

SSA/IRS

Reporter

A Newsletter for Employers

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Social Security
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Internal Revenue Service

In this Issue

It's never been easier to volunteer

A few simple steps can keep tax professionals ahead of email and cloud-based scams

The 2021 tax return extension deadline is October 17, 2022

Employers don't need Social Security card for employee verification

Got a letter or notice from the IRS?

Worker Classification 101: employee or independent contractor

It's never been easier to volunteer

Any business can support their community by encouraging their employees to join the [Volunteer Income Tax Assistance or Tax Counseling for the Elderly programs](#).

For over 50 years, VITA and TCE sites have offered free tax preparation for low-to-moderate income taxpayers. Sites across the country have recently expanded their virtual volunteering options. Virtual volunteers communicate with taxpayers remotely through the computer or phone to complete the return preparation process. Virtual volunteering is a great option for those who need more flexibility in their schedule.

Most IRS partners offer face-to-face tax preparation during the filing season for those that prefer to volunteer in person.

The VITA/TCE program also needs volunteers for other important [roles](#).

Anyone who is interested can visit [VITA/TCE volunteer sign up](#) for more information and to receive an invitation for virtual orientation.

Those who would like to host their own VITA or TCE site should [sign up](#) to find out more about becoming an IRS partner. ^{IRS}

A few simple steps can keep tax professionals ahead of email and cloud-based scams

Even a savvy person can get duped by a phishing email if they don't know the warning signs of a scam. It's unfortunate when anyone is fooled by an identity thief, but tax pros need to be especially aware of evolving scams that steal client data.

Criminals often pose as potential clients in fraudulent emails and texts

Securing their network to protect taxpayer data is a key responsibility for tax professionals, so they need to be aware of malware and scams. Tax pros are a common target for scammers who use phishing emails or texts to try and trick them into sharing client information or clicking on malicious links and attachments that can compromise data.

These criminals often pretend to be potential clients, exchanging several emails with the tax pro. Once they've earned the pro's trust, they send an email with a link or attachment they claim is their tax information. When the tax pro clicks on the link or opens the attachment, malware secretly downloads onto their computer, giving thieves access to passwords or remote computer access.

Once thieves are in the system, they can steal taxpayer data and their refunds

Thieves can use malware to take over a tax pro's computer system and steal refunds by identifying pending tax returns, changing the bank account information, completing the returns and e-filing them.

Criminals will also use ransomware attacks to shut down a company. When the unsuspecting target opens a link or attachment, malware attacks the computer system to encrypt files. The thieves then hold the data for ransom.

Storing taxpayer data on a cloud-based system with weak security is another risk

Thieves often take advantage of weak security on cloud-based systems storing client data. Tax pros should ensure they're using strong multi-factor authentication whenever they use a cloud-based system.

There are many forms of multi-factor authentication available. More information is available on the [Cybersecurity and Infrastructure Security Agency](#) website. ^{IRS}

Employers don't need Social Security card for employee verification

Asking to see an employee's Social Security card for wage reporting purposes may not be necessary. If the employee doesn't have their card, consider verifying if their name and Social Security number or SSN match using SSA online records. This can also be done for former employees when submitting their W-2s.

The [Social Security Number Verification Service](#) or SSNVS allows employers to verify the name and SSN of an employee with SSA online. No card needed and it is free for registered users.

SSNVS is one of the services available through [Business Services Online](#). This service allows employers and third-party submitters to:

- verify up to 10 names and SSNs online and receive immediate results.
- upload electronic files of up to 250,000 names and SSNs and usually receive results the next government business day.

Employers should not send an employee to a Social Security office for a card. Instead, they should use SSNVS online to quickly get the name and number match.

Users should remember that a mismatch can happen; however, it is not a basis to take adverse action against an employee. This includes laying off, suspending, firing, or discriminating against the employee.

Employers should remember:

- Company policies should be applied consistently to all workers.
- Any employer who uses the failure of the information to match our records to take inappropriate adverse action against a worker may violate state or federal laws.
- The information received from SSNVS is not a statement regarding a worker's immigration status.

Interested companies can visit [Employer W-2 Filing Instructions and Information](#) to learn more. ^{SSA}

The 2021 tax return extension deadline is October 17, 2022

Taxpayers who have yet to file their 2021 tax return – including those who requested an extension of time – are encouraged to [file a complete and accurate return electronically as soon as possible](#) once they have all their information together. [There's no need to wait until the October 17 deadline.](#)

Even if people have an extension to file until October, sending the tax return as soon as possible can help get them a refund quicker or save them money if they owe by avoiding additional interest and penalties.

