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Item for Thursday, July 15, 2021

IRS Updates Substitute Information Returns Rules: A substitute form is one that is not officially published by the IRS. For a substitute form or statement to be acceptable to the IRS, it must conform to the official form or the specifications outlined. The IRS has released the 2021 requirements as Publication 1179 (General Rules and Specifications for Substitute Form 1096 , Form 1098, Form 1099, Form 5498 , and Certain Other Information Returns), describing rules for red-ink substitutes for 2021 revisions of certain information returns. The publication sets forth the 2021 requirements for: (1) using official IRS forms to file information returns with the IRS, (2) preparing acceptable substitutes of the official IRS forms to file information returns, and (3) using official or acceptable substitute forms to furnish information to recipients. Changes include a fax-only submission requirement for an extension of time to furnish statements to recipients, a form name change, and updated exhibits. Rev. Proc. 2021-27 .

Item for Wednesday, July 14, 2021

Recently Released Practice Units: As part of the IRS's Large Business and International Division's (LB&I's) knowledge management efforts, Practice Units are developed through internal collaboration and serve as both job aids and training materials on tax issues. Practice Units

provide IRS staff with explanations of general tax concepts or processes, as well as information about specific types of transactions. However, they are not official pronouncements of law or directives and cannot be used, cited, or relied upon as such. The following units have been released recently: (1) IRC Section 250 Deduction: Foreign-Derived Intangible Income (FDII), (2) Revised ASC 730 Directive—Computing Qualified Research Expense, (3) Allocation Methods of Personal Use of Aircraft, (4) Foreign Tax Redeterminations, (5) Concepts of Global Intangible Low-Taxed Income, and (6) Partner's Outside Basis. LB&I's Practice Units can be found at www.irs.gov/businesses/corporations/practice-units .

Item for Tuesday, July 13, 2021

IRS Assesses Additions to Tax That Accrued before Criminal Restitution Paid: Mr. Ervin failed to file income tax returns for 2000–2009 and was convicted of tax crimes for 2004–2006. In June 2012, he was sentenced to imprisonment and ordered to pay restitution of more than \$1.4 million, the amount of the estimated tax loss. After Mr. Ervin was remanded to custody, the IRS completed a civil exam of his 2002–2007 tax years and sent him notices of deficiency based on the tax loss figures used in sentencing. The IRS also determined additions to tax under IRC Secs. 6651(a)(1) , 6651(a)(2) , 6651(f) , and 6654. Mr. Ervin fully satisfied his restitution obligation about a year later; however, he contended that no additions to tax should apply because he had fully paid the deficiencies via restitution. The Tax Court concluded that, because the additions to tax accrued before restitution was ordered or paid, Mr. Ervin's argument had no merit and he was liable for the amounts. *Monty Ervin* , TC Memo 2021-75 (Tax Ct.).

Item for Monday, July 12, 2021

Multiemployer Retirement Plans Receiving Assistance from the PBGC: The IRS has released guidance for multiemployer qualified retirement plans that receive special financial assistance from the Pension Benefit Guaranty Corporation (PBGC) and for participants and beneficiaries in those plans under provisions of the American Rescue Plan Act of 2021 (ARPA). The guidance provides direction for multiemployer plans and addresses (1) the reinstatement of previously suspended pension benefits, along with make-up payments, as a condition that eligible multiemployer plans must meet if they receive special financial assistance; (2) the individual income tax treatment of these make-up payments; and (3) how a plan that receives special financial assistance must treat the plan's special financial assistance account for purposes of the minimum funding requirements for multiemployer defined benefit plans. PBGC guidance on the application process for special financial assistance can be found at www.PBGC.gov/arp-sfa . News Release IR-2021-148 and Notice 2021-38 .

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