

Area 6 - First Thursday Notes

June 2, 2022

Internal Revenue Service – First Thursday Area 6 Stakeholder Liaison Team

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Webinars

Please check [Webinars for Tax Practitioners](#) for upcoming Webinars –

Please check here for previously recorded Webinars: www.irsvideos.gov

IRS Discussion Items

Disaster Preparedness

The IRS has a page dedicated to Disaster Assistance and Emergency Relief for Individuals and Businesses. You can get to this page by searching disaster on IRS.GOV Keep in mind being prepared for a disaster is key not only for your business but for the safety of family as well.

Here are some tips to help you get prepared.

- [Stay informed](#) about the different types of emergencies that could occur and their appropriate responses
- Make an emergency [plan](#). As part of that emergency plan decide how you will

communicate with family, employees, and others.

- Keep electronic copies of important documents
- Build an [emergency supply kit](#). Make sure you don't forget about any medications that are needed.
- Know your communities. Not just the community where you live but also the community where your business is located,

Publication 2194 Disaster Resource Guide for Individuals and Businesses is now obsolete. Publication 3067, IRS Disaster Assistance contains the information that was previously in Publication 2194. Publication 3067 also has links to publication 547, Casualties, Disasters and Thefts, Publication 584, Casualty, Disaster, and Theft Loss Workbook as well as Publication 584-B, Business Casualty, Disaster and Theft loss. Refer to charts on power slides.

Top 10 Errors for the 2022 Filing Season



Top 10 Errors for 2022 Filing Season

Electronic Returns

Top 10 Electronic Filing Errors YTD*		
	Individual Return Error	Volume
1	Recovery Rebate Credit Tax Year 2021	10,861,729
2	Additional Child Tax Credit, Tax Year 2021	3,302,582
3	Child Tax Credit and Other Dependent Credit Eligibility Validation	1,698,906
4	Child Tax Credit Verification	899,466
5	Child Tax Credit and Credit for Other Dependents	400,677
6	Excessive Social Security Tax/Railroad Retirement Tax Act Withholding	383,033
7	Other Taxes on Schedule 2	316,885
8	Withholding to Income Comparison	297,845
9	Excess Gross Social Security	284,643
10	Validation of ITIN Deactivation Status	206,562





Top 10 Errors for 2022 Filing Season

Paper Returns

Top 10 Paper Filing Errors YTD*		
	Individual Return Error	Volume
1	Return Complexity Requires Manual Review	470,823
2	Taxable Income	416,742
3	Statute of Limitations (Prior Year Returns)	383,272
4	Tentative Tax	314,503
5	Total Adjustments	281,901
6	Total Payments	229,630
7	Total Tax	165,561
8	Recovery Rebate Credit Tax Year 2020	156,977
9	Total Income	139,807
10	Balance Due or Refund	127,552

Employee Retention Credit

Employee Retention Credit was originally enacted as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) signed into law by the President on March 27, 2020, and subsequently amended by sections 206 and 207 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act), the American Rescue Plan of 2021 (ARP) and the recent Infrastructure bill enacted in November 2021.

The employee retention credit was designed to encourage and help employers keep their employees on their payroll. The credit is available to eligible employers regardless of size, including tax-exempt organizations, that pay qualified wages to some or all employees after March 12, 2020, and before October 1, 2021, with differing requirements depending on the tax quarter in which the wages were paid. It is available to “Recovery Startup Businesses” only for the 4th quarter of 2021.

This information is general and applies for the entire life of ERC, which is March 13, 2020, through December 31, 2021. This tax credit has been revised and reshaped over its life by four different pieces of legislation.

The pandemic related Employee Retention Credit has ended. For most employers it ceased at the end of the 3rd quarter of 2021. However-and this is important- the credit did not have to be claimed contemporaneously. Based on the statute of limitations for employment tax returns it can still be claimed for 2020 and 2021.

- Tax credit may be claimed against the employer share of Social Security tax for wages paid 3/13/2020 – 12/31/20
- Refund Statute of Limitations expires 4/15/2024

- Tax credit may be claimed against the employer share of Social Security tax for wages paid 1/1/21-6/30/21
- Statute of Limitations expires 4/15/2025
- For the final two quarters of 2021 the statute of limitations has been expanded to 5 years rather than the normal 3-year statute, for employment tax returns **only**.

You must amend the related income tax return for 2020 or 2021 to reduce wage expense for the amount of the credit claimed. Payment of any additional income tax is due when the amended return is filed.

ERC comparison chart on IRS.gov is a valuable resource when determining if you can amend your Forms 941 returns to claim the ERC for quarters in 2020 and 2021.

The terms are explained in a table by each legislative act. The categories are period for qualified wages paid, eligible employer, employment tax offset, eligibility requirements, percent of qualified wages eligible for credit, and credit maximums.

Migration of e-Services Sign In

Reminder - While e-Services applications won't use ID.me until this summer, you can get ready for the migration and set up an ID.me account now using [Tax Pro Account](#).

Enhanced "Where's My Refund Tool"

Previously Where's My Refund only provided refund status on the most recently filed tax return filed within the last two years.

Now you can check refund status on the current year as well as the two previous years' refunds.

