Tax Tips 2020

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Its tax season again: Are you ready?

Tax season for preparing your 2019 tax return will start coming in late January. To be ready -- and to save as much as you can on your taxes -- it pays to get ready early.

The IRS knows how important it is to get ready for tax season before it comes, and officials at the tax agency recently shared some ways that you can get a head start on things before you file. In particular, the following items are must-dos to put yourself in the best possible position come the start filing date in January.

1. Make sure you've paid enough tax so far

The IRS generally expects that you'll have paid most of your total tax bill prior to filing your return. For most people, taxes that get withheld from paychecks are enough to cover the amount of tax you owe and often leave something left over for you to get back as a refund. However, when certain life events like marriage or divorce happen, it can leave your old tax withholding out-of-date

In addition, if you get a lot of income from sources other than an employer, whether it's from a business, investments, or other sources, any withholding you might have might not be enough to cover taxes. If you don't take care of that, you can end up not only with a big tax bill, but also owing penalties.

There are a couple things you can do to fix the situation. If you're an employee, you can talk to your HR office about boosting the amount you have withheld to cover any extra tax liability. If not, then you can make quarterly estimated tax payments to make up the difference. Either way, making sure you pay the required amount of tax at the appropriate time will help you avoid any extra trouble from the IRS.

2. Get your tax records and documents together

You won't start getting tax information like a W-2 wage statement or 1099s from investment accounts for the 2019 tax year until well after 2020 begins. But you can get ready for that onslaught of tax information by making sure that your address is correct with your employer and investment providers. That'll ensure forms come on time, letting you prepare your return more quickly.

Looking over your old tax records to see who's sent you materials in the past can give you a checklist you can use throughout tax season to make sure you've gotten everything you expect before you file.

3. Renew expiring tax identification numbers

Most taxpayers use their Social Security numbers throughout their lives to file their taxes, but some who don't qualify for Social Security numbers have to get an individual taxpayer identification number, or ITIN. These numbers expire in groups, with those whose middle digits are 83 through 87 expiring at the end of 2019. ITINs also expire if they haven't been used on a tax return in the past three years.

If your ITIN is expiring, you can file Form W-7 now to renew it. It typically takes anywhere from seven to 11 weeks to go through the process once you've submitted the required form. The sooner you start, the sooner you'll have a number that'll help you get your return filed.

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IRS opens 2020 filing season for individuals on Jan. 27

The Internal Revenue Service confirmed that the nation's tax season will start for individual tax return filers on Monday, Jan. 27, 2020, when the tax agency will begin accepting and processing 2019 tax year returns.

The deadline to file 2019 tax returns and pay any tax owed is Wednesday, April 15, 2020. More than 150 million individual tax returns for the 2019 tax year are expected to be filed, with the vast majority of those coming before the traditional April tax deadline.

"As we enter the filing season, taxpayers should know that the dedicated workforce of the IRS stands ready to help," said IRS Commissioner Chuck Rettig. "We encourage taxpayers to plan ahead and use the tools and information available on IRS.gov. The IRS and the nation's tax community are committed to making this another smooth filing season."

The IRS set the Jan. 27 opening date to ensure the security and readiness of key tax processing systems and to address the potential impact of recent tax legislation on 2019 tax returns.

While taxpayers may prepare returns through the IRS' Free File program as well as many tax software companies and tax professionals before the start date, processing of those returns will begin after IRS systems open later this month.

"The IRS encourages everyone to consider filing electronically and choosing direct deposit," Rettig said. "It's fast, accurate and the best way to get your refund as quickly as possible."

Filing electronically flags common errors and prompts taxpayers for missing information. Taxpayers can get free help preparing and filing taxes through IRS Free File online or free tax help from trained volunteers at community sites around the country. The IRS also reminds taxpayers that they don't have to wait until Jan. 27 to start their tax return or contact a reputable tax preparer.

In addition, IRS tax help is available 24 hours a day on IRS.gov, the official IRS website, where people can find answers to tax questions and resolve tax issues online. The Let Us Help You page helps answer most tax questions and the IRS Services Guide links to these and other IRS services.

Are you ready

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4. Get ready to file and get your refund electronically

Every year, the IRS pushes its automated services, and the vast majority of taxpayers now use them. Electronic filing is fast, secure, and helps boost accuracy and ease of preparation. Using direct deposit to have refunds put directly into your bank account makes sure that you'll get your refund money more quickly, as well.

Free electronic filing programs exist for taxpayers with incomes below $66,000. Direct deposit is available to anyone with a bank account. With longer delays for paper return processing and refund-check delivery, it generally makes more sense to use e-filing and direct deposit if at all possible.

Get ready for taxes:

What to know about the amount of a tax refund

After filing their tax return, a taxpayer will know whether they are receiving a refund. Sometimes, however, a taxpayer's refund will be for a different amount than they expect.

Here are some reasons a taxpayer's refund might be less than they thought it would be:

• Financial transactions happening late in the year can have an unexpected tax impact if a taxpayer's 2019 federal income tax withholding unexpectedly falls short of their tax liability for the year. Certain transactions can affect 2019 tax withholding and influence the taxpayer's anticipated refund next year. This includes things like:

• Year-end and holiday bonuses.

• Stock dividends.

• Capital gain distributions from mutual funds and stocks.

• Real estate or other property sold at a profit.

If this happens, taxpayers can still make a quarterly estimated tax payment directly to the IRS for tax year 2019. The deadline for making a payment for the fourth quarter of 2019 is Wednesday, January 15, 2020. Form 1040-ES includes a worksheet to help taxpayers figure the right amount of estimated taxes to pay.

• A taxpayer's refund can be used to pay other debts a taxpayer owes. All or part of a refund can go to pay a taxpayer's:

• Past-due federal tax.

• State income tax.

• State unemployment compensation debts.

• Child and spousal support.

• Other federal nontax debts, such as student loans.

A taxpayer receives a notice if their debt meets the criteria for an offset. The IRS issues any remaining refund in a check or direct deposit as the taxpayer originally requested on the return.

What to know about getting a tax refund

Tax returns, like snowflakes and thumbprints are unique and individual. So too, is each taxpayer's refund. This is something for taxpayers to remember next year when someone they know says or posts on social media about receiving a federal tax refund.

Even though the IRS issues most refunds in less than 21 days, it's possible a taxpayer's refund may take longer. Several factors can affect the timing of a taxpayer's refund after the IRS receives their tax return. Here are a few things taxpayers should keep in mind if they are waiting on their refund but hear or see on social media that other taxpayers have already received theirs.

