

IRS NEWS FOR BUSINESS

January 2021

► UPCOMING WEBINARS

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

► HOT TOPICS

[Treasury and IRS begin delivering second round of Economic Impact Payments to millions of Americans](#)

- The Internal Revenue Service and the Treasury Department have begun delivering a second round of Economic Impact Payments as part of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 to millions of Americans who received the first round of payments earlier this year.

Get My Payment FAQs updated

- See [this page](#) and look for FAQs that were updated on December 30, 2020.

E-Poster about EIP 2

- [What You Need to Know About the Second Economic Impact Payments](#)
- In Spanish: [Lo que necesita saber acerca del segundo Pago de impacto económico](#)

[Taxpayers should check out these tips before choosing a tax preparer](#)

- As taxpayers get ready to file their 2021 taxes, they may be thinking about hiring a tax preparer. People should choose a tax preparer wisely. This is important because taxpayers are responsible for all the information on their return, no matter who prepares it for them.
- There are different kinds of tax preparers, and a taxpayer's needs will help determine which kind of preparer is best for them. With that in mind, here are some quick tips to help people choose a preparer.

[IRS to employers: Remember February 1, 2021 deadline for Form W-2, other wage statements](#)

- A 2015 law made it a permanent requirement that employers file copies of their Form W-2, Wage and Tax Statements, and Form W-3, Transmittal of Wage and Tax Statements, with the Social Security Administration by January 31. That is also the date the Forms W-2 are due to workers. This upcoming tax season, however, January 31 falls on a Sunday, pushing the due dates to the next business day, which is Monday, February 1.
- Certain Forms 1099-MISC, Miscellaneous Income and Forms 1099-NEC, Nonemployee Compensation, are also normally due to taxpayers on January 31, but this tax season they too will be due on the next business day, February 1, 2021. Various other due dates related to Form 1099-MISC, including dates due to the IRS, can be found in the instructions on IRS.gov.

[Volunteers needed for free tax prep help](#)

- Safety and social distancing, along with virtual options, will be the emphasis now and for the upcoming tax season as the IRS seeks volunteers to provide free tax return preparation through its Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs.
- In response to the coronavirus pandemic, the IRS is rolling out new ways to make volunteering easier and safer.

▶ **A CLOSER LOOK**

[How the IRS Ensures Compliance with the Tax Laws](#)

- Sunita Lough is the Deputy Commissioner for Services and Enforcement of the IRS, discusses how the IRS Ensures Compliance with the Tax Laws.
- When deciding which compliance tool to use, IRS aims to balance the burden on the taxpayer with the potential benefit of the compliance effort.

▶ **GET READY FOR TAXES**

[Steps to Take Now to Get a Jump on Your Taxes](#)

- A special page outlines steps taxpayers can take now to make tax filing easier in 2021.

[Get Ready for Taxes: What's new and what to consider when filing in 2021](#)

- This year, there are some key items to consider involving credits, deductions and refunds, including the Recovery Rebate Credit/Economic Impact Payment.

[Get Ready for Taxes: Stay home and stay safe with IRS online tools](#)

- The IRS encourages taxpayers to take necessary actions now to help file federal tax returns timely and accurately in 2021. Read about Free File, choosing a preparer, and other online help.

▶ **NEWS RELEASES**

[IRS has begun sending letters to taxpayers that may need to take action related to Qualified Opportunity Funds](#)

- The IRS has started sending letters to taxpayers that may need to take additional actions related to Qualified Opportunity Funds (QOF).

[Treasury and IRS issue final regulations on the deduction for qualified transportation fringe and commuting expenses](#)

- The 2017 TCJA generally disallows deductions for qualified transportation fringe (QTF) expenses and does not allow deductions for certain expenses of transportation and commuting between an employee's residence and place of employment.

IRS APTC Statement

- People who are automatically re-enrolled in their Federal Health Insurance Exchange plan through HealthCare.gov will continue to have Advance Payments of the Premium Tax Credits (APTC) made on their behalf into 2021. For plan year 2021, CMS is deferring the APTC verification process for those who are automatically re-enrolled until early 2021 in coordination with the IRS due to the unique circumstances of the pandemic.
- Contrary to recent reports, the IRS reminds taxpayers that the processing status of their 2019 tax return does not have any effect on their ability to re-enroll and have APTC made on their behalf for calendar year 2021. Taxpayers who receive APTC must file a tax return and reconcile APTC by submitting Form 8962 when they file their federal income tax return. If the taxpayer fails to file Form 8962 it will adversely affect their ability to receive future APTC payments. Taxpayers who have not filed a return should file an accurate return as soon as possible with Form 8962. Taxpayers who have already filed with Form 8962 do not need to file a second return. Taxpayers who received a Marketplace notice that have filed and reconciled should log in to their HealthCare.gov account on or before December 15, 2020, and check the box that says, "Yes, I reconciled premium tax credits for past years" in their 2021 Exchange application.