Still need ITIN, FS & expected refund amount for year they're checking

Start using Where's My Refund

- 24 hours after e-filing a 2021 tax return
- 3 or 4 days after filing a 2019 or 2020 tax return
- 4 weeks after mailing a tax return

During this time, you can check to see that the return was received, refund was approved and when the refund will be sent. The Where's My Refund tool is updated once a day, usually overnight giving projected refund issuance date once approved

- Continue using Online Account for prior year AGI, payment history, balance due and other tax account information.

[Where's My Amended Return? | Internal Revenue Service \(irs.gov\)](#)

Check the status of your Form 1040-X, Amended U.S. Individual Income Tax Return, for this year and up to three prior years.

1. When to check...

- Your amended return will take up to 3 weeks after you mailed it to show up on our system.
- Processing it can take up to 16 weeks.

2. What you need...

- Social Security Number
- Date of birth
- Zip Code

State Revenue Updates

Colorado Department of Revenue

- Colorado Cash Back - [tax.Colorado.gov/TABOR](https://tax.colorado.gov/TABOR)
 - The Taxpayer Bill of Rights (TABOR) in the Colorado Constitution limits the amount of revenue the state may retain and spend in each state fiscal year. Any revenue collected that exceeds this limit must be refunded to taxpayers unless voters authorize the state to retain it.
 - Coloradans will receive a check later this year, or early in 2023. This check is a refund (also known as Colorado Cash Back) of excess state revenues collected in state fiscal year 2021-22 paid using a new, temporary refund process.
 - Senate Bill 22-233 directs the Department of Revenue (DOR) to refund at least \$500 to each qualified individual (joint filers will receive a joint payment of at least \$1,000). This refund will be paid based on the tax return or Property Tax/Rent/Heat Credit (PTC) Rebate application filed for 2021.
 - **Who qualifies for Colorado Cash Back?** An individual who:
 - was at least 18 years old on December 31, 2021;
 - was a full-year resident of the state of Colorado in 2021; and
 - either
 - files a state income tax return for the 2021 tax year on or before June 30, 2022 (or on extension by October 17, 2022);
 - or
 - applies for qualifies for the Property Tax/Rent/Heat Credit (PTC) Rebate for the 2021 grant year by June 30, 2022.
- CO had other legislation passed, including legislation that makes some changes for partnerships and pass-through companies. Lots of work will be done on this bill (and others) over the summer.
 - Please watch our website and subscribe to notifications for stakeholder workgroups and rules using the “Sign up for rulemaking notifications” button at the bottom of the page here: <https://tax.colorado.gov/tax-rules>

Or to be added to email lists that can keep you up-to-date, visit <https://tax.colorado.gov/email-sign-up>

Iowa Department of Revenue

- [Webinars](#)
- Using GovConnectIowa for Business Owners - Jun 8, 2022
 - This online presentation will provide information specifically for **Business Tax Filers** using GovConnectIowa.
 - Topics covered will include:
 - Accessing and navigating
 - Registering a new business
 - Creating account for an existing business
 - Granting third party access to tax professional
 - Filing a tax return
 - Making electronic payments
 - Where to find self-help tools
 - Ways to contact the Department
- Using GovConnectIowa for Bulk Filers & Tax Professionals - Jul 13, 2022
 - This online presentation will provide information specifically for **Bulk Filers and Tax Professionals** using GovConnectIowa.
 - Topics covered will include:
 - Accessing and navigating
 - Registering a new business
 - Creating account for an existing business
 - Granting third party access to tax professional
 - Filing a tax return
 - Making electronic payments
 - Where to find self-help tools
 - Ways to contact the Department
- Construction Contractors - Aug 10, 2022
- Iowa Tax Law Legislative Update - Sept 14, 2022
- Individual Income Tax Update - Oct 12, 2022
- Pass-Through Entities Updates - Nov 9, 2022
- Electronic Submission of W-2s & 1099s for Tax Year 2022 - Dec 14, 2022
- Question kurt.konek@iowa.gov 515-587-0440

Questions from the Chat

Several tax pros have reported clients receiving balance due notices calculating penalty and interest from 4/15, not the filing deadline of 4/18. It also seems there may be an issue with the postmark date not correctly noted and notices being sent for de minimis amounts.

This issue has been elevated. Taxpayer Advocate Service is working with Systemic Advocacy regarding this issue. We will provide any information received.

Will the “Where’s My Amended Return” tool work for prior years?

Yes, for the current year and up to three prior years. See above for more information.

Will Nebraska have the property tax credit again on the 2022 state returns?

Fran: Nebraska **will** have the property tax credit on the 2022 state returns and **will** have additional information coming out so please subscribe to GovDelivery, <https://public.govdelivery.com/accounts/NEREV/subscriber/new>

Several issues were raised regarding difficulty creating an ID.me account. Link for technical support: <https://help.id.me/hc/en-us/categories/1500002213102>

Can I create an ID.me account if I don’t live in the United States?

If you do not currently live in the United States of America, you may still verify your identity via a video call with an [ID.me Trusted Referee](#).

Next First Thursday Meeting - Thursday July 7, 2022.