• The IRS and its partners in the tax industry continue to strengthen security reviews. This helps protect against identity theft and refund fraud. This means some tax returns need additional review, taking longer to process them.

• It can take longer for the IRS to process a tax return that has errors. Therefore, taxpayers should consider filing their return electronically. The e-file software walks the taxpayer through the steps of filling out the return and does all the math.

• E-file software can also help make sure a tax return is complete. This is important because it can also take longer to process an incomplete return. The IRS contacts a taxpayer by mail when more info is needed to process the return.

• By law, the IRS cannot issue refunds for people claiming the earned income tax credit or additional child tax credit before mid-February. The law requires the IRS to hold the entire refund. This includes the portion of the refund not associated with EITC or ACTC.

• It can take banks or other financial institutions time to post the refund to the taxpayer's account. It can take even longer for a taxpayer to receive their refund check by mail.

National Taxpayer Advocate delivers Annual Report to Congress:

focuses on Taxpayer First Act implementation, taxpayer service and IRS funding

Acting National Taxpayer Advocate Bridget Roberts today released her 2019 Annual Report to Congress. Key challenges highlighted in the report include implementation of the Taxpayer First Act, inadequate taxpayer service and limited funding of the agency.

Roberts also released the third edition of the National Taxpayer Advocate's "Purple Book," which presents 58 legislative recommendations designed to strengthen taxpayer rights and improve tax administration.

The report highlights that the Taxpayer First Act, enacted into law on July 1, 2019, has made the most comprehensive revisions to IRS procedures since the IRS Restructuring and Reform Act of 1998, including some 23 provisions previously recommended by the National Taxpayer Advocate. The Taxpayer First Act also requires the IRS to develop four strategic plans: (i) a comprehensive taxpayer service strategy (due to Congress by July 1, 2020); (ii) a comprehensive plan to redesign the IRS's organizational structure (due to Congress by Sept. 30, 2020); (iii) a comprehensive employee training strategy that includes taxpayer rights training (due to Congress by July 1, 2020); and (iv) a multi-year plan to meet IRS information technology (IT) needs.

"By passing the Taxpayer First Act, Congress has sent the IRS a clear message that it needs to rethink the way it operates – the services it provides, its organizational structure, the way it trains employees, and the technology it uses," Roberts wrote in the preface to the report.

Roberts also noted that longtime National Taxpayer Advocate Nina E. Olson retired five months ago, and a permanent replacement has not yet been appointed. "While I am honored to serve as the Acting National Taxpayer Advocate," Roberts wrote, "the Office of the Taxpayer Advocate – and taxpayers – deserve a permanent appointee. . . . Given the current crossroads at which the IRS finds itself, it is critical that a permanent National Taxpayer Advocate be appointed as quickly as possible to help ensure the IRS protects taxpayer rights and meets its obligations to taxpayers."

Highlights of the report are summarized below.

The IRS is struggling to accomplish its mission

According to its mission statement, the IRS aims to "[p]rovide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all." The report says the IRS is struggling to meet both of those goals.

The IRS has been found to be among the lowest performing federal agencies in providing a positive customer experience. The President's Management Agenda emphasizes the importance of high-quality customer service and cites the American Customer Satisfaction Index (ACSI) and the Forrester U.S. Federal CX Index™ as key benchmarks. The ACSI report for 2018 ranked the Treasury Department tied for 10th out of 12 federal departments and says that "most [IRS] programs score . . . well below both the economy-wide national ACSI average and the federal government average." The 2019 Forrester report ranked the IRS as 13thout of 15 federal agencies and characterized the IRS's score as "very poor."

During fiscal year (FY) 2019, the Advocate's report says the IRS received approximately 100 million telephone calls, and customer service representatives answered only 29 percent. In recent years, the agency has scaled back in-person assistance, closing more than 10 percent of its Taxpayer Assistance Centers, generally requiring taxpayers to schedule appointments in advance, and reducing the number of taxpayers served by nearly half from FY 2015 to FY 2018.

The report says the IRS is also struggling to enforce the law with "fairness to all." The IRS recently estimated it was unable to collect an annual average of about $381 billion in unpaid tax attributable to legal-source income for tax years 2011-2013. With approximately 122 million U.S. households in 2013, that suggests each U.S. household is effectively paying an average annual "surtax" of more than $3,000 to subsidize noncompliance by others.

The report says that "fairness to all" also requires that the IRS be accessible to taxpayers against whom it takes enforcement actions, such as wage garnishments, bank levies, or the filing of notices of federal tax lien. Levies often create economic hardships for individual taxpayers, and the law requires the IRS to release levies in those cases. Yet taxpayers often cannot reach the IRS to make it aware of their hardships. During FY 2019, the IRS's Automated Collection System (ACS) more than doubled the number of levies it served (from about 200,000 in FY 2018 to about 428,000 in FY 2019), while the percentage of calls answered on the consolidated ACS telephone lines dropped from 49 percent to 31 percent. Wait times for taxpayers who got through increased from 24 minutes to 38 minutes.

The report urges the IRS to prioritize phone service for taxpayers against whom it takes collection action. "The IRS has an obligation to be accessible to these taxpayers, and it should not ramp up enforcement actions beyond the point where it has enough telephone assistors to handle the taxpayer calls those actions generate," Roberts wrote.

The report attributes the IRS's shortcomings mostly to budget constraints but also to a culture in which the agency focuses on its own priorities without adequately factoring in the needs of taxpayers.

The IRS does not receive enough funding to meet taxpayer needs

Since FY 2010, the IRS budget has been reduced by about 20 percent after adjusting for inflation, and the number of full-time equivalent employees has declined by about 22 percent. The report points out that answering 100 million telephone calls, conducting audits, and taking enforcement actions require adequate staffing, and the IRS cannot substantially improve its performance without additional resources.

The report urges Congress to increase IRS funding and to change the budget rules to account for the revenue additional IRS appropriations are likely to generate. In FY 2018, the IRS collected nearly $3.5 trillion on a budget of about $11.4 billion. "It is economically irrational to underfund the IRS," the report says. "If a company's accounts receivable department could generate an ROI [return on investment] of 300:1 and the chief executive officer (CEO) failed to provide enough funding for it to do so, the CEO would be fired. Yet in general, the federal budget rules exclusively take into account outlays and ignore the revenue those outlays generate."

In particular, the report recommends that Congress increase funding for taxpayer service and IT modernization. "Mostly because of antiquated technology, a smaller workforce, and an increasing workload, [the IRS] cannot afford to provide the quality of service that taxpayers deserve," the report says.

