

# Municipal Digest

Fall 2013

Information on IRS Programs and Resources for Municipal Government Agencies

## TIN Matching Program Can Improve 1099 Filing Accuracy

### Sign Up for Free e-service

Is your municipal agency preparing to issue Forms 1099-MISC for nonemployee compensation, legal services, or rents paid? Would you like to be able to verify that the Social Security Number or Employer Identification Number a contractor provided is correct?

The IRS's Taxpayer Identification Number Matching program can assist you in verifying that the TIN/name combination provided by a payee matches the TIN/name combination contained in IRS records. TINs include Social Security Numbers, Employer Identification Numbers, and Individual Taxpayer Identification Numbers.

TIN Matching is part of a suite of free, internet based e-services that allows authorized payers the opportunity to match 1099 payee information against IRS records prior to filing information returns. The service is offered to authorized payers who submit any of six information returns subject to backup withholding (Forms 1099-B, INT, DIV, OID, PATR, and MISC). An authorized payer is one who has filed any of the six forms with the IRS in at least one of the two past tax years.

The TIN Matching program will:

- Match the payee name and TIN with IRS records;
- Decrease backup withholding and penalty notices;
- Reduce the error rate in TIN validation.

Individuals must first **register** to use e-services and select a username, password and PIN. Then they can register to use TIN Matching from the suite of **e-service products** available.

Interactive TIN Matching will accept up to 25 payee TIN/Name combinations on-screen while Bulk TIN Matching will allow up to 100,000 payee TIN/Name combinations to be matched via a text file submission.

The TIN Matching system is accessible 24 hours a day, 7 days a week. Support services include **on-line tutorials to assist** customers with the registration, application and TIN Matching process. Customer assistance is also available toll-free at 1-866-255-0654, 7:30 a.m. to 7 p.m., EST, Monday through Friday.

Please see also **Pub 2108-A, On-Line Taxpayer Identification Number (TIN) Matching Program** for more information.

You can also view a 2012 FSLG **webinar** that illustrates TIN Matching.

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## Useful Links

Municipal Agency Partnering Program (MAPP)  
EITC resources for municipalities  
IRS.gov homepage  
Tax forms & pubs  
Find your local IRS office  
Tax Information for local governments  
Identity protection  
Disaster relief  
Taxpayer Advocate Service





## Legal Same-Sex Marriages Will be Recognized for Federal Tax Purposes

The U.S. Department of the Treasury and the IRS have ruled that same-sex couples, legally married in jurisdictions that recognize their marriages, will be treated as married for federal tax purposes. The ruling applies regardless of whether the couple lives in a jurisdiction that recognizes same-sex marriage or a jurisdiction that does not recognize same-sex marriage.

The ruling implements federal tax aspects of the June 26 Supreme Court decision invalidating a key provision of the 1996 Defense of Marriage Act.

Under the ruling, same-sex couples will be treated as married for all federal tax purposes, including income and gift and estate taxes. The ruling applies to all federal tax provisions where marriage is a factor, including filing status, claiming personal and dependency exemptions, taking the standard deduction, employee benefits, contributing to an IRA and claiming the earned income tax credit or child tax credit.

The ruling covers any same-sex marriage legally entered into in one of the 50 states, the District of Columbia, a U.S. territory or a foreign country. However, the ruling does not apply to registered domestic partnerships, civil unions or similar formal relationships recognized under state law.

Legally married same-sex couples generally must file their 2013 federal income tax return using either the married filing jointly or married filing separately filing status.

Individuals who were in same-sex marriages may, but are not required to, file original or amended returns choosing to be treated as married for federal tax purposes for one or more prior tax years still open under the statute of limitations.

Generally, the statute of limitations for filing a refund claim is three years from the date the return was filed or two years from the date the tax was paid, whichever is later. As a result, refund claims can still be filed for tax years 2010, 2011 and 2012. Some taxpayers may have special circumstances, such as signing an agreement with the IRS to keep the statute of limitations open, that permit them to file refund claims for tax years 2009 and earlier.

Taxpayers who want to file a refund claim for income taxes should use **Form 1040X, Amended U.S. Individual Income Tax Return**. Taxpayers who wish to file a refund claim for gift or estate taxes should file **Form 843, Claim for Refund and Request for Abatement**.

Additionally, employees who purchased same-sex spouse health insurance coverage from their employers on an after-tax basis may treat the amounts paid for that coverage as pre-tax and excludable from income.

**Revenue Ruling 2013-17**, along with updated **Frequently Asked Questions for same-sex couples** and updated **FAQs for registered domestic partners and individuals in civil unions** are available on IRS.gov.

## Get Free Tax Help Using IRS Social Media Tools

Free tax help from the IRS is available year-round through various forms of social media. Here are some ways the IRS uses social media to share information on tax law changes, programs and services.

