41%
150% AFR	2.81%	2.79%	2.78%	2.77%
175% AFR	3.29%	3.26%	3.25%	3.24%
Long-Term				
AFR	2.25%	2.24%	2.23%	2.23%
110% AFR	2.48%	2.46%	2.45%	2.45%
120% AFR	2.71%	2.69%	2.68%	2.68%
130% AFR	2.93%	2.91%	2.90%	2.89%

Adjusted AFRs for April 2022

	Annual	Semiannual	Quarterly	Monthly
Short-term adjusted AFR	0.96%	0.96%	0.96%	0.96%
Mid-term adjusted AFR	1.41%	1.41%	1.41%	1.41%
Long-term adjusted AFR	1.71%	1.70%	1.70%	1.69%

The Code Sec. 382 adjusted federal long-term rate is 1.71%; the long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months) is 1.71%; the Code Sec. 42(b)(1) appropriate percentages for the 70% and 30% present value low-income housing credit are 7.47% and 3.20%, respectively, however, under Code Sec. 42(b)(2), the appropriate percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%; and the Code Sec. 7520 AFR for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest is 2.2%.

IRS Announces Over 200 Job Openings in Information Technology Team

IR-2022-59

The IRS has announced plans to hire over 200 additional technologists (U.S. citizens) to help the agency further modernize its technology, as part of a larger hiring effort underway. The IRS interacts with more Americans than any other U.S. government agency. The Service is offering entry-level positions alongside career opportunities for experienced and supervisory Information Technology (IT) specialists. These opportunities will be in the fields of development, architecture, engineering, cybersecurity, IT operations, network services and customer support. Additionally, the IRS is seeking applicants with knowledge of cloud, zero trust security, low/no-code enterprise platforms, artificial intelligence and machine learning or NoSQL database among other modern technologies.

The IRS encouraged qualified candidates to apply. The first announcements for these IT positions have already been posted on usajobs.gov with additional opportunities to open in the coming weeks. Interested persons should apply by visiting irs.usajobs.gov and using the search tool and filtering by job series 2210 – Information Technology Management. The IRS had recently announced plans to hire over 5,000 positions in its processing centers located in Austin, Texas; Kansas City, Missouri; and Ogden, Utah.

The agency has undergone significant technology transformation. The IRS is seeking to expand its pool of experts in hybrid and multi-cloud environments, no/low-code enterprise platforms and applications, data and analytics, artificial intelligence and machine learning, IT service management leading practices and networks management. Additional career opportunities include joining the integrated technical team modernizing the Individual Master File and the Enterprise Case Management initiative, and modernizing IRS case management applications, services and associated processes.

IRS Provides Reasons Why Some Tax Refunds Filed Electronically Take Longer than 21 Days

IR-2022-65

The IRS has informed taxpayers that the agency issues most refunds in less than 21 days for taxpayers who filed electronically and chose direct deposit. However, some refunds may take longer. The IRS listed several factors that can affect the timing of a refund after the agency receives a return. A manual review may be necessary when a return has errors, is incomplete or is affected by identity theft or fraud. Other returns can also take longer to process, including when a return needs a correction to the Child Tax Credit amount or includes a Form 8379, Injured Spouse Allocation, which could take up to 14 weeks to process. The fastest way to get a tax refund is by filing electronically and choosing direct deposit. Taxpayers who don't have a bank account can find out more on how to open an account at an FDIC-Insured bank or the National Credit Union Locator Tool.

Further, the IRS cautioned taxpayers not to rely on receiving a refund by a certain date, especially when making major purchases or paying bills. Taxpayers should also take into consideration the time it takes for a financial institution to post the refund to an account or to receive it by mail. Before filing, taxpayers should make IRS.gov their first stop to find online tools to help get the information they need to file. To check the status of a refund, taxpayers should use the Where's My Refund? tool on IRS.gov. The IRS will contact taxpayers by mail when more information is needed to process a return. IRS representatives can only research the status of a refund if it has been: 21 days or more since it was filed electronically; six weeks or more since a return was mailed; or when the Where's My Refund? tool tells the taxpayer to contact the IRS.

