

IRS NEWS FOR BUSINESS

August 2020

► UPCOMING WEBINARS

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► HOT TOPICS

[IRS statement on interest payments](#)

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

[IRS debunks tax refund myths](#)

- Most taxpayers have already filed their federal tax return, and many have already received their refund. Those that have not are understandably eager for details about when their refund will arrive. When it comes to tax refunds, a few common myths keep circulating and misinforming taxpayers.

► CHARITABLE CONTRIBUTIONS

[Temporary changes regarding charitable contributions](#)

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

► PEOPLE FIRST INITIATIVE

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

- The IRS reminds taxpayers who took advantage of the People First Initiative tax relief and did not make previously owed tax payments between March 25 to July 15 that they need to restart their payments.
- As the IRS continues to reopen its operations across the country, taxpayers who were in payment agreements and skipped any payments from March 25 and July 15 should start paying again to avoid penalties and possible default on their agreements.
- **See also:** [Have an installment agreement or payment plan? Payments should resume starting July 15](#)

► SCAM ALERT

[IRS unveils "Dirty Dozen" list of tax scams for 2020; Americans urged to be vigilant to these threats during the pandemic and its aftermath](#)

- The IRS announced its annual "Dirty Dozen" list of tax scams with a special emphasis on aggressive and evolving schemes related to coronavirus tax relief, including Economic Impact Payments.
- This year, the Dirty Dozen focuses on scams that target taxpayers. The criminals behind these bogus schemes view everyone as potentially easy prey. The IRS urges everyone to be on guard all the time and look out for others in their lives.

► IN CASE YOU MISSED IT

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

- The IRS reminds taxpayers that using the [IRS Tax Withholding Estimator](#) to do a [Paycheck Checkup](#) can help them have the right amount of tax withheld and avoid surprises when filing next year.
- Because income taxes are [pay-as-you-go](#), taxpayers are required by law to pay most of their tax as income is received. There are two ways to do this:
 - Through withholding from paychecks, pension payments, Social Security benefits or certain other government payments.
 - Making quarterly estimated tax payments throughout the year for income not subject to withholding.

► NEWS FOR INDIVIDUALS

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

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

► NEWS FOR BUSINESSES and EMPLOYERS

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

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

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

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

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

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

► COVID-RELATED, CARES ACT, and FFCRA NEWS

BUSINESSES:

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

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

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

- The IRS has started sending letters to taxpayers who have experienced a delay in the processing of their Form 7200, Advance Payment of Employer Credits Due To COVID-19.

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

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

INDIVIDUALS:

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

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

► **ECONOMIC IMPACT PAYMENTS**

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

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

EIP RESOURCES

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

TIP: When a question is added or updated, it will say “added July 2”, or “updated July 10”. Use Ctrl F to search for the words “added”, “updated”, or “July”. This will help you find new or updated questions.

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

► **NEWS FROM OTHER AGENCIES**

From the SBA:

[Virtual Mentoring and Training](#)

- Offices around the country may be closed to the Coronavirus pandemic, but SCORE, Small Business Development Centers, Women's Business Centers, and Veterans Business Outreach Centers and other resource partners are providing free business mentoring and training by phone, email, and video. Find an SBA resource partner near you.

[Beware of Scams and Fraud Schemes](#)

- The Office of Inspector General recognizes that we are facing unprecedented times and is alerting the public about potential fraud schemes related to economic stimulus programs offered by the U.S. Small Business Administration in response to COVID-19. The CARES Act, the largest financial assistance bill to date, includes provisions to help small businesses. **Fraudsters have already begun targeting small business owners during these economically difficult times. Be on the lookout for grant fraud, loan fraud, and phishing.**

► e-NEWS SUBSCRIPTIONS and SOCIAL MEDIA

e-News Subscriptions

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IRS Social Media

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