

Checkpoint Contents

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PPC's Five-Minute Tax Briefing

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Five-Minute Tax Briefing[®]

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Item for Friday, June 11, 2021

IRS to Defer the Applicability Date of Provisions Related to Qualified Derivative Payments:

The IRS has announced its intentions to amend the regulations under IRC Secs. 59A and 6038A to defer the applicability date of certain provisions of the regulations relating to the reporting of Qualified Derivative Payments (QDPs) until taxable years beginning on or after 1/1/2023. At this time, taxpayers are treated as satisfying the QDP reporting requirement to the extent the taxpayer reports the aggregate amount of QDPs on Form 8991 (Tax on Base Erosion Payments of Taxpayers with Substantial Gross Receipts). Due to the complexity of the interaction of the QDP exception, the Base Erosion and Anti-abuse Tax (BEAT) netting rule in Sec. 1.59A-2(e)(3)(vi) and the QDP reporting requirements in IRC Secs. 1.59A-6 and 1.6038A-2(b)(7)(ix), the IRS has determined that it is appropriate to extend the transition period. Notice 2021-36.

Item for Thursday, June 10, 2021

IRS Issues Draft Guidance on Native American COVID-19 Relief Payments: The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Consolidated Appropriations Act, 2021 (CAA), and the American Rescue Plan Act of 2021 (ARPA) provide emergency relief programs that benefit Indian Tribal Governments (Tribes) and tribal members for necessary expenses resulting

from the COVID-19 pandemic. The IRS has released draft FAQs that provide general information on the tax treatment and required reporting for certain COVID-19 relief payments made to Tribes and its members. The FAQs state that payments used to pay reasonable and necessary personal, living, family, or funeral expenses are not included in taxable income. Emergency rental assistance payments are also excluded from gross income and are not taxable. On 6/25/21, the Department of Treasury and the Social Security Administration (SSA) will finalize the FAQs with tribal consultation. See www.irs.gov/government-entities/indian-tribal-governments/draft-faqs-for-payments-by-indian-tribal-governments-to-their-individual-members-under-covid-relief-legislation-and-notice-of-tribal-consultation for the draft FAQs.

Item for Wednesday, June 9, 2021

Updated Information on Advance Child Tax Credit Payments: The American Rescue Plan Act of 2021 (ARPA) expanded the Child Tax Credit (CTC), which is payable in advance for 2021. The IRS has started sending letters to more than 36 million American families who, based on either their 2019 or 2020 federal income tax return, may be eligible to receive monthly CTC payments. Eligible families will begin receiving advance payments, either by direct deposit or check. The payment will be up to \$300 per month for each qualifying child under age six and up to \$250 per month for each qualifying child ages six to 17. The IRS will issue advance CTC payments on July 15, August 13, September 15, October 15, November 15, and December 15. The IRS is continuing to add tools and online resources to help with the advance CTC that can be found at www.irs.gov/childtaxcredit2021 . News Release IR-2021-124 .

Item for Tuesday, June 8, 2021

IRS Issues Draft Form 941 and Form 941, Schedule R: Due to the COVID-19 pandemic, legislation has been signed into law that has provided multiple employment-related credits and other tax relief to employers. As a result, the IRS has issued drafts for Form 941 (Employer's Quarterly Federal Tax Return) and its instructions, and Form 941, Schedule R (Allocation Schedule for Aggregate Form 941 Filers) for quarters ending after 3/31/21 to reflect significant changes in the reporting of employment tax credits. The revised form is available at www.irs.gov/pub/irs-dft/f941--dft.pdf . The draft instructions to Form 941 state not to use an earlier version of Form 941 to report taxes for 2021. Also, don't use the March 2021 revision of Form 941 to report taxes for any quarter ending before 1/1/21 or beginning after 3/31/21. Don't use the June 2021 version of Form 941 to report taxes for any quarter ending before 4/1/21.

Item for Monday, June 7, 2021

Biden Administration Issues Its 2022 Tax Proposals: The Department of the Treasury has issued detailed information about the Biden Administration's tax proposals for fiscal-year 2022. Traditionally called "The Green Book" by the tax community Provisions include: (1) increasing

income tax rates for those with the highest incomes; (2) eliminating the carried interest preference and the like-kind real estate preference for those with the highest incomes; (3) taxing capital income for high-income earners at ordinary rates to the extent income exceeds \$1 million; (4) treating certain transfers of appreciated property by gift or on death as realization events; (5) more generous child tax credits, an expanded earned income tax credit, expanded child and dependent care tax credits, and more generous premium tax credits; (6) eliminating all fossil fuel tax subsidies; and (7) expanding tax incentives that encourage clean energy sources. The document is available online at <https://home.treasury.gov/policy-issues/tax-policy/revenue-proposals> .

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