Additionally, taxpayers whose tax returns from 2020 have not yet been processed should still file their 2021 tax returns by the April due date or request an extension to file. Those filing electronically in this group need their Adjusted Gross Income (AGI) from their most recent tax return. Those waiting on their 2020 tax return to be processed should enter zero dollars for last year's AGI on the 2021 tax return. When self-preparing a tax return and filing electronically, taxpayers must sign and validate the electronic tax return by entering their prior-year AGI or prior-year Self-Select PIN (SSP). Those who electronically filed last year may have created a five-digit SSP. Generally, tax software automatically enters the information for returning customers. Taxpayers who are using a software product for the first time may have to enter this information.

IRS Says Tax Refunds Await 2018 Non-Filers

IR-2022-66

The IRS has informed taxpayers that almost $1.5 billion in refunds may be waiting for an estimated 1.5 million taxpayers who did not file a 2018 Form 1040 federal income tax return. Taxpayers who are unable to get missing forms from their employer or other payer can order a free wage and income transcript at IRS.gov using the Get Transcript Online tool. Tax year 2018 returns must be filed with the IRS center listed on the last page of the current Form 1040 instructions. Current and prior year tax forms and instructions are available here or by calling 800-829-3676. However, taxpayers can e-file tax year 2019 and later returns.

"The IRS wants to help people who are due refunds but haven't filed their 2018 tax returns yet," said IRS Commissioner Chuck Rettig."But people need to act quickly. By law, there's only a three-year window to claim these refunds, which closes with this year's April tax deadline. We want to help people get these refunds, but they need to file a 2018 tax return before this critical deadline", he added. For 2018 tax returns, the window closes on April 18, 2022, for most taxpayers. Taxpayers living in Maine and Massachusetts have until April 19, 2022.

Further, the IRS reminded taxpayers seeking a 2018 tax refund that their checks may be held if they have not filed tax returns for 2019 and 2020. Additionally, the refund will be applied to any amounts still owed to the IRS or a state tax agency and may be used to offset unpaid child support or past due federal debts.

TAX BRIEFS

Bankruptcy

The shared responsibility payment (SRP) was determined to be a tax measured by income, giving the IRS claims priority in bankruptcy. Neither the Affordable Care Act (ACA) nor any other law attached negative legal consequences to not buying health insurance, beyond requiring a payment to the IRS.

Juntoff, BAP-6, 2022-1 USTC ¶50,129

Civil Penalties

The initial determination of penalties by the IRS against a limited liability company (LLC) under Code Sec. 6751(b)(1) was communicated in a final partnership administrative adjustment (FPAA) was timely. The FPAA was issued two months after an IRS examining agent secured her supervisor's approval, and was the first formal communication of penalties to the taxpayer.

Oxbow Bend, LLC, TC, Dec. 62,024(M)

Exempt Organizations

The IRS Chief Counsel opined that the automatic revocation provision under Code Sec. 6033(j)(1)(B) was not contingent upon satisfaction of the notification requirement in Code Sec. 6033(j)(1)(A). Moreover, the provision applied to those organizations in the compliance strategy determined to have failed to file the required annual return for three or more consecutive years.

Field Attorney Advice 20221101F

IRS Forms

The IRS has provided general rules and specifications for reproducing paper and computer-generated substitutes for Form 941, Employer's Quarterly Federal Tax Return; Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors; Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations; Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers; and Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities. This revenue procedure will be reproduced as the next revision of IRS Publication 4436

Rev. Proc. 2021-22

The IRS has announced that braille, text, audio and large print products are now available in Spanish. The agency's Alternative Media Center (AMC) is converting IRS Form 1040, its main schedules and six publications in Spanish Braille and large print. The IRS also has a Languages webpage available in 20 languages to help taxpayers find basic tax information, including how to check refund status, pay taxes or file a federal tax return.

IR-2022-58

IRS Practice Unit

The IRS Large Business and International (LB&I) has issued a new Practice Unit, Erroneous Claim for Refund or Credit Penalty. Practice Units provide IRS staff with explanations of general tax concepts, as well as information on specific types of transactions. Practice Units are not official pronouncements of law or directives and cannot be used, relief upon or cited as such.

IRS Practice Unit

Personal Injury Settlement

An individual's legal malpractice settlement proceeds were not exempt from taxation under Code Sec. 104(a)(2). The taxpayer's settlement agreement indicated no direct causal link between the legal malpractice settlement and her physical injuries.

Blum, CA-9, 2022-1 USTC ¶50,130