

Tax filing season to begin January 29, IRS says

The Internal Revenue Service announced this week that it will begin accepting and processing 2023 tax year returns on January 29, 2024.

For most taxpayers, the deadline to file their personal federal tax return, pay any tax owed, or request an extension to file is Monday, April 15, 2024, the IRS said in a January 8 news release. Taxpayers living in Maine or Massachusetts have a filing deadline of April 17, 2024, however, due to the Patriot's Day holiday (on April 15) and the Emancipation Day holiday (on April 16) in those states. In addition, a taxpayer who resides in a federally declared disaster area also may have additional time to file.

URL: <https://www.irs.gov/newsroom/tax-relief-in-disaster-situations>

IRS Commissioner Danny Werfel noted in the release that the agency is continuing to use the 10-year mandatory funding stream it received under the Inflation Reduction Act of 2022 (P.L. 117-169) to overhaul its customer service operations and streamline the tax filing process. (The additional mandatory funding is also earmarked for strengthening the IRS's enforcement programs.)

URL: <https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf>

"As our transformation efforts take hold, taxpayers will continue to see marked improvement in IRS operations in the upcoming filing season," Werfel said. "IRS employees are working hard to make sure that new funding is used to help taxpayers by making the process of preparing and filing taxes easier."

Among the service improvements the agency is touting for the upcoming filing season are expanded in-person service at Taxpayer Assistance Centers; increased help available on the IRS's toll-free line and an expanded customer call-back feature designed to significantly reduce wait times; enhancements to the "Where's My Refund?" tracking tool; and enhanced paperless processing capabilities that will enable taxpayers to submit all correspondence, nontax forms, and responses to notices digitally and to file a wider range of tax forms electronically.

Filing season converging with tax deal, government funding efforts

The IRS's announcement comes as taxwriting leaders in the House and Senate are attempting to finalize a deal on a modest tax package that would couple business-focused tax relief—including provisions to temporarily reverse certain changes that have taken effect pursuant to 2017's Tax Cuts and Jobs Act (TCJA, P.L. 115-97) that curtailed deductions for research expenditures and business interest expense and dialed down immediate write-offs for capital investments—with assorted enhancements to the child tax credit.

URL: <https://www.congress.gov/115/plaws/publ97/PLAW-115publ97.pdf>

Senate Finance Committee Chairman Ron Wyden, D-Ore., who has been negotiating the tax package with House Ways and Means Committee Chairman Jason Smith, R-Mo., has stated that his goal is to see such a measure approved and signed into law before the start of the filing season to give the IRS a chance to make necessary updates to its computer systems and to ensure that early-filing taxpayers don't have to amend their

returns to reflect newly enacted tax law changes. At this point, however, it is unclear if that target deadline is realistic.

The start of the filing season also overlaps with congressional efforts to finalize funding for the IRS and other federal departments and agencies for fiscal year 2024, which began last October 1. Following a months-long standoff, House and Senate leaders announced January 7 that they had reached an agreement on topline appropriations numbers for the current fiscal year that essentially will hold spending at the levels in effect for fiscal year 2023.

With suballocation numbers still being worked out, the agency's final funding level for the current fiscal year remains uncertain. Senate appropriators approved a total fiscal year 2024 allocation of \$12.3 billion (consistent with the fiscal year 2023 funding level) on a bipartisan basis last July. By contrast, appropriators in the Republican-controlled House approved a total allocation of \$11.2 billion on a party-line vote last July, in a nod to demands by members of the House Freedom Caucus to hold nondefense discretionary spending for this fiscal year at the levels in place for fiscal year 2022. The lower topline number from House GOP appropriators reflects a steep proposed reduction in funding for the IRS's enforcement programs compared to the Senate proposal. (For prior coverage, see *Tax News & Views*, Vol. 24, No. 26, July 14, 2023.)

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/TNV/230714_2.html

The just-announced budget framework also would accelerate the scheduled rescission of \$20 billion of the roughly \$80 billion in mandatory funding that was allocated to the IRS over 10 years under the Inflation Reduction Act. President Biden and then-Speaker Kevin McCarthy, R-Calif., reached a handshake agreement during their negotiations over the Fiscal Responsibility Act (P.L. 118-5), the debt limit deal that was signed into law this past June, to rescind \$10 billion of the Inflation Reduction Act funding in fiscal year 2024 and another \$10 billion in fiscal year 2025. This week's spending agreement calls for rescinding the entire \$20 billion in fiscal year 2024.

URL: <https://www.congress.gov/118/plaws/publ5/PLAW-118publ5.pdf>

The government is currently operating under a "laddered" continuing resolution that funds some federal departments and agencies through January 19 and others—including the Treasury Department and IRS—until February 2.

See separate coverage in this issue for more on the status of congressional efforts to advance a tax relief package and appropriations legislation.

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