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The IRS should use the Taxpayer First Act as an opportunity to identify taxpayer needs and preferences and develop initiatives to meet them

Despite the IRS's significant funding limitations, the report urges the IRS to utilize the Taxpayer First Act requirements – to develop plans to revamp its taxpayer service strategy, organizational structure, employee training strategy, and technology priorities – as a roadmap for a once-in-a-generation reassessment of its objectives and operations.

Noting that the IRS often has developed strategies in a vacuum without soliciting taxpayer feedback and taking into account taxpayer needs and preferences, the report urges a full-scale "cultural shift." "If the culture of the organization is one where employees look to minimize interactions with taxpayers in an effort to move work, or where taxpayers who owe money are automatically viewed negatively, then expanding digital services [alone] will not improve customer service," Roberts wrote. "The IRS needs to take a holistic view of how it operates and understand what is and is not working."

The report identifies the absence of an existing comprehensive customer service strategy that focuses on taxpayer needs and preference as the #1 most serious problem facing taxpayers. It makes numerous recommendations to improve the customer experience, including that the IRS take the following actions:

- Conduct multi-disciplined, comprehensive research into taxpayer needs and preferences.
- Require that all IRS business units, including those charged primarily with enforcement, develop a detailed customer service strategy.
- Appoint a Chief Customer Experience Officer to coordinate service initiatives across IRS business units.
- Ensure that taxpayers who cannot work with the IRS digitally or whose issues are not resolved online can reach and work with an IRS employee.
- Address the needs of practitioners who interact with the IRS on behalf of large numbers of taxpayers.
- For each proposal included in its customer service strategy, include cost estimates, milestones, and taxpayer-focused performance measures so the effectiveness of the strategy in improving customer service can be measured over time.

The report expresses concern that the IRS declined to include the National Taxpayer Advocate or a Taxpayer Advocate Service (TAS) representative as part of a core team created to coordinate the agency's Taxpayer First Act implementation activities. "I find this deeply concerning," Roberts wrote. "Congress created the Office of the Taxpayer Advocate to serve as the statutory voice of the taxpayer within the IRS. No one has a better view into the problems that taxpayers and practitioners face day-to-day when working with the IRS than TAS. Over the last 20 years, TAS has worked more than 4.4 million

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cases resulting from problems with IRS systems or processes. That history with individual and business taxpayers' problems gives TAS unique insight, perspective, and information that could be a key resource for identifying areas in need of improvement as the IRS develops a comprehensive customer service strategy."

Other major issues addressed

The National Taxpayer Advocate's 2019 annual report has been consolidated and differs from prior reports in two ways. First, the Taxpayer First Act reduced the number of "most serious problems" the National Taxpayer Advocate must identify from at least 20 to ten. Second, the National Taxpayer Advocate initiated the Purple Book two years ago as a supplement to more detailed legislative recommendations proposed in the main volume of the report. This year, all legislative recommendations have been consolidated into the Purple Book, and the longer-form recommendations have been eliminated.

Overall, this year's report identifies ten "most serious problems," provides status updates on two problems identified in previous reports, makes dozens of recommendations for administrative change, makes 58 recommendations for legislative change, analyzes the ten tax issues most frequently litigated in the federal courts, and presents four research studies.

Among other problems addressed are the following:

Refund Delays. The report says too many taxpayers who file legitimate returns are being harmed because the IRS's antifraud filters unnecessarily flag their returns and delay their refunds for weeks or months. During the 2019 filing season, the IRS used a new refund fraud filter (known as "Filter X") that ultimately flagged and stopped the processing of nearly 1.1 million returns. More than half the refunds were eventually paid. The false positive rate for other non-identity theft refund fraud filters was 71 percent (meaning that 71 out of every 100 refunds stopped by these filters were eventually determined to be legitimate).

The increase in returns flagged by these filters (known as "pre-refund wage verification hold" cases) has had a significant impact on TAS's case advocacy operations. The number of TAS cases generated by these filters has increased from about 20,000 in FY 2017 to about 92,000 in FY 2019. TAS case receipts have increased by 44 percent over the past two years, entirely attributable to this category of cases, and this work surge has increased the average cycle time of TAS cases across-the-board. TAS is working with the IRS to try to reduce this workstream of cases for the upcoming filing season.

Free File. The report says the Free File program is failing to promote the best interests of taxpayers, citing low usage and taxpayer confusion. Under the program's terms, 70 percent of individual taxpayers qualify to prepare their returns through Free File at no cost. Yet fewer than 2 percent of taxpayers use the program, the report finds, and over the past four years, fewer than half of taxpayers who have used Free File in one year have used it again the following year. The low initial usage rate and low repeat usage rate suggest taxpayers are not generally satisfied with the program. In addition, the report says the IRS incurs costs to administer the program and Free File members provided free tax software to at least 17.7 million taxpayers outside the Free File program during the 2019 filing season. It is likely that most, if not substantially all, of the 2.5 million taxpayers who used Free File software last year would have been able to file for free through company websites if Free File did not exist.

The report makes several recommendations to improve the Free File program. In addition, it recommends that the IRS establish two usage goals for the program: (i) increase the Free File usage rate to a significantly higher yet attainable level, such as 10 percent of the 70 percent of individual taxpayers eligible to use the program, and (ii) increase the retention rate to 75 percent of taxpayers who used the program in the preceding year. If the established goals are not attained by 2025, the report recommends the IRS replace Free File with an alternative approach to make tax software available to taxpayers at no or low cost, such as through sole-source or multi-source contracts with tax software companies.

(On Dec. 30, 2019, after this report went to press, the IRS announced it had signed an addendum to its memorandum of understanding with Free File, Inc. that, among other things, prohibits Free File members from excluding their Free File landing pages from organic internet searches and removes a provision that had prohibited the IRS from creating and offering its own tax software to taxpayers or allowing taxpayers to file their returns directly with the IRS.)

TAS research studies

The report presents research studies on the following topics:

- The subsequent compliance of taxpayers who received

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educational letters from the National Taxpayer Advocate after they appeared to have claimed the Earned Income Tax Credit (EITC) in error in the prior year. Generally, the study found the letters enhanced compliance both on the first return filed after the letters were sent and during the subsequent three-year period.

