

First Friday Hot Issues Summary – December 06, 2024

What we Want You to Know

National Tax Security Awareness Week (NTSAW) Dec 2-Dec 6, 2024

On December 2nd, the Internal Revenue Service, state tax agencies and the nation's tax industry – working together as the [Security Summit](#) – kicked-off the **9th Annual National Tax Security Awareness Week**.

The purpose: Provide tips for taxpayers and tax professionals to avoid scams and protect sensitive personal information. As the holidays and tax season approach, this week aims to educate and urge taxpayers to be extra careful in protecting their sensitive financial and personal information. There is heightened risk during the holiday season as fraudsters take advantage of the season to trick people into sharing their information by email, text message and online. Identity thieves use this personal information to try to file tax returns and steal refunds.

Drake EFIN faxback Spear Phishing scam

This is a scam that we saw earlier in 2024 and we conducted focused outreach on it. IT HAS RESTARTED AGAIN! Tax pros must be aware of this! This email references Drake but can be ANY software provider that is impersonated. Here the criminal is requesting the tax professional's EFIN information. At IRS's request, the "from" domain has been de-registered. The fax number has been reported as fraudulent.

This scam is discussed here: IRS Tax Tip 2024-11, Feb. 22, 2024, <https://www.irs.gov/newsroom/tax-pros-watch-out-for-efin-scams>

And

Press Release IR-2024-36, Feb. 8, 2024 <https://www.irs.gov/newsroom/irs-warns-tax-professionals-to-be-aware-of-efin-scam-email-special-webinars-offered-next-week>

The threat actors send emails that impersonate tax software preparation providers and request that the recipient – a tax professional – fax their EFIN information to a number the threat actor controls.

New Client Spear Phishing Scam

This is the most prevalent scam that targets tax professionals. They also incorporate a "legend" (backstory) by, for example, having a more believable voicemail greeting when people call. This spear phishing scam is called the "New Client" scam. It is the most common scam reported to phishing@irs.gov.

First Friday Hot Issues Summary – December 06, 2024

In 2024, the complaint volume associated with these spear phishing scams quadrupled compared to 2023.

This article provides more information <https://www.irs.gov/newsroom/irs-security-summit-partners-warn-of-surge-in-new-client-scams-aimed-at-tax-pros-as-2024-filing-season-approaches>

Increasingly the fraudulent domains that are created by the threat actors impersonate real companies. In this case a small family farm was impersonated. Once a tax professional responds to this initial email (i.e., the bait), the threat actor will send them a malicious attachment or URL which will download malicious software. The malicious software is almost always a commodity remote access trojan (RAT) which would allow a threat actor to have remote control of the tax professional's computer.

Disaster Donations Scam

Scammers commonly set up fake charities to take advantage of your generosity during natural disasters and other tragic events. This IRS tax tip shows how to verify a charity is legit before you give:

Taxpayers should use the [Tax Exempt Organization Search Tool](#) to check that an organization is legitimate before they donate money.

Follow these tips before making a charitable donation:

- **Always verify.** Scammers use names that sound like well-known charities to confuse people. Fake charity promoters may use emails, fake websites, or altered or "spoofed" caller ID to make it look like a real charity is calling to solicit donations. Potential donors should ask the fundraiser for the charity's name, website and mailing address so they can independently confirm the information. Use the [Tax Exempt Organization Search Tool](#) to verify if an organization is a legitimate tax exempt charity.
- **Be cautious** about how a donation is requested. Never work with charities that ask for donations by giving numbers from a gift card or by wiring money. That's a scam. It's safest to pay by credit card or check — and only after verifying the charity is real.
- **Don't share too much information.** Scammers are on the lookout for both money and personal information. Never disclose Social Security numbers, credit card numbers, personal identification numbers or passwords.
- **Don't give in to pressure.** Scammers often pressure people into making an immediate payment. In contrast, legitimate charities are happy to get a donation at any time. Donors should not feel rushed.

Tax Exempt Organization Search (TEOS) tool

IR-2024-269, Oct. 15, 2024

WASHINGTON — In the aftermath of Hurricanes Milton and Helene, the Internal Revenue Service today cautioned taxpayers of scammers who use fake charities to gather sensitive personal and financial data from unsuspecting donors.

First Friday Hot Issues Summary – December 06, 2024

Scammers commonly set up fake charities to take advantage of peoples' generosity during natural disasters and other tragic events. "Many people want to help survivors and their families by donating to charities," said IRS Commissioner Danny Werfel. "Too often, criminals take advantage of would-be donors' kindness by stealing money and personal information from well-meaning taxpayers. You should never feel pressured by solicitors to immediately give to a charity. It's important to do the research to verify if they're authentic first." Those interested in making donations should first check the [Tax Exempt Organization Search \(TEOS\) tool](#) on IRS.gov to help find or verify qualified, legitimate charities. With this tool, people can:

- Verify the legitimacy of a charity,
- Check its eligibility to receive tax-deductible charitable contributions, and
- Search for information about an organization's tax-exempt status and filings.

Filing Season 2025 IP PIN UPDATES!