**1. IRS2Go.** Use this free Smartphone app to check your refund status, get tax updates and follow the IRS via Twitter. If you have an Apple iPhone or iTouch, download it from the iTunes app store. If you use an Android device, visit the Google Play Store to download IRS2Go for free.

**2. YouTube.** Tune in to IRS YouTube Channels for short, instructional videos on a variety of tax subjects. Videos are available in English, American Sign Language and other languages, such as Spanish.

**3. Twitter.** Follow IRS tweets for tax-related tips, news for tax professionals and job announcements. Follow us @IRSnews, @IRStaxpros and @IRSenEspanol.

**4. Tumblr.** Follow the IRS Tumblr blog for the most up-to-date tax news.

**5. Facebook.** Check the IRS Return Preparer Facebook page for useful posts for tax professionals.

Listen to short IRS podcasts to get useful facts on many tax topics. The audio files (along with transcripts) are available on iTunes or from the Multimedia Center page on IRS.gov.

Protecting taxpayer privacy is a top priority at the IRS. The IRS uses social media tools to share public information, not to answer personal tax or account questions. Individuals should never post their Social Security number or any other confidential information on social media sites.

For more about IRS social media tools, visit IRS.gov and click on **"Social Media."**



# Two IRS Divisions Work Closely with Municipal Agencies

## FSLG and GL Have Distinct Functions

The IRS's Office of Federal, State, and Local Government (FSLG) and Office of Governmental Liaison (GL) may share mutual customers, but there are important distinctions in how the two functions work with municipal government agencies.

### FSLG:

- is part of the IRS's Tax Exempt and Government Entities division;
- is responsible for ensuring federal tax compliance, including correct filing of Forms 941, W-2, 1099, etc., by federal, state and municipal government agencies;
- has specially trained agents who can address tax topics unique to government entities, including employment tax withholding, 1099 filing requirements, and fringe benefit reporting; agents can also assist with excise tax, currency transaction issues, unrelated business income, and other federal tax matters;
- works with the Social Security Administration to educate government entities about Section 218 Agreements. (These voluntary agreements provide social security and/or Medicare coverage for state and local employees. While IRS is responsible for administering and enforcing the tax laws, SSA processes and interprets these agreements and related coverage issues);
- provides audio and webinar training on employment tax issues to government employers; and
- has developed several educational tools which are available on the FSLG web site,

including **Publication 963, Federal-State Reference Guide**; the **FSLG Fringe Benefit Guide**; the **Quick Reference Guide for Public Employers**; a series of **fact sheets, FAQs, and toolkits** for public employers; and a **self-assessment tool** to determine tax compliance.

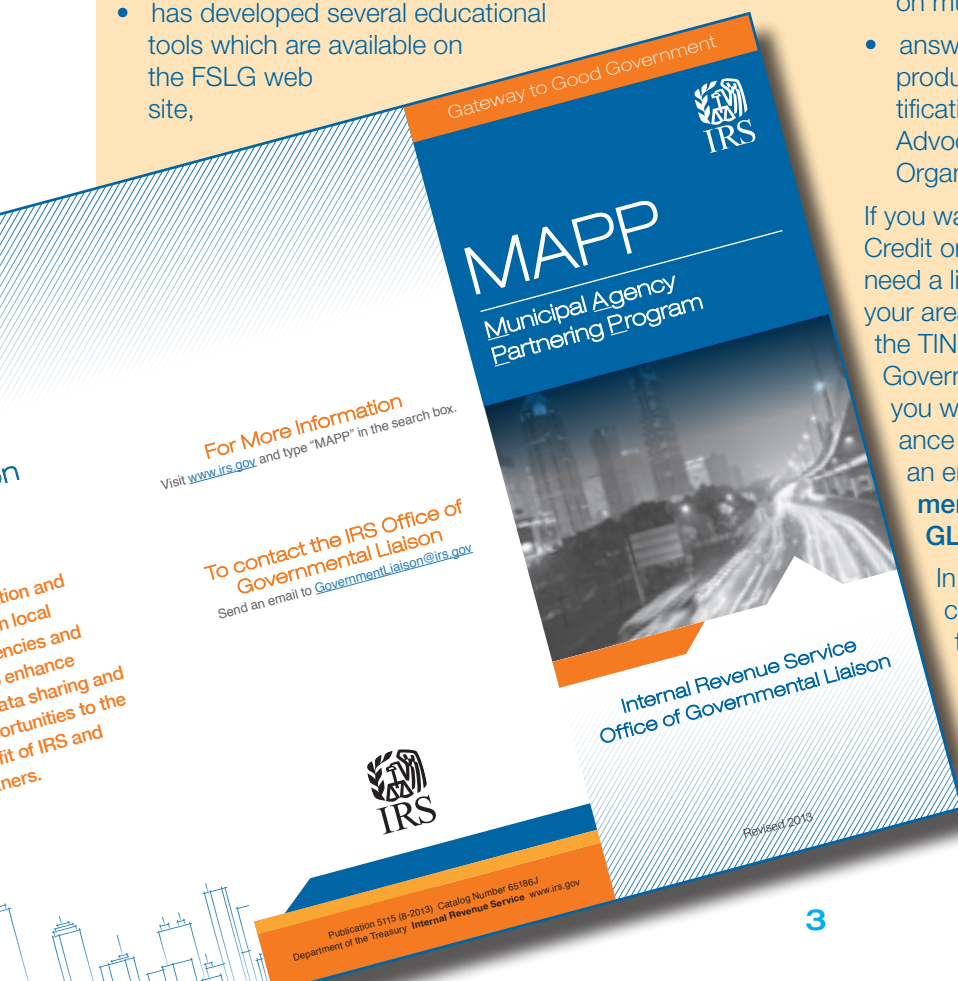
If, for example, you receive a notice about your agency's employment tax returns, have a question about including a fringe benefit in your employee's W-2 wages, or want to ask about a Section 218 Agreement webinar, please contact your local FSLG staff. They are your primary contact for issues affecting your agency as an employer and/or taxpayer. Please visit the **FSLG web page** on IRS.gov, and take a look at the current issue of their **newsletter for government employers**.