Electronic filing options, including [IRS Free File](#), are still available through October 17 to prepare and file returns electronically.

Some people may choose not to file a tax return because they didn't earn enough money to be [required to file](#). They may [miss out on receiving a refund](#). They can [file electronically](#) even if they did not file an extension and, if due a refund, choose [direct deposit](#). ^{IRS}

Got a letter or notice from the IRS? Here are next steps

When the IRS needs to ask a question about a return, notify about a change to the account, or request a payment, the agency often mails a letter or notice to the taxpayer address of record. Getting mail from the IRS is not a cause for panic but, it should not be ignored either.

When an IRS letter or notice arrives in the mail, here's what taxpayers should do:

- **Read the letter carefully.** Most IRS letters and notices are about federal tax returns or tax accounts. Each notice deals with a specific issue and includes specific instructions on what to do. A notice may reference changes to a taxpayer's account, taxes owed, a payment request or a specific issue on a tax return. Taking timely action could minimize additional [interest and penalty charges](#).
- **Review the information.** If a letter is about a changed or corrected tax return, the taxpayer should review the information and compare it with the original return. If the taxpayer agrees, they should make notes about the corrections on their personal copy of the tax return and keep it for their records. Typically, a taxpayer will only need to act or contact the IRS if they don't agree with the information, if the IRS requested additional information, or if they have a balance due.
- **Take any requested action, including making a payment.** The IRS and authorized private debt collection agencies do send letters by mail. Most of the time, all the taxpayer needs to do is read the letter carefully and take the appropriate action or [submit a payment](#).
- **Reply only if instructed to do so.** Taxpayers don't need to reply to a notice unless specifically told to do so. There is usually no need to call the IRS. If a taxpayer does need to call the IRS, they should use the number in the upper right-hand corner of the notice and have a copy of their tax return and letter.
- **Let the IRS know of a disputed notice.** If a taxpayer doesn't agree with the IRS, they should mail a letter explaining why they dispute the notice. They should send it to the address on the contact stub included with the notice. The taxpayer should include information and documents for the IRS to review when considering the dispute.
- **Keep the letter or notice for their records.** Taxpayers should keep notices or letters they receive from the IRS. These include adjustment notices when an action is taken on the taxpayer's account. Taxpayers should keep records for three years from the date they filed the tax return.
- **Watch for scams.** The IRS will never contact a taxpayer using social media or text message. The first contact from the IRS usually comes in the mail. Taxpayers who are unsure whether they owe money to the IRS can view their [tax account information](#) on IRS.gov. ^{IRS}

Worker Classification 101: employee or independent contractor

A business might pay an independent contractor and an employee for the same or similar work, but there are key legal differences between the two. It is critical for business owners to correctly determine whether the people providing services are employees or independent contractors.

Independent contractor vs. employee - Whether a worker is an independent contractor, or an employee depends on the relationship between the worker and the business. Generally, there [are three categories to consider](#).

- **Behavioral control** – Does the company control or have the right to control what the worker does and how the worker does the job?
- **Financial control** – Does the business direct or control the financial and business aspects of the worker's job. Are the business aspects of the worker's job controlled by the payer? Things like how the worker is paid, are expenses reimbursed, who provides tools/supplies, etc.
- **Relationship of the parties** – Are there written contracts or employee type benefits such as pension plan, insurance, vacation pay? Will the relationship continue and is the work performed a key aspect of the business?

Misclassified worker - Misclassifying workers as independent contractors adversely affect employees because the employer's share of taxes is not paid, and the employee's share is not withheld. If a business misclassified an employee, the business can be held liable for employment taxes for that worker. Workers who believe they have been improperly classified as independent contractors generally must receive a [determination of worker status from the IRS](#). Then they can use [Form 8919, Uncollected Social Security and Medicare Tax on Wages](#) to figure and report their share of uncollected social security and Medicare taxes due on their compensation.

Voluntary Classification Settlement Program - The [Voluntary Classification Settlement Program](#) is an optional program that provides businesses with an opportunity to reclassify their workers as employees for future employment tax purposes. This program offers partial relief from federal employment taxes for eligible businesses who agree to prospectively treat their workers as employees.

Determining who is self-employed - Generally, someone is self-employed if any of the following apply to them.

- Carry on a trade or business as a [sole proprietor](#) or an [independent contractor](#).
- A member of a [partnership](#) that carries on a [trade or business](#).
- Otherwise in business for themselves, including a [part-time business](#).

Self-employed individuals, including those who earn money from [gig economy](#) work and make [estimated quarterly tax payments](#) are required to report the income. These taxpayers may qualify for the [home office deduction](#) if they use part of a home for business. ^{IRS}



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