• IRS compliance with rules governing the imposition of two-year bans on eligibility for refundable tax credits. The Internal Revenue Code bans taxpayers from receiving the EITC, the Child Tax Credit, or the American Opportunity Tax Credit for two years if the IRS determines a taxpayer claimed the credit recklessly or with intentional disregard of rules and regulations. The ban is intended to deter frivolous claims. However, the amounts at stake represent a high percentage of the annual income of many eligible families, so it is critical that bans be imposed only in appropriate cases. A review of a representative sample of cases in which the bans were imposed as a result of audits of tax year 2016 returns shows the IRS often did not follow its own procedures: (i) in 53 percent of the cases, required managerial approval for imposing the ban was not secured; (ii) in 82 percent of the cases, the IRS did not adequately explain to the taxpayer why the ban was imposed, as required; (iii) in 61 percent of the cases in which the auditor was required to speak to the taxpayer before imposing the ban, no such conversation took place; and (iv) in 54 percent of the cases in which taxpayers submitted documents, it appeared from the documents submitted that the taxpayer believed he or she qualified for the credit.

• The specific deterrence implications of increased reliance on correspondence audits. Generally, the study found that face-to-face audits are consistently effective in promoting future reporting compliance, while future reporting compliance after correspondence audits is mixed. These results are consistent with a recent survey commissioned by TAS that found most taxpayers who underwent a face-to-face audit recalled the audit, while the majority of taxpayers subjected to a correspondence examination reported they had not been audited.

• The extent to which the IRS continues to erroneously approve Form 1023-EZ applications. In 2014, the IRS introduced a streamlined tax-exemption application that does not require applicants to attach articles of incorporation or bylaws to their applications but merely requires them to "attest" that they meet the eligibility requirements. In 2019, TAS examined a representative sample of organizations that the IRS had approved as tax-exempt by reviewing articles of incorporation in 25 states that make articles of incorporation available online at no cost. TAS found that 40 percent of the approved organizations did not qualify for IRC § 501(c)(3) status based on their articles of incorporation.

Visit www.TaxpayerAdvocate.irs.gov/2019AnnualReport for more information.

Related Items:

• Complete Report: 2019 Annual Report to Congress

• Executive Summary

• Purple Book

About the Taxpayer Advocate Service

TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Your local advocate's number is available in your local directory and at contact the Taxpayer Advocate Service page. You may also call TAS toll-free at877-777-4778. TAS can help if you need assistance resolving an IRS problem, if your problem is causing financial difficulty, or if you believe an IRS system or procedure isn't working as it should. And our service is free. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to https://taxpayeradvocate.irs.gov/. You can get updates on tax topics atfacebook.com/YourVoiceAtIRS, Twitter.com/YourVoiceatIRS, and YouTube.com/TASNTA.

The Taxpayer Advocate Service will mark its 20th anniversary in March 2020. Created by Congress as part of the IRS Restructuring and Reform Act of 1998, TAS has two main statutory missions: (i) to assist taxpayers in resolving problems with the IRS and (ii) to identify areas in which groups of taxpayers are experiencing problems in their dealings with the IRS and make administrative and legislative recommendations to mitigate the problems. Over the past 20 years, TAS has assisted more than 4.4 million taxpayers, made hundreds of administrative recommendations adopted by the IRS, and proposed some 46 legislative recommendations that Congress has enacted into law. A key accomplishment was the IRS's adoption and Congress's later enactment of the Taxpayer Bill of Rights for which the National Taxpayer Advocate had long advocated. Visit the TAS website to learn more about TAS and how it can help you.

What Is Tax Day?

Tax Day 2020 is April 15. By that date, you must have already filed your return or an extension. The extension will give you until October 15, 2020, to e-file your return.

Who needs to file a tax return for 2019?

Believe it or not, there are some folks who are not required to file a federal tax return. In general, individuals or households that don't meet certain income thresholds are exempt from filing. The limit varies depending on factors including age and filing status.

For 2019, you will need to file a federal tax return if the income on your W-2 meets or exceeds the following limits:

- Single and under 65 years of age: $12,000
- Single and 65 or older: $13,600
- Head of household and under 65 years of age: $18,000
- Head of household and 65 or older: $19,600
- Married, filing jointly and under 65 years of age: $24,000
- Married, filing jointly and 65 or older: $25,300
- Married, filing separately (any age):$0
- Qualifying widow(er) with dependent children and under 65 years of age: $24,000
- Qualifying widow(er) with dependent children and 65 or older: $25,300

What if you're self-employed? No matter your age or marital status, you must file if you are self-employed and earned $400 or more in 2019.

You must also file if you meet any of the following criteria:

- You received unemployment income
- You owe household employment taxes
- You owe the Alternative Minimum Tax
- You owe taxes on a retirement plan such as an IRA
- You're still repaying the 2008 Homebuyer Credit
- You received $108.28 or more from a tax-exempt religious organization
- You received an advanced payment with the Premium Tax Credit
- You have unreported tip income
- You received distributions from a Health Savings Account

It's advisable that you check with a tax professional to see if you are indeed exempt from filing. However, even if you are not required to file for 2018, there are a variety of reasons you may want to do so. For example, you may still be eligible to receive certain tax credits.

Should you DIY or hire a professional tax preparer?

The eternal question: Should you save money and file your taxes on your own or hire someone to make sure you've dotted all the i's and crossed all the t's?

Of course, this choice is entirely up to you. And if you decide to do it yourself, there is plenty of great software to help. However, if you answer "Yes" to any of the following, you should consider calling a pro:

- Are you self-employed?
- Do you have any "weird" tax situations such as a property sale, an inheritance, a Roth IRA conversion or an early pension distribution?
- Do you earn more than $100,000 per year?
- Are you a real estate investor?
- Do you need to file any complicated tax forms such as a K-1?
- Are you completely clueless when it comes to taxes? (Sometimes, you should go with your gut!)

Here's a more in-depth discussion of whether or not filing by yourself is the right choice for you.

What's your tax filing status?

If you're single, married or somewhere in between, there's a status for you. Here are the five filing statuses when it comes to federal returns:

1. Single: If you are not married or are legally separated as of December 31, 2019, and do not have any qualifying dependents, you must use this status.
2. Head of household: If you are a single or legally separated person (or if your spouse did not live at your address during the second half of 2019) and you have a qualifying dependent or child for whom you paid at least half of their support, you are eligible to claim this status. This status has some tax benefits not available if you file as "Single."
3. Married, filing jointly: You can claim this status if you were married as of December 31, 2019.
4. Married, filing separately: If you were married as of December 31, 2019, you can claim this status, which usually results in higher tax liabilities (but not always).
5. Qualifying widow(er): This status can confer the same benefits as if you were married and filing jointly. However, you must have a qualifying dependent, and you are eligible only if your spouse passed away in 2018 or 2019.