### Governmental Liaison:

- is part of the IRS' Privacy, Governmental Liaison and Disclosure organization;
- develops and implements partnerships between IRS operating divisions and federal, state and municipal government agencies;
- shares tax news and IRS program information with municipal government agencies and associations through the quarterly **Municipal Digest** and **IRS Publication 5115**;
- invites municipal agency staff to attend IRS training on multiple tax issues; and
- answers questions from municipalities about IRS products and services, including the Taxpayer Identification Number Matching program, the Taxpayer Advocate Service, Statistics of Income, Exempt Organizations Select Check data base, and more.

If you want to order a supply of Earned Income Tax Credit or electronic filing brochures for your city office, need a list of Volunteer Income Tax Assistance sites in your area, or want to learn more about signing up for the TIN Matching program, please contact your local Governmental Liaison, who is your main contact when you want to partner with IRS on outreach or compliance initiatives. To contact your GL, please send an email with your contact information to **GovernmentLiaison@irs.gov**. More information about the **GL program** is on IRS.gov.

In summary, FSLG deals with government agencies as employers and/or taxpayers, whereas the GL works with them as tax administrators or other governing authorities on matters of mutual interest.







## IRS Program Introduces Tax Concepts to Students

### Teachers Can Tailor the Program for Their Classroom

Students in your community who are starting their first jobs need to know about taxes and basic financial concepts. A quick and simple way to introduce these subjects in school is through the IRS's Understanding Taxes program.

Understanding Taxes is a free online tool designed in partnership with teachers for classroom use. The interactive tool is a great resource for middle, high school or community college students.

The program includes these features:

- 38 interactive lessons help students understand the American tax system;
- A series of tax tutorials guides students through the basics of tax preparation;
- Other activities encourage students to apply their knowledge using real world simulations;

- A site map helps users quickly navigate through all parts of the program and skip to different lessons and activities;
- Other features include a glossary of tax terms and a chance for students to test their knowledge through tax trivia.

Understanding Taxes is easy to add to a school's curriculum. Teachers can customize the program to fit their own personal style with lesson plans and activities for the classroom. They will also find links to state and national educational standards.

There are no registration or login requirements to access the program. **Understanding Taxes** is available year-round. The IRS usually updates the program each fall to reflect current tax law and new tax forms.

For additional information, please visit the Understanding Taxes page on [IRS.gov](http://IRS.gov).



## 2014 Tax Season to Start Later

### Start Date to be Announced

The IRS has announced a delay of approximately one to two weeks to the start of the 2014 filing season to allow adequate time to program and test tax processing systems following the 16-day federal government closure.

The IRS is exploring options to shorten the expected delay and will announce a final decision on the start of the 2014 filing season in December. The original start date of the 2014 filing season was Jan. 21, and with a one- to two-week delay, the IRS would start accepting and processing 2013 individual tax returns no earlier than Jan. 28 and no later than Feb. 4.

### Time Needed to Update Systems

The government closure came during the peak period for preparing IRS systems for the 2014 filing season. The delay gives the IRS more time to program, test and deploy the more than 50 systems used in processing nearly 150 million tax returns. Updating these core systems is a complex, year-round process with the majority of the work beginning in the fall of each year.

The April 15 tax deadline is set by statute and will remain in place. However, the IRS reminds taxpayers that anyone can request an automatic six-month extension to file their tax return by filing **Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return**, electronically or on paper.