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Item for Thursday, October 14, 2021

Social Security Wage Base Increased for 2022: The Social Security Administration (SSA) has announced that the maximum earnings subject to the Social Security component of the FICA tax will increase from $142,800 to $147,000 for 2022. This means that for 2022, the maximum Social Security tax that employers and employees will each pay is $9,114.00 ($147,000 x 6.2%). The Medicare component remains 1.45% of all earnings, and individuals with earned income of more than $200,000 ($250,000 for married couples filing jointly, $125,000 for married filing separately) will pay an additional 0.9% in Medicare taxes. Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2020 through the third quarter of 2021, approximately 70 million Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 5.9% cost-of-living adjustment (COLA) for 2022. Other 2022 COLAs announced by the SSA are available at www.ssa.gov/news/press/releases/2021/#10-2021-2 . SSA Release 10/13/21.

Item for Wednesday, October 13, 2021

ARPA Funding Relief for Multiemployer Defined Benefit Pension Plans: The IRS has provided guidance for sponsors of multiemployer defined benefit pension plans on the elections under Sections 9701 and 9702 of the American Rescue Plan Act of 2021 (ARPA), and the relief provided under Section 9703 of ARPA, relating to IRC Secs. 431 and 432. These provisions permit plan sponsors to: (1) elect to delay designating a plan as being in endangered, critical, or critical and declining status under IRC Sec. 432(b)(3) , as applicable, or to delay updating the plan's funding improvement plan or rehabilitation plan, as applicable; (2) elect to extend the plan's funding improvement period under IRC Sec. 432(c)(4) or the rehabilitation period under IRC Sec. 432(e)(4), as applicable; and (3) spread certain investment losses and other experience losses related to COVID-19 over a period of up to 30 years in determining charges to the funding standard account under IRC Sec. 431. Notice 2021-57.

Item for Tuesday, October 12, 2021

Issue Snapshot Discusses Advertising Income and UBTI: Under IRC Sec. 512(a), an exempt organization's income from the conduct of a trade or business not substantially related to its exempt purpose is Unrelated Business Taxable Income (UBTI). However, when an exempt organization has its own magazine, newsletter, or other publication, some or all of its income from selling advertising isn't UBTI if the editorial content of the publication is substantially related to the organization's exempt purpose. Royalty income is also excluded from UBTI. However, an issue may arise when an exempt organization contracts with a third-party to publish their magazine or newsletter and then reports the advertising income as royalties. According to an Issue Snapshot released by the IRS, whether advertising income is properly treated as royalties is determined from all the facts and circumstances. This Issue Snapshot with further analysis can be found at www.irs.gov/charities-non-profits/advertising-unrelated-business-taxable-income-and-3rd-party-contractor-issues .

Item for Monday, October 11, 2021

IRS Didn't Violate Bankruptcy Court Discharge Order: A federal district court reversed a bankruptcy court's decision that the IRS and its private collection agent, ConServe, violated a discharge order. Brian Starling failed to file a return for 2002 until 2007, so the IRS filed a substitute 2002 return. Starling filed for bankruptcy in 2013 and all Starling's nonexcepted liabilities including the tax liabilities shown on the IRS's proof of claim were discharged. IRS hired ConServe to collect Starling's 2002 taxes. Starling filed a petition in the bankruptcy court asking the court to punish them for violating the bankruptcy court's discharge order. The court awarded Starling damages. On appeal, the district court found that Starling's 2002 taxes weren't discharged because his 2002 filing wasn't a "return" since he filed it four years late and after the IRS had prepared a substitute return. The IRS nor ConServe violated the bankruptcy court's discharge order. *Starling* , 128 AFTR 2d 2021-5938 (DC NY).

Item for Friday, October 8, 2021

FBAR Filing Deadline Relief for Certain Persons: The FinCEN announced that victims of recent natural disasters have until 12/31/21 to file Reports of Foreign Bank and Financial Accounts (FBARs) for the 2020 calendar year (otherwise due on or before 10/15/21). FinCEN is offering this expanded relief to any area designated by the Federal Emergency Management Agency (FEMA) as qualifying for individual assistance as a result of Hurricane Ida; the California wildfires; Tennessee severe storm and flooding; Michigan severe storms, flooding, and tornadoes; and Tropical Storm Fred (the "affected areas"). Should FEMA designate other localities affected by these natural disasters as eligible for individual assistance at a later date, FBAR filers in those additional localities will receive the same filing relief automatically. In addition, FinCEN will work with any FBAR filer who lives outside the disaster areas but who must consult records located in the affected areas in order to meet the deadline. FinCen Notice (10/5/21).

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