Get your refund faster -- tell IRS to direct deposit your refund to one, two or three accounts

The best and fastest way to get your tax refund is to have it electronically deposited for free into your financial account. The IRS program is called direct deposit. You can use it to deposit your refund into one, two or even three accounts.

Eight out of 10 taxpayers get their refunds by using Direct Deposit. It is simple, safe and secure. This is the same electronic transfer system used to deposit nearly 98 percent of all Social Security and Veterans Affairs benefits into millions of accounts.

Combining direct deposit with IRS e-File is the fastest way to receive your refund. IRS issues more than 9 out of 10 refunds in less than 21 days. You can track your refund using our Where's My Refund? tool.

Direct deposit is easy to use. Just select it as your refund method through your tax software and type in the account number and routing number. Or, tell your tax preparer you want direct deposit. You can even use direct deposit if you are one of the few people still filing by paper. Be sure to double check your entry to avoid errors.

Direct deposit also saves you money. It costs the nation's taxpayers more than $1 for every paper refund check issued, but only a dime for each direct deposit made.

The federal tax refund is often the largest single check many people receive. It's an opportune time to start or add to your savings. You can divide your refund into two or three additional financial accounts, including your Individual Retirement Account, or purchase up to $5,000 in U.S. Series I Savings Bonds.

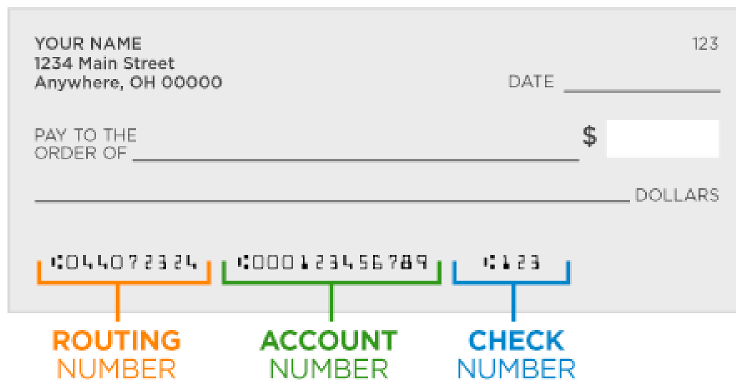
Splitting your refund is easy. You can use your tax software to do it electronically. Or, use IRS' Form 8888, Allocation of Refund (including Savings Bond Purchases) if you file a paper return. Just follow the instructions on the form. If you want IRS to deposit your refund into just one account, use the direct deposit line on your tax form.

With split refunds, you have a convenient option for managing your money — sending some of your refund to an account for immediate use and some for future savings — teamed with the speed and safety of direct deposit.

Your refund should only be deposited directly into accounts that are in your own name; your spouse's name or both if it's a joint account. No more than three electronic refunds can be deposited into a single financial account or prepaid debit card. Taxpayers who exceed the limit will receive an IRS notice and a paper refund.

Whether you file electronically or on paper, direct deposit gives you access to your refund faster than a paper check.

Direct deposit also avoids the possibility that your check could be lost or stolen or returned to IRS as undeliverable.



How taxpayers can avoid the hooks of a phishing scam

Knowledge and awareness. Those two things can protect taxpayers and their family members from getting caught up in a phishing scam.

A phishing scam is often an unsolicited email or a website that looks like a legitimate site designed to trick users. The scams convince people into providing personal and financial information. Scam emails can arrive to personal and work accounts on computers, smartphones and tablets.

Phishing scams often use one or more of these tactics. The scammers:

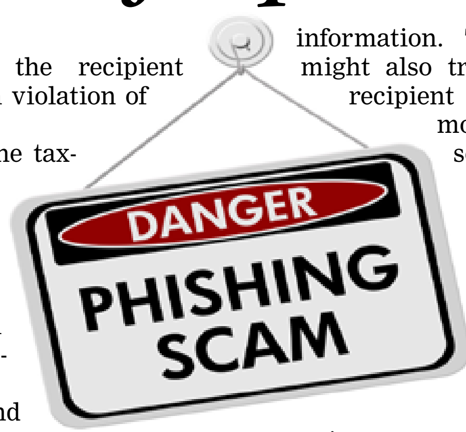
• Pose as a trusted bank, favorite retail store, government agency, or even a tax professional.

• Tell the taxpayer there's something wrong with their account.

• Tell the recipient they're in violation of a law.

• Tell the taxpayer to open a link in email or download an attachment.

• Send the taxpayer a familiar looking – but fake – website and ask them to log in to it.



Thieves do these to trick taxpayers into revealing account numbers and passwords. The thieves secretly download malicious software on to someone's device to collect personal information. The criminal might also try to fool the recipient into sending money to the scammers.

It's important to remember that the IRS never:

• Calls to demand immediate payment using a specific payment method such as a prepaid debit card, iTunes gift card or wire transfer.

• Asks a taxpayer to make a payment to a person or organization other than the U.S. Treasury.

• Threatens to immediately bring in local police or other law-enforcement groups saying they can have the taxpayer arrested for not paying.

• Demands taxes be paid without giving the taxpayer the opportunity to question or appeal the amount owed.

When in doubt, taxpayers can always check the status of their taxes by registering at IRS.gov. From there, taxpayers can check their account balance for the current tax year or any previous tax year with a balance due.

Taxpayers who receive an IRS-related or tax-themed phishing email should forward it to phishing@irs.gov. Taxpayers can also report scam letters and phone calls to phishing@irs.gov as well as the Treasury Inspector General for Tax Administration.

Where's my refund?

1. When to check...

- 24 hours after you e-file
- 4 weeks after you mail your paper return
- Updates are made daily, usually overnight

2. What you need...

- Social security number
- Filing status
- Exact refund amount

3. How...

Get your refund status at
https://sa2.Www4.Irs.Gov/irfof/lang/en/irfofgetstatus.Jsp

If you e-file, you can generally expect your refund in less than 21 days. There is no need to call our toll-free number unless "where's my refund?" specifically indicates that you should.

Also download the IRS2Go app to check your refund status.

Information courtesy of irs.gov

Be on the lookout for new version of SSN scam

Taxpayers should be on the lookout for new variations of tax-related scams. In the latest twist on a scam related to Social Security numbers, scammers claim to be able to suspend or cancel the victim's SSN. It's yet another attempt by con artists to frighten people into returning 'robocall' voicemails.

