



PREVIEW ISSUE - No. 2021-17

PPC

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Item for Thursday, September 9, 2021

Procedures for Revoking a Section 754 Election: The IRS has provided its employees with updated procedures to use when determining whether to approve or deny a partnership's request to revoke its Section 754 election to adjust partnership property basis. This guidance applies to any partnership, whether subject to Tax Equity and Fiscal Responsibility Act of 1928 (TEFRA), the Bipartisan Budget Act of 2015 (BBA), or separate deficiency proceedings. The IRS has provided detailed procedures for its employees to follow when reviewing Form 15254 (Request for Section 754 Revocation). These procedures cover: (1) processing Form 15254; (2) making the determination to approve or reject the revocation request; (3) getting managerial approval of the determination; (4) sending the recommended determination to Chief Counsel for review; (5) obtaining the proper signatures for the determination letter; and (6) document retention procedures. For more information, see www.irs.gov/pub/foia/ig/lmsb/lbi-04-0621-0004.pdf .

Item for Wednesday, September 8, 2021

Guidance for Reporting Qualified Sick and Family Leave Wages on 2021 Form W-2: The IRS has issued guidance to employers about reporting on Form W-2 the amount of qualified sick and family leave wages paid to employees for leave taken in 2021. Employers will be required to report

these amounts to employees either on Form W-2, Box 14, or in a separate statement provided with the Form W-2. The guidance provides employers with model language to use as part of the Instructions for Employee for the Form W-2 or on the separate statement provided with the Form W-2 . The wage amount that the notice requires employers to report on Form W-2 will provide employees who are also self-employed with the information necessary to determine the amount of any sick and family leave equivalent credits they may claim in their self-employed capacities. News Release IR-2021-178 and Notice 2021-53 .

Item for Tuesday, September 7, 2021

Business Travel Per Diem Rates: The IRS has released the 2021–2022 per diem rates for substantiating employee business expenses under IRC Sec. 274(d) for lodging, meals, and incidental expenses incurred while traveling away from home. The Meal and Incidental Expense (M&IE) rates for the transportation industry have increased from \$66 to \$69 for travel in the continental U.S. and from \$71 to \$74 for travel outside the continental U.S. The per diem for travel to high-cost localities has increased from \$292 to \$296 (\$74 for M&IE), while the rate for travel to other localities has increased from \$198 to \$202 (\$64 for M&IE). The incidental-expenses-only rate remains at \$5 per day. The updated rates and list of high-cost locations apply to per diem allowances paid to employees after 9/30/21. Notice 2021-52 .

Item for Friday, September 3, 2021

Tax Relief for Victims of Severe Storms and Flooding in Tennessee: The IRS has provided tax relief for those affected by severe storms and flooding that reside or have a business in Dickson, Hickman, Houston, and Humphreys counties in Tennessee. The relief postpones various tax filing and payment deadlines that occurred beginning on 8/21/21. Affected individuals and businesses now have until 1/3/22 to file returns and pay any taxes that were originally due during the relief period. This includes (1) 2020 individual and business tax returns with valid extensions (tax payments were due on 5/17/21); (2) extended tax-exempt organization returns due on 11/15/21; and (3) quarterly estimated income tax payments due on 9/15/21. In addition, penalties on payroll and excise tax deposits due on or after 8/21/21 and before 9/7/21 will be abated, as long as the deposits are made by 9/7/21. For more information, see www.irs.gov/newsroom/irs-announces-tax-relief-for-victims-of-severe-storms-and-flooding-in-tennessee .

Item for Thursday, September 2, 2021

Time Extension for Telephone Hearings Regarding Tax-exempt Qualified Private Activity Bonds: Pursuant to IRC Sec. 147(f), tax-exempt qualified private activity bonds are subject to a public approval requirement. Reg. 1.147(f)-1(d)(1) provides that *public hearing* means a forum providing a reasonable opportunity for interested individuals to express their views, orally or in writing, on the proposed issue of bonds and the location and nature of the proposed project to be

financed. The IRS has provided temporary guidance regarding the public approval requirement under this requirement. Specifically, in light of the continuing COVID-19 pandemic, this revenue procedure extends until 3/31/22, the time period described in section 4.02 of Rev. Proc. 2020-21 , as modified by Rev. Proc. 2020-49 , during which certain telephonic hearings are permitted. Rev. Proc. 2021-39.