DUPLICATE DEPENDENT RETURNS, no need to file paper return, taxpayers will now be able to e-file return if child was claimed, and filing was rejected – all possible with IP PIN. The IRS will accept Forms 1040, 1040-NR and 1040-SS even if a dependent has already been claimed on a previously filed return if the primary taxpayer on the second return includes a valid Identity Protection Personal Identification Number (IP PIN). This change will reduce the time for the agency to receive the tax return and accelerate the issuance of tax refunds for those with duplicate dependent returns. In previous years, the second tax return had to be filed by paper, now:

- The Primary filer will be able to apply for an IP PIN and file. If MFJ only, the primary will need IP PIN, not the dependent.
- All prior year returns will still need to be filed by paper.
- Most taxpayers can file immediately after receiving an IP PIN online.
- At the end of May 2024 IP-PIN was incorporated with Individual On-line Accounts (IOLA) - Under profile tab, you have option to join from IOLA or if you already have an IP PIN, it will be displayed.

The Internal Revenue Service is making it easier for taxpayers to protect their information and avoid refund delays by accepting certain e-filed tax returns that claim dependents who have already been claimed on another taxpayer's return. This change will benefit filers claiming important tax credits like the [Earned Income Tax Credit](#) and Child Tax Credit.

Beginning in the 2025 filing season

- Opt-out feature. With FY 2025, taxpayers now have a choice in how they want to participate in IP PIN program – 2 options (continuous enrollment with opt out at any time and a one-time enrollment for current year)
- Log in to system in early January to retrieve IP PIN. We will not be mailing out CP-01A. after 2019 with the pin number.
- Previous victims of identity theft will not be allowed to opt out of IP PIN protection.
- It can take up to 72 hours to process opt out requests.

The IP PIN system will be offline for annual maintenance until early January 2025.

First Friday Hot Issues Summary – December 06, 2024

Digital Assets Webinar 12/19/2024

This presentation will help you:

Explore the purpose and importance of answering the DA question on Form 1040 and others. Explore new regulations and third-party reporting requirements. Clarify Form 1099 DA reporting thresholds and requirements. Understand Revenue Procedure 2024-28 and Safe Harbor Provisions for taxpayers.



Flyer_Digital
Assets_121924.pdf

Plus, a live Q & A (see flyer for registration link)

Universal Accounting for Digital Assets Concludes, but Safe Harbor Available. Taxpayers need to know about critical safe-harbor guidance pertaining to digital asset transaction reporting contained in recently IRS issued [Rev. Proc. 2024-28](#).

Tax Pros: IRS Tax Pros – YouTube for replay

The Jan. 1, 2025, deadline to meet the safe harbor is fast approaching.

Prior Issues

Issue: Secure Messaging

Response: Secure Messaging was experiencing technical difficulties when uploading documents, please allow for additional time for the upload to complete and the virus scan to process the file. Once the process is complete, the send button will become accessible. System was down Oct 10-20th.

Issue: Credit Transfers

Response: Effective Thursday, October 17, 2024, all Credit Transfers are now allowed on all TINs, including related and non-related accounts.

Issue: United States Postal Service (USPS) delays in Georgia

Response: The IRS was made aware of delays occurring at the United States Postal Service (USPS) in the state of Georgia resulting in delayed receipts of tax returns and payments at the IRS. For any correspondence where the taxpayer states their return was mailed/filed timely in GA between April 1, 2024, and December 31, 2024, AND has any proof of timely mailing such as certified mail receipt, copy of a cashed check dated on or before the due date, or a letter from the post office acknowledging delays, the returns will be treated as timely filed. If the taxpayer does not have proof, we will refer to the date the return was signed

First Friday Hot Issues Summary – December 06, 2024

and/or the date of the payment. If earlier than of the due date of the return, treat these as timely filed. If the taxpayer submitted a payment with said return, a payment date change per IRM 21.5.8.4.2(2)a will be made.

Issue: TDS Issues with 94X Returns

Response: As of 10/03.2024 - The programming issues, discussed previously, regarding 94X returns have been resolved and these transcripts are now available upon request.

New Issues

Issue: E-filed returns that have manual payments of tax. Taxpayers continue to receive notices with penalties. The return was e-filed and accepted on October 10, 2024. The check was mailed on October 10, 2024, and cleared the bank on October 17, 2024. Notice dated November 4, a full 2 weeks after the check has cleared the bank.

Issue: Business MeF Production Shutdown Schedule Shutdown for "Send Submissions" only is scheduled to begin at 11:59 a.m. (noon) Eastern time, Tuesday, December 26, 2024. Transmitters can continue to use the other service requests except "Send Submissions" until **11:59 p.m. (midnight) Eastern time, Tuesday, December 26, 2024.**

Issue: The FORM letter also said we could FAX but did not have a FAX number in the letter. Practitioner called the phone number on the letter to get a FAX number but could never get through.

NOTE: Require documentation – copies of letters verifying dates, copy of letter without FAX, number/date and time called.

Issue: Employee Retention Credit

- ERC - reduction in wage amounts on related business returns
Taxpayers who amended their 941s to claim the ERC for 2020 but who waited until the ERC payment was received in 2024 to amend their business returns to reduce the wage amounts associated with the ERC are now receiving Letter 2765C stating that additional taxes related to the reduction in wages will not be assessed as the assessment statute expiration date has expired and that the IRS will be returning the payment made along with the amended business return. Is anyone else seeing this issue?
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First Friday Hot Issues Summary – December 06, 2024

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Please keep your feedback coming. Remember feedback requires identifying barriers AND providing possible solutions. Please send both to Area 4 (AR, FL, GA, LA, MS, PR, SC, TX, and U.S. VI) CL.SL.Area.4@irs.gov

[Next Meeting February 7, 2024](#)