Scammers may mention overdue taxes in addition to threatening to cancel the person's SSN. If taxpayers receive a call threatening to suspend their SSN for an unpaid tax bill, they should just hang up.

Make no mistake…it's a scam.

Taxpayers should not give out sensitive information over the phone unless they are positive they know the caller is legitimate. When in doubt – hang up. Here are some telltale signs of this scam. The IRS and its authorized private collection agencies will never:

- Call to demand immediate payment using a specific payment method such as a prepaid debit card, iTunes gift card or wire transfer. The IRS does not use these methods for tax payments.
- Ask a taxpayer to make a payment to a person or organization other than the U.S. Treasury.
- Threaten to immediately bring in local police or other law-enforcement groups to have the taxpayer arrested for not paying.
- Demand taxes be paid without giving the taxpayer the opportunity to question or appeal the amount owed.

Taxpayers who don't owe taxes and have no reason to think they do should:

- Report the call to the Treasury Inspector General for Tax Administration.
- Report the caller ID and callback number to the IRS by sending it to phishing@irs.gov. The taxpayer should write "IRS Phone Scam" in the subject line.
- Report the call to the Federal Trade Commission. When reporting it, they should add "IRS Phone Scam" in the notes.

Taxpayers who owe tax or think they do should:

- View tax account information online at IRS.gov to see the actual amount owed and review their payment options.
- Call the number on the billing notice
- Call the IRS at 800-829-1040.

Year-End Tax Tips To Help Boost Your Return

By Mary B. Williamson, State Farm® Agent

Take advantage of smart year-end financial moves that can help reduce your income tax liability when you file next spring. Bernard Kiely, CFP, CPA, dean of the National Association of Professional Financial Advisors (NAPFA) University School of Taxation, offers these tips:

1. Donate to qualified charities and organizations: You can generally deduct contributions of up to 50 percent of your adjusted gross income to qualified charities and organizations if they're made before December 31. Consider:

Donating stock. You can generally deduct the fair market value of donated stock.

Using a community foundation. You direct the money, and the foundation pays it out over a period of years. You can generally deduct the donation the year you paid the foundation.

2. Contribute to your 401(k): Add pre-tax money to your 401(k) before the end of the year to reduce your taxable income.

3. Sell losing stock: Sell losing stock before year's end to deduct the capital losses against any capital gains you realized, and reduce your taxes on the money you earned from successful stock. Once you've offset your capital gains, you, as an individual, can generally use any excess losses to reduce ordinary income up to an annual limit of $3,000

4. Focus on long-term capital gains: "A short-term capital gain is a stock or mutual fund you've bought and sold in less than one year," says Kiely. Long-term capital gains are taxed at fixed interest rates. Short-term capital gains are taxed at your ordinary income tax rate. Use the time now to evaluate your financial portfolio and shift more funds to investments that offer longer-term tax savings.

5. Fund a Coverdell Education Savings Account (ESA): Many states allow residents to deduct contributions made to an education savings account. In general, the designated beneficiary of a Coverdell ESA can receive tax-free distributions to pay qualified education expenses.

These are just five ways to help reduce your tax liability—visit a financial planner for many more.

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Mary Bullard Williamson

Phone scams continue to be a serious threat, remain on IRS 'Dirty Dozen' list of tax scams for the tax filing season

Aggressive and threatening phone calls by criminals impersonating IRS agents remain a major threat to taxpayers, headlining the annual "Dirty Dozen" list of tax scams for the 2020 filing season, the Internal Revenue Service has announced.

The IRS has seen a surge of these phone scams as scam artists threaten police arrest, deportation, license revocation and other things. The IRS reminds taxpayers to guard against all sorts of con games that arise during any filing season.

"Taxpayers across the nation face a deluge of these aggressive phone scams. Don't be fooled by callers pretending to be from the IRS in an attempt to steal your money," said IRS Commissioner John Koskinen. "We continue to say if you are surprised to be hearing from us, then you're not hearing from us."

"There are many variations. The caller may threaten you with arrest or court action to trick you into making a payment," Koskinen added. "Some schemes may say you're entitled to a huge refund. These all add up to trouble. Some simple tips can help protect you."

The Dirty Dozen is compiled annually by the IRS and lists a variety of common scams taxpayers may encounter any time during the year. Many of these con games peak during filing season as people prepare their tax returns or hire someone to do so.

This January, the Treasury Inspector General for Tax Administration (TIGTA) announced they have received reports of roughly 896,000 contacts since October 2013 and have become aware of over 5,000 victims who have collectively paid over $26.5 million as a result of the scam.

"The IRS continues working to warn taxpayers about phone scams and other schemes," Koskinen said. "We especially want to thank the law-enforcement community, tax professionals, consumer advocates, the states, other government agencies and particularly the Treasury Inspector General for Tax Administration for helping us in this battle against these persistent phone scams."

Protect yourself

Scammers make unsolicited calls claiming to be IRS officials. They demand that the victim pay a bogus tax bill. They con the victim into sending cash, usually through a prepaid debit card or wire transfer. They may also leave "urgent" callback requests through phone "robo-calls," or via a phishing email.

Many phone scams use threats to intimidate and bully a victim into paying. They may even threaten to arrest, deport or revoke the license of their victim if they don't get the money.

Scammers often alter caller ID numbers to make it look like the IRS or another agency is calling. The callers use IRS titles and fake badge numbers to appear legitimate. They may use the victim's name, address and other personal information to make the call sound official.

Here are five things the scammers often do but the IRS will not do. Any one of these five things is a tell-tale sign of a scam.

The IRS will never:

• Call to demand immediate payment, nor will the agency call about taxes owed without first having mailed you a bill.

• Demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe.

• Require you to use a specific payment method for your taxes, such as a prepaid debit card.

• Ask for credit or debit card numbers over the phone.

• Threaten to bring in local police or other law-enforcement groups to have you arrested for not paying.

If you get a phone call from someone claiming to be from the IRS and asking for money, here's what you should do:

If you don't owe taxes, or have no reason to think that you do:

• Do not give out any information. Hang up immediately.

• Contact TIGTA to report the call. Use their "IRS Impersonation Scam Reporting" webpage. You can also call 800-366-4484.

• Report it to the Federal Trade Commission. Use the "FTC Complaint Assistant" on FTC.gov. Please add "IRS Telephone Scam" in the notes.

If you know you owe, or think you may owe tax:

• Call the IRS at 800-829-1040. IRS workers can help you.