Item for Wednesday, September 1, 2021

Tax Relief for Victims of Hurricane Ida: The IRS has provided tax relief for those in all 64 Louisiana parishes as well as taxpayers in Ida-impacted localities designated by the Federal Emergency Management Agency (FEMA) in neighboring states. The relief postpones various tax filing and payment deadlines that occurred beginning on 8/26/21. Affected individuals and businesses now have until 1/3/22 to file returns and pay any taxes that were originally due during the relief period. This includes (1) 2020 individual and business tax returns with valid extensions (tax payments were due on 5/17/21); (2) extended tax-exempt organization returns due on 11/15/21; (3) quarterly estimated income tax payments due on 9/15/21; and (4) quarterly payroll and excise tax returns normally due on 11/1/21. In addition, penalties on payroll and excise tax deposits due on or after 8/26/21 and before 9/10/21 will be abated, as long as the deposits are made by 9/10/21. News Release IR-2021-175.

Item for Tuesday, August 31, 2021

Special Use Valuation: The IRS has issued the 2021 interest rates to be used by estates of decedents in computing the special use value of farm real property for which an election is made under IRC Sec. 2032A. Under IRC Sec. 2032A(e)(7)(A)(ii) , rates on new Farm Credit System Bank loans are used in computing the special use value of real property used as a farm for which an election is made under IRC Sec. 2032A . This revenue ruling contains a list of the average annual effective interest rates on new loans under the Farm Credit System, and a list of the states within each Farm Credit System Bank Chartered Territory. The rates in the revenue ruling may be used by estates that value farmland under IRC Sec. 2032A as of a date in 2021. Rev. Rul. 2021-15.

Item for Monday, August 30, 2021

Emailing the IRS About Post-petition Issues: In most cases, the IRS can't assess a tax deficiency until it sends the taxpayer a 90-day letter. During this 90-day period and while their Tax Court petition is pending, the IRS can't begin any assessment or collection action against the taxpayer. The Court has announced delays in processing petitions. Due to this delay, there is a potential for premature assessment and enforcement action against petitioners. In a recent press release, the Tax Court reminded petitioners and practitioners to email the IRS in the event of a premature assessment or collection action. The IRS has created a dedicated email address for

petitioners to reach out with concerns about premature assessments or enforcement action: taxcourt.petitioner.premature.assessment . Practitioners with questions about whether the Court has received a petition can contact the Public Affairs Office at (202) 521-3355 or publicaffairs@ustaxcourt.gov . A copy of the press release can be found at ustaxcourt.gov/resources/press/08162021.pdf .

Item for Friday, August 27, 2021

IRS Intends to Amend Certain Regulations Affecting Publicly Traded Partnership Interests:

On 11/30/20, the IRS published final regulations (TD 9926) primarily relating to withholding and information reporting under IRC Sec. 1446(f). Following the publication of the final regulations, the IRS received comments noting that taxpayers will face significant challenges complying with certain provisions of the final regulations by 1/1/22 and requesting a deferred applicability date. In consideration of these concerns, the IRS intends to amend certain regulations to defer the applicability date to 1/1/23 for certain provisions relating to the following: (1) withholding under IRC Sec. 1446(f) on transfers of interests in Publicly Traded Partnerships (PTPs); (2) withholding under IRC Sec. 1446(a) on distributions made with respect to PTP interests; and (3) withholding under IRC Sec. 1446(f)(4) by partnerships on distributions to transferees. Notice 2021-51.