► TAX TIPS TO SHARE WITH YOUR CLIENTS

Tips to help people stay safe online

- These days most people are spending more time at home and a lot more time online. Whether people are online for work, school, a virtual gathering or shopping, online security is more important than ever.
- Everyone should be mindful of risks they may encounter when they share devices, shop online and interact on social media.
- Taxpayers might find the online security overwhelming, but it doesn't have to be. Even those who aren't super tech-savvy can stay safe online.

All tax prep software will offer multi-factor authentication beginning in 2021

- The IRS and its Security Summit partners recently announced that multi-factor authentication will be available on all 2021 online tax preparation products. This security feature is designed to protect both taxpayers and tax professionals.

Identity Protection PIN Program will soon be available to taxpayers nationwide

- In January, the IRS Identity Protection PIN Opt-In Program will be expanded to all taxpayers who can properly verify their identity.
- An Identity Protection PIN is a six-digit number assigned to eligible taxpayers to help prevent their Social Security number from being used to file fraudulent federal income tax returns. This number helps the IRS verify a taxpayer's identity and accept their tax return. The online Get An IP PIN tool immediately displays the taxpayer's assigned number.

Highlights from the 2020 National Tax Security Awareness Week

- Recently, the IRS and its Security Summit partners hosted the 2020 National Tax Security Awareness Week. The goal of this week is to encourage taxpayers, businesses and tax pros to take steps to protect their tax data and identities. Here's are some of the highlights from topics covered during the week.

► NEWS FOR BUSINESSES and EMPLOYERS

Guidance on reporting qualified sick and family leave wages paid

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

IRS Statement about Form 7200 Payments

- Employers will experience a delay in receiving payments associated with Form 7200, Advance Payment of Employer Credits, processed between late-December and mid-January due to standard end-of-year close out. The IRS will continue to accept and process valid Forms 7200 during this time, and the payment of valid requests during this time will begin to be processed on January 21, 2021. Employers will still receive Letter 6312, Form 7200 Response, if the Form 7200 cannot be processed.

IRS will soon conceal sensitive data on business tax transcripts

- Business tax transcripts will soon look a little different. Beginning December 13, the IRS will conceal some information on business tax transcripts to better protect people from possible identity theft.
- A transcript is basically a summary of a tax return. Tax pros use transcripts to prepare prior year tax returns or represent the client before the IRS. Lenders and others use tax transcripts to verify income.

Small businesses should make sure to use the right form when filing employment tax returns

- Some small businesses pay employment tax quarterly while others may pay it just once a year.
- The IRS advises small business owners to review the rules for filing two commonly used employment tax returns. The two forms are:
 - Form 941, Employer's Quarterly Federal Tax Return
 - Form 944, Employer's Annual Federal Tax Return
- These two forms are not interchangeable. A small business files one or the other. The employer should never flip-flop between the two forms on their own and should always file according to their designated filing requirement.

► SECURE ACT

IRS provides guidance on legislation that increases automatic enrollment cap percentage and eases burdens for certain safe harbor plans

- The IRS issued Notice 2020-86 addressing certain provisions of the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) affecting safe harbor plans, including safe harbor 401(k) plans and certain 403(b) plans.

► TAX EXEMPT / NON-PROFIT

[Recent legislation requires tax exempt organizations to e-file forms](#)

- The Taxpayer First Act, enacted July 1, requires tax exempt organizations to electronically file information returns and related forms. The new law affects tax exempt organizations in tax years beginning after July 1, 2019.

► NEWS FROM OTHER AGENCIES

[From the SBA: What You Can do if Your COVID-19 EIDL was Declined](#)

- If your COVID-19 Economic Injury Disaster Loan was declined, you can request reconsideration within six months of the date of the decline letter. Include your application number and information required to overcome the reason for decline. You can send this information via email to pdcrecons@sba.gov or mail to the U.S. Small Business Administration Disaster Assistance Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, Texas, 76155.

► OUTREACH CONNECTION

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