Stay alert to scams that use the IRS as a lure. Tax scams can happen any time of year, not just at tax time. For more, visit "Tax Scams and Consumer Alerts" on IRS.gov.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your Taxpayer Bill of Rights. Explore your rights and our obligations to protect them on IRS.gov.

Avoid scams:

Know the facts on how the IRS contacts taxpayers

Crooks impersonating the IRS either by phone, email or in person cost people their time and money. The IRS urges people to stay vigilant against schemes and scams and avoid becoming a victim.

Here are some important tips for taxpayers to keep in mind to avoid scams:

How the IRS initiates contact

The IRS initiates most contacts with taxpayers through regular mail delivered by the U.S. Postal Service. However, there are special circumstances in which the IRS will call or come to a home or business, such as:

• When a taxpayer has an overdue tax bill,

• To secure a delinquent tax return or a delinquent employment tax payment, or

• To tour a business, for example, as part of an audit or during criminal investigations.

Even then, taxpayers will generally first receive a letter or sometimes more than one letter, often called notices, from the IRS in the mail.

Avoid telephone scams

Criminals impersonate IRS employees and call taxpayers in aggressive and sophisticated ways. Imposters claim to be IRS employees and sound very convincing. They use fake names and phony IRS identification badge numbers. They're demanding and threatening – and do not reflect how the IRS handles enforcement matters.

Note that the IRS does not:

• Demand that people use a specific payment method, such as a prepaid debit card, gift card or wire transfer. The IRS will not ask for debit or credit card numbers over the phone. For people who owe taxes, make payments to the U.S. Treasury or review IRS.gov/payments for IRS online options.

• Demand immediate tax payment. Normal correspondence begins with a letter in the mail and taxpayers can appeal or question what they owe. All taxpayers are advised to know their rights as a taxpayer.

• Threaten to bring in local police, immigration officers or other law enforcement agencies to arrest people for not paying. The IRS also cannot revoke a license or immigration status. Threats like these are common tactics scam artists use to trick victims into believing their schemes.

IRS employees may make official, unannounced visits

IRS employees may make official and sometimes unannounced visits to discuss taxes owed or returns due as a part of an audit or investigation. Taxpayers generally will first receive a letter or notice from the IRS in the mail. If a taxpayer has an outstanding federal tax debt, IRS will request full payment but will provide a range of payment options.

Here are the facts:

• All IRS representatives will always provide their official credentials, called a pocket commission and a HSPD-12 card. The HSPD-12 card is a government-wide standard form of reliable identification for federal employees and contractors. Taxpayers have the right to see these credentials. IRS employees can provide an additional method to

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IRS reminder: Tax scams continue year-round

The IRS urges taxpayers to be on the lookout for a surge of evolving phishing emails and telephone scams.

The IRS is seeing signs of two new variations of tax-related scams. One involves Social Security numbers related to tax issues and another threatens people with a tax bill from a fictional government agency. Here are some details:

• The SSN hustle. The latest twist includes scammers claiming to be able to suspend or cancel the victim's Social Security number. In this variation, the Social Security cancellation threat scam is similar to and often associated with the IRS impersonation scam. It is yet another attempt by con artists to frighten people into returning 'robocall' voicemails. Scammers may mention overdue taxes in addition to threatening to cancel the person's SSN.

• Fake tax agency. This scheme involves the mailing of a letter threatening an IRS lien or levy. The lien or levy is based on bogus delinquent taxes owed to a non-existent agency, "Bureau of Tax Enforcement." There is no such agency. The lien notification scam also likely references the IRS to confuse potential victims into thinking the letter is from a legitimate organization.

Both display classic signs of being scams. The IRS and its Security Summit partners – the state tax agencies and the tax industry – remind everyone to stay alert to scams that use the IRS or reference taxes, especially in late spring and early summer as tax bills and refunds arrive.

Phone scams

The IRS does not leave pre-recorded, urgent or threatening messages. In many variations of the phone scam, victims are told if they do not call back, a warrant will be issued for their arrest. Other verbal threats include law-enforcement agency intervention, deportation or revocation of licenses.

Criminals can fake or "spoof" caller ID numbers to appear to be anywhere in the country, including from an IRS office. This prevents taxpayers from being able to verify the true call number. Fraudsters also have spoofed local sheriff's offices, state departments of motor vehicles, federal agencies and others to convince taxpayers the call is legitimate.

Email phishing scams

The IRS does not initiate contact with taxpayers by email to request personal or financial information. The IRS initiates most contacts through regular mail delivered by the United States Postal Service. However, there are special circumstances when the IRS will call or come to a home or business. These visits include times when a taxpayer has an overdue tax bill, a delinquent tax return or a delinquent employment tax payment, or the IRS needs to tour a business as part of a civil investigation (such as an audit or collection case) or during criminal investigation.

If a taxpayer receives an unsolicited email that appears to be from either the IRS or a program closely linked to the IRS that is fraudulent, report it by sending it to phishing@irs.gov. The Report Phishing and Online Scams page provides complete details.

Telltale signs of a scam

The IRS (and its authorized private collection agencies) will never:

• Call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card or wire transfer. The IRS does not use these methods for tax payments. Generally, the IRS will first mail a bill to any taxpayer who owes taxes. All tax payments should only be made payable to the U.S. Treasury and checks should never be made payable to third parties.

• Threaten to immediately bring in local police or other law-enforcement groups to have the taxpayer arrested for not paying.

• Demand that taxes be paid without giving the taxpayer the opportunity to question or appeal the amount owed.

• Ask for credit or debit card numbers over the phone.

For anyone who doesn't owe taxes and has no reason to think they do:

• Do not give out any information. Hang up immediately.

• Contact the Treasury Inspector General for Tax Administration to report the call. Use their IRS Impersonation Scam Reporting web page.

• Report the caller ID and/or callback number to the IRS by sending it to phishing@irs.gov (Subject: IRS Phone Scam).

• Report it to the Federal Trade Commission. Use the FTC Complaint Assistant on FTC.gov. Add "IRS Telephone Scam" in the notes.

For anyone who owes tax or thinks they do:

• View tax account information online at IRS.gov to see the actual amount owed. Taxpayers can then also review their payment options.

• Call the number on the billing notice, or

• Call the IRS at 800-829-1040. IRS workers can help.

The IRS does not use text messages or social media to discuss personal tax issues, such as those involving bills or refunds. For more information, visit the Tax Scams and Consumer Alerts page on IRS.gov. Additional information about tax scams is also available on IRS social media sites, including YouTube videos.