Item for Thursday, August 26, 2021

Interest Rates to Remain the Same for Fourth Quarter 2021: The interest rates for tax overpayments and underpayments for the quarter beginning on 10/1/21 will be the same as the prior quarter. For noncorporate taxpayers, the rate for both underpayments and overpayments will be 3%. The 3% rate also applies to estimated tax underpayments for the fourth quarter of 2021. For corporations, the overpayment rate will be 2%, with a 0.5% rate applicable to overpayments exceeding \$10,000. The underpayment rate for corporations will be 3%, except for large corporate underpayments, which will be 5%. Rev. Rul. 2021-17 and News Release IR-2021-173 .

Item for Wednesday, August 25, 2021

How the IRS Communicates with Taxpayers: The first contact from the IRS is normally by letter or written notice delivered by the U.S. Postal Service to a taxpayer, but not always. Depending on the situation, IRS employees may first call or visit with a taxpayer. IRS revenue agents or tax compliance officers may call a taxpayer or tax professional after mailing a notice to confirm an appointment or to discuss items for a scheduled audit. IRS revenue officers and agents routinely make unannounced visits to a taxpayer's home or place of business to discuss taxes owed, delinquent tax returns or a business falling behind on payroll tax deposits. When visited by someone from the IRS, the taxpayers should always ask for credentials. The IRS doesn't normally initiate contact with taxpayers by email and it does not send text messages or contact people

through social media. For more information, go to www.irs.gov/newsroom/taxpayers-can-protect-themselves-from-scammers-by-knowing-how-the-irs-communicates .

Item for Tuesday, August 24, 2021

2022 Compliance Assurance Process Program: The IRS has announced the opening of the application period for the 2022 Compliance Assurance Process (CAP) program. The application period runs from 9/1/21 to 11/1/21, with acceptance in February 2022. Launched in 2005, CAP employs real-time issue resolution, through transparent and cooperative interaction between taxpayers and the IRS, to improve federal tax compliance by resolving issues prior to the filing of a tax return. To be eligible, new applicants must: (1) have assets of \$10 million or more; (2) be a U.S. publicly traded corporation with a legal requirement to prepare and submit SEC Form 10-K , Form 10-Q, and Form 8-K; and (3) not be under investigation by, or in litigation with, any government agency that would limit the IRS's access to current tax records. An overview can be found at www.irs.gov/businesses/corporations/compliance-assurance-process . News Release IR-2021-172 .

Item for Monday, August 23, 2021

Criteria for Determining Treatment of a Reimbursement: A U.S. drug company that was part of a foreign affiliate group paid the Branded Prescription Drug (BPD) fee that allows entities to import branded prescription drugs for sale to government programs. Because the BPD fee is treated as a nondeductible excise tax, the taxpayer did not claim a deduction for payment of the fee. However, the taxpayer excluded the full amount reimbursed by the foreign affiliate from its gross income. In a Chief Counsel Advice (CCA), the IRS has stated that where a taxpayer pays an expense and then is reimbursed for the expense by another party, the fact that the other party has joint and several liability for the expense does not *per se* entitle the taxpayer to exclude the reimbursement from gross income. The Advice also sets out criteria for determining whether the reimbursement is includible in the taxpayer's gross income. CCA 202132009 .

Item for Friday, August 20, 2021

New Vehicles Added for Plug-in Vehicle Credit: IRC Sec. 30D(a) provides a credit to the purchaser of a qualified plug-in electric drive motor vehicle, including passenger vehicles and light trucks. The credit allowed is equal to \$2,500 plus an additional amount, based on battery capacity, that cannot exceed \$5,000. The credit phases out over six calendar quarters beginning when a manufacturer has sold at least 200,000 qualifying vehicles in the U.S. Recently, the IRS added the following models to its list of vehicles eligible for a \$7,500 credit: the 2022 Audi e-tron, Audi e-tron Sportback, Audi A7 TFSI e Quattro, and the Audi Q5 TFSI e Quattro. Eligible for a \$5,836 credit: the 2022 BMW 330e, BMW 330e xDrive, BMW 530e, BMW 530e xDrive, and the BMW 745e xDrive. Eligible for a \$6,534 credit: the 2022 Lincoln Aviator Grand Touring. For a full list of

vehicles, see www.irs.gov/businesses/irc-30d-new-qualified-plug-in-electric-drive-motor-vehicle-credit .

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