Tax returns due April 15

Here's something that hasn't happened in a while: Tax Day is actually April 15 for all Americans to file their 2019 tax returns to the Internal Revenue Service (IRS) this year.

Tax Day can't fall on Saturday or Sunday and certain state holidays can also push the due date for federal income taxes past April 15.

But this year, Tax Day is on a Wednesday, with no weekends or state holidays to push it forward. You'll need to have your return postmarked by midnight on April 15. If you file electronically, the date and time in your time zone when your return is transmitted controls whether your return is filed on time. After you file, you will get an electronic acknowledgement that the IRS has accepted your electronically filed return.

How to know it's really the IRS calling or knocking on your door

Many taxpayers have encountered individuals impersonating IRS officials – in person, over the telephone and via email. Don't get scammed. We want you to understand how and when the IRS contacts taxpayers and help you determine whether a contact you may have received is truly from an IRS employee.

The IRS initiates most contacts through regular mail delivered by the United States Postal Service.

However, there are special circumstances in which the IRS will call or come to a home or business, such as when a taxpayer has an overdue tax bill, to secure a delinquent tax return or a delinquent employment tax payment, or to tour a business as part of an audit or during criminal investigations.

Even then, taxpayers will generally first receive several letters (called "notices") from the IRS in the mail.

Note that the IRS does not:

• Call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card or wire transfer. Generally, the IRS will first mail a bill to any taxpayer who owes taxes.

• Demand that you pay taxes without the opportunity to question or appeal the amount they say you owe. You should also be advised of your rights as a taxpayer.

• Threaten to bring in local police, immigration officers or other law-enforcement to have you arrested for not paying. The IRS also cannot revoke your driver's license, business licenses, or immigration status. Threats like these are common tactics scam artists use to trick victims into buying into their schemes.

If you owe taxes:

The IRS instructs taxpayers to make payments to the "United States Treasury." The IRS provides specific guidelines on how you can make a tax payment at irs.gov/payments.

Here is what the IRS will do:

If an IRS representative visits you, he or she will always provide two forms of official credentials called a pocket commission and a HSPD-12 card. HSPD-12 is a government-wide standard for secure and reliable forms of identification for federal employees and contractors. You have the right to see these credentials. And if you would like to verify information on the representative's HSPD-12 card, the representative will provide you with a dedicated IRS telephone number for verifying the information and confirming their identity.

Collection

IRS collection employees may call or come to a home or business unannounced to collect a tax debt. They will not demand that you make an immediate payment to a source other than the U.S. Treasury.

Learn more about the IRS revenue officers' collection work.

The IRS can assign certain cases to private debt collectors but only after giving the taxpayer and his or her representative, if one is appointed, written notice. Private collection agencies will not ask for payment on a prepaid debit card or gift card. Taxpayers can learn about the IRS payment options on IRS.gov/payments. Payment by check should be payable to the U.S. Treasury and sent directly to the IRS, not the private collection agency.

Learn more about how to know if it's really an IRS Private Debt Collector.

Audits

IRS employees conducting audits may call taxpayers to set up appointments or to discuss items with the taxpayers, but not without having first attempted to notify them by mail. After mailing an official notification of an audit, an auditor/tax examiner may call to discuss items pertaining to the audit.

Learn more about the IRS audit process.

Criminal investigations

IRS criminal investigators may visit a taxpayer's home or business unannounced while conducting an investigation. However, these are federal law enforcement agents and they will not demand any sort of payment.

Learn more about the What Criminal Investigation Does and How Criminal Investigations are Initiated.

Beware of impersonations

Scams take many shapes and forms, such as phone calls, letters and emails. Many IRS impersonators use threats to intimidate and bully people into paying a fabricated tax bill. They may even threaten to arrest or deport their would-be victim if the victim doesn't comply.

For a comprehensive listing of recent tax scams and consumer alerts, visit Tax Scams/ Consumer Alerts.

Know who to contact

• Contact the Treasury Inspector General for Tax Administration to report a phone scam. Use their "IRS Impersonation Scam Reporting" web page. You can also call 800-366-4484.

• Report phone scams to the Federal Trade Commission. Use the "FTC Complaint Assistant" on FTC.gov. Please add "IRS Telephone Scam" in the notes.

• Report an unsolicited email claiming to be from the IRS, or an IRS-related component like the Electronic Federal Tax Payment System, to the IRS at phishing@irs.gov.

Facts

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verify their identification. Upon request, they're able to provide a toll-free employee verification telephone number.

• Collection employees won't demand immediate payment to a source other than "U.S. Treasury."

• IRS employees may call taxpayers to set up appointments or discuss audits but not without first attempting to notify taxpayers by mail.

• IRS employees conducting criminal investigations are federal law enforcement agents and will never demand money.

Find more information about Criminal Investigation and how to know it's really the IRS calling or knocking on doors for auditsand collection on IRS.gov.

Avoid email, phishing and malware schemes

Scammers send emails that trick businesses and taxpayers into thinking the messages are official communications from the IRS or others in the tax industry. As part of phishing schemes, scammers sometimes ask taxpayers about a wide-range of topics, such as refunds, filing status, confirming personal information, ordering transcripts and verifying personal identification numbers.

The IRS does not use email, text messages or social media to discuss tax debts or refunds with taxpayers.

Calls from IRS-contracted private collection agencies

The IRS assigns certain overdue tax debts to private debt collection agencies or PCAs. Here are the facts about this program:

• The IRS will send a letter to the taxpayer letting them know the IRS has turned their case over to one of the four PCAs. The PCA will also send the taxpayer a letter confirming assignment of the taxpayer's account to the agency.

• The IRS will assign a taxpayer's account to only one of these agencies, never to all four. The IRS authorizes no other private groups to represent the IRS.

• It's important to know that PCA representatives:

• Will identify themselves and will ask for payment to "U.S. Treasury,"

• Will not ask for payment on a prepaid debit or gift card, and

• Will not take enforcement action.

How to report scams

Taxpayers can use these options to report phone, email and other impersonation scams:

• Report impersonation scams to the Treasury Inspector General for Tax Administration. on the "IRS Impersonation Scam Reporting" webpage.

• Report phone scams to the Federal Trade Commission using the FTC Complaint Assistant. Add "IRS Telephone Scam" in the notes.

• Report an unsolicited email claiming to be from the IRS or an IRS-related system like the Electronic Federal Tax Payment System to the IRS at phishing@irs.gov.

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For those who qualify

Donna Cartrette, Haley Steed and Tina Jacobs

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